BRILL

ANNUAL REPORT 2023

Supervisory Board

Members
Anneke Blok
Carsten Buhr
Frank Rodloff
Peter Hendriks
Rüdiger Gebauer

Management Board

Members
Jasmin Lange

KONINKLIJKE BRILL B.V.
Plantijnstraat 2
2321 JC Leiden

T+31 71 53 53 500

CONTENTS

Management Board's Report for the Year 2023

Introduction by the Management Board

On 12 October 2023, Brill and De Gruyter announced their intention to join forces and become one combined company. On 21 December we announced the public offer by Walter de Gruyter GmbH (De Gruyter) to acquire all shares of Koninklijke Brill B.V. (Brill) at an offer price of EUR 27.50 (cum dividend). The Offer was declared unconditional on 15 February 2024, on which date 96.12% of the shares had been tendered. At he end of the post-closing acceptance period 28 February 2024, 98.84% was tendered. The last day of trading of Brill shares on Euronext was 27 March 2024. Delisting of the Brill shares took place on 28 March 2024, on the same day Brill changed it articles of association and changed from being a Public Limited Company (Naamloze Vennootschap) to a Private Limited Company (Besloten Vennootschap).

Also see our website brill.com/page/degruyter.

Sequence of events

In 2022 and early 2023, the Boards performed a strategic analysis to identify, review and evaluate all strategic options available to Brill, focusing on the sustainable long-term success of Brill's business and taking into account the interest of all Brill's stakeholders, concluding that in view of (a) the fast-changing environment of academic publishing, among others driven by digitalisation and new business models such as open access, which makes scale an increasingly important factor to stay competitive and finance investments for the future, (b) the fact that Brill has not yet achieved such scale to remain competitive on the long-term, despite acquiring more than 20 businesses over the last decade and (c) various of Brill's systems and operations are out-of-date and require fixes and investment to enable growth and digitalization, and provide a sustainable footing for the future, an acquisition of Brill by a strategic partner could provide the opportunity to achieve the aforementioned necessary scale to secure a sustainable strong market position, now and in the future, and accelerate organic growth.
As part of the strategic review, the Boards also identified the following eight selection criteria to evaluate, if and when relevant, whether and how strategic partners could serve the interests of Brill and its stakeholders: (i) shared vision, mission and values; (ii) long-term commitment, preserving Brill's heritage; (iii) strong administration, operations and technology, leading to an acceleration of the digital transformation at Brill; (iv) capacity to integrate and potential to realise synergies; (v) similar company culture; (vi) continuation for the location Leiden and Brill's imprint; (vii) commitment for quality control; and (viii) allow for publication of a variety of product types in Brill's core subject fields.

In May, June and July, several parties had comparable exposure to Brill's management with a view to ensuring a level playing field and were provided with further information and understanding on Brill, so that they could prepare an offer. Following the aforementioned meetings with Brill's management, the parties continued to express their interest in pursuing a transaction with Brill and submitted revised non-binding offers in the second half of July. Consistent with their fiduciary duties, the Boards, with the assistance of their financial and legal advisers, have carefully reviewed and evaluated all aspects of the non-binding offers, including, amongst others, the strategic merits, deal certainty, financial, non-financial, integration, operational and social aspects and other terms of the non-binding offers. This resulted in the Boards favouring continuing the process exclusively with De Gruyter and Brill entering into an exclusivity agreement with De Gruyter on 14 August 2023, giving the De Gruyter and its advisers the opportunity to conduct a due diligence investigation on Brill and its business, consisting of a review of documents that were made available in a virtual data room prepared by Brill and its advisers to which De Gruyter and its advisers were granted access on 4 September 2023 and the possibility to ask questions and join expert sessions.

During the due diligence investigation and thereafter, Brill and De Gruyter continued to have meetings and negotiations on the terms and conditions of the potential transaction, including the merger protocol (the Merger Protocol). Various drafts and mark-ups of the Merger Protocol were exchanged between Brill and the Offeror, including in particular on provisions regarding the strategic rationale, integration principles and non-financial covenants. Throughout this process, the Boards, together with their financial and legal advisers, frequently and extensively discussed the developments in respect of the potential transaction and related key decisions and the Boards considered a number of aspects, including but not limited to, the eight aforementioned selection criteria.

From the start, the Boards gave in their deliberations and decision-making process due consideration to (appearances of) potential conflicts of interests between any member of the Boards and Brill in respect of the Transactions. To avoid any (appearance of a) conflict of interest, Supervisory Board member Mr Niessen has, in view of his indirect interest of more than 20% in Brill via Mont Cervin S.à.r.l., not participated in the deliberations and decision making of the Boards with respect to the Transactions.

On 12 October 2023, Brill and De Gruyter announced their intention to join forces and become one combined company. On 21 December we announced the public offer by Walter de Gruyter GmbH (De Gruyter) to acquire all shares of Koninklijke Brill N.V. (Brill) at an offer price of EUR 27.50 (cum dividend). The Offer was declared unconditional on 15 February 2024, on which date 96.12% of the shares had been tendered. At he end of the post-closing acceptance period 28 February 2024, 98.84% was tendered. Delisting of the Brill shares will take place on 28 March 2024, and the last day of trading of Brill shares on Euronext will be 27 March 2024.

Operational Progress in 2023

After a challenging last quarter of 2022, where due to the insolvency of our main distribution partner Turpin, Brill had to set set up a totally new worldwide distribution flow together with new partners, 2023 was the first proof of the pudding. While facing migration challenges, our staff was very dedicated, creative and successful in delivering our products and services to our global author and reader base.

In our role as facilitator of academic communication we managed to publish over 1800 new book titles, adding a good number to our expanding back list. Brill is fully on board regarding the industry trend towards e-books, making it far more affordable to reach a broad global audience. Our second book archive reached a completion percentage of over 50% by year end and was already acquired by a number of key customers.

Over 2023 more than 8000 articles were published in our steady developing journal program. Brill is fully committed to the transition towards open Access publishing.

Brill revenue grew with 5.7%, towards 50,8 million, reaching the 50 million milestone. Gross margin was again very strong and stable with 73,5%. Personnel costs are on the high side, mainly due to the competitive situation on the labour market, forcing us to hire many external, relatively expensive professionals. Operational costs proved challenging due to additional costs of setting up the distribution workflow. Fortunately, the outstanding financial issues with Turpin were settled.
Overall Brill ended up with an EBITDA of 5.0 million, a solid result after a year with a negative EBITDA of -30 thousand. The net result of -2.8 million was heavily impacted by the costs made for the merger and a related depreciation of investments in our ERP system and the impact of a VAT issues in Germany.

People and Society

Brill and De Gruyter share very similar values regarding employees. We both recognize the importance of inclusion and creating a safe and flexible working environment were people can excel and develop.
The launch of the new combination did create uncertainty for people regarding future job security. Goal is to work to presenting concrete integration plans as soon as possible, in order to decrease uncertainty, and allow staff to focus on developing our role in academic publishing.

Following the CEO change in 2022, Brill was confronted with another change to its Executive Board, after Chief Executive Officer John Martin announced his departure on 13 February 2023. The Supervisory Board made interim arrangements for the CEO succession by appointing Peter Hendriks as interim CEO shortly after, with Peter Hendriks starting his position on 20 February 2023. Peter has extensive leadership experience in publishing and commercial roles in academic publishing including at Wolters Kluwer and Springer Nature. Following the AGM in May, the Supervisory Board also re-appointed Jasmin Lange as Chief Publishing Officer.

Peter Hendriks, Brill's CEO and Wim Dikstaal, Brill's CFO, have resigned as members of the Management Board as per the Settlement Date 20 February 2024. Peter Hendriks has joined Anneke Blok as a Supervisory Board member per 28 March 2024, both qualifying as independent from the De Gruyter within the meaning of the Dutch corporate governance code.

Future developments

The goal of Brill's new owners and management is to fully integrate both companies with respect for the history of both companies, brands and locations. The integration will take time, the result will be a true power house in the fields of Humanities and Social Sciences, proving a great high quality partner for academics to publish their work.

Leiden, 23 April, 2024

The Management Board
Jasmin Lange

Company Profile

Overview

Brill, founded in 1683, is a leading international scholarly publisher with a rich portfolio. We mainly publish in the fields of the humanities (history, the arts, languages and literature, philosophy), social sciences, and international law. Currently, Brill uses the following imprints: Brill, Brill | Fink, Brill | Hotei, Brill | mentis, Brill | Nijhoff, Brill | Schöningh, Böhlau Vandenhoeck & Ruprecht and V&R unipress.

After the successful public offer by De Gruyter (see introduction by the Management Board and our website brill.com/page/degruyter), from 20 February 2024 onwards Brill is part of the De Gruyter Brill Group, that has its headquarters in Berlin Germany.

Books are the leading publication format in the portfolio with journals as a strong second pillar. Brill also supplies primary source material, such as scans of historic archives and collections of documents, which are primarily sold online. Digital is the prevailing format across books, journals, and primary sources. Brill has also ventured into the digital humanities arena where innovative uses of technology in both research and publication methods enable new and dynamic publication offerings.

Due to the long-term value of scholarly information in the humanities, the lifespan of and demand for our products is generally long. All book titles published after the year 2000 are available in eBook format and several of our much older and long-running book series have been digitized and offered to the market as collections. This initiative, together with the emergence of print on demand (POD) technology, has extended our product lifecycles even further. In this way, too, we assure our authors that books from Brill will remain permanently available.

Publishing Rights and Distribution

Brill uses standardized author contracts to establish a reasonable and legally sound basis for controlled distribution of the research by authors themselves or by their institutions. This legal basis is achieved by a transfer of copyright or by a licensing agreement that includes Open Access options.

International Authors and Customers

Brill has been an international player from the earliest days. More than 95% of Brill's revenue is generated outside of the Netherlands, which is comparable to the proportion of Brill's authors who reside abroad. Most customers are in Europe and North America, with Asia becoming increasingly important each year. Brill maintains relationships with all leading global academic research centres while cherishing its traditionally strong link with the University of Leiden, due in part to Brill's leading position in several areas in which the University specializes, such as Islamic studies, languages, archaeology, and Sinology.

Marketing and Sales

Brill's marketing and sales strategy is focused on achieving the widest possible distribution of its products within the academic market and beyond. Cooperation with companies such as Google, Scopus, and other platforms increases the online discoverability of Brill's publications. Digital marketing through email campaigns and on social media makes it possible to target our key audiences.

The company distributes the e-version of its products directly on Brill.com and through third-party platforms. Brill's direct sales force visits university libraries, (print) book wholesalers, and library suppliers. Sales agents represent Brill where we do not have our own salespeople on the ground.
Purchases by libraries are also often made through third parties: journal agents act as intermediaries for subscriptions and traditional library suppliers provide book distribution.

Organization

Brill was a centrally managed company with several corporate and delegated functions and with its headquarters in Leiden, the Netherlands. Furthermore, Brill has offices in Boston (US), Paderborn, Göttingen and Cologne (Germany), Vienna (Austria), Singapore, and Beijing (China). After the successful public offer by De Gruyter (see introduction by the Management Board and our website brill.com/page/degruyter), from 20 February 2024 onwards Brill is part of the De Gruyter Brill Group, that has its headquarters in Berlin Germany.

SHAREHOLDER INFORMATION

The Share Listing

Koninklijke Brill B.V. has been listed on Euronext Amsterdam since July 1997. After the successful public offer by De Gruyter (see introduction by the Management Board and our website brill.com/page/degruyter) Brill was delisted on 28 March 2024 and the last trading date was 27 March 2024.

The number of shares outstanding with a nominal value of 0.60 was 1,874,444 on 31 December 2023 (on 31 December, 2022, it was 1,874,444). Of the total number of shares outstanding as of 31 December 2023 1,834,463 registered depository receipts were issued and 39,981 registered shares were recorded in the share register. The registered depository receipts were issued in denominations of 1X 0.60, 10X 0.60, 100X 0.60 and 1,000X 0.60 nominal. Only registered depository receipts are listed on Euronext Amsterdam.

The register of shareholders of Koninklijke Brill B.V. is managed by:

IQ EQ Netherlands N.V.
Hoogoorddreef 15
1101 BA Amsterdam
T + 31 20 522 25 55
E registers@iqeq.com
www.iqeq.com

IQ EQ also acts as administrator of the Stichting Administratiekantoor Koninklijke Brill B.V.

The Brill Share

	2023	2022	2021	2020	2019
Number of outstanding shares at year end	1,874,444	1,874,444	1,874,444	1,874,444	1,874,444
Highest share price during the year	26.80	25.20	26.00	23.00	24.60
Lowest share price during the year	18.50	16.50	17.60	13.20	18.20
Share price at year end	26.80	17.80	24.80	18.30	20.40

Of the receipts, 65% were held in tranches of 3% or more. In the context of the Financial Supervision Act, the following holders of registered depository receipts, on 31 December 2023, have reported an interest of 3% or more to the Dutch Authority Financial Markets:

Filings	Size	Declaration date
Mont Cervin Sàrl	22%	22 June 2012
Teslin Participaties Coöperatief U.A.	19%	18 September 2020
Lazard Frères Gestion SAS	5%	30 September 2022
J.P. van Slooten	5%	11 April 2017
Stichting Administratiekantoor Arkelhave Capital	5%	16 December 2016
Stichting John en Marine Van Vlissingen Foundation	5%	11 August 2015
P.C. van Leeuwen	4%	5 April 2022

After the successful public offer by De Gruyter (see introduction by the Management Board and our website brill.com/page/degruyter) Brill was delisted on 28 March 2024 and the last trading date was 27 March 2024. All of the holders of registered depository receipts stated above offered these to De Gruyter and were paid on settlement date 20 February 2024.

Mission, Core Values, and Corporate Strategy

Mission
“We operate from a strong belief that the Humanities, Social Sciences, International Law and Biology are areas of scholarship vital for addressing today’s global challenges. This belief motivates us to offer authors and editors the best possible service and infrastructure to disseminate research. The relevance and high quality of the works we publish are key to the sustainability of our business.”

Core Values
In addition to our mission, Brill employees share a set of core values: quality service to the scholarly community, integrity, and respect for people. We also firmly believe in the fundamental importance of trust, diversity and inclusion, teamwork, professionalism, and taking pride in what we do. We are committed to the sustainable development of our company.

Per 20 February 2024 Brill is part of the De Gruyter Brill Group, see Introduction of the Management Board and our website brill.com/page/degruyter.

Brill and De Gruyter share very similar values regarding employees. We both recognize the importance of inclusion and creating a safe and flexible working environment were people can excel and develop.
The launch of the new combination did create uncertainty for people regarding future job security. Goal is to work to presenting concrete integration plans as soon as possible, in order to decrease uncertainty, and allow staff to focus on developing our role in academic publishing.

Value Creation
We are proud of Brill’s legacy and are committed to an equally illustrious future. This requires balancing short- and long-term interests and integrating business, environmental, and social considerations into our decision-making. At Brill, we believe that creating sustainable value for all stakeholders is essential to ensuring the long-term viability of the company. The company’s ability to create value hinges on achieving a balance between serving the scholarly community and business considerations. To achieve this balance, we define value in terms of value created for our stakeholders. This value creation and Brill’s standing with each of these stakeholder groups is the condition for our company to remain relevant within a changing media landscape.

Strategy
The goal of Brill's new owners and management is to fully integrate both companies with respect for the history of both companies, brands and locations. The integration will take time, the result will be a true power house in the fields of Humanities and Social Sciences, proving a great high quality partner for academics to publish their work.

FINANCIAL REPORT

Key Figures

in thousands of euros	2023	2022	Change
Revenue	50,799	48,048	5.7%
Cost of goods sold	-13,461	-13,780	2.3%
Selling and distribution costs	-9,232	-9,094	-1.5%
General and administrative expenses	-23,116	-25,204	-8.3 %
EBITDA	**4,991**	**-30**	
Depreciation and Amortization	-4,754	-3,839	23.8 %
Exceptional items including acquisition and integration costs	-2,955	-644	358.9 %
Operating loss	**-2,717**	**-4,513**	**-39.8 %**

Key Financial Performance Indicators		
Organic revenue growth/decrease	5.3%	-4.2%
EBITDA margin	9.8%	-0.1%

Revenue

Brill's revenue increased organically by 5.3% in 2023, mainly driven by strong growth in journal and eBook sales. The 2022 acquisition of Wageningen Academic Publishers (WAP) over the months of January through April had a positive effect of 0.7% and the effect of exchange rates (mainly the US dollar) was -0.4%.

(In thousands of euro)	2023	2022	Organic growth	Growth
Print books	15,026	14,937	-0.2%	0.6%
eBooks	19,276	18,271	5.5%	5.5%
Journals	14,562	13,251	9.5%	9.9%
Primary sources	1,935	1,589	23.5%	21.8%
Total	**50,799**	**48,048**	**5.3%**	**5.7%**

The revenue from eBooks grew organically by 5.5%, mainly due to sales of eBook collections, Evidence Based Agreements (EBA's) and the Brill Book Archive. Our journal sales showed almost 10% growth after the successful move to our new distribution partner that lead to better renewal rates.

Revenues of primary source products are driven mainly by larger, non-subscription based deals. In 2023 Brill again managed to increase the number of such deals, also by adding new primary source content .

(In thousands of euro)		% of total growth	Organic growth
Revenue 2022	48,048		
Print books	-6	0.0%	-0.2%
eBooks	940	2.0%	5.5%
Journals	1,266	2.5 %	9.5%
Primary sources	371	0.8 %	23.5%
Organic revenue 2023	**50,619**	**5.3 %**	**5.3%**
Acquisitions	357	0.7%	
Currency	-177	-0.4%	
Total revenue 2023	**50,799**	**5.7%**	

Cost of Goods Sold and Operating Expenses, EBITDA

Gross margin increased to 73.5% to from 71.3% in 2022. Last year's COGS included an one off write of stock of 310 thousand, in relation with the move to our new distributor. On top of that our percentage of electronic revenue has increased which leads to higher gross margin.

Personnel costs increased by approximately 0.9 million, mainly due to costs for temporary external staff to fill vacancies that proved difficult to fill with permanent staff due to the overheated job market. Reorganisation costs (severance payments) decreased from 0.7 million in 2022 (including CEO change) to 0.4 million in 2023.

Other operating expenses decreased by 0.5 million, including the release of an amount of 0.4 million that was included in our trade payables at 31 December 2022 and was due to Turpin for services provided by them during the period before their insolvency. This amount is off set against our remaining claim on Turpin, after payments received from the administrators of the Turpin insolvency. All obligations and liabilities with Turpin are finalized during 2023.

In 2022, 0.5 million costs was recorded as a provision for improving our order-to-cash processes related to the calculation and declaration of indirect taxes in several tax jurisdictions. Immediately upon becoming aware during Q4 of 2022 of shortcomings in this area, an improvement project was started which is was finalized by the end of March 2024. The 2022 provision was used to cover part of the costs for these project.
In 2023, a new provision was taken for an issue with VAT on printing subsidies in Germany, for an amount of 448 thousand. We have actively informed the local tax authorities and have solved the issue already.

In 2023, costs of 1.7 million were recorded related to the merger with the De Gruyter, mainly consisting of fees for legal and financial advisors. The integration of V&R was recorded for 0.6 million and 0.2 million was recorded for restructuring costs.. These three exceptional cost items are reported outside our EBITDA.

In summary, the extra-ordinary operating expense items discussed above, resulted in a net loss of -2.6 million for the financial year 2023 (2022: reported net loss of -3.5 million).

Underlying net profit, excluding one-off expenses related to the merger with De Gruyter, integration and restructuring costs and a provision for OTC improvements, amounted to 0.9 million, compared to -0.3 million in 2022. This translates into an underlying earnings per share of 0.47 for 2023.

In thousands of euro	2023	2022
Loss before tax	-3,476	-4,698
Impairment of intangible assets	1,227	1,607
Turpin related write-off on receivables	0	1,000
Move to new distribution partner Air Business	0	568
OTC improvements	448	495
Cost for Merger De Gruyter	1,673	0
Costs for the integration of V&R	625	563
Restructuring costs	210	80
Underlying profit/loss before tax	**706**	**-386**
Tax, at the statutory rate	184	100
Underlying net profit/loss	**889**	**-286**
Non-benchmark items, after tax	-5,270	-3,200
Change in deferred tax liability and other	1,628	21
Loss attributable to shareholders of Koninklijke Brill N.V.	**-2,752**	**-3,465**
Underlying earnings per share in EUR	0.47	-0.15
Earnings per share in EUR	-1.47	-1.85

Other than the above there are no special events that should be taken into account for the financial statements.

Depreciation and Amortization, and Financing Income and Costs
Depreciation and amortization, other than as recognized in cost of goods sold, increased due to the change of useful life of publishing rights leading to an additional amortization of 1.2 million, and the write off of 1.2 million investments in our ERP systems following the merger with De Gruyter.

Operating Working Capital and Cash Flow
Despite the negative profit before tax of -4.7 million, we managed to limit the the net cash out flow to -1.7 million as a result of measures taken to reduce costs and investments. Operating working capital increased by 6.0 million, mainly due higher deferred income and accruals.

Solvency and Liquidity
Total assets (60.1 million) decreased versus 2022 (61.6 million), mainly due to the change of use life of publishing rights leading to an additional amortization of 1.2 million, and the write off of 1.2 million investments in our ERP systems following the merger with De Gruyter.
Solvency (Shareholders' equity divided by total assets) declined in 2023 to 28.1% (2022: 32.0%).

Future developments
The goal of Brill's new owners and management is to fully integrate both companies with respect for the history of both companies, brands and locations. The integration will take time, the result

will be a true power house in the fields of Humanities and Social Sciences, proving a great high quality partner for academics to publish their work.

Human Resources

Organization

During 2023 Brill was centrally managed with several corporate and delegated functions. The three statutory directors (CEO, CFO, CPO) formed the Management Board. Since March 2024 Brill is part of the De Gruyter Brill Group, see the introduction by the Management Board and our website brill.com/page/degruyter.

The primary business activities of Brill rest with the publishing units and operations which focus on the key subject areas in which Brill operates. The acquisition editors within the publishing units are responsible for publication development and contact with editors and authors. Our sales teams are responsible for relationship building with academic libraries and trade partners. Marketing promotes our publications and services to authors and customers. They are all supported by four departments: Finance, Operations. Technology and HR.
Our local legal entities in Boston, Singapore, Paderborn(including Göttingen and Köln) and Vienna are managed by local statutory directors who meet regularly individually with the CEO.

The key internal factor determining the success of the company is its personnel. It is therefore important to recruit, develop, and retain skilled and motivated professionals. Brill's policy, which seeks to achieve this goal by offering a pleasant and motivating working environment, professional development and controlling the costs of personnel, is closely monitored by the Management Board and the Supervisory Board.

2023 was the year in which the foundation of the HR basics has been laid. Brill has introduced the HR system AFAS/ Insite. This system is introduced world wide in order to automate the HR process as much as possible by working with workflows. Besides the introduction of this HR system, the Brill personnel handbook for the Netherlands is updated and a new development and appraisal system for the employees in The Netherlands, the US and Asia is introduced. The purpose of the development and appraisal process is to give employees the lead in their development and to align expectations between employees and their direct reports.
For Germany a company collective labour agreement has been concluded for two years.

To make clear that Brill is an ESG employer, Brill has applied for the PSO certificate (Social Enterprise Performance Ladder in Dutch *Prestatie ladder Socialer Ondernemen (PSO)*). The certificate stands for companies who give extra opportunities to employees with less chances on the labour market. Brill has achieved the Aspirant status from the first of January 2023.

Renate Smallegange, one of the colleagues who joined Brill with the acquisition of Wageningen Academic Publishers, unfortunately passed away in on August 29th. She was already ill for quite a while and although she was not that often in the office anymore, the colleagues in Wageningen miss her. Brill is thankful for her contribution to our Biology program.

Key Figures

Average FTEs during the year 2023 was 243,6 versus 249.9 in 2022.

The split of FTE as per year end was as follows:

FTEs	Year end 2023	Year end 2022
Publishing	104.0 [41.7%]	105.4 [41.7%]
Operations & Technology	68.0 [27.3%]	76.2 [30.13 %]
Sales & Marketing	50.2 [20.1%]	48.8 [19.31%]
Finance, HR, Other	27.2 [10.9%]	22.5 [8.89%]
Total	**249.4 [100%]**	**252.9 [100%]**

The split of FTE by country was as follows:

FTEs	Year end 2023	Year end 2022
The Netherlands	137.8	125.2
Germany	80.0	95.2
United States	17.0	17.9
Austria	8.6	9.6
Singapore	1.0	1.0
China	3.0	2.0
Other	2.0	2.0
Total	**249.4**	**252.9**
International workforce	116.6	127.7

Workforce split by gender on headcount:

	2023	2022
Male	34.2%	34.0%
Female	65.8%	66.0%

The share of part-time workers increased in 2023 to 31.3% (2022: 28.0%) of the workforce.

Workforce split by full-time/part-time:

	2023	2022
Part-time	31.3% [87]	28.2% [77]
Full-time	68.7% [191]	71.8% [196]
headcount	100% [278]	100% [273]

The age structure of the workforce was as follows:

AGE	2023	2022
20 - 29 years	14.7%	12.1%
30 - 39 years	24.5%	25.0%
40 - 49 years	25.2%	24.9%
50 - 59 years	21.6%	21.2%
Older than 60 years	14.0%	16.8%
Total	**100.0%**	**100.0%**

The average age was 44.0 years old at the end of 2023 (2022: 45.0).

The inflow and outflow of FTE's were as follows:

FTEs outflow	2023	2022
Retirement + passing away	6.9	2.2
Brill initiative		
Temporary contracts	16.5	14.0
Other	5.0	6.0
Own initiative		
Employment 0–2 years	7.5	11.4
Employment 2–5 years	3.0	2.0
Employment 5–10 years	2.0	2.5
Employment 10–15 years	1.6	0.7
Employment 15–20 years		2.0
Employment >20 years	2.7	0.0
Total FTE outflow	**45.2**	**40.8**
Total outflow in %	18.1%	16.1%

FTEs inflow	2023	2022
Acquisitions/divestment	**0.0**	**7.0**
Temporary contracts		0.9
Permanent contracts		6.1
Other	**41.7**	**39.9**
Temporary contracts	33.0	32.4
Permanent contracts	8.7	7.5
Total FTE inflow	**41.7**	**46.9**
Total inflow in %	16.7%	18.5%

RISK MANAGEMENT

Risk Management Policy

The risks and mitigations described below refer to the regular strategic risks present in Brill's business. For details on financial risk management, please refer to note 17 of the Consolidated Financial Statements.

Brill's risk management policy is an approach consistent with its scale, ambitions, and organizational structure.

After the successful public offer by De Gruyter (see introduction by the Management Board and our website brill.com/page/degruyter), from 20 February 2024 onwards Brill is part of the De Gruyter Brill Group, and will adopt and be part of the risk management policy of the new group. The below describes risk management within the Brill Group during the financial year 2023 and up until 20 February 2024.

Risks classified as having strategic impact are discussed with the Supervisory Board annually to enable the Board to accurately evaluate Brill's results and prospects. Furthermore, the Board evaluates the entire risk-management framework on an ongoing basis. Brill's policy aims for mitigating measures commensurate to the level of impact and the risk appetite that Brill defines regarding each risk category.

Risk Classification

To assign risk management accountability within the organization, Brill classifies risks as follows:

A. Level of impact of the risk on the business of Brill
   - Operational
   - Tactical
   - Strategic

B. Nature of the risk
   - Market: the risk relates to a change in market circumstances that impacts market participants' propensity to purchase Brill's product, to use Brill as their publisher, or to supply goods and services required by Brill at economically viable rates.
   - Operations: the risk relates to an event or trend that impacts Brill's operational capacity to execute its strategy successfully and manage its business as a going concern. This category explicitly includes IT, outsourcing, fraud, corruption, and cybersecurity risks.
   - Financing: the risk relates to an event or trend that impairs Brill's ability to attract sufficient funds to finance working capital or long-term investments and therefore its ability to operate as an ongoing concern and execute its business strategy.
   - Regulatory: the risk relates to changes in legislation or governance with effects on Brill's current business arrangements, on Brill's stakeholders, and on their capacity or propensity to transact business with Brill (in short, impact on Brill's 'license to operate').
   - Financial Reporting: the risk impacts Brill's transparency in its results and financial position both internally for management purposes as well as to its stakeholders.
   - Compliance: the risk impacts Brill's compliance with applicable law and regulations or it impacts Brill's business or financial reporting through transgressions of applicable law or regulations.

Consequently, Brill's risk-management analysis and tooling framework can be summarized as follows:

Risk Management Toolbox

Management of risk at Brill is generally executed through three categories of risk-management tools:

Organization, Culture and Governance – The organizational structure and culture of Brill must support the identification and avoidance of risk by making well-informed decisions in a timely manner. This requires delegation of authority. Governance must ensure an adequate framework of accountability.

Internal Control Framework – The framework of internal controls must provide reasonable assurance that:

- Business processes are carried out effectively and efficiently;
- Financial statements adequately reflect the business' financial position and development;
- Assets are safeguarded;
- Brill is compliant with laws and regulations.

Business Policies – The framework of business policies must ensure that Brill can:

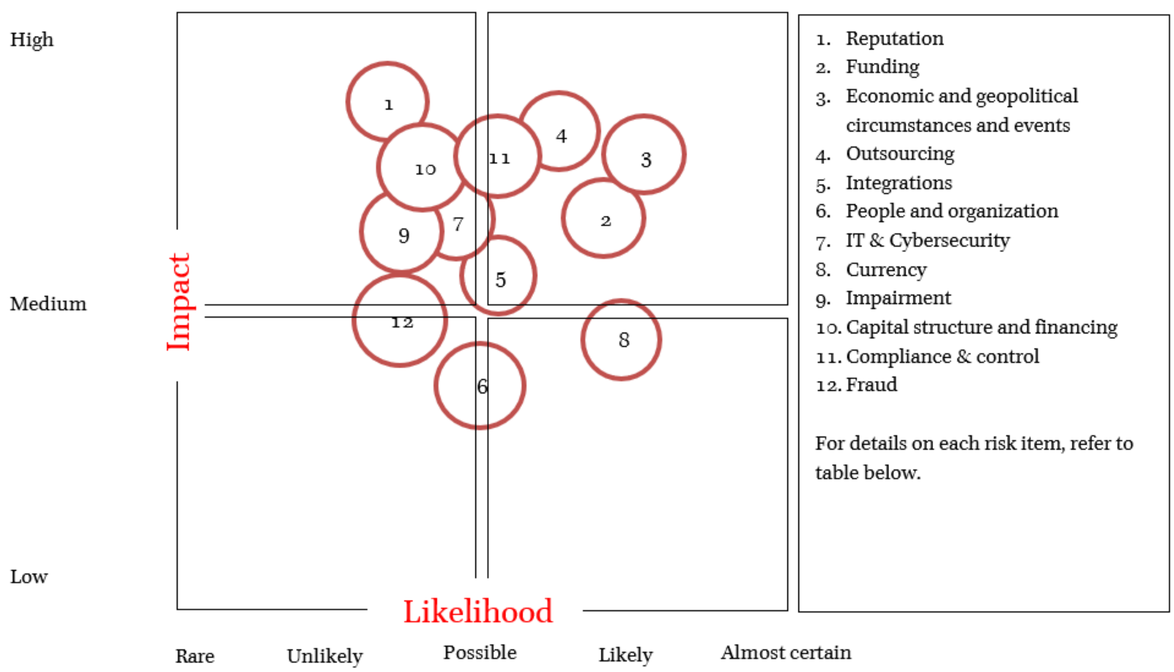
- Seize business opportunities;
- Avoid undue risk of losses to company assets;
- Execute its strategy.

Risk management is in the hands of the Management Board. Day-to-day supervision lies with the CFO, and execution is delegated as follows: design, implementation and execution of financial control measures are carried out by the Group controller, whereas the design, implementation, and execution of IT-related controls are overseen by the VP Technology. The implementation of specific measures and improvements is driven by a combination of the Management Board's assessment of current risk profiles and the annual management letter supplied by the external independent auditor. Brill's Supervisory Board reviews all reporting by the external independent auditor. Although internal controls are not fully formalized and documented, management is of the opinion that the framework of internal control provides sufficient assurance that the financial reporting does not contain any material inaccuracies.

Discussion of Specific Risks with Impact at the Strategic Level

The risks set out in this overview have been classified as strategic. They are linked to the objectives pursued in Brill's strategy, the company's applicable risk appetite, and the mitigation strategies in place.

The following depicts a visual classification of specific gross or inherent risks at the strategic-impact level to illustrate an assessment of our risk profile and the level of risk that the company is willing to take:



The risk appetite ratings below should be interpreted as ranking measures rather than as an absolute, proportional measure of the net risk after mitigating actions. Risk appetite per category is based on an annual management assessment and discussed with the Supervisory Board.

Nature of the risk	Description of the risk	Objective threatened	Risk appetite (1=low & 5=high)	(Type of) mitigation
Market	1. *Reputation:* Various events may impact the company's reputation in the eyes of its stakeholders which is the cornerstone of Brill's ability to run and develop its business.	Expand in current and adjacent subject fields; growth	1	*Organizational:* Organizational structure that enables the company to react and adapt flexibly to changing market circumstances. *Business policies:* Editorial policies including diligent peer review and checks on violation of publication ethics; communication policy; investor relations policy; code of conduct (mandatory).
	2. Funding environment and funding mandates: Our customers and authors depend on governments' and societies' willingness to fund research in the humanities and social sciences incl. purchases at Brill and collaboration with Brill. Changing Open Access policies of major funding bodies like the ERC, UKRI, DFG, NWO.	Expand in current and adjacent subject fields	2	*Business policies: Increased focus on repeatable business, expansion into adjacent market segments, tap alternative funding sources, and support authors to procure funding for Open Access publication. Active participation in Open Access discussions with relevant actors within the global science community.*

	3. Economic and geopolitical circumstances and events: high inflation, supply chain shocks, economic recession	Growth and profitability	3	Highly diversified geographic sourcing of content and realization of sales, which diversifies local economic and geopolitical risks and some supply chain risks. Steadily increasing digital penetration in the product mix, lowering risks of shocks to the physical supply chain. We can adjust prices of our products to mitigate inflationary pressure on our costs to a certain extend. The the move to digital reduces our exposure to print and shipping costs.
Operations	*4. Outsourcing:* Failed outsourcing may impact business continuity or quality and the pricing of services used leading to reduced competitiveness.	Enhance operating capacity	2	*Organizational:* Quality of Brill staff. *Control measures:* SLAs, vendor selection process, enhanced monitoring of SLA compliance. *Business policies:* Insurance, contingency, and back-up measures.
	5. Integrations: Limited capacity and capability to integrate acquisitions.	Realizing benefits of new acquisitions	2	Dedicated and experienced teams follow a detailed integration plan. Project execution is monitored by senior management. Operational infrastructure is updated to facilitate future integrations.
	6. People and organization: We may not be able to attract and retain the desired personnel.	Achievement of corporate strategy	2	*Business policy:* Develop Brill's employer reputation and culture to attract and retain employees.

	7. IT and Cybersecurity: Deficiencies in our IT general controls may lead to reduced efficiency, reduced business continuity, and increased risk of fraud or exposure to cybersecurity risks. Our competitiveness maybe negatively impacted by legacy systems	Enhance operating capacity	2	*Control measures:* IT general controls such as (software-enforced) segregation of duties and IT user and access management policies. *Business policies:* Contingency and back-up measures, security measures, communication on IT and cybersecurity risks. Invest in new technologies.
Financing and other	*8. Currency:* Significant swings in the USD/ exchange rate may impact our results	Improve financial performance	3	*Business policies:* Hedging policy (refer to financial statements).
	9. Impairment: The company carries substantial intangible assets and stock on its consolidated statement of financial position. Deteriorating business performance may lead to impairments which could cause substantial erosion of equity.	Improve financial performance	2	*Controls:* Review of material investments including acquisitions according to Chart of Authorization. *Business policies:* Conservative valuation calculations for acquisitions, reduction of assets required to run the business, regular review of asset value in impairment tests and stock evaluations. Reduce stock by move to Print on Demand
	10. Capital structure and financing : Investors may not be willing to fund Brill's corporate strategy including M&A activities. Covenants are part of the loan agreement with RABO bank. Significantly lower results may lead to breaching the covenants.	Expand in current and adjacent subject fields and markets. Financial stability	2	*Business policies:* Investor relations policy, dividend policy, focus on financial performance improvement. Managing debt and equity, following financing policies, and monitoring ratios. *Internal Controls:* Framework of controls aimed at financial reporting reliability.

Regulatory	*11. Compliance and control:* Business risks due to lack of control High audit costs due to increased IFRS and other regulations for listed companies.	Improve financial performance	1	*Business policies:* Further training of staff and automation of processes in Finance. Increase efficiency in accounting and implement more auditable workflows.
	12. Fraud: Brill's expanding business in certain countries might raise the risk of fraud or corruption by third-party intermediaries for which Brill can be held liable.	Financial stability, reputation	1	*Business policies:* Further training of staff and automation of processes in Finance. Increase efficiency in accounting and implement more auditable workflows.

Fraud risk

The Management Board has the primary responsibility for the prevention and detection of fraud, including designing and implementing appropriate processes and controls to identify, assess and mitigate inherent fraud risks and the creation of proper awareness and attitude towards fraud incentives and corresponding fraud risks.

In the annual assessment and discussion with the Supervisory Board, special attention is given to the risk of fraud. First we identify circumstances or events that are a fraud risk factor. Second, we assessed these factors based on among other things the significance and the likelihood to conclude whether or not there is a fraud risk. Based on this assessment no specific fraud risks were noted, apart from the standard risk of management override of controls and the presumed risk of fraud in revenue recognition, as discussed with our independent auditor.

Brill faces three main types of fraud:

- Asset misappropriation.
- Bribery and corruption.
- Financial statement deception.

Asset misappropriation: Management identified several fraud risk factors, but assessed these to be low risk. Our products in general are not sensitive to theft, there is proper asset management in place regarding physical items such as laptop computers and smartphones and there is very little cash on hand in offices. Controls within our procure-to-pay processes limited the risk of fraud by removing the opportunity factor to a great extent. There were no reported thefts in 2023 within the Group.

Bribery and corruption: We identified the use of agents as a fraud risk factor and assessed this as low risk. Brill does business in certain countries with a higher risk of bribery and corruption and we do use sales agents, but risk is limited by not providing advance payments to agents. When contracting new agents, a background check is performed by the VP Global Sales that is reviewed and approved by the CFO. Agent contracts include anti-bribery stipulations and Brill has a company code of conduct relating to fraud. Exceptional transactions that have a higher fraud risk profile, such as sponsorship and donations are reviewed and approved by the Management Board. There were no reports on bribery or corruption in 2023 within the Group.

Financial statement deception: Management identified several fraud risk factors, but assessed these to be low to medium risk. The Management Board and certain other employees do have financial targets in their bonus schemes. Brill also needs to comply with covenants agreed with our main bank related to interest bearing loans (see note 12 of the financial statements) .
In addition to setting realistic targets and the overall company culture, the risk of manipulating results is mitigated by appropriate oversight by the Supervisory Board and doing business performance reviews.
Brill does not do aggressive tax planning so management does not identify any risk factors related to tax.

The Management Board recognizes that the assessment of and reporting on fraud risk is still relatively informal and will address this as part of the risk management policy in the new De Gruyter Brill Group.

Corporate Social Responsibility

As a mission-driven company, Brill operates from a strong belief that the humanities, social sciences and international law are areas of scholarship vital for addressing today's global challenges. The authors and editors with whom we work dedicate their academic life to asking critical questions on globalization, the rise and fall of societies, migration, the functioning of our democracies, the history of conflicts and international relations, inequality, water security or climate change, to name just a few. These challenges can be found in the 17 Sustainable Development Goals (SDGs) as defined by the United Nations in 2016. They form the core of today's global questions. We are committed to contributing to their solutions through the research we publish, but also through the way we do business. Here, we outline our Corporate Social Responsibility (CSR) strategy.

We are happy to report on our progress so far and future goals to make an impact. Brill is a proud member of the United Nations Global Compact and -the SDG Publishers Compact. Some of the SDGs form the core themes of the research that we publish and, as such, are an integral part of our publication program. Our research on the SDGs is especially geared towards SDG 16: Peace, Justice and Strong Institutions. In light of this, we are proud of our cooperation with The Hague Academy Of International Law for which we publish The Hague Academy Collected Courses. As we are actively expanding our publication of SDG-focused research, we undertake efforts to disseminate this research widely, through our regular channels as well as through our Humanities Matter blog and podcasts.

Topics of the blog and podcasts in 2023 included food security, religious dialogue, health in conflict areas, war and peace.

Mahlzeit, Folge 5: Fleisch - Die Geschichte einer Industrialisierung mit Prof. Dr. Christian Kassung / Malhlzeit, Episode 5: Meat - The history of industrialization, with Prof. Dr. Christian Kassung

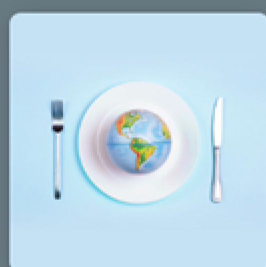
30 June 2023

Christian Kassung

Humboldt-Universität zu Berlin

New Book in MODERN HISTORY
Christian Kassung, "Fleisch: Die Geschichte einer Industrialisierung", (Brill 2020)

Der Wert der globalen Fleischindustrie beträgt aktuell ungefähr eine Billiarde Dollar. Fleisch ist überall leicht erhältlich und diese permanente Verfügbarkeit als Konsumartikel ist ein einzigartiges Merkmal des modernen Zeitalters. In seinem Buch: Fleisch: Die Geschichte einer Industrialisierung beschreibt Prof. Dr. Christian Kassung kulturelle Techniken industrieller Schweinefleisch-Produktion, von der Zucht, Haltung und Schlachtung bis zum Vertrieb und zur Zubereitung des Fleisches. In dieser Folge von „Mahlzeit" des Humanities Matter Podcasts von Brill, geht er auf die Ursprünge des Fleischessens im Berlin des 19. Jahrhunderts ein und zeigt die Zusammenhänge zwischen Industrialisierung und Schweinefleischkonsum. Außerdem spricht er darüber, wie kulinarische Systeme und Esskultur durch den Fleischkonsum geprägt wurden.

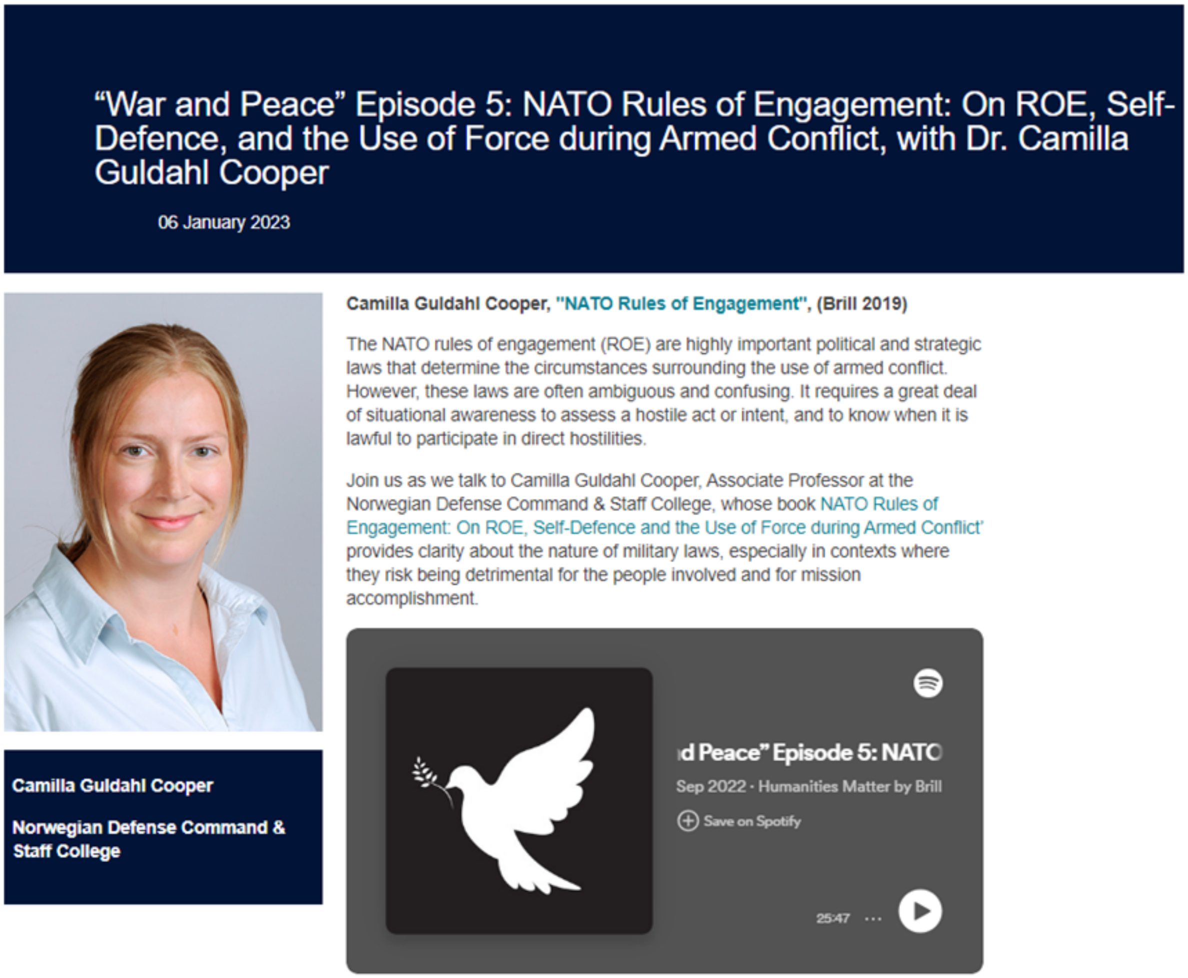


Mahlzeit: Folge 5: Fleisch -

Feb 2023 · Humanities Matter by Brill

Save on Spotify

23:00 ···



Source: blog.brill.com

In 2023, Brill published 1,815 publications (source: Dimensions, a Digital Science product) that could be connected to one of the 17 Sustainable Development Goals. Most of those (957) were related to SDG 16: Peace, Justice and Strong Institutions, followed by SDG 4: Quality Education (180), SDG 3: Good Health and Wellbeing (163), , SDG 5: Gender Equality (101), SDG 15: Life on Land (98), SDG 13: Climate Action (85), SDG 2: Zero Hunger (72), SDG 14: Life Below Water (52), SDG 10: Reduced Inequalities (46), SDG 8: Decent Work and Economic Growth (38), SDG 7: Affordable and Clean Energy (23).

At Brill, we have an Environmental, Social and Governance (ESG) Steering Committee; a CSR Officer, Advisory Group to engage staff, and a Working Group with people responsible for the implementation of CSR-strategy per sub-theme; and a Publication Ethics Committee.

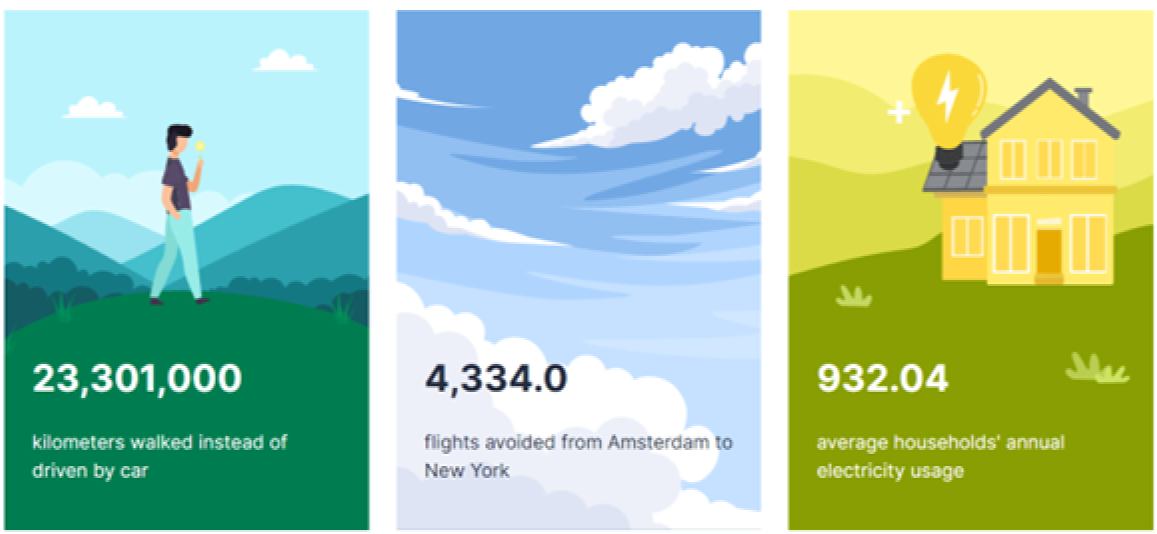
In 2023, we made a start with the implementation of the new CSRD legislation by starting a project to create a double materiality matrix. Interviews were held with key stakeholders, including staff, authors, librarians and shareholders to define the most important ESG themes that have both financial impact on Brill, and on which Brill has the most external impact. This project continues in 2024 and will define the priorities for our future CSR strategy.

We also undertook a deep dive into our CO2 emissions to chart hotspots in our emissions in scope 1 (direct company emissions), 2 (indirect emission), and 3 (value chain emission)- that have now been fully charted. In 2024, action will be undertaken based on the outcome of this deepdive to further reduce emissions. We continued our office improvement plan and took measures as the introduction of LED lighting and green energy usage. In addition to actively reducing Green House Gas emissions, we offset CO2 emissions of our marketing materials print runs and business travel via a collaboration with Regreener.

In 2023, the total CO2 offset was 991 tonnes. On our behalf, Regreener supports projects worldwide positively impacting efforts towards reforestation, renewable energy and the protection of the rainforest. In 2023, the selected projects included the restoration and protection of peatland in Bornea, Indonesia and farmer-led tree planting in Uganda.

Image: farmer-led tree planting in Uganda, source: Regreener

Our total compensation so far is 4,660.20 tonnes of CO_2, which is the equivalent of:



Brill follows the goals of the Paris Agreement: CO_2 emissions need to be reduced by 45% by 2030, and reach net zero by 2050.

Social Responsibility

As an employer, we are committed to supporting our staff's health and well-being. Employees have suffered due to a high workload related to a lack of permanent staff with the right skills. We are dedicated to supporting our staff, which is our most valuable asset, by hiring more in-house, permanent staff, especially in the finance and technology departments. Specifics on the composition of our staff can be found under the Human Resources heading.

Education is at the core of Brill's mission. We aim to advance discovery and learning in the humanities and social sciences, and we are keen to support scholars by providing them with access to the finest research tools and reference works in their fields. To support widespread dissemination of our published works, we invest in Open Access. We also have a Publication Ethics Committee that oversees policies ensuring integrity and quality education. Brill is actively working towards ensuring diversity and inclusion across all stages of the publication process. Brill also adopts best practices for website accessibility and strives to adhere to guidelines and recommendations to improve accessibility. To advance accessibility and distribution, Brill offers discounts on its Open Access fees to academics and scientists in developing countries as part of the Brill Open Program.

To stimulate a more open and inclusive publishing environment, we updated our name changes policy. In case an author's name has changed after their work has been published, it used to be very challenging to have this change processed. The update to our name changes policies alleviates the burden. Brill has an Adopt-a-Library program in place through which it annually donates collections of books to libraries and universities in developing countries. These donations are supported by workshops for academics and librarians that focus on how faculty can increase the impact of their research by publishing nationally and internationally and how to make the best use of limited resources. Such workshops are given throughout the year by Brill publishers as part of research capacity building.

Responsible Governance

Brill is fully dedicated to fair practices pertaining to social conditions (such as exclusion of child labour and corruption) and materials. We comply with applicable laws and regulations of the countries in which we operate, with the exception of indirect tax regulations in several tax jurisdictions. Immediately upon becoming aware of shortcomings in this area during Q4 of 2022, an improvement project was started, which continued in 2023. In our publication program, we pay special attention to working conditions and modern forms of slavery in production and manufacturing. Brill is committed to partnerships supporting research communities. Brill actively participates in existing education programs and takes initiatives in cooperation with professional publishers and international organizations, e.g., Research4Life, INASP, Association of Commonwealth Universities, and Publishers for Development. Actively contributing to these initiatives supports the future development of the global scholarly community.

Brill has an Ethics committee and policies for research integrity; censorship, piracy. With regards to information technology security, we have taken many steps to protect our systems, data and assets. We moved to cloud-based systems and set up multi-factor authentication for all users in all locations. We have increased security with Microsoft E5 licenses, which includes Advanced Thread Protection, set up endpoint management, and enforced encryption of data carriers within the company. An external Data Protection Officer has been assigned, who has reviewed our General Data Protection Regulation (GDPR) policy and has provided training to all departments. Data processing in all locations has been aligned.

POLICIES

To create a coherent framework for the conduct of business within the Brill Group, Brill has the following policies in place:

1. Corporate Governance statement
2. Brill Code of Conduct
3. Vendor Policy
4. Remuneration Policy
5. Risk Management Policy
6. Whistleblower Policy
7. Code of Conduct on Insider Trading
8. Guidelines on publication ethics for editors, authors, and reviewers

For documents listed above which are not included in this report, please refer to Brill.com.
The Management Board monitors the effects of the above-mentioned policies on a regular basis by discussing them with the VP HR, the appointed trusted persons, and the Works Council.

Responsibility Statement

The Management Board of Koninklijke Brill B.V. is responsible for the preparation of the financial statements in accordance with IFRS as adopted by the European Union and the provisions of Part 9 Book 2 of the Dutch Civil Code (DCC). In addition, the Management Board is responsible for the preparation of the Management Board's Report, which is included in the Annual Report.
In the Annual Report, the Management Board presents a true and fair view of the financial position of the Group as per 31 December 2023 and the development of the Group during 2023. In the section Risk Management, the Management Board identified the main risks currently known that could affect the achievement of Brill's strategic objectives or that could lead to misstatements in the financial statements, as well as the measures implemented to manage these risks. These measures can provide reasonable but not absolute security against material losses or material errors.
As required by the provisions of 1.4.3 of the Corporate Governance Code and section 5.25c par 2c of the Dutch Act on Financial Supervision, the Management Board confirms that to its knowledge:

(Statement according to the Corporate Governance Code)

- the Annual Report provides sufficient insights into any failings in the effectiveness of the internal risk management and internal control framework
- although internal controls are not fully formalized and documented, management is of the opinion that the framework of internal control provides sufficient assurance that the financial reporting does not contain any material inaccuracies
- based on the current state of affairs, it is justified that the financial reporting is prepared on an ongoing concern basis, and
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

(Statement according to 5.25c par 2c)

- the 2023 financial statements give a true and fair view of the assets and liabilities, the financial position, and the result of Brill and the companies jointly included in the consolidation, and
- the 2023 Annual Report likewise gives a true and fair view of Brill's position and the position of its affiliated companies on the consolidated statement of financial position date, as well as of the course of events during the financial year under review
- furthermore, the Annual Report describes the principal risks that Brill faces.

Leiden, 23 April, 2024

Management Board

Corporate Governance

Koninklijke Brill N.V. ('Brill'), until 28 March 2024 a public limited company under Dutch law, with its registered office at Plantijnstraat 2, 2321 JC Leiden, was the parent company of the Brill Group. On 12 October 2023, Brill and De Gruyter announced their intention to join forces and become one combined company. On 21 December we announced the public offer by Walter de Gruyter GmbH (De Gruyter) to acquire all shares of Koninklijke Brill N.V. (Brill) at an offer price of EUR 27.50 (cum dividend). The Offer was declared unconditional on 15 February 2024, on which date 96.12% of the shares had been tendered. At he end of the post-closing acceptance period 28 February 2024, 98.84% was tendered. Delisting of the Brill shares took place on 28 March 2024, and the last day of trading of Brill shares on Euronext was 27 March 2024.

The corporate governance structure of the company is based on the company's Articles of Association (for the 'Articles', refer to Brill.com), the Dutch Civil Code ('DCC'), the Dutch Corporate Governance Code ('the Code'), and further applicable laws and regulations. The Management Board and the Supervisory Board are responsible for the corporate governance structure. Until February 20th, four out of five Supervisory Board members were independent in the sense of the Corporate Governance Code; Jan Niessen, who joined the Supervisory Board on December 14 2022, was a non-independent Board Member (art. 2.1.8 of the Corporate Governance Code) as he indirectly held an interest of more than 20% in Brill via Mont Cervin.

As we resolved to join forces with De Gruyter, Brill will enter into another chapter in its long history. Following successful closing of the transaction in February 2024, four members of our Supervisory Board, Theo van der Raadt, Theo Huibers, Jeanine van der Vlist and Jan Niessen, stepped down, as we became part of the new entity. With Rüdiger Gebauer, Frank Rodloff, Carsten Buhr and Peter Hendriks, four new Supervisory Board members were appointed. Together with remaining Supervisory Board member Anneke Blok, they will continue safeguarding the interests of Brill's minority Security holders and the other stakeholders of Brill alongside all stakeholders involved in the new entity.

Brill was a statutory two-tier company (operating under the Dutch 'structuurregime'). The Articles of Association regulate inter alia the appointment and dismissal of Supervisory Board and Management Board members, the rights allocated to the Annual General Meeting of Shareholders and the amendment of the Articles. Brill's corporate governance is established in line with its business objectives and with the Code except where noted otherwise below. In addition to the Code, Brill has implemented its Core Values and Business Principles.

The proceedings of the Annual General Meeting of Shareholders follow the stipulations of the DCC and are detailed in the Articles of Association.

Management Board members are appointed by the Supervisory Board. The Supervisory Board must notice the general meeting of an intended appointment of a Management Board member. Any Management Board member may be removed by the Supervisory Board. The Supervisory Board may not remove a Management Board member until the general meeting has been consulted on the intended removal.

Supervisory Board members are appointed by the general meeting of shareholders upon nomination by the Supervisory Board. The Supervisory Board must simultaneously inform the general meeting of shareholders and the Works Council of the nomination. The nomination will state the reasons on which it is based.

Regarding transparency between the Management Board and the Supervisory Board, and between Supervisory Board members themselves, clear agreements are in place. The employment agreements for statutory directors are drawn up in accordance with the best practice provisions of the Code.

Our main business policies are outlined in the list below:
1. Brill Core Values and Business Principles
2. Corporate Governance (refer to separate chapter)
3. Brill Code of Conduct (mandatory for Brill employees)
4. Vendor Policy
5. Remuneration Policy (refer to separate chapter)
6. Corporate Social Responsibility (refer to separate chapter)
7. Risk Management Policy (refer to separate chapter)
8. Whistleblower Policy
9. Code of Conduct on Insider Trading

For documents listed above which are not included in this report, please refer to Brill.com. For the Corporate Governance Code visit mccg.nl.

The Management Board monitors the effects of the above-mentioned policies on a regular basis by discussing them with the HR manager, the appointed trusted persons, and the Works Council.

Over 2023 there have been no cases of no-compliance with the Brill code of Conduct or any of the other policies mentioned above.

Supervisory Board
Management Board

SUPERVISORY BOARD'S REPORT FOR THE YEAR 2023

ANNUAL FINANCIAL STATEMENTS

Following the continuous appointment made by the Annual General Meeting (AGM) of PricewaterhouseCoopers Accountants N.V. as the independent auditor for the company, the Supervisory Board directed PricewaterhouseCoopers Accountants N.V. to examine the financial statements of Koninklijke Brill N.V. for the fiscal year 2023. An unqualified independent auditor's report was released for the 2023 financial statements. We recommend that shareholders approve these yearly financial statements.

PRINCIPAL ACTIVITIES

During 2023, 7 regular Supervisory Board meetings were held at Brill's headquarters in Leiden. At all meetings, the entire Board was present. In addition, a significant number of informal meetings took place by electronic means.

Following the CEO change in 2022, Brill was confronted with another change to its Executive Board, after Chief Executive Officer John Martin announced his departure on 13 February 2023. The Supervisory Board made interim arrangements for the CEO succession by appointing Peter Hendriks as interim-CEO shortly after, with Peter Hendriks starting his position on 20 February 2023. Peter has extensive leadership experience in publishing and commercial roles in academic publishing including at Wolters Kluwer and Springer Nature. Following the AGM in May, the Supervisory Board also re-appointed Jasmin Lange as Chief Publishing Officer.

During the beginning of 2023, the Supervisory Board continued the discussions it had started with the Management Board in 2022, to identify, review and evaluate all strategic options available to Brill, focusing on the sustainable long-term success of Brill's business and taking into account the interest of all Brill's stakeholders. It was concluded that, in view of the fast-changing environment of academic publishing and the fact that Brill has not yet achieved the scale to remain competitive on the long-term, an acquisition of Brill by a strategic partner could provide the opportunity to secure a sustainable strong market position, now and in the future, and accelerate organic growth.

As part of this strategic review, the Boards identified eight selection criteria to evaluate, if and when relevant, whether and how strategic partners could serve the interests of Brill and its stakeholders: (i) shared vision, mission and values; (ii) long-term commitment, preserving Brill's heritage; (iii) strong administration, operations and technology, leading to an acceleration of the digital transformation at Brill; (iv) capacity to integrate and potential to realise synergies; (v) similar company culture; (vi) continuation for the location Leiden and Brill's imprint; (vii) commitment for quality control; and (viii) allow for publication of a variety of product types in Brill's core subject fields.

On 12 October 2023, Brill and De Gruyter jointly announced their intention to join forces and create a leading academic publisher in the humanities. Ahead of the announcement, the Supervisory Board has carefully evaluated the interest De Gruyter has expressed in Brill and concluded that the offer is in the best interest of Brill and its stakeholders. To avoid any (appearance of a) conflict of interest, Supervisory Board member Jan Niessen has, in view of his indirect interest of more than 20% in the

Company via Mont Cervin Sàrl, not participated in the deliberations and decision making of the Boards with respect to De Gruyter's offer and related matters.
The Supervisory Board unanimously supports the transaction and has recommended the offer to its security holders, and believes it is in the best interest of all Brill's stakeholders. The Offer by De Gruyter was launched on 21 December 2023, and subsequently successfully declared unconditional in February 2024.

More generally, the Supervisory Board met with the Management Board in all its meetings to deliberate upon a range of matters. These included discussions and approvals related to distribution, internal systems, risk management, staffing dynamics and succession planning, management development, cost trends and management, potential acquisitions, advancements and progress in publishing platforms, liquidity planning, credit facilities, investor relations, corporate governance issues, and various investments.

During routine meetings with the Works Council, topics such as corporate culture, workload, and the overall atmosphere within the company were discussed, without the presence of the Management Board. In view of the offer by De Gruyter, the Works Council was informed of, and consulted on, the transactions and rendered a positive advice on 20 December 2023.
Throughout the year, numerous informal consultations took place between members of the Supervisory Board and the Management Board. The established practice of commencing each meeting without the presence of the Management Board continued, allowing for the discussion of the meeting agenda and providing each member an opportunity to highlight specific points of attention for the meeting itself. These discussions included the functioning of the Supervisory Board, its individual members, and of the Management Board and their teams. In addition, the Supervisory Board engaged with selected senior staff, including the HR Manager, during its meetings. New members of the management team were introduced in these sessions. This approach facilitated the Board's insight into internal dynamics, the prevailing tone within the company and the corporate culture in practice.

A recurring item on our annual corporate calendar is the remuneration for statutory directors. Moreover, the objectives within the framework of the variable remuneration scheme for directors were established and assessed. Whenever feasible, Brill's corporate strategy was aligned with targets, encompassing both short-term and long-term components of variable remuneration. Further details are available in the Remuneration Report.

Reports from the external independent auditor are routinely received and discussed. Two meetings conducted with both the external independent auditor and the Management Board addressed the management letter arising from the interim audit, as well as the final reports. Subsequently, the customary annual discussions between the Supervisory Board and the independent auditor occurred independently, without the presence of the Management Board. Within the framework of the annually updated management letter, risk assessment and the formulation of measures to mitigate identified risks are always discussed. As decided in the previous year, a separate internal audit function has been implemented during 2023, introducing an additional ''line of defence'' in the internal control system of the company.

CORPORATE GOVERNANCE

The annual report outlines the company's approach to implementing the Dutch Corporate Governance Code in effect during the year 2023. The Supervisory Board conducts a yearly assessment of its tools and procedures in alignment with the Code. No transactions involving conflicting interests were found between the Supervisory Board and the three statutory directors.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

At the AGM on 24 May 2023, the Supervisory Board proposed Professor Theo Huibers as its fifth member, replacing Robin Hoytema van Konijnenburg who stepped down, following the completion of his second term. The AGM approved the proposal. Theo Huibers is an experienced Board Member and Advisor with a proven track record in strategy, management and technology and holds an academic position at the University of Twente. Brill expresses gratitude to Robin Hoytema van Konijnenburg for effectively guiding the company during his tenure. Under his stewardship, Brill solidified its position for positive growth and as a prominent publisher in the humanities sector. Theo van der Raadt succeeded Robin Hoytema van Konijnenburg as Chairman of the Supervisory Board.

LOOKING FORWARD

As we resolved to join forces with De Gruyter, Brill will enter into another chapter in its long history. Following successful closing of the transaction in February 2024, four members of our Supervisory Board, Theo van der Raadt, Theo Huibers, Jeanine van der Vlist and Jan Niessen, stepped down, as we became part of the new entity. With Rüdiger Gebauer, Frank Rodloff, Carsten Buhr and Peter Hendriks, four new Supervisory Board members were appointed. Together with remaining Supervisory Board member Anneke Blok, they will continue safeguarding the interests of Brill’s minority Securityholders and the other stakeholders of Brill alongside all stakeholders involved in the new entity.

De Gruyter is an innovative player in our market with solid operations and a very strong family shareholder base. We truly believe our companies are a great strategic match, both being independent, with a strong heritage and family background, promoting the long-term sustainable success of De Gruyter Brill. By combining our companies, we can make a leap in our growth strategy and create a publishing house with the scale needed to keep us relevant and competitive going forward.

The Supervisory Board would like to thank the former Brill Management Board and the previous members of the Supervisory Board for enabling this transaction, securing the future of the company, and all staff for their ongoing dedication and contributions in 2023. We look to joining both workforce to service our communities in the decades to come.

Leiden, 23 April, 2024

Supervisory Board
Anneke Blok
Carsten Buhr
Frank Rodloff
Peter Hendriks
Rüdiger Gebauer

SUPERVISORY BOARD

Anneke Blok, 1971, Dutch (female), Member of the Supervisory Board

Mrs. Blok was appointed to the Board in 2021. Her current term runs until 2025.

Other positions:

- Managing Director of Noordhoff
- Chairperson Edu-K

Peter Hendriks, 1960, Dutch (male), Member of the Supervisory Board from 20 February 2024

Mr. Hendriks was appointed to the Board in 2024. His current term runs until 2028.

Other positions:

- Vice President Royal Dutch Tennis Association (KNLTB)
- Chairman International Publishers' Rights Organization (Ipro)
- Member advisory board: Stipp, Medicom

Rudiger Gebauer, 1951, German (male), Chairman of the Supervisory Board from 20 February 2024

Mr. Gehbauer was appointed to the Board in 2024. His current term runs until 2028.

Other positions:

- Board member of Trustees of the Walter De Gruyter Foundation
- Board member of the Clara Cram Foundation
- Chairman of the supervisory board of De Gruyter

Carsten Buhr, 1975 German (male), Memher of the Supervisory Board from 20 February 2024

Mr. Buhr was appointed to the Board in 2024. His current term runs until 2028.

Other positions:

- Managing Director of the De Gruyter Group since 2013

Frank Rodloff, 1957, German (male), Member of the Supervisory Board from 20 February 2024

Mr. Rodloff was appointed to the Board in 2024. His current term runs until 2028.

Other positions:

- Board member of the supervisory board of a Berlin power plant company
- Member of the advisory board of De Gruyter

Theo van der Raadt, 1953, Dutch (male), Chairman of the Supervisory Board until 20 February 2024
Mr. Van der Raadt was appointed to the Board in 2019.

Other positions:
- Chairman of the Supervisory Board, ICT Group BV
- Vice Chairman Supervisory Board/Chairman audit committee/Chairman remuneration committee, BDR Thermea Group (until 26-4-2022)
- Board member Veen Bosch en Keuning Publishers BV

Theo Huibers, 1966, Dutch (male), Vice Chairman of the Supervisory Board until 20 February 2024
Mr. Huibers was appointed to the Board in May 2023.

Other positions:
- Chairman of the Supervisory Board Stichting Omroep Gelderland (from 2023)
- Chairman of the Supervisory Board Stichting Koninklijk Nederlands Normalisatie Instituut (as from 29 June 2023, appointed as member from 2021)
- Chairman of the Supervisory Board Stichting RNW Media (from 2016)
- Professor of Computer Science (0.2 FTE) University of Twente (from 2002)

Jeanine van der Vlist, 1964, Dutch (female), Member of the Supervisory Board until 20 February 2024
Mrs. Van der Vlist was appointed to the Board in December 2022.

Other positions:
- (Non-executive) Director DPG Media N.V. (DPG Media Group)
- Chairman of the Supervisory Board Holland Colours N.V.
- Board member Remeha Group B.V. (BDR Thermea Group)
- Board member Alfen N.V.

Jan Niessen, 1963, Dutch (male), Member of the Supervisory Board until 20 February 2024
Mr. Niessen was appointed to the Board in December 2022.

Other positions:
- Managing Director Mont Cervin S.à.r.l.
- Board member African Parks Foundation Switzerland
- Non-executive Director ACOMO N.V.

Financial Statements for the Year 2023

Consolidated Financial Statements

CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

In thousands of euros

	31-12-2023		31-12-2022	
ASSETS				
Non - current assets				
Property, plant and equipment [4]	938		1,144	
Right of use assets [5]	5,544		5,470	
Intangible assets [6]	35,504		37,025	
Financial assets	283		283	
Deferred tax assets [7]	370		370	
		42,639		44,292
Current assets				
Inventories [8]	4,454		4,569	
Trade and other receivables [9]	10,598		8,535	
Income tax	259		412	
Derivative financial instruments [17]	17		54	
Cash and cash equivalents [10]	2,149		3,701	
		17,477		17,271
Total assets		60,116		61,563
EQUITY AND LIABILITIES				
Equity attributable to owners of Koninklijke Brill BV [11]				
Share capital	1,125		1,125	
Share premium	343		343	
Retained earnings	15,718		18,471	
Other reserves	-317		-226	
		16,870		19,713
Non-current liabilities				
Interest bearing loans [12]	3,023		5,193	
Lease liabilities [5]	5,236		4,962	
Deferred tax liabilities [7]	3,708		4,495	
		11,967		14,650
Current liabilities				
Interest bearing loans [12]	2,171		1,588	
Cash and cash equivalents [10]	412		0	
Trade and other payables [13]	15,138		14,046	
Deferred income [14]	12,525		10,484	
Lease liabilities [5]	585		588	
Provisions [15]	448		495	
Derivative financial instruments [17]	0		0	
Income tax	0		0	
		31,279		27,200
Total equity and liabilities		60,116		61,563

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

In thousands of euros

	2023	2022
Revenue [18]	50,799	48,048
Cost of goods sold [19]	-13,461	-13,780
Gross Profit	37,339	34,268
Expenses [19]		
Selling and distribution expenses	-9,232	-9,094
General and administrative expenses	-29,597	-28,080
Net impairment on goodwill and intangible assets	-1,227	-1,607
Operating Loss	**-2,717**	**-4,513**
Finance income [20]	1	108
Finance expenses [20]	-760	-293
Loss before income tax	-3,476	-4,698
Income tax [7]	724	1,234
Loss for the period attributable to shareholders of Koninklijke Brill N.V.	**-2,752**	**-3,465**
Other comprehensive (expense)/ income – items that might be reclassified to future profit or loss statements		
Exchange differences in translation of foreign operations [11]	-63	36
Net gain or loss on cash flow hedges [11]	-37	60
	-100	96
Income tax relating to these items [11]	9	-15
Other comprehensive (expense)/ income for the period attributable to shareholders of Koninklijke Brill N.V.	-90	81
Total comprehensive expense for the period attributable to shareholders of Koninklijke Brill N.V.	-2,843	-3,384
Earnings per share (in euros) [21]		
Basic and diluted earnings per share attributable to shareholders of Koninklijke Brill N.V.	-1.47	-1.85

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

In thousands of euros

	2023		2022	
Cash flows from operating activities				
Loss before income tax	-3,476		-4,698	
Adjustments for				
Amortization and Depreciation fixed assets [4, 5, 6]	3,718		2,232	
Amortization Content [6]	3,148		3,156	
Impairments intangible fixed assets	1,227		1,607	
Finance income and expense – net	667		186	
Differences in FX rates	191		-176	
Change in operating assets and liabilities				
Change in working capital	1,333		5,931	
Cash generated from operations	6,808		8,238	
Interest paid	-399		-184	
Interest paid on lease liabilities	-268		-82	
Income tax paid(-)/received	-74		124	
Net cash flows from operating activities		6,066		8,096
Cash flows from investing activities				
Investment in property, plant and equipment [4]	-123		-1,088	
Investment in intangible assets (non-content) [6]	-1,889		-1,439	
Investment in content [6]	-3,310		-2,899	
Payments for acquisitions, net of cash acquired [3]	0		-2,190	
Net cash flow used in(-) investing activities		-5,322		-7,616
Cash flows from financing activities				
Dividend paid to company shareholders [11]	0		-1,687	
Interest bearing loan [12]	0		2,200	
Redemption Interest bearing loans [12]	-1,588		-1,588	
Redemption lease liabilities [5]	-1,121		-1,143	
Net cash flows used in(-) financing activities		-2,709		-2,218
Net cash flow		-1,965		-1,738
Cash and cash equivalents as per 1 January		3,701		5,439
Net cash flow		-1,965		-1,738
Cash and cash equivalents as per 31 December [10]		1,736		3,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

In thousands of euros

	Share capital [11]	Share premium [11]	Retained earnings [11]	Currency translation reserve [11]	Cash flow hedge reserve [11]	Total equity
Balance as at 1 January, 2023	1,125	343	18,471	-267	41	19,713
Total comprehensive expense for the year						
Loss for the year	0	0	-2,752	0	0	-2,752
Other comprehensive expense	0	0	0	-63	-28	-90
Total comprehensive expense for the period	0	0	-2,752	-63	-28	-2,843
Transactions with owners of the company						
Dividends paid over 2022	0	0	0	0	0	0
Total transactions with owners of the company	0	0	0	0	0	0
Balance as per 31 December, 2023	1,125	343	15,718	-329	13	16,870
Balance as per 1 January, 2022	1,125	343	23,622	-303	-4	24,783
Total comprehensive expense for the year						
Loss for the year	0	0	-3,465	0	0	-3,465
Other comprehensive income	0	0	0	36	45	81
Total comprehensive expense for the period	0	0	-3,465	36	45	-3,385
Transactions with owners of the company						
Dividends paid over 2021	0	0	-1,687	0	0	-1,687
Total transactions with owners of the company	0	0	-1,687	0	0	-1,687
Balance as per 31 December, 2022	1,125	343	18,471	-267	41	19,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

Koninklijke Brill N.V. (together with its subsidiaries referred to as 'Brill' or the 'Group') until 28 March 2024 was established as a Public Limited Company incorporated in the Netherlands (Naamloze Vennootschap), based at Plantijnstraat 2 in Leiden, the Netherlands and registered at the chamber of commerce under number 28000012.

On 12 October 2023, Brill and De Gruyter announced their intention to join forces and become one combined company. For more details on the course of events see the introduction of the Management Board. On 21 December we announced the public offer by Walter de Gruyter GmbH (De Gruyter) to acquire all shares of Koninklijke Brill N.V. (Brill) at an offer price of EUR 27.50 (cum dividend). The Offer was declared unconditional on 15 February 2024, on which date 96.12% of the shares had been tendered. At the end of the post-closing acceptance period 28 February 2024, 98.84% was tendered.
Delisting of the Brill shares took place on 28 March 2024, and the last day of trading of Brill shares on Euronext was 27 March 2024. On March 28 2024 the company changed its articles of association and as a result changed its legal form and name to Koninklijke Brill B.V, based at Plantijnstraat 2 in Leiden, the Netherlands and registered at the chamber of commerce under number 28000012.

Brill's main activities are publishing of academic books, journals and primary sources with a focus on humanities and social sciences, international law and other selected areas in sciences. These financial statements were authorized for issue by decision made on 23 April, 2024, by Brill's Management Board and Supervisory Board.

2. Basis of preparation of the Financial Statements

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements. The consolidated financial statements comply with IFRS as endorsed by the European Union.

2.1 Going concern

The accounting principles applied to the measurement of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the Group.
The Management Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements, and believes that no events or conditions give rise to doubt about the ability of the group to continue in operation at least 12 months from the publication date of these financial statements.
This conclusion is based on knowledge of the group, the estimated economic outlook and related identified risks and uncertainties. Furthermore, the conclusion is based the strategic rationale behind the merger with De Gruyter (see note 23). and the 2024 budget, including expected development in liquidity and capital of the new De Gruyter Brill Group.

2.2 Basis of consolidation

The consolidated financial statements contain the financial statements of Brill and its subsidiaries per 31 December, 2023. The financial statements of Brill's subsidiaries have been prepared for the same period as Brill's, using consistent standards of accounting. Note 22 to the consolidated financial statements contains information on Brill's subsidiaries.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management Board to exercise judgement in the process of applying the company's and the group's accounting policies.

All balances, transactions, cost and income within the Group and all profits and losses originating from intra group transactions are eliminated. Subsidiaries are consolidated as of the date of acquisition meaning the date at which Brill obtained control over the acquired business. The Group controls an entity when it (i) has power over the entity, (ii) is exposed to, or has rights to, variable returns from its involvement with the entity and (iii) can affect those returns through its power over the entity. Subsidiaries continue to be consolidated until the moment Brill loses control when this exposure or rights cease to exist, generally when shareholding becomes less than 50%.

2.3 Business combinations

Business combinations are identified when the Group obtains control over an integrated set of activities and assets that is capable of being conducted and managed for providing economic benefits to the Group. In general, before qualifying as business combinations, the acquired business will need to meet the test of incorporating demonstrable inputs (for example intellectual property rights, customer groups, author networks), processes (such as editorial activities or marketing and selling activities) and outputs (in most cases, revenue).

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. When a business combination is achieved in stages, the Group's previously-held equity interest in the acquired entity is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in financing results.

The Group measures goodwill at the acquisition date as the sum of the fair value of the consideration transferred and the recognized amount of any non-controlling interests in the acquired business, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed (including any publishing rights that have been identified). When the sum as defined above is negative, a bargain purchase is recognized immediately in profit or loss. If the business is acquired in stages, the fair value of the existing equity interest in the acquired business is also included in the determination of goodwill.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Cost related to business combinations, other than those associated with the cost of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable (like earn-out arrangements) is recognized as a liability at fair value at the acquisition date.

2.4 Basis of measurement and currencies used
The Consolidated financial statements are prepared in euro, being the reporting currency of the Group. All amounts have been reported in thousands euro's, except where noted differently.

Transactions in foreign currency are recorded at the exchange rate of the functional currency as per the transaction date. Monetary financial assets and liabilities in foreign currency are converted at the exchange rate of the functional currency at balance date. Any differences are recognized in the consolidated statement of profit or loss and other comprehensive income. Non-financial items in foreign currency valued at historic cost in foreign currency are converted at the exchange rate prevailing at the date of the original transaction.

At balance date, the assets and liabilities of subsidiaries with a functional currency other than euro are converted to the euro at the exchange rate per balance date and the consolidated statement of profit or loss and other comprehensive income is converted at the weighted average exchange rate for the year. The exchange rate differences that originate from the conversion are recorded in the Comprehensive income statement and in the currency translation reserve in equity. When divesting a foreign subsidiary, the cumulative balance of exchange rate differences recorded in equity related to this subsidiary is transferred to the Consolidated statement of profit or loss and other comprehensive income.

2.5 Current and non-current classification
Brill presents assets and liabilities in the balance sheet based on current or non-current classification. An asset is current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Brill classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Changes in the basis of preparation of the Financial statements adopted on 1 January, 2023
The following standards have become effective as per 1 January, 2023:

- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2 Making Materiality Judgements: "*Disclosure of Accounting policies" require to disclose material accounting policy information and clarify that accounting policy information is material if users need this to understand the financial statements. These amendments will only affect the disclosures of the consolidated financial statements.

- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: "Definition of Accounting Estimates" change the definition of a change in accounting estimates to monetary amounts in financial statements that are subject to measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error and changes in inputs or a measurement technique are changes in accounting estimates. These amendments do not have a material impact.

- Amendments to IAS 12 *Income Taxes*: “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction” clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. These amendments do not have a material impact.

- Amendments to IAS 12 *Income taxes:* “International Tax Reform – Pillar Two Model Rules” require to introduce a temporary exception from accounting for deferred taxes arising from the implementation of the OECD Pillar Two model rules, together with disclosure requirements. The Group expects that these amendments will have no impact on the Group’s equity and result.

2.7 Future changes in the basis of preparation of the Financial Statements
At present, the standards issued with future effectivity that may affect the basis of preparation of Brill’s Financial Statements.

- Amendments to IAS 1 *Presentation of Financial Statements*: “Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date” expected to be effective as from 1 January 2024. These amendments modify the requirements that were introduced by the amendments “Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current”. In addition, an entity has to disclose information in the notes to enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. These amendments are not relevant for the Group as it has no borrowings that are subject to covenants.

- Amendments to IFRS 16 *Leases*: “Lease Liability in a Sale and Leaseback”, expected to be effective as from 1 January 2024. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. As the Group has no lease, these amendments will have no impact on the Group’s equity and result.

- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* “Supplier Finance Arrangements”, expected to be effective as from 1 January 2024. The amendments require to add disclosures about supplier finance arrangements. These amendments are not applicable for the Group.

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* "Lack of Exchangeability”, expected to be effective as from 1 January 2025. The amendments clarify when and how to determine whether a currency is exchangeable into another currency.

Additional disclosure needs to be made in the financial statements when a currency is not exchangeable. These amendments are not applicable for the Group.

2.8 Accounting estimates, judgments and assumptions

Business combination
Publishing rights, trade names and goodwill are recognized at historic cost from an acquisitions' purchase price allocation. Establishing fair value of these and other assets involves management estimates and judgments regarding the valuation method applied, remaining useful life of intangible assets, cash flow estimates and an estimated discount rate. See note 3.

Impairment testing
Where intangible assets have indefinite lifetimes, they are tested for impairment annually. This requires an estimation of the business value of the cash generating units to which publishing rights and goodwill have been allocated. The procedure entails preparation of a cash flow forecast for each cash generating unit, determining a discount rate and calculating the discounted value of the estimated cash flows, see note 6.

Amortization of intangible assets and valuation of inventory
The useful lives of assets are estimated in line with common market practice. The group reviews the remaining useful lives of its assets annually. The amortization method is determined at initial recognition of the intangible assets and may change only when the expected pattern of consumption of future economic benefits change. The Group applies the straight-line and diminishing balance amortisation method.

Brill reviewed its publishing rights that had an indefinite lifetime at year end 2022, with a total carrying amount of 15 million. Based on this review it was concluded that the remaining useful lives of these publishing rights is between 10 to 20 years. This accounting estimate change of the useful lives leads to an additional amortization in 2023 of EUR 1.2 million, consisting of an annual increase of amortisation of 1.0 million and an accelerated amortization of EUR 0.2 million for rights that do no generate economic benefits anymore.

The amortization pattern of capitalized content is based on the expected pattern of consumption of the expected future economic benefits embodied in the asset. Brill uses the historic sales pattern as input in estimating the expected pattern of consumption. This results in a decreasing charge over the useful life of the asset. Inherent to this policy the actual consumption of the economic benefits in the year can differ from the estimated consumption. In the financial year the consumption was in line with the estimated consumption, see note 6.

Judgement in determining the lease term of contracts with renewal options
Brill applies judgement in evaluating the term of lifetime of a lease. Judgement has to be made whether it is reasonably certain to exercise an option to renew or terminate a lease. Based on these judgements the non-cancellable term of the lease is determined. Brill determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised

Brill considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a material event or change in circumstances that is within its control and affects its ability to exercise the renewal or termination option of a lease contract, see note 5.

2.9 Property, plant and equipment

Property, plant and equipment are recorded at historic cost, less cumulative depreciation and cumulative impairments, if any. Property, plant and equipment are depreciated on a straight-line basis over their useful life and taking in consideration any residual value. The carrying amount of property, plant and equipment is tested for impairment when events or changes in circumstances indicate that the carrying amount may not be realizable, see the Group's policy on impairment of non-financial assets. The residual value and the useful life are reviewed annually and revised if necessary. An item of property, plant and equipment is derecognized in case of divestment or if no future economic benefit is expected from either continued use or divestment. Any income or loss, resulting from the derecognition of the asset from the Consolidated statement of financial position, is recognized in the Consolidated statement of profit or loss and other comprehensive income at derecognition.

2.10 Leases

Right of use assets

Right of use assets are measured at cost less accumulated depreciation and impairments, if any. The Group recognizes right of use assets at the commencement date of the lease. The right of use assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease term, and any lease payments made in advance of the lease commencement date (net of any incentives received). Starting at the commencement date of the lease, the right of use assets are depreciated on a straight-line basis over the lease term. Brill assesses the right-of-use asset for impairment when indicators exist that the asset might be impaired. See the Group's policy on impairment of non-financial assets.

Lease liabilities

At the commencement date, Brill measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Brill’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the assessment to purchase the underlying asset.

Low value leases, below EUR 5,000 per underlying asset are not recognized in the right of use assets and lease liabilities. Lease payments for leases of low-value assets are recognized as expensed on a straight-line basis over the lease term and recognized as general and administrative expenses in the statement of profit or loss.

2.11 Intangible assets

Intangible assets are recognized at cost, less accumulated amortization for intangible assets with a finite useful life and less accumulated impairment losses, if any.

(a) Goodwill
Goodwill resulting from business combinations and is measured at the acquisition date as the sum of the fair value of the consideration transferred and the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. If the business is acquired in stages, the fair value of the existing equity interest in the acquiree is also included in the determination of goodwill. Any contingent consideration payable (such as earn-out arrangements) is recognized at fair value at the acquisition date and subsequently remeasured to fair value with changes in fair value recognized in profit or loss. Costs related to acquisitions which the group incurs in a business combination, are expensed as incurred. See "Impairment of non-financial assets" for a further elaboration of impairment test procedures.

(b) Publishing rights
Intangible assets resulting from acquisitions are capitalized at historic cost. The acquisitions were selected to have strong components of long-lasting economic value that mutually reinforce each other such as brands or imprints, reputation, a product portfolio consisting of subscription or serial publications, or a backlist generating substantial revenue. The Group determines in the purchase price allocation process what the foreseeable economic useful life of publishing rights are.

(c) Capitalized Content
Content costs of internally developed publications that contain pre-publication expenditure such as typesetting, illustrations, editing and translations. Sometimes, development of a publication takes several years. The amortization method used is selected based on the expected pattern of consumption of the expected future economic benefits embodied in the asset and is applied consistently from period to period. The method results in a decreasing charge over the useful life of content assets (i.e. diminishing balance method). Amortization is presented as part of the cost of goods sold in the Consolidate statement of profit or loss and other comprehensive income.

(d) Information systems and other intangibles
Trademarks, imprints, information systems and licenses are amortized on a straight-line basis over the estimated useful life of the asset. Amortization is presented as part of the general and administrative expenses in the Consolidate statement of profit or loss and other comprehensive income.

2.12 Impairment of non-financial property plant and equipment and intangible assets
Goodwill and intangible assets with an indefinite useful life (publishing rights) are allocated to the Group's publishing units in accordance with their match to the respective publishing programs. The Group considers its publishing units to be its lowest possible reportable level of cash generating units, since they form the principal managerial units within the Group, matching the key market segments in which the Group is active. Each publishing unit has a separate management and is managed as a strategic business unit. The publishing programs contained within these units have been selected for their potential to mutually reinforce each other's development.

Goodwill and intangible assets with an indefinite useful life are tested for impairment at the level of the cash generating unit annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever an indication exists that an asset may be impaired.

For an impairment test, the Group estimates the recoverable amount of the asset or the cash generating unit. The recoverable amount is the higher of the fair value of the asset less cost of disposal. If the carrying amount is higher than the recoverable amount, an impairment loss for the asset or cash flow generating unit is recognised to measure the asset at its recoverable amount. The impairment loss is recognised in profit or loss.

In determining the value in use, the estimated future cash flows related to the asset are discounted using a discount rate that considers current market evaluations of the time value of money and specific risks relating to Brill’s business and financing structure. The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared per cash generating unit. These budgets and forecasts generally cover a period of ten years, a long-term growth rate is applied after this period.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated statement of profit or loss.

2.13 Inventory
The inventory of finished products and publications in the editing stage are measured at the lower of cost and net realizable value. Cost comprises direct materials and expenses such as printing and binding and expenses for related services, less applicable grants received (see grants hereafter).

The cost related to specific product formats (mostly printing and binding) are divided by the number of units produced and form the unit cost which is recorded in the Consolidated statement of financial position in finished goods and charged to cost of goods Sold when a unit is sold.

2.14 Trade and other receivables
Trade and other receivables are financial instruments classified as measured at amortized cost. Trade receivables are recognized initially at their transaction price of the books, journals and database access sold. Other receivables are initially measured at their fair value less transaction costs, if applicable. Trade and other receivables are subsequently measured at amortized cost using the effective interest method, less a credit loss allowance.

The Group measures the expected credit losses allowance for its trade receivables for the whole lifetime of the receivables (applying the simplified approach). To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, in case these differences are substantial, the days past due and security when applicable. The expected loss rates are based on the historical payment profiles of sales of the last five years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information when these would affect the ability of the customers to settle the receivables. Management assesses forward looking information in relation to the specific market in which it operates. Bad debts are written off entirely once the inability to collect has been established with certainty. Indicators that there is no reasonable expectation of recovery that considered as a default include, amongst others, the failure to make the contractual payments for a period longer than the local applicable payment term or a trade debtor has financial difficulties or is unable to engage in a repayment plan with the group. Default situations are defined according to industry practices and occur when the Groups payment terms and conditions are not met. The Group considers counterparties for cash and cash equivalents to have low credit risk when these counterparties have a prime credit rating.

2.15 Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position (and the Consolidated statement of cash flows) consists of bank, cash and short-term deposits with a duration of three months or less. Cash and cash equivalents are financial instruments classified as measured at amortized cost. Cash and cash equivalents have a low credit risk, see Trade and other receivables for the Group's policy on credit losses.

2.16 Equity
Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. See respectively the sections Foreign exchange conversion and Financial instruments and hedging in these Basis of preparation of the financial statements for Other reserves relates to the currency translation and hedge reserve.

2.17 Interest bearing debt, accounts payable and other short-term liabilities
Brill initially recognizes interest bearing debt, trade payables and other liabilities at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost, using the effective interest method. The effective interest is presented as interest expenses in the Consolidated statement of profit or loss and other comprehensive income.

2.18 Provisions
A provision is recognized when (i) Brill has a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that an outflow of economic resources will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. In case a (part of) the liability will be reimbursed, the reimbursement is recorded as a separate asset, only when it is virtually certain that the amount will be received.

2.19 Employee benefits

Pensions and other post – employment arrangements
The Group operates defined contributions plans. The Group recognizes the expenses of the defined contribution plans in the period the employees rendered their services, except for the part that is included in capitalized content in intangible assets. Unpaid expenses are recognized as current liabilities.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

2.20 Revenue recognition
Revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for transferring for sales of books, journals and database access to its

customers, the Group's performance obligations. The performance obligations have fixed considerations and for books a variable consideration is included for the refund rights. For refund rights only revenue is recognized for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, which is based on recent returns statistics and sale volumes. The Group recognizes revenue when it transfers control of a product or service (or performance obligation) to a customer. For printed books this is after shipping and handling activities. Sales of books are invoiced at shipping and journals and database access are paid in advance. All contract conditions are fulfilled at transfer of control. In case incremental costs occur to obtain contracts with customers, the contract duration is usually one year or less, these costs are expensed when incurred. Due to the short contract term for sales of books, journals and database access, no remaining performance obligations after year end are disclosed. In general, Brill applies a payment term of 30 days after invoice date.

(a) Sales of books
Sales of books are basically one-time sales one-time sales and are recognized after physical shipping or after making the product accessible to the customer online. These sales are performance obligation satisfied at a point in time.

Brill also compiles book collections and sells these to its customers. Customers are able to purchase collections that have not yet been completed, these collections are completed within a planned period and the book titles are already known. For these collections, Brill recognises revenue for the part that has been made available and subsequently the remaining revenue equal to any additional part that is made available to the customers.

(b) Sales of journal subscriptions
The journal issues contained within a publication year (the "Volume") are transferred to the customers as they become available during the lifetime of the subscription period. The journal issues are made available in printed or digital form. Journals are performance obligations that are satisfied at a point in time. The advances received for journals subscription are initially recorded as deferred income (contract liabilities), revenue is recognized when (the control of) the journal is transferred to the customer.

(c) Database access subscriptions
Database access or primary sources revenue is recognized over the period of the subscription contract. Database access is a performance obligation that is satisfied over time. The progress of time of the access period is relevant in the transfer of the services, the revenue is recognized on a straight-line basis during the subscription period (transfer of control) as the customer has the right to use the database during this period. The advances received for database access are initially recorded as deferred income (contract liabilities).

(d) Principal versus agent considerations
The Group has a few contracts with business partners to provide sales, marketing and fulfilment services for the publication made and owned by these partners. The Group does not own the rights or the inventory of these publications. The Group does not control the goods before they are transferred to customers, and hence, is an agent in these contracts. The Group recognizes only the agent fee as revenue (as a performance obligation satisfied over time).

(e) Subscription payments – deferred income
Advances for subscription payments are received and result in the obligation of the Group to transfer books, journals or digital content to its customers. These liabilities are part of the contracts with customers and classify as contract liabilities and presented as deferred income. Subscriptions are prepaid for one year or less and do not result in significant finance components.

(f) Right to return
For sales of print books the customers have a right to return for which a refund liability is recognized and measured at the net amount of revenue in the statement of financial position within Trade and other payables. This liability to the customer relates only to the consideration of the contract and not to future performance obligations of the Group. The Group also recognizes an asset for the right to recover the books sold as part of its other receivables and accruals. The return rates are based on the average returns of the last 3 years.

2.21 Cost of Goods Sold
At delivery, unit costs of inventory are charged to the Cost of Goods Sold. When a journal issue is delivered, its costs are recorded directly in the cost of goods sold. Cost for a journal issue contains direct production expenses, preparation of content, royalties and shipping costs.

Cost of capitalized content are amortized over the expected useful life of the asset; amortization is recognized under Cost of Goods Sold.

2.22 Interest Income
Income is recognized when the interest accrues according to the effective interest method, using the effective interest method.

2.23 Grants
Grants relating to publishing projects are at the launch of the publication included in the Inventory, as the net amount of development costs and grants and are expensed accordingly. Grants relating to costs are deferred and recognised in the Statement of profit or loss when is complied with the conditions of the grant over the period necessary to match them with the costs that they are intended to compensate.

Brill, also through its German grants, frequently receives project, program or generic grants from private or public funding bodies. These funding bodies generally aim to support scholarly communication, often in the form of a print cost grant or a general cost grant. A grant is fully allocated to the publishing project for which the grant was granted and included in (offset against) the development cost capitalized for the project. The excess of grants over development cost is presented under other payables, since these represent a potential obligation until the moment of publication.

2.24 Income tax

Current income tax
Current income tax assets or liabilities relates to current and previous periods and are measured according to the amount that is estimated to be paid to or received from the tax authorities. The taxation is measured according to the prevailing legal rates and legislation.

Deferred taxation
A deferred tax asset or liability is recognized for temporary differences as at balance date between the tax base of assets and liabilities and their carrying amounts. Deferred tax assets are recorded for all temporary differences in so far as it is likely that there will be a taxable income against which the temporary difference can be offset. Deferred tax assets and liabilities are recorded for all taxable temporary differences except when:

- the deferred tax asset or liability results from an initial recognition of a claim or liability in a transaction which is not a business combination and which, at the moment of the transaction, has no impact on the profit before tax or the taxable income, and / or;
- the deferred tax asset or liability results from an initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and which, at the moment of the transaction, has no impact on the profit before tax or the taxable income, and;
- in relation to temporary differences relating to investments in subsidiaries and joint venture interests, when the timing of settlement can be determined individually and when it is likely that the temporary difference will not be settled in the near future.

Deferred tax assets and liabilities are measured at the tax rates which are expected to prevail during the period in which the claim is materialized, or the liability is settled, based on legally determined rates and applicable tax law. Deferred tax assets and liabilities are netted if there is a legal right to net claims and liabilities, and if the deferred tax relates to the same taxable entity, the same tax authority and the same period.

2.25 Financial instruments and hedging

Recognition and de-recognition
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument (at trade date). Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification
In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is made at a financial asset level based on the business model to collect the contractual cash flows. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets of the Group, like some non-current financial assets, trade and other receivables and cash and cash equivalents, are classified as financial assets measured at amortized cost. Financial liabilities, like interest bearing loans and trade and other payables, are classified as financial liabilities measured at amortised cost. Financial assets that classify as fair value through profit or loss (like share interest in other companies) and derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss.

All income and expenses relating to financial instruments measured at amortized cost that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Derivatives and hedge accounting
Brill uses financial derivative instruments such as futures and swaps to manage risks related to foreign currencies and interest. Derivatives are initially recognized at fair value and are subsequently remeasured to their fair value. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives to cash flow hedges based on a particular risk associated with the cash flows of highly probable forecast transactions.

At inception of the hedge relationship, the Group documents the economic relationship between the derivatives (hedging instruments) and forecast transaction (hedged item) including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity (hedge reserve). The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within finance costs.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecasted transaction occurs this amount is removed from equity and included in (i) the measurement of the recognition of the related non-financial asset or liability, such as an inventory, or (ii) in profit or loss as a reclassification adjustment in the same period or periods during which the hedge expected future cash flow affects profit or loss. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

2.26 Fair value and fair value hierarchy
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, described hereafter:

Level 1
The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2:
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Measurement methods are, among others, the discounted cash flow method using discount rates and relevant forward rates as at the end of the reporting period.

Level 3:
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

2.27 Cash flow statement

Cash flow from operating activities
Cash flows from operating activities are calculated by the indirect method by adjusting the profit from operating activities for non-cash flows and changes in consolidated working capital. Operating cash flow also includes the costs for financing of operating activities and income tax paid on all activities.

Cash flow from investment activities
Cash flows from investing activities are those arising from net capital expenditure and from acquisition and sale of business or publication rights. Cash and cash equivalent available at the time of acquisition or sale are deducted from the related payments or proceeds.

Cash flows from financing activities
Cash flows from financing activities comprise the cash receipts and repayments of debt and equity instruments (including dividend payments) and repayments of lease liabilities.

3. Business combinations

Brill did not acquire any assets or shares in companies.

For information about the acquisition of Brill by De Gruyter, please see note 23 Events after balance sheet date, the introduction by the Management Board in the Management Board report and our website brill.com/page/degruyter),

4. Property, plant and equipment

2023	Leasehold improvements	Furniture & Fixtures	IT Hardware	Total
As at 1 January				
Cost	910	1,487	1,043	3,439
Accumulated depreciation	-898	-731	-667	-2,295
Carrying amount as at 1 January	12	756	376	1,144
Changes in the year				
Reclass of asset category	0	5	-5	0
Investment	0	35	70	105
Adjustment PY Investment	1	4	19	24
Adjustment PY Depreciation	-1	-4	-19	-24
Disposal at cost	0	0	0	0
Disposal accumulated depreciation	0	0	0	0
Depreciation	-7	-147	-158	-311
Exchange rate differences	0	0	0	0
Carrying amount as per 31 December	5	649	284	938
As at 31 December				
Cost	911	1,530	1,128	3,569
Accumulated depreciation	-906	-881	-844	-2,631
Carrying amount as at 31 December	5	649	284	938
Useful life in years	10	5 - 10	3	

2022	Leasehold improvements	Furniture & Fixtures	IT Hardware	Total
As at 1 January				
Cost	910	650	758	2,318
Accumulated depreciation	-871	-620	-574	-2,065
Carrying amount as at 1 January	39	30	184	253
Changes in the year				
Acquired through business combination				0
Investment	0	798	290	1,088
Transfer at cost	0	39	2	41
Transfer accumulated depreciation	0	-39	-2	-41
Disposal at cost	0	0	-8	-8
Disposal accumulated depreciation	0	-1	7	6
Depreciation	-27	-70	-99	-196
Exchange rate differences	0	0	0	0
Carrying amount as per 31 December	12	756	376	1,144
As at 31 December				
Cost	910	1,487	1,043	3,439
Accumulated depreciation	-898	-731	-667	-2,295
Carrying amount as at 31 December	12	756	376	1,144
Useful life in years	10	5 - 10	3	

Depreciation is presented of the general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income (refer to note 19). See note 12 for the amount of the pledged property, plant and equipment.

5. Leases

Brill has entered into lease agreements for offices and company cars.

Right of use assets	Offices	Company cars	Total
2023			
Carrying amount as at 1 January	5,351	119	5,470
Acquired through business combination	0	0	0
Additions	1,033	64	1,097
Depreciations	-939	-84	-1,023
Carrying amount as at 31 December	5,445	99	5,544
Lease term in years (current and previous year)	0 - 10	0 - 4	
2022			
Carrying amount as at 1 January	1,210	113	1,323
Acquired through business combination	55	0	55
Additions	4,929	86	5,015
Depreciations	-843	-80	-923
Carrying amount as at 31 December	5,351	119	5,470

Additions to right of use assets include the extension for the lease for the offices in Boston, Paderborn Singapore and Beijing and new leases for car(s).

Lease liabilities	2023	2022
Carrying amount as at 1 January	5,550	1,540
Acquired through business combination (note 3)	0	55
Additions	1,111	5,015
Interest accretion (note 20)	268	83
Redemption of lease liabilities (Cash flows from financing activities)	-839	-1,060
Interest payments (Cash flows from operating activities)	-268	-83
Carrying amount as at 31 December	5,822	5,550
Non-current lease liabilities	5,236	4,962
Current lease liabilities	585	588
	5,822	5,550

The redemption of lease liabilities is presented in the Consolidated statement of cash flows as part of the cash flows of finance activities. In the year, the Group expensed 148 thousand for low value leases (2022: 192 thousand). Total cash outflow of leases was 1,121 thousand (2022: 1,143 thousand).

6. Intangible assets

2023	Publishing rights	Goodwill	Capitalized Content	Information Systems	Other	Assets under construc-tion	Total
As at 1 January							
Cost	18,636	5,721	55,635	9,883	1,004	1,508	92,387
Accumulated amortization and impairment	-1,403	-1,029	-44,025	-8,408	-496	0	-55,362
Carrying amount as at 1 January	17,233	4,692	11,610	1,475	507	1,508	37,025
Changes in the year							
Acquired through business combination	0	0	0	0	0	0	0
Investment	24	0	3,310	16	0	1,873	5,223
Transfer Asset Category	0	0	0	1,634	-36	-1,634	-36
Transfer at cost	1	0	0	2	36	0	39
Transfer accumulated amortization	5	0	0	-2	-6	0	-3
Disposals at cost	-475	0	0	0	0	0	-475
Disposals at acc. amortization / impair	267	0	0	34	0	0	301
Impairment	0	0	0	0	0	-1,227	-1,227
Amortization	-1,283	0	-3,148	-831	-81	0	-5,343
Total changes	-1,462	0	162	853	-86	-988	-1,522
As at 31 December							
Cost	18,185	5,721	58,945	11,535	1,004	1,748	97,138
Accumulated amortization and impairment	-2,415	-1,029	-47,173	-9,208	-582	-1,227	-61,633
Carrying amount as at 31 December	15,771	4,693	11,772	2,328	422	520	35,504
Useful life in years	9 - 20	Indefinite	10	3 - 5	5		

Assets under construction are mainly investments in ERP and information systems.

2022	Publishing rights	Goodwill	Capitalized Content	Information Systems	Other	Assets under construc-tion	Total
As at 1 January							
Cost	17,889	4,003	52,736	7,191	842	1,082	83,743
Accumulated amortization and impairment	-558	0	-40,869	-5,860	-294	0	-47,580
Carrying amount as at 1 January	17,331	4,003	11,868	1,331	549	1,082	36,163
Changes in the year							
Acquired through business combination	491	1,718	0	0	36	0	2,245
Investment	200	0	2,899	0	7	1,432	4,538
Transfer Asset Category	0	0	0	1,005	0	-1,005	0
Transfer at cost	56	0	0	2,028	118	0	2,201
Transfer accumulated amortization	-56	0	0	-2,028	-118	0	-2,201
Disposals at cost	0	0	0	-341	0	0	-341
Disposals at acc. amortization	0	0	0	323	0	0	323
Impairment	-578	-1,029	0	0	0	0	-1,607
Amortization	-211	0	-3,156	-844	-85	0	-4,296
Total changes	-98	689	-257	144	-41	426	862
As at 31 December							
Cost	18,636	5,721	55,635	9,883	1,004	1,508	92,387
Accumulated amortization and impairment	-1,403	-1,029	-44,025	-8,408	-496	0	-55,362
Carrying amount as at 31 December	17,233	4,693	11,610	1,475	507	1,508	37,025
Useful life in years	Indefinite / 9 - 20	Indefinite	10	3 - 5	5		

Brill reviewed its publishing rights that had an indefinite lifetime at year end 2022, with a total carrying amount of 15 million. Based on this review it was concluded that the remaining useful lives of these publishing rights is between 10 to 20 years. This accounting estimate change of the useful lives leads to an additional amortization in 2023 of EUR 1.2 million, consisting of an annual increase of amortisation of 1.0 million and an accelerated amortization of EUR 0.2 million for rights that do no generate economic benefits anymore.

The impairment of 1.2 million on assets under construction relates to investments in our ERP system. Due to the merger with De Gruyter the development of our ERP has been stopped and the existing assets under construction have been impaired.

Other intangible assets contains licenses and trade names.

The amortization schedule for capitalized content is as follows:

Year	1	2	3	4	5	6	7	8	9	10
	39%	17%	8%	6%	5%	5%	5%	5%	5%	5%

See note 12 for the amount of pledged intangible assets.

Impairment testing of goodwill and other intangible assets
At the end of each reporting period, the Group reviews any indication whether the cash generating units (hereafter "CGU") that contain goodwill and intangible assets may be impaired. In addition, the Group carries out annual impairment tests by comparing the carrying amount of each CGU to the recoverable amount.

The recoverable amount is determined by calculation of the CGU's value-in-use. The value-in-use is determined by discounting the CGU's future cash flows. The cash flow projections are based on actual operating results, and the budget and strategic plans in force at the time of making the analysis. Furthermore, the three-year projections in the strategic plans are extended to 10 years. The Management Board believes that this is a term in which relevant market trends (most importantly scholarly publication output) can be reliably forecasted.

The key assumptions for the impairment test of all 6 CGU's are (i) long-term growth rate of revenue, gross margin and EBITDA is 1.0% (2022: 1.0%) and (ii) discount rate (WACC) of 10.11% (2022: 10.13%), which reflects current market assessments of the time value of money and the risks specific to the assets.

Key assumptions applied to the net present value calculations relate to growth of revenue and development of the cost of goods sold. These assumptions are based on management estimates as included in the most current business plans. Revenue growth assumptions are based on an expected continuous growth in output of and demand for scholarly research whereas cost estimates assume a shift from variable expense to fixed expense, increasing slower than revenue.

The annual impairment test showed that the recoverable amount for all segments for intangible assets and goodwill exceeded their carrying amounts.

The Group also assessed whether a change in a key assumption would cause the carrying amount to (further) exceed the recoverable amount.

CGU's (see note 18)	Applied terminal growth rate of cash flows (g)	Decrease in growth rate which would trigger an (additional) impairment	Increase in discount rate which would trigger an (additional) impairment
ARC	1.0%	>1.0 percent point	>5 percent point
HIS	1.0%	>1.0 percent point	>5 percent point
LAW	1.0%	>1.0 percent point	>4 percent point
MIA	1.0%	>1.0 percent point	>5 percent point
LLA	1.0%	>1.0 percent point	>1 percent point
DACH	1.0%	>1.0 percent point	>5 percent point

Sensitivity tests applied to the valuations show that the valuations for all segments are robust against material (negative) variances in the applied terminal growth rate, with the exception of LLA where an increase of the WACC with more than 1 percent point would lead to an impairment.

Carrying amounts by segment as per 31 December (refer to note 18 for details on segmentation and developments in 2023) of intangibles and goodwill with an indefinite life are summarized hereafter.

Segment	Publishing rights and brand names		Goodwill		Total	
As at 31 December	2023	2022	2023	2022	2023	2022
ARC	0	837	404	404	404	1,241
HIS	0	1,349	2,638	2,638	2,638	3,987
LAW	0	10,560	418	418	418	10,978
MIA	0	532	343	343	343	875
LLA	0	1,728	0	0	0	1,728
DACH	0	0	890	890	890	890
Total	0	15,006	4,693	4,693	4,693	19,699

At year-end, the Group had no material outstanding commitments for the purchase or development of intangible assets (year-end 2022: no material outstanding commitments).

7. Income tax

Income tax credit

This note provides an analysis of Brill's income tax credit and Brill's deferred tax position.

	2023	2022
- Current	-926	149
- Deferred tax	202	1,085
Income tax credit	-724	1,234

Of the current tax credit, 10 thousand (2022: 6 thousand) is due in other jurisdictions than the Netherlands. The table below reconciles the effective tax rate and the calculation of tax according to local nominal Dutch tax rates for the year ended 31 December, 2023 and 2022.

	2023	2022
Loss before tax	-3,476	-4,698
Statutory Dutch income tax rate		
Tax, at the nominal rate	-897	1,212
- Effect of different tax rates outside the Netherlands	152	-4
- Permanent differences	9	34
- Changes from deferred tax liability	0	-21
- Changes in nominal tax rate	-3	0
- Miscellaneous	16	13
Tax recognized in the consolidated income statement	-724	1,234
Effective tax rate	20.8%	26.3%

Deferred taxes

Deferred taxation is itemized as follows with regards to deferred tax liability:

2023	Intangible assets	Plant and equipment	Trade & other accrued expenses	Net operating loss (NOL)	Hedge contracts	Total
As at 1 January	-5,452	21	43	899	-6	-4,495
Acquired through business combinations	0	0	0	0	0	0
Reclassification of opening balances	37	-4	-39	0	6	0
Recognized in profit and loss	-225	7	28	977	0	787
Recognized in other comprehensive income	0	0	0	0	0	0
Effect of movement in foreign exchange rates	0	0	0	0	0	0
Carrying amount as at 31 December	-5,640	24	32	1,876	0	-3,708

2022	Intangible assets	Plant and equipment	Trade & other accrued expenses	Net operating loss (NOL)	Hedge contracts	Total
As at 1 January	-5,230	32	44	0	-6	-5,160
Acquired through business combinations	-131	0	0	0	0	-131
Recognized in profit and loss	-91	-11	-1	899	0	796
Recognized in other comprehensive income	0	0	0	0	0	0
Effect of movement in foreign exchange rates	0	0	0	0	0	0
Carrying amount as at 31 December	-5,452	21	43	899	-6	-4,495

Deferred taxation is itemized as follows with regards to deferred tax asset:

2023	Intangible assets	Plant and equipment	Trade & other accrued expenses	Hedge contracts	Total
As at 1 January	28	55	287	0	370
Acquired through business combinations	0	0	0	0	0
Recognized in profit and loss	-1	0	1	0	0
Recognized in other comprehensive income	0	0	0	0	0
Effect of movement in foreign exchange rates	0	0	0	0	0
Carrying amount as at 31 December	27	55	288	0	370

2022	Intangible assets	Plant and equipment	Trade & other accrued expenses	Hedge contracts	Total
As at 1 January	30	0	51	0	81
Acquired through business combinations	0	0	0	0	0
Recognized in profit and loss	-2	55	236	0	289
Recognized in other comprehensive income	0	0	0	0	0
Effect of movement in foreign exchange rates	0	0	0	0	0
Carrying amount as at 31 December	28	55	287	0	370

Brill applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. In its current process of assessing the impact, is considered that the average tax rate in the main jurisdiction where Brill operates is well above 15% and is expected that no top-up taxes would be applicable for taxes in 2023. Brill focuses to calculate a reasonable impact for the next financial year.

Based on the budget for the next year, the expectation is to recover on the NOL; EUR 250 thousand.

8. Inventories

As at 31 December	2023	2022
Publications in development	531	399
Finished goods	3,787	4,076
Book return asset	136	94
	4,454	4,569

The inventory of finished goods includes a provision for obsolescence of 6.594 thousand (2022: 6,973 thousand). During the year, the provision was decreased by 378 thousand mainly due to additional write-off related to the insolvency of our main distributor and the move to our new distribution partners (2022: increase of 310 thousand). This amount was charged to the Cost of goods sold in the Consolidated Statement of profit or loss and other comprehensive income. See note 12 for the amount of pledged inventory.

9. Trade and other receivables

As at 31 December	2023	2022
Trade receivables	9,035	6,963
Other receivables	1,563	1,572
	10,598	8,535

Trade debts are non-interest bearing and have average payment terms of thirty to ninety days, depending of the country of residence of the customers. Note 17 contains a risk analysis. For some trade receivables, Brill may obtain security in the form of insurance against default of the debtor. See note 12 for the amount of pledged trade receivable to lenders of the Group.

The ageing of the receivables is shown hereafter.

As at 31 December, 2023

	Gross amount	Credit loss allowance	Net amount	Loss allowance
Payments not due	5,760	-58	5,702	0% - 0.1%
Payments due:				
0–30 days	1,776	-18	1,758	0.1%
30–60 days	463	0	463	0.0%
60–90 days	236	0	236	0.0%
> 90 days	1,386	-510	876	38.0%
Total trade receivables	9,620	-585	9,035	

As at 31 December, 2022

	Gross amount	Credit loss allowance	Net amount	Loss allowance
Payments not due	4,877	-7	4,871	0% - 0.1%
Payments due:				
0–30 days	986	-1	985	0.1%
30–60 days	249	0	249	0.0%
60–90 days	194	0	194	0.0%
> 90 days	1,922	-1,258	664	65.0%
Total trade receivables	8,228	-1,265	6,963	

The changes in the credit loss allowance in the year are:

	2023	2022
1 January	1,265	238
Add to the allowance during the year	327	1,181
Receivables written off during the year as uncollectible	-1,007	-154
31 December	585	1,265

10. Cash and cash equivalents

Cash and cash equivalents as at year-end 2023 were 1,736 thousand (year-end 2022: 3,701 thousand). Included in this amount is 107 thousand (year-end 2022: 107 thousand) restricted cash that serves as a guarantee for the lease contract of the Leiden office, 83 thousand (year-end 2022: 83 thousand) restricted cash that serves as a guarantee for the lease contract of the Göttingen office and 123 thousand (year-end 2022: 130 thousand) cash held by a subsidiary that is not directly freely remissible.

11. Equity attributable to owners of Koninklijke Brill B.V.

11.1 Capital and reserves
The share capital of the company until 20 February 2024 was divided into ordinary shares and cumulative preference shares. There were no cumulative preference shares issued. The number of ordinary shares with par value of 0.60 per share, issued and paid, was 1,874,444 in 2023 (2022: 1,874,444). The number of authorized shares was 2,500,000 in 2023 (2022: 2,500,000). In 2023, share capital was 1,125 thousand (2022: 1,125 thousand).

After the successful public offer by De Gruyter (see Events after balance sheet date, introduction by the Management Board and our website brill.com/page/degruyter) the articles of association of the Company were amended at settlement date 20 February 2024. After this change there are no longer cumulative preference shares.

Other reserves consist of a currency translation reserve (including foreign currency exchange rate differences from foreign subsidiaries) and a cash flow hedge reserve (including the share in the increase or decrease of the cash flow hedge for which it has been established that it is effective).

The breakdown and changes in the other reserves, the currency translation and cash flow hedge reserve, are as follows:

	Currency translation reserve	Cash flow hedge reserve	Total other reserves
2023			
As at 1 January	**-267**	**41**	**-226**
Exchange differences on subsidiaries	-63	0	-63
Net gain or loss(-) on cash flow hedges	0	-37	-37
Changes before tax effect	-63	-37	-100
Tax effect	0	9	9
Recognized in other comprehensive expense	-63	-28	-90
As at 31 December	**-329**	**13**	**-317**
2022			
As at 1 January	**-303**	**-4**	**-307**
Exchange differences on subsidiaries	36	0	36
Net gain or loss(-) on cash flow hedges	0	55	55
Reclassification to profit and loss	0	5	5
Changes before tax effect	36	60	96
Tax effect	0	-15	-15
Recognized in other comprehensive income	36	45	81
As at 31 December	**-267**	41	**-226**

11.2 Appropriation of result and dividend

The Group proposes to charge the loss of -2,752 thousand for the year to the retained earnings (in 2022, -3,465 thousand was charged to retained earnings and no dividend was distributed to shareholders).

11.3 Call option Stichting Luchtmans

Stichting Luchtmans was granted a call option that gave it the right, in the event of hostile action or imminent hostile action against the company, to purchase a number of cumulative preference shares equal to, at most, 100% of the shares and depository receipts issued at the time at which the option is exercised less one share. When the option is exercised, only 25% of the total nominal amount must be paid. The exercise price is equal to the nominal value. Stichting Luchtmans and the company have agreed that the option may be exercised up to 100% of the issued capital if and as long as shares and depository receipts are listed on the Euronext Amsterdam N.V. exchange. After the successful public offer by De Gruyter (see Events after balance sheet date, introduction by the Management Board and our website brill.com/page/degruyter) the articles of association of the Company were amended at settlement date 20 February 2024, After this change there are no longer cumulative preference shares and the call option granted to Stichting Luchtmans is terminated.

12. Interest bearing loans

In May 2018, the Group took a long-term bank loan of 6.5 million, of which at balance date 1.3m million was outstanding. The Group paid a quarterly redemption until the loan was fully paid back on March 31, 2024. Brill entered into an interest rate swap contract in July, 2019 to mitigate the risk of increases in interest during the remainder of the duration of the loan (originally mid-2024). Brill's interest payments were fixed at 1.5% of the remaining outstanding debt for the duration of the loan.

In August 2021, the Group entered into a new financing agreement with its lender, including converting a withdrawal from the acquisition facility of 2.9 million into a long-term bank loan, of which 1.7 million was outstanding at balance date. The Group pays a quarterly redemption until the loan is fully paid back on April 30, 2024. The interest was fixed at 2.45%.

In December 2022, the Group entered into an amended financing agreement with its lender to address the temporary cash flow decrease due to the insolvency of our main distributor, Turpin.

Under the amended agreement, the following conditions applied:

- The 5.0 million facility was temporarily increased to 8.8 million until December 31, 2023. The interest consists of the average 1-month EURIBOR rate as determined during a month plus a surcharge which is currently 1.95%-point
- The 2.2 million withdrawal from the acquisition facility (used for the acquisition of Wageningen Academic Publishers) was converted into a long-term bank loan, of which 2.2 million was outstanding at balance date. The Group will pay a quarterly redemption starting Q3 2024 until the loan is fully paid back end of Q3 2027. Interest consists of EURIBOR for a period of 3 months (the "roll-over period") and a surcharge which is currently 2.95%-point
- The remaining 2.8 million acquisition facility was put on hold until December 31, 2023
- The lender provided Brill a waiver for the year 2022 for the covenants Senior net debt/ EBITDA ratio and the Debt Service Coverage Ratio
- For 2023 Brill must comply with quarterly minimum liquidity levels.

From January 1 2024 the conditions as agreed in August 2021 apply again, as Brill complied with the agreed minimum liquidity levels and there is no longer a need for increased financing facilities.

Following the merger with De Gruyter, all loans and used credit facilities will be paid back to RABO per 30 April 2024. The Gruyter Brill is financed by a credit facility that the new Group has with Deutsche Bank and Commerzbank.

As a results of the above, on 31 December, 2023 unused credit facilities of 8.8 million were available (2022: 8.8 million). As a security for these bank loans the Group has pledged assets. The pledged assets with a total carrying amount of 27.7 million (2022: 33.1 million) consist of publishing rights

(16.1 million, 2022: 17.8 million), receivables (6.5 million, 2022: 9.9 million), inventories (4.2 million, 2022: 4.3 million) and property, plant and equipment (0.9 million, 2022: 1.1 million).
The movement of the interest-bearing loans is as follows:

	2023	2022
Carrying amount as at 1 January	6,781	6,154
Changes in the year		
New interest bearing loan	0	2,200
Debt redemption	-1,588	-1,588
Changes in financing cash flows	-1,588	612
Transaction costs loan expensed over loan term	0	15
Carrying amount as at 31 December	**5,193**	**6,781**
Non-current	3,023	5,193
Current	2,171	1,588
Carrying amount as at 31 December	**5,193**	**6,781**

The debt redemption and new interest bearing loan are presented in the Consolidated statement of cash flows as part of the cash flows of finance activities.
The main non-financial covenant is the non-distribution clause that prohibits the Group to distribute to its shareholders more than 100% of the sum of Profit before tax plus amortization and depreciation (non-product).

The sums involved were:

Non distribution covenant	2023	2022
Loss before tax	-3,476	-4,691
Amortization and depreciation (non-product, non IFRS 16)	3,733	1,336
Maximum distribution	**257**	**-3,355**

In addition, the covenants include two financial ratios: Senior net debt/EBITDA ratio and the Debt Service Coverage Ratio:

Net debt/EBITDA ratio	2023	2022
Cash and cash equivalents	-1,736	-3,701
Interest bearing loans	5,193	6,781
Net debt	3,457	3,080
EBITDA [see note 18]	4,991	-30
Net debt/EBITDA ratio (must be less than 3.0)	**0.69**	**-102.67**

Debt service coverage ratio	2023	2022
EBITDA [18]	4,991	-30
Income tax paid(-)/received	-74	124
Replacement investments: property, plant and equipment	-123	-1,088
Replacement investments: intangible assets (non-product, non-acquisition)	-1,913	-1,439
Total	**2,880**	**-2,433**
Interest paid	667	294
Redemption loan	1,588	1,588
Total	**2,255**	**1,882**
Debt service coverage ratio (must be higher than 1.1)	**1.3**	**-1.3**

Net debt movements	Cash and cash equivalents	Interest bearing loan – short-term	Interest bearing loan – long-term	Total
Net debt 1 January 2022	3,701	-1,588	-5,193	-3,080
Cash flows	-1,965	-583	2,171	-377
Net debt 31 December 2023	1,736	-2,171	-3,023	-3,457

Free cash flow

Free cash flow is often used to evaluate the cash available to the company's lenders and investors.

Free cash flow	2023	2022
Net cash flow	-1,965	-1,738
Dividend paid to shareholders	0	1,687
Interest and debt redemption	2,255	1,882
	290	**1,831**

13. Trade and other payables

As at 31 December	2023	2022
Trade creditors	6,008	6,110
Other taxes and social securities	648	783
Refund liability	601	634
Accruals	4,605	3,537
Pension liability	87	200
Other payables	3,191	2,783
	15,138	**14,046**

Trade creditors are non-interest bearing and normally have a payment due date of less than 30 days. Taxes, social securities and other payables are settled during the year.

14. Deferred income

Deferred income relates mainly to the advances received for journal, eBook and database access subscriptions. Other deferred income relates to advances received for other publications like Open Access and the Brill Book Archive.

Deferred income	2023	2022
Carrying amount at 1 January journal, eBook and database access	8,868	7,534
New contracts	12,983	13,621
Recognized as revenue from starting balance and new contracts	-13,026	-12,287
Carrying amount at 31 December journal, eBook and database access	**8,826**	**8,868**
Carrying amount at 31 December other publications	3,699	1,616
Carrying amount as at 31 December total deferred income	**12,525**	**10,484**

15. Provisions

	2023	2022
Carrying amount as at 1 January	**495**	—
Releases	-495	
Additions	448	495
Carrying amount as at 31 December	**448**	**495**
Current provisions	448	495
Carrying amount as at 31 December	**448**	**495**

The other provisions relate to uncertain indirect tax payments for which Brill is in discussion with the relevant tax authorities and that will be settled within one year. The amount is an estimation and depends on the amount of revenue, type of client and the relevant tax percentage.

In 2023, a new provision was taken for an issue with VAT on printing subsidies in Germany, for an amount of 448 thousand. We have actively informed the local tax authorities and have solved the issue already.

In 2022, 495 thousand costs was recorded as a provision for improving our order-to-cash processes related to the calculation and declaration of indirect taxes in several tax jurisdictions. Immediately upon becoming aware during Q4 of 2022 of shortcomings in this area, an improvement project was started which is was finalized by the end of March 2024. The 2022 provision was used to cover part of the costs for these project.

16. Commitments

A bank guarantee of 83 thousand was issued during 2022 in support of the rental agreement of the office located Robert-Bosch-Breite 10 in Göttingen (ending in October 2027).
A bank guarantee of 107 thousand (2022: 107 thousand) was issued in support of the rental agreement of the office located Plantijnstraat 2 in Leiden (ending in September 2033). At year end, there were no major commitments for investments. The liabilities for low-value leases will average yearly at 120 thousand.

17. Financial risk management

17.1 Market risk

Foreign currency exchange risk
Brill's reporting currency is the euro. The US dollar is the main other currency relevant to Brill's business. In 2023, around 30% (2022: 26%) of revenues was invoiced in USD. Brill's objective related to currency exchange risk is to improve its financial performance by mitigating significant swings in the US dollar exchange rate. For this objective, Brill may enter into foreign currency forward contracts. Normally, prices in US dollar are announced at the beginning of the year and are adjusted annually. In determining prices in US dollar, current exchange rate circumstances are considered. Since most expenses are in euro, Brill is net long in US dollar. Brill attempts to limit currency risk by means of natural hedging, meaning entering in liabilities in US dollar to compensate receivables in US dollar.

The below table shows the impact of a change in exchange rate of the US dollar versus the euro on Brill's financial results:

Impact of a 5% increase of the US dollar value versus the euro	2023	2022	Impact of a 5% decrease of the US dollar value versus the euro	2023	2022
Net revenue	142	109	Net revenue	-157	-120
Gross profit	17	100	Gross profit	-19	-111
Net profit	124	233	Net profit	-137	-258
Equity	99	91	Equity	-110	-100

In determining the impact, Brill used estimations, based on historical information and forecasts, of outstanding US dollar amounts for sales, expenses, receivables, liabilities and subsidiaries. The impact on Net profit is mainly caused by the change in valuation of assets and liabilities in US dollar. The impact on equity is mainly caused by changes in the valuation of the investment in the US subsidiary and the valuation of the cash flow hedge.

Interest rate risk
As per ultimo 2023, a long-term loan with variable rate (3 months EURIBOR plus 1.8%) was in place (see note 12). Brill's objective related to interest risk is to improve financial performance by mitigating risk on interest rate increases, for example by use of interest rate swaps or comparable instruments. Brill entered into an interest rate swap contract in July, 2019 to mitigate the risk of increases in interest during the remainder of the duration of the long-term loan (mid-2024). Brill's interest payments are now fixed at 1.5% of the remaining outstanding debt for the duration of the loan. The long-term loan will be fully repaid on 30 April 2024 after the merger with De Gruyter, and the interest swap was settled on 27 March 2024. See note 12.

The below table shows the impact of a change in interest rate on Brill's financial results, assuming that additional facilities are nil and the interest bearing loans are fully hedged with the interest rate swap.

Impact of a 1% increase of 3 months EURIBOR	2023	2022	Impact of a 1% decrease of 3 months EURIBOR	2023	2022
Profit after tax	0	0	Profit after tax	0	0
Equity	0	0	Equity	0	0

17.2 Credit risk
The business of the Group is concentrated in Western Europe, the United States and Asia. The Group's objective related to credit risk is to improve financial performance by mitigating defaults on outstanding receivables. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Concentration of credit risks arises when the Group is exposed to significant outstanding past due amounts of a counterparty (like a trade debtor) or group of counterparties. Brill has is no significant concentration of credit risk, whether through exposure to individual customers and/or regions. Currently, a consolidation is ongoing in the trade market. Although the risk of insolvency of a trade customer is unchanged, this concentration does increase the potential impact of an insolvency. However, this process does not result in a significant credit risk for the Group. For ongoing sales activity, the Group has access

to relevant credit information. In addition, the Group's credit policy includes payment terms, credit limits and dunning policies. Cash flow is impacted by the payment behaviour of our customers; therefore, compliance with payment terms is monitored closely. The Group's maximum exposure is limited to the carrying amount of non-current financial assets, trade and other receivables, derivative financial instruments (assets) and cash and cash equivalents in the statement of financial position at year end.

In the journals business the Group runs almost no credit risk, because journal deliveries are made after receipt of payment by subscribers. It is in the interest of the publisher to deliver new issues to subscribers without interruption and for that reason, the publisher may, on an exception basis, deliver issues before payment has been received. A limited risk exists with regard to subscription fees paid by the customer to the subscription agent but not transferred yet to the publisher. Very limited credit risk exists in the sale of online products because Brill can terminate access to the product at any time.

The Group operates in different jurisdictions where different payment terms apply, changes in credit quality is determined according to the different payment terms in these jurisdictions. The Group considers an event of default for internal credit risk management purposes if there is information indicating the debtor is unlikely to pay its liabilities in full or a breach of financial covenants by the debtor.

17.3 Liquidity risk

The Group prepares quarterly evaluations of its liquidity position using a seasonal cash flow pattern in combination with expected major changes in expenditure and income. The Group’s approach to managing liquidity is aimed at ensuring that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by the Management Board.

The table below shows the maturities of the Group’s financial liabilities. The cash flows are contractual and undiscounted.

	Carrying amount	**Maturity**				
		< 3 months	3–12 months	1–5 year	> 5 year	Total
As per 31 December, 2023						
Trade and other payables	12,582	8,702	3,880	0	0	12,582
Interest bearing loans	5,193	397	1,774	3,022	0	5,193
Lease liabilities	5,822	146	439	2,473	2,764	5,822
	23,597	9,245	6,093	5,495	2,764	23,597
As per 31 December, 2022						
Trade and other payables	14,046	9,647	4,399	0	0	14,046
Interest bearing loans	6,781	397	1,191	5,193	0	6,781
Lease liabilities	5,550	147	441	2,495	2,467	5,550
	26,377	10,191	6,031	7,688	2,467	26,377

17.4 Financial instruments

Classification of financial instruments
The classification of the financial instruments of the Group are set out hereafter.

As at 31 December	2023	2022
Financial assets		
Financial assets measured at amortized cost	12,746	12,236
Financial assets measured at fair value through profit or loss	283	337
	13,029	12,573
Financial liabilities other than lease liabilities		
Financial liabilities measured at amortized cost	12,261	13,674
Financial liabilities measured at fair value through profit or loss	0	0
	12,261	13,674

Hedge accounting
To mitigate the effect of changes in market interest rates on our financial results, Brill entered into an interest rate swap covering the floating interest rate of the interest bearing loans. This instrument effectively changes the variable interest rate from the loan agreement into a fixed rate. At the end of the reporting period the hedge accounting position of the interest rate swap was:

Year	**Notional amount**	**Carrying amount**	**Contract rate**	**Change in hedging instrument**	**Change in hedged item**	**Ineffectiveness**
2023	812	17	-0.27%	-37	37	0.00
2022	1,896	54	-0.27%	60	-60	0.00

See note 11 for the changes in cash flow hedge reserve.

The long-term loan will be fully repaid on 30 April 2024 after the merger with De Gruyter, and the interest swap was settled on 27 March 2024. See note 12.

Netting
The Group does not offset recognized financial instruments and is not subject to enforceable master netting arrangements or other similar agreements.

Fair value hierarchy
During the year there have been no (2022: no) movements between fair value levels.

As per 31 December	Carrying amount 2023	Fair value 2023	Level 2023	Carrying amount 2022	Fair value 2022	Level 2022
Financial assets						
Interest rate swap	17	17	2	54	54	2
Financial liabilities						
Interest bearing loans	5,193	5,193	2	6,781	6,781	2
Interest rate swap	0	0	0	0	0	0

The carrying amounts of the other current financial assets (like trade and other receivables and cash and cash equivalents) and financial liabilities (like trade and other payables) are a reasonable approximation of the fair value of these financial assets.

17.5 Capital management

The key components of capital managed by Brill are working capital and property, plant and equipment and intangible assets (collectively referred to as Invested Capital, see hereafter). Brill's financial policy aims to finance Brill's growth objectives, while free cash flow should cover any applicable interest and redemption of long-term borrowing as well as cash dividends. Funding originates from either internal or external sources. Internal funding arises specifically from containing the growth of Invested Capital by attracting more subscription-based business and reducing stock levels through printing on demand as well as pursuing policies that reduce fixed asset investment requirements, e.g. by using cloud versus on premise solutions. External funding originates from our standing credit facilities and maintaining access to capital markets through our investor relations policy. The policy assumes solvability of between 40 and 60% and adherence to the covenants relating to our credit facilities (refer to note 12).

18. Segment information

18.1 Segment reporting

The Group's Management Board evaluates the Group's performance from a business segment perspective, a product portfolio perspective as well as from a geographical perspective. Business segments (Business Units or BU's) are evaluated based on revenue, income and net assets in use. Certain asset and liability classes are considered Corporate and are not allocated to business segments. Product types are evaluated based on revenue. Geographical areas are evaluated based on revenue.

The Group's Management Board primarily uses Revenue and EBITDA to assess the performance of the business segments. EBITDA per Business Unit is calculated based on direct EBITDA contribution minus allocated group services and overhead costs. Brill has three Business Units:

- LRSL: Law, Regional Studies & Linguistics (including former PUs LAW, LLA and MIA);
- RHB: Religion, History & Biology (including former PUs HIS and ARC and Wageningen Academic Publishers);

- DACH: the business operations contained under Brill Deutschland GmbH and Brill Österreich GmbH, notably the imprints Ferdinand Schöningh, Wilhelm Fink, mentis, VandenHoeck&Ruprecht and Bohlau.

EBITDA per Publishing Unit is calculated based on direct EBITDA contribution minus allocated group services and overhead costs.

Business Unit	LRSL	RHB	DACH	Group	Total
Revenue 2023	17,257	20,621	12,922	0	50,799
Revenue 2022	16,092	19,192	12,764	0	48,048
EBITDA contribution 2023	10,582	12,619	6,618	-24,827	4,991
EBITDA contribution 2022	8,753	10,409	-532	-18,660	-30

The ownership of all intangible assets and most property, plant and equipment lies in the Netherlands except for the assets of German and Austrian activities.

18.2 Revenue by product type and region

Product revenue segmentation is as follows:

Revenue by product type	2023	2022
Print books	15,026	14,937
eBooks	19,276	18,271
Journals	14,562	13,251
Primary Sources	1,935	1,589
Total	**50,799**	**48,048**

In 2023, as in 2022, there was no customer that accounted for more than 10% of consolidated revenues. Books represent the majority of the revenue, realized across all segments.

Brill measures revenue by region in accordance with its priorities and managerial structure in the marketing and sales organization. Geographical spread of revenue (according to the location of the customer) is:

Revenue by region	2023	2022
Western Europe	26,564	26,110
North America	18,314	16,938
Asia Pacific	3,902	3,642
Other	2,020	1,358
Total	**50,799**	**48,048**

Within these regions, two individual countries attribute to more than 10% of total revenue: USA with revenues of 14,337 thousand or 28,2% of total revenue (2022: 15,876 thousand or 33.3%) and Germany with revenues of 12,090 thousand or 23,8% (2022: 15,807 thousand or 33.3%).

18.3 EBITDA

The Group uses EBITDA to evaluate the performance of the total company and the operating segments. Hereafter, the reconciliation of the relevant items in the Consolidated statement of profit or loss and other comprehensive income to operating profit is provided.

Reconciliation of Revenue and loss before tax	2023	2022
Revenue	50,799	48,048
Cost of goods sold	-13,461	-13,780
Selling and distribution costs	-9,232	-9,094
General and administrative expenses	-23,116	-25,204
EBITDA	**4,991**	**-30**
Depreciation and Amortization	-3,527	-2,232
Impairment of intangible assets	-1,227	-1,607
Exceptional items including acquisition and integration costs	-2,955	-644
Operating loss	**-2,717**	**-4,513**

19. Expenses

19.1 Cost of goods sold

Cost of goods sold contains the following cost types: technical production and shipping cost, cost of online products and platforms, amortization of intangible assets, and royalties. Operational costs contain office related costs, services, communications and professional services.

Cost of goods sold	2023	2022
Technical production costs	8,412	9,137
Amortization of capitalized content costs [6]	3,148	3,156
Royalties	1,901	1,487
Total cost of goods sold	**13,461**	**13,780**

Reconciliation Selling, General and administrative with personnel cost and operating expenses	2023	2022
Selling and distribution expenses	9,232	9,094
General and administrative expenses	30,824	29,687
Total operating expenses	**40,056**	**38,781**

	2023	2022
Personnel cost	19,973	19,056
Operational expenses	15,179	15,885
Amortization of intangible assets (non-product related) [6]	2,343	1,115
Impairment of goodwill [6]	0	1,029
Impairment of intangible assets [6]	1,227	578
Depreciation of property, plan and equipment [4]	311	196
Depreciation right of use assets [5]	1,023	922
Total operating expenses	**40,056**	**38,781**

19.2 Employee benefits

Breakdown of personnel costs is as follows:

Personnel costs	2023	2022
Salaries	17,274	15,914
Social security payments	2,150	2,232
Defined contribution pension arrangement	1,157	1,306
Severance payments	375	718
	20,956	20,170
Capitalized in content in intangible assets	-983	-1,114
Total personnel costs	**19,973**	**19,056**

See note 22 Information concerning related parties for the remuneration of the board.

Employees and short-term employee benefits
Personnel costs booked to work in progress relates mostly to the internal desk editing team. Desk editing assigns time to products, which is then capitalized or expensed. In addition to internal staff, Brill uses vendor services for most of the editing and typesetting activities for its publications.

The number of FTE at year end, divided by function was as follows:

FTEs	Year end 2023	Year end 2022
Publishing	104.0 [41.7%]	105.4 [41.7%]
Operations & Technology	68.0 [27.3%]	76.2 [30.1%]
Sales & Marketing	50.2 [20.1%]	48.8 [19.3%]
Finance, HR, Other	27.2 [10.9%]	22.5 [8.9%]
Total	**249.4 [100%]**	**252.9 [100%]**

The average workforce amounted to an average of 243.6 FTEs (2022: 249.9 FTEs). The total workforce engaged on a full-time basis at year end showed an decrease of 3.5 FTEs from 252.9 to 249.4FTEs, At the end of 2023, 116.6 FTEs (2022: 127.7 FTEs) were working outside the Netherlands from Brill's offices in Boston, Göttingen, Paderborn, Cologne, Vienna, Singapore and Beijing, as well as from home offices in the United Kingdom, Canada, Germany and Switzerland.

Post employee benefits
The Dutch employees participate in the pension plan of Stichting Pensioenfonds PGB. This pension plan qualifies as a defined contribution plan. The annual premium contribution is based on the actuarial cost of purchasing pension rights of the plan. The Group has no obligation to cover any plan deficits, after payment of the annual premium, no obligations remain to pay for additional contributions or higher future premiums in the event of a shortfall of the plan, nor if the plan is terminated. Indexation of the pension rights depends on the financial position of the pension fund.

Employees outside the Netherlands operate in local defined contribution plans.

19.3 Audit fees

	2023	2022
Audit of annual financial statements	460	472
Other audit and review procedures	147	0
Tax services	0	0
Other non – audit assurance engagement	0	0
	607	472

The fees listed above relate to the procedures applied to the company and its consolidated group entities by the external independent auditor (PricewaterhouseCoopers Accountants N.V. and its PricewaterhouseCoopers network) as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act (‘Wet toezicht accountantsorganisaties Wta’) as well as by Dutch and foreign based accounting firms, including their tax services and advisory groups.

The fees for annual financial statements relate to the audit of the 2023 financial statements, regardless of whether the work was performed during the financial year. The fees for audit procedures relate to the review of the 2023 Half Year report that is included in the Offer Memorandum of De Gruyter (see Events after balance sheet date and our website brill.com/page/degruyter).

20. Finance income and expense
The interest rate received on our current account balance was 0% (2022: 0%).

Finance income	2023	2022
Interest received of financial assets measured at amortized cost	1	28
Remeasurement of non-current financial assets measured at fair value through profit or loss	0	0
Foreign exchange rate differences	0	80
Total finance income	**1**	**108**

Finance expense	2023	2022
Interest expenses on credit facilities measured at amortized cost	-148	-87
Interest expenses on interest bearing loans measured at amortized cost	-252	-124
Interest expenses on lease liabilities	-268	-82
Foreign exchange rate differences	-92	0
Total finance expense	**-760**	**-293**

21. Earnings per share

Earnings per share was calculated by dividing net income attributable to shareholders by the weighted average number of outstanding ordinary shares. At balance date, no stock options, redeemable preferred shares or other convertible instruments were outstanding that might lead to future dilution of earnings per share. After balance date, no share transactions took place.

Earnings per share	2023	2022
Net loss	-2,752	-3,465
Weighted average number of shares issued	1,874,444	1,874,444
Earnings per share attributable to shareholders of Koninklijke Brill N.V. (in euros)	-1.47	-1.85

22. Related parties

The Group's related parties include its key management and its subsidiaries. Transactions with related parties are based on arm's length transactions between third parties. During the year, the related party transactions were remuneration of key management.

22.1 Remuneration of the Supervisory Board and Management Board

The members of the Management Board and Supervisory Board are the key management of the Group.

Total paid executive remuneration (in thousands of euros)	2023	2022
Supervisory Board (fixed)	148	91
Management Board - Short-term Employee benefits (fixed)	653	910
Management Board - Short-term incentive plan (variable)	83	147
Management Board - Long-term incentive plan (variable)	36	123
Management Board - Post-employment benefits (fixed)	32	42
Management Board - Interim fee (fixed)	321	17
Management Board - total	1,125	1,239
Total paid remuneration	**1,273**	**1,330**
Variable payout accrued in the prior year	-175	-185
Variable component accrued in the current year	247	175
Net expense for executive remuneration	**1,345**	**1,320**

22.2 Subsidiaries
The subsidiaries of Koninklijke Brill N.V. are summarized below.

	City	Country	Share in company 31-12-2023	31-12-2022
Brill USA, Inc.	Boston	USA	100 %	100 %
Brill Asia Pte Ltd	Singapore	Singapore	100 %	100 %
Brill Consulting Beijing Ltd	Beijing	China	100 %	100 %
Brill Deutschland GmbH	Paderborn	Germany	100 %	100 %
Brill Österreich GmbH	Vienna	Austria	100 %	100 %
Alexandria Holdco B.V	Leiden	Netherlands	100 %	0 %
Alexandria Subco B.V	Leiden	Netherlands	100 %	0 %
Wageningen Academic Publishers B.V.	Wageningen	Netherlands	0 %	100 %

Wageningen Academic Publishers B.V. was merged with Koninklijke Brill N.V. on 14 October, 2023. Alexandria Holdco B.V. and Alexandria Sub B.V. were incorporated in relation with the public offer on the Brill shares by De Gruyter GmbH, and are not active companies.
Brill Deutschland GmbH makes use of disclosure exemptions pursuant to section 264, paragraph 3 of the German Commercial Code (HGB).

23. Events after balance sheet date

On 12 October 2023, Brill and De Gruyter announced their intention to join forces and become one combined company. For more details on the course of events see the introduction of the Management Board.

On 21 December we announced the public offer by Walter de Gruyter GmbH (De Gruyter) to acquire all shares of Koninklijke Brill B.V. (Brill) at an offer price of EUR 27.50 (cum dividend). The Offer was declared unconditional on 15 February 2024, on which date 96.12% of the shares had been tendered. At the end of the post-closing acceptance period 28 February 2024, 98.84% was tendered. Delisting of the Brill shares took place on 28 March 2024, and the last day of trading of Brill shares on Euronext was 27 March 2024. On March 28 2024 the company changed its articles of association and as a result changed its legal form and name to Koninklijke Brill B.V.

For more information see 12.2 on page 125 of the Offer Memorandum on our website brill.com/page/degruyter.

Following the change of ownership De Gruyter Brill and RABO bank together decided to end the financing of the Brill Group by RABO per April 30 2024. On that date all outstanding interest bearing loans and the withdrawal on the working capital facility will be repaid. As Brill is now part of the De Gruyter Brill group, financing of Brill is managed from Berlin via an intercompany loans with its parent company Walter De Gruyter GmbH.

COMPANY FINANCIAL STATEMENTS

CONTENTS

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

In thousands of euros (before appropriation of profit)

	31-12-2023		31-12-2022	
ASSETS				
Non-current assets				
Intangible assets [3]	33,048		33,836	
Property, plant and equipment [4]	3,761		4,174	
Non-current financial assets [5]	8,517		9,261	
		45,326		47,271
Current assets				
Inventories	1,594		1,868	
Trade and other receivables [6]	11,893		8,329	
Cash and cash equivalents [7]	91		1,470	
		13,578		11,667
Total assets		58,904		58,938
EQUITY AND LIABILITIES				
Equity [8]				
Share capital	1,125		1,125	
Share premium	343		343	
Legal reserves	11,772		11,575	
Retained earnings	6,382		10,135	
Loss for the year	-2,752		-3,465	
		16,870		19,713
Provisions [9]		3,708		4,859
Non–current liabilities [10]		6,616		8,897
Current liabilities [11]		31,710		25,470
Total Liabilities and Equity		58,904		58,938

COMPANY STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER

In thousands of euros

	2023	2022
Revenue	38,187	34,625
Cost of Goods Sold	-10,861	-10,874
Gross profit	27,326	23,751
Expenses [14]		
Selling and distribution expenses	-7,281	-7,485
General and administrative expenses	-21,371	-18,408
Net impairment on goodwill and intangible assets	-1,227	-1,607
Total expenses	-29,880	-27,500
Operating loss	-2,554	-3,749
Finance income [15]	141	97
Finance expenses [15]	-698	-241
Loss before income tax	-3,110	-3,894
Income tax credit	780	983
Results from subsidiaries, net of tax [5]	-422	-555
Loss after tax	-2,752	-3,465

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Information regarding the Company

Koninklijke Brill N.V. (together with its subsidiaries referred to as ‘Brill’ or the ‘Group’) until 28 March 2024 was established as a Public Limited Company incorporated in the Netherlands (Naamloze Vennootschap), based at Plantijnstraat 2 in Leiden, the Netherlands and registered at the chamber of commerce under number 28000012.

On March 28 2024 the company changed its articles of association and as a result changed its name and legal form to Koninklijke Brill B.V.

Brill’s main activities are publishing of academic books, journals and primary sources with a focus on humanities and social sciences, international law and other selected areas in sciences. These financial statements were authorized for issue by decision made on 23 April, 2024, by Brill’s Management Board and Supervisory Board.

2. Basis of preparation for the company financial statements

The Company Financial Statements have been prepared using the same accounting principles for recognition and measurement assets, liabilities, income and expenses, as applied in the Consolidated Financial Statements in accordance with section 362.8, Title 9, Book 2 of the DCC, except for investments in group companies. The accounting policies are included in note 2 *Basis of preparation of the financial statements* in the Consolidated Financial Statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.
For assets, liabilities, income or expenses that are not disclosed in these Company financial statements reference is made to the respective notes in the Consolidated financial statements. Provisions relate to note 7 Income tax in the Consolidated financial statements.

All amounts have been reported in thousands of euro, except where noted differently.

2.1 Investments in Group companies

Investments in group companies are measured using the net asset value-method. The carrying amounts are based on the measurement of assets and liabilities and the determination of profit or loss based on the accounting policies applied in the Consolidated Financial Statements. Group companies with a negative equity are measured at nil, unless the Company has an obligation for liabilities of or a receivable on the group company. In case a receivable (or loan) is provided to the group company, the loan provided is decreased with the negative amount of the equity value. A provision is recognised, when subsequently a liability remains for the Company.

2.2 Loans due from and amounts due from or to Group Companies

Loans due from, amounts due from or to group companies are stated initially at fair value and subsequently at amortised cost, using the effective interest rate, less impairments, if any. Each group company is considered as a combination of assets and liabilities rather than an indivisible asset, and therefore expected credit losses are eliminated.

3. Intangible assets

2023	Publishing rights	Information systems and other	Capitalized content	Goodwill	Assets under constructi on	Total
As at 1 January						
Cost	16,468	8,121	55,635	4,830	1,508	86,563
Accumulated impairment	-578	0	0	-1,029	0	-1,607
Accumulated amortization	-483	-6,612	-44,025	0	0	-51,121
Carrying amount as at 1 January	15,407	1,509	11,610	3,801	1,508	33,836
Changes in the year						
Acquisition	0	0	0	0	0	0
Investment	24	0	3,310	0	1,873	5,207
Transfer	491	1,670	0	0	-1,634	527
Reclass and Disposals – at cost	-475	0	0	0	0	-475
Reclass and Disposals – Amort/Impair	267	34	0	0	0	301
Impairment		0	0	0	-1,227	-1,227
Amortization	-1,176	-797	-3,148	0	0	-5,121
Total changes	-869	907	162	0	-988	-789
As at 31 December						
Cost	16,508	9,791	58,945	4,830	1,747	91,822
Accumulated impairment	-311			-1,029	-1,227	-2,567
Accumulated amortization	-1,659	-7,375	-47,173	0	0	-56,208
Carrying amount as at 31 December	14,538	2,416	11,772	3,801	520	33,048

2022	Publishing rights	Information systems and other	Capitalized content	Goodwill	Assets under construction	Total
As at 1 January						
Cost	16,268	7,134	52,736	3,113	1,082	80,333
Accumulated impairment	0	0	0	0	0	0
Accumulated amortization	-388	-5,876	-40,869	0	0	-47,133
Carrying amount as at 1 January	15,880	1,258	11,867	3,113	1,082	33,200
Changes in the year						
Acquisition	200	0	0	1,718	0	1,918
Investment	0	0	2,899	0	1,432	4,331
Transfer	0	1,005	0	0	-1,005	0
Reclass and Disposals – at cost	0	-18	0	0	0	-18
Impairment	-578	0	0	-1,029	0	-1,607
Amortization	-95	-737	-3,156	0	0	-3,988
Total changes	-473	251	-258	689	426	635
As at 31 December						
Cost	16,468	8,121	55,635	4,830	1,508	86,563
Accumulated impairment	-578	0	0	-1,029	0	-1,607
Accumulated amortization	-483	-6,612	-44,025	0	0	-51,121
Carrying amount as at 31 December	15,407	1,509	11,610	3,801	1,508	33,836

Assets under construction are mainly investments in ERP and information systems.

For an overview of amortization rates and methods for each asset class, refer to note 6 of the Consolidated financial statements.

4. Property, plant and equipment

2023	Leasehold improve-ments	Furniture & fixtures	IT-hardware	Right-of-use assets	Total
As at 1 January					
Investment	890	428	874	5,269	7,461
Depreciation	-882	-428	-576	-1,402	-3,288
Carrying amount as at 1 January	**9**	**0**	**297**	**3,868**	**4,174**
Changes in the year					
Investment	0	7	46	85	137
Reclass and Disposal	0	5		0	5
Depreciation	-5	0	-126	-425	-556
Total changes	**-5**	**11**	**-80**	**-340**	**-414**
As at 31 December					
Cost	890	439	920	5,354	7,603
Accumulated depreciation	-886	-428	-703	-1,827	-3,843
Carrying amount as at 31 December	**4**	**11**	**217**	**3,529**	**3,761**
Useful life in years	10	5 - 10	3	0 - 10	

2022	Leasehold improve-ments	Furniture & fixtures	IT-hardware	Right-of-use assets	Total
As at 1 January					
Investment	890	428	650	1,734	3,702
Depreciation	-857	-425	-493	-1,050	-2,826
Carrying amount as at 1 January	**33**	**2**	**157**	**684**	**877**
Changes in the year					
Investment	0	0	224	3,535	3,759
Reclass and Disposal	0	0	0	0	0
Depreciation	-24	-2	-83	-352	-462
Total changes	**-24**	**-2**	**140**	**3,184**	**3,297**
As at 31 December					
Cost	890	428	874	5,269	7,461
Accumulated depreciation	-882	-428	-576	-1,402	-3,288
Carrying amount as at 31 December	**9**	**0**	**297**	**3,868**	**4,174**
Useful life in years	10	5 - 10	3	0 - 10	

The right-of-use assets consist of offices for 3,469 thousand (2022: 3,804 thousand) and company cars for 60 thousand (2022: 64 thousand).

5. Non-current financial assets

	Investments in group companies	Loans to group companies	Other investments	Total
2023				
Carrying amount as at 1 January	3,977	5,013	271	9,261
Acquired	0	0	0	0
Capital contribution	0	0	0	0
New loans/repayments	0	665	0	665
Result for the year	-422	0	0	-422
Revaluations	0	0	0	0
Merged	-925	0	0	-925
Foreign currency differences	-63	0	0	-63
Carrying amount as at 31 December	2,567	5,678	271	8,517
2022				
Carrying amount as at 1 January	2,963	4,448	271	7,682
Acquired	783	0	0	783
Capital contribution	750	-400	0	350
New loans/repayments	0	965	0	965
Result for the year	-555	0	0	-555
Revaluations		0	0	0
Foreign currency differences	36	0	0	36
Carrying amount as at 31 December	3,977	5,013	271	9,261

See note 22.2 of the Consolidated Financial Statements for details of the group companies.

Investments in group companies

On 30 June, 2023 Wageningen Academic Publisher B.V. has been merged with the Company and therefore an additional line has been created in the Investment in group companies overview.

Loans to group companies

The Company has provided loans nominated in euro to its subsidiaries. The interest rates of these loans varies between 1.9% and 5.1% (2022: between 1.9% and 5.1%), the duration of the loans varies between 5 and 7 years (2022: between 5 and 7 years), the loans are subordinated to other obligations of the group companies (2022: subordinated). The carrying amount is a reasonable approximation of fair value of the loans.
The Expected Credit Loss (ECL) on Loans to group companies is not significant.

Other investments

Other investments are minority investments in other publishing companies.

6. Trade and other receivables

As at 31 December	2023	2022
Trade receivables	6,238	4,166
Amounts due from group companies	3,746	2,560
Income tax receivable	266	194
Derivative financial instruments	17	54
Other receivables	1,626	1,355
	11,893	**8,330**

The trade and other receivables fall due within one year (2022: one year). Amounts due from group companies bear no interest and no securities have been provided (2022: no interest and no securities). The Expected Credit Loss (ECL) on amounts due from group companies is not significant.

7. Cash and cash equivalents

As at year-end 2023, cash and cash equivalents were 91 thousand (year-end 2022: 1,470 thousand). Included in this amount is 107 thousand restricted cash that serves as a guarantee for the lease contract of the Leiden office (2022: 107 thousand).

8. Equity

The share capital of the company until 20 February 2024 was divided into ordinary shares and cumulative preference shares. After the successful public offer by De Gruyter (see Events after balance sheet date, introduction by the Management Board and our website brill.com/page/degruyter) the articles of association of the Company were amended at settlement date 20 February 2024 After this change there are no longer cumulative preference shares.

The number of ordinary shares with par value of 0.60 per share, issued and paid, was 1,874,444 in 2023 (2022: 1,874,444). The number of authorized shares was 2,500,000 in 2023 (2022: 2,500,000). In 2023, share capital was 1,125 thousand (2022: 1,125 thousand).

The Company proposes to charge the loss of -2,752 thousand for the year to the retained earnings (in 2022 -3,465 thousand was charged to retained earnings and no dividend was distributed to shareholders).

The currency translation reserve (including foreign currency exchange rate differences resulting from foreign subsidiaries) and the cash flow hedge reserve (including the share in the increase or decrease of the cash flow hedges for which it has been established that it is effective) are legal reserves according to the DCC. A legal reserve is constituted for the capitalized content on the statement of financial position equal to the carrying amount of the capitalized content and the legal reserve group companies separates the share in profit of group companies since the first valuation where these are subject to distribution restrictions.

	As at 1 January	Loss for the year	Dividends paid	Exchange rate and hedge differences	Appro-priation of result	Changes legal reserve	As at 31 December
2023							
Share Capital	1,125	0	0	0	0	0	1,125
Share premium	343	0	0	0	0	0	343
Currency translation reserve	-267	0	0	-63	0	0	-329
Cash flow hedge reserve	41	0	0	-28	0	0	13
Legal reserve capitalized content	11,575	0	0	0	0	197	11,772
Legal reserve group companies	130	0	0	0	0		130
Retained earnings	10,231	0		0	-3,465	-197	6,569
Loss for the year	-3,465	-2,752	0	0	3,465	0	-2,753
	19,713	-2,752	0	-90	0	0	16,870
2022							
Share Capital	1,125	0	0	0	0	0	1,125
Share premium	343	0	0	0	0	0	343
Currency translation reserve	-303	0	0	36	0	0	-267
Cash flow hedge reserve	-4	0	0	45	0	0	41
Legal reserve capitalized content	11,868	0	0	0	0	-293	11,575
Legal reserve group companies	0	0	0	0	0	130	130
Retained earnings	8,718	0	-1,687	0	3,036	163	10,231
Loss for the year	3,036	-3,465	0	0	-3,036	0	-3,465
	24,783	-3,465	-1,687	81	0	0	19,713

Stichting Luchtmans was granted a call option that gave it the right, in the event of hostile action or imminent hostile action against the company, to purchase a number of cumulative preference shares equal to, at most, 100% of the shares and depository receipts issued at the time at which the option is exercised less one share. When the option would have bee exercised, only 25% of the total nominal amount had to be paid. The exercise price is equal to the nominal value. Stichting Luchtmans and the Company had agreed that the option may be exercised up to 100% of the issued capital if and as long as shares and depository receipts are listed on the Euronext Amsterdam N.V. exchange.
After the successful public offer by De Gruyter (see Events after balance sheet date, introduction by the Management Board and our website brill.com/page/degruyter) the articles of association of the

Company were amended at settlement date 20 February 2024, After this change there are no longer cumulative preference shares and the call option granted to Stichting Luchtmans is terminated.

The legal reserve group companies relates to the interest in the subsidiary in China for which we can not realize an equity distribution without limitations.

9. Provisions

	Deferred tax liabilities	Other provisions	Total
Carrying amount as at 1 January 2023	**4,364**	**495**	**4,859**
Changes in the year			
Additions	136		136
Charged/credited (-) to profit or loss	(792)	(495)	(1,287)
Carrying amount as per 31 December 2023	**3,708**	**—**	**3,708**

	Deferred tax liabilities	Other provisions	Total
Carrying amount as at 1 January 2022	5,161	0	5,161
Changes in the year			
Additions	—	495	495
Charged/credited (-) to profit or loss	(797)	0	(797)
Carrying amount as per 31 December 2022	**4,364**	**495**	**4,859**

See note 7 Income tax of the Consolidated financial statements for further disclosure for the deferred tax liabilities and note 15 Provisions of the Consolidated financial statements for the Other provisions.

10. Non-current liabilities

	Interest-bearing loans	Lease liabilities	Total
Carrying amount as at 1 January 2023	6,781	3,881	10,662
Changes in the year			
Additions		78	78
Redemptions	(1,588)	(213)	(1,801)
Transaction costs loan expensed		—	—
Carrying amount as per 31 December 2023	**5,193**	**3,746**	**8,939**
Remaining lifetime			
Within 1 year	2,171	153	2,324
Between 1 and 5 years	3,023	1,796	4,818
After 5 years	—	1,797	1,797
	5,193	**3,746**	**8,939**

	Interest-bearing loans	Lease liabilities	Total
Carrying amount as at 1 January 2022	6,154	371	6,525
Changes in the year			
Additions	2,200	3,688	5,888
Redemptions	(1,588)	(178)	(1,766)
Transaction costs loan expensed	15	—	15
Carrying amount as per 31 December 2022	**6,781**	**3,881**	**10,662**
Remaining lifetime			
Within 1 year	1,588	178	1,766
Between 1 and 5 years	5,193	1,851	7,044
After 5 years	**—**	**1,852**	**1,852**
	6,781	**3,881**	**10,662**

See note 5 Leases, note 12 Interest bearing loans and note 17 Financial risk management in the Consolidated financial statements for additional disclosures.

11. Current liabilities

	31-12-2023	31-12-2022
Interest bearing loans	2,171	1,588
Credit facility	412	0
Trade payables	5,058	4,786
Amounts due to group companies	5,622	4,508
Pension liabilities	91	197
Other liabilities	2,809	2,401
Lease liabilities	153	178
Accruals	3,300	2,079
Deferred income	12,094	9,733
	31,710	**25,470**

The amounts are payable within one year (2022: one year). Amounts due to group companies are payable within twelve months, bear no interest and no securities have been provided (2022:, no interest and no securities). See note 5 Leases, note 12 Interest bearing loans, 13 Trade creditors and other payables, note 14 Deferred income in the Consolidated financial statements.

12. Commitments

A bank guarantee of 107 thousand was issued in support of the rental agreement of the Leiden office (ending in September 2033). As in prior years, we estimate the expenditures on low value leases to remain around 100 thousand a year.

13. Financial instruments

Pursuant to its use of financial instruments, the Company is exposed to credit risk, liquidity risk and market risk. The notes to the consolidated financial statements provide information on the Group's exposure to each of these risks, its objectives, principles and procedures for managing and measuring these risks, as well as Group capital management. These risks, objectives, principles and procedures for managing and measuring these risks as well as capital management apply mutatis mutandis to these Company Financial Statements (see note 17 Financial risk management of the Consolidated Financial Statements).

Fair value

The carrying amounts of the other current financial assets (such as trade and other receivables and cash and cash equivalents) and financial liabilities (like trade and other payables) are a reasonable approximation of the fair value of these financial assets.

14. Expenses

Personnel expenses

The personnel expenses included in the expenses are specified below.

Personnel costs	2023	2022
Salaries	11,090	8,827
Severance payments	375	593
Social security payments	945	1,003
Defined contribution pension arrangement	1,039	1,197
	13,448	**11,620**
Capitalized in content in intangible assets	-983	-1,113
	12,464	**10,507**

The number of FTE at year end, divided by department (instead of function) was as follows:

FTEs	Year end 2023	Year end 2022
Publishing	56.1 [40.7%]	55.1 [42,8%]
Operations & Technology	40.9 [29.6%]	39.7 [30.9%]
Sales & Marketing	25.9 [18.8%]	21.9 [17.0%]
Finance, HR, Other	15.0 [10.9%]	12.0 [9.3%]
Total	137.9 [100%]	128.7 [100%]

2.0 FTEs worked outside of the Netherlands in 2023 (2022: 2.0 FTEs), namely in the UK and in Switzerland.

The general and administrative expenses included the expenses disclosed in note 19 of the Consolidated financial statements, see that note also for the information of the pension scheme in the Netherlands. The remuneration of the Management Board and the Supervisory Board is disclosed in note 22 Information concerning related parties of the Consolidated financial statements.

Depreciation and amortization

The depreciation and amortization are summarized below.

	2023	2022
Amortization	5,121	5,595
Depreciation	556	462
	5,677	**6,057**

15. Finance income and expenses

The financial income includes interest amount of EUR 141 thousand of group companies (2022: 24 thousand). The financial expenses include an interest amount of 288 thousand of group companies (2022: 55 thousand).

16. Events after balance sheet date

See note 23 of the Consolidated Financial Statements.

Leiden, 23 April, 2023

Supervisory Board
Anneke Blok
Carsten Buhr
Frank Rodloff
Peter Hendriks
Rüdiger Gebauer

Management Board
Jasmin Lange

OTHER INFORMATION

Appropriation of Profit for the Year

Bylaws regarding profit appropriation
Profit appropriation takes place pursuant to article 30 of the Articles of Association which stipulates that profit shall be distributed as follows:

A. The authority to decide over the allocation of profits determined by the adoption of the annual accounts and to make distributions is vested in the General Meeting, with due observance of the limitations prescribed by law.
B. The authority of the General Meeting to make distributions applies to both distributions at the expense of non-appropriated profits and distributions at the expense of any reserves, and to both distributions on the occasion of the adoption of the annual accounts and interim distributions.
C. A resolution to make a distribution will not be effective until approved by the Management Board. The Management Board may only refuse to grant such approval if it knows or reasonably should foresee that after the distribution the Company would not be able to continue to pay its debts as they fall due.
D. The authority to establish remuneration and other conditions of employment for Managing Directors is vested in the General Meeting.
E. The General Meeting may award a remuneration to the Supervisory Directors.

pwc

Independent auditor's report

To: the general meeting and the supervisory board of Koninklijke Brill B.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of Koninklijke Brill B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;

- the company financial statements of Koninklijke Brill B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Koninklijke Brill B.V., Leiden. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the consolidated statement of cash flows for the year ended 31 December 2023;
- the consolidated statement of changes in equity for the year ended 31 December 2023;
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2023;
- the company statement of profit or loss for the year ended 31 December 2023; and
- the notes to the company financial statements, comprising a summary of the accounting policies applied and other explanatory information.

NLE00023659.1.1

PricewaterhouseCoopers Accountants N.V., Newtonlaan 205, 3584 BH Utrecht, P.O. Box 85096, 3508 AB Utrecht, the Netherlands
T: +31 (0) 88 792 00 30, F: +31 (0) 88 792 95 08, www.pwc.nl

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Koninklijke Brill B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Koninklijke Brill B.V. and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to 'Fraud risk' under section 'Risk Management' of the Management Board's Report for the year 2023 for management's fraud risk assessment. We note that the management board has not formalised its fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the code of conduct, whistleblower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate and tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board as well as legal affairs and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

pwc

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
Risk of management override of controls In all our audits, we pay attention to the risk of management override of controls, including risks of potential misstatements due to fraud based on analysis of potential interest of the management board. In this context we paid particular attention to: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • management position in the financial reporting process by the significant influence over accounting estimates. • significant transactions, if any, outside the normal course of business for the entity.	We evaluated the design and determined the implementation of the relevant internal control measures in the processes of journal entries and significant estimates. We also paid attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We have identified significant deficiencies in the internal control system and reported our findings in writing to the management board and the supervisory board. We identified these internal control deficiencies as opportunities for fraud, but these did not lead to specific fraud risks based on our fraud risk assessment. We performed our audit procedures primarily substantive based. We selected journal entries based on risk criteria, such as unusual account combinations and conducted specific audit procedures for these entries. Where we identified high-risk journal entries through our data analytics, we performed additional procedures, e.g. inspection of the entries to source documentation. We identified no significant transactions outside the normal course of business, which are an indicator of management override of controls. The public offer by Walter de Gruyter GmbH on 21 December 2023 to acquire all shares of Koninklijke Brill is is not impacting the business as the transaction is at shareholders level, however we performed audit procedures related to costs incurred for this process in the company financial statements. We also performed specific audit procedures related to important assumptions and estimates of management, e.g. in the impairment assessment and the management estimate regarding useful life of intangible assets. For the impairment assessment, amongst others we gained understanding and evaluated Brill's process of valuation of goodwill and obtained the impairment tests prepared by the company. We challenged and questioned the assumptions and estimates used in the impairment tests including the determination of CGUs and the allocation of assets to CGUs. In challenging and questioning management board's judgements and assumptions, we evaluated whether there are biases that could represent a risk of material misstatement due to fraud.

Identified fraud risks	*Our audit work and observations*
	For management estimate regarding useful life, we gained understanding and evaluated Brill's process and considerations for the change of useful life determination and obtained the position paper prepared by the company. We challenged and questioned the assumptions and estimates used for evaluating the useful life per intangible asset category. In challenging and questioning management board's judgement and assumptions, we evaluated whether there are biases that could represent a risk of material misstatement due to fraud. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
Risk of fraud in revenue recognition Based on the presumption that there are risks of fraud in revenue recognition, we evaluated the risk of fraud in revenue recognition per revenue stream: • For different revenue streams including online revenue streams (subscriptions and ebooks) and for the hard copy books we identified the fraud risk of revenue recognition in non-existence of revenue transactions by entering fictitious turnover. • For the revenue streams related to online (subscription) based revenue we identified the fraud risk of incorrect revenue recognition over time (cut-off).	We evaluated the design and determined the implementation of relevant internal controls in the revenue process. We examined whether changes were made to the internal controls during the financial year. Using data analysis, we identified potential notable revenue entries in the financial year and performed substantive audit procedures on these entries by determining whether these entries are based on deliveries/ publications that took place and/or access that was granted in the financial year. We performed substantive audit procedures related to the existence/occurrence of revenue transactions in the financial year. Among others, for our work on the existence/occurrence of revenue transactions we leveraged upon the related work performed for trade receivables, such as the work on subsequent receipt testing. Also, we performed audit procedures to determine whether credit invoices (reversing revenue) were booked in the next financial year that could indicate that revenue was incorrectly recognised. In addition, we performed specific audit procedures related to the cut-off of online (subscription) revenue to address the risk of premature recognition of online (subscription) revenue. Among others, we performed substantive analytical procedures where we compared actual revenue to our expectation at a sufficiently disaggregated level. In addition, for a sample of online titles we determined the publication date before balance sheet date. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence/occurrence and the cut-off of online (subscription) revenue.

We incorporated an element of unpredictability in our audit. We obtained confirmation of internal legal counsel and assessed correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

pwc

Audit approach going concern

As disclosed in section 'Going concern' in note 2 of the consolidated financial statements, the management board performed their assessment of the entity's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- considering whether the management board's going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the management board's most important assumptions underlying its going-concern assessment.
- evaluating the management board's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we were aware as a result of our audit such as one-off expenses incurred in 2023 and described in the management board report under financial report;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants per year end as well as financing agreements confirmed, amongst other by De Gruyter, on moment of preparing the financial statements.
- performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of the management board's assessment.

Based on our procedures performed, we concluded that the management board's use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 23 April 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.F.J. Vermeulen RA

pwc

Appendix to our auditor's report on the financial statements 2023 of Koninklijke Brill B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT OF STICHTING ADMINISTRATIEKANTOOR KONINKLIJKE BRILL (BRILL'S TRUST OFFICE)

General

Of the total number of outstanding shares as of 31 December 2023 (nominal value of 0.60), 1,834,463 registered depository receipts were issued and 39,981 registered shares were included in the shareholders' register. The registered depository receipts have been registered in the name of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Nederland). The services associated with the administration of the shares are performed by IQ EQ Netherlands N.V. (Hoogoorddreef 15, 1101 BA Amsterdam), the trust office's administrator. The costs of administration amounted to EUR 43 thousand in 2023 (43 thousand in 2022). The trust office's chairman receives a remuneration of EUR 12 thousand on an annual basis and the other two board members each receive a remuneration of EUR 10 thousand on an annual basis.

Activities

On 21 February 2023, the Board had a meeting via Teams with the chairman of the Supervisory Board to be further informed of the consequences for the company of the bankruptcy of distributor Turpin and the stepping down of CEO John Martin.

The Board met in person on 9 May 2023. During this annual meeting, the 2022 Annual Report and financial statements, the company's strategy and its implementation, the general course of events within the company, the problems with distributor Turpin and the future vacancies in the Board were discussed. In addition, the agenda for the General Meeting of Shareholders was discussed. The decision was made to refrain from voting in relation to all motions tabled, such in accordance with the trust office's voting policy as set out in the following section. Prior to this Board meeting, the Board had meetings with the management board of the company and the chairman of the Supervisory Board jointly, as well as with each of them separately. During these meetings, the company's management board and the chairman of the Supervisory Board gave an explanation about Brill's strategy and operational and financial performance.

In the company's General Meeting of Shareholders, which took place on 24 May 2023, 97.8% of the company's issued capital was represented. The trust office was present at the meeting and granted authorization to holders of 63,3% of all depository receipts to vote independently on the shares for which they held the depository receipts. The trust office refrained from exercising the right to vote on the shares for which no voting instruction was issued, in accordance with its earlier decision. For the depository receipts of shares for which the trust office received a voting instruction, the trust office has cast a vote in the meeting.

On 25 September 2023, the Board and its legal advisor met at the company's office in Leiden and was informed by the CEO and CFO of the company of the intended public offer by Walter de Gruyter GmbH.

With a view to the intended all-cash public offer by Walter de Gruyter GmbH for all issued depositary receipts of ordinary shares in the capital of the company and all issued and outstanding ordinary shares in the capital of the Company which are not held by the trust office, the Board took legal advice and had various subsequent meetings.
On 2 October 2023, the chairman and the legal advisors of the Board had some discussions via Teams with the legal advisors of the company, in order to get better insight in the legal, governance, and financial aspects of the proposed transaction with Walter de Gruyter GmbH. During this meeting, the trust office requested further information from the company.

On 3 October 2023, the Board and its legal advisor had a Teams meeting during which the Board assessed the 25 September meeting. The Board further discussed the share trust office letter agreement, pursuant to which letter the trust office should approve the transaction with Walter de Gruyter GmbH unconditionally beforehand including the proposed changes to the articles of association of the company. The Board's preliminary conclusion was that it was not in the best interest of the company and its stakeholders to sign off such letter at that moment in time. The Board concluded that it should first receive further information, taking into account the interests of all stakeholders, before it could issue such letter.

During the 4 October 2023 meeting, which was also organized via Teams, the Board and its legal advisor were further informed by the company and its legal and financial advisors on the proposed transaction, especially on the strategic, financial and legal aspects of the proposed transaction, the protection of the employees, the position of the minority shareholders at the post-closing merger and the stability of the shareholder base of the De Gruyter family.

On 8 October 2023, the Board and its legal advisor met via Teams and decided to issue a preliminary letter in which it would confirm its positive (preliminary) analysis of the contemplated transaction and its willingness to issue the share trust office letter agreement by the end of December, subject to material unforeseen circumstances and developments. This prudent approach would enable the Board to assess further developments during the coming months on the basis of all relevant available information and – to the extent required- engage with the various stakeholders

On 11 December 2023, the Board and its legal advisor met via Teams with the company's board and the company's legal and financial advisors to receive a further update of the latest developments of the proposed transaction with Walter de Gruyter GmbH and the consequences thereof for the company and its stakeholders. In particular, the Board was further informed on the position of the works council and the works council's advice, the (tax) consequences for the holders of the depository receipts that would not register and the financing of the public offer. Following this meeting, the Board and its legal advisor concluded that no unforeseen circumstances had occurred. They concluded that it would be in the best interest of the company and the enterprise connected thereto as well as of all stakeholders to proceed with the transaction with De Gruyter. Therefore, the Board decided to execute the share trust office letter agreement, by which the Board agreed to issue voting proxies and accept binding voting instructions from the depository receipts holders in respect of the proposed resolutions of the company's general meeting in relation to the transaction with De Gruyter, and by which the Board agreed to cooperate with the necessary governance changes that the company has agreed upon with De Gruyter in light of the transaction.

Board Composition

On 31 December 2023, the composition of the trust office's Board was as follows:

Name	**Appointed**	**In office until**	**Position**
Marco P. Nieuwe Weme, Prof. LL.M.	2020	2024	Chairman
Joost C. Kuiper, LL.M.	2018	2022	Member
Leni M.T. Boeren, MSc	2020	2024	Member

The Board had started the recruitment process with a view to the succession of Mr. Kuiper. Due to the proposed offer by Walter de Gruyter GmbH, the Board has decided to put the recruitment process on hold. All Board members have decided to serve as a Board member until the dissolution of the trust office following the completion of the transaction with Walter de Gruyter GmbH.

Corporate Governance; Voting Policy

The trust office's Board does not adhere to the principle of the current Dutch Corporate Governance Code regarding the protective nature of the depository receipts. The trust office's Board adopts this stance, because it believes proper protection against any hostility is of vital importance to a company like Brill, which is a relatively small and profitable publisher active in an industry that is in consolidation. The trust office will always issue voting proxies to depository receipt holders or accept binding voting instructions from them for meetings of shareholders, except in the situations referred to in Section 118a, subsection 2, of Book 2 of the Dutch Civil Code. The same procedure will apply to any revocation of a proxy that has already been issued. In accordance with its voting policy, the trust office refrains from voting, unless explicitly mandated to do so by holders of depository receipts of shares. This policy applies to ordinary voting situations and may be adapted in the case of special situations.

The Board is prepared to give depository receipt holders the opportunity to make recommendations in the event of board vacancies. The Board will take such recommendations into account when making decisions, unless, if, in the opinion of the Board, a nominated candidate does not believe in the importance of the protective function of the depository receipts as described above. Further, the Board will use the most practical working procedure possible with respect to any recommendations. This means that, each year, the trust office's report will give notice of any vacancy that will arise in the subsequent year so that depository receipt holders can make any recommendations known outside meetings.

The Board observes the current Dutch Corporate Governance Code with the exception, however, of the way in which it exercises its right to vote. Contrary to the Dutch Corporate Governance Code, the following provision is observed: 'The trust office shall exercise the rights attached to the shares in such a manner as to ensure that the interests of the company and its business and all parties involved are safeguarded to the greatest extent possible.' The Board believes that its position with respect to maintaining the protective nature of the depository receipts for shares means that the interest of depository receipt holders cannot be the sole or dominant interest when votes are cast. In normal circumstances, the Board is of course always prepared to listen to depository receipt holders and take the opinions that they have expressed into account. This also means that the Board will attend the company's shareholders' meetings and, if required and applicable, make a statement regarding intended voting behaviour. Except in the event of special circumstances, the Board does not intend to convene meetings of depository receipt holders.

Declaration of Independence

The Board of Stichting Administratiekantoor Koninklijke Brill hereby declares that, in its opinion, the requirements that apply to the independence of the trust office as referred to in Section 5:71, subsection 1 under d, of the Financial Supervision Act have been met.

Leiden, 23 April, 2024

Stichting Administratiekantoor Koninklijke Brill
The Board

REPORT OF STICHTING LUCHTMANS

The purpose of Stichting Luchtmans, a foundation named after the founder of the Company, is to serve the interests of the company, the businesses it maintains, as well as affiliated companies, and the businesses they maintain all within a group (together referred to as the ‘Company’), in such a way as to ensure that their interests, including the interests of all related parties, are safeguarded against circumstances that could adversely affect the independence and/or the continuity and/or the identity of the Company. Stichting Luchtmans endeavors to achieve its objectives by acquiring and managing cumulative preference shares in the capital of the company and by exercising the rights attached to those shares, in particular the voting rights.

In the event of hostile action or imminent hostile action against the company, Stichting Luchtmans can exercise the call option granted to it, to take a number of cumulative preference shares equal to, at most, 100% of the shares and depository receipts issued at the time at which the option is exercised less one share. When the option is exercised, only 25% of the total nominal amount has to be paid up. The exercise price is equal to the nominal value. Stichting Luchtmans and the company have agreed that the option may be exercised up to 100% of the issued capital if and as long as shares and depository receipts are listed on the Euronext Amsterdam N.V. exchange.

At the end of 2023, the composition of the foundation’s Board was composed as follows:

Name	Appointed	Current term until	Position
Hélène Vletter-van Dort, Prof. LL.M	2018	2024	Chair
Herman A. Pabbruwe, Drs.	2022	2025	Secretary
Christianne Noordermeer Van Loo, Drs.	2023	2026	Treasurer
Nico Schrijver, Prof. LL.M	2020	2023	Vice-chair

The Board of the foundation aims to meet at least once a year and did so in person on 16 May 2023. At this meeting, the following topics were discussed: the company’s 2022 results, the implementation of the strategy, financing, acquisitions, market developments, and the general course of business. Also, recent developments in the management of the company were discussed. At the end of the meeting Prof. Tanja Bender stepped down as member after having served two terms since 2017. The Board would like to thank Tanja for her invaluable and constructive contribution during all those years. Tanja’s knowledge and insights have been hugely beneficial to the Board.

The Board was very pleased that Christianne Noordermeer Van Loo was willing to be appointed as Tanja Bender’s successor. Christianne has made her career in the financial services industry with a focus on tax, sustainability and climate change and is also active as a supervisory board member and boardroom counsel. The Board appointed Mrs. Noordermeer Van Loo for a first term of three years. The Board then continued to appoint Mr. Schrijver as Vice-chair, Mrs. Noordermeer Van Loo as Treasurer and Mr. Pabbruwe as Secretary,

The Board of the foundation also held various calls to discuss the offer by Walter de Gruyter GmbH which was announced on 12 October 2023. The Board has decided to give the customary confirmations in respect of the relevant commencement condition and offer condition.

Declaration of Independence

The Board of Stichting Luchtmans hereby declares that, in its opinion, the requirements applicable to the independence of the directors of Stichting Luchtmans as referred to in Section 5:71, subsection 1 under c, of the Financial Supervision Act, have been met.

Leiden, 23 April, 2024

Stichting Luchtmans,
The Board