ANNUAL REPORT 2015

15

TUTA SUB AEGIDE PALLAS · 1683 ·

BRILL

Supervisory Board

Members

André R. baron van Heemstra

Catherine Lucet

Robin Hoytema van Konijnenburg

Roelf E. Rogaar (until 13 May 2015)

Managing Director

Herman A. Pabbruwe

KONINKLIJKE BRILL NV

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REPORT OF THE MANAGING DIRECTOR

2015 was a challenging year due to downward trends that had started to develop over the last few years. It was also a turning point and a year in which we tackled a number of internal and commercial issues. Notwithstanding less than satisfactory profitability, we have seen underlying top line growth and an improved mix of revenues. Also, the second half of 2015 showed better results in comparison with the first half.

Organic growth, recurring revenue, working capital and cash flow all showed positive developments. Ironically, the impact of the dollar which strengthened towards the end of 2014 was primarily a challenging influence in 2015. Due to our hedging policies the stronger dollar, translated to euro, has not yet resulted in increased sales; this effect will be realized in 2016. However, at the same time the stronger dollar translated to a direct increase of our costs, providing a major reason for the somewhat disappointing profitability in 2015. Measures have been taken to improve profitability on a structural level and we are confident that our increased dividend proposal reflects the structurally healthy state of the company.

We have concluded that technical mistakes were made in reporting on the acquisition of Rodopi and the hedging of the US dollar in 2014 - hence the decision to restate 2014 results in consultation with the new auditing firm PwC and their predecessor EY. In addition to the bringing onboard of a new auditor, the Brill management team was renewed in 2015. In August Olivier de Vlam replaced Perry Moree as the EVP Finance & Operations and in September Peter Coebergh succeeded Stephen Dane, who retired as EVP Sales & Marketing after eleven years. Both new colleagues have strong professional backgrounds in publishing and have already made a significant impact to the company's operations.

In response to the unexpected slow sales at the end of 2014 and an increasing cost base, a number of measures were taken. Our Asian development plan has been stepped up, with investments made in our Singapore office and increased sales staff for China. On the publishing end we have reviewed our pricing policies to foster recurring revenue and sales of electronic product. Disappointing sales of print books have led to pruning of some series. Our fulfillment and distribution contracts have been renegotiated as well, and effective 2016, local printing on demand services are in place in North America. The growth of staff was kept in check despite the higher volume of new product released.

These decisions flank longer term investments in product lines and new services. *Brill's Research Perspectives* will add an entirely different line of journal product; in 2016 we will launch the first dozen of a series of 50 titles in total. We are poised to take on more Open Access business in our four specially developed, subject-based journals and through various Open Access series of monographs. We are investing in infrastructure as well, including the implementation of new software to streamline editorial processes and the commissioning of a unified publishing platform combining all e-commerce and Open Access publishing opportunities to go live in 2017.

We are pleased to report that we have been able to continue building on the confidence of scholars and institutes of higher education and research. Our brand image is strong and our participation in innovative ventures in the digital humanities makes us a visible player in the changing world of scholarly communication. We find having the right profile of great importance. A good image is an asset that helps organic growth initiatives succeed. Besides autonomous growth we see corporate acquisitions as effective means to grow our company and make it stronger. Notwithstanding our wish to remain focused on the Humanities and International Law, new sub-disciplines and expansion in the Social Sciences are sought as they may broaden the base in a logical way. In some countries Humanities and Social Sciences are grouped together and indeed the borders between these disciplines blur as technology opens up new research strategies.

To some extent economies of scale fuel profitability, especially when scale translates into higher electronic sales and recurring revenue. In 2015 there were limited opportunities for sizable corporate acquisitions. In a few cases we decided to forgo acquisition, in others we faced aggressive preemptive bidding. The number of smaller title acquisitions where we successfully purchased or contracted journals, databases or book series continued. These acquisitions are usually financially attractive and come at low risk. The company remains prepared to take on debt for the purpose of larger acquisitions in the presence of the right opportunity.

Our market continued to evolve in 2015, albeit gradually. As Open Access gains more attention in public policy, the major publishers face highly critical consortia of buyers who wish to abolish the subscription model in favor of article processing fees (APC). This movement is called 'flipping' and is especially popular in some Western European countries. A few of the largest global publishers have been targeted by libraries and university administrators and faced tough negotiations about so called Big Deals. The Dutch government made Open Access a priority policy issue and will work to lead the Open Access agenda in Europe. Research councils providing grants to scholars sometimes insist on publishing the outcome of a research project in the public domain in Open Access. Meanwhile the world is flooded by massive amounts of 'free' content, collected in academic repositories, stolen by pirate websites such as Sci-Hub, or shared by scholars in their collaborative Internet environment (e.g. Researchgate and Academia.edu). Most but not all of the available content comes in the form of journal articles. As Science and Life Sciences are heavily journal oriented, for the time being Brill finds itself in a lull. Our solid image, strict quality control, tilt towards book publishing and focus on proprietary content helps us defend the turf. Brill solidifies its niche position and concentrates on developing product which would not be here otherwise (e.g. major reference works). We believe this strategy makes these mega trends less problematic for our business. However if the combination of transitions means that we are entering a world where one finds free content adjacent to paid content, both comparable in quality, the publishing industry will face major challenges. In that world the publisher will have to convince customers that one has to pay for content and that libraries will have to keep investing in collections 'just in case'.
The latter has already become a difficult paradigm since most institutions have changed their collection development policies into 'patron or user driven' or 'evidence based' acquisition.
A logical strategic option in line with industry trends in adjacent markets could be the development of 'solutions', i.e. content wrapped in software that makes scholarly research more productive. Geographic Information Systems, pattern and image recognition, statistical analysis and semantic technology are examples of a new breed of technologies that offer accelerators of scholarly research.
Alternatively, opportunities emerge to get closer to the educational side of academic institutions; electronic handbooks and dictionaries, finding aids, portals, online tutorial material (MOOCS) are new formats which open up opportunities for growth.
In both scenarios acquisitions could play an important role and provide entrance to a new market segment or help scaling up small pilots. However, testing the electronic waters ourselves is also something Brill's staff still needs to do in order to stay in tune with where our markets are going and to stay close to our key customers, our authors and users.
For this we need to be prepared to keep investing in organic growth activities.
We see this as part of our mission as a sustainable publishing house. Profitable publishing formulas have always been developed in the context of real market demand and customer expectations.

We need to make sure our stakeholders buy into this agenda of long-term growth and understand the strategic environment. Brill will need innovation budgets and room to invest in new product and new formulas.
We need to spend the money wisely and manage our projects well. The necessary cash will come out of the current business which is solid and still can be improved. Pricing, sales management, new geographical markets, cost reduction, scaling and standardization will all contribute to better cash flow results in keeping with a stable and somewhat risk averse company profile.

In a world which seems to be increasingly unstable Brill opts for a strategy based on values such as loyalty to authors and customers. At the same time Brill keeps a keen eye on the interest of all stakeholders and the long-term sustainability of the business. This is a balancing act that suits us well; since 1683 our motto is Tuta sub aegide Pallas!

Leiden, April 4, 2016

Herman A. Pabbruwe
Managing Director of Koninklijke Brill NV

KEY FIGURES

All amounts: x EUR 1,000

[1] EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization. This is the operating income before the amortization of intangible fixed assets and the depreciation of tangible fixed assets.

[2] Free Cash Flow = Net Cash Flow adjusted for cash flow from financing activities

[3] (Average) Capital Invested = (average of) fixed assets minus deferred tax liabilities related to acquired intangibles + working capital less cash.

	2015	2014*	2014	2013	2012	2011
Results						
Revenue	30,809	29,601	29,748	29,284	27,527	27,397
Gross profit	20,412	19,987	20,135	19,848	18,433	18,287
EBITDA [1]	3,794	3,680	4,020	4,504	4,235	4,587
Operating profit	3,015	2,675	3,018	3,478	3,238	3,745
Profit from continued operations	2,332	2,153	2,450	2,461	2,318	2,779
Profit for the year	2,332	2,153	2,450	2,461	5,733	3,284
Free cash flow [2]	3,201	822	856	2,634	5,616	4,292
Net investments in fixed assets	-962	-2,765	-2,444	-1,185	1,554	-1,693
Average capital invested [3]	21,223	21,120	21,181	20,697	20,378	19,233
Growth compared to previous year						
Revenue	4.1%	1.1%	1.6%	6.4%	0.5%	1.3%
Gross profit	2.1%	0.7%	1.4%	5.0%	0.8%	4.2%
EBITDA [1]	3.1%	-18.3%	-10.7%	6.4%	-7.7%	-0.6%
Operating income	12.7%	-23.1%	-13.2%	7.4%	-13.5%	2.1%
Profit from continued operations	8.3%	-12.5%	-0.4%	6.2%	-16.6%	0.7%
Profitability						
Gross profit as % of revenue	66.3%	67.5%	67.7%	67.8%	67.0%	66.7%
EBITDA as % of revenue	12.3%	12.4%	13.5%	15.4%	15.4%	16.7%
Operating income as % of revenue	9.8%	9.0%	10.1%	11.9%	11.8%	13.7%
Profit for the year as % of revenue	7.6%	7.3%	8.2%	8.4%	20.8%	12.0%
Revenue/average capital invested	1.5	1.4	1.4	1.4	1.4	1.4
Profit for the year in % of average shareholders' equity	8.6%	8.0%	9.0%	9.0%	21.5%	14.6%
Balance sheet ratios						
Shareholders' equity / total assets	58.1%	59.1%	59.4%	61.4%	62.6%	61.1%
Current assets / current liabilities	1.73	1.83	1.85	2.01	2.03	1.69
Personnel						
Average number of employees	132	132	132	123	123	118
Revenue per employee	233	224	225	238	223	232
Contribution per employee (EBITDA per employee)	29	28	30	37	34	39
Average salary costs per employee	68	63	63	65	62	59

* Restated figures.

DATA PER SHARE

In thousands of euros, based on weighted average number of outstanding shares

	2015	2014*	2014	2013	2012	2011
Weighted average number of outstanding shares	1,874,444	1,874,444	1,874,444	1,874,444	1,874,444	1,874,444
Shareholders' equity per share	14.49	14.32	14.37	14.51	14.23	11.95
Increase in %	1.2%	-1.4%	-1.0%	2.0%	19.1%	6.3%
EBITDA per share	2.02	1.96	2.14	2.40	2.26	2.45
Increase in %	3.1%	-18.3%	-10.5%	6.2%	-7.7%	-12.8%
Earnings per share	1.24	1.15	1.31	1.31	3.06	1.75
Increase in %	7.8%	-12.5%	0.0%	-57.1%	74.6%	18.9%
Free cash flow per share	1.71	0.44	0.46	1.40	2.99	2.29
Increase in %	388.6%	-68.6%	-67.1%	-53.0%	30.6%	-2.1%
Dividend per share	1.24	1.15	1.15	1.12	1.08	1.05
Increase in %	7.8%	2.7%	2.7%	3.7%	2.9%	16.7%
Pay-out ratio	100%	100%	88%	85%	35%	60%
Number of outstanding shares at year end	1,874,444	1,874,444	1,874,444	1,874,444	1,874,444	1,874,444
Highest share price during the year	27.95	25,83	25,83	22.90	20.50	15.20
Lowest share price during the year	22.70	21.95	21.95	19.25	13.50	12.00
Share price at year end	23.36	25.73	25.73	22.14	19.50	13.50

* Restated figures.

Annual Financial Statement

On the basis of the appointment of PwC as the company's auditor by the AGM, the Supervisory Board instructed PricewaterhouseCoopers Accountants NV to audit the balance sheet, income statement and the required explanations and summaries of Koninklijke Brill NV for the 2015 financial year. In preparation for the audit a need for restatements of 2014 results was identified. For the 2015 Annual Report an unqualified audit opinion was issued accordingly. Based on this declaration, the Supervisory Board and the Managing Director signed the annual financial statement.
We therefore recommend that shareholders approve the presented annual financial statement. We propose distributing a dividend of EUR 1.24 per share (certificate) for 2015.

Activities

In addition to the usual detailed quarterly reports, the Board received interim reports in certain areas in preparation for meetings. During the year under review, the Supervisory Board met seven times with the Managing Director to discuss or approve issues including: risk management, developments on the personnel front, management development, long-term company strategy, especially for the Asian market, cost development and management, the progress and development of publishing platforms, liquidity planning, credit facilities, investor relations, corporate governance issues and various investments.

The Supervisory Board has requested management to prepare, implement and execute short-term as well as long-term action plans to specifically address cost control and improve profitability.
Acquisitions is put on the agenda for every meeting and progress reports are discussed as well as thoroughly prepared lists of possible partnerships in various countries.
Once again the Board has concluded that Brill does not need to appoint an internal auditor. Various reports both from the external auditor and from the operational auditor are received and discussed on a regular basis. Progress reports on issues on the management letter issued by the external auditor receive particular attention. In the bi-annual meetings with the Works Council, issues such as corporate culture and the tone in the company are discussed without the presence of management and staff.
Seven meetings were held in Leiden and at all meetings the entire Board was present. Two additional meetings were held by telephone, on March 17 and October 1, 2015. The objectives in the context of the variable remuneration scheme of the Managing Director and staff were determined and evaluated.
The longstanding strategy of quality of the profits earned from core business, growth through product development, exploitation of electronic publications, and the acquisition of large projects has been fully maintained and where possible anchored in targets.

There were informal consultations between members of the Supervisory Board and the Managing Director and his team during this period. The Supervisory Board was consulted by the Managing Director with regard to the filling of two major vacancies, i.e. EVP Finance & Operations and EVP Sales & Marketing and played an active role in the final interviews. In the light of a new management team the decision was made to select a number of key issues and have detailed discussions with staff. This is in preparation of a new Strategic Plan (2017-2019) which will be submitted in the first half of 2016 for full discussion. The Supervisory Board also continued to meet without the presence of the Managing Director, with the aim of discussing the functioning of the Supervisory Board, its individual members, and of the Managing Director and his team. This evaluation took place in 2015, once again without help from external consultancy. The annual meeting with the external auditor took place in the presence of the Managing Director and staff. This was followed by a discussion between the Supervisory Board and the auditor, without the presence of the Managing Director and staff. As usual, we also had two annual meetings with the Works Council, as always without the presence of the Managing Director.

Profile

The Supervisory Board should be composed in such a way that each member of the Board – and the Board as a whole – is capable of fulfilling its role, which includes overseeing management policies and the general business of the company and its affiliates, as well as adequately advising the Managing Director. Given the global nature of the company's activities and those of its affiliates, it is imperative for all members of the Board to possess international experience. Moreover, there must be at least one member who is especially familiar with the operations of a publishing house and has experience as a publisher. Additionally one member of the Board must have financial expertise, meaning that he or she will have acquired relevant knowledge and experience of financial administration/accounting with listed companies and/or other large legal entities. The Board, as a whole, serves as an audit committee.

The members of the Board need to have sufficient time at their disposal to perform their duties; this applies in particular to the Chairman of the Supervisory Board. The Supervisory Board consists of three persons and is composed as per the profile above. At the AGM on May 13, 2015 Mr. Roelf Rogaar stepped down after eight years of service on our Board. We are grateful for the many important contributions he has made to our work and for the additional help and counsel he has provided to the company in some difficult years following the beginning of the financial crisis. He has consistently played a critical but constructive role and helped us develop a better feel for risk management, insisted on making sensitivity analyses and paying attention to scenario planning. The AGM appointed Mr. Robin Hoytema van Konijnenburg as his successor for a term of four years. In 2016, a vacancy will arise when the Board's chairman, Mr. André van Heemstra will step down. The Managing Director and the Supervisory Board have worked together diligently to fill this position and will propose a suitable candidate to the General Meeting of Shareholders on May 19, 2016.
The details of the members of the Board can be found on page 10. The members of the Board are independent within the context of the Dutch Corporate Governance Code.

Corporate Governance

The Annual Report describes how the company has dealt with the implementation of the current Dutch Corporate Governance Code. The Supervisory Board annually evaluates its instruments and processes in relation to the current Code, and in 2015 again decided to depart from the current Code with regard to use of certification as a possible method of protection. There were no transactions with conflicting interests relating to the Supervisory Board and Managing Director.

Annual General Meeting of Shareholders

On May 13, 2015, the General Meeting of Shareholders took place at the company's office in Leiden.
All resolutions presented were approved, after brief consideration, including the proposed dividend (EUR 1.15 per share).

Conclusions

In 2015, Brill once again demonstrated the necessary resilience to withstand significant market dynamics and geopolitical turmoil, while sustaining its chosen strategy. There are certain challenges to consider due to decreasing print book sales and cuts to higher education and library budgets. In the Board's view, a business able to take practical measures in the short-term, while adhering firmly to a promising, long-term strategy built on service excellence and entrepreneurship, serves the interests of all stakeholders. In the Board's opinion, the company must continue to strive for healthy growth and ongoing cost control. Together with balanced pricing policy, attention to these aspects will enable work to continue on expanding activities and improving profit. Brill has thus far demonstrated success in the migration from print to digital and is well positioned to meet the multimedia needs of the future.

The quality of reporting within the company has improved considerably and during several meetings, the Board has discussed which additional key performance indicators will help guide the business. We feel there is still room for improvement on some issues, notably financial and non-financial management information regarding capital invested in the company, project reporting, subscription reporting and staffing reporting. Primary processes within the company are supported by standard work procedures. The resulting infrastructure will enable healthy development and continued growth of the business. Despite disappointing profitability, 2015 showed positive underlying development and a number of measures are in place to improve the structural profitability of the company. Finally, the Board believes that Brill's market position has been further strengthened again in 2015 and would like to thank all employees for their contribution in 2015.

Leiden, April 4, 2016

Supervisory Board

André R. baron van Heemstra
Catherine Lucet
Robin Hoytema van Konijnenburg

SUPERVISORY BOARD

André R. baron van Heemstra, 1946, Dutch

Chairman of the Supervisory Board of Koninklijke Brill NV since 2008, term runs to 2016
Chairman of the Netherlands Network of Global Compact (GCNL)
Chairman Stichting MEARC (Modern East Asia Research Center)
Board Member of Netherlands Senior Experts (PUM)
Member of the Advisory Board of the Platform for International Education (PIE)

Catherine Lucet, 1959, French

Member of the Supervisory Board of Koninklijke Brill NV since 2013, term runs to 2017
Managing Director of Editis Education & Réference and Editions Nathan
Member of the Supervisory Board of Cap Digital
Member of the Supervisory Board and member of the Audit Committee of Casino Guichard Perrachon

Robin Hoytema van Konijnenburg, 1957, Dutch

Member of the Supervisory Board of Koninklijke Brill NV since 2015, term runs to 2019
Executive Director Global Tax & Financial Markets of Heineken International BV
Chairman of the Supervisory Board and of the Audit Committee of Roeminck Insurance NV
Board member Vereniging Effecten uitgevende Ondernemingen (VEUO)
Board member American Chamber of Commerce in the Netherlands
Chairman of Stichting Heineken Pensioenfonds
Trustee of the Scottish & Newcastle Pension Scheme
Board member of the Heineken Afrika Stichting

Roelf E. Rogaar, 1944, Dutch (term ended May 13, 2015)

Member of the Supervisory Board of Koninklijke Brill NV since 2007
Member of the Supervisory Board of Darlin NV
Board member of Stichting Erik Hazelhoff Roelfzema Prijs
Board member of Sirtema Stichting

CORPORATE GOVERNANCE

Koninklijke Brill NV is a public company under Dutch law, with its registered office in Leiden. The share capital of the company is divided into ordinary shares and cumulative preference shares. There are currently no cumulative preference shares in issue. Of the issued ordinary shares, approximately 99% are certified and administered by the Stichting Administratiekantoor Koninklijke Brill. Only share certificates are listed on the Euronext Amsterdam stock exchange. The majority of the capital is held by, mainly private, Dutch investors. It is estimated that more than 60% of the certificates are held in tranches of 3% or more. Koninklijke Brill NV is a statutory two-tier company. The statutes, available on the company's website, regulate the appointment and dismissal of Supervisory Board members and the amendment of statutes.

As Brill is a relatively small, highly specialized and profitable publisher, active in the same areas as a number of very large publishing companies, protection from hostile takeovers is deemed necessary. Accordingly, the company has a number of defensive constructions, including the possibility of issuing preference shares. In the event of such an issue, the preference shares would be placed with Stichting Luchtmans, which has agreed to acquire issued preference shares to a maximum of 100% of ordinary issued share capital. Moreover the company has issued certificates of shares and these can be seen as a defensive measure in that the Stichting Administratiekantoor reserves the right in the event of situations, etc., as referred to in Article 2:118a. part 2, not to issue voting proxies nor to accept binding voting instructions.
The conversion of share certificates is possible on a limited basis by means of a provision in the articles of association of the company, limiting conversion to 1%. In addition, shareholding is limited to individuals, the company itself, the administration office foundation, and companies that were shareholders in the past (before July 29, 1997). Furthermore, a number of rights have been allocated to the Combined Meeting - the joint meeting of the Supervisory Board and the Managing Director. The rights of the Combined Meeting include the determination of the number of members of the Supervisory Board, authority on profit distribution proposals, the making of proposals to amend the articles of association, dissolution and legal merger / demerger of the company.

The company's Management Board currently consists of one person (therefore Brill cannot meet the requirement of a balanced composition of the ratio of women to men in the Management Board), assisted by a Management Team. The company has a Supervisory Board, normally consisting of three persons. The Supervisory Board has not appointed separate committees and does not intend to do so in the near future. The recommendations made by the Peters, Tabaksblat, and Frijns Committees in the area of corporate governance form part of the corporate governance structure, with the exception of the policy on protecting the company.

The Supervisory Board and the Managing Director meet annually to discuss the ways in which best practice guidelines and compliance with current legal requirements are implemented. They currently hold that the corporate governance structure of the company is broadly in line with the principles expressed in the Dutch Corporate Governance Code, with the exception of the use of share certificates as a defensive mechanism.

In the area of transparency between the Managing Director and the Supervisory Board, and between Supervisory Board members, clear agreements have been made. These are laid out in regulations and a code of conduct. The Managing Director's employment agreement is drawn up in line with the best practice provisions of the code. Within the company there are strict rules of conduct and regulations, including regulations on insider trading, sexual intimidation, and rules for misconduct reporting.

Given its relatively small size Brill is considered vulnerable with regard to mergers and acquisitions frequently dominated by financial or strategic investors wanting to leverage economies of scale. Economies of scale play a limited role in a company in which part of its value lies in its undisputed reputation among customers and authors at home and abroad.

Authors in closely defined market niches provide the foundation for future growth through their involvement in series, journals, manuals, and encyclopedias. In their capacity as researcher, they provide the purchase stimulus, often via their libraries and institutes. The librarians, in turn, only subscribe to series when they trust in the quality and pricing of future publications. The value of these subtle relationships with key stakeholders is and will remain the reason that the Supervisory Board and Managing Director are of the opinion that the company deserves maximum protection.
The Supervisory Board and the Managing Director are aware that protection of the company is generally only temporary in nature and primarily aims to create room to carefully weigh the strategic alternatives for the company and, if necessary, evaluate the situation with the key stakeholders. Therefore, it must be made clear to all stakeholders and especially to shareholders and holders of certificates of shares, what the company's strategy is, and what valuable elements from past, present and future are incorporated in the company. The aim is to make the company an attractive investment for shareholders who have a preference for a strategy focused on sustainable growth. Sustainable growth for the company is, in turn, largely dependent on its standing among customers and authors.
An active investor relations' agenda is designed to communicate this coherent message, and retaining the trust and support of shareholders is a basic element of the corporate governance policy.

Share certificates will be maintained as long as they continue to contribute to the set of measures that ensure maximum protection and the achievement of a balanced decision on the future of the company.

In line with the Code, the Board of the Stichting Administratiekantoor consists of three independent members. The Board of the Stichting Administratiekantoor shares the opinion of the Managing Director and Supervisory Board relating to the use of share certificates as a defensive mechanism.

In regard to aspects of best practice provisions not relevant to protection, the Managing Director and the Supervisory Board have always been of the opinion that these can be seen as further supplementing and refining the existing corporate governance structure.
The experience the company has gained with the introduction of provisions in respect to corporate governance has been favorable. The recent release of the draft update for the Dutch Corporate Governance Code was followed with great interest by the Managing Director and the Supervisory Board and its potential benefits and implications will be reviewed in detail during 2016.

The company has experienced that a listed company of modest size is able to afford the cost and effort involved in proper compliance with the Code. The Supervisory Board and the Managing Director are of the opinion that the revised rules and the extended duty of compliance clearly contribute to improvement in managing the company.

Supervisory Board
Managing Director

REMUNERATION POLICY

Remuneration Policy, Supervisory Board

The remuneration of the chairman and the members of the Supervisory Board is set at a fixed annual rate and does not include variable elements. They do not receive any performance-related remuneration or shares and do not accrue pension rights with the company. They receive no severance pay when they exit the Board. The remuneration of the Supervisory Board is regularly evaluated, if necessary using the advice of an expert third party. Any shares held by members of the Supervisory Board are intended as long-term investments. The organization has established strict regulations governing the holding of and transactions in securities, other than those issued by Brill, by Supervisory Board members.

Remuneration Policy, Managing Director

The remuneration of the Managing Director is determined by the Supervisory Board on the basis of the remuneration policy. This is in line with the principles and the best practice provisions of the Dutch Corporate Governance Code. The policy with respect to the remuneration of the Managing Director is designed, in regard to the amount and structure of the Managing Director's remuneration, to enable a qualified and expert person to be attracted and retained. The Supervisory Board, if necessary with the aid of an external expert, conducts annual reviews to establish whether the Managing Director's remuneration is in line with the market. The remuneration for 2015 and the ensuing years has one fixed and two performance-related variable components of which one is for the current year and the second for a three year horizon.

The Supervisory Board decided to increase the Managing Director's fixed remuneration as of January 1, 2015 by 2%. Furthermore, policy holds that the company partly funds the Managing Director's pension premiums, provided that the Director contributes 30% of the premiums due. As the Managing Director already participated in an individual retirement account (Levensloopregeling) the new rules with regard to capped contributions for salaries above EUR 100 thousand did not lead to compensation. The existing arrangement could be therefore maintained. The company does not grant loans, advances, or guarantees to the Managing Director.

With regard to the remuneration policy, the following comments apply:

A The Supervisory Board sees variable remuneration as a meaningful part of the remuneration package of the Managing Director. The targets and performance conditions reflect the key drivers for growth and growth of shareholders' value in the short and medium term. Variable compensation, determined by performance metrics, therefore, forms a significant part of total remuneration. From 2009, the variable component of remuneration related to short-term targets has been a maximum of 40% and for the three-year, long-term objective, a maximum of 40% of the fixed salary in the year that the objective was agreed.

B The policy of the company relating to the contract of employment is in line with best practice provision of the Code. The applicable notice period is four months and is in line with standard practice.

C As usual, in 2015 the variable remuneration of the Managing Director depended on a combination of short-term and long-term performance criteria. Details on the performance criteria and performance assessment regarding 2015 are included in the Annual Accounts, note 21.

D The restatement of 2014 results had no impact on the variable remuneration of the Managing Director. The only relevant target in this respect was a budgeted EPS and this target was not met and therefore had not led to variable income.

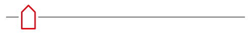
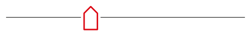
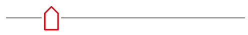
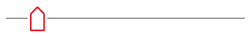
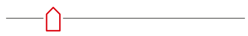
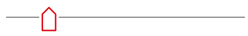
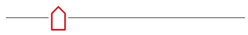
E No rights are allocated to the Managing Director for the acquisition of options or shares. Ownership of Brill shares by the Managing Director is seen as long-term investment.

F The Supervisory Board has drawn up regulations applicable to the Managing Director providing for ownership of and transactions in securities other than those issued by Brill.

Risk appetite

The business of the group routinely requires it to assume business risks relating to the entrepreneurial nature of its activities. These require investment in new business development with uncertain outcomes. These risks are inherent to the industry and well understood.

To meet its objective of reputation-based sustainable development, the company must manage the following risks in order to ensure that total risk exposure remains acceptable:

Risk category	Risk	Company business objective at risk	Risk appetite Low High
Strategic and Operational Risk	Publishing Rights	Clarity on legal ownership of intellectual property. Strong preference for full ownership	
	Open Access	Grow subscription based business and optimize business models	
	Outsourcing	Business continuity and competitiveness of services used	
	Staff	Attract and retain the right staff	
Financial Risk	Impairments	Preserve the value of the company's intangible assets	
	Obsolete Inventory	Manage risks coming from the valuation of the company's inventories	
General risks	Administrative Organization	Administrative processes that are effective and efficient.	
	Compliance	Protect reputation of the company	

Strategic and Operational Risks

Publishing rights

Copyright is a vital foundation for any publisher. In publishing, attention is paid to the completeness of rights and licenses for publishing in different formats, both print and electronic. Piracy and, to a lesser extent, plagiarism are phenomena in the digital world that must be addressed with structural measures. Failure to do so can lead to loss of revenue opportunities and could compel a write-off of investments in content.

Measures:

Where governments or institutions do not come into play, automated detection and legal assistance and intervention provide some relief. At Brill, we have a legal counsel with special responsibility for policy and management of intellectual property rights and licenses.

Open Access

Publishing freely accessible primary research results on the internet by scientific institutions in Open Access theoretically represents a risk for academic publishers, and therefore also for Brill. This applies primarily to Green Open Access with a short or no embargo period. Green Open Access is a variant whereby a publication may be made freely accessible after an embargo. Gold Open Access is a model whereby the final publication will be made freely available immediately upon payment by the author or a sponsor. If scholars en masse choose to publish directly, without the participation of publishers, Brill may face a loss of revenue. However, Open Access also creates opportunities to develop business in new areas for Brill

Measures:

Brill actively pursues cooperation with scientific research institutes. Brill adopts a cautious yet flexible approach to the possibilities of Open Access and is involved in a number of experiments intending to measure the effects on the existing publishing business. Open Access is integral to our publishing activities; all journals and book series offer an Open Access option at the article level (so called hybrid titles). Several fully Open Access journal titles are in place. Brill is a proponent of Gold Open Access business models, with payment made by the author instead of end-user, with a view to achieving a high-quality scientific product. Together with the International Federation of Library Associations and Institutions (IFLA), Brill launched an Open Access Award to reward new initiatives in the field. Brill considers the large-scale digitization and indexing of books under copyright by third parties such as Google as an opportunity, rather than a threat. Voluntary and legally prescribed participation in this effort ensures that Brill's books are more readily located digitally and therefore easier to sell, which is in the interests of both the author (visibility and distribution) and Brill.

Outsourcing

Due to dependency on external suppliers and partners, outsourcing business processes represents a potential risk. Brill has outsourced typesetting, printing and binding, order processing, storage and distribution, maintenance of digital databases and software, debt collection, parts of system control and, copy editing. If business continuity risks, quality risks and other disruption in service or business processes materialize, our ability to serve our constituency could be impacted, potentially leading to indirect loss of business through reputational damage or direct loss of revenue through customer dissatisfaction or high costs.

Measures:

Careful selection of reputable vendors, implementation of Service Level Agreements, effective auditing of services rendered and the involvement Brill's own expert staff, all help mitigate the risk of the outsourced services not being performed properly. Other operational risks such as disasters, IT failures, and personnel risks are minimized by a broad range of insurance policies (including credit insurance), and disaster and contingency plans for IT issues. Intricate measures are required to verify the correctness and completeness of sales reports for electronic product sales by third parties.

Staff

A 'people business' such as a publishing house must strive towards maintaining continuity in its contact with customers and authors, something which requires knowledgeable and active staff. Failure to do so will impact our reputation in the short run and our ability to attract leading authors and sell our publications in the long run.

Measures:
In addition to various activities focused on the development of staff, staff organization is thoroughly evaluated every year. This topic is discussed with the Supervisory Board in the context of a strength/weakness analysis, as well as promotion and succession plans. Professional development, training and management development also receive a great deal of attention.

Cybercrime, IT attacks, piracy and sharing
Due to breaches of our IT environment the company may suffer damages in terms of business interruption, loss of critical company data, unwanted disclosure of competitively sensitive data or theft of our intellectual property. Since most of our IT processes are outsourced, this can be considered a specific case of the risks described under Publishing rights and Outsourcing above.
Large scale piracy has recently been reported across the scholarly publishing industry. Despite legal action some Internet pirates continue to host illegally downloaded articles and book chapters. Also a large number of passwords and access codes have been used to gain unauthorized access to publishers' databases.
Most publishers permit the sharing of articles among scholars and students under their licenses and the rules of copyright, provided that the use is limited in number and restricted to smaller communities per subject.

Measures:
The company continues to test and improve its IT control framework and work with its strategic partners to ensure that they adhere to agreed standards in this regard. Additionally, we continue to enhance our business continuity measures and test backup recovery processes. Furthermore, in 2015 we contracted specific insurance to cover for business risks related to Cybercrime.
The above piracy practices are clearly illegal and the publishing industry is individually and collectively taking action. Brill participates in collective recourse.
As to illegal postings, Brill subscribes to service providers who identify unauthorized postings via specialized software. Take down requests are issued and usually the 'offender' responds and complies in due course. In some individual cases Brill will directly write and send take down requests, usually with the desired results. Some large-scale sharing services insist on their right to post and share copyrighted material and fail to respond or comply with the Publisher's requests. Here the publishing industry will take measures, which Brill supports.

Financial Risks

Impairments
There are financial risks incurred by the company other than those described in the annual financial statement (currency, interest rate, and credit risk). For example, there is limited exposure to significant impairment of investments, acquired publishing rights and/or goodwill. This concerns purchased publishing rights, of which the acquisition price (and therefore the book value) is never higher than the net present value of the future cash flows related to the acquisition. Loss of value in the business may lead to a significant impairment accounting loss, impacting our solvability.

Measures:
Intangible assets acquired are valued at fair value and, moreover, this valuation is reassessed annually according to a procedure agreed with the auditor.

Obsolete inventory
The accumulation of obsolete inventory can result in significant costs when faced with the necessity to write off inventory.

Measures:
Brill operates a strict policy to prevent obsolete inventory from accumulating. The inventories in the warehouses are periodically assessed against their sales prospects and where necessary, a provision for obsolescence is booked. The printing on demand policy

introduced by Brill in 2012 drastically reduces the risk of accumulating obsolete inventory. In the future, attention will therefore shift primarily to obsolete stock of electronic products or content rather than print books.

Risk Management

Brill pays considerable attention to the further improvement of internal risk management and control systems, which are regularly reviewed and discussed by the Managing Director with the Supervisory Board. These systems are designed to detect any significant risks to which the company is exposed and to manage them as effectively as possible. However, these efforts cannot provide absolute assurance against material errors, loss, fraud, human error and violations of laws or regulations. Direct improvements are made wherever deficiencies are found.

Brill has detailed rules and regulations in the fields of segregation of duties, entering into commitments, payments, security of access and systems, compliance with reporting regulations, tax legislation, and regulations pertaining to a public listing. In addition, internal control takes place within the planning and control cycle, consisting of the annual strategic plan, the annual budget, and monthly and quarterly reports on financial and non-financial issues, including analyses. A part time operational auditor reporting to the EVP Finance & Operations analyzes the risks, efficiency, and effectiveness of business processes and, additionally, implements an annual, broad-scope Committee of Sponsoring Organizations (COSO) Internal Control risk analysis. This is partially based on the Management Letter, which is discussed with the Supervisory Board. Brill also has rules for reporting misconduct and a confidential counselor.

Finally the regular audits by the external auditor and periodic IT audits contribute to overall risk management.

Director's Statement

The Managing Director declares that the internal risk management and control systems provide adequate assurance that the financial reports for 2015 are free from material misstatement. The external auditor has once again in 2015 assessed the design and operation of the most important financial processes and controls.

Key findings included the requirement for improved general computer controls, both in the IT environment and in user access controls, including customers' access to our online products. Management has concurred with the findings and has commenced implementing improvements. As usual, the Supervisory Board discussed operational audit reports with the Managing Director and his staff. Following the regular annual review, the Board has not made a recommendation to implement an internal audit function. The Managing Director declares that the risk management and internal control systems have worked properly in the year under review and that there is no indication that these systems will not work properly in the current year.

1. General Report 2015

When the then general manager Evert Jan Brill (1812-1871) bought the Leiden-based publisher Luchtmans in 1848 and re-named it under his own name, he continued to pursue the company's key activity started by Jordaan Luchtmans (1652-1708) in 1683. Facilitating the flow of information between authors and their readers remained the core business of the thriving publishing house. In 1896, Brill became a public limited company and one hundred years later, in 1996, the word 'Koninklijk' (royal) was added to the firm's name.
Brill developed throughout the twentieth century into a small but significant international publisher. Today, the company is primarily a broadly oriented humanities publishing house and has many of the characteristics of an international university press, although with a clear focus on creating long-term economic value as a strategy to protect its independence and standing in the market. Brill focuses on the academic research market in the areas of humanities and social sciences, international law, and natural history. The company outsources pre-press, printing, IT, and distribution to third parties, while only investing in its core activities and employing proven technologies.

Imprints and Products

Throughout its history, Brill has not only grown organically, but has also acquired many other publishers and imprints, including Nijhoff, IDC Publishers, Humanities Press, Styx, Index Islamicus, Gieben, Koninklijke Van Gorcum, Transnational, Hotei, Global Oriental, Forsten, Emerald and KITLV. At the end of 2013, Brill acquired Hes & De Graaf, followed by Editions Rodopi BV in the summer of 2014. Brill has retained the use of only four of these imprints: Brill | Nijhoff, Hotei, Brill | Hes & De Graaf and Brill | Rodopi. With the 2003 takeover of Martinus Nijhoff, publisher of the prestigious publication series and online database of The Hague Academy of International Law, Brill gained a leading position in the field of international law publishing. The contract with this prestigious Summer School was renewed at the end of 2014. Brill is also a supplier of important (and increasingly digital) primary source material, including scans of historic archives or collections of documents.

Brill pursues a dual format publishing policy of publishing books, journals, and major reference works, in print and digital form. Books, unlike in the fields of natural sciences and engineering where they have largely been replaced by journals, still play a major role at Brill. Electronic sales have risen substantially in recent years. Brill distributes the e-version of its products through third parties as well as directly, thereby strengthening its position. Customers can often choose the form in which to access the desired information thanks to Brill's fully digital publishing process and multimedia file formats. Due to the long-term value of scholarly information in the humanities, the life span of our products is generally long. Brill still sells substantial quantities of older titles from its stock, or has these reprinted in small runs using new technology (printing on demand). In 2014, some of our long-running book series were successfully digitized and brought onto the market as a collection. Brill also composes regional collections and compilations. In this way, we make whole to our authors our unqualified promise that books from Brill will always remain available.

International: Authors and Readers

Brill has been an international player from the start. More than ninety-five percent of Brill's sales are generated outside of the Netherlands, which amounts to the same proportion of Brill's authors who reside in other countries. Some three-quarters of our clients are located in Europe and North America. The remainder is spread over numerous countries throughout the world. Brill is in contact with all top global academic research centers, but cherishes its traditionally strong link with the University of Leiden. Partly thanks to Brill's leading position in a number of areas in which the university specializes – such as Islamic studies, minor languages, archeology, and Sinology – Leiden scholars are particularly well represented by Brill.

In 2015 the collective of Dutch universities (VSNU) initiated negotiations with a few of the world's largest publishing houses with the goal of accelerating the transition of journal programs within the boundaries of the current expenditure on subscriptions to Open Access. Such transitions are referred to as 'flipping'. Brill will start participation in these discussions in 2016 and foresees a gradual move to Open Access. The mixture of our portfolio and the monetary starting points will call for a tailor-made agreement. Open Access is a topic on the agenda of many countries and most research councils. However, policy making let alone agreements will take time and may show various outcomes.
The issue of Open Access has extended to the theme of 'Open Science' with a key factor of open access to the research data underpinning publications. The challenges vary from archival costs (huge amounts of data), confidentiality and integrity. One of the important requirements is that research findings need to be reproducible and verifiable. Brill is taking part in several scholarly experiments and will comply with emerging standards in the field. In close cooperation with DANS (the specialized data institute of the Dutch Academy of Arts & Science KNAW), a journal was recently launched that addresses the issues involved.

Electronic publishing and the inclusion of data sets also borders the emerging field of digital humanities. One of the ways to look at this new discipline is by comparing it with digital research strategies that have developed in other fields of scholarly work. Brill has identified a number of technologies which we perceive will have a deep impact on the humanities and social sciences. Geographical Information Systems (GIS) will introduce the use of maps and helps clarify data by showing their geographical dimensions. Semantic and related technologies will allow deep searching of text and are therefore key drivers of change. Pattern and image recognition play into the same desire to perform comparative analyses and find similarities or spot differences. The applications will vary from making handwriting machine readable to the identification of subjects in paintings. Finally we expect that statistical analysis will become fundamental to all of the fields in which we operate. Applications will vary broadly and the availability of Open Data will trigger mining of data. In some cases technology used in the digital humanities will enable new search engines (e.g. Those that look for concepts rather than individual words), new visual applications (digital maps), or software (e.g. apps to scan images). In almost all cases Brill expects that compliance with linked open data standards will be necessary. Brill has joined select, relevant pilot projects and sometimes co-sponsors research activities in public private partnership; with the objectives of learning from participation, becoming early adapters and acquiring licenses to promising software. Joining forces in scholarly research contributes to Brill's image as a forward looking publisher. The financial commitments are modest but the impact on our staff is considerable. The exploratory work in the digital humanities is presently concentrated in Western Europe and North America, however, before long it will become a vital element of new research activities across the globe.

Brill's sales efforts are focused on the libraries and electronic networks of major universities. For the past several years, libraries throughout the world have seen their budgets for the humanities put under pressure, yet university libraries have thus far maintained a relatively stable collection development policy and steady demand. The last few years have also witnessed an increasing trend toward purchases being made only when there is specific demand by scholarly end users. However, the institutional nature of the sales dictates that purchasing is done by the library.

Purchases by libraries are in turn often made through third parties; journal agents act as intermediaries for subscriptions and traditional library suppliers have in part transformed into electronic middlemen. Further consolidation in this industry occurred in 2014 and 2015, with the second largest subscription agent, Swets & Zeitlinger, going bankrupt in 2014, while in early 2015 the world's largest journal subscription agent, Ebsco, acquired the biggest institutional library supplier of books, Yankee Book Peddler. Ebsco's major competitor Proquest in turn bought Ex Libris books. These unforeseen developments, along with the multitude of new sales and pricing models, such as the 'short-term loan' option for digital products, make the distribution of scientific publications all the less predictable.

The reputation of Brill and, above all, of its products continues to exercise a major influence on the future potential of the company, whose solid market position in the humanities has contributed greatly to its success. Brill always has renewal and broadening of its products and product forms on the horizon, but it maintains focused on the core aspects of its business rather than on too many different, unrelated ventures. Growth through organic development and acquisition in humanities and international law is therefore its priority. In addition we are always prospecting for development or acquisition opportunities in adjacent segments that fit our program well. Programs recently launched in niches in the field of theology, history of science, American history, and philosophy showed encouraging growth again in 2015.

Publishing Rights and Distribution

Brill's publishing strategy consists of reinforcing and protecting its well-established brands and monitoring developments in specific areas of scholarly research. Brill employees a standard contract with its authors to establish a reasonable and legally sound basis for controlled distribution of the research by the authors themselves or by their institutions. This legal basis is achieved by a transfer of copyright or by licensing agreement. Brill plays an active role in industry developments, such as Open Access and Institutional Repositories, and has not experienced significant problems arranging copyrights. Brill's portfolio is spread widely across numerous academic disciplines, sales channels, product formats, front and backlist, and is geographically diversified. The office in Boston increases access to and interaction with the North American market. The 2014 relocation of the Boston offices positions Brill USA to work toward expanding the service offered to authors and customers. Since 2012, Brill has also been working to increase market knowledge and direct market reach in Southeast Asia. In the spring of 2015, a modest new representative office was opened in Singapore, which will expand modestly as of 2016.

Brill's marketing and sales strategy is focused on achieving the widest possible distribution of its products to reach beyond its primary market of professional colleagues targeted by the author. Cooperation with Google and many other partners has increased the discoverability of Brill's publications and, thereby, its ability to operate more successfully in the present information society.

Organization and Employees

Brill is a centrally managed company with a number of corporate and delegated functions. The overall day-to-day management of Brill is entrusted to the Managing Director, who is also responsible for business development and human resources policies.
The primary business activities rest with the publishing units, which focus on the key disciplines in which Brill operates. Publishers are responsible for multimedia product development and contact with their editors and authors. They are actively supported by two central departments: Sales & Marketing and Finance & Operations, each of which is led by an Executive Vice President. Both EVP positions were filled in 2015:

Olivier de Vlam replaced Perry Moree who left Brill after five years to become the Managing Director of the Zeeuwse Bibliotheek in Middelburg, and Peter Coebergh succeeded Stephen Dane who retired after eleven successful years at Brill, having developed a global sales and marketing organization and overseeing the growth of the fledgling Boston office into a fully contributing and integral part of the company.

The Operations sub-department oversees outsourced pre-press, printing and binding, inventory management, editorial activities, application and data management, digital publishing technology, IT, fulfillment and distribution. Sales & Marketing comprises all marketing activities (trade shows, scholarly meetings, direct mail, advertisements, web marketing, social media, etc.) and all sales activities (E-commerce, sales support, field sales, commission sales, consortia sales, channel sales management etc.). The human resources factor in the company is extremely important. Brill's highly qualified and motivated employees are always on the lookout for new research that is fit for publications, while constantly striving to achieve and maintain the highest possible quality standards. Both professional development and management development are key areas of Brill's personnel policy, not least because Brill's corporate culture is increasingly being defined by a socially responsible way of doing business.

The company's sustainable strategic position and ability to create value rests very much on achieving a balance between business and serving the world of knowledge, and on prioritizing relationships in social and economic life.

Value creation at Brill

Brill's ability to create long-term economic value is determined directly by the company's ability to grow the business on the one hand, and do so profitably on the other hand.

Growth

The scholarly research community provides a steadily growing output in the form of scholarly books and journal articles. Brill's ability to grow the business rests on its success in being granted the right to publish a stable or increasing proportion of high quality research output, and to successfully bring the resulting publications to the market. In doing so Brill must always remain intimate with the changing market preferences for alternate business models and ensure appropriate geographical coverage e.g. in Asia.

In addition, Brill invests in self-generated publication initiatives such as dictionaries, encyclopedia other reference works or primary sources where it believes synergies can be created from Brill's reputation, its author community and its existing portfolio. These opportunities can represent significant value due to their unique and proprietary nature and associated recurring revenue streams.

We believe that the key to success in generating growth is Brill's reputation. Our good name ensures our authors that their work benefits from global distribution and valuable author services, while our customers are confident that they acquire quality products with the highest scholarly merit.

To monitor progress in these areas, Brill has a KPI system to track, amongst others, publication output, time to market, unit sales and yield per unit sold.

Profitability

Profitability at Brill, as stated by the Return on Invested Capital or ROIC is driven by two key factors;

Margin – as measured by the proportion of revenue that is converted into income. In managing Brill's margins we recognize the following main drivers:

- Cost of Goods Sold, including costs required for marking up and processing content, printing and digital distribution
- Personnel costs and other operating expenses, including cost for marketing, fulfillment, housing, and other overhead costs

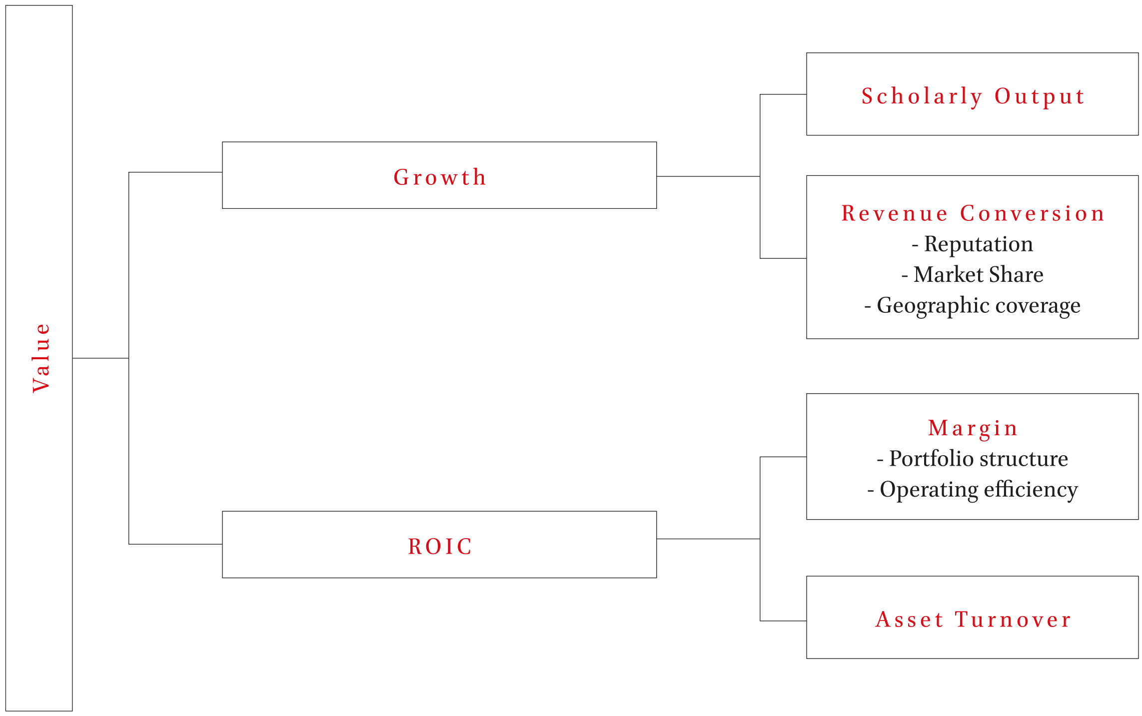
- Depreciation and Amortization of fixed assets
- Taxation

We believe that, even more so than continuous improvements in operating efficiency, the structure of our product portfolio is paramount to long-term improvement of profitability. This relates particularly to the proportion of revenue generated through journals and other recurring revenue publications and the proportion of revenue generated through digital products, where costs and investments have higher operating leverage, meaning that they scale less rapidly than revenue, and growth in revenue comes with high incremental margins. We invest in strengthening our portfolio of products that lead to recurring revenue. The nature of some of these carriers allows multiple business models. Journals cater for licensing to secondary databases, Open Access article publishing charges for individuals or recipients of research grants and traditional subscriptions for institutions.

Asset Turnover – as measured by the amount of capital invested required to support the revenue. Key asset categories recognized are:

- Goodwill and Publishing rights
- Fixed tangible and intangible assets
- Working Capital including amongst other accounts receivable and payable, physical inventories, content, work in progress and deferred income resulting from pre-paid subscription income.

Our ROIC performance therefore is driven both by our ability to generate profitable revenue as well as by controlling the balance sheet, and our KPI system is geared towards monitoring these drivers.



2. Financial Report 2015

Given the market uncertainties reported earlier, Brill had a reasonably satisfactory year in terms of revenue. Good performance in our strategically relevant product lines compensated for organic decline in print book revenue leading to satisfactory growth in the second half of the year. Whereas we see encouraging underlying trends in revenue and composition of the portfolio we remain focused on improving margins which are suffering from both underlying market trends as well as from the USD exchange rate which is a short-term effect caused by our hedging policy.

During 2015 we identified two material misstatements in our 2014 accounts relating to the processing of the Rodopi acquisition and to hedge accounting. 2014 results included in this report are restated to reflect the effect of the misstatements. Details on the restatements are included in the annual accounts section of this report.

Revenue

In 2015, Brill's revenue increased by 4.1% to EUR 30.8 million (2014 restated: 29.6 million). Corrected for the acquisition of Rodopi, organic growth was 2.5% versus a decline of 0.4% in 2014. Key drivers for our organic growth in 2015 were digital publications including E-books, major reference works, journal subscriptions and primary sources, whereas print books held up reasonably well given market trends:

(in EUR million)	Revenue	Growth	Contribution to total growth
Revenue 2014	29.6		
Print books	-0.2	-1.7%	-0.8%
E-books	+0.6	+10.4%	2.2%
Journals	+0.5	+5.6%	1.5%
Primary Sources	+0.1	+10.5%	0.3%
One-off effects *)	-0.2		-0.7%
Organic Revenue 2015	**30.3**	**2.4%**	**2.5%**
Acquisition	0.5		1.5%
Revenue 2015	**30.8**	**4.0%**	**4.1%**

*) One-off effects include major, unrelated one-off sales in 2014 and 2015 of EUR 0.3 million. These cancel each other out year-on-year. What remains is the effect of accelerated revenue recognition on third party license income in 2014.

Revenue generated through digital products was EUR 15.0 million or 49% of total, up from 48% in 2014; an increase of 0.8 million or 6%. Revenue generated through subscriptions was EUR 12.8 million or 41% of total, up from 39% in 2014; an increase of EUR 1.3 million or 11%.

Across both print and digital formats, books grew by 2% and Journals by 6% reflecting increased underlying research output (mainly in book titles) but also growth in subscription value and new journal title development. A persistent trend in the book format is hyper-specialization where it becomes harder to achieve the same print runs per title as before or in other words we need more title output to realize the same level of revenue.

The strength of the US dollar in 2015 had a limited effect on revenue, partly because of consistent foreign currency hedging. The US dollar started strengthening only towards the end of 2014 and the rolling 12 months hedging policy caused sales in North America to translate into more euro only at the end of 2015.
In 2016, however, Brill expects to reap the benefits of

more buying power in foreign exchange from our biggest market on the one hand and the direct impact of higher income resulting from the translation of US dollar income in euro on the other. These effects will become most visible in sales of books and journals.
On the product development side of the business we are happy to report that 2015 was a good year with outstanding new product. After many years of development we saw the launch of two unique and major dictionaries: 'A Student's Dictionary of Ancient and Medieval Chinese' of Paul Kroll and the 'Brill Dictionary of Ancient Greek' of Franco Montanari, a translation from the Italian-English edition; both are positioned to become the standards in the field for a long time. Other notable new titles included the first volume of 'Brill's Encyclopedia of Buddhism'. Next to high praise for the two dictionaries Brill received another Choice Award, the recommendations for acquisition at libraries, for 'The Dead Sea Scrolls and the Developmental Composition of the Bible', of Eugene Ulrich. The total number of monographs increased nicely and reflects a sweet spot for specialized material for which Brill's niche orientated programs offer excellent outlets. Also we had a good year in growing the number of journals. From 2015 into 2016, 25 new titles were added to the list. *Brill Review Perspectives* is a new line of business which currently counts 13 new journals in 2016 and with another 15 to go for 2017. Over time we aim to have a full range of about 50 journals in this format. One of the publishing policy issues in 2015 concentrated on the fostering of recurring revenue. Over the last ten years as Brill entered the world of selling databases, libraries often preferred one-time or outright purchases, using end of year monies to acquire items on their wish lists. Brill is obviously satisfied with such sales but also seeks to build recurring business and dynamic and open ended reference works which are best sold on a subscription basis. In 2015 all pricelists and business models have been reviewed and fine-tuned to reflect the nature of the products. Dynamic databases are now sold on subscription and static collections and reference works can be bought as one-time purchases.
The price of some of these one-off sales items has been raised. Book series are scrutinized for their potential and if necessary combined with other series. E-books that started as an afterthought in the early days get more attention and currently come first. Print books are usually produced On Demand after the E-book is launched. Standing orders on book series will also be possible on the E-version of the book. With all these measures Brill is reflecting the advantages of database publishing without losing interest in the quality of the individual monograph. The magic of the printed book is after all what authors are often looking for.
New primary source collections such as the Vossius Collection of Leiden University Library were launched but increasingly take time to gain traction in the market. This goes for all highly priced items in our catalog. However, for good product offered through the right channel at the right time, opportunities still exist as demonstrated by a large sale of primary sources to Kazakhstan and the sale of two sets of the famous Atlas Blaeu-Van der Hem, published by Hes & De Graaf to Macao.
Interestingly, short-term access at lower price points tailored to an audience of individual scholars is still not in high demand; our product remains heavily oriented to an institutional market. That said Brill will selectively experiment with end-user oriented editions of dictionaries and E-books. For the above-mentioned 'Student's Dictionary of Chinese' we have made a co-publishing arrangement with Pleco, an American specialist of Apps in that field.

Cost of goods sold, personnel costs, and other operating costs

The cost of goods sold developed unfavorably in 2015, rising 8% relative to 2014, and as a percentage of sales, cost of goods sold increased to 33.7% (2014: 32.5%). The increase is driven mainly by the factor Content costs in the book business, and the underlying trend that on average, we sell fewer copies per title.

Furthermore, a large part of our typesetting and copy editing vendors bill us in USD causing an increase in the costs of content due to recent changes in the exchange rate. Brill deems continued investment in the added value of our content a key long-term success factor, but Brill is also committed to mitigating the impact of these investments on financial performance. Therefore, the company maintains an active purchasing policy and invests resources in order to achieve more efficient and streamlined production processes and to drive down costs per unit. The results of these measures will only become apparent over time as part of the cost is determined by historic investments in content that will be brought to the income statement over time. Examples in this regard include all costs necessary to prepare a first copy, whether in printed or electronic form. Investments in editorial systems which support XML processing of content will help drive down the costs of content management in the coming years.

Personnel costs increased by EUR 0.7 million or 8.1% in 2015 (2014: 4.6%). The increase was driven by 1.3% organic increases in salary costs (Collective Labor Agreement and merit, FTE change and mix), 2.3% acquisition effect, 3.0% foreign exchange rate effect and 1.5% from a lower proportion of salary costs allocated to Work In Progress due to a changed distribution of activities between internal and external staff.

Other operating costs declined by EUR 0.4 million or 4.8% versus 2014. EUR 0.2 million was caused by the one-off effect recognized in 2014 for the Rodopi facilities and the remainder of the decline existed of EUR 0.4 million in short-term operational savings, offset by EUR 0.2 million in foreign exchange effect.

Depreciation and amortization, and financing revenues and costs

At EUR 0.8 million, depreciation and amortization declined by EUR 0.2 million in 2015 relative to the previous year. We regard this number as being temporarily low given our current investment needs to realize editorial efficiencies and to keep our digital platforms up-to-date. Financing income declined from 2014 because of foreign currency results amounting to EUR 0.2 million (2014: EUR 0.3 million). Financing costs (costs of the credit facility) increased slightly due to costs associated with renewing our credit facilities.

Profit

Because cost of goods sold and total operating expenses increased more sharply than total revenue, EBITDA increased only slightly (EUR 0.1 million or 3.1%) and operating margin (EBITDA/turnover) declined slightly to 12.3% (2014: 12.4%). Profit from continuing operations amounted to 7.6% of revenue (2014: 7.3%) mainly due to lower depreciation cost. The number of outstanding shares remained the same relative to 2014. As a result, earnings per share amounted to EUR 1.24, up by 8% from 2014 (EPS 2014 EUR 1.15).

Operating Working Capital and Cash flow

Operating Working Capital (excluding cash), decreased by EUR 1.2 million in 2015. Inventories (physical and content) increased EUR 0.1 million. The accounts receivable and other receivables item increased EUR 0.1 million, whereas deferred income increased by EUR 1.4 million. Free cash flow increased by EUR 2.4 million, mainly resulting from EUR 0.6 million improved cash flow from operations in 2015 and EUR 1.6 million from acquisition related payments made in 2014.

Return on Invested Capital

Return on Invested Capital (ROIC) improved to 10.5% versus 9.4% in 2014. Small increments in both Operating margin and asset turnover contributed to this improvement. Operating margin deteriorated slightly on the EBITDA level due to higher Cost of Goods Sold and the foreign exchange effects in operating expenses, but lower depreciation and amortization compensated and contributed to a higher operating margin. Asset turnover improved largely due to the strong improvement in deferred income, leading to lower operating working capital.

Solvency

The balance sheet total (EUR 46.7 million) increased relative to 2014 (EUR 45.4 million). Non-current assets increased by EUR 0.1 million and current assets increased by EUR 1.3 million (mainly cash). Equity capital amounted to EUR 27.1 million at the end of 2015 (EUR 26.8 million at the end of 2014). Solvency decreased to 58.1% in 2015 (2014: 59.4%) mainly due to the higher deferred income.

Stock exchange listing

The Supervisory Board and the Managing Director regularly evaluate whether the public listing is in the interest of the company. A stock exchange listing fosters well-spread ownership, which is in keeping with Brill's stakeholder's orientation. In the academic market it serves, Brill is on a long-term course that links continuity and quality to sustainable growth and a healthy return. Because of the listing, Brill's holders of certificates of shares have the benefit of certain liquidity, which is of particular importance to smaller parties. Liquidity provider SNS takes positions and thereby ensures continuous pricing, which to some extent mitigates excessively sharp price fluctuations. This is important because major price drops cause an undesirable dynamic that may be completely unrelated to the actual course of events within Brill. In 2015, Brill again took part in roadshows and other meetings with interested current and potential investors.

Dividend

Since 2009, the dividend policy has been based on achieving an attractive dividend yield. The dividend is related to profit, meeting capital requirements, and the desired solvency rate. For 2013 and 2014, we were able to pay a healthy dividend of EUR 1.12 and EUR 1.15 respectively.

We are pleased that despite the somewhat disappointing results, it will be possible to propose to the General Meeting of Shareholders that will be held on May 19, 2016 an all-cash dividend for 2015 of EUR 1.24 per share (100% of the available profit). This proposal reflects our healthy cash balance at the end of the year and our confidence in achieving improved results as of 2016.

Outlook

Brill's annual reports do not include concrete statements about future developments in terms of turnover and results. Given limited opportunities for strategically suitable acquisitions, we focus on further development of the publishing program and streamlining of the organization, whereas longer term we seek to enhance the portfolio in terms of faster growing, recurring revenue streams This makes the company cautiously optimistic about the future, especially about improving profitability.

Depending on market developments, the company wants to offer its shareholders an attractive return on invested capital and a stable, preferably increasing dividend.

The publisher's primary process is aimed at providing services to both authors and customers. Brill should be capable of operating competitively in the market of academic publications on the basis of its independent position and focus on quality. Organic growth is our first goal. Acquisitions are attractive only if they have strategic and financial added value and do not come with excessively high risks. Brill has a reputation to keep and therefore prefers projects that would not be

realized without Brill's specific added value.
The company's financial position makes it possible to be proactive, and innovative.

Given developments in 2014 we have embarked on a series of shorter and longer term measures to protect margins structurally, targeting specifically gross margin and fulfillment costs. During 2015, we reduced general out of pocket spending while working on initiatives with a longer term impact. In Q4 2015 we announced an expanded partnership with our global distributor Turpin and realization of a US-based POD capability through contracting with Turpin's partner, Bookmasters. These agreements are aimed at reducing production costs and fulfillment costs. Our expanded partnership is up and running since January 1, 2016. During 2015 we performed detailed reviews of our pricing and sales models and for 2016 adapted pricing and business models to optimize outcomes. In 2016 we started to build a new content management system with an objective to achieve substantial reductions in costs of content creation and production, as well as opening up new opportunities for product development. Staffing will be maintained at 2015 levels during 2016.

The active use of hedge accounting makes Brill's results less sensitive to short-term exchange rate fluctuations of the US dollar. A stronger dollar relative to the 2015 average will therefore have a limited positive effect on revenue. It should be noted that long-term exchange rate movement are translated to Brill revenue with a delay and therefore 2016 is expected to benefit from a higher average hedged exchange rate than 2015. Apart from possible acquisitions, investments will likely be larger than they were in 2015 given the technology investments mentioned earlier. Brill's liquidity position follows a seasonal pattern with a low in Q3 as we go into the renewal and the major sales season, and a high at year end.

3. Personnel and Organization

Organization

The key internal factor determining the success of the company is its personnel. It is therefore very important to recruit and retain skilled and motivated professionals. Brill's policy, which is aimed at controlling the costs of personnel, optimizing work processes, providing clear job definition, and professional development, is closely monitored by management and the Supervisory Board, and measures are taken when necessary.

Brill is managed by its Managing Director, who is also responsible for business development and personnel policy. There are two Executive Vice Presidents (EVPs), the EVP of Sales & Marketing and the EVP of Finance & Operations, who is also the Treasurer of Brill USA.
The Operations department supervises activities in the fields of outsourced pre-press, printing and binding, logistics and distribution, copy editing, metadata management, electronic publishing technology, and automation. The role of EVP of Publishing is currently fulfilled by the Managing Director.
In 2015 the Management of the company changed: a new EVP Finance & Operations joined in August, filling a vacancy after his predecessor left in March and in September the successor of the EVP Sales & Marketing who retired in January 2016, joined Brill.

The Management Team, which consists of the Managing Director and two EVPs assisted by other staff members as required, meets every two weeks and focuses on setting the organization's objectives and coordinating publishing activities, sales and marketing, production, distribution, financing, administration, automation of work processes, management information, and human resources management.

The Publishing Directors (4 FTEs) play a crucial role in publishing activities, Brill's primary process. They lead teams of 25.6 FTE in total (2014: 26.6 FTE). Acquisitions

Editors and Assistant Editors are responsible on a rotating basis for coordinating and optimizing cooperation with other departments, as well as for interdepartmental business processes.

Developments in staff

The average workforce remained about the same in size in 2015 relative to the preceding year and amounted to an average of 131.9 FTEs (2014: 132.0 FTEs). The total workforce engaged on a fulltime basis decreased 5.2 FTEs from 134.1 FTEs at the end of 2014 to 128.6 FTEs at the end of 2015. This decrease was anticipated and mainly the result of the integration activities following the acquisition of Editions Rodopi BV in 2014.

FTE's	Year end 2015	Year-end 2014
Publishing Activities	52.7 [41.0%]	51.2 [38.1%]
Operations *	38.9 [30.2%]	41.6 [31.0%]
Sales & Marketing	24.7 [19.2%]	28.7 [21.4%]
Other **	12.4 [9.6%]	12.6 [9.4%]

* Departments for office editing, bibliographic support, electronic publishing technology, data management, production management, distribution and IT.

** General Management and the departments of Finance & Control, Legal, and Human Resources.

At the end of 2015, 23.4 FTEs (2014: 25.4 FTEs) were working outside The Netherlands (from Brill's offices in Boston and the representative office in Singapore, as well as from home offices in the United Kingdom, Canada, Germany and Switzerland).

In terms of the ratio of men to women, the share of women decreased slightly in 2015 from 62.3% to 61.7%. Part time workers made up 36.9% of the workforce in 2015. Sickness leave showed a decrease from 3.2% in 2014 to 2.7% in 2015 and ended up at the same level as in 2013.

The age structure of the workforce changed relative to 2014 and was as follows:

AGE	2015	2014
20 - 29 years	9.9%	9.6%
30 - 39 years	26.3%	28.1%
40 - 49 years	26.2%	27.4%
50 - 59 years	27.7%	24.7%
Older than 60 years	9.9%	10.2%

The average age increased in the year under review from 44.8 at the end of 2014 to 45.0 at the end of 2015. The outflow of personnel in 2015 was 11.8%, whereas the inflow was 10.6%. The increased outflow results mainly from integration effects relating to the Rodopi acquisition and higher level of staff turnover in the Boston office.

FTE's outflow	2015	2014
Retirement	1.9	2.0
Deceased		1.7
Brill initiative		
Temporary contracts	1.7	0.6
Other	6.7	0.6
	8.4	1.2
Own initiative		
Employment 0-2 years	2.7	3.0
Employment 2-5 years	1.0	3.0
Employment 5-10 years		1.0
Employment 10-15 years	1.6	0.5
	5.3	7.5
Total FTE outflow	15.6	12.4
Total outflow in %	11.8%	9.4%

FTE's inflow	**2015**	2014
Acquisitions		
Temporary position		1.2
Permanent contracts		6.7
Other		
Temporary contracts	5.9	6.9
Permanent contracts	4.7	7.0
Total FTE inflow	10.6	21.8
Total inflow in %	8%	16.5%

As of 2015 Brill's pension plan, previously operated by Interpolis, is operated by Pensioenfonds Grafische Bedrijven (PGB). The pension plan changed into what is referred to as a Collective Defined Contribution (CDC) plan including a conditional indexation scheme. The pension plan is considered a DC pension plan for accounting and reporting purposes.

Works Council

In contrast to 2014, the Works Council was involved in fewer major issues in 2015. After the transition to PGB, additional follow-up to the new pension system was required. In April, elections were held for the Works Council 2015 - 2017. Three members of the old Works Council were re-elected and two new members joined. The present term runs until May 2017. An important topic in 2015 was the new Collective Labor Agreement (CAO) for the Publishing Industry that retroactively came into effect on July 1, 2015 but which took a long time to formalize. Because the new CAO has been set up as a framework agreement additional possibilities exist for agreements between Employers and Employees themselves within predefined boundaries. These changes were not yet implemented in 2015, since it has taken long for the complete agreement to be finalized, but they have been mapped and extensively discussed over the past months. The CAO will be one of the most important focal points for the coming year. Furthermore the Works Council has devoted its attention to a restructuring of our Marketing & Sales department and to the first steps taken towards implementation of a fully XML based workflow in the Operations Department. Throughout the year, the Works Council continued to monitor issues of direct key importance to Brill employees, such as Brill's HR policy, strategic developments, and corporate culture. In the same spirit as in previous years, aided by short lines of communication, the Works Council was able to work with the Managing Director in a positive and constructive way. Two meetings were held in the same good spirit with the Supervisory Board in 2015, the second one in the Supervisory Board's new composition.

4. 2017-2019 Strategy

Mission and strategy

Brill's mission is to be a leading international publisher in the humanities, international law, biology and natural history. In carrying out its mission, Brill meets a need for multimedia information on the part of specialist academic target groups and markets, and aims to add value for all stakeholders. Providing services to authors and users is the core business. Brill's efforts are supported by widely used information systems in the publishing sector like Klopotek, Aries, Salesforce and CODA. Using generally accepted standards makes editorial automation easier and also supports wide distribution. To achieve its mission, the company must grow consistently, mainly by increasing its market share in the fields in which it is active as well as in adjacent niches. This can be achieved by providing the best possible services to authors and users, adding works available on subscription to the portfolio such as journals and book series. Major reference works, dictionaries, and primary sources offer opportunities to build databases with recurring revenue. Acquisitions and partnerships can provide accelerated growth. The provision of publishing services is the company's core competence. To provide its services, Brill uses several analog and electronic distribution channels and cooperates with external digital platform providers. License agreements are also in place for the supply of works in electronic form to libraries. Brill's electronic products remain accessible and usable for a long time. Brill considers Open Access (OA), to be a viable new way of providing academic and scientific information. OA means that authors or their institutions pay for free electronic distribution. Retaining an independent role and the ability to add value is the only condition that Brill insists on as a matter of principle. Within that framework any sustainable business model should be welcomed.

Brill's publishing policy focuses solely on specific markets and market segments of academic research that offer an adequate prospect of profit. In these academic fields a sufficient number of works can be contracted that are qualitatively good and worthy of publication. The quality assessment is carried out by means of a peer review process. Brill makes it possible for individual academics to reach their target group of peers. Through its portfolio Brill provides a wide range of high-quality specialist literature to academics, scientists, and libraries. Brill will go where new centers of excellence in scholarly research are established or will be developed. The dynamic emergence of research in Asia offers particular opportunities in that respect. The new Singapore office of Brill is therefore designed to support marketing and sales, but also offer services to authors and editors in the Pacific Rim region.

5. Corporate Sustainability

As a company with a long-standing, reputable history, Brill takes Corporate Sustainability to heart. The company wishes to be reliable, honest, predictable, and cooperative. It therefore has an active corporate sustainability policy in place. Creating value and long-term relationships with authors and users are key policy objectives. Authors can rest assured that their books and articles will be easy to find and always remain available. As an independent publisher, Brill operates to make a constructive contribution to the creation of a free information society. The demand for reliable information that has been checked in terms of quality and objectivity is very high. Because the company operates at its own risk and expense, it does not have to answer any government or organization for its decision to publish or refrain from publishing a given work. Publishing practices and products are assessed by actively seeking the opinions of internationally active librarians (library advisory committees) and researchers (peer review). Brill uses the services of internationally preferred suppliers selected on the basis of price and quality. In addition, all of these suppliers have Forest Stewardship Council (FSC) certification. The universal 'Brill' typeface, the use of which saves time and money, is developed as an efficient and therefore paper-friendly font family. The contracts that Brill signs with its suppliers and distributors contain unequivocal provisions pertaining to social conditions (the exclusion of child labor, for example) and the substances and materials to be used. Shady practices to ensure a sale to a customer or middleman are not tolerated. The payment of commissions to representatives and the like must be reported in full at all times.
To formalize its commitment to sustainability, Brill is intent on joining the UN Global Compact in 2016 and subscribe to its Ten Principles of doing Sustainable Business in an increasingly changing global world. It is the world's largest Corporate Sustainability initiative that calls on companies to align their strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and take actions to advance societal goals.

The company actively strives to achieve cost efficiencies; in other words, to produce assets more economically than the competition. Cost control is therefore conducive to earnings growth, which is necessary to reward investors and be in a position to offer career prospects and accept entrepreneurial risks.

Brill's success depends on a good image and, even more importantly, an excellent and motivated international staff that enjoys a high degree of individual freedom. A Brill employee must be interested in the actual field of study while at the same time never losing sight of the provision of services to authors and customers and Brill's commercial interests. The company actively trains employees and, where possible, gives them responsibility in order to foster personal and professional development, as well as a spirit of enterprise. This is done to the greatest extent possible and thereby makes organic growth far more likely. During company meetings like the annual 'Brill Day', for example, employees are actively involved in the making of the corporate strategy.

Brill attaches great importance to its historic reputation in the Netherlands and beyond, and the city of Leiden and its university deserve a special place in this regard. The Brill Fellowship available at the Scaliger Institute, which makes it possible for researchers to study the special collections of Leiden University's library, is just one example of the way in which the company manifests its loyalty to the city and its university. Brill also contributes to Leiden's annual VeerStichting symposium. In addition, Brill maintains and cultivates good relations with Dutch heritage institutes.

Brill's sustainability policy also manifests itself very clearly in the company's Developing Countries Program

Brill actively participates in existing programs and takes initiatives that are further developed in cooperation with professional publishers and international organizations. Examples in this regard include Research4Life, INASP, Association of Commonwealth Universities, and Publishers for Development. As part of Research4Life Brill is currently taking the lead in setting up a new program focusing on International Law, dubbed: 'Global Online Access to Legal Information' (GOALI). This is done in close cooperation with academic libraries, such as Yale and Cornell Law School Libraries, UN entities, and other academic publishers and key stakeholders.

Brill also has programs like Adopt-a-Library, in the context of which it donates one or more collections of books to libraries and universities in developing countries each year. These donations are supported by workshops for academics and scientists that focus on how they can increase the influence of their research by publishing nationally and internationally. In addition, these workshops are given throughout the year by Brill publishers as part of research capacity building. Brill's endeavors in this context fit in with existing initiatives like INASP's Author Aid, an online mentoring system of international academics and researchers that promotes coaching and the exchange of knowledge between developed and developing countries in a very practical and effective manner. In addition, to advance accessibility and distribution, Brill offers discounts on its Open Access fees to academics and scientists in developing countries as part of its Brill Open Program. Brill cooperates closely with its partners in emerging markets to increase their impact and facilitate high-quality international publishing. In 2015, the Millennium Development Goals (MDGs) were succeeded by the Sustainable Development Goals (SDGs) as part of the UN 2030 Development Agenda. Brill is participating in discussions that have to do with its core duty as a cultivator and disseminator of knowledge and information. a role Brill takes very seriously. It works as a team player to advance the development of knowledge in developing countries in order to increase the impact of research carried out in those countries. Brill facilitates international publication for the purpose of doing justice to every facet of the rich and varied tradition of academic and scientific communication.

Responsibility Statement

Herman A. Pabbruwe, Managing Director of Koninklijke Brill NV, declares that the financial statements give a true and fair view of the assets and liabilities, the financial position, and the profit or loss of Brill and the companies jointly included in the consolidation.

The Annual Report likewise gives a true and fair view of Brill's position and the position of its affiliated companies on the balance sheet date, as well as of the course of events during the fiscal year under review. The financial statements include the details and the expected course of events. Insofar as vital interests do not dictate otherwise, particular attention is devoted to the investments and circumstances on which turnover and profitability depend.

Leiden, April 4, 2016

Herman A. Pabbruwe
Managing Director

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

Activities

Of the total number of outstanding shares as at December 31, 2015 (nominal value of EUR 0.60), 1,834,463 bearer depositary receipts were issued and 39,981 registered shares were included in the shareholders' register. The bearer depositary receipts are represented by a single depositary receipt certificate. The work associated with the administration of the shares is performed by SGG Management (Netherlands) NV (Claude Debussylaan 24, 1082 MD in Amsterdam), the trust office's administrator. The costs of administration amounted to EUR 44 thousand in 2015 (EUR 27 thousand in 2014). The trust office's board members each receive a remuneration of EUR 5.0 thousand on an annual basis.

In the year under review, the Board met four times. During these meetings, the 2014 Annual Report and financial statements, the company's strategy and its implementation, the composition of the company's Supervisory Board, the general course of events within the company and the succession of Mr. Boll were discussed. In addition, the agenda for the General Meeting of Shareholders was discussed and the way in which the Board would vote in the meeting was decided. The decision was made to vote in favor of all motions tabled.

In the company's General Meeting of Shareholders which took place on May 13, 2015, 98% of the company's issued capital was represented. The trust office granted authorization to holders of 51.5% of all depositary receipts to vote independently on the shares for which they held the depositary receipts. The trust office exercised the right to vote on the remaining shares for which depositary receipts were issued and therefore represented 48.3% of the votes cast in the meeting.

At the end of 2015, the composition of the trust office's board was as follows:

Name	Appointed	Current term until	Position
Joost C. Kuiper, LL.M.	2014	2018	Chairman
Jan M. Boll, LL.M.	2005	2016	Member
Yvonne C.M.T. van Rooy, LL.M.	2009	2016	Member

Mr. Boll will step down in 2016 because he will then have held position for the maximum term of appointment. The Board intends to appoint as his successor Mr. Marco Nieuwe Weme, professor of Company Law at Nijmegen Radboud University and deputy Judge at the Court of Appeal in Amsterdam (Enterprise Chamber) for a term of four years. Mr. Nieuwe Weme complies with the requirements of the profile of the trust office's Board, in particular as to his academic background and his extensive knowledge of and experience in corporate governance matters. The Board intends to reappoint Ms. Van Rooy in 2016 for a term of four years.

Corporate Governance

The trust office's Board does not adhere to the principle of the current Dutch Corporate Governance Code regarding the protective nature of the depositary receipts. The trust office's Board adopts this stance because it is of the opinion that proper protection against hostile takeovers is of vital importance to a company like Brill in terms of size and special position.

The trust office will always issue voting proxies to depositary 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.

The Board is prepared to give depositary receipt holders the opportunity to make recommendations in the event of board vacancies. The Board will not take such recommendations into account when making decisions, however if in the opinion of the Board, a nominated candidate does not believe in the importance of the protective function of the depositary receipts as described above. Furthermore, 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 depositary 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 is of the opinion that its position with respect to maintaining the protective nature of the depositary receipts for shares means that the interest of depositary receipt holders cannot be the sole or dominant interest when votes are cast. In normal circumstances, the Board is of course prepared at all times to listen to depositary 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, make a statement regarding intended voting behavior. Except in the event of special circumstances, the Board does not intend to convene meetings of depositary receipt holders.

Declaration of Independence

The Board of Stichting Administratiekantoor Koninklijke Brill, the trust office, 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, April 4, 2016

Stichting Administratiekantoor Koninklijke Brill
The Board

The purpose of Stichting Luchtmans, a foundation named after the founder of the Company, is to serve the interests of the company and those of companies affiliated with it in a group, as well as those of businesses maintained by the company and/or by companies affiliated with it in a group, in such a way as to ensure that the interests of the company and the group companies and businesses referred to, as well as the interests of all parties involved, are safeguarded to the greatest extent possible and factors that could adversely affect the independence and/or the continuity and/or the identity of the company and the group companies and businesses referred to are resisted to the greatest extent possible. 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, particularly the right to vote conferred by those shares.

Stichting Luchtmans has been granted a call option that gives it the right, in the event of hostile action or imminent hostile action against the company, to take a number of cumulative preference shares equal to, at most, 100% of the shares and depositary 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 depositary receipts are listed on the Euronext Amsterdam NV exchange.

At the end of 2015, the composition of the foundation's board was as follows:

Name	Appointed	Current term until	Position
Piet G.J. van Sterkenburg	2006	2018	Chairman
Herman P. Spruijt	2001	2017	Vice chairman
Joris P. Backer, LL.M.	2008	2017	Secretary/ treasurer
Rudy P. Voogd, LL.M.	2005	2017	Member

The Board of the foundation aims to meet at least once a year. One meeting took place in 2015 (April 17). In this meeting, the company's 2014 results, the implementation of the strategy, financing, acquisitions, market developments, and the general course of events within the company were discussed. Mr. Van Sterkenburg was reappointed as chairman for a three-year term.

Declaration of Independence

The Board of Stichting Luchtmans hereby declares that, in its opinion, the requirements that apply 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, April 4, 2016

Stichting Luchtmans
The Board

CONSOLIDATED FINANCIAL STATEMENTS 2015

CONTENTS

CONSOLIDATED BALANCE SHEET AS PER DECEMBER 31, 2015

In thousands of euro's

	31-12-2015	31-12-2014*	01-01-2014*
Assets			
Non - current assets			
Tangible fixed assets [4]	1,380	1,333	1,187
Intangible fixed assets [5]	17,780	17,739	16,436
	19,160	19,072	17,623
Current assets			
Inventories [7]	13,302	13,200	12,699
Trade and other receivables [8]	7,971	7,770	7,210
Derivative financial instruments	0	0	209
Tax to be received	0	127	28
Cash and cash equivalents [9]	6,299	5,254	6,531
	27,572	26,351	26,677
Total assets	46,732	45,423	44,300
Liabilities			
Equity attributable to owners of Koninklijke Brill NV			
Share capital [10]	1,125	1,125	1,125
Share premium	343	343	343
Retained earnings	23,569	23,572	23,172
Other reserves [10]	-203	-359	51
Undistributed profit	2,332	2,153	2,499
	27,166	26,834	27,190
Non – current liabilities			
Deferred tax liabilities [6]	3,626	4,179	3,788
	3,626	4,179	3,788
Current liabilities			
Trade and other payables [12a]	6,812	6,890	6,985
Deferred income	8,189	6,786	6,337
Provisions [12b]	104	193	0
Derivative financial instruments [13]	184	541	0
Tax to be paid	651	0	0
	15,940	14,410	13,322
Total liabilities	46,732	45,423	44,300

** Figures restated, refer note 2.25*

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro's

	2015		2014*	
Gross profit				
Revenue [15]		30,809		29,601
Cost of goods sold [16]		-10,397		-9,614
		20,412		19,987
Expenses				
Selling and distribution expenses [16]	-6,349		-6,165	
		-6,349		-6,165
General and administrative expenses				
General operating expenses [16]	-10,269		-10,142	
Amortization of intangible assets [5]	-163		-271	
Depreciation of tangible assets [4]	-616		-734	
		-11,048		-11,147
Operating profit		3,015		2,675
Finance income [17]		221		284
Finance expenses [17]		-68		-45
Profit before income tax		3,168		2,914
Income tax expense [6]		-836		-761
Profit from continued operations, attributable to shareholders of Koninklijke Brill NV		2,332		2,153
Other comprehensive income – items that might be reclassified to future profit or loss statements				
Exchange differences on translation of foreign operations [10]		-20		4
Cash flow hedges [10]		235		-552
		215		-548
Other comprehensive income, net of tax				
Income tax relating to these items		-59		138
		156		-410
Total comprehensive income for the period attributable to shareholders of Koninklijke Brill NV		2,488		1,743
Earnings per share (EPS) [18]				
Basic and diluted earnings per share attributable to shareholders of Koninklijke Brill NV		1.24		1.15

** Figures restated, refer note 2.25*

CONSOLIDATED STATEMENT OF CASH FLOWS IN 2015

In thousands of euro's

	2015		2014*	
Cash flow from operating activities				
Profit before income tax	3,168		2,914	
Adjustments for				
Amortization and Depreciation	933		1.150	
Finance costs – net	-153		-239	
Net exchange differences	-29		3	
Adjustments to derivatives	-122		200	
Change in operating assets and liabilities				
Change in working capital	1,185		97	
Change in provisions	-89		193	
Cash generated from operations		4,893		4,318
Interest paid	-60		-33	
Income tax paid	-670		-698	
Net cash flow from operating activities		4,163		3,587
Cash flows from investing activities				
Investment in tangible fixed assets [4]	-653		-849	
Investment in intangible fixed assets [5]	-267		-263	
Payments for acquisitions, net of cash acquired [3]	-42		-1,653	
Net cash flow from investing activities		-962		-2,765
Cash flow from financing activities				
Dividend paid to company shareholders [19]	-2,156		-2,099	
Net cash flow from financing activities		-2,156		-2,099
Net cash flow		1,045		-1,277
Cash and cash equivalents as per January 1st		5,254		6,531
Net cash flow		1,045		-1,277
Effect of exchange rate changes		0		0
Cash and cash equivalents as per December 31st [9]		6,299		5,254

**Figures restated, refer note 2.25*

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In thousands of euro's

	Share capital	Share premium	Retained earnings	Currency Translation reserve	Currency Hedge reserve	Undistri-buted Profit	Total equity
Balance as per December 31st, 2013	1,125	343	23,172	-107	209	2,461	27,203
Prior year adjustments	0	0	0	0	-51	38	-13
Restated balance as per January 1st 2014*	1,125	343	23,172	-107	158	2,499	27,190
Total comprehensive income for the period							
Profit for the year	0	0	0	0	0	2,153	2,153
Other comprehensive income	0	0	0	4	-414	0	-410
Total comprehensive income for the period	0	0	0	4	-414	2,153	1,743
Total contributions by and distribution to owners							
Dividends paid over prior year	0	0	0	0	0	-2,099	-2,099
Retained earnings prior year	0	0	400	0	0	-400	0
Total contributions by and distribution to owners	0	0	400	0	0	-2,499	-2,099
Balance as per December 31st, 2014*	1,125	343	23,572	-103	-256	2,153	26,834
Total comprehensive income for the period							
Profit for the year	0	0	0	0	0	2,332	2,332
Other comprehensive income	0	0	0	-20	176	0	156
Total comprehensive income for the period	0	0	0	-20	176	2,332	2,488
Total contributions by and distribution to owners							
Dividends paid over prior year	0	0	0	0	0	-2,156	-2,156
Retained earnings prior year	0	0	-3	0	0	3	0
Total contributions by and distribution to owners	0	0	-3	0	0	-2,153	-2,156
Balance as per December 31st, 2015	1,125	343	23,569	-123	-80	2,332	27,166

**Figures restated, refer note 2.25*

1. Reporting entity and compliance statement

Koninklijke Brill NV ('Brill' or the 'Group') is a corporation established and based in the Netherlands. Brill's shares are quoted on the Euronext Amsterdam. This report contains a description of Brill's activities on page 2 and beyond. These financial statements were authorized for issue by decision made on April 4, 2016 by Brill's Supervisory Board and Managing Director.

2. Basis of preparation of the Financial Statements

2.1 Basis of consolidation

The consolidated financial statements contain the annual accounts for Brill and its subsidiaries as per December, 31st, 2015. The annual accounts of Brill's subsidiaries have been prepared for the same period as Brill's, using consistent standards of accounting. Note 21 to the consolidated financial statements contains information on Brill's subsidiaries.

The consolidated financial statements of Koninklijke Brill NV have been prepared in accordance with IFRS as endorsed by the EU and the statutory provisions of Part 9, book 2, of the Dutch Civil Code.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently (with the exception of correction of an error) 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 management to exercise its judgement in the process of applying the company's and the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in paragraph 2.6.

All balances, transactions, cost and income within the Group and all profits and losses originating from intragroup transactions are eliminated completely. 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 is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries continue to be consolidated until the moment Brill loses control over the financial and operating policies, generally with shareholdings of less than 50%.

2.2 Business combination

Business combinations are identified when the Group obtains control over an integrated set of assets and activities that is capable of being conducted and managed for the purpose of 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 acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed

(including any publishing rights that have been identified). 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. When the excess is negative, a bargain purchase is recognized immediately in profit or loss.

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 acquisitions, 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 at fair value at the acquisition date.

2.3 Basis of measurement and currencies used

Brill's consolidated financial statements have been prepared on the basis of historic cost price, except for the financial derivatives which have been recognized at fair value. The functional and reporting currency is the euro, and all amounts have been rounded to thousands, except where noted differently.

2.4 Changes in the basis of preparation of the Financial statements adopted on January 1, 2015

On January 1, 2015 Brill adopted several new accounting policies to comply with amendments to IFRS. The accounting pronouncements, which are not considered by Brill as significant on adoption are:

- Improvement IFRS 2010 – 2012 cycle
- Improvement IFRS 2011 – 2013 cycle
- IFRIC 21 Levies

The financial reporting will be presented in accordance with the new standards above, which are not expected to have a material impact on the consolidated results, financial position or cash flows.

2.5 Future changes in the basis of preparation of the Financial statements

The following pronouncements which are potentially relevant to Brill have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2016. Brill is currently assessing the potential impact on its consolidated financial statements resulting from the application of these standards.

- IFRS 9 Financial instruments (not yet endorsed by EU)
- IFRS 10 Sales or contribution of assets between investor and its associate or joint venture (not yet endorsed by EU)
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 15 Revenue from contracts with customers (not yet endorsed by EU)
- IAS 16 Property, plant and equipment
- IAS 27 Separate financial statements
- IAS 28 Investments in associates and joint ventures (not yet endorsed by EU)
- IAS 38 Intangible assets
- IAS 39 Financial Instruments
- Improvements IFRS 2012 – 2014 cycle

2.6 Accounting estimates, judgments and assumptions

Publishing rights and Goodwill 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. For further explanation, refer to Note 5 to the consolidated financial statements. Prior to capitalization of content and information systems, Brill prepares an estimate of the expected useful benefits. The largest asset class contains investments in content which are grouped with Inventories.

Content related current assets which are classified as part of Inventory are charged to the income statement. As a consequence of the changing mix of product formats, certain content has a different useful life than production expenditure related to specific product formats, such as print books. These differences may vary by product / market combination.

Deferred tax assets are only recorded when it is probable that fiscal losses and/or deductible temporary differences can be settled against future profits.

The provision for bad debts is established on an individual basis where possible.

The fair value of forward contracts, currency options and interest swaps is established on the basis of the fair value of these instruments at balance date.

All estimates disclosed are genuinely critical, and all the critical judgements are disclosed.

2.7 Foreign exchange conversion

The Consolidated financial statements are prepared in euro, being the functional and reporting currency of the Group. 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 posted to the Income statement. Non-financial items in foreign currency valued at historic cost price in foreign currency are converted at the exchange rate prevailing at the date of the original transaction.

The functional currency of the subsidiary in the United States of America is the US dollar. At balance date, the assets and liabilities of this subsidiary are converted to the euro at the exchange rate per balance date and the Income statement 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. When divesting a foreign subsidiary, the cumulative balance of exchange rate differences recorded in Capital related to this subsidiary is transferred to the Income statement.

2.8 Tangible fixed assets

Tangible fixed assets are recorded at historic cost price, less cumulative depreciation and cumulative impairments (if applicable). Depreciation is linear according the useful life of the assets and taking in consideration any residual value. The book value of tangible fixed assets is tested for impairment when events or changes in circumstances indicate that the book value may not be realizable. The residual value and the useful life are reviewed annually and revised if necessary.

A tangible fixed asset is derecognized from the Balance sheet 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 Balance sheet, is charged to the Income statement at the moment of derecognition.

2.9 Intangible fixed assets

Publishing rights and Goodwill resulting from business combinations are capitalized at the historic cost price. The business activities acquired have been 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. Due to the experienced long lasting contribution to the results of the company these assets are considered to have an indefinite lifetime.

Acquired Goodwill and Publishing rights are allocated to Brill's four key Segments in accordance with their match to the respective publishing programs.

We consider our Segments to be our cash generating units, since they form the principal managerial units within Brill, matching the four key market segments in which Brill is active. Each Segment has separate management and is managed as a strategic business unit.

Content cost of primary source publications and information systems prepared in house and externally are recognized as intangible fixed assets. These assets are valued at historic cost price or production cost.
The amortization of primary source Content cost is calculated on the basis of the expected useful life of primary source products. The amortization of information systems is linear, based on the estimated useful life of the asset. If the recoverable amount of the asset is lower than book value, additional impairments are recorded. The assets' useful lives are reviewed annually and revised if required.

2.10 Impairment of Tangible and Intangible fixed assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment at the level of the cash generating unit, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the impairment has been established, Brill prepares an estimation of the recoverable amount of the asset. The recoverable amount is the higher of the fair value of the asset after deduction of divestment expense and the value in use. If the book value is higher than the recoverable amount, the asset is assumed to be impaired and is marked down to the recoverable amount.
In determining the value in use, estimated future cash flows related to the asset are discounted using a discount rate that takes into account current market evaluations of the time value of money and specific risks relating to Brill's business and financing structure.
Losses related to impairments of assets related to Brill's continuing business are recognized in the Income statement.

At balance date, Brill assesses whether there are any indications that a recorded impairment loss from the past no longer exists or has diminished. If such indication exists, an estimate is prepared of the fair value. An impairment loss is only reversed if a change has occurred in the estimates used to establish the fair value of the asset since the recognition of the last impairment loss. If this is the case, the book value of the asset is increased to the fair value. The increased book value cannot be higher than the book value that would be recorded (net after any applicable depreciation or amortization) in case no prior impairment losses had been recorded. Such reversal is recognized in the Income statement. After such reversal, any applicable depreciation or amortization charges are adjusted to reflect the revised book value of the asset in order to properly allocate its adjusted book value to the future periods.

2.11 Inventory

The Inventory of Finished products and Work in progress are stated at the lower of cost and net realizable value. Cost comprises direct materials and expenses including allocated labor. Allocated labor does not include any markup for overhead expenditure.
Subsidies to publishing projects are only recorded when sufficient likelihood exists that these subsidies will be received and that all conditions precedent have been met. The Inventory of raw materials is valued at the lower of cost and net realizable value.

The production unit cost price of a book title consists of Content cost and Product format related cost. At completion of a new title, Content cost (typesetting, illustrations, editing) is capitalized. The capitalized Content costs are grouped with Inventories on the Balance sheet. Following capitalization, the cost is charged to the Cost of Goods Sold based on the sales volume of the product.

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 Balance sheet in finished goods and charged to Cost of Goods Sold when a unit is sold. A provision for obsolescence is recorded at 100% of book value for Inventory for which no future sales are expected.

2.12 Trade and other receivables

Trade receivables are recorded at fair value and subsequent measurement against amortized cost. Provisions for individual positions are recorded only if objective evidence suggests that Brill may be unable to collect the complete receivable position. Bad debts are written off entirely once the inability to collect has been established with certainty.

2.13 Cash and cash equivalents

Cash and cash equivalents in the Balance sheet (and the Consolidated statement of cash flows) consists of Bank, Cash and short-term deposits with a duration of three months or less.

2.14 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 positions are measured at amortized cost with any difference between cost and redemption value being recognized in the Income statement over the period of the loan, using the effective interest method.

2.15 Provisions

A provision is recognized if (i) Brill has a present obligation (albeit 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.

If it is to be expected that (part of) the liability will be reimbursed, for example as part of an insurance arrangement, the reimbursement is recorded as a Current asset at the time that adequate certainty about the reimbursement has been established. The cost related to recording the provision is recognized in the Income statement, after deduction of any reimbursements to be received. If the impact of the time value of money is material, provisions are recorded at discounted value.

2.16 Pensions and other post – employment arrangements

As per 2015, the pension arrangement for the Dutch employees is collectively arranged for in the Pensioenfonds voor Grafische Bedrijven (PGB). Previously the plan was arranged through Interpolis. The pension plan continues to meet the criteria as set out in IAS 19R for a defined contribution arrangement. Pension arrangements for US employees are also classified as defined contribution arrangements.
All pension premiums paid by Brill are recognized as expense in the Income statement.

2.17 Leases

Brill determines whether an arrangement contains a lease on the basis of the contents of the arrangement, weighing whether the execution of the arrangement depends on the usage of an asset or group of assets and whether the arrangement conveys the right to use the asset. Operating lease payments are recorded linearly as cost in the Income statement during the lease period.

2.18 Revenue recognition

Revenue is recognized when it has become likely that economic benefit will accrue to Brill and these benefits can accurately be determined. This is deemed to occur at the moment that the material risk and benefit of ownership have been transferred to the buyer.
The following specific recognition criteria apply:

Sale of books and journals

This scope includes revenue from the supply of books (including reference works) and journals to third parties. Book revenue from one-time sales is recognized after physical delivery or after making the product accessible to the customer online. Journal and other subscription fees are initially recorded as short-term liability (Deferred Income) and only recorded as revenue when the criteria for recognition have been met; in this case release and delivery of a journal issue or other publication, at which time a proportionate amount of the prepaid subscription fee is recognized as revenue. Delivery is made in printed or digital form, where digital includes the right to access the delivered content through a database. Furthermore this includes rights and licenses to the content.

Database access revenue is recognized in line with the underlying contract. If the access rights are transferred indefinitely (Outright Purchase), the sale is recorded as revenue at the time of the sale. If the rights are transferred for a limited period of time, the sale is evenly recognized as revenue during the period of access. Discounts, sales tax and VAT are deducted from revenue.

2.19 Cost of Goods Sold

Upon completion of a work, total production costs are recorded in Inventory, split into Content and Finished product. Content cost is charged to Cost of Goods Sold according to product sales volume. Finished product (product format specific cost) is divided by the number of copies printed to arrive at the unit cost per title. At delivery, unit costs 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, amortization of content, royalties and shipping costs.

2.20 Interest Income

Income is recognized when the interest accrues according to the effective interest method, meaning the interest at rate which, when discounting the future cash flows over the expected lifetime of the instrument, the discounted value equals the net book value of the financial asset.

2.21 Cash flow statement

Cash flow from operating activities

Cash flows from operating activities are calculated following the indirect method by adjusting the profit from operating activities for non-cash flows and autonomous movements 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 payments from dividend and debt instruments.

2.22 Subsidies

A subsidy is fully allocated to the publishing project for which the subsidy was granted, and reported in the Income statement line item to which the subsidy refers.

2.23 Taxation

Tax liabilities and receivables

Tax owed or receivable for the current and previous periods 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 per balance date between the tax book value of assets and liabilities and their value in these financial statements. 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 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 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 he 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.

Sales tax and value added tax

Revenue, cost and assets are recorded after deduction of sales tax and value added tax. The net tax amount to be claimed or paid is recorded under payables or receivables in the Balance sheet.

2.24 Financial instruments and hedging

Brill uses financial derivative instruments such as futures, options and interest swaps to manage risks related to foreign currencies and interest. If used, these financial derivatives are recorded, at fair value, as an asset if the value is positive and as a liability if it is negative.

The fair value of currency future sales contracts is determined according to the market value of comparable instruments. Hedge accounting is applied to forward contracts where these comply with the conditions for hedge accounting. At the moment of entering into the transaction, Brill registers the relationship between the hedging instrument and the hedged position, as well as the risk management objectives and assumptions. The effective portion of changes in fair value of the hedging instruments is recognized in Equity, after deduction of a reserve for deferred taxation. The amounts included in Equity are brought to the Income statement at the time that the underlying hedged position impacts the Income statement. When the instrument can no longer be classified as hedging instrument, or when the hedging instrument expires or is sold, the cumulative amounts remain in Equity until the expected transaction materializes.

If the transaction is not expected to materialize anymore, the amount is recognized in the Income statement. Hedging instruments which are insufficiently effective in achieving the hedge objective are not recognized through application of hedge accounting. Changes in value of non-effective contracts are recognized directly in the Income statement, under Financing cost.

2.25 Prior period restatement

When reviewing the long-term commitments of Brill it was noted that the lease contract of the former Rodopi offices in Amsterdam was not treated correctly in 2014. Brill had no intention to use the offices after December 2014 and therefore the contract should have been treated as an onerous contract and all related costs should have been recorded in the year the purchase of Rodopi was completed. This has led to an adjustment of the Consolidated statement of comprehensive income and the Consolidated balance sheet of 2014.

Next to that it was noted that the hedge accounting was not applied correctly. Brill applies hedge accounting to its forward currency agreements hedging the incoming cash flows. Hedge accounting requires the entity to apply the hedging effect to the impacted transaction, in this case to revenue at the time of recording the revenue and to currency revaluation effects until the time of cash settlement. Historically we applied the hedge effect to revenue only, at the time of cash settlement. After analysis we concluded that due to recent currency fluctuations this simplification, which historically resulted in immaterial differences, would not result in a true and fair view of the 2014 and 2015 results. Therefore we elected to adapt both 2015 and the comparable period in 2014.

The following adjustments have been made:

Consolidated balance sheet

	31-12-2014	31-12-2014	01-01-2014	31-12-2013
	Restated	Reported	Restated	Reported
Property, plant and equipment	1,333	1,336	1,187	1,187
Income tax receivable	127	41	28	41
Other reserves	-359	-508	51	102
Undistributed profit	2,153	2,450	2,499	2,461
Provisions	193	0	0	0

Consolidated income statement and statement of comprehensive income

	31-12-2014	31-12-2014
	Restated	Reported
Revenue	29,601	29,748
General operating expenses	-10,142	-9,950
Depreciation of tangible assets	-734	-731
Finance income	284	337
Income tax expense	-761	-860
Profit for the year	2,153	2,450
Other comprehensive income		
Cash flow hedge, net of tax	-410	-610
Total comprehensive income for the year, net of tax	1,743	1,840

Consolidated statement of cash flows

	31-12-2014	31-12-2014	
Line items affected in cash flow from operating activities	Restated	Reported	Reconciliation
Profit before tax	2,914	3,310	
Amortization and Depreciation	1,150	1,147	
Change in working capital	97	-170	
Change in provisions	193	0	
Financing costs, net	-293	0	
Finance income	0	-337	
Finance cost	0	45	
Net interest paid	-33	0	
Cash flow totals			
Net cash flow from operating activities	3,587	3,300	287
Net cash flow from investing activities	-2,765	-2,444	-321
Net cash flow from financing activities	-2,099	-2,132	33
Net cash flow	-1,277	-1,277	0

Cash flow from operating activities increased due to the restatements and due to a presentational change in movements in working capital; a deferred acquisition payment made in 2014 has now been reclassed to cash flow from investing activities for an amount of EUR 321 thousand. In addition, interest paid was reclassed to cash flow from operating activities.

3. Acquisitions and divestments

In 2015 Brill acquired *The Dostoevsky Journal, Transcultural Studies* (*journal*) *and Islamic Africa* (*journal*) and some other minor publication rights. All publications are expected to add to the profit as from 2016.

The fair value of the identifiable acquired assets and liabilities is as follows:

	2015	2014
	Fair value at date of acquisition	
Assets		
Intangible fixed assets (publishing rights)	92	1,456
Tangible fixed assets	0	29
Inventories	0	82
Trade debtors and other receivables	0	147
Cash and cash equivalents	0	72
Liabilities		
Deferred tax	0	-364
Trade creditors and other receivables	0	-18
Total net assets at fair value	92	1,404

Cash payments related to acquisitions	2015	2014
Amounts paid or to be paid	-92	-1,404
Cash and cash equivalents included in target	0	72
Deferred portion of acquisition payments	50	0
Net cash payments related to acquisitions	-42	-1,332
Payments related to acquisitions prior year	0	-321
Net cash payments related to acquisitions in period	-42	-1,653

In 2014 Editions Rodopi BV (Netherlands) was acquired.

4. Tangible fixed assets

2015	Leasehold improvements	Other	Total
Book value as per January 1st, 2015	43	1,290	1,333
Investment	28	625	653
Depreciation	-10	-605	-615
Exchange rate differences	0	9	9
Book value as per December 31st, 2015	61	1,319	1,380
January 1st, 2015			
Cost	645	8,210	8,855
Accumulated depreciation	-602	-6,920	-7,522
Net book amount	43	1,290	1,333
December 31st, 2015			
Cost	673	8,844	9,516
Accumulated depreciation	-612	-7,525	-8,137
Net book amount	61	1,319	1,380

2014	Leasehold improvements	Other	Total
Book value as per January 1st, 2014	68	1,119	1,187
Acquisition	0	29	29
Investment	33	816	849
Depreciation	-58	-676	-734
Exchange rate differences	0	2	2
Book value as per December 31st, 2014	43	1,290	1,333
January 1st, 2014			
Cost	612	7,363	7,975
Accumulated depreciation	-544	-6,244	-6,788
Net book amount	68	1,119	1,187
December 31st, 2014			
Cost	645	8,210	8,855
Accumulated depreciation	-602	-6,920	-7,522
Net book amount	43	1,290	1,333

Estimated useful life of fixed assets is as follows: Leasehold improvements 10 years, and other fixed assets (investments in IT, and furniture and equipment) between 3 and 10 years.

5. Intangible fixed assets

*) CIS = Content & Information Systems

2015	Publishing rights	Goodwill	CIS*)	Total
Book value as per January 1st, 2015	15,089	1,879	771	17,739
Acquisition	92	0	0	92
Investment	0	0	267	267
Divestment	0	0	0	0
Amortization	0	0	-318	-318
Book value as per December 31st, 2015	15,181	1,879	720	17,780
January 1st, 2015				
Cost	15,089	1,879	6,722	23,690
Accumulated amortization	0	0	-5,951	-5,951
Net book amount	15,089	1,879	771	17,739
December 31st, 2015				
Cost	15,181	1,879	6,989	24,049
Accumulated amortization	0	0	-6,269	-6,269
Net book amount	15,181	1,879	720	17,780

2014	Publishing rights	Goodwill	CIS*)	Total
Book value as per January 1st, 2014	13,633	1,879	924	16,436
Acquisition	1,456	0	0	1,456
Investment	0	0	263	263
Divestment	0	0	0	0
Amortization	0	0	-416	-416
Book value as per December 31st, 2014	15,089	1,879	771	17,739
January 1st, 2014				
Cost	13,633	1,879	6,459	21,971
Accumulated amortization	0	0	-5,535	-5,535
Net book amount	13,633	1,879	924	16,436
December 31st, 2014				
Cost	15,089	1,879	6,722	23,690
Accumulated amortization	0	0	-5,951	-5,951
Net book amount	15,089	1,879	771	17,739

Publishing rights and Goodwill are related to acquired businesses. As per ultimo 2015, their net book value was EUR 17.0 million (2014: EUR 16.9 million). These assets have an indefinite useful lifetime.
At the end of each reporting period Brill reviews whether there is an indication that any of the CGU's (segments) that contain goodwill and publishing rights may be impaired. Next to that Brill carries out annual impairment test by comparing the carrying amount of the segments to which the goodwill and publishing rights belong to the recoverable amount of the segments.

The recoverable amount is determined by calculation of its value-in-use. The value-in-use is determined by discounting the future cash flows of the segments.
The cash flow projections are based on actual operating results, budget and the strategic plan as approved by the executive board.
Cash flows are discounted using a pre-tax rate of 11.4% (2014: 11.5%). This discount rate is derived from Brill's weighted average cost of capital (WACC). In determining the appropriate WACC, Brill uses the following variables:

Variable for determining the weighted cost of capital	**2015**	2014
Risk free interest rate (in %)	1.47	2.26
Market debt premium (in %)	0.82	2.19
Market risk premium (in %)	6.00	5.50
Illiquidity premium CGU's (in %)	3.00	3.00
Leveraged Beta	0.98	0.67

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 scientific research whereas cost estimates assume a shift from variable expense to fixed expense, increasing slower than revenue. The annual impairment test carried out in 2015 showed that the recoverable amount for all segments for publishing rights and goodwill exceeded their carrying amounts.
We also made an assessment whether a reasonably possible change in a key assumption would cause the carrying amount to exceed the recoverable amount.
The outcome of this sensitivity test was that there is no need for impairment. CGU LAW is a close watch cash generating unit.

Publishing rights and goodwill impairment sensitivity per CGU

	Applied (terminal) growth rate of cash flows (g)		Decline in g which would trigger an impairment		Increase in discount rate which would trigger an impairment	
	2015	2014	**2015**	2014	**2015**	2014
HIS	1.0%	2.0%	>1%	>1.5%	>1.5%	>1.5%
LAW	0.8%	2.0%	>1%	>1.5%	1.5%	>1.5%
MIA	1.3%	2.0%	>1%	>1.5%	>1.5%	>1.5%
REL	0.8%	2.0%	>1%	>1.5%	>1.5%	>1.5%

Net book amounts by segment (refer note 15)

Segment	Publishing rights		Goodwill		Total	
	2015	2014	**2015**	2014	**2015**	2014
LAW	10,452	10,447	787	787	11,239	11,234
MIA	2,933	2,853	342	342	3,275	3,195
HIS	955	955	345	345	1,300	1,717
Religion	841	834	405	405	1,246	822
Net book amount	15,181	15,089	1,879	1,879	17,060	16,968

In addition to intangible assets with indefinite useful life, Brill recognizes intangibles with defined economic use, namely Content and Information systems. Depending on their economic use, these are amortized linearly in three or five years. In 2015, Amortization expenses for Content and Information systems were EUR 318 thousand (2014: EUR 416 thousand). These expenses were recognized in the Income statement under Cost of goods sold EUR 155 thousand (2014: EUR 145 thousand, refer note 16) and under Amortization intangible fixed assets EUR 163 thousand (2014: EUR 271 thousand).

6. Income tax expense

This note provides an analysis of Brill's income tax expense, shows what amounts are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to Brill's tax position.

Tax recognized in the consolidated income statement	**2015**	2014
Income tax on continued operations		
- Current tax	1,398	734
- Adjustments for current tax of prior periods	-7	0
Deferred tax	-555	27
	836	761

The table below reconciles the effective tax rate and the calculation of tax according to local nominal Dutch tax rates as per December 31st, 2015 and 2014.

Tax recognized in the Consolidated income statement	2015	2014
Income before tax	3,168	2,914
Statutory Dutch income tax rate	20% - 25.0%	20% - 25.0%
Tax, at the nominal rate	781	729
- Adjustment of current tax prior periods	-7	0
- Effect of higher tax rate in the United States	57	27
- Effect of non-deductible expenses and write down of deferred tax assets	5	5
	836	761
Effective tax rate	26.4%	25.7%

Deferred taxation is itemized as follows:

2015	Intangible assets	Plant and equipment	Trade and other accrued expenses	Reserve for reinvest-ment	Total
Net carrying amount as of 1 January, 2015	-3,683	105	21	-622	-4,179
Recognized in profit and loss	-87	3	17	622	555
Effect of movement in foreign exchange rates	0	-2	0	0	-2
Net carrying amount as of 31 December, 2015	-3,770	106	38	0	-3,626
2014					
Net carrying amount as of 1 January, 2014	-3,243	77	0	-622	-3,788
Recognized in profit and loss	-76	28	21	0	-27
Acquisitions through business combinations	-364	0	0	0	-364
Effect of movement in foreign exchange rates	0	0	0	0	0
Net carrying amount as of 31 December, 2014	-3,683	105	21	-622	-4,179

The reserve for reinvestment has become a current tax as the three year period for reclaiming it has lapsed as per the end of 2015. The deferred tax amount is for EUR 3,530 thousand non-current and for EUR 96 thousand current (recoverable within 12 months). Taxes due on hedge contracts with negative value are included in tax accrual.

7. Inventories

Inventories	2015	2014
Work in progress	2,464	3,190
Finished goods	3,246	3,681
Content	7,592	6,329
	13,302	13,200

The inventory of finished goods includes a provision for obsolescence. This provision was increased by EUR 483 thousand in 2015 (2014 by EUR 423 thousand). This amount has been charged as an expense in the profit and loss account.

8. Trade and other receivables

Trade and other receivables	2015	2014
Trade receivables	6,512	6,156
Less: provision for bad debts	-255	-197
Net trade receivables	6,257	5,959
	1,714	1,811
Other receivables	7,971	7,770

Trade and other receivables are classified as current. 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. The provision for bad debt is determined on an individual basis. Note 14 contains a risk analysis.

Aging of receivables	31-12-2015	31-12-2014
Not due	5,152	4,717
Payment due:		
< 30 days	689	800
30-60 days	307	103
60-90 days	53	139
> 90 days	56	200
	6,257	5,959

9. Cash and cash equivalents

Cash and cash equivalents as per ultimo 2015 were EUR 6,299 thousand (ultimo 2014: EUR 5,254 thousand). These funds are freely available to Brill.

10. Share capital and reserves

The number of ordinary shares with par value of EUR 0.60 per share was 1,874,444 in 2015 (2014: 1,874,444). In 2015, shareholder capital was EUR 1,125 thousand (2014: EUR 1,125 thousand). Other reserves consist of a currency translation reserve (including forex differences resulting from the translation of the accounts of the US subsidiary) and a currency 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). Breakdown is as follows:

Other reserves	Currency translation reserve	Currency hedge reserve	Total
January 1st, 2014	-107	158	51
Result revaluation	4	-552	-548
Tax on revaluation result	0	138	138
December 31st, 2014	-103	-256	-359
Result revaluation	-20	235	215
Tax on revaluation result	0	-59	-59
December 31st, 2015	-123	-80	-203

11. Interest bearing loans

At balance date, Brill had no bank loans or other interest bearing liabilities. On December 31st, 2015 unused credit facilities of EUR 12.5 million were available (2014: EUR 12.5 million). In 2015 Brill has adjusted the credit agreement. The new credit agreement provides Brill with a facility of EUR 5 million current account facility and an additional EUR 7.5 million of current account facility specifically for the financing of acquisitions. Currently, the agreement is valid until cancellation. As a security for these bank loans – if and when applicable, Brill has pledged assets (Inventories and Accounts receivable) with total net book value of EUR 19.6 million per ultimo 2015 (2014: EUR 19.2 million). In addition, the covenants include a total net debt/EBITDA ratio of less than 2.5 and a debt service cover ratio (EBITDA and mutation working capital divided by paid interest plus repayment of loans and payment of dividends) above 1.1. Ultimo 2015, Brill performed well within the boundaries of these covenants.

12a. Trade creditors and other payables

Trade creditors and other payables	2015	2014
Trade creditors	3,566	3,883
Other taxes and social securities	186	221
Accruals	1,767	1,625
Other payables	1,293	1,161
	6,812	6,890

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.

12b. Provisions

Provisions	2015	2014
Trade creditors	104	193

Contract termination costs

This provision is made for the termination of the rental contract (including all related expenses) for the offices of Rodopi BV which are empty as from December 2014. Brill had no intention to use this office space.

13. Financial instruments

Brill transacts currency forward agreements and other financial instruments exclusively with counterparties with prime credit rating. Valuation of financial instruments is based on fair value, taking into account current and future developments in interest and currency rates. The value of the currency forwards at the end of the reporting period is attributable to our counterparty without any risk discount. Changes in credit rating of our counterparties had no effect on the evaluation of effectiveness of our financial instruments.

The fair value of our financial instruments is the amount that would be received when selling the asset or paid when ceding the liability in a regular transaction between market participants at valuation date. The fair value of cash, accounts payable and accounts receivable as well as other current assets and liabilities is near book value, mainly because of the short maturity.

Fair value	Book value		Fair value	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Financial assets				
Cash and cash equivalents	6,299	5,254	6,299	5,254
Trade and other receivables	7,971	7,770	7,971	7,770
Financial liabilities				
Trade and other payables	-6,812	-6,890	-6,812	-6,890
Currency forward agreements	-184	-541	-184	-541

Hedge accounting

Brill only uses cash flow hedging using synthetic and regular currency forward agreements. At the end of the reporting period, US dollar 8.5 million (2014: US dollar 8.4 million) worth of forward agreements was outstanding, with maximum duration of twelve months and with fair value at the end of the reporting period of minus EUR 184 thousand (2014: minus EUR 541 thousand).

The purpose of the cash flow hedge is to shield the probable future sale of our US dollar cash flow against fluctuations in the exchange rate until the moment of settlement by receipt of the cash flow. The future US dollar cash flow will materialize within twelve months after the end of the reporting period. Results of forwards at 90 days before maturity are recognized in the income statement under the item Net revenue.

At maturity the remainder of the results is recognized as financing results (revaluation of debtors). Results of outstanding forwards will affect 2016 entirely. The hedges were considered effective in both 2015 and 2014, and no amount for non-effectiveness was recognized in the income statement for both years. In 2015, EUR 357 thousand (2014 minus EUR 749 thousand) worth of changes in fair value from the cash flow hedge was booked in equity. From testing the forward agreements used for the cash flow hedge, the Group established that they are effective at the end of the reporting period.

Hierarchy in fair value

As per December 31, 2015, Brill held the below financial instruments, valued at fair value, grouped by valuation method:

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. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

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.

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.

Fair value measurement of assets and liabilities

	Currency forward agreements	
	31-12-2015	31-12-2014
Level 1	0	0
Level 2	-184	-541
Level 3	0	0
Total	-184	-541

Every year, at the end of the reporting period, Brill evaluates the hierarchical classification of regularly used financial instruments, based on the lowest level of the utilized variables that have a material impact on the instrument's fair value.

Classification of financial instruments	Loans and receivables (at amortized cost price)	At fair value, changes in valuation recognized in		Total
		Comprehensive Income	Income statement	
Per December 31st, 2015				
Assets				
Trade and other receivables	7,971	0	0	7,971
Cash and cash equivalents	6,299	0	0	6,299
	14,270	0	0	14,270
Liabilities				
Trade and other payables	6,812	0	0	6,812
Currency forward agreements	0	184	0	184
Tax to be paid	651	0	0	651
	7,463	184	0	7,647
Per December 31st, 2014				
Assets				
Trade and other receivables	7,770	0	0	7,770
Cash and cash equivalents	5,254	0	0	5,254
Tax to be received	127	0	0	127
	13,151	0	0	13,151
Liabilities				
Trade and other payables	6,890	0		6,890
Currency forward agreements	0	541	0	541
	6,890	541	0	7,431

14. Financial risk management

Foreign currency exchange risk

Brills functional and reporting currency is the euro. The US dollar is the only other currency relevant to Brill's business. In 2015, around 38% (2014: 38%) of revenue originated from the United States. Normally, prices in US dollars are announced at the beginning of the year and are adjusted annually. In determining prices in US dollar, current exchange rate circumstances are taken into account. Since the majority of expenses are in euro, Brill is net long in US dollars. Brill's policy is to hedge around 90% of the expected net incoming free cash flow in US dollars for the next twelve months by using currency forward contracts or currency options.

In addition, Brill attempts to limit currency risk by means of natural hedging, meaning substituting expenditure in euro by expenditure in US dollar and entering into liabilities in US dollar to compensate receivables in US dollar. The net result is a limited currency risk. In 2015, Brill recognized a foreign exchange result of EUR 219 thousand (2014: 272 thousand).

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	2015	2014
Net revenue	231	204
Gross profit	161	148
Net income	78	36
Equity	-274	-286

Impact of a 5% decrease of the US dollar value versus the euro	2015	2014
Net revenue	-209	-185
Gross profit	-146	-134
Net income	-71	-33
Equity	334	259

In determining the impact, Brill takes the current hedging contracts into account. The impact on Operating profit is mainly caused by the change in valuation of assets and liabilities in US dollars. 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 (refer note 2.24).

Interest rate risk

As per ultimo 2015, no long- or short-term bank credits or deposits were used. The risks of changes in interest rates on the profit and loss and equity are therefore nil. Brill's policy is to enter into interest rate swaps in case of a long-term borrowing, if it seems certain that based on the interest rate expectations for the money and capital markets, the swap will cause the interest expenses to be lower.

Credit risk

The business of Brill is concentrated in Western Europe, the United States and Japan. Over 80% of Brill's sales are transacted via third parties, such as book distributors and journal subscription agents. Currently, a consolidation is ongoing in the trade market. Although the risk of insolvency of a trade customer is unchanged, this concentration does cause an increase in the potential impact of an insolvency. To control for this risk, Brill has taken out a credit risk insurance on a part of the credit risk with trade partners. For ongoing sales activity, Brill has access to relevant credit information. In addition, Brill's credit policy includes payment terms, credit limits, dunning policies and using factoring where applicable. Our cash flow is impacted by the payment behavior of our customers; therefore compliance with payment terms is monitored closely.

In 2015 the average number of Days Sales Outstanding for sales made on open credit (excluding prepaid subscription based products) was in the United States 107 days (2014: 101) and in the Rest of World 82 days (2014: 80 days).

In the journals business Brill 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 risks exist relating the sale of online products because Brill can terminate access to the product at any time.

Periodically, Brill evaluates collectability of trade debtors not covered under credit insurance and based on this analysis, adjusts the provision for bad debts.

Evaluation is carried out using the individual method, meaning that judgments about collectability are made by individual invoice. Objective judgment is formed on the basis of historic payment behavior of the trade debtor and information from third parties about the credit rating of the debtor. The maximum risk on trade and other receivables is equal to the total book value at balance date.

Liquidity risk
Periodically, Brill prepares quarterly evaluations of its liquidity position using a seasonal cash flow pattern in combination with expected changes in expenditure and income. Brill's policy is to ensure continuous availability of funds required through working capital management, ensuring availability of credit facilities or long-term borrowings and by sustaining its ability to issue additional shares in order to finance measures that add structural value to the business.

The below table shows the maturities of the Companies' financial liabilities.

	Balance amount	Maturity					
		Immediate	< 3 months	3-12 months	1-5 year	> 5 years	Total
As per December 31st, 2015							
Trade and other payables	6,812	3,879	1,147	1,786	0	0	6,812
Currency forward receipts		0	-2,430	-4,892			-7,322
Currency forward payments		0	2,520	4,986	0	0	7,506
		3,879	1,237	1,880	0	0	6,996
As per December 31st, 2014							
Trade and other payables	6,890	4,233	949	1,798	0	0	6,980
Currency forward receipts		0	-1,776	-4,039			-5,815
Currency forward payments		0	2,040	4,316	0	0	6,356
		4,233	1,213	2,075	0	0	7,521

Financial policy

Brill's financial policy is aimed at solid financing of Brill's growth objectives, where free cash flow should cover interest and redemption of long-term borrowing as well as cash dividends. This is to be achieved through strategic development of working 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. The policy assumes solvability of between 40 and 60% and adherence to the covenants relating to our credit facility.

15. Segment information

Brill's management evaluates company performance both from a business segment as well as from a geographical perspective. Business segments (Publishing Units) are evaluated on the basis of revenue, income and Net assets in use. Product types are evaluated on the basis of revenue. Geographical areas are evaluated on the basis of revenue.

Brill's publishing activities are segregated into four business segments, identified as Publishing Units:

- HIS – History (including medieval, early modern and modern history, history of warfare, history of science, book history and history of cartography), American studies, Slavic and Eurasian Studies, social sciences and biology
- LAW – International Law, Human Rights and Humanitarian Law and International Relations
- MIA – Africa, Cultural studies, Language and Linguistics, Literature, Middle Eastern and Islamic studies and Asian studies
- ARC – Philosophy (including philosophy and ethics), Art, Religion and Bible studies, Theology, Jewish studies, Ancient Near East, Egyptology, Classical antiquity, Greek and Latin literature

In early 2015 management of Brill decided to add the segment CS (Classical Studies) to the segment ARC and the segment AS (Asian Studies) to MIA. Both CS and AS were relative small segments and management perceived that the segments would benefit from more opportunities if they were included in another segment, both on a reporting and operational level. Furthermore, MIA and ARC management had been responsible for the merged units in 2014 as well. Brill management primarily uses EBITDA to assess the profitability performance of the business segments, and a measure of Net assets (Capital invested, which includes fixed tangible and intangible assets, net of deferred tax liabilities relating to acquired intangibles plus working capital net of cash) to assess the capital requirement of each segment. Average Capital Invested is used in computation of the Return On Invested Capital.

In the table below, Profit before tax includes EBITDA only for the Publishing Units, whereas the column Unallocated refers to depreciation and amortization of fixed assets and financial results and tax.

Publishing Unit	LAW	MIA	HIS	ARC	Unallocated	Total
Revenue 2015	6,373	9,200	6,838	8,398	0	30,809
Revenue 2014	6,030	8,313	6,641	8,617	0	29,601
EBITDA/Profit before tax 2015	980	630	730	1,453	-625	3,168
EBITDA/Profit before tax 2014	1,035	474	647	1,524	-766	2,914
Capital invested 31-12-2015	9,873	5,605	2,910	2,479	0	20,867
Capital invested 31-12-2014	9,835	5,836	3,001	2,908	0	21,580

Reconciliation of Revenue and profit before tax	2015	2014
Revenue	30,809	29,601
Cost of goods sold	-10,397	-9,614
Sales costs	-6,349	-6,165
General and administrative expenses	-10,269	-10,142
EBITDA	3,794	3,680
Adjustments		
Depreciation	-616	-734
Amortization	-163	-271
Finance income	221	284
Finance expense	-68	-45
Profit before tax	3,168	2,914

Reconciliation assets	2015	2014
Capital Invested	20,867	21,580
Adjustments		
Current Liabilities	15,940	14,410
Deferred Tax Liabilities	3,626	4,179
Cash and cash equivalents	6,299	5,254
Assets	46,732	45,423

Product revenue segmentation is as follows:

Revenue by product type	2015		2014	
Books	7,180		6,446	
Journals	6,942		7,001	
Other	918		745	
Digital revenue		15,040		14,192
Books	13,408		13,266	
Journals	1,899		1,921	
Other	462		222	
Offline revenue		15,769		15,409
Total		30,809		29,601

Other includes revenue generated from Primary sources.

Customer sales above 10% of total was:

Publishing Unit	LAW	MIA	HIS	REL	Total
Ebsco International Inc.	532	684	1,180	1,445	3,841

Geographical spread of revenue (according to the location of the customer) is:

Revenue by region	2015	2014
Europe	13,881	13,595
United States	11,721	11,124
Rest of World	5,207	4,882
	30,809	29,601

The ownership of all intangible assets and the majority of tangible assets lies in the Netherlands.

16. Expenses

Cost of Goods Sold contains the following cost types: technical production cost, amortization of intangible fixed assets and inventory, shipping cost and royalties.

Cost of Goods Sold	2015	2014
Technical production costs, content and shipping cost	9,558	8,802
Amortization content in intangibles assets (primary sources)	155	145
Royalties	684	666
	10,397	9,613

Reconciliation Selling and administrative costs with personnel costs and operating expenses	2015	2014
Sales expenses	6,349	6,165
General and administrative costs	10,269	10,142
	16,618	16,307
Personnel costs	9,016	8,330
Operational expenses	7,602	7,977
	16,618	16,307

Breakdown of personnel costs is as follows:

Personnel costs	2015	2014
Salaries	8,031	7,550
Social security payments	1,089	1,057
Defined contribution pension arrangement	830	717
Other defined contribution arrangements	353	336
	10,303	9,660
Salaries booked to Work in progress	-1,287	-1,330
	9,016	8,330

Personnel costs booked to work in progress relate only to the internal desk editing team. This team constitutes about 20% of Brill's overall workforce. Desk editing writes time to products, which is then capitalized or expensed as the case may be. In addition to internal staff, Brill uses vendor services to an increasing extent for editing and typesetting of its publications.

The average workforce remained about the same in size in 2015 relative to the preceding year and amounted to an average of 131.9 FTEs (2014: 132.0 FTEs). At the end of 2015, 23.4 FTEs (2014: 25.4 FTEs) were working outside the Netherlands (from Brill's offices in Boston and the representative office in Singapore, as well as from home offices in the United Kingdom, Canada, Germany and Switzerland).

FTEs	year-end 2015	year-end 2014
Publishing Activities	52.7 [41.0%]	51.2 [38.1%]
Operations *	38.9 [30.2%]	41.6 [31.0%]
Sales & Marketing	24.7 [19.2%]	28.7 [21.4%]
Other **	12.4 [9,6%]	12.6 [9.4%]

* Departments for desk editing, bibliographic support, electronic publishing technology, data management, production management, distribution and IT.

** General Management and the departments of Finance & Control, Legal, and Human Resources.

During the year, the company moved its pension plan for staff in the Netherlands from Interpolis to Pensioenfonds Grafische Bedrijven.

Operating expenses of EUR 7,602 thousand (2014 EUR 7,977 thousand) include all costs except those related to the cost of goods sold and personnel costs.

17. Finance income and expense

Interest rate received on our current account balance was 0% in 2015 (2014: 0%).

Finance income	2015	2014
Interest received	2	12
Foreign exchange rate differences	219	272
	221	284

Finance expense	2015	2014
Interest paid	-68	-45
Foreign exchange rate differences	0	0
	-68	-45

18. 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 or redeemable preferred shares were outstanding that might lead to future dilution of earnings per share. After balance date, no share transactions took place.

Earnings per share	2015	2014
Net income	2,332	2,153
Weighted average number of shares issued	1,874,444	1,874,444
Earnings per share attributable to shareholders of Koninklijke Brill NV (in EUR)	1.24	1.15

19. Dividend paid and proposed

Dividend	2015	2014
Dividend paid		
Dividend paid for 2013: EUR 1.12		2,099
Dividend paid for 2014: EUR 1.15	2,155	
Proposed dividend for 2015		
(not included as a liability per December 31st 2015)		
Dividend to be paid for 2015: EUR 1.24	2,324	
Profit distribution proposal 2015		
Dividend on ordinary shares	2,324	
Added to retained earnings	8	
Net income	2,332	

20. Commitments

A rental agreement is in existence for our office located Plantijnstraat 2 in Leiden with duration until September 2023. A bank guarantee of EUR 107 thousand was issued in support of this agreement. In addition, Brill USA has a rental agreement for its office located on Liberty Square, Boston, MA with duration until February 2023. Furthermore, Brill has operational leasing contracts for company cars with duration of four years. Financial liabilities for leasing and rent are:

As per December 31st, 2015	2016	2017	2018	2019	2020	>2020
Company cars	57	45	41	19	0	0
Rent	541	551	561	571	582	1,534
	598	596	602	590	582	1,534

As per December 31st, 2014	2015	2016	2017	2018	2019	>2019
Company cars	56	27	18	14	0	0
Rent	599	611	605	561	572	2,137
	655	638	623	575	572	2,137

21. Information concerning related parties

Subsidiaries

These consolidated annual accounts contain the annual accounts of Koninklijke Brill NV and its subsidiary Brill USA, Inc. (in Boston, MA). It should be noted that during 2015, Editions Rodopi BV (Amsterdam), a wholly owned subsidiary, merged with Koninklijke Brill NV. In 2015, as in 2014, Koninklijke Brill NV had a 100% interest in Brill USA, Inc. At the moment of sale to a third party, Brill USA purchases print books from Koninklijke Brill NV with a discount in line with market standards. Brill USA receives a commission in line with market standards for selling online publications.

Remuneration of key executives

Brill is managed by a statutory director (Managing Director), supervised by the Supervisory Board.
The members of the Supervisory Board receive an annual remuneration. They do not receive cash or other deferred incentive payments, such as stock options or shares. The members do not accumulate any pension entitlements with Brill.

The remuneration of the Managing Director, as detailed in the remuneration policy consists of a fixed and a variable component. The variable component entails a short-term variable incentive, maximized at 40% of the fixed component and a three-year long-term variable component maximized at 40% of the fixed component. The Managing Director has no remuneration in stock options or shares. In addition Brill pays 70% of the pension premium in the employee pension plan (see note 2.18) for the Managing Director.

Remuneration of the Supervisory Board	2015	2014
Mr. R.E. Rogaar	10,417	25,000
Drs. Ing. H.P. Spruijt	0	10,417
Mr. R. Hoytema van Konijnenburg	15,860	0
Mrs. C. Lucet	25,000	25,000
Mr. A.R. baron van Heemstra	30,000	30,000
	81,277	90,417

Remuneration of the Managing Director (pay-out)	2015	2014
Fixed		
Salary	250,000	245,000
Pension premium paid by Brill	75,437	84,887
Variable		
Incentive plan (concerning performance of previous year)	39,200	79,000
	364,637	408,887
Total remuneration of Supervisory Board and Managing Director	445,914	499,304

In relation to the 2015 target achievement, an amount of EUR 55 thousand was recognized in the accounts of 2015 for pay-out in 2016. The short-term variable income to the Managing Director is granted according to performance criteria which in 2015 were based on earnings per share and four non-financial targets (for 50%, 20%, 10%, 10% and 10% respectively). The profit per share target was met at 70% and accordingly the Managing Director was awarded a pay-out of 6%. Three of the four non-financial targets were fully met resulting in a pay-out to the Managing Director of 22%.

The long-term (3 year) variable income to the Managing Director is granted according to performance criteria which were based on growth of revenue. The 2013-2015 target (pay-out 2016) of 26% growth of revenue compared to 2012 was not met and no variable income was rewarded. The 2014-2016 target (pay-out 2017) of 8% average growth of revenue compared to 2013 was not met in 2015 and the 2015-2017 target (pay-out 2018) of 20% autonomous growth over three years was not met in 2015 either. Hence no reservations have been made in anticipation of the outcome of the current long-term targets.

It should be noted that the 2014 restatements, had they been known at the time of determining the variable remuneration related to 2014, would not have changed the amount of the pay-out.

Other related party transactions

There are no other related party transactions.

22. Events after balance sheet date

There are no events after balance date that give additional information about the actual situation as per balance sheet date with relevant financial impact on the company.

COMPANY FINANCIAL STATEMENTS 2015

CONTENTS

COMPANY BALANCE SHEET AS PER DECEMBER 31, 2015

In thousands of euro's

	31-12-2014		31-12-2013	
Assets				
Non – current assets				
Tangible fixed assets [3]	1,296		1,231	
Intangible fixed assets [4]	17,780		16,283	
Financial fixed assets [5]	558		1,579	
		19,634		19,093
Current assets				
Inventories	13,302		13,084	
Trade and other receivables [6]	8,055		7,677	
Tax to be received	0		73	
Cash and cash equivalents [7]	6,102		4,999	
		27,459		25,833
Total assets		47,093		44,926
Liabilities				
Equity				
Share capital	1,125		1,125	
Share premium	343		343	
Retained earnings	23,569		23,572	
Other reserves	-203		-359	
Undistributed profit	2,332		2,153	
		27,166		26,834
Non–current liabilities				
Deferred tax liability	3,634		3,801	
		3,634		3,801
Current liabilities				
Trade and other payables [8]	7,233		6,985	
Deferred income	8,189		6,765	
Provision	104		0	
Tax to be paid	583		0	
Derivative financial instruments	184		541	
		16,293		14,291
Liabilities		47,093		44,926

COMPANY INCOME STATEMENT IN 2015

In thousands of euro's

	2015	2014
Net income from continued operations		
Result from subsidiaries, net of tax	305	221
Other income, net of tax	2,027	1,932
	2,332	2,153

NOTES TO THE COMPANY ANNUAL ACCOUNTS

1. Information regarding the Company

The company annual accounts have been approved for publication by the Supervisory Board and the Managing Director on April 4, 2016. Brill is established and based in the Netherlands. Its certificates of shares are traded publicly at Euronext in Amsterdam.

2. Basis of preparation for the annual accounts

The annual accounts are prepared on the basis of Title 9, book 2 of the Dutch Civil Code, applying the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the Notes to the Consolidated Financial Statements. Subsidiaries are recognized under financial fixed assets using the equity method, applying the IFRS accounting policies endorsed by the European Union.

Where the notes to the company financial statements and the consolidated financial statements are almost the same, we refer to the consolidated financial statements.

It was established that the annual accounts of 2014 contained material misstatements. To reflect this, 2014 results are restated. For details on the misstatements and the impact on the accounts please refer to note 2.25 to the Consolidated Financial Statements.

3. Tangible fixed assets

2015	Leasehold improvements	Other	Total
Book value as per January 1st, 2015	43	1,188	1,231
Investment	28	606	634
Depreciation	-10	-578	-588
Merger	0	19	19
Book value as per December 31st, 2015	61	1,235	1,296
January 1st, 2015			
Cost	645	7,959	8,604
Accumulated depreciation	-602	-6,774	-7,376
Net book amount	43	1,185	1,228
December 31st, 2015			
Cost	673	8,587	9,260
Accumulated depreciation	-612	-7,352	-7,964
Net book amount	61	1,235	1,296

2014	Leasehold improvements	Other	Total
Book value as per January 1st, 2014	68	1,088	1,156
Investment	33	751	784
Depreciation	-58	-651	-709
Book value as per December 31st, 2014	43	1,188	1,231
January 1st, 2014			
Cost	612	7,208	7,820
Accumulated depreciation	-544	-6,120	-6,664
Net book amount	68	1,088	1,156
December 31st, 2014			
Cost	645	7,959	8,604
Accumulated depreciation	-602	-6,771	-7,373
Net book amount	43	1,188	1,231

Estimated useful life of fixed assets is as follows: Leasehold improvements 10 years, and other fixed assets (investments in IT, and furniture and equipment) between 3 and 10 years
.

4. Intangible fixed assets

*) CIS = Content & Information Systems

2015	Publishing rights	Goodwill	CIS*)	Total
Book value as per January 1st, 2015	13,633	1,879	771	16,283
Acquisition	92	0	0	92
Investment	0	0	267	267
Merger	1,456	0	0	1,456
Amortization	0	0	-318	-318
Book value as per December 31st, 2015	15,181	1,879	720	17,780
January 1st, 2015				
Cost	13,633	1,879	6,722	22,234
Accumulated amortization	0	0	-5,951	-5,951
Net book amount	13,633	1,879	771	16,283
December 31st, 2015				
Cost	15,181	1,879	6,989	24,049
Accumulated amortization	0	0	-6,269	-6,269
Net book amount	15,181	1,879	720	17,780

2014	Publishing rights	Goodwill	CIS*)	Total
Book value as per January 1st, 2014	13,633	1,879	924	16,436
Acquisition	0	0	0	0
Investment	0	0	263	263
Divestment	0	0	0	0
Amortization	0	0	-416	-416
Book value as per December 31st, 2014	13,633	1,879	771	16,283
January 1st, 2014				
Cost	13,633	1,879	6,459	21,971
Accumulated amortization	0	0	-5,535	-5,535
Net book amount	13,633	1,879	924	16,436
December 31st, 2014				
Cost	13,633	1,879	6,722	22,234
Accumulated amortization	0	0	-5,951	-5,951
Net book amount	13,633	1,879	771	16,283

5. Financial fixed assets

	2015	2014	ownership
Rodopi BV, Amsterdam, Nederland	0	1,306	100%
Brill USA, Inc. Boston, Verenigde Staten	558	273	100%
	558	1,579	

The financial fixed assets are stated at net asset value. The change in valuation of Brill USA is caused by the profit of 2015 of EUR 305 thousand and the revaluation of the USD of EUR minus 20 thousand.

At January 1, 2015 Rodopi BV was merged into Koninklijke Brill NV which causes the movement of EUR 1,306 thousand in 2014 to EUR 0 in 2015.

6. Trade and other receivables

Trade and other debtors are short-term in nature, non-interest bearing and have payment terms of 30-90 days in general, depending on the country of origin of the trade debtor. For an aging analysis and changes in the provision for bad debt, refer to Note 8 to the consolidated annual accounts.

	2015	2014
Trade debtors	6,257	5,813
Other receivables	1,798	1,864
	8,055	7,677

7. Cash and cash equivalents

As per ultimo 2015, cash and cash equivalents were EUR 6,102 thousand (ultimo 2014: EUR 4,999 thousand). The funds are freely available to Brill.

8. Trade and other payables

	2015	2014
Trade creditors	3,536	3,832
Intercompany liabilities	486	185
Accruals	1,766	1,620
Other short-term liabilities	1,445	1,348
	7,233	6,985

For further information refer to Note 12a of the consolidated annual accounts.

9. Commitments

A rental agreement is in existence for our office located Plantijnstraat 2 in Leiden with duration until September 2023. A bank guarantee of EUR 107 thousand was issued in support of this agreement. Furthermore, the company has operational leasing contracts for company cars with a duration of four years.

Financial liabilities for leasing and rent are:

As per December 31st, 2015	2016	2017	2018	2019	2020	>2021
Company cars	57	45	41	19	0	0
Rent	326	336	346	357	367	1,069
	383	381	387	376	367	1,069

As per December 31st, 2014	2015	2016	2017	2018	2019	>2020
Company cars	56	27	18	14	0	0
Rent	327	337	347	357	368	1,526
	383	364	365	371	368	1,526

10. Audit fees

	2015	2014
Audit of annual accounts	95	75
Other audit assignments	0	6
Other non-audit assignments	0	12
	95	93

These audit fees relate to fees paid to PricewaterhouseCoopers Accountants N.V. (PwC) in the Netherlands. PwC is not used outside the Netherlands. In 2014, our accounts were audited by EY Accountants LLP Nederland.

Leiden, April 4, 2016

Supervisory Board
André R. baron van Heemstra
Catherine Lucet
Robin Hoytema van Konijnenburg

Managing Director
Herman A. Pabbruwe

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. Payment of a dividend on the amount paid up in respect of the cumulative preference shares in accordance with Article 25.2 of the Articles of association.

B. The Combined Meeting determines the amount, after deduction of the pay-out as established under A. that is to be added to Retained earnings in order to satisfy the Group's solvability objectives.

C. The Supervisory Board determines the variable remuneration of the Managing Director.

D. The Supervisory Board, consulting with the Managing Director, establishes the variable remuneration of the other staff.

E. The amount remaining after pay-out of the cumulative preference shares, retained earnings, and variable remuneration is at the disposal of the Annual General Meeting of shareholders for pay-out to holders of (certificates of) ordinary shares.

Profit appropriation proposal 2015

Management proposes a cash pay-out of EUR 1.24 per (certificate of) ordinary share of EUR 0.60 nominally. Refer to 'Shareholder information' on page 98. If the Annual General Meeting accepts the dividend proposal, the 2015 profit in the amount of EUR 2,332 thousand will be appropriated as follows:

Profit appropriation proposal	**2015**
Dividend on ordinary shares	2,324
Retained Earnings	8
Net income	**2,332**

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting and the Supervisory Board of Koninklijke Brill NV

Report on the financial statements 2015

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Koninklijke Brill NV as at December 31, 2015 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Koninklijke Brill NV as at December 31, 2015 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 2015 of Koninklijke Brill NV, Leiden, the Netherlands ('the company'). The financial statements include the consolidated financial statements of Koninklijke Brill NV and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2015;
- the following statements for 2015: the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in total equity and the consolidated statement of cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at December 31, 2015;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been 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. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Koninklijke Brill NV in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Managing Director made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain like the valuation of the publishing rights, goodwill and capitalised content related costs. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Managing Director that may represent a risk of material misstatement due to fraud.

The company used external service providers fulfilling sales orders. Since these operating activities are out of the direct control of management we paid special attention to the information flow from the external service providers. We refer to the scoping paragraph. Since 2015 was the first year that we audited the financial statements of the company, we carried out a comprehensive process of understanding the business of the entity, its environment, including internal controls and IT systems. Additionally, we carried out a review of the predecessor auditor's files and discussed the outcome thereof to confirm our understanding of the opening balance sheet and internal controls within the company. Based on these procedures, we have prepared our risk assessment and audit plan which has been discussed with the Supervisory Board.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of an internationally operating publishing entity. We included in our team specialists on valuations, IT and hedge accounting.

Materiality

- Overall materiality: € 158,000 which represents 5% of profit before tax.

Audit scope

- The group consisted of two legal entities in respectively the Netherlands and the United States of America (USA). All sales transactions were recorded in the Netherlands. Operating expenses were made in the Netherlands and in the USA. Following that structure we performed our audit work at the head-office in Leiden. We instructed the auditor of Brill USA Inc. to perform a review and to carry out specified procedures on wages and salaries.
- We participated in the stock take that was carried out in the UK regarding inventories stored at the premises of the external service provider. We instructed the auditors of the external service provider in the USA to count the inventories at the external service provider in the USA and report to us the results of the stock count.
- Our audit coverage was: 100% of consolidated revenue and 100% of the consolidated total assets.

Key audit matters

- Accounting and disclosure of misstatement of onerous lease contract in the financial statements 2014
- Accounting and disclosure of hedge transactions including related misstatements
- Valuation of goodwill and publishing rights
- Valuation of Content in inventories and accuracy of cost of goods sold

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibility for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€ 158,000
How we determined it	5% of profit before tax
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the company.
Component materiality	To the auditor of the subsidiary in the USA we, based on our judgement, allocated a materiality of € 100,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above € 7,900 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

The global operations of the company are carried out through the entities in the Netherlands (Koninklijke Brill NV) and USA (Brill USA, Inc). The financial information of these entities was included in the consolidated financial statements of Koninklijke Brill NV. The group audit focussed on both legal entities in the Netherlands and the USA.

In determining our scoping of the group audit we considered the activities carried out under direction of management of the company and those activities carried out by external service providers. Where the work was performed by other auditors like the auditor of Brill USA Inc. and the auditors of external service providers we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Because revenues and cost of goods sold in the USA were audited by the group audit team in the Netherlands we instructed the auditor of Brill USA Inc. to carry out a review on the financial information 2015 of Brill USA Inc. Given the specific local legal requirements we also requested them to carry out specified procedures on wages and salaries. We read the review report prepared by the auditor of Brill USA Inc., read the outcome of the specified procedures on wages and salaries and discussed the results of the work carried out by them.

We determined the significance of the activities performed by external parties for the company's internal control and financial reporting processes. We identified the external party in the UK as of significant influence on the operating activities of the company regarding the processes around the goods movement and billing processes. We obtained the ISAE 3402 report on the description, design and operating effectiveness of the internal controls at that external party and we decided to participate in the stock count at the external service provider in the UK. We read the ISAE 3402 report prepared by the auditor of the external party in the UK, discussed the conclusions of reported work carried out by them and participated in the meeting between the external party in the UK and the auditor of the external service provider in the UK. We concluded that the result of the work carried out was sufficient. We requested the auditor of the external party in the USA to perform specified procedures regarding the external party's stock count and to report thereon. We discussed the stock count results in the USA and we concluded that the results were appropriately followed up.

The group consolidation, financial statement disclosures and complex items were audited by the group engagement team at the head office. These included the accounting of hedge transactions, impairment analyses of intangible fixed assets and the valuation of inventories.

By performing the above procedures we obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter

Accounting and disclosure of misstatement of onerous lease contract in the financial statements 2014
Note 2.25

In 2014 management decided that the operations of Editions Rodopi BV in Amsterdam had to be relocated to the premises of the head office in Leiden. The relocation took place in 2014. Consequently, the existing lease contract of the office in Amsterdam became onerous and should have been accounted for as an onerous lease contract in the financial statements 2014.
In 2015 management discovered this error and made an estimate of the total costs of terminating the lease contract taking into account an agreed discount from the lessor. The total cost was € 196,000. Management determined the accounting error to be material with reference to IAS 8 and that the error should be corrected in the financial statements 2015 retrospectively. The error was corrected in the opening equity of 2015 and the comparative numbers in the balance sheet and consolidated income statement were adjusted accordingly.

Given the size of the misstatement and the treatment in the financial statements 2015 we paid specific attention to the nature and amount of the provision.

How our audit addressed the matter

We determined whether and how the provision for the onerous lease contract had to be accounted for in the comparative figures of the financial statements 2015 based on the following elements:

- When was the decision made and by whom?
- What was the balance of the unavoidable costs of meeting the contractual obligations exceeding the economic benefits expected?

We obtained the internally prepared documentation regarding the decision to acquire the shares of Editions Rodopi BV and to relocate to the head office dated respectively March 7, 2014 and November 4, 2014. That information confirmed that the decision to move out of the office in Amsterdam and to relocate in Leiden was made by management in 2014. The letter of November 4, 2014 confirmed that the employees moved out of the offices in Amsterdam to Leiden prior to December 31, 2014. We verified that the costs associated with the lease contract reconciled with the final settlement of the lessor and the provision. We evaluated the effect of this error on work to be performed on the opening balance sheet. We assessed that the error related to an isolated transaction namely the acquisition of an entity and subsequent decision on the future location. We decided that no additional tests had to be performed on the opening balance sheet as at January 1, 2015.

Key audit matter	How our audit addressed the matter
Accounting and disclosure of hedge transactions including related misstatements *Notes 2.24 and 2.25*	
Management used forward contracts to limit the exposure on the US dollar on incoming cash flows from expected future sales. IFRS provides specific accounting treatment (hedge accounting) for the use of such derivatives in a hedging relationship provided certain conditions are met. Management opted to apply cash flow hedge accounting as described in note 2.24. During the hedge relation the (effective portion of) changes in the fair value of the derivative are recognized in equity. Cash flow hedge accounting is designed to recycle the effective portion of fair value changes previously recognized in equity to the consolidated income statement once the expected future revenues materialize and are recognized in the consolidated income statement including any foreign currency translation results.	As part of our procedures in this first-year audit we obtained a detailed understanding of Koninklijke Brill NV's methodology for hedging their currency risk on expected revenues in US dollars. We read the treasury policy, treasury manual, hedge documentation and the audited financial statements of 2014. Next to that, we had multiple meetings with the controlling department to enhance our understanding. We concurred with management that all requirements are met to apply cash flow hedge accounting under IFRS. Based on the reviewed documentation we concluded that the effective portion of the hedge accounting was recognized and classified wrongly. We concurred with the adjusted accounting treatment of the hedged positions.
The aforementioned eventually leads to the mitigation of the exposure on the US dollar. Not applying hedge accounting would result in accounting for those changes directly in the consolidated income statement whereas any foreign currency translation result on the expected sales will be accounted for in the consolidated income statement on a later date.	We recalculated the effective portion of derivatives designated as hedging instruments and we determined the adjustment to be made to the amount which was recycled from equity to the consolidated income statement. We reconciled the amounts to the made adjustments in the comparative figures of the financial statements 2015 and the opening balance as at January 1, 2014. We found no significant differences.
However the company recognized all results on derivatives in the consolidated income statement at the moment the derivative settled and not on the moment when the future sales materialized. As a result the recognition and the classification of the effective portion of fair value changes of the derivatives in the consolidated income statement was wrong.	We considered the misstatement on a year over year effect and concluded that the error would not impact the work to be performed on the opening balance sheet as at January 1, 2015.

Key audit matter

The impact of this misstatement on the profit before tax 2014 was € 200,000. In accordance with IAS 8 management therefore restated the opening balances of equity and restated the comparative figures of the financial statements 2015.
Since the amount of the adjustment was significant we considered the accounting and the treatment of the misstatement as a key audit matter

Valuation of goodwill and publishing rights
Note 2.9

At December 31, 2015 management recognized goodwill and publishing rights with a total book value of € 17,060,000 representing 36.5% of the consolidated balance sheet total. The publishing rights comprised intangible fixed assets like brands, imprints and product portfolios. Like goodwill publishing rights were not amortized, but assessed for impairment annually.
The impairment calculation included estimates like forecasted revenues, development in gross margins and a discount factor. In the calculation management used several assumptions like growth rate, maturity of the market, revenues from new editions and terminal growth rate. Management assessed the book value of publishing rights compared to the outcomes of the impairment tests. Management concluded that the intangible assets were not impaired at December 31, 2015.

Given the size of the balance of the intangible fixed assets and the fact that the impairment analyses were based on management's assumptions we considered the valuation of the goodwill and publishing rights as a key audit matter.

How our audit addressed the matter

We obtained the impairment analyses for each cash generating unit (CGU) as prepared by management. We involved our valuation specialists and tested the impairment models on methodology and mathematical accuracy. In the impairment models we specifically paid attention to the used assumptions in the forecasted cash flows such as maturity of the market, developments in the individual CGUs, growth rate and terminal growth rate. By comparison with other internationally operating publishing companies we challenged the used discount rate. We assessed the used underlying conditions for the calculation of the weighted average cost of capital like the interest free rate, beta and market premium. To assess the capability of management to prepare forecasts we tested the past forecasted cash flows in comparison to the actual results. Because the headroom in relation to CGU LAW is lower than the other CGUs we paid specific attention to the assumptions used and prepared sensitivity analyses. We assessed the assumptions used in the sensitivity analyses with reference to past growth percentages and reconciling the used growth percentages with the strategic plan of management. We recalculated the effects of the sensitivity in the calculation as described in note 5 and concluded that the impairment analysis was performed in accordance with IFRS and that the outcome of the impairment tests were accurately accounted for.

Key audit matter	How our audit addressed the matter
Valuation of Content in inventories and accuracy of cost of goods sold *Notes 2.11 and 2.19* At December 31, 2015 the inventories had a value of € 13,302,000. Inventories consisted of finished products at the warehouses, work in progress and capitalized content (further: 'Content'). Content amounts to € 7,592,000 and was valued at historical costs based on internal hours spent at a standard rate without overhead uplift and external costs from editors, typesetting and illustrations. In note 2.11 management described the items included in 'Content'.	We tested the internal controls including authorization procedures regarding the recognition of capitalized costs. On a sample basis we tested the valuation of the inventories by substantiating these to original invoices from third parties. We determined that the capitalized costs were relating to Content. Regarding the capitalized internal hours we tested the internal controls around the recording of hours and we tested on a sample basis the accuracy of the capitalized hours. We verified that the applied hourly rates corresponded to the actual employee costs within the company.
Based on the estimated production volume in the future the average component for cost of goods sold regarding 'Content' was calculated. The estimates of the expected quantities were based on development of sales in the past and expectations of sales for the future. Also the estimates of quantities to be sold are used determining the provision for obsolescence.	We tested the process of determining the estimated production volume that was based on the sales patterns and we tested the mathematical accuracy. We verified the quality of estimates by reviewing the forecasted sales patterns and production volumes in the past compared to the actual volumes. We recalculated the unit costs charge for Content to the income statement.
Given that the amount of Content is material for our audit and the estimated production volume significantly impacted the determination of cost of sales we considered the valuation of Content and accuracy of cost of sales as key audit matters.	We analyzed the value of content by the review of forecasted production volumes and discussed the forecasted sales volumes with management.

Responsibilities of the Managing Director and the Supervisory Board

The Managing Director is responsible for:

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

As part of the preparation of the financial statements, the Managing Director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Director should prepare the financial statements using the going concern basis of accounting unless the Managing Director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Managing Director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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 to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements.

Misstatements may arise due to fraud or error.
They are considered to be 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.

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

Report on other legal and regulatory requirements

Our report on the Report of the Managing Director and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the Managing Director and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Managing Director, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Managing Director, to the extent we can assess, is consistent with the financial statements.

Our appointment

On proposal of the Supervisory Board we were appointed as auditors of Koninklijke Brill NV by the shareholders at the Annual General Meeting held on May 13, 2015 for a period of 1 year.

Utrecht, April 4, 2016
PricewaterhouseCoopers Accountants N.V.

Original signed by drs. J.W. Middelweerd RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2015 OF KONINKLIJKE BRILL NV

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 skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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. Our audit consisted, among others of:

- 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 Managing Director.
- Concluding on the appropriateness of the Managing Director'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 company's 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.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

INFORMATION FOR SHAREHOLDERS

The Brill share

Since July 1997 Koninklijke Brill NV has been listed on Euronext Amsterdam.
The register of shareholders of Koninklijke Brill NV is managed by:

SGG Management (Netherlands) BV
Claude Debussylaan 24
1082 MD Amsterdam
T +31 20 52 22 555

SGG also acts as administrator of the Stichting Administratiekantoor Koninklijke Brill. Registered shareholders can send changes of address notifications and questions on shareholding or Dividend payments to the above-mentioned trust office.

In the context of the Financial Supervision Act, the following holders of share certificates, insofar as known on December 31, 2015 to the company, have an interest of 3% or more:

Filings	Size	Declaration date
Mont Cervin Sàrl	22%	22 June, 2012
Kempen Capital Management NV	12%	1 June, 2014
Todlin N.V.	6%	22 February, 2013
Brokat Media Support BV	5%	18 December, 2012
Stichting Administratiekantoor Arkelhave	5%	18 July, 2014
Stichting John en Marine Van Vlissingen Foundation	5%	11 August, 2015
GVB Capital Management	3%	26 June, 2012
Add Value Fund NV	3%	18 July, 2012

Number of Shares

The number of shares outstanding with a nominal value of EUR 0.60 was 1,874,444 on December 31, 2015 (on December 31, 2014 1,874,444). The changes compared to the previous year in the number of outstanding shares are indicated in the notes to the company accounts. Of the total number of shares outstanding as of December 31, 2015, 1,834,463 certificates were issued and 39,981 registered shares were recorded in the share register.

Dividend 2015

At the Annual General Meeting of Shareholders on May 19, 2016 it will be proposed that a dividend of EUR 1.24 per (certificate of) share be paid in cash.

Holdings of the Management and Supervisory Board

Herman A. Pabbruwe 8,311 shares (Managing Director)

With the consent of the Supervisory Board, the Managing Director, before his appointment and for his own account and risk, acquired share (certificates) in Brill via his bank. It has been agreed with the Supervisory Board that the Managing Director will not dispose of or encumber these certificates, possibly increased by stock dividend for which a standard instruction has been given, during his active employment.

FINANCIAL AGENDA 2016

Annual General Meeting of Shareholders
May 19, 2016 (2.00 PM at the Brill premises)

Publication of Results First Half Year 2016
August 25, 2016 after stock market close

Trading Update Third Quarter 2016
November 15, 2016 after stock market close

Investor Relations

Brill is pleased to provide (potential) shareholders and other stakeholders with relevant information to the best of its ability. Copies of (semi-) annual reports can be found at www.brill.com/resources/corporate/investor-relations. In addition, information may be requested via the following address.

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ABOUT THIS ANNUAL REPORT

Annual report and Brochure

This annual report is available in PDF format on www.brill.com under Resources/Corporate/Investor Relations.

Also a brochure will be published containing a summary of the consolidated Financial Statements, the Managing Director's Report and a special article.

The brochure 'Brill in 2015' will also be available on www.brill.com under Resources/Corporate/Investor Relations.

Colophon

Design and lay-out
André van de Waal
Coördesign, Leiden

TUTA SUB AEGIDE PALLAS · 1683 ·

BRILL