

BLOOMSBURY PUBLISHING PLC
(“Bloomsbury” or “the Company”)

Audited Preliminary Results for the year ended 28 February 2023

Record sales and profit ahead of recently upgraded expectations
Final dividend up 10%

Bloomsbury Publishing Plc (LSE: BMY), the leading independent publisher, today announces audited results for the year ended 28 February 2023.

Commenting on the results, Nigel Newton, Chief Executive, said:

“We are delighted to have achieved these record results with sales up 15% to £264.1 million and profit up 16% to £31.1 million. Compared to two years ago, sales are up 43% and profits up 62%. Our growth outperformed the industry which was up 4%¹. These results demonstrate the strength of our strategy to publish for both the consumer and the academic markets, unusual in our industry, and to grow digital revenues while expanding globally.

In challenging economic times, readers are turning to books as affordable as they cut back on more expensive forms of diversion.

Our long-term strategy to invest in digital content, which has delivered strong growth and cash, which enables future strategic investment in both our academic and consumer markets and potential acquisitions – the flywheel of Bloomsbury.

Bloomsbury Digital Resources (“BDR”) continues to deliver high margin, quality, repeatable revenues, with sales growth of 41% driven by organic and acquired assets. This drove the Non-Consumer division’s revenue growth of 19% and a 43% increase in profit before tax and highlighted items² to £13.1 million. Resilient demand for our books saw the Consumer division revenue grow by 12%, achieving a 2% increase in profit before tax and highlighted items² to £18.1 million.

We have signed a further four book contract with Sarah J. Maas on top of the three books already under contract, as announced in March. Also, in April, HBO Max announced a new Harry Potter television series, over a decade, with each season dedicated to one of the seven books. A Bollywood streaming version of William Dalrymple’s *The Anarchy* is being planned and *The Three-Body Problem*, the bestselling trilogy by Cixin Liu, is in production at Netflix.

In recognition of our strong performance and in line with our progressive dividend policy, the Board proposes a 10% increase in our final dividend to 10.34 pence per share.

Trading for 2023/24 has started in line with the Board’s expectations and the Board is confident in its ability to achieve continued long-term success. Bloomsbury plans to invest in further acquisitions and organic growth.”

Note

The Board considers current consensus market expectation for the year ending 29 February 2024 to be revenue of £272.1 million and profit before taxation and highlighted items of £32.2 million.

Financial Highlights

	2022/23	2021/22	2020/21	Growth 2022/23 vs 2021/22	Growth 2022/23 vs 2020/21
Revenue	£264.1m	£230.1m	£185.1m	15%	43%
Organic revenue ³	£231.6m	£212.7m	£185.1m	9%	25%
Profit before taxation and highlighted items ²	£31.1m	£26.7m	£19.2m	16%	62%
Profit before taxation	£25.4m	£22.2m	£17.3m	15%	46%
Adjusted diluted earnings per share	30.56p	25.94p	18.68p	18%	64%
Diluted earnings per share	24.54p	20.33p	16.71p	21%	47%
Net cash	£51.5m	£41.2m	£54.5m	25%	(5)%
Final dividend per share	10.34p	9.40p	7.58p	10%	36%

Operational Highlights

Non-Consumer Division

- Non-Consumer revenue growth of 19% to £97.4 million (2021/22: £81.9 million). Organic revenue growth was 3%
- Non-Consumer profit before taxation and highlighted items² increased by 43% to £13.1 million (2021/22: £9.1 million)
- Academic & Professional revenue growth of 28% to £75.7 million (2021/22: £59.3 million) and profit before taxation and highlighted items² up 37% to £12.4 million (2021/22: £9.1 million), with prior year acquisitions contributing £21.5 million revenue (2021/22: £8.4 million)
- Bloomsbury Digital Resources (“BDR”) revenue growth of 41% to £26.2 million (2021/22: £18.6 million) driven by strong demand for existing BDR products and growth from the acquisition of ABC-CLIO. Organic revenue growth was 18%
- New BDR target is to achieve further 40% organic revenue growth over the five years to 2027/28, to reach turnover of approximately £37 million

Consumer Division

- Consumer revenue growth of 12% to £166.7 million (2021/22: £148.2 million). Organic revenue growth was 12%, with the prior year acquisition contributing £11.0 million revenue (2021/22: £9.0 million) to Adult Trade
- Consumer profit before taxation and highlighted items² up 2% to £18.1 million (2020/21: £17.8 million)
- Adult Trade revenue up 5% to £57.8 million (2021/22: £55.2 million) and profit before taxation and highlighted items² of £1.0 million (2021/22: £2.0 million)
- Children’s Trade revenue growth of 17% to £108.9 million (2021/22: £93.0 million) and profit before taxation and highlighted items² up 9% to £17.2 million (2021/22: £15.8 million)

- Sales growth of Sarah J. Maas' titles of 51%; Harry Potter sales were strong 26 years after it was first published

Notes

¹ Publishers Association: 2022 UK market up 4% year-on-year.

² Highlighted items comprise amortisation of acquired intangible assets and legal and other professional costs relating to ongoing and completed acquisitions and restructuring costs.

³ Organic revenue for the year is defined as total revenue less revenue attributable to the acquisitions of Head of Zeus ("HoZ"), Red Globe Press ("RGP") and ABC-CLIO LLC ("ABC-CLIO"), completed during 2021/22.

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The Company does not undertake any obligation to update or keep current the information contained in this announcement, including any forward-looking statements, or to correct any inaccuracies which may become apparent and any opinions expressed in it are subject to change without notice.

References in this announcement to other reports or materials, such as a website address, have been provided to direct the reader to other sources of information on Bloomsbury Publishing Plc which may be of interest. Neither the content of Bloomsbury's website nor any website accessible by hyperlinks from Bloomsbury's website nor any additional materials contained or accessible thereon, are incorporated in, or form part of, this announcement.

Chief Executive's statement

Overview

Bloomsbury achieved its best ever performance in the year ended 28 February 2023, with revenue growth of 15% to £264.1 million (2021/22: £230.1 million) and a 16% increase in profit before taxation and highlighted items to £31.1 million (2021/22: £26.7 million). Profit before taxation increased by 15% to £25.4 million (2021/22: £22.2 million).

Growth in organic revenue was 9%, with the three strategic acquisitions completed during 2021/22, ABC-CLIO, RGP and HoZ, contributing revenue of £32.5 million (2021/22: £17.4 million).

The strength of demand for Bloomsbury titles and the excellent sales of our digital products, reflects our long-term growth strategy, the publishing judgement of our editors and the quality of our sales and marketing teams and infrastructure.

Our strategy of diversification, across channels and markets, continues successfully. Our international revenues have increased to 73% of total revenue – our highest ever. Our digital strategy ensures increasing publishing through digital channels, and we continue to expand our academic as well as consumer markets, most recently to the lucrative US schools market.

We continue to deliver success with the Bloomsbury Digital Resources (“BDR”) growth strategy of building high margin, high quality, repeatable revenues from our market leading Academic and Professional IP. BDR achieved 41% year-on-year revenue growth, and an 18% increase in organic revenue. This highly scalable business has grown its sales from £4.7 million in 2017/18 to £26.2 million this year, through organic growth and strategic acquisitions. Our academic customer renewal rate remained above 90%.

Our strategy enables us to continue to deliver growth from the ongoing shift to digital learning, accelerating the breadth and depth of our excellent digital products and the quality of our platforms and infrastructure. In addition, we accelerated our growth by leveraging last year's acquisitions of ABC-CLIO and RGP, through global sales as well as cross-selling existing digital products to ABC-CLIO's US schools market. Given the momentum behind the BDR strategy, Bloomsbury is setting a new growth target of further 40% organic revenue growth over the five years to 2027/28, to reach approximately £37 million turnover. Further acquisitions would augment this growth. This new, ambitious, target reflects the opportunities, synergies and integration of our acquisitions, particularly ABC-CLIO.

Bloomsbury won the 2022 Master Investor Company of the Year award.

The highlighted items of £5.7 million (2021/22: £4.6 million) consist of the amortisation of acquired intangible assets of £5.2 million (2021/22: £2.8 million), one-off legal and other professional fees relating to acquisitions and restructuring costs of £0.5 million (2021/22: £1.8 million). The effective rate of tax for the year was 20% (2021/22: 24%). The adjusted effective rate of tax, excluding highlighted items, was 19% (2021/22: 19%). Diluted earnings per share, excluding highlighted items, grew 18% to 30.56 pence (2021/22: 25.94 pence). Including highlighted items, profit before tax was £25.4 million (2021/22: £22.2 million) and diluted earnings per share grew 21% to 24.54 pence (2021/22: 20.33 pence).

We have increased our international revenues, in particular from the US, during the year. In 2022/23, changes in exchange rates, mainly the relative strength of the US dollar, increased revenues by £12.2 million and profit before taxation and highlighted items by £2.2 million.

Strategy

Bloomsbury's long-term growth strategy is aimed at continuing our success in investing in high-value intellectual property and building digital channels, increasing quality revenues and earnings. To achieve this, we are focused on the following long-term strategic objectives:

- **Non-Consumer**

- Goal: Grow Bloomsbury's portfolio in Non-Consumer publishing. Non-Consumer publishing is characterised by higher, more predictable margins, is less reliant on retailers and presents greater digital and global opportunities.

Achieved 2022/23: delivered 19% growth in Non-Consumer revenue.

- Goal: New BDR target is to achieve further 40% organic revenue growth over the five years to 2027/28, to reach approximately £37 million turnover.

Achieved 2022/23: Achieved 41% revenue growth, of which 18% was organic.

- **Consumer**

- Goal: Discover, nurture, champion and retain high-quality authors and illustrators, while looking at new ways to leverage existing title rights.

Achieved 2022/23: Delivered 12% growth in Consumer revenue. Bestsellers included *A Day of Fallen Night* by Samantha Shannon, *Stolen Focus* by Johann Hari, *Bake* by Paul Hollywood, Tom Kerridge's *Real Life Recipes* and *Trespasses* by Louise Kennedy.

- Goal: Grow our key authors through effective publishing across all formats alongside strategic sales and marketing.

Achieved 2022/23: 51% growth in sales of Sarah J. Maas title sales and seven new titles contracted.

- Goal: As the originating publisher of J.K. Rowling's Harry Potter series, ensure that new children discover and read it for pleasure every year.

Achieved 2022/23: Harry Potter title sales remain strong, 26 years after first publication. *Harry Potter and the Philosopher's Stone* was the 3rd bestselling children's book of the year on UK Nielsen Bookscan.

- **International Expansion**

- Goal: Expand international revenues. Continue our international growth and take advantage of the biggest academic market in the US.

Achieved 2022/23: Increased overseas revenues to 73% of Group revenue. US revenues increased to 48% of Group revenue.

- **Employee Experience and Engagement; Diversity, Equity and Inclusion**

Our success is driven by the expertise, passion and commitment of our employees, highlighting the importance of attracting, supporting and engaging our colleagues. We value diversity of

thought, perspectives and experience in shaping our culture and strategy, driving our long-term success and informing the ways in which we fulfil our social purpose.

- Goal: Be an attractive employer for individuals seeking a career in publishing, regardless of background or identity, adding cultural value to our business operations and performance.
- Goal: Focus on initiatives to create an environment that promotes diversity, nurtures talent, stimulates creativity and collaboration, supports well-being and is inclusive and respectful of difference.
- Goal: Implement Bloomsbury's Diversity, Equity and Inclusion Action Plan ("DEIAP").

Achieved 2022/23:

- All employees received a one-off £1,250 payment in February 2023, in addition to a permanent salary increase of £1,000 per annum from 1 October 2022, to help with the cost of living.
- Shortlisted for the IPG Diversity and Inclusivity Award and the LBF Inclusivity in Publishing Award for the second year running.
- Shortlisted for the Small Cap Diversity, Inclusion & Engagement award.
- Our DEIAP set targets for Black and minority ethnic groups to represent 20% of new UK recruits and 35% of new US recruits by 2024. In 2022/23, Black and minority ethnic groups represented 31% of UK applications and 20% of UK offers made. 15% of UK employees are from ethnic minority groups (2021/22: 13%). In the US, Black and minority ethnic groups represented 40% of applications and 59% of offers made. 26% of our US employees are from ethnic minority groups (2021/22: 20%).
- Official partner of The Runnymede Trust's Lit in Colour initiative, supporting student access to books by writers of colour and from minority ethnic backgrounds, drawing on our world-leading drama list from Methuen Drama.
- Ran a series of 'In Conversation' author interviews for over 700 schools, with live interviews with our authors Tanika Gupta, Benjamin Zephaniah and Khaled Hosseini.
- Founding signatory of the Publishers Association's Inclusivity Action Plan, to promote equality, diversity and inclusion within the industry's workforce.

- **Sustainability**

- Goal: Maximise our use of sustainable resources while seeking to reduce carbon emissions in line with our science-based targets. We recognise our responsibility to conserve the Earth's resources and we are committed to monitoring and improving the environmental impact of our operations.

Achieved 2022/23:

- Awarded the IPG Sustainability Award and winner of the inaugural London Book Fair Sustainability Initiative Award.
- Reduction of 80% in Scope 1 and 2 emissions from base year of 2019/20.

- Removed plastic shrink wrap from all Harry Potter paperback boxsets, piloted removing dust jackets and plastic finishes and introduced changes to backlist printing to reduce carbon emissions.
- Completed the CDP Climate Change questionnaire, receiving the second highest score of B, demonstrating our coordinated response to climate change.
- Completed our quantitative analysis of select climate-related risks and progressed our Task Force on Climate-Related Financial Disclosures (“TCFD”) reporting.

Non-Consumer Division

The Non-Consumer division consists of Academic & Professional, including BDR, and Special Interest. Revenues in the division grew by 19% to £97.4 million (2021/22: £81.9 million). Profit before taxation and highlighted items for the Non-Consumer division increased by 43% to £13.1 million (2021/22: £9.1 million). Profit before taxation increased by 25% to £8.2 million (2021/22: £6.6 million). Organic revenue growth was 3% with ABC-CLIO and RGP, acquired in December 2021 and June 2021 respectively, contributing £21.5 million revenue (2021/22: £8.4 million).

Academic & Professional

Academic & Professional revenues increased by 28% to £75.7 million (2021/22: £59.3 million) and profit before taxation and highlighted items increased by 37% to £12.4 million (2021/22: £9.1 million). Profit before taxation increased by 15% to £7.8 million (2021/22: £6.7 million). This was driven by the strength of our BDR strategy, with a 41% increase in revenue from both excellent organic growth in our existing digital products and leveraging recent acquisitions. BDR organic growth was 18%.

Our BDR growth strategy is to build high margin, high quality, repeatable digital revenue from our market leading Academic and Professional IP. The acquisition of ABC-CLIO increased the depth and breadth of our portfolio of digital products. Through this, we accelerated growth through global sales as well as cross-selling existing digital products to both schools and academic institutions. We increased the number of academic institution customers by 20% and maintained our existing customer retention rate at over 90%. We continue to see significant opportunities for further growth in both the global academic institution and US school markets.

The Academic & Professional profit margin increased to 16% (2021/22: 15%), predominantly driven by BDR growth and improved sales mix. Our BDR success delivers high margin incremental revenue, with gross margin of over 70%, created from our IP which is also sold through print and ebooks.

Special Interest

Special Interest revenue was £21.7 million (2021/22: £22.6 million), and profit before taxation and highlighted items increased to £0.6 million (2021/22: break even). Bestsellers during the year included *Wisden Cricketers Almanack*, *Reeds Nautical Almanac*, *Putin’s Wars* by Mark Galeotti and Osprey Games’ *Undaunted: Stalingrad* and *Stargrave*.

Consumer Division

The Consumer division consists of Adult and Children’s trade publishing. The Consumer division generated revenue growth of 12% to £166.7 million (2021/22: £148.2 million). Organic revenue growth was 12%. Profit before taxation and highlighted items increased by 2% to £18.1 million (2021/22: £17.8 million). Profit before taxation increased by 2% to £17.8 million (2021/22: £17.5

million). The strong performance was driven by the Children's divisions, across front and backlist titles, and includes £11.0 million revenue (2021/22: £9.0 million) from HoZ, completed in June 2021.

Bloomsbury's Consumer growth outperformed the rest of the UK market, in both print and digital formats; the Publishers Association reported Consumer growth of 2% for 2022.

Adult Trade

The Adult division achieved a 5% increase in revenue to £57.8 million (2021/22: £55.2 million) and profit before taxation and highlighted items of £1.0 million (2021/22: £2.0 million). Profit before taxation was £0.6 million (2021/22: £1.7 million). Revenue growth was driven by the strength of the backlist and includes £11.0 million (2021/22: £9.0 million) revenue from HoZ, completed in June 2021.

Sunday Times bestsellers in the year included *Stolen Focus* by Johann Hari, *Bake* by Paul Hollywood, Tom Kerridge's *Outdoor Cooking* and *Real Life Recipes*, *Trespases* by Louise Kennedy, *Illuminations* by Alan Moore and *A Visible Man* by Edward Enniful. *New York Times* bestsellers in the year included *Bake* by Paul Hollywood and *Dirtbag, Massachusetts* by Isaac Fitzgerald.

Recognition for our authors continued with Louise Kennedy's *Trespases* shortlisted for the Women's Prize 2023 and winning the British Book Awards 2023 Book of the Year – Debut Fiction, both Olivia Sadjic and Saba Sams being named as *Granta's* best young novelists, Tom Benn winning The Sunday Times Charlotte Aitken Young Writer of the Year for *Oxblood*, and Isaac Blood winning the National Book Critics Circle 2022 Award for Nonfiction for *The Method*.

Children's Trade

Children's revenue increased by 17% to £108.9 million (2021/22: £93.0 million). Profit before taxation and highlighted items increased by 9% to £17.2 million (2021/22: £15.8 million). Profit before taxation was £17.2 million (2021/22: £15.8 million). High demand for our strong titles continued the momentum from last year, with excellent sales of Sarah J. Maas' titles.

Sales of the Harry Potter titles were strong. *Harry Potter and the Philosopher's Stone* was the 3rd bestselling children's book of the year on UK Nielsen Bookscan, 26 years after it first began, showing the enduring appeal of this classic series.

Sarah J. Maas' sales grew by 51%, reflecting her latest bestselling frontlist title, *Crescent City: House of Sky and Breath*, published in February 2022, and strong backlist sales. *House of Sky and Breath*, *House of Earth and Blood*, *A Court of Silver Flames* and the *Throne of Glass* series were all *New York Times* bestsellers during the year. All 15 of Sarah J. Maas' titles have been published by Bloomsbury since her first novel, *Throne of Glass*, in 2012.

Revenues for the rest of the Children's division were also good. Other highlights in the Children's list included *October, October*, which won the Yoto Carnegie medal, *Sunday Times* bestsellers *We're Going on a Sleigh Ride*, *We're Going on an Egg Hunt* and *Five Little Easter Bunnies*, *New York Times* bestsellers *This Wicked Fate* by Kalynn Bayron, *Ways to Make Sunshine* by Renee Watson and *Forging Silver into Stars* and *Defy the Dawn* by Brigid Kemmerer.

Three Bloomsbury children's books were included in the BBC's global poll of the best 100 books of all time: two of the Harry Potter series and Neil Gaiman's *The Graveyard Book*.

Cash and Financing

Bloomsbury's cash generation was strong with cash at the year end of £51.5 million (2022: £41.2 million) and cash conversion of 107% (2021/22: 194%).

The Group has an unsecured revolving credit facility with Lloyds Bank Plc. The facility comprises a committed revolving loan facility of £10.0 million and an uncommitted incremental term loan facility of up to £6.0 million. At 28 February 2023, the Group had no draw down (2022: £nil) of this facility.

Acquisitions

Bloomsbury has a successful track record in strategic acquisitions, with 19 completed since 2008. We are actively targeting and assessing further acquisition opportunities in line with our long-term growth strategy, particularly in Academic and Professional.

Dividend

The Group has a progressive dividend policy aiming to keep dividend earnings cover in excess of two times, supported by strong cash cover. The Board is recommending a final dividend of 10.34 pence per share, totalling £8.4 million. Together with the interim dividend, this makes a total dividend for the year ended 28 February 2023 of 11.75 pence per share, a 9% increase on the 10.74 pence value of the dividend for the year ended 28 February 2022.

Subject to Shareholder approval at our AGM on 18 July 2023, the final dividend will be paid on 25 August 2023 to Shareholders on the register on the record date of 28 July 2023.

Including the proposed 2022/23 final dividend, over the past ten years, the dividend has increased at a compound annual growth rate of 8%.

Future Publishing

In Non-Consumer, we are focused on our BDR growth by continuing the global sales and marketing of ABC-CLIO's 34 databases. We have successfully expanded the customer base for these in the global academic market, as well as extending our reach in the US school market, and we will increase our cross selling of existing school and university level digital resources. We will expand Bloomsbury Collections to include ABC-CLIO titles, as well as investing in new ABC-CLIO high school products and expanding BDR products with ABC-CLIO content.

Our strong Consumer publishing list for 2023/24 includes the next new Sarah J. Maas novel, *House of Flame and Shadow*, the third in the Crescent City series, which will be published in January 2024. The *Harry Potter Wizarding Almanac*, the official magical companion to J.K. Rowling's Harry Potter books, will be published in October 2023. We are also publishing *The Earth Transformed* by Peter Frankopan, *Pub Kitchen* by Tom Kerridge, *Impossible Creatures* by Katherine Rundell, *Tom Lake* by Ann Patchett, and the next titles in our bestselling children's series, *We're Going on a Ghost Hunt* and *We're Going to a Birthday Party*, by Martha Mumford and Cherie Zamazing.

As previously announced, we have signed a further four book contract with Sarah J. Maas, on top of the three books already under contract.

Moreover, on 12 April 2023, HBO Max's streaming service announced an original Harry Potter scripted television series with Warner Bros. Discovery and J.K. Rowling as Executive Producer. The series will be a faithful and authentic adaptation of the books and will be available globally. The stories from J.K. Rowling's books will become a decade-long series with each season dedicated to one of the seven books, full of the much-loved characters that fans have adored for over 25 years. A new cast will lead a new generation of fandom, and the series will stand alongside the original classic and beloved films.

As with other high-profile Harry Potter productions, we believe that the series will stimulate further interest in Harry Potter titles.

Outlook

Our digital strategy continues apace and despite the economic uncertainty, readers continue to turn to books. Bloomsbury is on solid foundations, with significant financial resources available to augment organic growth and invest in future acquisitions. We have continued to expand globally, with almost 75% of our revenues now generated internationally. Diversification in channels and markets continues to serve us well. It is all these factors combined – our customers, our consistent performance, and the scale and resilience of our business – that underpin the confidence we have in the future.

Trading for 2023/24 has started in line with the Board's expectations.

Audited Consolidated Income Statement

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Notes	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Revenue	2	264,102	230,110
Cost of sales		(119,191)	(107,948)
Gross profit		144,911	122,162
Marketing and distribution costs		(32,529)	(29,808)
Administrative expenses		(86,551)	(69,675)
Share of result of joint venture		(228)	(117)
Operating profit before highlighted items		31,286	27,112
Highlighted items	3	(5,683)	(4,550)
Operating profit		25,603	22,562
Finance income		270	105
Finance costs		(458)	(486)
Profit before taxation and highlighted items		31,098	26,731
Highlighted items	3	(5,683)	(4,550)
Profit before taxation		25,415	22,181
Taxation	4	(5,171)	(5,291)
Profit for the year attributable to owners of the Company		20,244	16,890
Earnings per share attributable to owners of the Company			
Basic earnings per share	6	24.94p	20.72p
Diluted earnings per share	6	24.54p	20.33p

Audited Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Profit for the year	20,244	16,890
Other comprehensive income		
<i>Items that may be reclassified to the income statement:</i>		
Exchange differences on translating foreign operations	7,464	1,497
<i>Items that may not be reclassified to the income statement:</i>		
Remeasurements on the defined benefit pension scheme	–	(10)
Other comprehensive income for the year net of tax	7,464	1,487
Total comprehensive income for the year attributable to the owners of the Company	27,708	18,377

Items in the statement above are disclosed net of tax.

Audited Consolidated Statement of Financial Position

AS AT 28 FEBRUARY 2023

	Notes	28 February 2023 £'000	28 February 2022 £'000
Assets			
Goodwill		48,656	47,910
Other intangible assets		38,243	40,323
Investments		–	45
Property, plant and equipment		2,503	2,319
Right-of-use assets		9,126	10,628
Deferred tax assets		7,928	7,168
Trade and other receivables	7	934	923
Total non-current assets		107,390	109,316
Inventories		43,364	33,816
Trade and other receivables	7	112,819	104,879
Cash and cash equivalents		51,540	41,226
Total current assets		207,723	179,921
Total assets		315,113	289,237
Liabilities			
Deferred tax liabilities		3,115	3,696
Lease liabilities		8,570	9,961
Provisions		334	297
Total non-current liabilities		12,019	13,954
Trade and other liabilities		111,620	103,028
Lease liabilities		2,082	2,265
Current tax liabilities		790	433
Provisions		764	588
Total current liabilities		115,256	106,314
Total liabilities		127,275	120,268
Net assets		187,838	168,969
Equity			
Share capital		1,020	1,020
Share premium		47,319	47,319
Translation reserve		15,591	8,127
Other reserves		10,870	8,765
Retained earnings		113,038	103,738
Total equity attributable to owners of the Company		187,838	168,969

Audited Consolidated Statement of Changes in Equity

AS AT 28 FEBRUARY 2023

	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
At 28 February 2021	1,020	47,319	6,630	1,803	22	7,945	(147)	103,657	168,249
Profit for the year	–	–	–	–	–	–	–	16,890	16,890
Other comprehensive income									
Exchange differences on translating foreign operations	–	–	1,497	–	–	–	–	–	1,497
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	(10)	(10)
Total comprehensive income for the year	–	–	1,497	–	–	–	–	16,880	18,377
Transactions with owners									
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(15,157)	(15,157)
Purchase of shares by the Employee Benefit Trust	–	–	–	–	–	–	(4,489)	–	(4,489)
Share options exercised	–	–	–	–	–	–	2,084	(2,050)	34
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	408	408
Share-based payment transactions	–	–	–	–	–	1,547	–	–	1,547
Total transactions with owners of the Company	–	–	–	–	–	1,547	(2,405)	(16,799)	(17,657)
At 28 February 2022	1,020	47,319	8,127	1,803	22	9,492	(2,552)	103,738	168,969
Profit for the year	–	–	–	–	–	–	–	20,244	20,244
Other comprehensive income									
Exchange differences on translating foreign operations	–	–	7,464	–	–	–	–	–	7,464
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	7,464	–	–	–	–	20,244	27,708
Transactions with owners									
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(8,752)	(8,752)
Purchase of shares by the Employee Benefit Trust	–	–	–	–	–	–	(1,669)	–	(1,669)
Share options exercised	–	–	–	–	–	–	2,539	(2,273)	266
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	81	81
Share-based payment transactions	–	–	–	–	–	1,235	–	–	1,235
Total transactions with owners of the Company	–	–	–	–	–	1,235	870	(10,944)	(8,839)
At 28 February 2023	1,020	47,319	15,591	1,803	22	10,727	(1,682)	113,038	187,838

Audited Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Cash flows from operating activities		
Profit for the year	20,244	16,890
Adjustments for:		
Depreciation of property, plant and equipment	659	512
Depreciation of right-of-use assets	2,114	1,889
Amortisation of intangible assets	9,687	7,505
Loss on disposal of property, plant and equipment	13	–
Loss on disposal on intangible assets	107	65
Finance income	(270)	(105)
Finance costs	458	486
Share of loss of joint venture	228	117
Share-based payment charges	1,601	2,054
Tax expense	5,171	5,291
	40,012	34,704
(Increase) in inventories	(7,557)	(2,745)
(Increase)/decrease in trade and other receivables	(3,226)	1,205
Increase in trade and other liabilities	4,033	14,572
Cash generated from operating activities	33,262	47,736
Income taxes paid	(6,640)	(7,927)
Net cash generated from operating activities	26,622	39,809
Cash flows from investing activities		
Purchase of property, plant and equipment	(818)	(644)
Purchase of intangible assets	(5,165)	(3,693)
Purchase of business, net of cash acquired	(72)	(22,913)
Purchase of rights to assets	(633)	(3,650)
Purchase of share in a joint venture	(183)	–
Interest received	253	92
Net cash used in investing activities	(6,618)	(30,808)
Cash flows from financing activities		
Equity dividends paid	(8,752)	(15,157)
Purchase of shares by the Employee Benefit Trust	(1,669)	(4,489)
Proceeds from exercise of share options	266	34
Repayment of borrowing	–	(1,097)
Repayment of lease liabilities	(2,226)	(1,862)
Lease liabilities interest paid	(390)	(419)
Other interest paid	–	(55)
Net cash used in financing activities	(12,771)	(23,045)
Net increase/ (decrease) in cash and cash equivalents	7,233	(14,044)
Cash and cash equivalents at beginning of year	41,226	54,466
Exchange gain on cash and cash equivalents	3,081	804
Cash and cash equivalents at end of year	51,540	41,226

NOTES

1. Accounting policies

a) Basis of Preparation

The financial information set out above does not constitute the company's statutory accounts for the years ended 28 February 2023 or 28 February 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the registrar of companies, and those for 2023 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Group financial statements were prepared in accordance with UK-adopted international accounting standards ("UK-adopted IFRS") and the requirements of the Companies Act 2006. Except as described below, the accounting policies applied in the year ended 28 February 2023 are consistent with those applied in the financial statements for year ended 28 February 2022 with the exception of a number of new accounting standards and amendments which have not had a material impact on the Group's results.

b) Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence at least 12 months from the date of this preliminary announcement, being the period of the detailed going concern assessment reviewed by the Board, and therefore continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

The Board has modelled a severe but plausible downside scenario. This assumes:

- Print revenues are reduced by 20% during 2023/2024, with recovery during 2024/2025;
- Digital revenues are reduced by 20% during 2023/2024, with recovery during 2024/2025;
- Print costs are increased by 3% from 2023/2024 and staff costs are increased by 3% from 2023/2024;
- Downside assumptions about extended debtor days during 2023/2024, with recovery during 2024/2025;
- Cash preservation measures implemented and variable costs reduced.

At 28 February 2023, the Group had available liquidity of £61.5m, comprising central cash balances and its undrawn £10.0m Revolving Credit Facility (RCF). The RCF agreement is to October 2024. Under the severe but plausible downside scenario, the Group would maintain sufficient liquidity headroom even before modelling the mitigating effect of actions that management would take in the event that these downside risks were to crystallise.

The Group has an unsecured revolving credit facility with Lloyds Bank Plc. At 28 February 2023, the Group had £nil draw down (2022: £nil) of this facility with £10.0 million of undrawn borrowing facilities (2022: £10.0 million) available.

The facility comprises a committed revolving credit facility of £10 million, and an uncommitted incremental term loan facility of up to £6 million. The facilities are subject to two covenants, being a maximum net debt to EBITDA ratio of 2.5x and a minimum interest cover covenant of 4x.

2. Revenue and segmental analysis

The Group is comprised of two worldwide publishing divisions: Consumer and Non-Consumer, reflecting the core customers for our different operations. The Consumer division is split into two operating segments: Children's Trade and Adult Trade, and Non-Consumer is split into two operating segments: Academic & Professional and Special Interest.

Each reportable segment represents a cash-generating unit for the purpose of impairment testing. We have allocated goodwill between reportable segments. These divisions are the basis on which the Group primarily reports its segment information. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services.

The analysis by segment is shown below:

	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Non- Consumer £'000	Unallocated £'000	Total £'000
Year ended 28 February 2023								
External revenue	108,897	57,796	166,693	75,749	21,660	97,409	–	264,102
Cost of sales	(56,205)	(30,473)	(86,678)	(22,578)	(9,935)	(32,513)	–	(119,191)
Gross profit	52,692	27,323	80,015	53,171	11,725	64,896	–	144,911
Marketing and distribution costs	(14,882)	(9,455)	(24,337)	(5,364)	(2,828)	(8,192)	–	(32,529)
Contribution before administrative expenses	37,810	17,868	55,678	47,807	8,897	56,704	–	112,382
Administrative expenses excluding highlighted items	(20,497)	(16,835)	(37,332)	(35,296)	(8,240)	(43,536)	–	(80,868)
Share of result of joint venture	–	–	–	–	–	–	(228)	(228)
Operating profit/(loss) before highlighted items/segment results	17,313	1,033	18,346	12,511	657	13,168	(228)	31,286
Amortisation of acquired intangible assets	–	(352)	(352)	(4,660)	(214)	(4,874)	–	(5,226)
Other highlighted items	–	–	–	–	–	–	(457)	(457)
Operating profit/(loss)	17,313	681	17,994	7,851	443	8,294	(685)	25,603
Finance income	–	–	–	50	–	50	220	270
Finance costs	(144)	(81)	(225)	(125)	(40)	(165)	(68)	(458)
Profit/(loss) before taxation and highlighted items	17,169	952	18,121	12,436	617	13,053	(76)	31,098
Amortisation of acquired intangible assets	–	(352)	(352)	(4,660)	(214)	(4,874)	–	(5,226)
Other highlighted items	–	–	–	–	–	–	(457)	(457)
Profit/(loss) before taxation	17,169	600	17,769	7,776	403	8,179	(533)	25,415
Taxation	–	–	–	–	–	–	(5,171)	(5,171)
Profit/(loss) for the year	17,169	600	17,769	7,776	403	8,179	(5,704)	20,244
Operating profit/(loss) before highlighted items/segment results	17,313	1,033	18,346	12,511	657	13,168	(228)	31,286
Depreciation	930	659	1,589	950	234	1,184	–	2,773
Amortisation of internally generated intangibles	487	629	1,116	3,023	322	3,345	–	4,461
EBITDA before highlighted items	18,730	2,321	21,051	16,484	1,213	17,697	(228)	38,520

	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Non- Consumer £'000	Unallocated £'000	Total £'000
Year ended 28 February 2022								
External revenue	93,039	55,157	148,196	59,328	22,586	81,914	–	230,110
Cost of sales	(46,759)	(29,106)	(75,865)	(20,945)	(11,138)	(32,083)	–	(107,948)
Gross profit	46,280	26,051	72,331	38,383	11,448	49,831	–	122,162
Marketing and distribution costs	(12,812)	(8,271)	(21,083)	(5,335)	(3,390)	(8,725)	–	(29,808)
Contribution before administrative expenses	33,468	17,780	51,248	33,048	8,058	41,106	–	92,354
Administrative expenses excluding highlighted items	(17,506)	(15,732)	(33,238)	(23,907)	(7,980)	(31,887)	–	(65,125)
Share of result of joint venture	–	–	–	–	–	–	(117)	(117)
Operating profit/(loss) before highlighted items/ segment results	15,962	2,048	18,010	9,141	78	9,219	(117)	27,112
Amortisation of acquired intangible assets	–	(272)	(272)	(2,349)	(214)	(2,563)	–	(2,835)
Other highlighted items	–	–	–	–	–	–	(1,715)	(1,715)
Operating profit/(loss)	15,962	1,776	17,738	6,792	(136)	6,656	(1,832)	22,562
Finance income	–	–	–	62	–	62	43	105
Finance costs	(162)	(94)	(256)	(115)	(48)	(163)	(67)	(486)
Profit/(loss) before taxation and highlighted items	15,800	1,954	17,754	9,088	30	9,118	(141)	26,731
Amortisation of acquired intangible assets	–	(272)	(272)	(2,349)	(214)	(2,563)	–	(2,835)
Other highlighted items	–	–	–	–	–	–	(1,715)	(1,715)
Profit/(loss) before taxation	15,800	1,682	17,482	6,739	(184)	6,555	(1,856)	22,181
Taxation	–	–	–	–	–	–	(5,291)	(5,291)
Profit/(loss) for the year	15,800	1,682	17,482	6,739	(184)	6,555	(7,147)	16,890
Operating profit/(loss) before highlighted items/ segment results	15,962	2,048	18,010	9,141	78	9,219	(117)	27,112
Depreciation	914	632	1,546	604	251	855	–	2,401
Amortisation of internally generated intangibles	455	508	963	3,405	302	3,707	–	4,670
EBITDA before highlighted items	17,331	3,188	20,519	13,150	631	13,781	(117)	34,183

External revenue by source

	United Kingdom £'000	North America £'000	Australia £'000	India £'000	Total £'000
Year ended 28 February 2023	144,632	98,294	16,145	5,031	264,102
Year ended 28 February 2022	143,192	69,651	13,133	4,134	230,110

During the year sales to one customer exceeded 10% of Group revenue (2022: one customer). The value of these sales was £68,856,000 (2022: £67,811,000).

External revenue by product type

Year ended 28 February 2023	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Non-Consumer £'000	Total £'000
Print	90,481	44,702	135,183	32,942	17,841	50,783	185,966
Digital	13,599	11,374	24,973	39,051	2,293	41,344	66,317
Rights and Services ¹	4,817	1,720	6,537	3,756	1,526	5,282	11,819
Total	108,897	57,796	166,693	75,749	21,660	97,409	264,102

Year ended 28 February 2022	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Non-Consumer £'000	Total £'000
Print	79,053	42,702	121,755	29,996	18,632	48,628	170,383
Digital	10,511	10,511	21,022	27,150	2,354	29,504	50,526
Rights and Services ¹	3,475	1,944	5,419	2,182	1,600	3,782	9,201
Total	93,039	55,157	148,196	59,328	22,586	81,914	230,110

¹ Rights and Services revenue includes revenue from copyright and trademark licences, management contracts, advertising and publishing services.

Total assets

	28 February 2023 £'000	28 February 2022 £'000
Children's Trade	19,569	13,633
Adult Trade	14,493	13,513
Academic & Professional	77,918	78,096
Special Interest	14,381	13,170
Unallocated	188,752	170,825
Total assets	315,113	289,237

Unallocated primarily represents centrally held assets including system development, property plant and equipment, right-of-use assets, receivables and cash.

Analysis of non-current assets (excluding deferred tax assets and financial instruments) by geographic location

	28 February 2023 £'000	28 February 2022 £'000
United Kingdom (country of domicile)	71,311	79,708
North America	26,796	22,196
Other	421	244
Total	98,528	102,148

3. Highlighted items

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Legal and other professional fees	93	1,317
Integration and restructuring costs	364	398
Other highlighted items	457	1,715
Amortisation of acquired intangible assets	5,226	2,835
Total highlighted items	5,683	4,550

Highlighted items charged to operating profit comprise significant non-cash charges and major one-off initiatives which are highlighted in the income statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance and future profitability of the business.

All highlighted items are included in administrative expenses in the income statement.

For the year ended 28 February 2023, legal and other professional fees of £93,000 were incurred as a result of the Group's acquisitions, including ABC-CLIO, LLC and certain assets of UIT Cambridge. Integration and restructuring costs primarily relate to the integration of the ABC-CLIO, LLC, Head of Zeus Limited acquisitions and certain assets of Red Globe Press.

For the year ended 28 February 2022, legal and other professional fees of £1,317,000 were incurred as a result of the Group's acquisitions, including ABC-CLIO, LLC, Head of Zeus Limited and certain assets of Red Globe Press. Integration and restructuring costs primarily relate to the integration of the above acquisitions including restructuring and other restructuring in both divisions.

4. Taxation

Factors affecting tax charge for the year

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 19.0% (2022: 19.0%). The reasons for this are explained below:

	Year ended 28 February 2023		Year ended 28 February 2022	
	£'000	%	£'000	%
Profit before taxation	25,415	100.0	22,181	100.0
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2022: 19.0%)	4,829	19.0	4,214	19.0
Effects of:				
Non-deductible revenue expenditure	67	0.3	16	0.1
Non-taxable income	(323)	(1.3)	(383)	(1.7)
Different rates of tax in foreign jurisdictions	865	3.4	946	4.3
Tax losses	189	0.7	(212)	(1.0)
Movement in deferred tax rate	(65)	(0.3)	144	0.7
Adjustment to tax charge in respect of prior years				
Current tax	(1,123)	(4.4)	(173)	(0.8)
Deferred tax	724	2.9	512	2.3
Tax charge for the year before disallowable costs on highlighted items	5,163	20.3	5,064	22.9
Highlighted items:				
Disallowable costs	8	–	227	1.0
Tax charge for the year	5,171	20.3	5,291	23.9

Different rates of tax in foreign jurisdictions is where we are paying tax at higher rates in the US and Australia as well as paying state taxes in the US.

Tax losses relate to the recognition of previously unrecognised tax losses or losses in the year that have not been recognised as deferred tax assets.

Adjustments to prior periods primarily arise where an outcome is obtained on certain tax matters which differs from expectations held when the related provision was made. Where the outcome is more favourable than the provision made, the difference is released, lowering the current year tax charge. Where the outcome is less favourable than our provision, an additional charge to current year tax will occur.

We are not aware of any significant unprovided exposures that are considered likely to materialise.

5. Dividends

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Amounts paid in the year		
Prior period 9.40p final dividend per share (2022: 7.58p)	7,604	6,141
Prior period special dividend per share for the year (2022: 9.78p)	–	7,923
Interim 1.41p dividend per share (2022: 1.34p)	1,148	1,093
Total dividend payments in the year	8,752	15,157
Amounts arising in respect of the year		
Interim 1.41p dividend per share for the year (2022: 1.34p)	1,148	1,093
Proposed 10.34p final dividend per share for the year (2022: 9.40p)	8,397	7,671
Total dividend 11.75p per share for the year (2022: 10.74p)	9,545	8,764

The Directors are recommending a final dividend of 10.34 pence per share, which, subject to Shareholder approval at the Annual General Meeting, will be paid on 25 August 2023 to Shareholders on the register at close of business on 28 July 2023.

6. Earnings per share

The basic earnings per share for the year ended 28 February 2023 is calculated using a weighted average number of Ordinary shares in issue of 81,172,636 (2022: 81,532,620) after deducting shares held by the Employee Benefit Trust.

The diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares to take account of all dilutive potential Ordinary shares, which are in respect of unexercised share options and the Performance Share Plan.

	Year ended 28 February 2023 Number	Year ended 28 February 2022 Number
Weighted average shares in issue	81,172,636	81,532,620
Dilution	1,336,878	1,530,573
Diluted weighted average shares in issue	82,509,514	83,063,193
	£'000	£'000
Profit after tax attributable to owners of the Company	20,244	16,890
Basic earnings per share	24.94p	20.72p
Diluted earnings per share	24.54p	20.33p
	£'000	£'000
Adjusted profit attributable to owners of the Company	25,217	21,548
Adjusted basic earnings per share	31.07p	26.43p
Adjusted diluted earnings per share	30.56p	25.94p

Adjusted profit is derived as follows:

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Profit before taxation	25,415	22,181
Amortisation of acquired intangible assets	5,226	2,835
Other highlighted items	457	1,715
Adjusted profit before tax	31,098	26,731
Tax expense	5,171	5,291
Deferred tax movements on goodwill and acquired intangible assets	631	(207)
Tax expense on other highlighted items	79	99
Adjusted tax	5,881	5,183
Adjusted earnings	25,217	21,548

The Group includes the benefit of tax amortisation of intangible assets in the calculation of adjusted tax as this more accurately aligns the adjusted tax charge with the expected cash tax payments.

7. Trade and other receivables

	28 February 2023 £'000	28 February 2022 £'000
Non-current		
Accrued income	934	923
Current		
Gross trade receivables	72,549	68,764
Less: loss allowance	(3,334)	(3,551)
Net trade receivables	69,215	65,213
Income tax recoverable	2,332	1,392
Other receivables	2,497	2,431
Prepayments	2,653	2,672
Accrued income	6,579	4,494
Royalty advances	29,543	28,677
Total current trade and other receivables	112,819	104,879
Total trade and other receivables	113,753	105,802

Non-current receivables relate to accrued income on long-term rights deals.

Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The majority of trade debtors are secured by credit insurance and in certain territories by third party distributors.

A provision is held against gross advances payable in respect of published title advances which may not be fully earned down by anticipated future sales. As at 28 February 2023, £7,745,000 (2022: £7,145,000) of royalty advances relate to titles expected to be published in more than 12 months' time.

8. Annual General Meeting

The Annual General Meeting will be held on 18 July 2023.

9. Report and Accounts

Copies of the Annual Report and Financial Statements will be circulated to shareholders in June and can be viewed after the posting date on the Bloomsbury website.