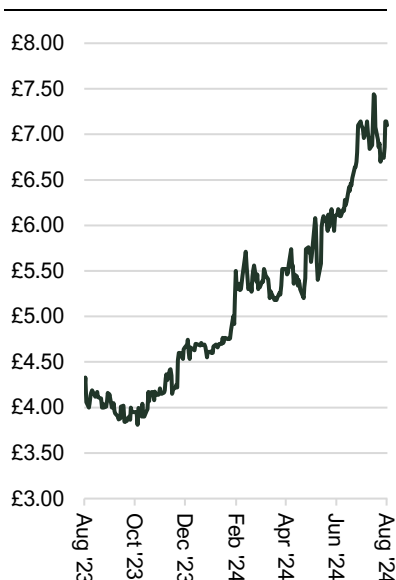


1 Year Chart



Bloomsbury is a story beyond the bestsellers, one of strategic re-investment and consistent management focus on portfolio expansion and diversification over a long period of time. A strong track record of material free cash generation has underpinned investment back into deeper content, portfolio (including acquisitions) and people, driving growth. The result is a well-diversified, digitally enabled publishing group with strong go to market propositions across consumer and academic markets.

This deliberate shift has resulted in an acceleration of returns and a visibly higher quality of earnings and cash-flow. Bloomsbury has delivered diversification whilst generating growth across a broad range of metrics and strong cash-flow. This strong balance sheet has then enabled acceleration and acquisitions without diluting shareholders, a virtuous circle of cash generation and investment which has continued with the recent acquisition of the academic assets of Rowman & Littlefield.

This track record has culminated in FTSE 250 inclusion. The current valuation remains relatively undemanding for such a quality track record and we can see much that is still not captured within the current price, nor expectations.

Bloomsbury Publishing PLC is a research client of H2 Radnor Ltd.

MiFID II – this research is deemed to be a minor, non-monetary benefit.

20 August 2024

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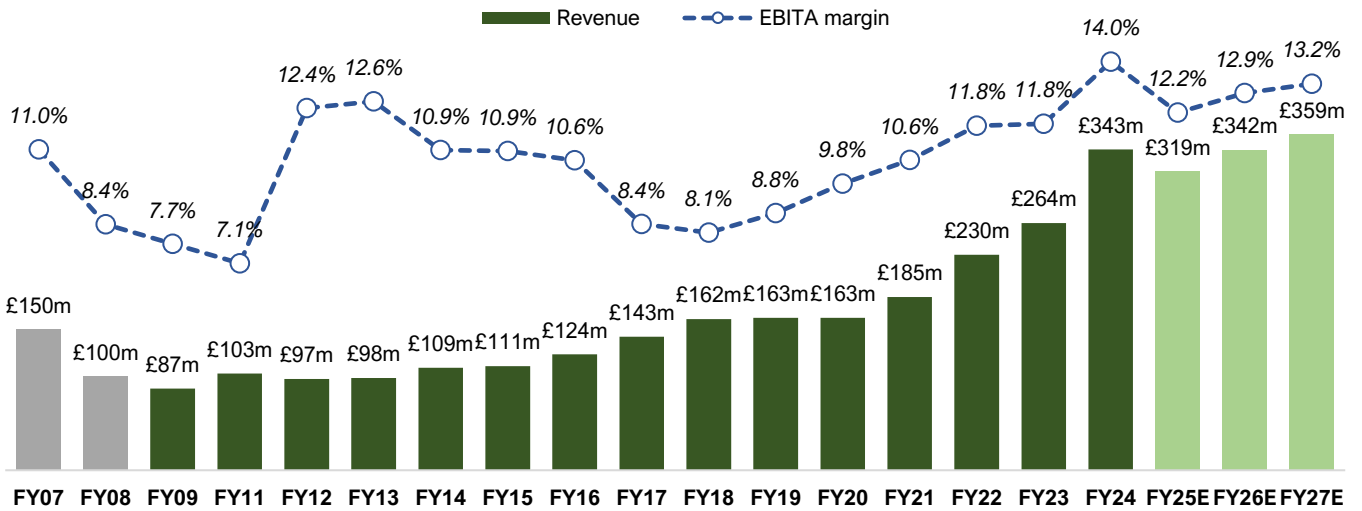
+44 (0) 203 897 1832

- Strong results:** FY24 was a record year with revenue +30% YoY, profitability +57% YoY, net cash of £65.8m and 110% cash conversion; a strong outlook for FY25 led to upgrades. The AGM update confirmed trading in the first four months of FY25 is in line with these upgraded expectations.
- Academic & Consumer content-led strategy:** Bloomsbury's strategic focus is on investing in academic and consumer content, expanding what it describes as the "portfolio of portfolios" effect. The portfolio is diversified across content, formats (platform agnostic) and geographies (77% international revenue), opening up new structural and digital opportunities.
- Strategic re-investment accelerating:** The recent £65m acquisition of the academic publishing business of Rowman & Littlefield will be immediately earnings enhancing and represents the largest acquisition to date for the group and a step up in the pace of investment into Academic.
- Undemanding valuation & strong total returns:** Bloomsbury's valuation is undemanding in the context of the strength of the track record, cash generation and potential for further upgrades. Bloomsbury has a strong, consistent dividend track record, culminating in a 25% dividend increase in FY24. We look for a 5% dividend CAGR over the next few years.

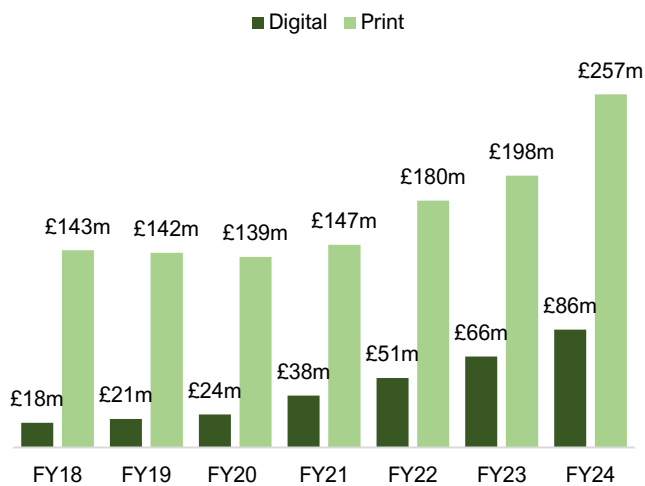
| January, £m | Revenue | PBT adj | EPS (p) | Div (p) | Net Cash | PE x | Yield % |
|-------------|---------|---------|---------|---------|----------|------|---------|
| FY 2023A | 264.1 | 31.1 | 30.6 | 11.8 | 51.5 | 23.2 | 1.7 |
| FY 2024A | 342.7 | 48.7 | 46.6 | 14.7 | 65.8 | 15.2 | 2.1 |
| FY 2025E | 319.1 | 37.3 | 34.1 | 15.4 | 10.5 | 20.8 | 2.2 |
| FY 2026E | 339.8 | 44.3 | 40.6 | 16.2 | 28.8 | 17.5 | 2.3 |
| FY 2027E | 349.6 | 47.0 | 43.0 | 17.0 | 51.1 | 16.5 | 2.4 |

Bloomsbury in five key charts

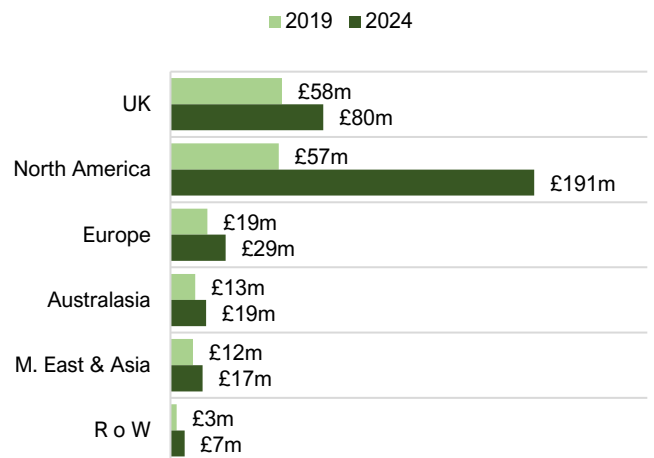
Revenue & EBITA margin evolution – FY07 to FY27E



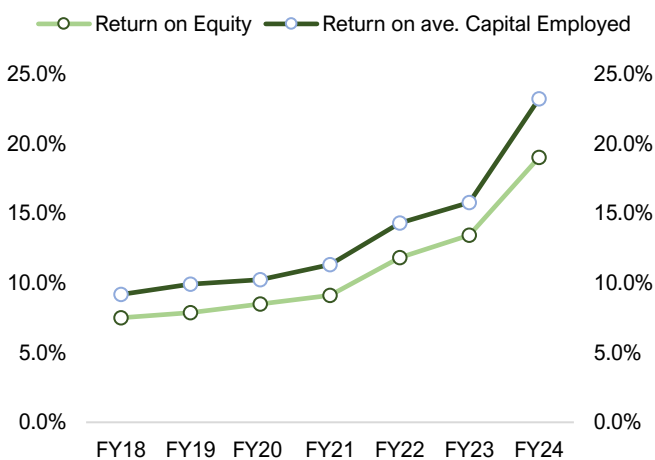
2 – Digital vs Print revenue evolution



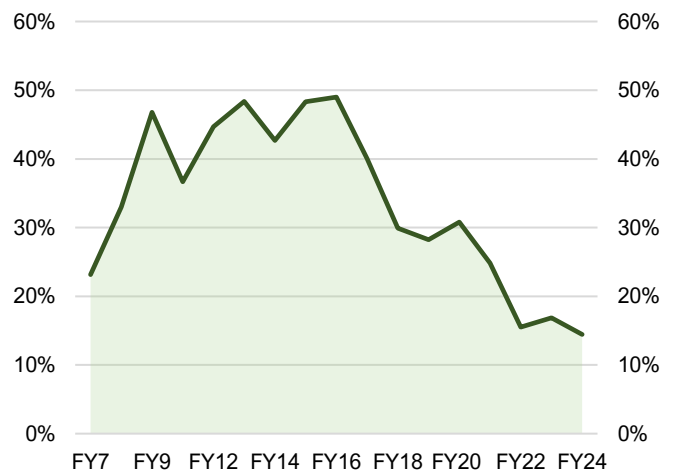
3 – Geographic revenue growth, FY19 – FY24



4 – RoE + RoCE



5 – Net Working Capital % revenue



Source: Company, h2Radnor

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Investment Case

Portfolio of portfolios strategy

Bloomsbury is active across two very different markets; consumer and academic, with content as the common denominator. Bloomsbury's core strategy has been to create a diversified portfolio of content, be it across authors, genre, academic vertical or special interest community and then enable access to that content through whichever format, or in which ever geographical market is most relevant to the end user.

Bloomsbury's track record shows that it has executed this fundamental strategy well. We can see a combination of individual portfolio effects, spanning both academic and consumer, underpinning growth in recent years. The growth of Bloomsbury Digital Resources alongside print and ebook sales has provided new ways for academic customers to access the Bloomsbury academic portfolios. Within consumer, we can see the multi-title strength of established authors alongside success for new authors, across multiple genres. By deepening and broadening the content portfolios within the group, Bloomsbury has been successful in enhancing both its resilience and multiplying sources of revenue.

Critical to this strategy is the ability to invest, organically and via M&A, in order to grow and continue this diversification. Bloomsbury has taken a considered approach to capital allocation across the group. The consumer business continues to invest, and in fact, has materially grown its investment in new authors and content. This has been achieved whilst investing in the academic business, which includes building a completely digital academic proposition (Bloomsbury Digital Resources) since FY16 whilst scaling up academic publishing across ebooks and print. Bloomsbury has also significantly expanded its geographical reach and diversity. Balance sheet strength has enabled all of the above to be achieved without diluting equity shareholders.

Content scale driving returns and cashflow

The growing scale, depth and breadth of Bloomsbury's content proposition across both Consumer and Academic has been steadily increasing, delivering a marked evolution in the composition of the business and the returns it is capable of generating.

- **Growth in the portfolio effect across the group.** The backlist effect is prominent across the group, both in the consumer and academic portfolios. These are the "build once, sell many" characteristics within the group. This is most pronounced and visible within Consumer when we consider the evergreen strength of the Harry Potter series, or the growing breadth of the Sarah J. Maas contribution. However, when we look at the growth of Bloomsbury Digital Resources and the scale of the group's academic catalogue, we see the same characteristics coming to the fore.
- **Structural margin tailwinds as business mix evolves.** Whilst Consumer margins have shown good improvements in recent years, the real story over the last few years has been the growth of Academic and the structurally different margin mix in that business. With the group's re-investment focus firmly set on continuing this evolution, we see Bloomsbury's underlying margin profile set to improve over the longer term.

- **Significantly reduced working capital intensity.** We believe that one of the most profound shifts within Bloomsbury over the last few years has been the reduction in the amount of capital needed to sustain day to day operations relative to the revenue generated. Partly driven by business mix, partly by a growing exposure to digital formats and partly through management focus, this reduction in capital intensity has driven, and is likely to continue to drive, material free cash generation.

The net effect of all the above is a steady and material increase in the free cash generating ability of the group that has become increasingly less dependent on single title successes. As free cashflow generation has grown, the value of the optionality this creates more broadly has become more pronounced.

Structural growth within Academic

Although growth opportunities do remain within Consumer, these opportunities largely revolve around Bloomsbury continuing to outperform a broadly stable consumer publishing market. Whilst Bloomsbury's track record over the last five years has shown exactly this outperformance, there is no structural driver behind this growth, instead only Bloomsbury's ability to continue to identify good authors in attractive genres and then market them effectively.

Conversely, we can see across the Academic & Professional publishing landscape a number of underlying growth drivers, of which digital leads the way.

- **Ongoing shift to digital.** We can see across the industry data that a digital transition within academic publishing remains ongoing. This was already happening pre-pandemic but there is no doubt the pandemic accelerated the transition. Bloomsbury had the foresight to establish its Academic digital strategy well before the pandemic. This meant the group has been well positioned to benefit through both ebook sales and Bloomsbury Digital Resources which offers a more holistic and comprehensive digital solution to student learning needs. BDR has been in existence since FY16, has completed the majority of its investment but remains in its growth phase and we firmly expect it to remain a positive driver for the foreseeable future.
- **Growth in global student populations.** Global tertiary education has grown significantly over the last 20 years as demographic and economic changes have opened up new markets and population pools around the world. This structural shift is ongoing and will almost certainly underpin continued strong growth in global student numbers. For Bloomsbury, the primary benefit here will be the tailwind to student populations at higher education institutions across its global reach. Bloomsbury already enjoys good penetration of its immediately addressable target market but there remains a good organic opportunity for further customer growth before considering broader international opportunities.
- **Further opportunities to deepen and broaden through M&A.** The recent acquisition of Rowman & Littlefield was Bloomsbury's largest acquisition to date. We expect management to spend time integrating the acquisition and then continue investing with further M&A potential. The academic publishing industry still offers further consolidation opportunities. The strength of the existing Bloomsbury editorial and sales & marketing infrastructure is likely to make even smaller, content led acquisition accretive to the group. There may not be many

businesses left of Rowman & Littlefield's scale but there does remain a longer tail of smaller, sub scale imprints that would be of interest to the group.

Geographic diversification

Driven by both Consumer and Academic, Bloomsbury has grown its geographical presence outside of the UK significantly. Since FY19, Bloomsbury's UK revenues have grown from £58m to £80m, a healthy revenue CAGR of +8%, compared to its non-UK revenue, which has grown from £104m to £262m at a CAGR of +26%. Non-UK revenue now represents 77% of group revenue compared to 64% in FY19.

North America has led the way with a revenue CAGR of +35% since FY19. This growth has been delivered through a combination of organic growth within both Consumer and Academic, but also through M&A within Academic. The recent acquisition of the academic publishing business from Rowman & Littlefield is likely to see the US share of group revenues further increase. However, looking further out, the Rowman & Littlefield acquisition is also likely to drive further geographical diversification as Bloomsbury looks to take their portfolio into new markets outside of the US.

Academic margins

Within the broader re-investment theme that has been driving the growth of the Academic & Professional segment, Bloomsbury Digital Resources has been a critical component. Although M&A has played a big part BDR's growth to date (most notably the ABC-Clio acquisition in FY22), organic content investment has been a key driver.

There are two competing forces here. Firstly, BDR is a digital business with structurally higher margins (especially at the gross and contribution levels). As BDR has grown, we have seen Academic margins respond, peaking in FY23 at 16.5%. Margins have stepped back in FY24 to 13.2% but are forecast to improve to 15% in FY26E.

Bloomsbury has previously illustrated a two / three year payback for BDR content investment. The implication here is that as the pace of content investment accelerates as BDR deepens and broadens its digital content verticals, this will partially offset the higher margins being generated by the more mature content previously invested.

The net effect is here is to cap margin expansion within BDR whilst it remains firmly in its growth phase. The latest articulation of Bloomsbury future ambitions (Bloomsbury 2030 and as updated for the Rowman & Littlefield acquisition), looks for BDR revenue to grow to **£41m in FY28** (9% revenue CAGR from FY24).

Significant M&A optionality

Bloomsbury has a long track record of accretive M&A, utilising its significant free cash generation to re-invest in growing Academic, where we can see a more pronounced structural growth opportunity, with more attractive and sustainable margins and where the broader range of digital exposure reduces working capital intensity.

Since FY07, Bloomsbury has spent **£148.5m** on acquisitions, with the recently announced £65m acquisition of the academic publishing assets of Rowman & Littlefield in the US, the largest such deal to date.

Bloomsbury’s strategy is clearly focused on continuing this re-investment theme, underpinned by its material free cash generation. We expect Bloomsbury to be generating between £35m and £45m per annum in free cash (pre any debt repayments) over the next three years. After dividend costs of c.£13m and intangible and physical asset investment of between £5m and £10m per annum, we see the overall group net cash position rebuilding to £48.6m by FY27E. Although the group has consistently sought to maintain a net cash position, we would not necessarily expect the group to rebuild to all the way to the FY24 net cash high water mark of £68m before re-embarking on M&A, even if the focus in FY25 will be the integration of Rowman & Littlefield and the BDR opportunity in particular.

If we look to FY26 as a realistic year for the resumption of M&A, the Bloomsbury “war chest” could be up to £20m, rising to £40m in FY27 (on a pre debt repayment basis). Looking across both quoted comparators and historic M&A multiples, suggests that c.15x trailing EBIT is a good benchmark for acquisition multiples (slightly higher than Rowman & Littlefield but lower than ABC-Clío). This suggests that Bloomsbury could acquire between £1.3 and £2.5m of incremental, pre-synergy, profitability every two years, equivalent to an EPS uplift of between 2% and 5% based on our FY26 estimates all the while maintaining an overall net cash position on the balance sheet.

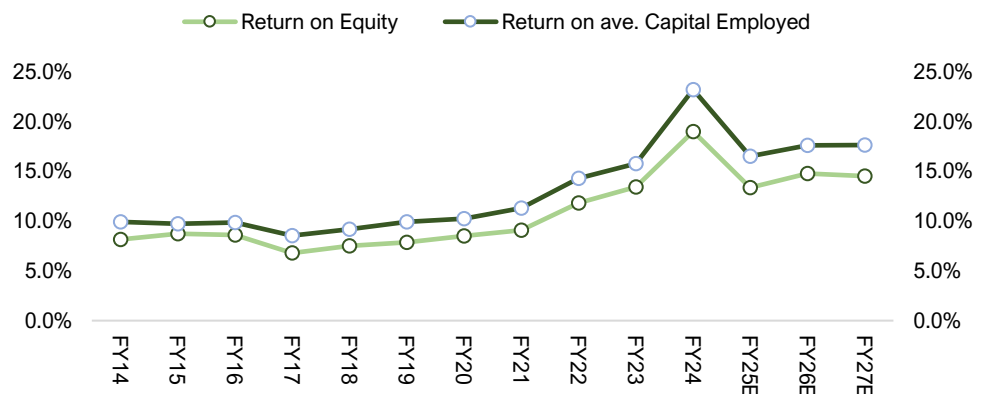
Attractive returns profile

Bloomsbury’s combination of historic growth; consistent free cash generation and re-investment to compound future growth underpins a compelling capital appreciation story. However, this has also allowed Bloomsbury to deliver a consistent dividend growth track record, which we see being maintained into the future.

Over the last five years we have seen Bloomsbury deliver a **278%** total shareholder return, of which **53%** has been delivered through dividends alone. Continuing strength of the balance sheet, FY25E net cash of £10.5m building to £51.1m by FY27E, underpins healthy mid-single digit dividend growth expectations whilst maintaining the ability to re-invest back into the business at a healthy level of return.

Since FY20, we have seen a steady and material improvement in Bloomsbury’s return on equity (8.5% → 19.0%) and return on average capital employed (10.2% → 23.2%). Given Bloomsbury’s reinvestment strategy and the emphasis on maintaining balance sheet security, we believe that return on average capital employed is the most appropriate measure to gauge returns.

Fig 1: Returns on equity & average capital employed



Source: Bloomsbury, h2Radnor

FY24 was a very strong year for Bloomsbury's consumer business, in particular, which drove a spike in returns that the company highlighted were exceptional. Our assumptions sitting behind FY25E and FY26E do not extrapolate this growth, but we do expect return on average capital employed in FY25E and beyond to continue to show progression from FY22 and FY23 levels.

What is not captured in our estimates?

Bloomsbury takes a cautious approach to guiding future expectations as the exact timings of future front list titles are difficult to predict. Similarly, consumer tastes are not static. Given the consistency of its track record over the years, it is clear Bloomsbury has proven adept at navigating these challenges with growth delivered across the breadth of the group portfolios across Consumer and Academic.

Below we highlight a number of areas that represent sources of potential upside risk to current estimates.

1. Sarah J. Maas

It is important to recognise that the Sarah J. Maas contribution to Bloomsbury has been driven across the 16 titles already published by Bloomsbury and not just her most recent release, which was successful in its own right. However, we have not factored the next Sarah J. Maas title into our estimates. Although the company has never disclosed individual author contributions to revenue (due to author confidentiality), we can clearly see the overall impact that Sarah J. Maas' 16 titles had on the FY24 results.

In FY24, North American revenues (by destination) increased by £65m to £190.7m, whilst sales to the group's largest customer (which we assume to be Amazon) increased by £37m to £106m. Not all of this growth will be attributable to Sarah J. Maas, as Bloomsbury had notable other publishing successes in FY24, but it is reasonable to assume that it made up a significant part.

Sarah J. Maas is contracted to Bloomsbury for a further six books.

We also need to factor the timing of the paperback release of the latest Sarah J. Maas title. The new title impact in FY24 relates to hardback sales and digital only. Although it has not been formally confirmed, we would anticipate a paperback release towards the back end of FY25E. As we show later in this note, Sarah J. Maas has seen strength across the breadth of her titles and should this be maintained, or even accelerate, this could be a source of further upside.

FY25E should still see the benefit from the latest Sarah J. Maas paperback release ...

2. Future broadcast impetus

The growing scale, breadth and depth of the group content portfolios is the primary driver of group revenue. However, third party broadcast / streaming has in the past, and is likely in the future, to provide additional catalysts.

We already have a number of historic precedents here; most notably the impact of the initial Harry Potter film series, and more recently, with *The Three Body Problem* being broadcast on Netflix, some sixteen years after its initial print publication.

We have looked in detail across a range of book chart data across both the UK and the US and print and digital formats. Across March & April 2024, *The Three Body Problem* held Top 20 and even Top 5 positions across the New York Times, Amazon US and UK and BookSeller ebook charts in response to its successful initial Netflix launch.

Broadcast crossovers provide a significant stimulus to book sales ...

It is important to understand that Bloomsbury does not benefit directly from such broadcast activity. Bloomsbury's ownership rights typically relate to print,

ebook and audio book formats across a range of territories. However, the interest created by visual content launches provides a significant stimulus to the formats that Bloomsbury is directly exposed to. This is somewhat akin to “free” marketing for Bloomsbury’s products. It is not entirely free as Bloomsbury will undertake its own marketing activity to take advantage of the opportunity but nonetheless it can have a materially positive impact.

It is also important to understand that Bloomsbury does not have any control over the final content, nor the timing of any eventual release.

What else should investors have in mind for any potential broadcast pipeline?

- **The Three Body Problem** – following the success of the initial Netflix run, second and third seasons have now been commissioned. Broadcast dates have not been confirmed but calendar 2026 would be a realistic expectation.
- **Harry Potter** – Warner Brothers Discovery has announced that it is planning a seven season run which will be broadcast on the Max streaming service, loosely based on the original seven book series. The first season is expected to be on screens during calendar 2026 although a specific broadcast date has not been confirmed.
- **Sarah J. Maas** – Back in 2021, it was announced that the Court of Thorns & Roses (ACOTAR) series would be adapted for screen by 20th Television for broadcast on the Hulu streaming platform (both owned by Disney). More recent news has been mixed on this with some speculation that the series is no longer in active development. Regardless of this particular outcome, and given the popularity of the Sarah J. Maas oeuvre, we would be very surprised if Sarah J. Maas content did not make it to the small screen.

3. Rowman & Littlefield synergies

The acquisition of the academic publishing assets of Rowman & Littlefield marks a significant expansion of Bloomsbury’s exposure to North America, where the group has had a growing presence since the late ‘90s. Bloomsbury’s existing North American presence is based in New York while Rowman & Littlefield is based in Maryland (c.115 employees have transferred across to Bloomsbury).

In the short term, we do not anticipate any material cost savings coming from the acquisition. The deal was structured as a business asset purchase and as a result Bloomsbury has acquired only those assets that it wanted to own. This suggests that cost efficiencies were not the primary motivation behind the acquisition. Whilst there may be operational cost efficiencies over the longer term, our working assumption is that revenue and content synergies are the more likely short-term priority.

As a rule of thumb, sales and marketing within academic publishing benefits from scale. The combined catalogue, post-acquisition, has almost doubled to c.100,000 titles which gives the face to face sales teams significantly more to work with.

The other key attraction of the combination is the BDR opportunity within the Rowman & Littlefield portfolio. The potential to transition the Rowman & Littlefield content into BDR formats has already led Bloomsbury to upgrade its

Future upside from Rowman & Littlefield will be top line led with cost savings a much lower priority ...

The BDR potential within Rowman & Littlefield is significant ...

BDR FY28E revenue target by 11% to £41m. This incremental £4m represents c.12% of Rowman's FY23 revenue. By contrast, in FY24 BDR represented 38% of Bloomsbury Academic & Professional revenue. We see clear upside in the BDR potential inherent within the Rowman & Littlefield academic portfolio.

4. Early repayment of the term loan

The acquisition of Rowman & Littlefield was funded through a combination of existing cash resources and a new \$38m (£30m) three year term loan. If we assume a c.7% cost of debt, the annualised cost of this loan will be £2.0m.

As we have highlighted, Bloomsbury has strong cash generation and has a long history of running a significant net cash balance with no debt. Although the company has not given any specific guidance on this point, we assume the company will want to move back to its tried and tested balance sheet shape as soon as it can. When we consider our free cash generation expectation over the next three years, we can see this term loan being partially repaid in FY25E and fully repaid by FY27E at the latest.

With no specific visibility on the timing of any debt paydown, our estimates currently assume the term loan runs its full three year course. A full paydown by FY26E could add an extra 5% to group PBT / EPS beyond our current expectations.

Key Risks

Physical input costs

Although the group does not break down cost of sales into its individual components, we believe the two largest line items will be physical print production and supply chain costs and author royalties. We discuss author royalties in more detail elsewhere in this note. Significant physical input costs would include paper pulp and transport and distribution costs.

The pandemic (and other macro events) created a degree of commodity and transport cost volatility that has yet to fully stabilise. Bloomsbury is not fully vertically integrated and enters into a range of short and long term arrangements with its multiple print partners. So far this financial year, paper pulp prices are broadly flat (although have traded in an 8% range) but remain c.8% lower than at the end of FY22. If pulp prices remain at current levels, this could provide a degree of gross margin tailwind for FY25E.

AI

While the rapid growth of generative AI is not new news, there remains a great deal that is unknown about how AI could potentially disrupt those industries whose value is predicated on content ownership and creation. This content is ultimately the fuel that drives large language models. The recent deals between Microsoft and Informa (Taylor & Francis), alongside the agreements between OpenAI (the parent of ChatGPT) and Axel Springer and News Corporation, show there is a growing recognition of the need for a proper commercial partnership model. The Microsoft / Taylor & Francis agreement is non-exclusive and involves a \$10m initial payment by Microsoft alongside recurring annual fees over a three year period. In the case of OpenAI, initial access has been limited to current and archived journalistic content as opposed to books, with a licence fee structure in place.

Bloomsbury indicated at the last results presentation that they intend to play something of a waiting game to see how this commercial dynamic between content publishers and AI progresses. In our view, this is a sensible approach and recognises that it is still too early to properly understand how content could, and should, be priced in this particular context. We also believe that the immediate threat posed by AI is much more severe and existential to the traditional journalistic content business model rather than books, where intellectual property rights are much more identifiable and enforceable.

Perhaps most importantly, these AI deals set a valuable precedent that recognises the commercial rights of the content owner. At the very least this suggests strongly that AI may not be the content value destroyer that some had feared at the outset.

Open Access

Open Access has been a long-standing debate within the academic publishing industry and is particularly relevant to academic journals. The issue revolves around state / tax payer funded research seeing published papers sitting behind commercial paywalls. It is important to note that Bloomsbury is less exposed to this issue than others who are much more heavily weighted towards academic journal publishing.

Both the US and UK academic markets have seen a range of remedial proposals made which would mandate free and open access to this academic content after either one or two years post initial publication.

Bloomsbury has, since 2008, been offering Open Access alternatives to its contributing authors where relevant. The Bloomsbury Collections resource within BDR also offers a route for contributing authors to secure Open Access status even if their sponsoring institutions are unable to bear the associated cost. Publishers still need to be paid if they are providing the access to the content and most remedial measures require the institution to pay an Open Access fee to the publisher.

The UK Research Excellence Framework has also launched a formal consultation after its decision in principle to expect all submitted works to be made open access after two years. Bloomsbury will be participating in the consultation exercise and will provide an update later in FY25E once there is greater clarity on the outcomes. In the round we do not believe this is a material risk factor for Bloomsbury, due to its low level of journal exposure, although any significant expansion in the scope of Open Access could potentially provide a degree of headwind for traditional academic book publishing. We believe Bloomsbury Digital Resources would be largely unaffected.

Bloomsbury – Key strategic priorities

The following is extracted from the Bloomsbury FY24 annual report and account:

Bloomsbury's diversified strategy has forged a portfolio of portfolios, spanning consumer and academic publishing across formats, territories and subject areas, a resilient model delivering long-term success, protecting the company from the vicissitudes of individual areas.

Bloomsbury has a proven long-term strategy in which it invests in valuable IP from high calibre authors to drive strong demand, then utilises the cash generated from consumer and academic publishing to reinvest in the authors to build future success, make acquisitions and return cash to shareholders.

Bloomsbury's key strategic priorities are as follows:

- **Portfolio of Portfolios.** Diversification is key here with an active approach to building a balanced set of exposures across both Consumer and Academic publishing in order to smooth out volatility in consumer trends. The end goal is around improving resilience.
- **Diversification across formats, territories and subject areas.** Bloomsbury is deliberately agnostic as to the means and form of content delivery and consumption. Similarly, Bloomsbury has sought to increase its geographical diversity and its genre and subject diversity across both Consumer and Academic publishing.
- **Valuable catalogue of IP from high calibre authors.** At its heart, Bloomsbury is a content investor and seeks to grow and diversify its content catalogue across both Consumer and Academic businesses. Key to Bloomsbury's success is the growing strength of its portfolio depth across new and existing titles.
- **Reinvest in the company.** Capital is allocated both internally and externally. Internal investment is focused not just on new content and authors but also Bloomsbury's own people.
- **Reinvest through focused acquisitions.** Bloomsbury has sought to use surplus cash to fund a broad range of acquisitions; 34 since the company was first founded. These acquisitions have been self-funded. All acquisitions are intended to bolster longer term growth ambitions either by strengthening existing content areas, expansion into new areas or to accelerate the group's digital proposition.
- **Strong balance sheet and dividend.** Underpinning all of the above priorities lies the strength of the balance sheet and a commitment to long term growth of the dividend. Bloomsbury takes a great deal of pride in its unbroken dividend growth record since 2004.

Bloomsbury – An Overview

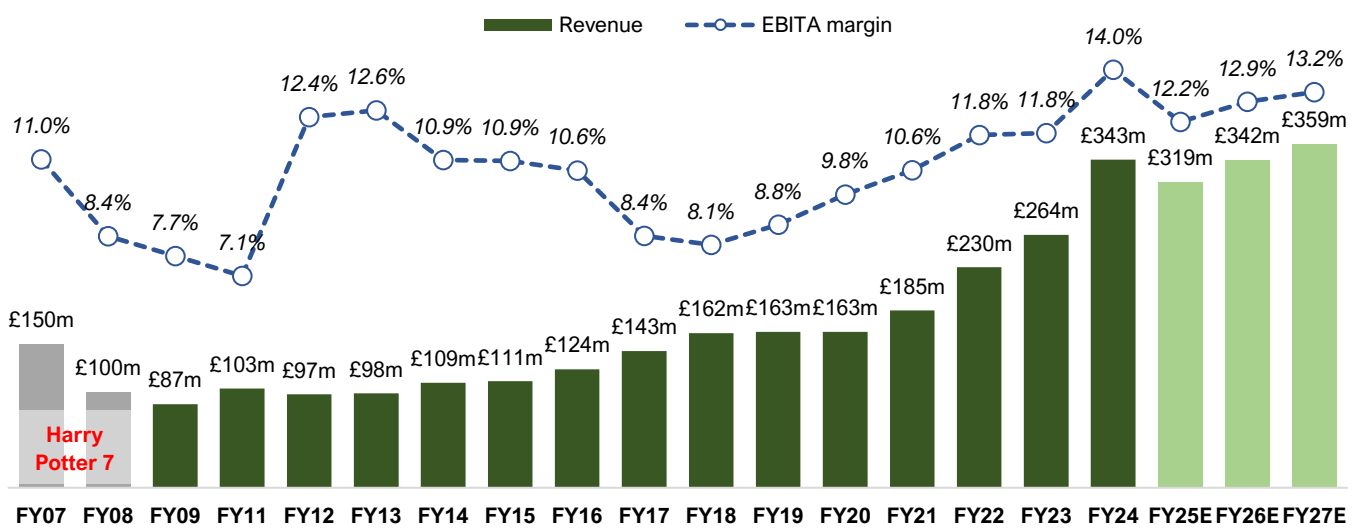
Bloomsbury was founded by CEO, Nigel Newton, in 1986 and came to the market in 1994. Bloomsbury is the largest independent and pure play consumer and academic publisher in the UK.

Bloomsbury reports under two divisions; **Consumer** and **Non-Consumer**. The former is focused on consumer fiction and non-fiction publishing. Within **Non-Consumer**, the largest segment is Academic & Professional, which is where much of the group’s investment has been focused. Here Bloomsbury is active across multiple content formats and sells to a global target market of academic institutions. Digital exposure within Academic has been growing fast, driven by Bloomsbury Digital Resources and represents an attractive structural growth and margin opportunity. The smaller segment with **Non-Consumer** is Special Interest, which creates original non-fiction content to support hobbies, enthusiasts and interests.

Headline Growth

In Figure 2 below, we show the evolution of Bloomsbury’s revenue and EBITA margin since FY07. We also include our estimates for the next three financial years. We have included FY07 / FY08 as they show the last significant Harry Potter new title contribution, providing a useful historical context for the subsequent growth.

Fig 2: Bloomsbury revenue & EBIT margin evolution



Source: Bloomsbury, h2Radnor

The group portfolio effect has underpinned a remarkably consistent revenue growth track record ...

- Optically, Bloomsbury has only delivered one year of revenue decline since FY09 and that was in FY12, but this followed a change of year end and a 14 month FY11. If we normalise FY11 (12/14 months) then we believe FY12 delivered underlying growth of c.10% making this a 15 year track record of unbroken revenue growth.
- From FY09 to FY24, Bloomsbury has delivered a revenue CAGR of 10.3%. If we exclude FY24, the FY09 to FY23 revenue CAGR is a still impressive 8.9%.

- EBITA margins have been more volatile but we have seen a consistent improvement in margins since FY18
- From FY09 to FY24, Bloomsbury has delivered an EBITA CAGR of 15%. The FY09 to FY23 EBITA CAGR is 12.5%

As we discuss later in this note, FY24 benefited from a particularly strong consumer performance (largely, but not entirely, driven by the Sarah J. Maas portfolio). Notwithstanding this effect, Bloomsbury’s revenue growth has been impressively consistent, which we believe has been driven by two fundamental drivers:

1. **The growing weight of the portfolio effect** across both Consumer and Non-Consumer (create once, sell many)
2. **Re-investment of surplus Consumer cashflow into the academic growth opportunity**, where margins are inherently more attractive.

Consumer and Non-Consumer breakdown

Bloomsbury comprises two key divisions: **Consumer** and **Non-Consumer**. Below in Figures 3 and 4 and 5 and 6, we show revenue and margin progression for each of the two main divisions since FY18.

Consumer (73% of FY24 group revenue)

The Consumer division comprises two segments; **Children’s** and **Adult**, both of which are focused on publishing across a range of fiction and non-fiction genres and across physical and digital (ebook and audio) formats. Overall, digital represented 18% of Consumer revenues in FY24.

The boundary between Children’s and Adult is becoming increasingly blurred ...

Although Bloomsbury has historically reported both segments separately, the boundaries between the two have become increasingly blurred over recent years. We would not be surprised to see these segments merged in future reporting periods.

The **Children’s** segment has consistently represented the majority of the overall Consumer division and in FY24 accounted for 77% of divisional revenue. Over the previous six years, Children has ranged between 61% and 67% of divisional revenue.

Fig 3: Consumer revenue, FY18 - FY24

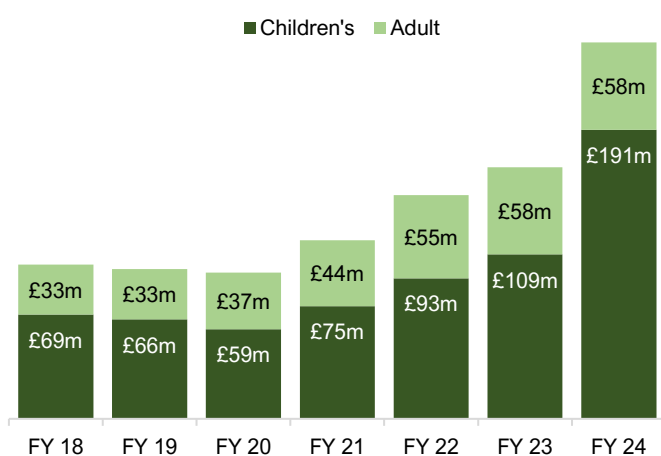
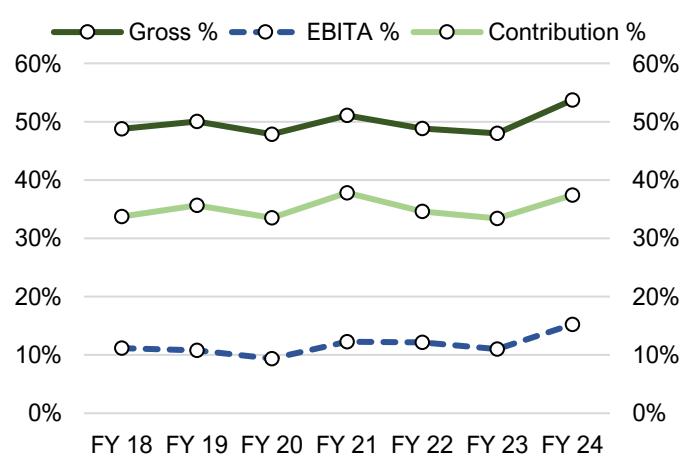


Fig 4: Consumer margins, FY18 - FY24



Source: Bloomsbury, h2Radnor

The **Adult** segment covers a combination of mass market and literary fiction as well as broad range of non-fiction across a range of sub genres such as cooking, health, culture, politics and history.

We believe the strength of the Consumer division’s performance over such a long period of time speaks to the fundamental quality of the consumer publishing operations.

- Identifying commercially attractive genres;
- Finding good authors within those genres;
- Effective sales and marketing to promote their works;
- Portfolio effect of new and existing titles combining together.

Non-Consumer (27% of FY24 group revenue)

The Non-Consumer division comprises two specific segments; **Academic & Professional** and **Special Interest**.

Academic & Professional (A&P) is the largest segment and is where the significant majority of the group organic and M&A investment has been focused in recent years. A&P contains **Bloomsbury Digital Resources (BDR)**, which is a range of digital only products and multi-media resources leveraging the broader A&P content portfolio and is aimed at the higher education market. Overall, digital (both BDR and ebooks) represented 55% of A&P revenue in FY24.

Fig 5: Academic revenue, FY18 - FY24

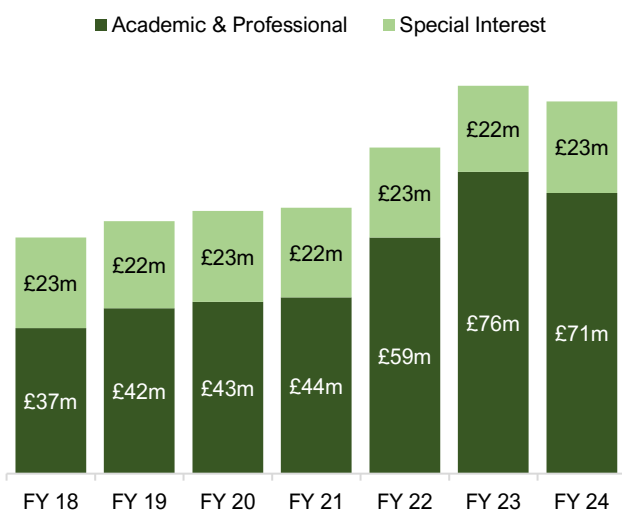
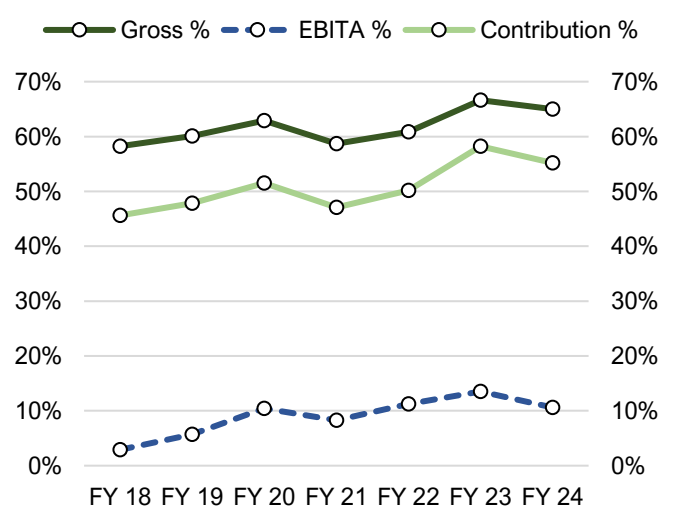


Fig 6: Academic margins, FY18 - FY24



Source: Bloomsbury, h2Radnor

The **Special Interest** segment is the smallest within the group and creates original, non-fiction content that supports hobbies, enthusiasts and interests. Content ranges across areas such as military history; nautical; science and nature; sport and wellbeing; arts and crafts; philosophy; religion; current affairs and business. Bloomsbury enjoys market leading positions across a number of these areas. Key

brands include Wisden Cricketers' Almanack, the Writers' & Artists' Yearbook, Who's Who, and partnership publishing with the RSPB, The National Trust and Wellcome Collection.

Geographical mix

Over the last six years, Bloomsbury has seen a dramatic shift in the geographical mix of its business, as the group has re-invested heavily into Academic & Professional and, in particular into North America, which now accounts for the majority of the group's revenue.

Bloomsbury's strategy of re-investing into Academic (digital in particular) has driven significant growth in North America ...

By destination, in FY19, 36% of group revenue was generated in the UK and by FY24, this proportion had fallen to 23%, driven by a sharp increase in revenue generated out of North America. As we discuss in more detail in this note, FY24, was boosted by an exceptionally strong consumer publishing performance in North America. If we look back to FY23, North America represented 48% of group revenue, still a material increase on the FY19 share of 35%. North America has also seen the strongest growth in the Academic & Professional segment and is where the group's M&A activity has been focused.

In both Fig 7 and 8 below, we show the change in the geographical mix of the business by destination of revenue between FY19 and FY24.

Fig 7: Revenue by destination FY19 - FY24

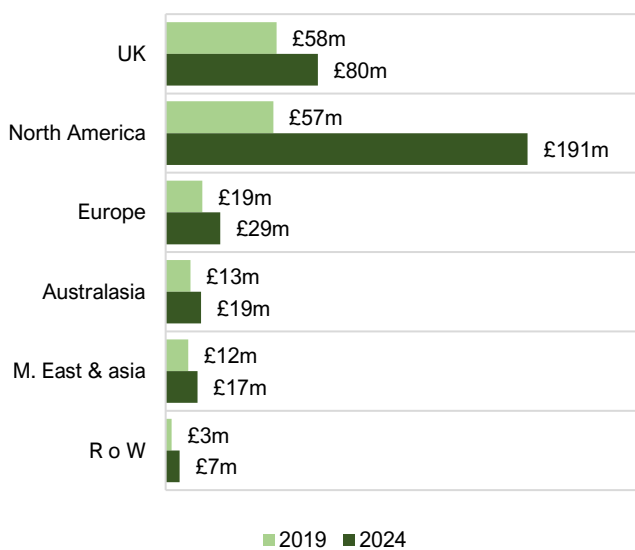
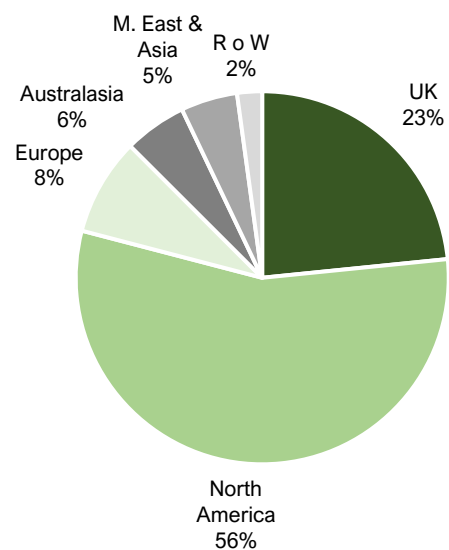


Fig 8: Revenue by destination mix FY24



Source: Bloomsbury, h2Radnor

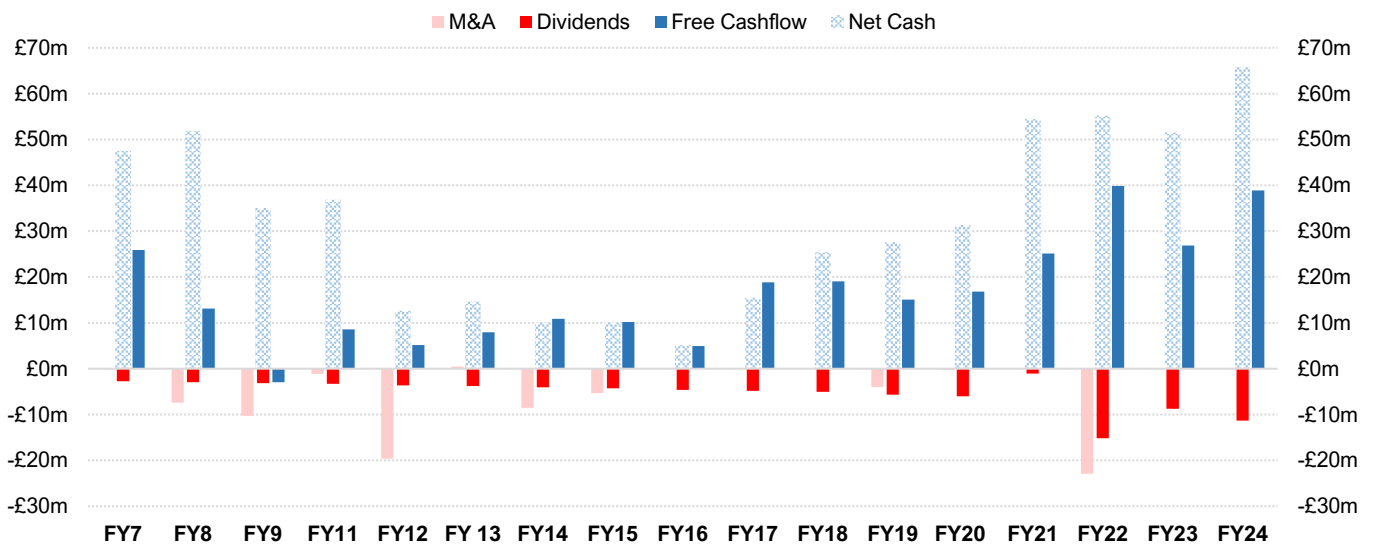
Balance sheet strength & free cashflow generation

Balance sheet strength and positive free cashflow generation has been a consistent feature of Bloomsbury over the years. From the early days of the Harry Potter phenomenon, Bloomsbury has maintained a positive net cash position on the balance sheet.

The early decision to retain and redeploy the surplus nature of the early Harry Potter cashflows placed Bloomsbury onto a firm foundation that has underpinned it ever since. Not only has this allowed the group to actively re-invest capital into growing the Academic & Professional portfolio and, since FY16, Bloomsbury Digital Resources, but it has also insulated shareholders from the working capital volatility inherent to any pure consumer publishing business.

Throughout this period, Bloomsbury has only turned to shareholders for an injection of fresh equity once and this was during the early stages of the pandemic, when protecting the strength of the balance sheet was a key priority for many businesses. This capital was subsequently returned to shareholders in the form of a special dividend in FY22. In Figure 9 below, we show the history of Bloomsbury’s annual free cash-flow, spend on M&A and equity dividends and the resulting year end net cash position.

Fig 9: Bloomsbury free cashflow, M&A and dividend evolution, FY7 to FY24



Source: Bloomsbury, h2Radnor

M&A – historic track record

A key plank of Bloomsbury’s growth strategy has been the re-investment of surplus consumer publishing free cash-flow into growing the Academic division, which offers exposure to a more pronounced structural growth opportunity with less volatile and more attractive margins. This has been achieved through organic re-investment into Bloomsbury Digital Resources, but also through M&A.

Given the substantial free cash-flow generation of the Consumer segment over this period, this re-investment into Academic has been achieved without material dilution to equity shareholders, which has underpinned Bloomsbury’s strong equity returns profile (dividends and share price return) over this period.

Over the period FY7 to FY24, Bloomsbury has spent **£83.5m** of cash on M&A. More recently, Bloomsbury has announced the £65m acquisition of the academic publishing assets from US based Rowman & Littlefield. This takes Bloomsbury’s total cash M&A spend since FY7 to **£148.5m**. Although Bloomsbury has put in place and drawn down

a £30m term loan facility to part fund the Rowman acquisition, we still forecast an overall net cash position of £10.4m for FY25E.

We discuss the Rowman & Littlefield acquisition in more detail below, but in Figure 10 below, we lay out the key acquisitions made by Bloomsbury since FY7.

Fig 10: Bloomsbury M&A history since FY07

| Date | Target | Geography | Total Value | Trailing Revenue | Trailing PBT | Publishing Focus |
|--------|---------------------------------|-----------|---------------|------------------|--------------|------------------------------------|
| May 24 | Rowman & Littlefield | US | £65.0m | £28.1m | £4.7m | <i>Academic</i> |
| Dec 21 | ABC-Clio | US | £17.3m | £11.5m | £0.9m | <i>Academic & digital</i> |
| Jun 21 | Head of Zeus | UK | £8.5m | £8.6m | £0.3m | <i>Consumer</i> |
| Jun 21 | Red Globe Press | UK | £3.7m | <i>n/a</i> | <i>n/a</i> | <i>Academic</i> |
| Mar 20 | Zed Books | UK | £1.8m | £0.8m | <i>n/a</i> | <i>Academic</i> |
| Dec 19 | Oberon Books | UK | £1.2m | £1.0m | <i>n/a</i> | <i>Academic</i> |
| May 18 | IB Tauris & Co | UK | £5.8m | £4.3m | <i>n/a</i> | <i>Academic</i> |
| Dec 14 | Osprey Publishing | UK | £4.6m | £7.0m | £0.3m | <i>Special Interest</i> |
| Sep 13 | Hart Publishing | UK | £7.0m | £3.0m | <i>n/a</i> | <i>Professional</i> |
| Jul 12 | Applied Visual Arts | UK | £1.7m | £1.8m | <i>n/a</i> | <i>Academic</i> |
| Apr 12 | Fairchild Books | US | £4.0m | £3.0m | £0.4m | <i>Academic</i> |
| Jul 11 | Continuum | US / UK | £20.1m | £10.7m | £0.6m | <i>Academic & Spec Int</i> |
| Jul 09 | Tottel Publishing | UK | £10.0m | £6.3m | £0.9m | <i>Academic & Professional</i> |
| Sep 08 | Berg Publishers | UK | £3.0m | £1.6m | <i>n/a</i> | <i>Academic</i> |
| May 06 | Methuen Drama | UK | £2.4m | <i>n/a</i> | <i>n/a</i> | <i>Academic</i> |

Source: Company presentation, Radnor

We can see from the above that since May 2006, Bloomsbury has made fifteen acquisitions, of which only two (Head of Zeus and Osprey Publishing) have been outside of the Academic & Professional segment.

- Including FY24, Bloomsbury has acquired c.£44m of trailing revenue since 2006. Pre 2006, the Academic publishing business was de minimis and most of the division has been built in the intervening period. We can therefore build a rough picture of the organic growth delivered by these assets when we look at the £70.5m of revenue generated by Academic & Professional in FY24.
- By both value (£65m) and revenue / PBT (£28.1m / £4.8m respectively), the acquisition of Rowman & Littlefield's academic publishing assets is, by some distance, the largest acquisition Bloomsbury has made to date.

Rowman & Littlefield

Announced only a few days after the release of the FY24 full year results, Bloomsbury's £65m acquisition of the academic publishing assets from Rowman & Littlefield, is the third large North American acquisition made by the group since 2010, following the £17m acquisition of ABC-Clio in FY22 and the £20m acquisition of Continuum (UK and US exposure) in FY12. All of these acquisitions have been made into the Academic division.

Whilst ABC-Clio was a predominantly digital educational resource and secondary education publisher, Rowman & Littlefield is a more traditional tertiary education focused academic publisher.

- Rowman & Littlefield was originally founded in 1949 and is headquartered in Maryland, USA. In 1988, the University Press of America acquired Rowman & Littlefield and subsequently rebranded under the Rowman & Littlefield name. Outside of the academic publishing assets that have been acquired by Bloomsbury, Rowman & Littlefield will retain its Globe Pequot non-fiction imprint and its trade publishing and distribution assets.
- The transaction has been structured as a business asset purchase. In effect, Bloomsbury has acquired only those publishing assets and people (c.115 employees transferred across to Bloomsbury upon completion) that it was specifically interested in.
- The initial consideration was £60m (\$76m) which was satisfied in cash on completion with up to a further £5m (\$7m) to be settled in cash post completion.
- In calendar 2023, the assets being acquired by Bloomsbury generated revenue of £28.1m and PBT of £4.7m, implying EBIT margins of at least 16.7%. We therefore expect this acquisition to be margin accretive to Bloomsbury's Academic & Professional segment before we make any assumptions about future synergies.
- Given this was a business asset purchase as opposed to a corporate acquisition, we do not see operational cost savings as a key short-term focus. Instead, we see sales and marketing and content synergies (ie BDR) as the priority.
- Bloomsbury has funded the acquisition through a combination of its existing cash resources (FY24 net cash of £65.6m) and a new \$38m three year term loan with Lloyds Bank.

Even before any potential synergies, Rowman & Littlefield will be margin accretive to A&P ...

Short term focus will be on revenue and content synergies, not cost savings ...

This acquisition is wholly aligned with Bloomsbury's stated strategy of re-investing into the growth of the Academic & Professional segment.

The group catalogue will almost double to 97,000 titles ...

- Rowman & Littlefield is a traditional academic publisher with c.40,000 titles in its catalogue across a range of academic disciplines but with a particular strength in the humanities and social sciences, which is well aligned with the existing Bloomsbury Academic focus. On a combined basis, Bloomsbury will have catalogue of c.97,000 titles.
- Historic sales are predominantly print based but with a growing proportion sold in ebook format (c.20%).
- Rowman & Littlefield does not offer an equivalent digital content platform to Bloomsbury Digital Resources. However, there is a strong fit between the existing BDR content verticals and the Rowman & Littlefield footprint which has been clearly identified by Bloomsbury as an area of incremental growth to target. As a result, Bloomsbury has updated its BDR ambitions and is now targeting **£41m** (up from £37m) of BDR revenue in FY28.

Rowman & Littlefield offers significant opportunities to expand and deepen BDR ...

In keeping with strategy of redeploying its substantial balance sheet strength, and not diluting shareholders through issuing fresh equity, this acquisition is likely to immediately earnings enhancing for Bloomsbury. In FY25E (9 months contribution) we expect the acquisition to contribute c.£20m of revenue and c.£3m of incremental EBIT, offset by c.£1.5m of net financing cost. For FY26E, we expect a revenue / EBIT contribution of £29m and £5.5m respectively.

Early paydown of the term loan will be earnings accretive ...

Even post the consideration for Rowman & Littlefield, we still expect Bloomsbury to end FY25E with a net cash position of £10.4m. Our working assumption is that Bloomsbury will seek to repay the \$38m bank debt over a shorter time frame than the nominal three year term. However, as the timings here are uncertain we have maintained the loan for the full three years in our financial model. Early repayment of what we are assuming to be c.7% interest bearing debt will itself be accretive to earnings by anything up to 5% on an annualised basis (using FY26E as the base year for full repayment).

Bloomsbury - Positioning and Market Context

Bloomsbury’s mix of consumer and academic publishing marks it out amongst the broader publishing landscape. Traditionally, the publishing industry has separated consumer and academic publishing. Given the strength and consistency of Bloomsbury’s track record over the last 15 years, going against this “received” wisdom would seem to be more than justified.

Although Bloomsbury sits within the broader publishing category, strict comparisons between companies are not easy and need to be heavily caveated. For example, Bloomsbury’s academic publishing focus is very different in terms of the mix between books and journals and vertical subject, which makes margin comparisons particularly difficult with peers such as Informa and RELX.

In Figure 11 below, we show the key industry players across both consumer and academic publishing.

Fig 11: Consumer and Academic Publishing landscape – the key players

| Consumer Publishing | Revenue | Parent | Country |
|---|---------------|---|-----------|
| Penguin Random House Viking | €4,532 m | Bertelsmann | Germany |
| Hachette Little, Brown (Piatkus) Hodder Headline Orion | €2,809 m | Lagardère / Vivendi | France |
| HarperCollins Publishers | \$1,979 m | News Corporation | USA |
| Macmillan Publishers | \$1,400 m | Hotzbrinck Publishing Group | Germany |
| Simon & Schuster | \$1,100 m | KKR | USA |
| Scholastic | \$1,038 m | Independent listed | USA |
| Bloomsbury Consumer | £235 m | Independent listed | UK |
| Faber & Faber | £25 m | Privately owned | UK |
| Academic Publishing | Revenue | Parent | Country |
| RELX (STM) | £3,062 m | RELX PLC | UK |
| Springer Nature | \$2,100 m | Hotzbrinck Publishing Group / BC Partners | Germany |
| McGraw Hill | \$2,100 m | Platinum Equity | USA |
| John Wiley & Sons | \$1,683 m | Independent listed | USA |
| Pearson Education | £1,471 m | Pearson PLC | UK |
| Houghton Mifflin Harcourt | \$1,005 m | Veritas Capital | USA |
| Oxford University Press | £825 m | Independent private | UK |
| Taylor & Francis | £619 m | Informa PLC | UK |
| Sage Academic Publishing | \$500 m | Independent private | USA |
| De Gruyter Brill | €134 m | Independent private | Germany |
| Bloomsbury A&P | £75 m | Independent listed | UK |

Source: Company presentation, Radnor

We can see from the above that across both groups the majority are either privately owned or subsidiaries of broader media conglomerates.

Given the disparate mix of ownership and business mixes across these companies, it is challenging to draw out a complete set of financial comparatives. In Figures 12 and

13 below, we show the EBITDA margin and revenue size bandings from those publishers where we can identify and break out specific Consumer or Academic contributions.

Fig 12: Consumer – revenue vs EBITDA margin

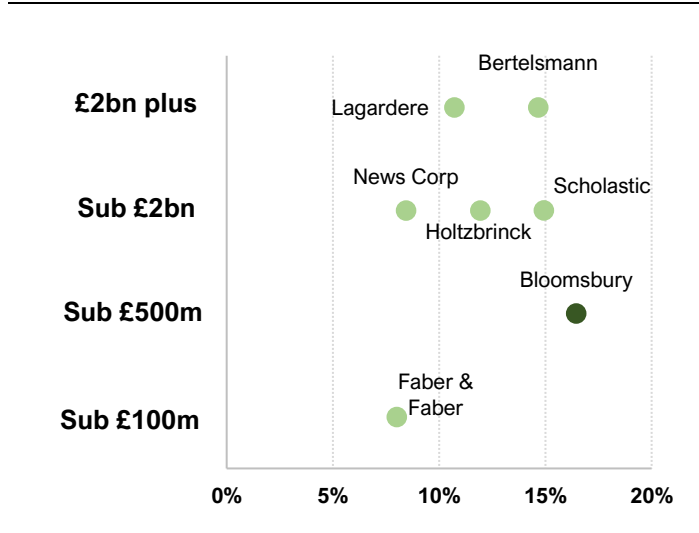
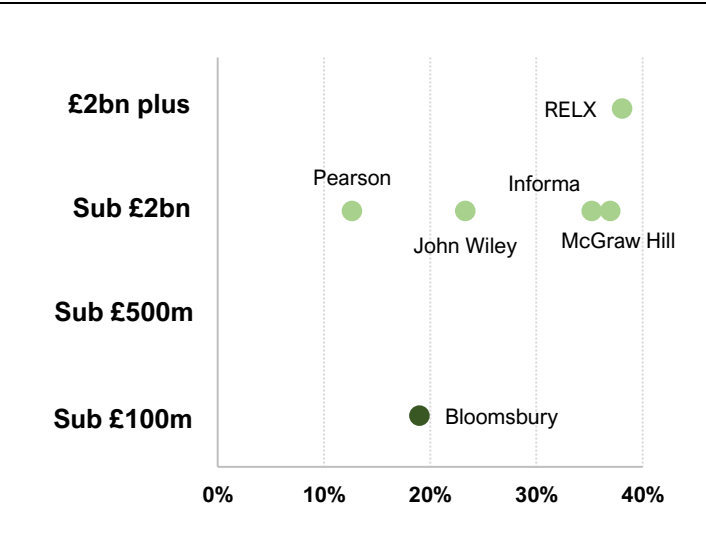


Fig 13: Academic – revenue vs EBITDA margin



Source: Company filings, h2Radnor

We can see that within the **Consumer** publishers, Bloomsbury’s EBITDA margins compare very favourably.

Within **Academic**, we can see a size disparity between Bloomsbury and others. This is also reflected in segmental margins, where Bloomsbury is at an earlier stage of its margin evolution and offers a very different mix in terms of journal and subject exposure, compared to the likes of Informa (Taylor & Francis) and RELX who are very heavily exposed to journal publishing within STEM disciplines.

We believe that this future margin progression within Academic & Professional is one of the key value drivers in the Bloomsbury equity story that has yet to be fully captured within estimates.

- Bloomsbury does not yet fully benefit from the scale economics that underpin the margins of the larger names.
- Higher margin Bloomsbury Digital Resources has been growing fast and remains a key focus for Bloomsbury looking forward. Pure BDR revenue in FY24 represented 38% of the A&P segment. Bloomsbury’s stated ambition is to see BDR revenue grow to £41m by FY28, representing a 9% revenue CAGR over the next four years.
- The recent acquisition of the Rowman & Littlefield academic publishing assets is likely to be to margin accretive even before the transition of content into the higher margin BDR funnel.

Bloomsbury’s digital exposure within Academic is growing fast...

Consumer Publishing – Broader Market Context

Consumer publishing has remained remarkably resilient ...

For one of the more traditional media formats, consumer book publishing has proven remarkably resilient in a world where so much of traditional media has been heavily disrupted by the linked combination of new technologies and changing consumer behaviour.

Not only has consumer book publishing largely weathered the growth of digital book formats since the early 2000s, it has arguably been one the main beneficiaries of both the more recent themes of the pandemic (which re-energised consumer appetite for written content) and also the exponential growth of social media and its growing prominence as a stimulant to consumer reading behaviour (which we discuss in more detail below).

In Figures 14 and 15 below we show data from the UK Publishers Association and the US Association of American Publishers that outline the size and breakdown of the respective UK and US consumer book markets.

Fig 14: UK home consumer book market size

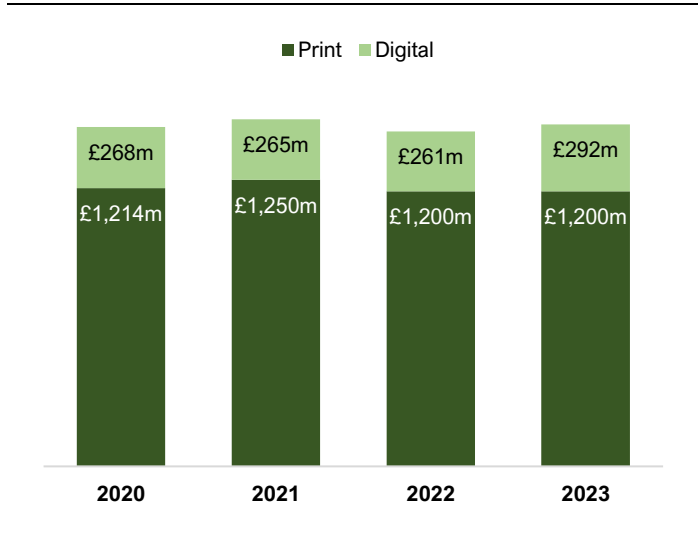
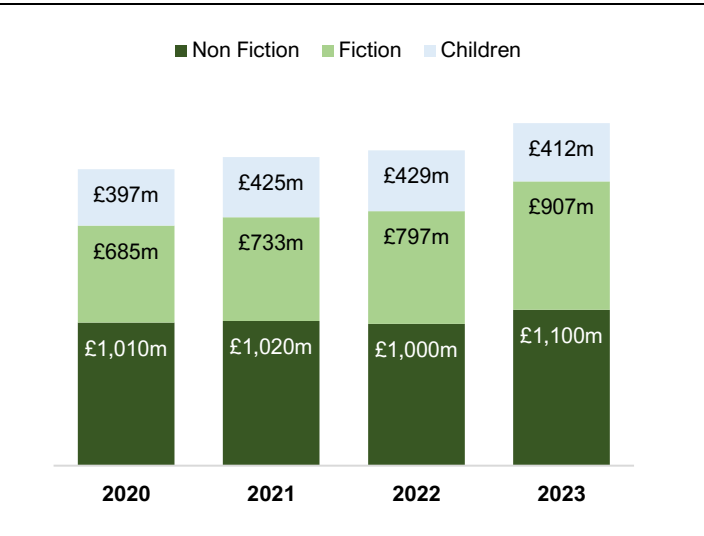


Fig 15: UK genre breakdown (home & export)



Source: UK Publishers Association, h2Radnor

- The UK domestic consumer book market, in value terms, has remained broadly stable over the last four years at c.£1.5bn. By contrast the export market has growth by an average of 11% per annum over the last four years to c.£0.9bn.
- The UK Publishers Association also breaks out Consumer print unit volumes, although this does include export volumes, and here we can see a stronger growth picture with 662m physical print books sold in 2023, versus 605m in 2020, a CAGR of 3% over the period. According to Nielsen BookScan (as reported by the Bookseller in January 2024), the UK domestic market saw a -5% decline in print book volumes to 199m units.
- The implication in the UK is that 2023 was a year where average retail book prices rise to their highest level (£9.23) since 2020, which itself was a record high. Although print unit volume in the UK has declined from the early to mid-

2000s (where print volumes were consistently above 200m units), aggressive retail discounting has become less of a feature of the UK market.

- The share of digital formats (ebook and audio) has grown over this period from 18% of the domestic market in 2020 to 20% in 2023. We can see a similar picture in the US market.
- From a genre perspective, the Fiction segment has seen the strongest growth, from £685m in 2020 to £907m in 2023, a CAGR of 10%.

Fig 16: US consumer book market size

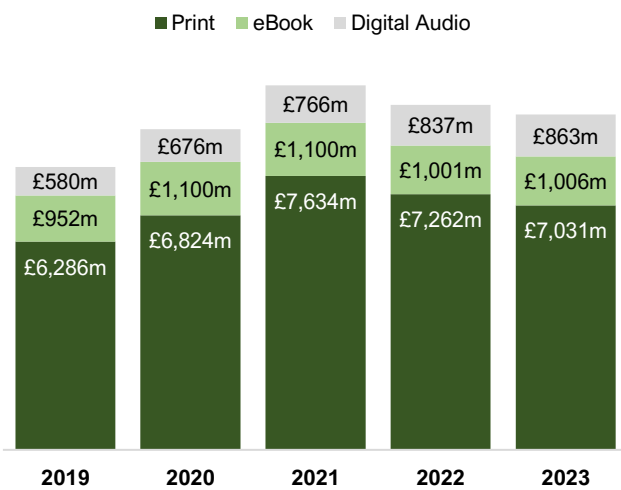
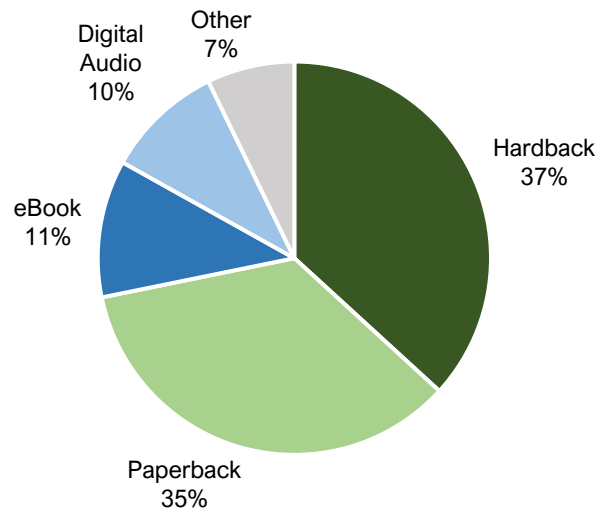


Fig 17: US consumer book mix by format, 2023



Source: UK Publishers Association, h2Radnor

- At a headline level, the US consumer book market has been more volatile than the UK. There was a more prominent pandemic uplift in FY21, where print book revenue increased by 12% YoY and has subsequently declined.
- Notwithstanding the pandemic effect, 2024 consumer book revenue (including digital and audio) stands 3% higher than 2020 and 14% higher than 2019.

Consumer Publishing – The Social Media phenomenon

BookTok has had a material impact on the industry ...

One of the key features of the consumer publishing world over the last decade has been the growing impact of social media as a tool to stimulating interest in books and reading. Although much of this pre-dated the pandemic, there is no doubt that the impact of various lockdowns around the world took this phenomenon to a new level and one that has been maintained ever since.

Central to this trend has been BookTok, which is a user created community within the broader TikTok universe of 1 billion plus users worldwide. BookTok is the hashtag used by video creators to label their book-oriented videos. BookTok is one of the largest communities on the platform and generated c.179 billion video views in 2023. Looking at the broader reading related hashtags, above and beyond BookTok, then the video view count rises to 240 billion.

BookTok demographics are nicely aligned with the Young Adult and “romantasy” genres ...

The demographic breakdown of this user community is also important, with a very heavy slant towards female and under the age of 54. In 2022, the Publishers Association in the UK conducted market research that found 55% of 16-25 year olds were active users of BookTok recommendations, with 68% of respondents saying that BookTok had encouraged them to read a book they would not have normally considered.

The growing influence of BookTok, and the very significant direct impact on book sales, cannot be underestimated. Although BookTok is a video based community, the effects are not limited to the digital environment. 49% of respondents to the Publishers Association research stated that they had visited a physical book retailer as a result of a BookTok recommendation. Most established physical book retailers will now host BookTok events and festivals, with “BookTok recommended” tables visible in most stores.

According to industry commentators¹, the genre that has become most synonymous with BookTok phenomenon is the cross over between Young Adult fiction, Romance and Fantasy. Bloomsbury itself can claim the credit for the “Romantasy” monicker as a result of the extraordinary success of Sarah J. Maas, who is one of the leading names in this new cross over genre. However, other Bloomsbury authors such as Madeline Miller (*The Song of Achilles*) have also been notable beneficiaries in the past.

Within a consumer book market that has remained broadly stable in both the US and the UK, the broad adult fiction (within which falls the Young Adult category) has seen significant growth. In the UK alone the fiction segment has delivered a three year CAGR of 10% against a total UK CAGR of 4% and it is widely acknowledged amongst commentators and industry, that social media has played a pivotal part in this outperformance.

Although BookTok, and social media more generally, has proven to be a highly influential and impactful force within consumer publishing, there is one note of caution. ByteDance, the owners of TikTok, have announced that they are establishing their own in-house publishing company. Although this will not be a threat to established authors with existing followings, this could add a new competitive force into the industry when it comes to the identification of new authors.

There is also the risk that the BookTok community itself may not react well to such overt “corporatisation” of what has largely been an organic consumer phenomenon to date and this could potentially see the popularity of the community diminish. Until then, however, it is likely that BookTok will continue to be a significant demand driver.

¹ The Bookseller, 12th January 2024

Academic Publishing – Broader Market Context

There are a number of key differences between consumer and academic publishing. First and foremost is the nature of the customer base and their motivations for accessing content. It is also worth noting that the shift to digital within Academic is much more pronounced and multi-faceted than in the consumer world. The growth of Bloomsbury Digital Resources (which we cover in more detail below) is representative of this underlying digital trend within academic publishing.

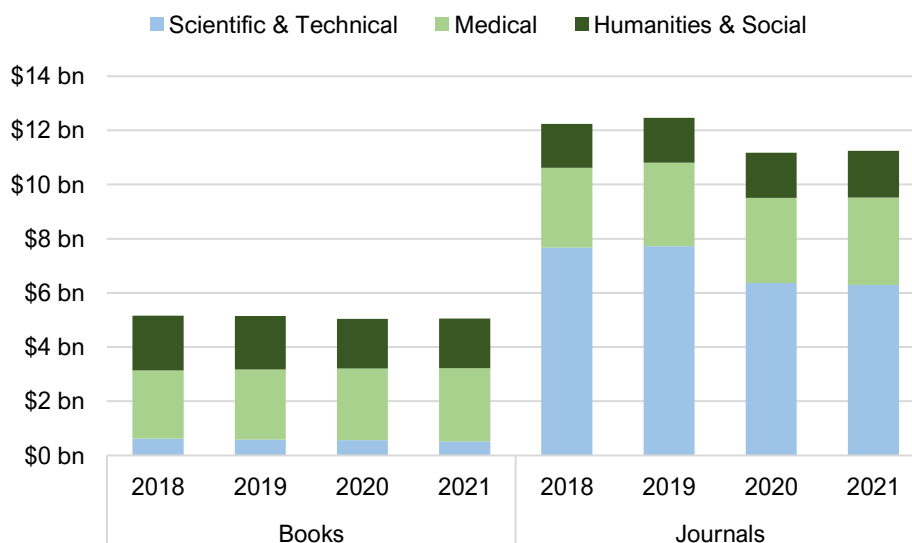
Academic publishing displays different customer and content characteristics to Consumer ...

For Bloomsbury, the key customer base within academic publishing is the academic library or educational institution who are content gatekeepers for their respective student bodies. In contrast to consumer publishing, there is less discretion around the need to access content. In this sense, academic publishing is more akin to B2B publishing, both in terms of the specific nature of the content and the disconnect between those who access the content and who pays for it. It is therefore no surprise to see that the largest players in the academic publishing world are better known as B2B information publishers more broadly.

In Figure 18 below, we show a breakdown of the global academic publishing industry by theme and format. More recent industry size data is hard to come by so this data comes from 2022. However, given the overall maturity of the industry this is still likely to be good representative picture of how the industry is made up.

Fig 18: Global academic publishing market breakdown

Journal publishing is more weighted towards technical disciplines ...



Source: STM White Report 2022, h2Radnor

Within this market there is a distinct split between the Science, Technology and Medical segments which represents c.85% of the global market and Humanities & Social Sciences, which represents 15%, or \$4.5 billion. This also shows the extent to which the publishing of academic journals is more prevalent across STEM disciplines.

This distinction matters for Bloomsbury, which is weighted towards Humanities & Social Sciences. The academic journal publishing world, dominated by STEM is concentrated amongst a relatively small group of larger scale publishing groups, who

enjoy high barriers to entry. Conversely, they are also far more exposed to risks around open access. Humanities & Social Sciences, on the other hand, represents a much more attractive opportunity for Bloomsbury where it has already been able to consolidate through M&A and the growth of Bloomsbury Digital Resources.

From a geographical perspective, North America is the key market for growth. Bloomsbury has actively prioritised the US market and for good reason. Although more recent data is hard to come by, in 2021 the US was estimated to represent c.40% of the global \$28 billion academic publishing market.

By contrast, the UK, the second largest academic publishing market outside the US, comes some way behind. In Figure 19 below, we show the latest data from the UK Publishers Association. This data does not make any distinction between academic disciplines but does break the data down by content format. It is worth noting that the Journal segment is c.80% digital.

Fig 19: UK academic publishing breakdown

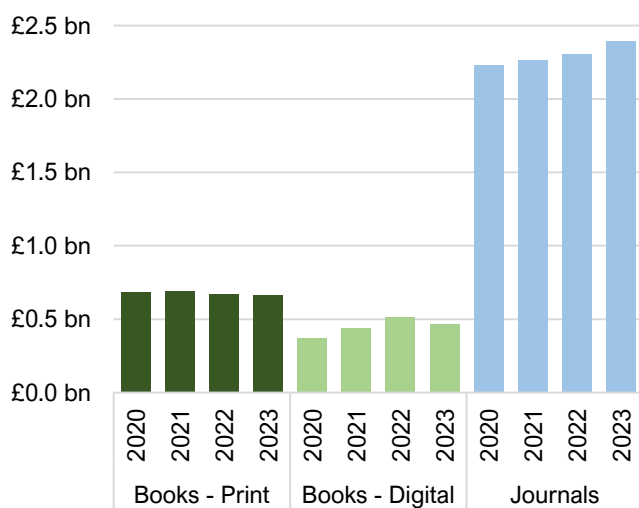
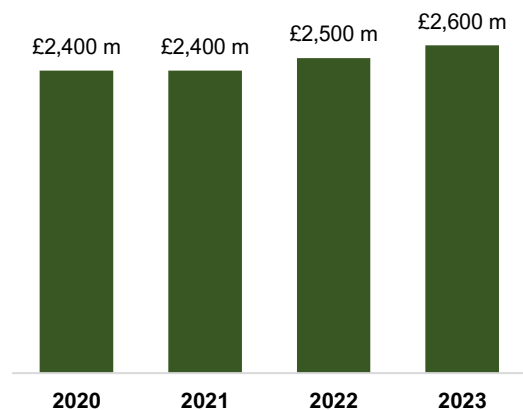


Fig 20: UK academic publishing export growth



Source: UK Publishers Association, h2Radnor

- Unsurprisingly, there is not a huge variation between the UK and the global trends. Academic journals continue to be the predominant format.
- Perhaps more interestingly, we can see that on a combined print and digital basis, UK academic book publishing has grown by a 2% CAGR since 2020, with ebook sales growing at a CAGR of 8%.
- Ebooks now make up c.40% of overall academic book publishing. The equivalent metric for Bloomsbury (A&P digital revenue ex BDR) was 28% in FY24 suggesting that there is still further for Bloomsbury to go here. The Rowman & Littlefield acquisition (c.20% ebook share) underlines the digital opportunity for Bloomsbury.

Deeper Dive – Bloomsbury Consumer

Consumer Track Record

Bloomsbury Consumer has demonstrated a strong track record of revenue growth.

- Since FY16, Consumer revenue has grown at a CAGR of **+18%**
- Even if we ignore FY24, which was a remarkably strong year (and unlikely to be immediately repeated), the FY16 to FY23 revenue CAGR is a still impressive **+14%**

Below in Figures 21 and 22 we show the Bloomsbury Consumer track record since FY16, which is when the current segment reporting structure was first adopted by the Group. Since FY18, the Group has also broken down individual segment revenues by product type.

Fig 21: Consumer revenue mix

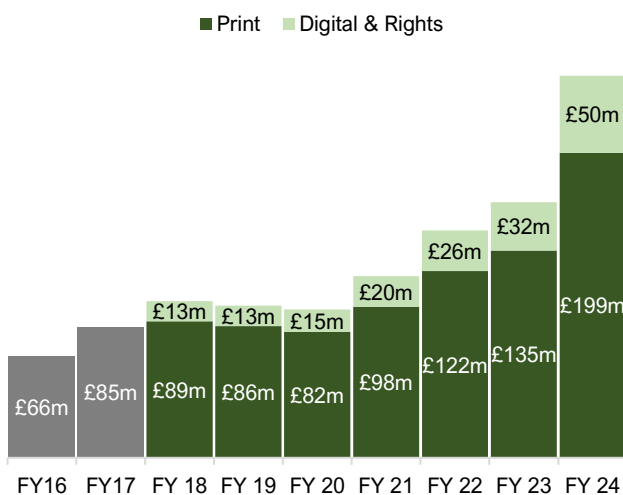
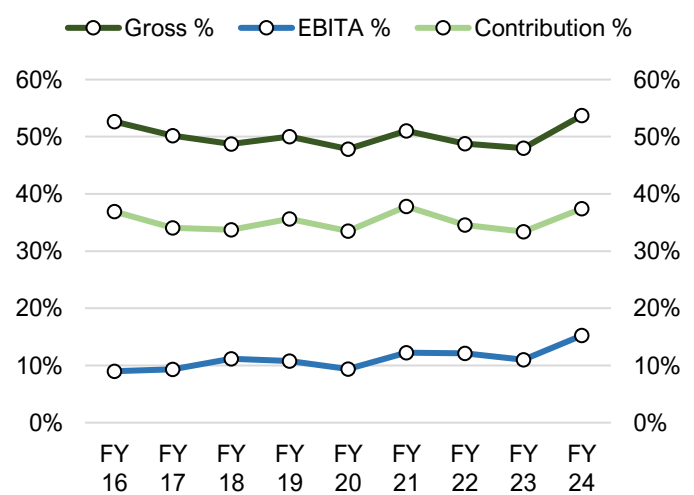


Fig 22: Consumer margin evolution



Source: Bloomsbury, h2Radnor

In FY24 we saw both the front and back list performing in unison ...

It is clear that in order to deliver the performance that Bloomsbury Consumer has achieved, both the front and back list have performed well. This is the portfolio of portfolio effect in action, with new and older titles across multiple authors driving growth in unison. That this performance has been delivered across multiple periods also suggests that success is being driven across a broad range of titles and authors.

Bloomsbury is more than just Sarah J. Maas or Harry Potter ...

We believe this is a critical point for investors to understand. Although Harry Potter and Sarah J. Maas have been, and are very likely to continue to be, very material contributors to the group, they are not the entirety of the Bloomsbury story.

In Figure 23 below, we show the Bloomsbury nominations and awards from the last five years of the British Book Awards (aka “The Nibbies”) as a representative example of the industry recognition that Bloomsbury authors have received across a broad range of genres. The publishing industry is awash with awards and prizes and it is fair to say that Bloomsbury authors have been recognised across a broader range of awards than just the British Book Awards. 2024 was a particularly notable year with *Katherine Rundell* winning the Author of the Year accolade (across all genres) as well

as winning the Children’s Fiction Award. *Brilliant Black British History* also won the Children’s Non-Fiction award. Bloomsbury itself was recognised as the Children’s Publisher of the Year and also won the Overall Export Award.

Fig 23: The “Nibbies” – Bloomsbury awards and nominations at the British Book Awards since 2019

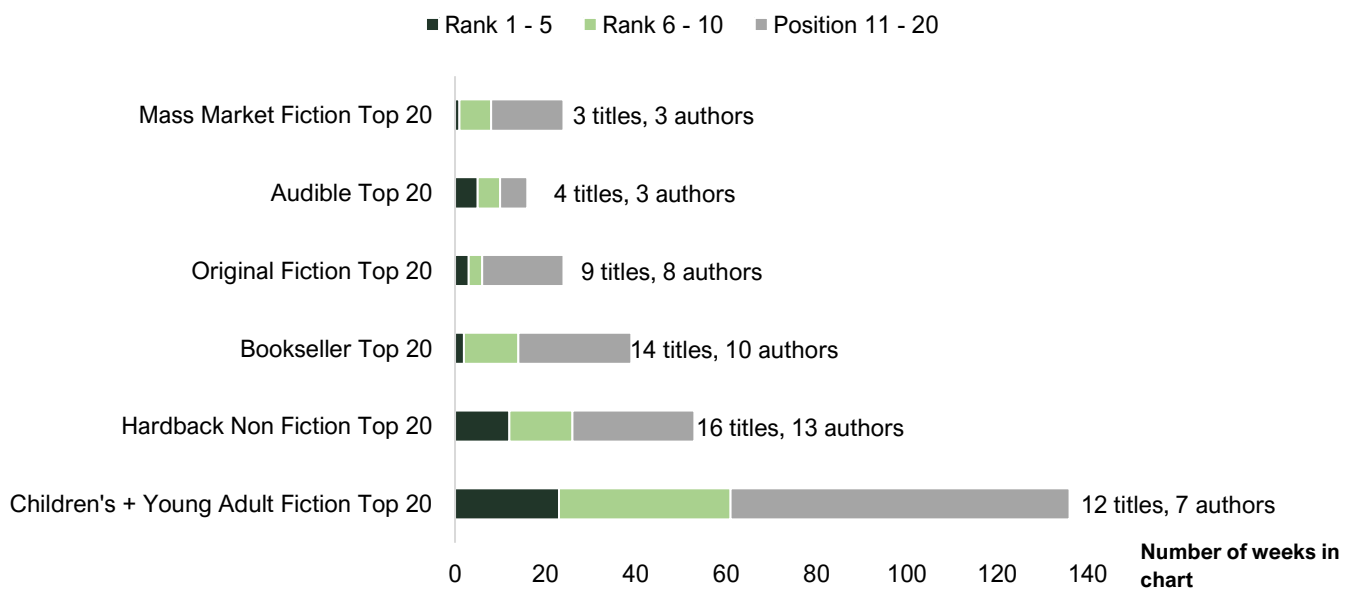
| Awards | Book | Author | Nominations | Book | Author | |
|--------|--|---|---|---|--|--|
| 2024 | Children's Publisher of the Year Overall Export Award Author of The Year Children's Fiction Children's Non Fiction | <i>Impossible Creatures</i> <i>Brilliant Black British History</i> | Katherine Rundell Katherine Rundell Atinuke | Non Fiction Lifestyle Children's Illustrated | <i>GHOSTS</i> <i>We're Going on a Ghost Hunt</i> | Multiple Martha Mumford |
| 2023 | Debut Book | <i>Trespasses</i> | Louise Kennedy | Non Fiction Narrative Book Children's Non Fiction Discover Book of the Year | <i>A Visible Man</i> <i>You Don't Know What War Is</i> <i>As Long As The Lemon ...</i> | Edward Enninful Yeva Skalietska Zoufka Katouh |
| 2022 | | | | Children's Non Fiction | <i>Grown: The Black Girl's Guide ...</i> | Melissa Cummings-Quarry |
| 2021 | | | | Debut Book Audiobook | <i>Such A Fun Age</i> <i>Piranesi</i> | Kiley Reid Susanna Clarke |
| 2020 | Non Fiction Narrative Book | <i>Three Women</i> | Lisa Taddeo | Non Fiction Lifestyle Children's Fiction Audiobook | <i>Dishoom</i> <i>The Good Thieves</i> <i>The Madness of Crowds</i> | Samil Thakrar Katherine Rundell Douglas Murray |
| 2019 | | | | Children's Illustrated | <i>Fantastically Great Women ...</i> | Kate Pankhurst |

Source: British Book Awards, h2Radnor

Bloomsbury titles have charted across multiple categories in FY24 ...

In Figure 24 below, we show Bloomsbury’s UK chart performance since May 2023 through to June 2024 across a range of categories. This shows the aggregate number of weeks that Bloomsbury titles spent in either the Top 5, Top 10 or Top 20 across each category. It is important to note that the UK is not the biggest market for Bloomsbury but this data illustrates the breadth of performance.

Fig 24: Bloomsbury Top 20 UK chart rankings – cumulative weeks across all titles, April 23 to July 24



Source: The Bookseller, h2Radnor

This shows Bloomsbury’s strength in the key genres of Children & Young Adult as well as Hardback Non Fiction. Within the Children & Young Adult category, Bloomsbury

titles accumulated a remarkable **136** weeks in the Top 20, dominated by Harry Potter but including five other authors. Katherine Rundell's *Impossible Creatures* spent 21 weeks in the charts, including 2 weeks at number 1 and nine weeks in the Top 5

The Bookseller Top 20 Chart is the overall chart that combines adult, children, fiction and non-fiction and here Bloomsbury has still performed well with a combined **39** weeks across the period where Bloomsbury titles were in the Top 20 across a broad spread of authors and genres, including Sarah J. Maas, Martha Mumford, Hugh Fearnley-Whittingstall, Katherine Rundell, J.K. Rowling, Bal Khabra and Ann Patchett.

The portfolio effect in Consumer

The entirety of the content catalogue is Bloomsbury's "engine room" ...

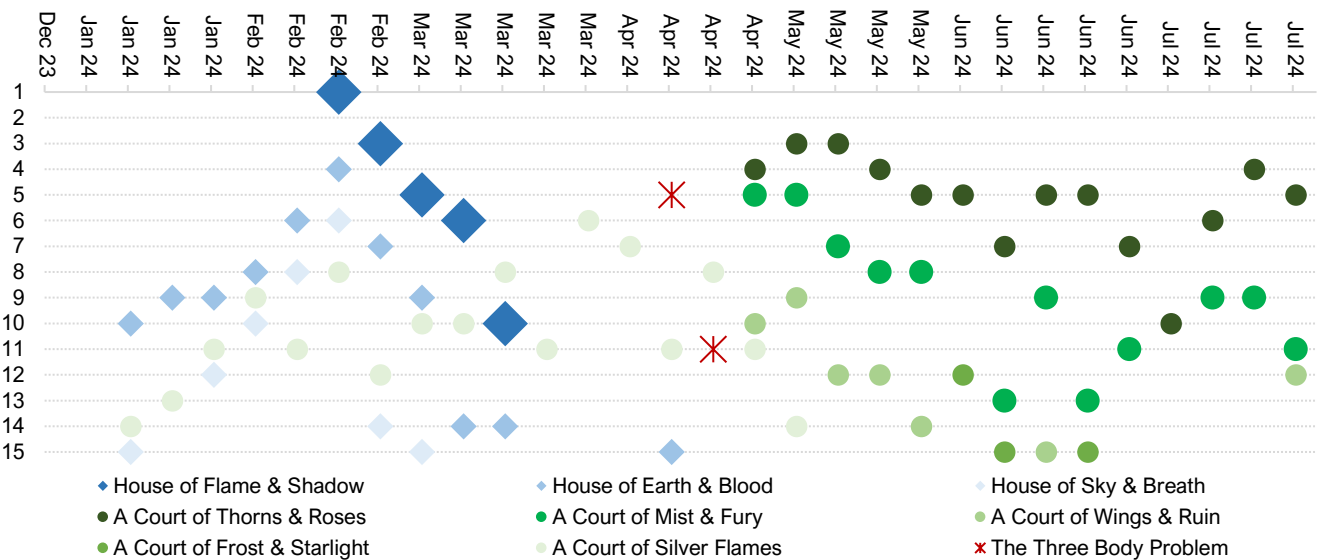
Headlines in consumer publishing can be dominated by new titles however, it is the cumulative effect of both new and older titles that is the real engine that has driven Bloomsbury's Consumer performance over the years.

The company has previously indicated that the back list has represented, on average over a number of years, c.70% of Consumer revenue. Despite FY24 being a strong year for new titles, not least *House of Flame and Shadow* and *Impossible Creatures*, existing titles still delivered a significant contribution.

New and existing title revenues are inextricably linked, especially for established authors ...

The critical point here is that Bloomsbury's success is a function of the portfolio effect driven by new title success driving demand for other titles within that author portfolio. The clearest example of this dynamic is Sarah J. Maas, whose latest title, *A House of Flame and Shadow*, made a huge impact on launch in January 2024. In Figure 25 below, we show the Top 15 chart rankings from the New York Times Bestseller list on a combined print and ebook basis.

Fig 25: New York Times Bestseller chart positions – Combined Print & Ebook, 2024 year to date



Source: New York Times, h2Radnor

Even more startling has been the impact across Sarah J. Maas's broader titles ...

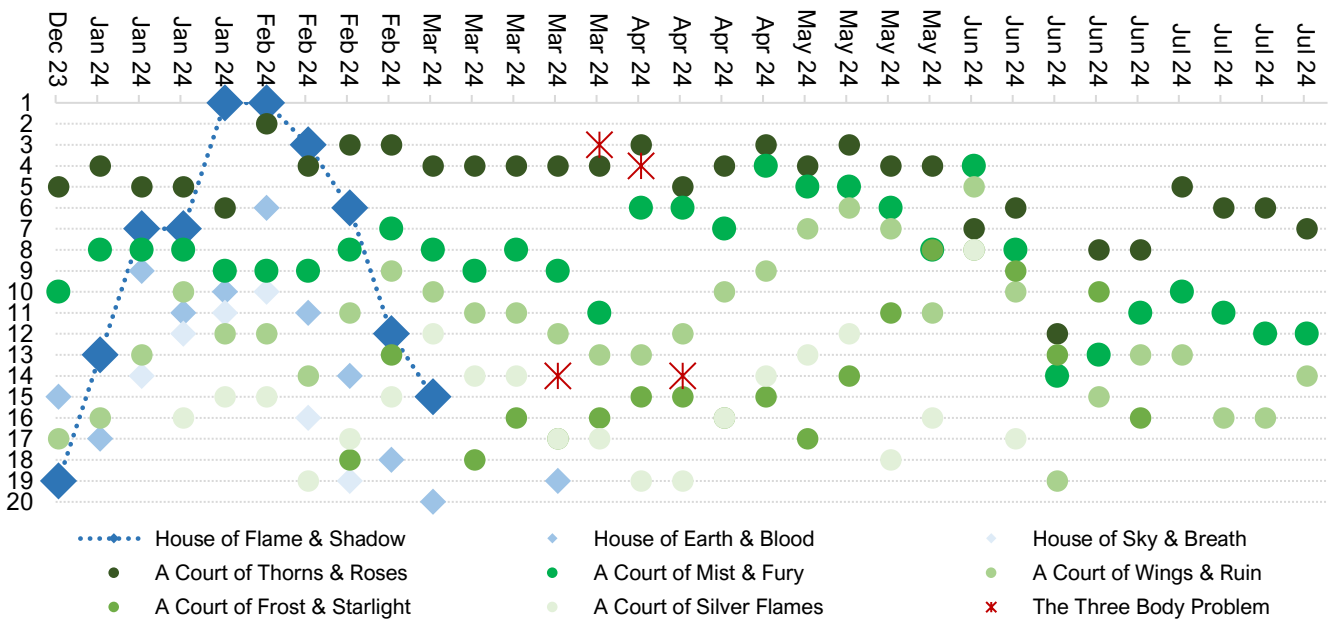
- We can see above that *A House of Flame & Shadow*, debuted straight into number 1 and then held a top 10 position for a number of subsequent weeks;
- However, following the launch of *A House of Flame & Shadow*, the author's preceding *Court* series (originally published between 2015 and 2021) has been

performing very strongly, with *A Court of Thorns & Roses* and *A Court of Mist & Fury* consistently ranking in the Top 10 since the end of April;

- More broadly, since the start of 2024, Sarah J. Maas has seen nine of her books chart in the Top 15 and at one stage (end April / start of May), all five of her *Court* series titles were in the Top 15.

We have also looked in detail at the weekly Amazon US most sold charts, see Fig 26 below, as there is some subjectivity around the New York Times bestseller charts, and this shows an even starker picture of the strength across the Sarah J. Maas titles.

Fig 26: Amazon US “Most Sold” chart positions – 2024 year to date



Source: Amazon, h2Radnor

- In a similar fashion to the NYT Bestseller chart, Amazon shows the launch of *House of Flame & Shadow*, with the book reaching and holding the number 1 spot at the end of January, before tailing away through February.
- However, what is immediately apparent from this chart is the consistency of the rankings for the other Sarah J. Maas titles and in particular *A Court of Thorns & Roses*, which has been in the Top 5 every week of 2024 so far, bar two.
- Sarah J. Maas has averaged six titles in the Amazon Top 20 since the start of 2024 and saw this peak in early February when she had nine titles in the Top 20, or 45% of the available spots.

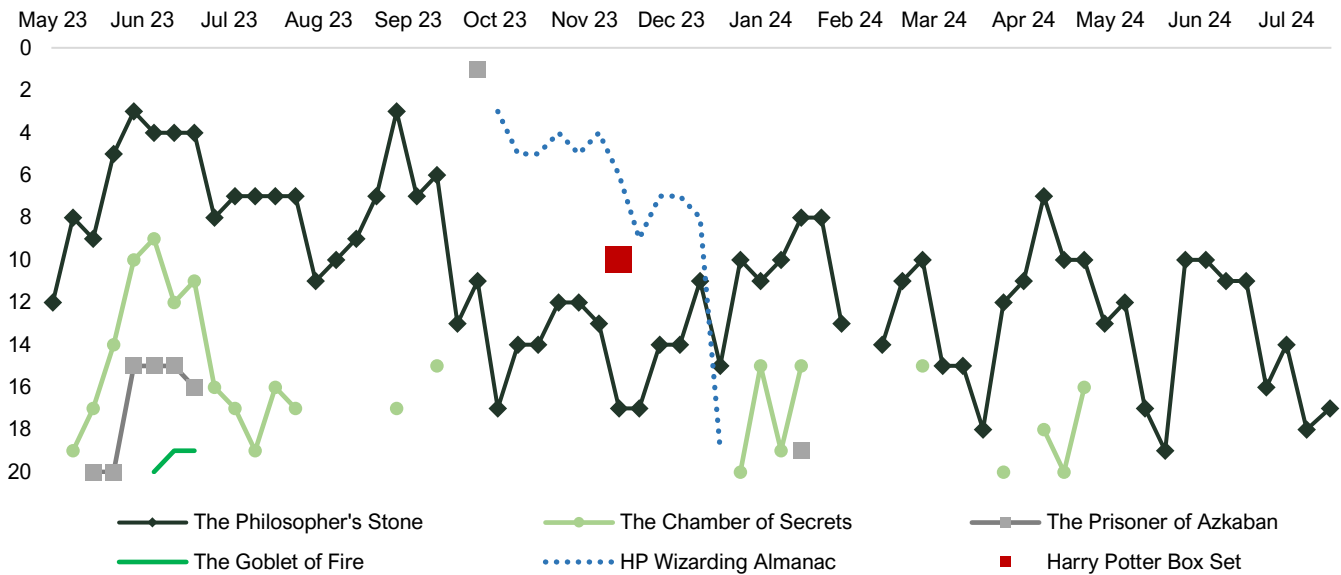
According to Amazon, no other author in 2024 comes close ...

As we have already discussed, social media has been a significant driver of renewed consumer interest in fiction, and in particular the “romantasy” and young adult genres. Sarah J. Maas is one of the leading lights within these genres and we therefore do not find it surprising to see her performing even more strongly within the Amazon charts, which have an unsurprising bias towards digital format sales.

We can see the evidence for this in Bloomsbury’s reported numbers. In FY24, Consumer digital revenue grew by 78% to £44.5m, outstripping Consumer Print revenue growth of 47%.

Although Sarah J. Maas is the clearest example of the combined front and back list effect in action, Bloomsbury also benefits from the continuing and enduring impact of J.K. Rowling’s Harry Potter. In Figure 27 below, we show the Bookseller UK Children’s & Young Adult Top 20 chart from May 2023 to date.

Fig 27: Bookseller UK chart rankings – Children’s & Young Adult since May 2023



Source: The Bookseller, h2Radnor

Harry Potter remains an enduring and evergreen contributor to Bloomsbury ...

This shows that four of the original seven Harry Potter titles charted in the Top 20 through the course of 2023 / 24. In fact, *Harry Potter & The Philosopher’s Stone*, the first book in the series, only had **one** week across the entire period where it was not in the Top 20 and, in fact, had **six** weeks where it sat in the Top 5, some 27 years since its first publication.

Bloomsbury is adept at bringing new Harry Potter content to the market ...

We can also see that Bloomsbury had two other Harry Potter releases charting thought this period; firstly, the existing classic series box set and the *Harry Potter Wizarding Almanac*, which entered the charts at number 3 and spent a total of 12 weeks in the Top 20.

It is worth clarifying that Bloomsbury owns the English language text rights to print editions of J.K. Rowling’s Harry Potter throughout the UK, Commonwealth and Europe; and non-exclusively in the rest of the world excluding the US, its territories and the Philippines.

It is also worth re-iterating the other point that this continuing chart strength has been achieved without any concurrent broadcast stimulus. The last *Harry Potter* related film, *Fantastic Beasts: The Secrets of Dumbledore*, was released in 2022, although it is worth noting that the latest series of films were not specifically related to any of the published books.

Warner Brothers / HBO have announced that they will be revisiting the original book series for a seven series run that will be much closely based on the original books and will be released through the Warner Brothers Max streaming service. Warner Brothers have committed to a 2026 launch, but we do not currently have a confirmed date.

Elsewhere in the Bloomsbury portfolio, there are two other immediate opportunities for broadcast cross over.

- **The Three Body Problem** – following the success of the initial 2024 Netflix series, second and third seasons have now been commissioned. Broadcast dates have not been confirmed but calendar 2026 would be a realistic expectation. We can see from the New York Times and Amazon chart data in previous pages that *Three Body Problem* charted strongly in response to the Netflix run.
- **Sarah J. Maas** – Back in 2021, it was announced that the *Court of Thorns & Roses* series would be adapted for screen by 20th Television for broadcast on the Hulu streaming platform (both owned by Disney). More recent news has been mixed on this with some speculation that the series is no longer in active development. Regardless of this particular outcome, and given the popularity of the Sarah J. Maas oeuvre, we would be very surprised if Sarah J. Maas content did not make it to the small screen.

Understanding the advance / royalty cycle

Author advances are specific to Consumer ...

A key feature of the broader consumer publishing business model is the use, and associated accounting treatment, of author advances and subsequent royalties. Advances are specific to consumer publishing and do not feature within Academic.

Author advances serve two primary purposes.

- Firstly, to fund an author through the period prior to publication and the earning of any subsequent royalties on actual sales. Given the intensity of the writing / editorial process, an advance payment can allow an author the flexibility to dedicate sufficient time to turn around the final book more quickly than would be the case if they are working full time and writing solely in their spare time. This is particularly relevant for authors who have already published and where a full-time writing career is a commercial reality.
- Secondly, advances are a mechanism through which publishers compete to secure publishing rights. Publishing is not dissimilar to venture capital in that only a minority of authors are successful enough to fully recoup their advance but it is these authors that will typically generate all the publisher's profitability and pay for the advances that are not recouped. Notwithstanding this point, without the higher risk investment in new and untested authors the publisher will struggle to refill their future hopper.

This second point is particularly important. Successful publishing is about capital allocation and judging the risks associated with potential returns. Paying a significant advance to secure the rights to the next title from an established and successful author has a very different risk / reward profile compared to paying a smaller advance to a complete unknown about to unleash their debut work. The most successful publishers are those that can prove adept at both.

How do advances work?

First of all, it is important to understand that author advances are only a feature of the Consumer business and do not impact Academic. The growth of Academic has

materially reduced the working capital intensity of the broader group and the lack of author advances is a big part of this dynamic.

- Author advances are agreed following a period of negotiation between the author’s agent and the publisher;
- Advances are typically structured as follows;
 1. 25% paid upon the signature of the initial agreement
 2. 25% on delivery of manuscript
 3. 25% on hardback publication
 4. 25% on paperback publication (usually 12 months after hardback release)

Once a book is published, the publisher will not pay any royalties to the author until the publisher retained royalties have fully recovered the advance. After this point, the publisher will pay away the full author royalty, which typically occurs twice a year (March and September) and are backward looking.

Bloomsbury reports the net advances position within trade receivables on the balance sheet. This figure represents the sum of the gross value of all unrecovered advances outstanding at the balance sheet date minus a provision that is made against those advances that are deemed to be unrecoverable (i.e. where estimated future income relating to that title will be insufficient to recoup the outstanding advance amount) where the title has been published within the current reporting period. Advances above a certain level can only be approved at the PLC executive board level.

In Figure 28 and 29, we show the evolution of the net advance and the historic advance position and the percentage this represents of Consumer revenue.

Fig 28: Net advances – % revenue

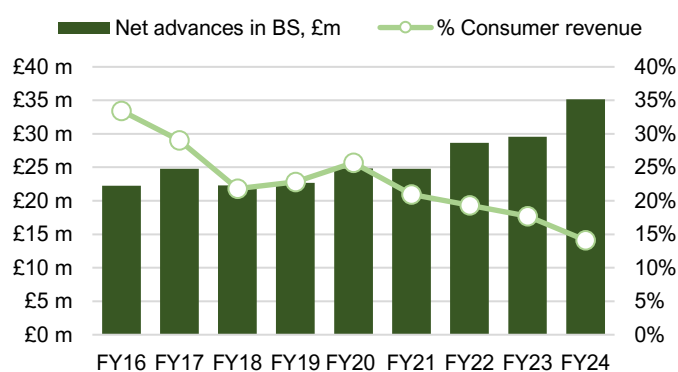
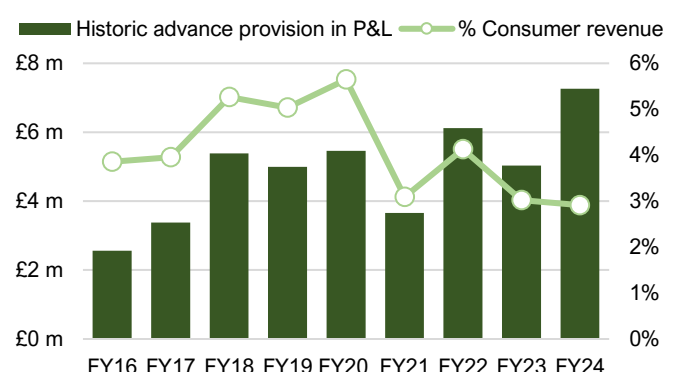


Fig 29: Historic advance provision – % revenue



Source: Bloomsbury, h2Radnor

- We can see from the above that the net advance balance sheet position has grown steadily as Bloomsbury continues to invest in author advances and new content. However, the rate of growth in advances has been slower than overall Consumer revenue growth, with net author advances now representing less than 15% of consumer revenue compared to c.35% in FY16.

- We can also see that the P&L provision for relating to historic unrecoverable advances has also declined as percentage of revenue, albeit to a lesser extent than the balance sheet position.

In Figure 30 and 31 below, we show the cashflow impact of new cash advances made each year (which build up the balance sheet position shown above) and the cash royalty payments made. It is important to note that royalty payments are made twice a year; the March payments reflect sales in the preceding July to December and the September payments reflect January to June sales.

Fig 30: Cash advances made

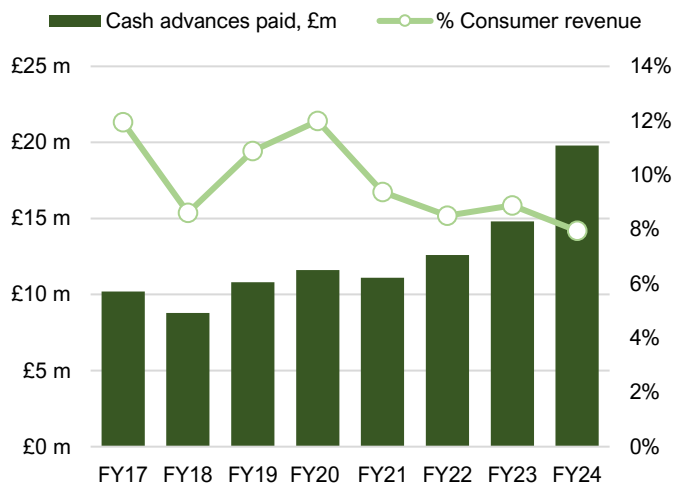
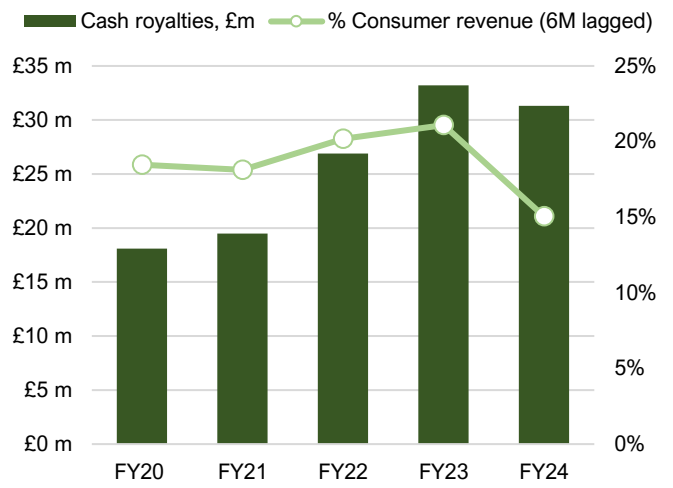


Fig 31: Cash royalties paid



Source: Bloomsbury, h2Radnor

The capital intensity of up-front cash investment has been declining for Bloomsbury ...

Net, net the above picture is one of reducing intensity of upfront cash investment in advances relative to the scale of Consumer revenues. The strength of the Consumer portfolio is the key driver of Bloomsbury’s underlying cash generation.

Deeper Dive – Bloomsbury Non-Consumer

Track Record

Bloomsbury Non-Consumer has demonstrated a strong track record of revenue growth. There are two distinct segments within Non-Consumer; **Academic & Professional**, which makes up 75% of divisional revenue, and **Special Interest**.

- Since FY16, Non-Consumer, including Special Interest, has grown at a CAGR of +6%.
- Excluding Special Interest, Non-Consumer revenue has grown at a CAGR of +9%

Of the two segments, Academic & Professional (A&P) is where the majority of investor attention has been focused as it represents a clear growth (revenue and margin) opportunity for the group and has been where the majority of M&A and investment activity has been centred.

Within A&P, Bloomsbury enjoys multiple routes to its education institution customers across both digital and print formats. It is important to understand that A&P is managed as a cohesive whole, despite these multiple routes to market.

Below in Figures 32 and 33 we show the Bloomsbury Non-Consumer track record since FY16, which is when the current segment structure was first adopted by the Group.

Fig 32: Non-Consumer revenue

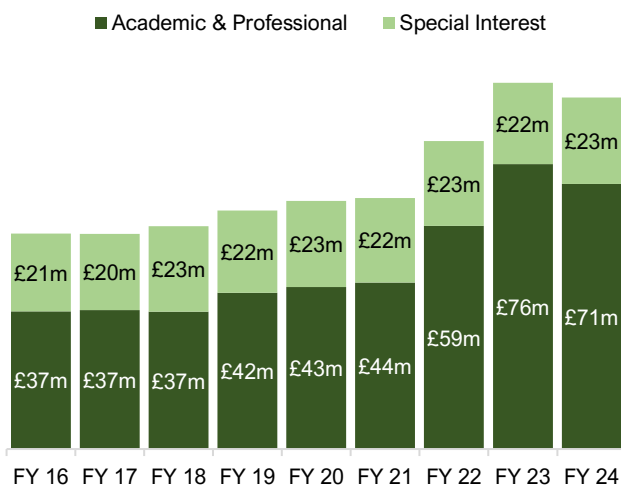
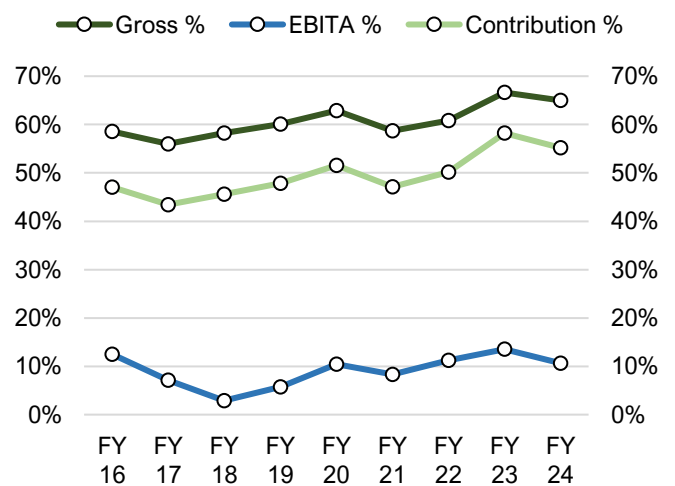


Fig 33: Non-Consumer margin evolution



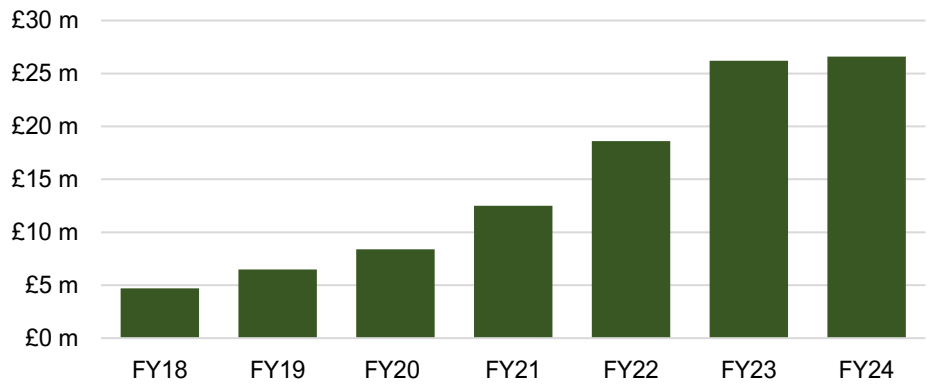
Source: Bloomsbury, h2Radnor

Bloomsbury Digital Resources

Bloomsbury Digital Resources was launched in FY16, first reported in FY18 and has been a key point of focus for growth ever since.

Fig 34: BDR revenue growth track record

BDR revenue has delivered a 33% CAGR since FY18 ...



Source: Bloomsbury, h2Radnor

What is Bloomsbury Digital Resources? Firstly, it is important to understand that BDR is not just about academic ebooks. BDR is, instead, based around digitally optimised, accessible and structured multi-media and multi-format content resources that facilitate and enable the study of academic subjects. Ebooks that are sold via BDR sit very much within this broader framework. BDR should be seen as a platform through which Bloomsbury content, as well as licensed in third party content, can be accessed in way that is optimised for the new and evolving needs of a digital hungry audience. BDR allows Bloomsbury to act as a content aggregator and, as a result, become the go-to digital resource within its chosen content verticals.

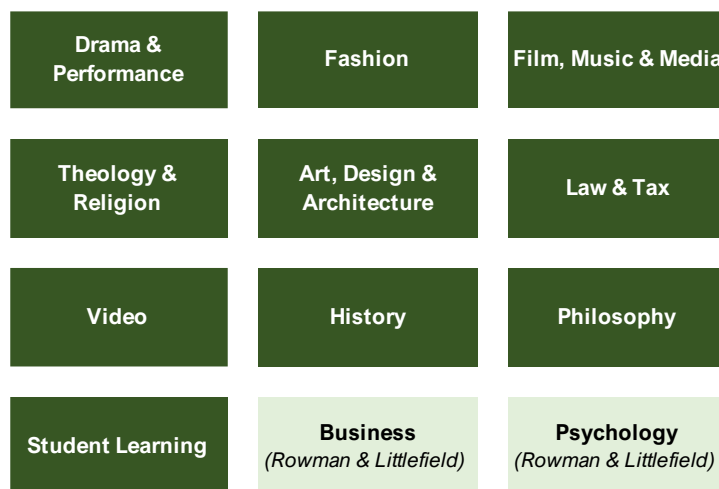
BDR enables Bloomsbury to act as an aggregator for its own and third party content ...

Above and beyond the opportunity offered by global higher education student growth and increasing digitisation of learning and resources, BDR also offers sustainably higher gross and EBIT margins than traditional publishing (c.30% vs high single digit for traditional academic book publishing).

BDR generates higher gross and EBIT margins than traditional academic book publishing ...

In Figure 35 below, we show the primary content BDR content verticals. These align closely with the broader content focus of the traditional A&P publishing business and are centred around the Humanities, Social Sciences, Visual and Performing Arts.

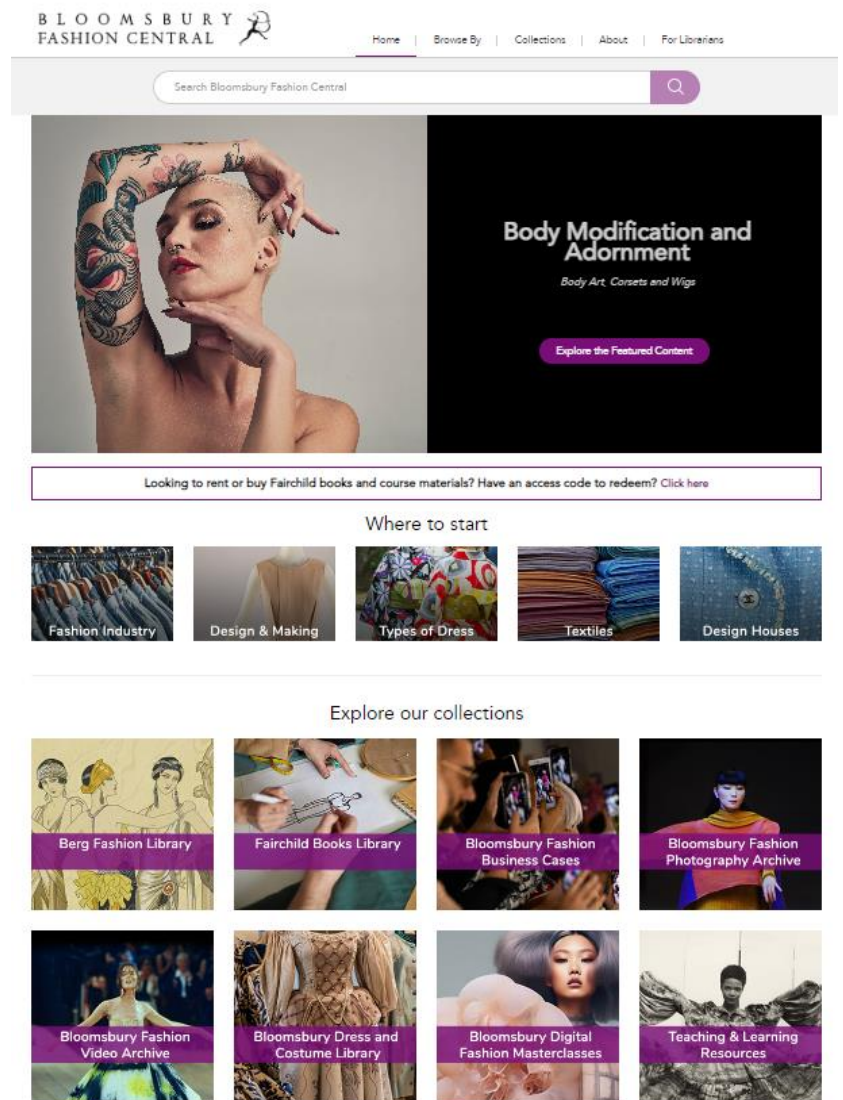
Fig 35: Bloomsbury Digital Resources – Broad Content Verticals



Source: Bloomsbury, h2Radnor

Following the acquisition of the academic publishing assets of Rowman & Littlefield, Bloomsbury will now be able to offer two new content verticals; Business and Psychology. Bloomsbury already had titles and content within its existing portfolio pertaining to these areas but the deeper catalogue within Rowman & Littlefield adds significant scale.

Fig 36: Bloomsbury Fashion Central, BDR portal



Source: Bloomsbury, h2Radnor

There are two primary go to market propositions within BDR.

- 1) **Bloomsbury Collections** represents a new way for academic users to access Bloomsbury’s academic content in a way that is specifically optimised to them. Bloomsbury Collections allows perpetual access to either individual, or groups of titles, on a subscription, or one-off, basis, which allows use of the content on a more flexible basis than a standalone ebook format. For full subscription customers this allows for access to the evolving front and back list on an ongoing basis, future proofing their needs.

Rowman & Littlefield is expected to accelerate BDR growth ...

Bloomsbury Collections allows for the swift incorporation of newly acquired content into the BDR commercial format in advance of the further and deeper content creation that underpins each of the content portals.

Following the Rowman & Littlefield acquisition, Bloomsbury upgraded their medium term BDR growth ambitions from £37m to **£41m** of revenue in FY28 and we believe a significant component of this initial uplift comes from the integration of Rowman & Littlefield content into Bloomsbury Collections. We believe investors should view Bloomsbury Collections as a half-way house between the more traditional academic publishing business and the purer content portals, which are less geared towards book related content.

- 2) **Content Portals.** These can be thought of as being similar to databases containing many content formats supporting specific topic areas. In Figure 36 above, we show the home page for Bloomsbury Fashion Central (www.bloomsburyfashioncentral.com) which is a good example of the integration of video, photography, textbook, masterclasses, reference works and teaching aids / plans that are contained in a typical BDR portal. In total, BDR currently offers access to over **90** different digital products within its broader mix of **12** content verticals.

Subscriptions accounted for 50% of BDR revenue in FY24...

In a similar fashion to Bloomsbury Collections, the BDR content portals are sold on a one off or subscription basis to academic institutions according to the specific needs of the institution and the depths of their content requirements within each vertical. As at the end of FY24, subscriptions accounted for 50% of BDR revenue with a renewal rate of 90%.

Separate to the BDR content portals, the 2022 acquisition of ABC-Clio also bought into the portfolio a total of 32 database products that are optimised for a North American audience and centred around social studies curriculum support and student research.

The BDR digital model falls squarely into the “build once, sell many” bucket...

Although Bloomsbury has been actively investing in the creation and repurposing of content into BDR form, like other information subscription business models, BDR falls squarely into the “build once, sell many” bucket. BDR is also active in licensing and aggregating other third-party content that enhances the overall content proposition. Critically, the BDR sales relationship is direct with the institution rather than through a third party. This means that the value in the BDR proposition is as much about the proximity and overall utility to the customer as it is around a means to monetise specific pieces of content. As BDR continues to grow it will drive the proportion of subscription revenues.

Unsurprisingly, BDR revenues offer a more attractive margin profile compared to the mainstream publishing businesses. BDR gross margins of c.70% compare to c.50% for physical books. Only pure ebook gross margins are higher at c.85%, with the lowest initial physical content creation costs. If Bloomsbury is successful in taking the subscription share at BDR past 50%, we would expect the BDR margin profile to improve further.

Above and beyond the P&L margin impact, the digital nature of the BDR revenues also mean a materially less intense working capital profile with no requirement to invest in physical inventory or author advances.

The BDR customer base is closely aligned with that of the broader A&P business, which has allowed BDR to benefit from scale efficiencies from the A&P sales and

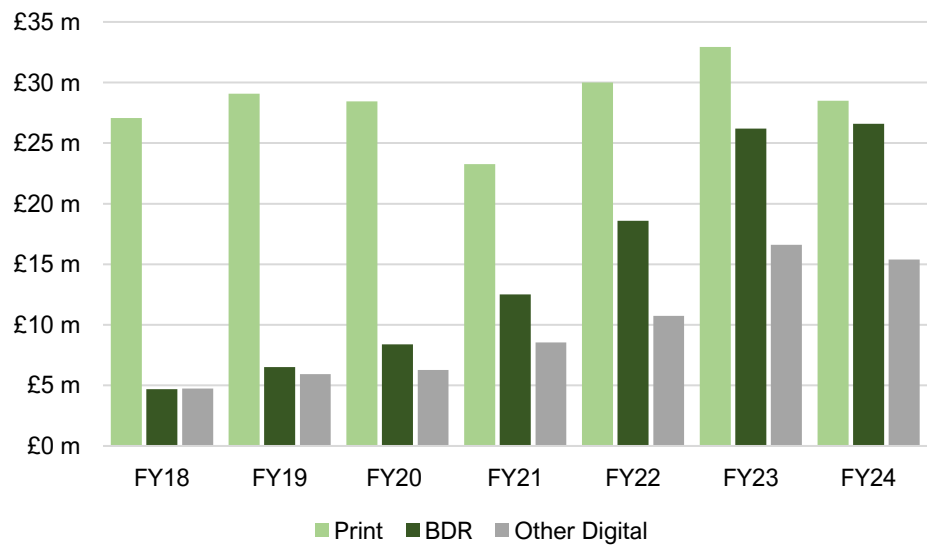
marketing infrastructure. We discuss the broader A&P customer base and sales and marketing approach in more detail below.

Digital vs Print

Whilst BDR represents a different approach to enabling access to Bloomsbury academic content, Bloomsbury is exposed to all the main format types, including ebook and print.

Fig 37: A&P revenue – Digital vs Print

A&P revenue (ex BDR) has delivered a 6% CAGR since FY18 ...



Source: Bloomsbury, h2Radnor

Beyond BDR, academic book sales are made up of both physical and ebook formats. If strip out the BDR revenue contribution from the A&P segmental reporting, we can see that since FY18, A&P has delivered a 6% revenue CAGR even after a -11% revenue decline in FY24 as the academic market normalises from two strong post pandemic years. In fact, if we strip out the pandemic effected years (weak FY21 and strong FY22 and FY23), the FY20 to FY24 revenue CAGR still remains 6%, which suggests that this represents a good baseline for medium term growth expectations and underpins our estimates for A&P after we have factored the impact of the Rowman & Littlefield acquisition.

Bloomsbury A&P has been outperforming the broader market ...

- Academic book publishing is still growing.** This underlying 6% revenue growth being delivered by A&P compares favourably to the 2% per annum growth that has been delivered by the combined academic book and digital market in the UK and the 3% delivered by the export market since 2020 (source: The Publishers Association).
- Pandemic has driven a shift towards digital.** It is worth noting that Bloomsbury’s A&P digital exposure was well advanced and established pre the pandemic. Nonetheless the pandemic did accelerate the industry shift towards digital. In FY19, digital revenues represented 24% of A&P revenue, increasing to 55% in FY24.

There are a number of critical differences between traditional academic publishing and consumer publishing that are worth highlighting.

- **Limited author advances.** Author advances within academic publishing are less common than in consumer publishing and tend to be much less material. There are a number of reasons sitting behind this but primarily, academic authors are already salaried employees who publish through the normal course of their employment and as such do not need to replace an income. Conversely, most consumer authors need advances to fund themselves if they are to write full time.
- **Lower volumes & higher price points.** Unlike consumer publishing, where there is much greater transparency around consumer price points, academic publishing pricing can vary significantly according to both title and format. This in part driven by the natural lower volume / higher perceived value dynamic that underpins many non-consumer publishing business (B2B as well as academic). However, the academic publishing world is also unusual in that the libraries of higher education establishments are the key customers and they buy titles in order to provide access for their broader student and practitioner populations. The single access consumer ebook model is not workable in this environment and as result ebook pricing and rights access are very different within academic publishing where ebooks, with multiple or unlimited user access, can be materially more expensive than their single print equivalents. The significant variations between academic institution size and the demographics of their student populations (i.e. the willingness of individual students to purchase their own textbooks vs relying on library access), creates a degree of complexity and variability around the mix of print and digital sales. It also places a premium on the relationship between the publisher and the institution.
- **Much greater emphasis on the sales relationship rather than marketing.** Unlike consumer publishing, where content is marketed to consumers who purchase through intermediary retailers, academic publishing is more about selling to the gatekeeper academic institutions, not the student population. As a result of this, A&P has built up significant internal sales structures across its key global markets.

Growth in academic content will drive scale benefits for A&P ...

Much more so than consumer publishing, academic publishing displays higher operational leverage and therefore scale economies as the business grows. Put simply, as the volume of content grows that can be put through the Bloomsbury sales funnel, this will improve both sales efficiency and provide a tailwind to margins. We believe it is important to look at the Bloomsbury M&A strategy, which has been heavily geared towards A&P (both BDR and traditional academic publishing) through this lens.

Rowman & Littlefield will open up cross selling opportunities ...

The Rowman & Littlefield acquisition, in particular, makes this point clearly. Prior to the Rowman & Littlefield deal, Bloomsbury's academic catalogue represented c.50k titles. Post the acquisition, the combined catalogue has almost doubled to c.97k titles. There is a significant opportunity for Bloomsbury to target a global audience for the R&L catalogue that had previously been very focused on the US market.

Academic – customers and market opportunity

Both traditional A&P and BDR are, in effect, marketing to the same academic institutional market.

- **Higher Education.** Bloomsbury has identified a universe of **5,000** higher education institutions within its immediate addressable target market, of which **2,800** (or 56%) are already customers. This target market does not represent the entirety of the global higher education market as Bloomsbury's focus is on those institutions where English is the primary teaching language and where there is a focus on Drama, Humanities and the Social Sciences. To put this into context, according to Erudera, North America alone contains c.4,800 recognised universities, a similar number for Europe and c.2,800 universities in India (the largest single Asian market).

Although A&P already has good customer penetration, global student numbers should grow significantly over the next decade ...

We have also seen a significant increase in the size of the global higher education student population as demographic changes in the developing world are driving both domestic educational demand and also the number of overseas students at established universities in more developed markets. According to UNESCO, the global higher education population has more than doubled from 100m in 2000 to **256m** in 2022. According to the World Bank, this figure is expected to grow a further 48% to **380m** students by 2030.

In terms of internationally mobile students, UNESCO estimates that this number has more than tripled from 2.1m students in 2000 to 6.4m students in 2022. North American and Western European universities have captured 46% of this particular student segment.

- **North America Schools.** Similarly to the higher education market, Bloomsbury has identified an immediate addressable target market of 27,000 secondary schools, predominantly based in the US. Of this target market, 4,600 are existing Bloomsbury customers, representing a penetration rate of 17%.

The US secondary schools market offers growth through increased penetration ...

Unlike higher education, where there is a structural growth story driving likely future student numbers, the US secondary school market is effectively a steady state market. The opportunities for growth will be largely underpinned by two factors; firstly the ability for Bloomsbury to cover more ground and expand its penetration of existing schools, and secondly, the continuing shift towards using digital resources.

Special Interest

Special Interest is the smallest segment within Bloomsbury and in FY24 represented 7% of the group total.

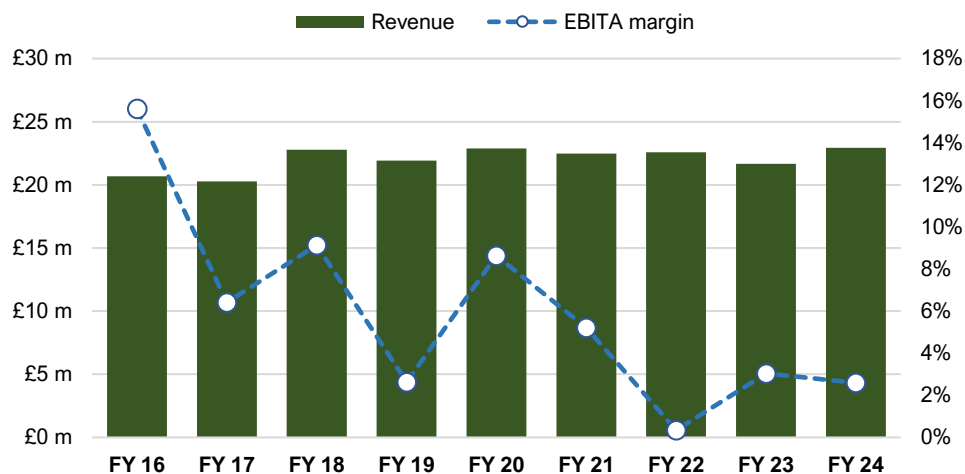
Special Interest creates original, non-fiction content that supports hobbies, enthusiasts and interests. Content ranges across areas such as military history; nautical; science and nature; sport and wellbeing; arts and crafts; philosophy; religion; current affairs and business. Bloomsbury enjoys market leading positions across a number of these areas.

Key brands include Wisden Cricketers Almanack, the Writers and Artists' Yearbook, Who's Who and a broader range of third party publishing relationships with the likes of the RSPB, The National Trust and the Wellcome Foundation.

In Figure 38 below, we show the revenue and EBIT margin track record of Special Interest since FY18.

Special Interest has been a steady revenue performer since FY18 ...

Fig 38: Special Interest - revenue & EBITA margin track record



Source: Bloomsbury, h2Radnor

Special Interest, as the name suggests, specialises in publishing content to support very specific user communities through content such as guides, reference works, almanacs and yearbooks.

Whilst Special Interest has not been a material contributor to group revenue growth, it is not a drain on group capital either. It is also worth noting that this business also bears its fair share of group infrastructure and overhead costs.

It should also be noted that there are a number of non-commercial and societal positives generated from the range of titles published by this business.

Deeper Dive – Bloomsbury recent financial results

Bloomsbury reported its results for the year ended 29th February 2024 at the back of May 2024. The key headlines are as follows:

- Group revenue increased +30% YoY to £342.7m
 - Consumer revenue increased +49% to £249.2m
 - Non-Consumer revenue decreased -4% to £93.4m
- Group profit before tax and highlighted items increased +57% to £48.7m
- Reported profit before tax increased +63% to £41.5m
- Adjusted and fully diluted earnings per share increased +53% to 46.6p
- Reported and fully diluted earnings per share increased +59% to 39.1p
- Final dividend declared of 10.99p (+6% YoY) making a total dividend for the year of 14.96p (+25%)
- Year end net cash of £65.8m

Consumer

FY24 was a record year for the Consumer business, driven by both an exceptional front list performance (Sarah J. Maas, Katherine Rundell, Samantha Shannon, Ann Patchett, Poppy O'Toole, Tom Kerridge, Martha Mumford) and another strong back list year (Sarah J. Maas and Harry Potter).

Bloomsbury Consumer delivered an exceptional performance driven by bestsellers from across its genre mix. The Children's segment delivered the majority of growth (+76% YoY) as authors like Sarah J. Maas delivered across their title portfolios. The Adult segment had a flat revenue year.

Overall Consumer gross margins were up substantially, buoyed by a combination of revenue growth and lower supply chain costs and came in at 53.7%, up 570 basis points on FY23.

Similarly, Consumer EBITA margins came in at 15.2%, up 420 basis points on FY23 and the highest level since the current segmental reporting structure was put in place in FY16.

Academic

Academic had a mixed FY24 at the headline level. Overall, revenue was down -4.1% on FY23 with EBITA margins declining to 10.6% (FY23: 13.5%).

Looking at the components within Academic, overall Academic & Professional saw 7% revenue decline to £70.5m. Both FY23 and FY22 had seen strong Academic & Professional revenue growth (27.7% and 33.9% respectively) as the US academic

market (the key target market for A&P) was buoyed by short-term funding boosts provided to protect the sector during the pandemic. FY24 has seen the funding environment normalise as anticipated. The pandemic also saw an acceleration of digital adoption across the industry. Bloomsbury was already well positioned to benefit from this shift through the prior investment in building BDR.

BDR was not immune from the challenges in the US funding environment but still delivered revenue growth of +2%, demonstrating the relative attractiveness of the BDR digital proposition.

Special Interest, the smallest of the group segments, delivered a better revenue performance, up +6% YoY but saw margins contract which drove a -9% decline in EBITA to £0.6m.

AGM trading update

More recently (16th July), Bloomsbury issued a trading update alongside the AGM, which covers the first four months of FY25.

The key headline was that trading through the start of the new financial year was in-line with expectations that had been upgraded post the final results and the acquisition of Rowman & Littlefield's academic publishing business.

Bloomsbury highlighted continuing strength across the Sarah J. Maas and J.K. Rowling's Harry Potter portfolios as well as a number of other bestselling titles;

- *The Three Body Problem* by Cixin Liu
- *The Last Murder at the End of the World* by Stuart Turton
- *How to Eat 30 Plants a Week* by Hugh Fearnley-Whittingstall
- *Tom Kerridge Cooks Britain* by Tom Kerridge
- *Magic Pill: The Extraordinary Benefits and Disturbing Risks of the New Weight Loss Drugs* by Johan Hari

Bloomsbury also highlighted continuing growth in Bloomsbury Digital Resources.

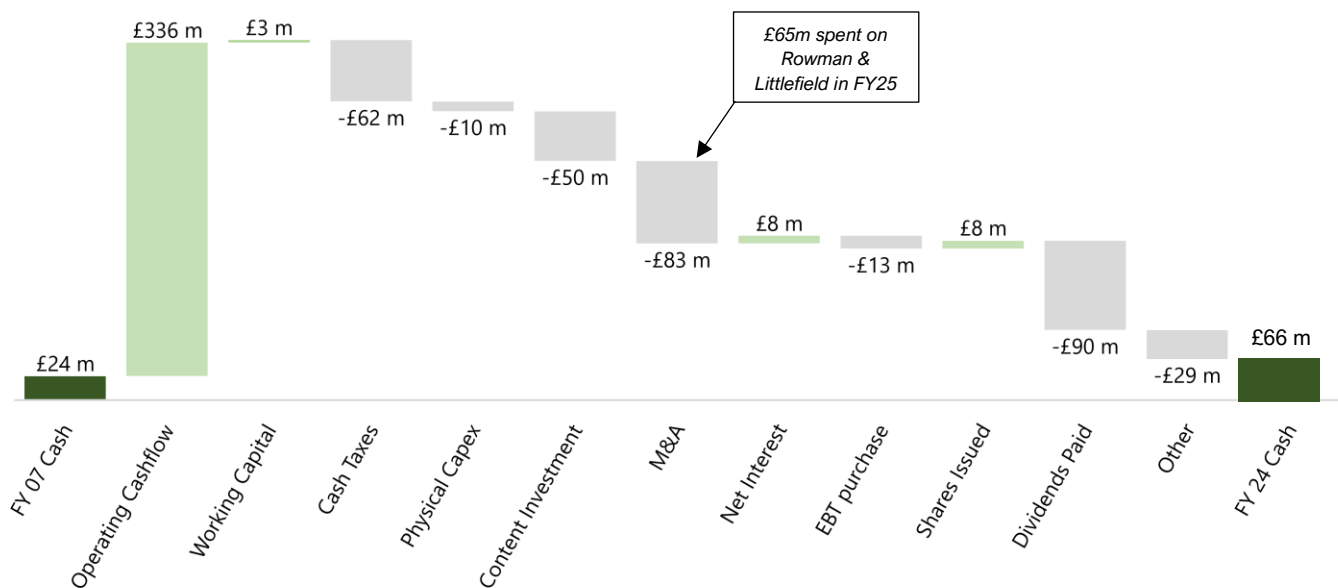
Deeper Dive - Free cashflow generation

In Figure 39 below, we show Bloomsbury’s cumulative use of cash since FY07. Over this period, free cashflow conversion has averaged 87% (85% over the last three years). We believe that the fundamentally cash generative nature of the Bloomsbury business model is the key driver of Bloomsbury’s proven ability to generate superior shareholder returns through both re-investment into the business and through growing dividend returns.

Bloomsbury has an impressive free cashflow generation track record

- Bloomsbury’s underlying free cash generation (£336m of operating cashflow and £285m of free cashflow) since FY07 have been more than sufficient to fund the cumulative £148m of M&A, £50m of intangible asset investment and £90m of shareholder returns. Post these outlays, Bloomsbury still retains a net cash position on the balance sheet and has not materially diluted shareholders through the issuance of new equity. The 5% placing undertaken at the early stage of the pandemic was “repaid” through a special dividend in FY22.
- On a cumulative basis, Bloomsbury has seen a net release of £3m from working capital over this period. We discuss the reducing working capital intensity of the group in more detail below but to see a broadly neutral working capital position for a business that has seen revenue more than double over the same period speaks to a significant reshaping of the business.

Fig 39: Bloomsbury cash flow generation and use of cash, FY07 to FY24

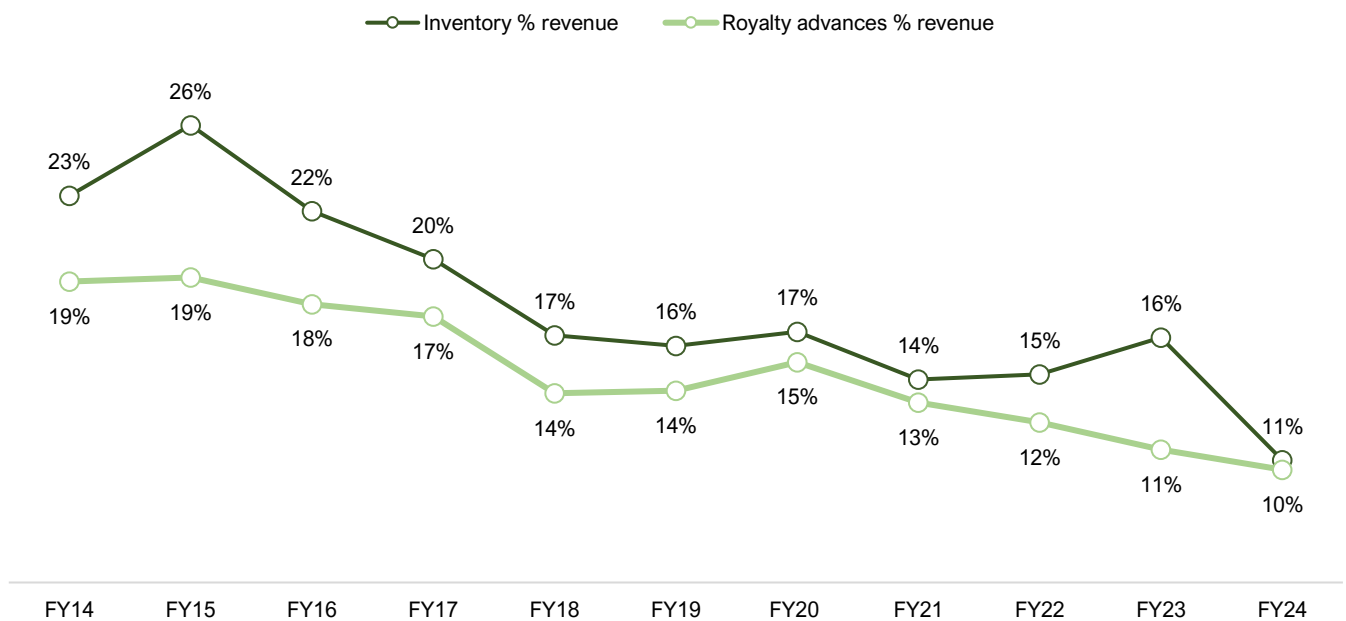


Source: Bloomsbury, h2Radnor

Decreasing working capital intensity

There are two primary working capital risks that are particularly pronounced within a front list consumer publishing business; physical book stocks and author advances. Figure 40 below, shows a steady decline for both of these figures as a proportion of Bloomsbury’s revenue since FY14.

Fig 40: Inventory & royalty advances as % of group revenue, FY14 to FY24

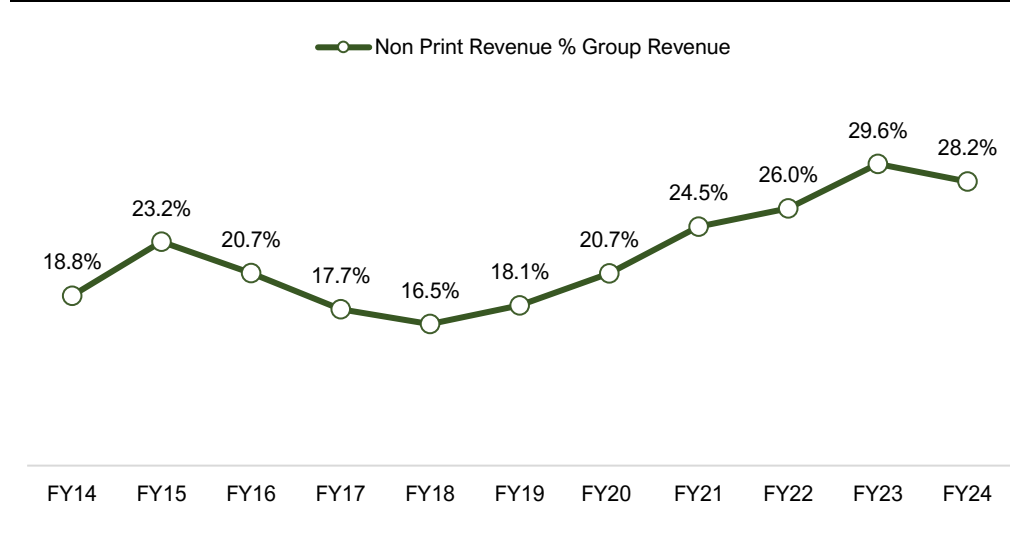


Source: Bloomsbury, h2Radnor

We believe there are a number of factors at play here, all of which are a natural function of the strategic reshaping of the business away from the traditional front list heavy model that dominates so many of Bloomsbury’s consumer publishing peers.

- **Consumer portfolio effect.** Even though in FY07 Bloomsbury was already seeing the initial benefits of a growing Harry Potter portfolio effect, the remaining consumer backlist ex Harry Potter was considerably smaller in size than it is now. For example, the Sarah J. Maas portfolio effect has gained significant momentum over the last five years in particular. The working capital benefit from backlist sales comes from the lower level of risk in assessing print run sizes when an author is proven. This should more than offset the working capital tied up in running inventory backlogs. Back list sales can also occur for many years after any initial author advance may have been paid.
- **Growth in Academic & Professional.** As we have already discussed, there are a number of fundamental differences between the Consumer and Academic & Professional businesses within Bloomsbury. The sales and marketing model within A&P is more weighted towards sales as opposed to marketing with BDR sold directly to academic institutions. Finally, author advances are a not a material feature of A&P, which significantly reduces the amount of up front committed cash investment in content.
- **Digital has grown as a proportion of group revenue** across both Consumer and A&P, as we show in Figure 41 below. As well as offering higher gross margins due to the one-off nature of digital production costs, BDR and ebook revenues do not require any working capital investment in stock, de-risking the entire working capital cycle.

Fig 41: Non Print revenue % of Group revenue, FY14 to FY24



Source: Bloomsbury, h2Radnor

In Figures 42 and 43 below, we show the complete working capital picture for Bloomsbury since FY7.

Fig 42: Net working capital % revenue

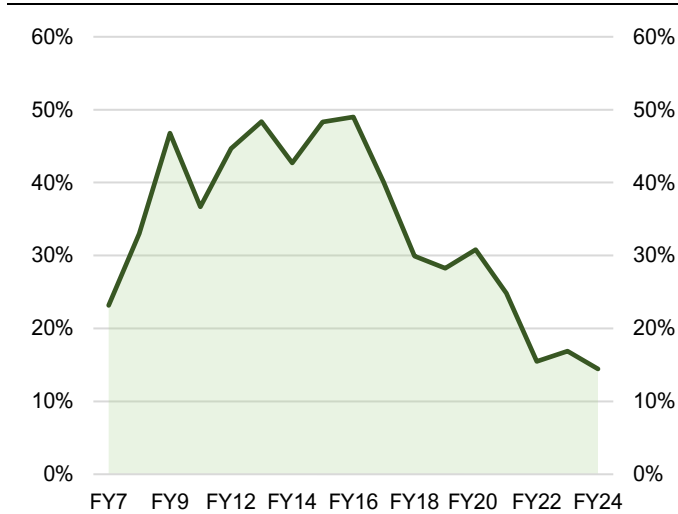
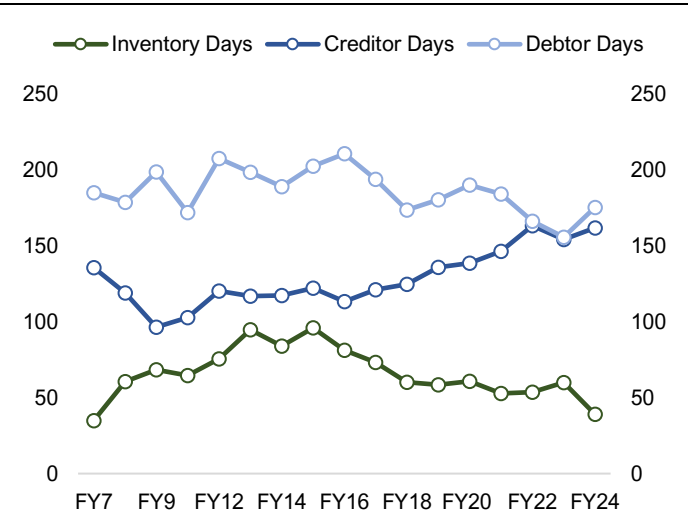


Fig 43: Working capital components



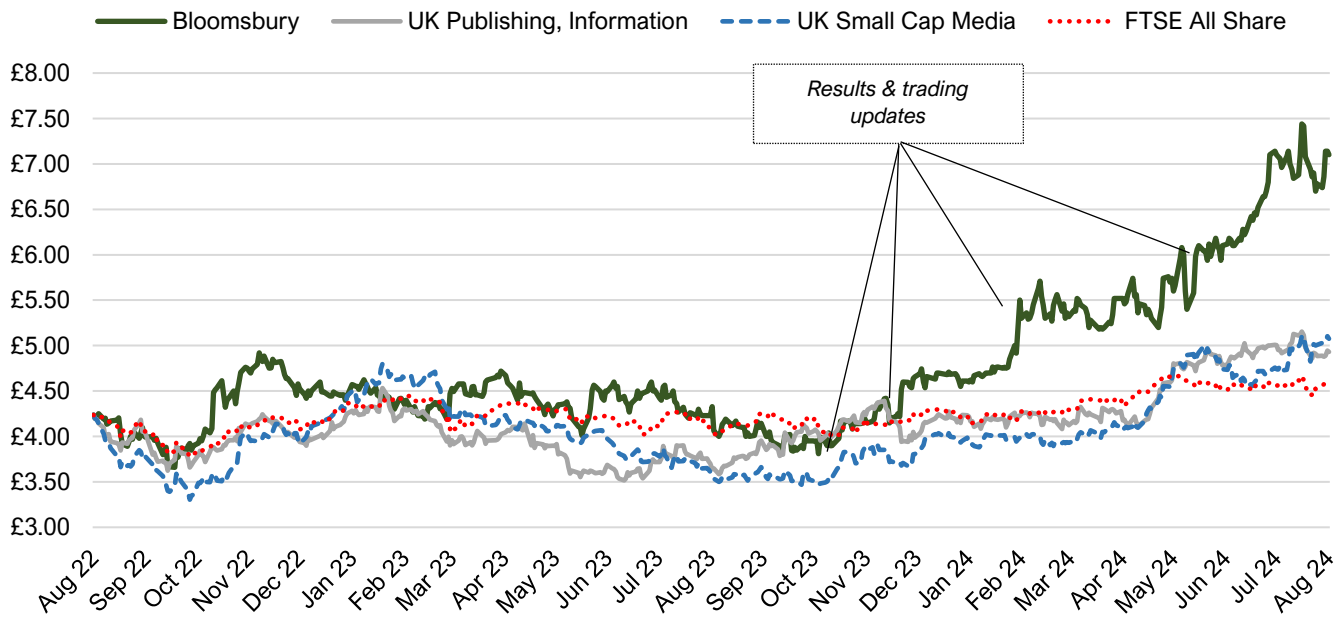
Source: Bloomsbury, h2Radnor

We believe that Bloomsbury’s track record of steadily reducing the working capital intensity of the business (from c50% of revenue in FY16 to 14% of revenue in FY24) has been one of its most notable successes and is one of the key underpins behind its ability to re-invest free cash-flow back into growth whilst maintaining overall balance sheet strength.

Valuation and Relative performance

In Figure 44 below, we show Bloomsbury’s two year share price performance relative to the Publishing, Small Cap Media peer groups and FTSE All Share. The initial catalyst for Bloomsbury’s recent share price outperformance was the H1 FY24 results (26th October 2023) reinforced by two positive trading updates in December 2023 and February 2024. More recently, the FY24 results, the Rowman & Littlefield acquisition (both in May 2024), the in-line AGM trading update and finally Bloomsbury’s maiden inclusion the FTSE 250 index have seen this positive momentum maintained.

Fig 44: Bloomsbury 2 Year Price performance



Source: FactSet, h2Radnor

In Figures 45 and 46 below, we show the Bloomsbury’s 3 year forecast revenue and EBITDA growth relative to its EV/EBITDA multiple and those of the loose market peers.

Fig 45: Revenue growth vs EV/EBITDA

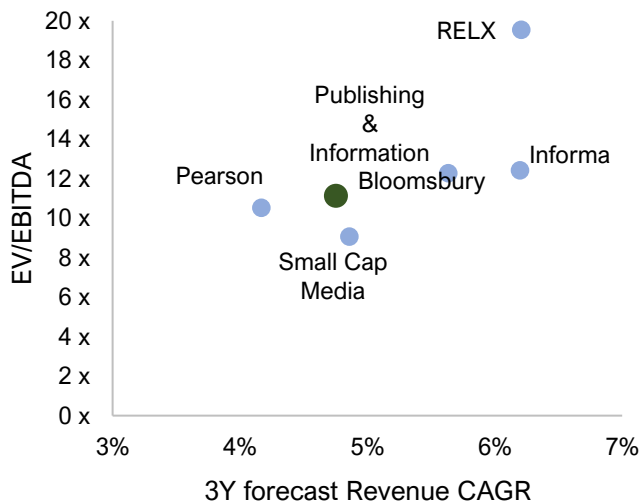
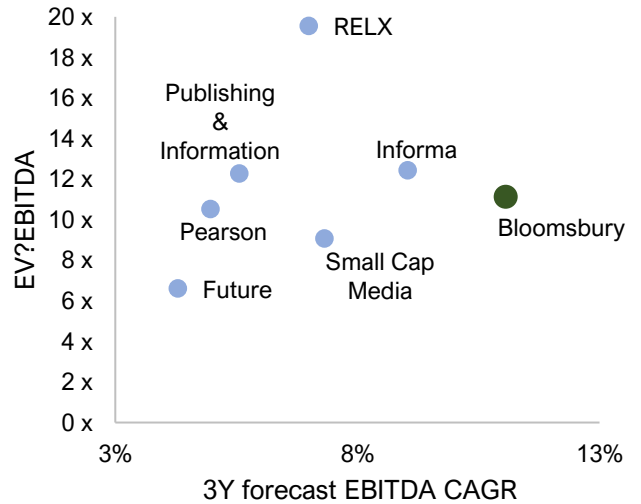


Fig 46: EBITDA growth vs EV/EBITDA



Source: Bloomsbury, h2Radnor

- Current consensus expectations are for Bloomsbury to deliver FY25E to FY28E revenue and EBITDA CAGR's of **5%** and **9.5%** respectively.
- It is worth re-iterating the point that current consensus expectations do not factor uniformly future Sarah J. Maas titles and are based on the current guidance for BDR growth and margins.

On this basis, we can see that Bloomsbury is currently expected to deliver revenue growth broadly in line with, and EBITDA growth ahead of its closest market peers. Yet we see Bloomsbury trading at a material EV/EBITDA discount to its Publishing & Information peers.

In Figure 47 below, we show the detailed valuation metrics for the Global Publishing & Information industry groups based on current market consensus.

Fig 47: Bloomsbury – Global Publishing & Information valuation metrics, market consensus

| | Market Cap, local | FY1 Net Cash, local | EV, local | FY1 EV / Sales, x | FY1 EV / EBITDA, x | FY1 PER, x | FY1 Dividend Yield, % |
|---|-------------------|---------------------|------------|-------------------|--------------------|-------------|-----------------------|
| Bloomsbury Publishing Plc | 578 | 9 | 569 | 1.8 | 11.9 | 20.7 | 2.2% |
| <i>Rel to UK Publishing + Information Peers</i> | | | | <i>-67%</i> | <i>-25%</i> | <i>17%</i> | |
| <i>Rel to European Publishing + Information Peers</i> | | | | <i>-3%</i> | <i>62%</i> | <i>17%</i> | |
| <i>Rel to North American Publishing + Information Peers</i> | | | | <i>-65%</i> | <i>-41%</i> | <i>-26%</i> | |
| Publishing, Learning, Information - UK | | | | 5.3 | 15.9 | 17.6 | 1.7% |
| RELX PLC | 65,725 | (6,287) | 72,013 | 7.4 | 19.2 | 28.8 | 1.8% |
| Pearson PLC | 7,095 | (851) | 7,946 | 2.2 | 9.7 | 16.8 | 2.3% |
| Informa Plc | 10,845 | (1,397) | 12,243 | 3.5 | 11.4 | 16.2 | 2.4% |
| Future plc | 1,167 | (266) | 1,433 | 1.8 | 6.0 | 8.7 | 0.3% |
| Publishing, Learning, Information - Europe | | | | 1.8 | 7.3 | 17.7 | 4.4% |
| Arnoldo Mondadori Editore S.p.A. | 647 | (145) | 791 | 1.0 | 5.1 | 9.7 | 5.2% |
| Cairo Communication S.p.A. | 284 | (130) | 414 | 0.4 | 2.4 | 6.8 | 6.9% |
| Lagardere SA | 3,116 | (1,687) | 4,803 | 0.6 | 5.1 | 11.9 | 3.0% |
| Promotora de Informaciones SA Class A | 368 | (737) | 1,105 | 1.2 | 6.2 | 30.9 | - |
| Sanoma Oyj | 1,136 | (717) | 1,854 | 1.4 | 5.5 | 15.8 | 5.4% |
| Wolters Kluwer N.V. | 35,752 | (3,008) | 38,760 | 6.5 | 19.9 | 30.8 | 1.5% |
| Publishing, Learning, Information - North America | | | | 5.1 | 20.0 | 27.8 | 1.0% |
| Grand Canyon Education, Inc. | 4,119 | 401 | 3,718 | 3.6 | 11.1 | 17.5 | - |
| Scholastic Corporation | 874 | (174) | 1,048 | 0.6 | 7.6 | 20.3 | - |
| Thomson Reuters Corporation | 100,709 | (1,768) | 102,476 | 10.2 | 26.6 | 43.0 | 1.3% |
| News Corporation Class A | 14,714 | (400) | 15,114 | 1.5 | 9.0 | 33.1 | 0.7% |
| John Wiley & Sons, Inc. Class A | 2,488 | (310) | 2,798 | 1.7 | 7.3 | 14.8 | - |

Source: h2Radnor, FactSet

- Bloomsbury currently trades at a **25%** EV/EBITDA discount to the most comparable UK peer group, despite offering a better forecast EBITDA growth profile and a more conservative balance sheet.
- On a forecast PE multiple basis, Bloomsbury is trading at a small premium to the Publishing & Information peer group at **20.7x**, although we also note that Bloomsbury offers a higher than average dividend yield of **2.2%**.
- We also note that Bloomsbury is currently expected to deliver the highest three year forecast EPS CAGR out of all the Publishing & Information peers (12.6% vs a peer average of 9.8%).

We do believe that Bloomsbury's capital structure does need to be factored into any thoughts around valuation and as a result, we favour an EV based valuation measure. It should be noted that all of Bloomsbury's UK peers run material net debt positions. Why does this matter?

As we have discussed at length in this note, Bloomsbury has historically maintained net cash on the balance sheet. This has allowed Bloomsbury to protect itself from potential working capital volatility but also has provided the ammunition for accretive M&A and organic re-investment. All of Bloomsbury's peers, despite having healthy cover ratios, have less optionality in their balance sheets due to their material debt positions.

For Bloomsbury, this option around M&A remains a core plank of the future growth strategy. Following the Rowman & Littlefield acquisition, Bloomsbury's FY25E net cash estimate of £10.5m is low by historic standards but we expect material free cash generation to rebuild this to close to £50m of net cash by FY27E.

What could Bloomsbury do with this cash? And how could any of these hypothetical scenarios impact valuation?

- **Maintain the current stated strategy of reinvesting into growth.** Based on current acquisition multiples and a rough assumption around £40m of acquisition firepower generated every two years, we believe Bloomsbury can accelerate current forecast EPS growth by between 3% - 5% every two years. This acquisition led EPS accretion is calculated pre any potential acquisition synergies.
- **Repay the term loan.** In the absence of any near-term M&A, we believe this is the most likely alternative use of free cash generation. Should the entirety of the term loan be repaid by the end of FY26E, we believe this could result in an uplift to FY27E EPS of c.5%. This alone would lift the 3 year forecast EPS CAGR to 14.5%, c.5% points higher than the peer group.
- **Accelerate the normal dividend.** Current expectations are for Bloomsbury's dividend to grow c.5% per annum for the next three years, which would see dividend cover (on an adjusted EPS basis) rebuild from 2.2x in FY26E to 2.5x in FY27E, which would be in line with historic ranges.

If we were to see dividend cover reduced to 2x and then maintained on this basis going forward, this would imply a three year dividend CAGR of 12% and a FY26E dividend yield of 2.9% versus the current 2.3%. The incremental cash

cost of this would amount to c.£9m across the next three years over and above our current expectation of £39m of dividend distributions.

- **Pay a special dividend.** Not our favoured approach but nonetheless worth considering as a hypothetical scenario. A £40m special dividend at the end of FY27E, assuming no share dilution in the meantime, could amount to 49p per share, or c.7% of the current share price.
- **Share buyback or Tender Offer.** We believe a share buyback has relatively few attractions as it is highly unlikely cash could be deployed quickly through this mechanism and the current all-time high share price makes significant EPS accretion more challenging. Furthermore, neither a buyback, nor a tender offer does anything to enhance growth within the business. Although an improbable scenario, a one-off tender offer for c.£40m (assuming the current share price and a 5% cost of debt) could deliver a 5% uplift to FY27E EPS.

Of all these scenarios, we believe M&A and / or the early paydown of the term loan are the most likely and most closely aligned with group strategy. The scenarios around the dividend and potential share repurchases are much less likely but do serve to illustrate the value of the optionality that Bloomsbury has, and is likely, to enjoy around capital allocation and the potential benefits to overall growth and shareholder returns as a result.

In Figures 48 and 49 below, we show the evolution of Bloomsbury’s first year forecast EV/EBITDA and PE multiple compared to both the UK Publishing & Information and UK Small Cap Media peer groups.

Fig 48: Bloomsbury vs Peers – EV/EBITDA

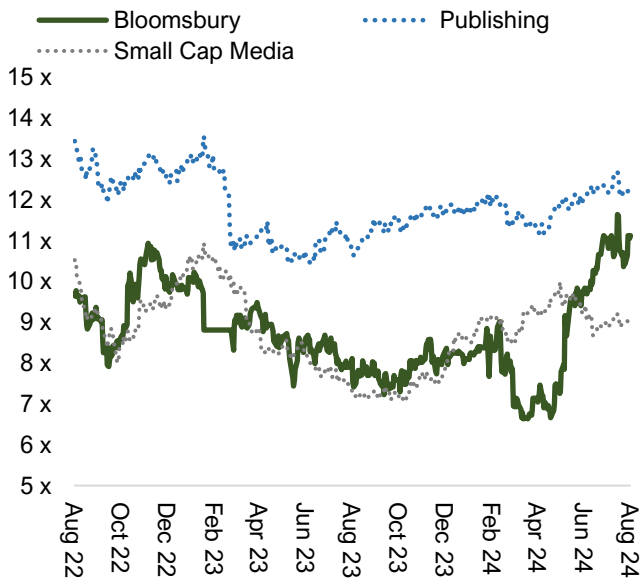
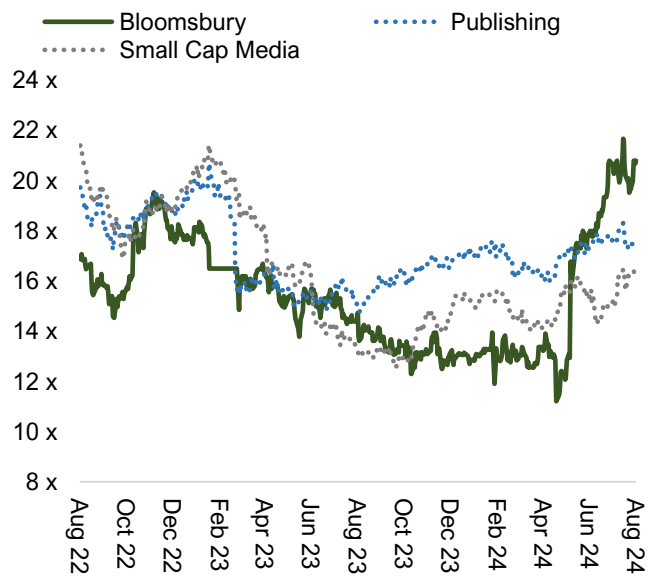


Fig 49: Bloomsbury vs Peers – PE



Source: h2Radnor, FactSet

We can see from the above that on a forward PE multiple basis, Bloomsbury is currently trading at a small premium to the Publishing & Information peer group. This is due a combination of recent share price strength and the decline in EPS (post an outstanding and materially upgraded FY24 result) expected for FY25. We note that prior to the FY24 final results, Bloomsbury had actually been trading at a c.25% discount to this peer group.

On a forward EV/EBITDA basis, we can see a more visible and consistent discount between Bloomsbury and the Publishing & Information peer group, which currently stands at -10% but has been as high as -40% back in May 2024.

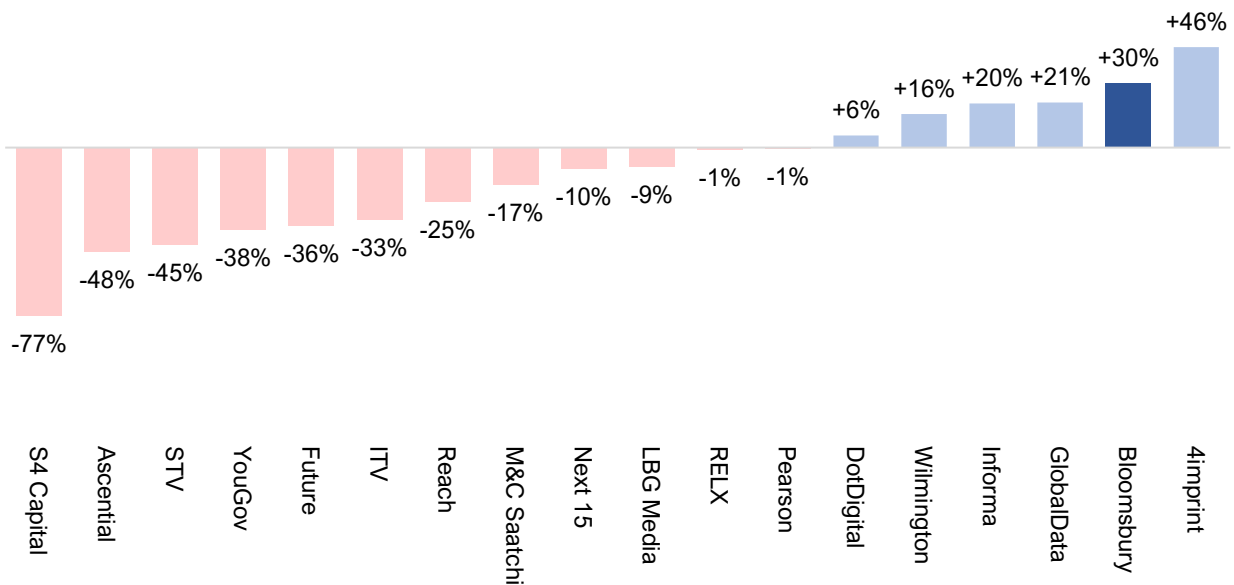
Given the superior forecast EBITDA growth that Bloomsbury currently offers relative to its peers, this valuation discount does feel somewhat anomalous.

What about investor perceptions around earnings volatility? It is fair to say that of all the peer group, Bloomsbury offers one of the higher exposures to direct to consumer spend, compared to a peer group that is predominantly B2B in nature.

However, as we have already laid out, Bloomsbury’s track record of revenue growth has been remarkably consistent over a number of years. This has been partly driven by the structural shift in the business towards Academic but also the strength of the Consumer performance. As a result, Bloomsbury has delivered a degree of upgrade momentum that is significantly ahead of the majority of Bloomsbury’s listed publishing and media peers in the UK.

In Figure 50 below, we show each company within the Publishing & Information and Small Mid Cap Media peer groups. We look at the extent to which the first year forecast PBT market consensus estimate has changed (FY25E in the case of Bloomsbury) over the last two years. This shows that Bloomsbury has seen the second highest absolute upgrade (+30%) across both peer groups.

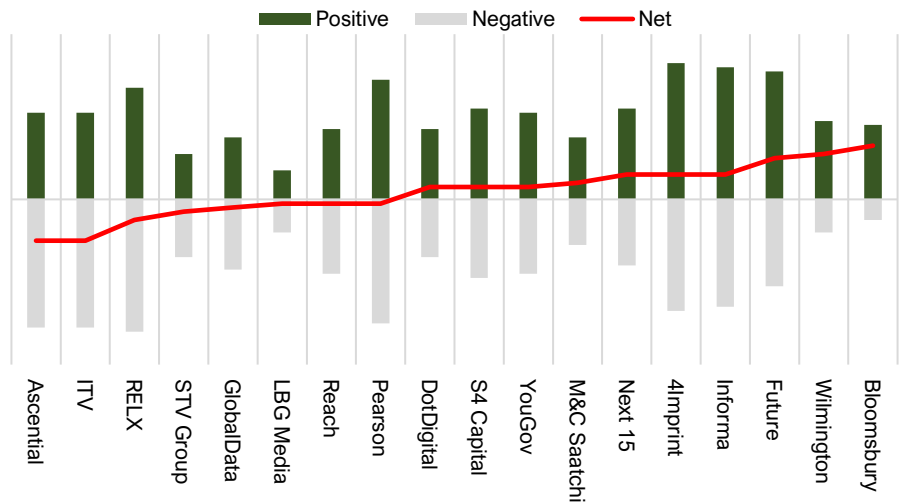
Fig 50: Absolute change in first year forecast consensus PBT over the last 2 years



Source: FactSet

In Figure 51 below, we look at the number of months where net consensus has been higher or lower than preceding month across the breadth of the UK Publishing and Small / Mid Cap Media sector. We can see that Bloomsbury leads the sector over the last two years with a net **13** positive months (18 up and five down), where consensus has been higher than the previous month. This should not be confused with specific changes to company guidance as a result of trading updates and results.

Fig 51: Number of net monthly changes to consensus over the last 2 years



Source: FactSet

Finally, we show in Figures 52 and 53 below, the longer term (10 year) evolution of Bloomsbury’s forward PE and EV/EBITDA multiples to help put the current valuation into its fuller historic context. We also show the 10 year average (dotted line) for each metric. What both charts show is that until relatively recently, Bloomsbury had been trading below its long term average multiple. The recent uplift in multiple has been driven by two factors:

1. Firstly, the strength of recent price performance +34% year to date
2. The roll over from FY24 to FY25 as the first forecast year. Our current, conservative estimates for FY25 do not anticipate a repeat of the exceptional FY24 performance and we currently look for a YoY EBITDA decline of -15% and an EPS decline of -27%. All other things being equal, any further earnings upgrades through the course of the current year will see this multiple fall closer to the long term historic average.

Fig 52: Bloomsbury PE - 10 yr history

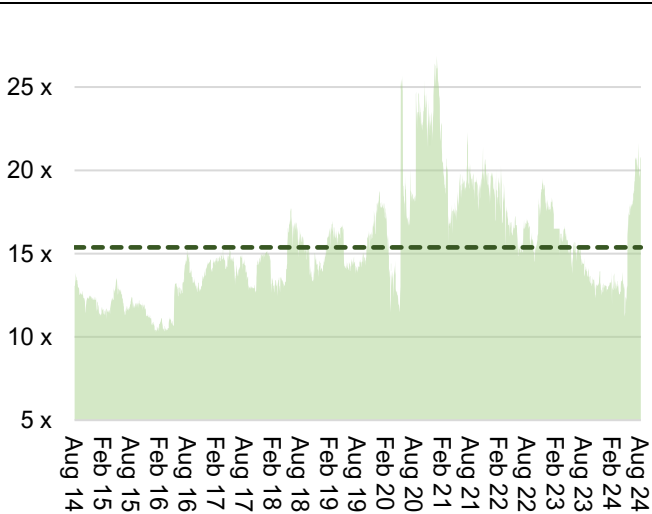
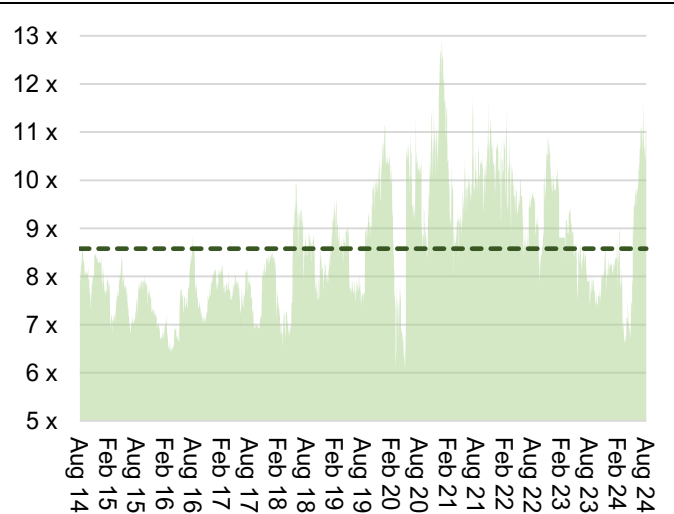


Fig 53: Bloomsbury EV/EBITDA - 10 yr history



Source: FactSet

Deeper Dive – Executive Management

Nigel Newton – Founder and CEO

Nigel Newton is the founder of Bloomsbury Publishing. He was born and raised in San Francisco. He read English at Selwyn College, Cambridge and after working at Macmillan Publishers, he joined Sidgwick & Jackson.

He left Sidgwick in 1986 to start Bloomsbury Publishing. Bloomsbury floated on the London Stock Exchange in 1994 and has grown organically and through acquisitions. Nigel Newton was appointed Commander of the Order of the British Empire (CBE) in the 2021 New Year Honours for services to the publishing industry.

He became President of the Publishers Association in April 2022, a 12-month appointment, and he is now Past President. He serves as a Member of the Advisory Committee of Cambridge University Library and President of Book Aid International. In 2020, he was awarded The LBF Lifetime Achievement Award 2020 and became an Honorary Fellow of Selwyn College, Cambridge.

He has previously served as a member of the Booker Prize Advisory Committee, Chairman of the Charleston Trust, Chair of World Book Day, Board member of the US-UK Fulbright Commission, member of the Publishers Association Council, Trustee of the International Institute for Strategic Studies and Chairman of the British Library Trust.

Penny Scott-Bayfield – Group Finance Director

Penny Scott-Bayfield was appointed to the Bloomsbury Board in July 2018, when she joined Bloomsbury as Group Finance Director.

Prior to this, she was Finance Director of Condé Nast Britain, and held senior finance roles at Sky Plc and lastminute.com Plc.

She started her career and qualified as a Chartered Accountant (FCA) with Deloitte. Penny has a first-class degree in maths from University College, Durham, and has been a judge on the Women of the Future programme since 2011. She is also the Chair of the charity Ocean Youth Trust South.

Jenny Ridout – Managing Director, Non-Consumer

Jenny Ridout is Executive Director and Managing Director of Bloomsbury Non-Consumer publishing, which includes the Academic, Professional, and Special Interest sub-divisions and Bloomsbury Digital Resources.

Jenny joined Bloomsbury in 2004. Prior to her current role, Jenny had global responsibility as Global Head of Bloomsbury's academic publishing, where she oversaw the integration of several acquisitions.

She has many years of experience in digital resource publishing, being responsible for the creation and rapid growth of Drama Online as Project Director, for which she won the Futurebook Digital Achiever industry award. Jenny was previously the Editorial Director for the Methuen Drama and Arden Shakespeare lists. She started

her career in publishing at Elsevier, where she was the global Publishing Director for the specialist trade and professional media imprint, Focal Press.

Jenny is a Trustee of Yale University Press, a member of the Higher Education and Academic Councils of the Publishers Association and is on the Industry Advisory Board for the publishing course at Oxford Brookes University.

Ian Hudson – Managing Director, Consumer

Ian Hudson joined Bloomsbury in January 2021 as Managing Director of the Consumer Division, which includes the Adult and Children's Trade sub-divisions. Ian is a hugely experienced publishing leader and his focus is on developing and executing new strategies to profitably grow the Consumer Division.

Ian began his career at magazine publisher Marshall Cavendish, subsequently joining Random House in 1992 where he went on to hold the role of Group Commercial Director before becoming Managing Director of Random House Children's Books. With the merger of Random House and Transworld in 1998, Ian became Group Managing Director and Chairman of TBS Distribution and joined the Random House Global Board. He was a member of the Bertelsmann team, which negotiated the Penguin Random House merger in 2012/2013. Post-merger, he sat on the Global Executive Committee of Penguin Random House and was appointed to the roles of CEO of Penguin Random House International and Deputy CEO of Penguin Random House UK. Once the global integration of the two companies was completed, Ian was appointed Global CEO of Dorling Kindersley.

Ian was a member of the Supervisory Board of global media group Bertelsmann for 12 years, is a former President of the UK Publishers Association and is a Non-Executive Director of Which?

Kathleen Farrar – Managing Director, Sales & Marketing

Kathleen joined Bloomsbury in December 1998 as International Sales Manager. She has held a number of senior sales and marketing roles, including Managing Director of Bloomsbury Australia based in Sydney.

In January 2013, she returned to the UK to take up the position of Group Sales and Marketing Director, responsible for global sales and marketing for the four Bloomsbury Divisions, across print and digital.

Kathleen began her publishing career working in leading independent bookstores in Sydney, Australia before moving to Allen & Unwin as Sales & Promotions Manager.

Sabrina McCarthy – President, Bloomsbury USA

Sabrina McCarthy joined Bloomsbury in 2024 as President of Bloomsbury USA. She also serves on the Bloomsbury's global Executive Committee.

McCarthy joined from Ingram Publisher Services where she was Vice President and General Manager. For eight years, she oversaw six distribution brands as well as the domestic, international print and digital sales teams, and the business operations team. She led the strategy for all areas of business from operational improvement to creation of new services. She managed and developed an exceptional team of Vice

Presidents and Directors who are responsible for each line of business with a supportive team culture across 150+ associates. McCarthy brings a wealth of experience across trade and academic publishing.

Karl Burnett – Group Director of People & Engagement

Karl joined Bloomsbury from A+E Networks EMEA, where he was Senior Vice President of Human Resources EMEA.

During the past eight years, he oversaw significant cultural change for A+E's 300+ staff, articulating A+E Networks EMEA future direction and purpose. Through extensive consultation with employees, Burnett and his team forged the network's vision and mission. A+E won the media journal Broadcast's award for Best Places to Work in TV in 2018 and was shortlisted in the Most Inclusive Company of the Year category in the IABM awards, hosted by the industry body in 2021. Most recently, in 2022, the A+E achieved the prestigious accolade of Great Place to Work certification.

Before joining by A+E Networks EMEA in 2015, Karl was HR Director of BBC News and Radio, heading a team of 60 professionals responsible for 8,000 journalists around the world. Prior to that, Karl held senior HR roles at Nickelodeon and Channel 4 Television.

Maya Abu-Deeb – Group General Counsel & CoSec

Maya Abu-Deeb is a qualified solicitor and joined Bloomsbury in 2008 as General Counsel.

Maya is responsible for all legal advice to the Company and manages the legal and contracts teams at Bloomsbury. She is also Company Secretary and Group Data Protection Officer, assuming these roles in 2019. Prior to joining Bloomsbury, Maya was in private practice for ten years, specialising in commercial, media and intellectual property law, and advising in respect of both contentious and non-contentious matters.

Maya read Oriental Studies at St John's College, Oxford, before completing the Common Professional Exam and Legal Practice Course at the College of Law in London.

Deeper Dive – Sustainability

Bloomsbury has a solid internal culture that has accelerated its ESG progress against its strategy. There are strong values regarding environmental and social responsibility across the organisation and expressed within its publishing, with many of this year's bestsellers addressing environmental, social and political issues.

Examples:

- *Why I'm No Longer Talking to White People About Race* by Reni Eddo-Lodge
- *White Rage* by Carol Anderson.
- *The Earth Transformed* by Peter Frankopan

Bloomsbury are also proud to promote literacy/careers in writing to underrepresented groups.

- Launched the Bloomsbury Writer's Mentorship Programme to support unpublished and underrepresented fiction writers

Internally, the group has made good progress against emission reduction goals:

- 46% reduction in Scope 1 + 2 by 2030 against a 2019/2020 baseline
- 20% reduction in Scope 3 by 2035 against a 2019/2020 baseline.

Bloomsbury's Scope 1, 2 and 3 emission reduction targets have been SBTi validated. The group have also incorporated more granular data collection processes. The earlier acquisitions of ABC-CLIO and Head of Zeus resulted in a rebasing of prior year comparatives in order to maintain consistency.

Bloomsbury places great emphasis on its internal working culture, its people and the promotion of internal engagement and diversity. The group's People strategy has been transformed over the last four years and has culminated in the appointment of a Group Director of People & Engagement. This is an Executive Committee level role. Highlights from FY24 include:

- Rolling out the Bloomsbury Career Framework in order to promote internal transparency around pay and career pathways
- Bloomsbury won the Small Cap Network Diversity, Inclusivity and Engagement award
- In FY24, 16% of UK employees came from minority ethnic groups (FY23: 15%), with 25% of US employees from minority ethnic group (FY23: 26%)
- One off payment of £1,250 to all employees (in addition to existing bonus schemes) to recognise an exceptional FY24

Further details on Bloomsbury's ESG performance and initiatives can be found at the Corporate Responsibility section of their website (<https://www.bloomsbury-ir.co.uk/responsibility/introduction>).

Bloomsbury Publishing

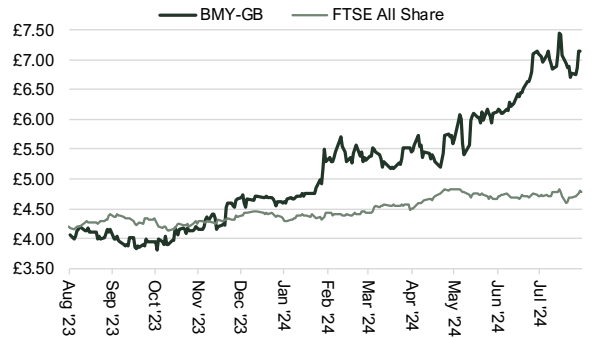
Iain Daly
+44 203 897 1832
idaly@h2radnor.com

Price (p): 710 p
Market Cap: 577 m
EV: 566 m

PROFIT & LOSS

| Year to 28 February, £m | FY22 | FY23 | FY24 | FY25e | FY26e | FY27e |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Children's Trade</i> | 93.0 | 108.9 | 191.3 | 140.1 | 145.0 | 146.7 |
| <i>Adult Trade</i> | 55.2 | 57.8 | 57.9 | 58.9 | 60.0 | 61.2 |
| <i>Academic & Professional</i> | 59.3 | 75.7 | 70.5 | 97.0 | 111.2 | 117.8 |
| <i>Special Interest</i> | 22.6 | 21.7 | 22.9 | 23.1 | 23.5 | 23.9 |
| Group Net Revenue | 230.1 | 264.1 | 342.7 | 319.1 | 339.8 | 349.6 |
| <i>Children's Trade</i> | 16.0 | 17.3 | 41.1 | 25.2 | 25.4 | 25.7 |
| <i>Adult Trade</i> | 2.0 | 1.0 | (3.1) | (0.6) | 1.8 | 3.1 |
| <i>Academic & Professional</i> | 9.1 | 12.5 | 9.3 | 12.4 | 16.7 | 17.7 |
| <i>Special Interest</i> | 0.1 | 0.7 | 0.6 | 1.0 | 1.2 | 1.2 |
| <i>Associates & JV's</i> | (0.1) | (0.2) | (0.0) | - | - | - |
| EBITA - Adjusted | 27.1 | 31.3 | 47.9 | 38.1 | 45.0 | 47.6 |
| <i>EBITA margin, %</i> | 11.8% | 11.8% | 14.0% | 11.9% | 13.3% | 13.6% |
| <i>Net Bank Interest</i> | (0.3) | (0.2) | 0.9 | (0.8) | (0.7) | (0.6) |
| PBT - Adjusted | 26.8 | 31.1 | 48.7 | 37.3 | 44.3 | 47.0 |
| <i>Acquired intangible amortisation</i> | (2.8) | (5.2) | (4.9) | (8.2) | (8.2) | (8.2) |
| <i>Other highlighted items</i> | (1.7) | (0.5) | (2.3) | (3.0) | (2.0) | (1.0) |
| PBT - Reported | 22.3 | 25.4 | 41.5 | 26.0 | 34.1 | 37.8 |
| <i>Tax</i> | (5.3) | (5.2) | (9.2) | (6.5) | (8.5) | (9.4) |
| <i>Tax - Adjusted</i> | (5.2) | (5.9) | (10.3) | (9.3) | (11.1) | (11.7) |
| <i>Tax rate - Adjusted</i> | 19.3% | 18.9% | 21.0% | 25.0% | 25.0% | 25.0% |
| <i>Minority interests</i> | - | - | - | - | - | - |
| No. shares m | 81.5 | 81.2 | 81.2 | 81.1 | 81.1 | 81.1 |
| No. shares m, diluted | 83.1 | 82.5 | 82.6 | 82.0 | 82.0 | 82.0 |
| IFRS EPS (p) | 20.8 | 24.9 | 39.8 | 24.1 | 31.5 | 34.9 |
| Adj EPS (p), diluted | 26.0 | 30.6 | 46.6 | 34.1 | 40.6 | 43.0 |
| <i>Core Dividend</i> | 10.7 | 11.8 | 14.7 | 15.4 | 16.2 | 17.0 |
| <i>Special Dividend</i> | - | - | - | - | - | - |
| Total DPS (p) | 10.7 | 11.8 | 14.7 | 15.4 | 16.2 | 17.0 |

PRICE CHART - 1 YEAR ABSOLUTE vs FTSE ALL SHARE



SHAREHOLDERS

| | % of ord. Share capital |
|----------------------|-------------------------|
| Charles Stanley | 7.1% |
| BlackRock | 6.8% |
| JPMorgan AM | 4.9% |
| Montanaro AM | 4.9% |
| Hargreaves Lansdown | 4.7% |
| Canaccord Wealth | 4.4% |
| Canaccord Fund Mgmt | 4.3% |
| Interactive Investor | 3.9% |
| Allianz Global | 3.9% |
| Gresham House | 3.7% |
| Total | 48.6% |

CASH FLOW

| Year to 28 February, £m | FY22 | FY23 | FY24 | FY25e | FY26e | FY27e |
|--|---------------|-------------|-------------|---------------|-------------|--------------|
| Net Profit: (add back) | 17.0 | 20.2 | 32.3 | 19.5 | 25.6 | 28.3 |
| <i>Depreciation & Amortisation</i> | 9.9 | 12.5 | 13.3 | 17.6 | 17.7 | 17.7 |
| <i>Net Finance costs</i> | 0.3 | 0.2 | (0.9) | 0.8 | 0.7 | 0.6 |
| <i>Tax</i> | 5.3 | 5.2 | 9.2 | 6.5 | 8.5 | 9.4 |
| <i>Other</i> | 2.2 | 1.9 | 2.2 | 1.6 | 1.6 | 1.6 |
| Cashflow pre Working Capital | 34.7 | 40.0 | 56.1 | 46.1 | 54.1 | 57.7 |
| <i>Working Capital</i> | 13.0 | (6.8) | (5.6) | (4.8) | (3.5) | (1.7) |
| Cash from Ops | 47.7 | 33.3 | 50.5 | 41.3 | 50.6 | 56.0 |
| <i>Cash Tax</i> | (7.9) | (6.6) | (12.9) | (7.8) | (10.2) | (11.3) |
| <i>Tangible Capex</i> | (0.6) | (0.8) | (0.7) | (0.8) | (0.8) | (0.9) |
| Free Cashflow | 39.2 | 25.8 | 36.9 | 32.8 | 39.5 | 43.9 |
| <i>Intangible Capex</i> | (3.7) | (5.2) | (5.1) | (4.8) | (5.1) | (5.2) |
| <i>Acquisitions & Inv.</i> | (22.9) | (0.1) | - | (67.0) | - | - |
| <i>Dividends</i> | (15.2) | (8.8) | (11.3) | (12.7) | (12.7) | (13.3) |
| <i>Financing - Other</i> | (11.4) | (4.6) | (4.4) | 26.5 | (3.5) | (33.0) |
| Net Cashflow | (14.0) | 7.2 | 16.1 | (25.2) | 18.2 | (7.7) |
| <i>Net Cash (Debt)</i> | 55.2 | 51.5 | 65.8 | 10.5 | 28.8 | 51.1 |

Announcements

| Date | Event |
|---------------|----------------------------------|
| July 2024 | AGM trading update |
| May 2024 | Rowman & Littlefield acquisition |
| May 2024 | FY24 final results |
| February 2024 | Trading update |
| December 2023 | Trading update |
| October 2023 | FY24 H1 results |
| July 2023 | AGM trading update |
| June 2023 | BDR capital markets event |
| May 2023 | FY23 final results |

RATIOS

| | FY23 | FY24 | FY25e | FY26e | FY27e |
|--------------------|--------|--------|--------|--------|--------|
| RoE | 13.4% | 19.0% | 13.5% | 15.2% | 15.1% |
| RoCE | 20.4% | 31.0% | 18.0% | 22.1% | 24.6% |
| Asset Turnover (x) | 0.4x | 0.3x | 0.5x | 0.4x | 0.4x |
| NWC % Revenue | 16.9% | 14.4% | 17.0% | 17.0% | 17.0% |
| Op Cash % EBITA | 106.3% | 105.6% | 108.6% | 112.3% | 117.7% |

BALANCE SHEET

| Year to 28 February, £m | FY22 | FY23 | FY24 | FY25e | FY26e | FY27e |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Intangibles | 88.2 | 86.9 | 80.3 | 135.4 | 125.8 | 116.3 |
| P,P+E | 2.3 | 2.5 | 2.2 | 2.1 | 2.0 | 1.8 |
| <i>Tax Asset & Other</i> | 18.8 | 18.0 | 22.0 | 20.0 | 17.9 | 15.9 |
| Total Fixed Assets | 109.3 | 107.4 | 104.5 | 157.4 | 145.7 | 134.0 |
| <i>Net Working Capital</i> | 35.7 | 44.6 | 49.5 | 54.2 | 57.8 | 59.4 |
| Capital Employed | 145.0 | 152.0 | 154.0 | 211.7 | 203.4 | 193.4 |
| <i>Liabilities</i> | (17.2) | (15.7) | (17.3) | (15.1) | (12.9) | (10.7) |
| <i>Net Cash</i> | 55.2 | 51.5 | 65.8 | 10.5 | 28.8 | 51.1 |
| Net Assets | 183.0 | 187.8 | 202.5 | 207.1 | 219.3 | 233.8 |

VALUATION

| Fiscal | FY23 | FY24 | FY25e | FY26e | FY27e |
|------------|-------|-------|--------|-------|-------|
| P/E | 23.2x | 15.2x | 20.8x | 17.5x | 16.5x |
| EV/EBITDA | 14.7x | 10.2x | 11.9x | 10.4x | 9.9x |
| Div Yield | 1.7% | 2.1% | 2.2% | 2.3% | 2.4% |
| FCF Yield | 4.6% | 6.5% | 5.8% | 7.0% | 7.7% |
| EPS growth | 17.4% | 52.5% | -26.9% | 18.9% | 6.0% |
| DPS growth | 9.4% | 25.0% | 5.0% | 5.0% | 5.0% |

REGULATORY DISCLOSURES

H2 Radnor Ltd is authorised and regulated by the Financial Conduct Authority.

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