SPRINGER NATURE

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CONFERENCE CALL

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Transcript

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OPERATOR

Ladies and gentlemen, welcome to the nine month results 2026 conference call. I am Sandra, the Chorus Call operator. I would like to remind you that all participants are in listen-only mode and the conference is being recorded. The presentation will be followed by a Q&A session. You can register for questions at any time by pressing star and one on your telephone. For operator assistance, please press star and zero. The conference must not be recorded for publication or broadcast. At this time, it is my pleasure to hand over to Tom Waldron, Head of Investor Relations. Please go ahead, sir.

TOM WALDRON

Good afternoon, everyone. Welcome to the Springer Nature Nine Month 2026 results call. I'm Tom Waldron, Head of Investor Relations. I'm here in Barcelona with our CEO, Frank Vrancken Peeters, and CFO, Patric Somlo, to participate in the Morgan Stanley European TMT Conference over the next couple of days. But first to our 9 Month results. Frank will cover the business and financial update, Patric will introduce himself and then we'll move to Q&A.

Before handing over, let me briefly remind you: For revenues and adjusted operating profit, we present both reported figures – based on actual currency rates and portfolio composition – and underlying growth rates, which exclude currency and portfolio effects to ensure a like-for-like comparison. Our financial guidance for 2026 is based on the expected underlying performance of the business, excluding FX and portfolio changes. When growth rates are mentioned in this presentation they are underlying unless otherwise specified. With that, I will now hand over to Frank.

FRANK VRANCKEN PEETERS

Thank you, Tom, and a warm welcome from my side. Let's start with a brief overview of the highlights. Our results show continued good momentum. Revenue grew by 6 per cent in underlying terms and AOP by 8 per cent.

Our Research segment continues to be the main growth driver, with strong performance across our journal portfolios. Growth was again driven by our leadership in Open Access and our investments in technology and AI. We've delivered another strong cash flow performance with leverage well within our target range. Given this strong performance, and the visibility we have into the remainder of the year, we are again updating our '26 guidance. We now expect underlying Revenue growth of at least 6%, with AOP margin improving by at least 30bps in underlying terms.

As a reminder, Springer Nature operates in three attractive markets where we hold strong positions. Research remains by far our largest segment. In the first nine months it represented almost 80% of group revenue and 90% of adjusted operating profit. This reflects the scale, the quality and resilience of our research portfolio. We are the second largest publisher of academic journals by some distance. We have the largest share

of the top 50 journals by impact factor and we are the world's largest publisher of academic books.

Before turning to a business update, here are a few recent examples of research from our journals.First, our Neanderthal relatives. A paper in Scientific Reports looks at how they lived 75,000 years ago. One individual had recovered from a severe facial injury. That probably meant others in the group cared for them as they recovered. There's also evidence of intentional burial. Together, this all points to a complex social life for our ancient cousins.

Second, in the middle, the world's oldest shipwreck. It was found off the coast of Turkey, with a cargo of amphorae having sunk more than 4,000 years ago. This paper appeared in The Journal of Maritime Archaeology, a Springer title, and received lots of press attention as you may have seen.

Third, a look to the future. In July, Nature Chemistry published a paper on new techniques that use light to trigger chemical reactions inside living cells. In effect, the cells become controllable mini-factories that can make new chemicals. The authors hope that this could lay the foundations for applications in precision medicine.

One of the authors of that paper was Karl Deisseroth. A few months later, in October, he won the 2026 Nobel Prize in Physiology or Medicine, together with Peter Hegemann and Georg Nagel. The prize recognised their earlier work on using light to control cell activity. All of this year's laureates in Medicine, Physics, Chemistry and Economics have published with Springer Nature. A selection of their papers and book chapters have been gathered on our website.

Over the last 50 years, more than three quarters of Nobel laureates have published in Nature titles during their careers. More than 90% have published somewhere in our portfolio. This is the role we play: making trusted knowledge accessible. Our 3,000 journals cover hundreds of fields. Every paper we publish can become a building block for future research. Now, to our financial performance in the first nine months of 2026.

Research delivered another strong performance. Revenue increased by 7% in underlying terms while adjusted operating profit grew by 8%. The 2026 renewal season was completed successfully, and the 2027 season began in September with renewals progressing as expected. Growth in our Journal portfolios was broad-based across our Full Open Access, Nature and Springer portfolios. Our double-digit article publication growth continued to outpace the market which we estimate grew at around 8% in the period.

Submission growth has continued at similar levels seen earlier this year. With good growth seen across the portfolio and across all major regions.

We continue to drive Open access adoption. We signed 23 new transformative agreements, bringing the total to more than 100, and covering more than 4,500 institutions. So far in 2026, we have launched 54 new journals, including npj Nephrology, Scientific Reviews, BMC Sustainability and Discover Cybersecurity. Our growth in Journals is being supported by the AI strategy we outlined in our Full Year presentation in March. SNAPP, our AI-enabled article processing platform, continues to onboard new journals. Year to date over 62% of our submissions have been processed through SNAPP.

Our Journal finder brings new authors to Springer Nature. Our AI tools are helping editors find the right reviewers faster. Our transfer recommender is ensuring that good papers rejected on scope are retained within our ecosystem. And AI tools are helping our teams ensure Research Integrity across the portfolio. We recently established a research partnership with Google DeepMind on a project to design an AI powered assistant for reviewers. That project is part of our commitment to creating a frictionless publication process. Together with the team at Google DeepMind, we will explore how technology can help create a more rewarding reviewer experience. Nature Research Assistant, our own AI tool for researchers is well on track for launch in early ‘27.

ARC3 is seeing good traction. It provides a partnership model which gives researchers, clinicians and R&D teams access to our trusted scientific content within AI-powered environments. This represents the next step in the evolution of our long-standing Text and Data mining business. In Books, revenues increased with growth in print and digital. Nature Books launched its first three titles at the Frankfurt Book Fair in October combining the strength of the Nature brand with our leading position in this market.

Research AOP grew faster than revenue, reflecting operating leverage and ongoing efficiency improvements. Finally, during Q3 we completed the disposal of our Consumer Media businesses, further increasing our focus in the core Research segment. Let’s turn to the developments in our other two segments, Health and Education. Turning first to Health. We saw revenues and AOP increase by 1%. Performance benefited from stabilisation of advertising spending in regional markets partially offset by weaker performance in the events business in DACH. International Healthcare grew modestly despite a challenging backdrop for pharma marketing spending. The Netherlands faced a strong comparison with ‘25, which benefited from a new edition of the Schlichting test.

Turning to Education, Revenue and AOP increased by 4% and 5% respectively. Growth was led by Argentina, Southern Africa, and Poland, partially offset by more challenging conditions in Spain and Mexico. A large government-related order in Argentina was received in Q3, later than in the prior year.

Before turning to the financials in a bit more detail, I'd like to step back and look at one of the fundamental drivers of growth for the industry and for Springer Nature: the growing global reach of research ecosystems. Commercial academic publishing began in the nineteenth century. In its first hundred years the industry was based on subscriptions and print journals for researchers, largely in Western Europe and the US. Over the last 30 years, the global research landscape has experienced extraordinary change. Prior to the 90s more than 70% of research articles came from authors in the US and Western Europe. Today, that has almost fully reversed, with over 60% now coming from the rest of the world.

This reflects the continued growth in R&D investment around the world and particularly in China. At the same time, the shift from print to digital platforms has made it easier for researchers everywhere to access knowledge, collaborate, and publish their work. We see this broadening of research not only in article volumes, but also in citation share. As new markets mature, the quality of research rises. China demonstrates the potential, with a citation share that now leads the world and exceeds its share of articles.

When you look at these relative shares, it is important to remember that the traditional research centres in the US and Western Europe have still grown their research articles and their citations substantially over the period. Their relative dominance prior to the 90's has simply given way to a more global spread of academic and scientific progress. Springer Nature has been investing behind these trends for many years. We have built strong local infrastructure. We have invested in local publishing teams. We have built deep relationships with institutions and research communities. And we have created a broad network of editors and reviewers around the world. We have also continued to launch journals in growing fields and regions, while helping researchers find the right publication route across our portfolio. The combination of the strength of our portfolio with investment in the regions driving growth, has allowed us to grow faster than the market. It also positions us well to continue to do so in future.

I'll now provide a short financial update. This slide presents five important performance indicators for our business. We delivered a strong nine-month performance across each of them, with strong revenue growth, underlying margin expansion and cash generation. This slide summarises that performance in detail as usual. We delivered underlying growth in Revenues and AOP across all three segments in the nine months. And our Group AOP

margin saw an underlying improvement of 36 basis points. Reported margin also includes a 30-basis point benefit from the disposal of the Consumer Media business. FX still had a negative impact on reported growth rates, but the headwind eased as the dollar and Education currencies stabilised. Turning to cash and leverage.

I'm pleased to report that our cash generation in the first nine months of 2026 was very strong. Free cash flow rose by 69 million to 244 million Euro - Supported by improved operating performance and lower interest payments. Lower interest and fee payments reflected both lower average debt levels and interest rates, and timing benefits, including from the issue of promissory notes in 2025. Strong nine-month cash generation, supported continued deleveraging, and we ended the quarter at 1.6x net debt to EBITDA.

Based on performance in the nine months and ongoing business momentum, we have again updated our full-year 2026 guidance: We expect underlying growth in revenues of at least 6% with underlying improvement in AOP margin of at least 30 basis points.

And finally, to summarise: We are proud to have delivered a strong performance in the first nine months of '26, demonstrating the strength of our business, both in terms of financial performance and strategic execution. Research is the key driver of that momentum, powered by our leadership in Open Access, our geographic footprint and our commitment to embracing AI across the portfolio. This gives us confidence as we look ahead into 2027. Now having covered the year to September and our outlook, I want to touch on one important thing that has happened since quarter end. Patric has joined the team as CFO. And Patric is here with us today and so I'll hand to him to introduce himself.

PATRIC SOMLO

Thank you, Frank. It is a pleasure to join the call today. I joined Springer Nature two weeks ago so it is still early days. My immediate priority is to get to know the business, our people and our key stakeholders. What attracted me to Springer Nature was the combination of a clear purpose, outstanding brands, and strong market positions. I'm joining a business with a clear potential for sustainable growth in revenue, profit, and cash. My first impressions have reinforced that view. I have found a business with a strong portfolio and strategy, talented and committed colleagues, and a clear focus on execution and investment for the long term. That is a strong base from which to deliver compounding growth. I look forward to working with colleagues to build on that with further optimisation, both operationally and in areas such as finance and tax. I look forward to meeting many of you over the coming months. I'll now hand back to Tom for Q&A.

TOM WALDRON

Thank you. We will now move to Q&A. As a reminder, we ask each analyst to limit themselves to two questions initially. If you do have additional questions, we'll be very happy to come back to you. And with that, I will hand the call back to Sandra.

OPERATOR

Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press * and one on the telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press * and two. Questioners on the phone are requested to disable the loudspeaker. Speak more by asking a question. Anyone who has a question, may press * and one at this time.
Our first question comes from Nick Dempsey from Barclays. Please go ahead.

NICK DEMPSEY

Yeah, good afternoon guys. So first of all, it's clear that submission and publication volume growth in full open access is really strong at the moment and continues to be so. And full open access is excluded from most of your transformative agreements, I believe. So you just get the benefit of that. volume growth straight away into your revenues. Could the consortia for many countries now start to move to include full open access journals in their TAs, and therefore that would mean the benefits of that publication volume growth are spread out a bit more over time or smoothed, which could slow overall growth. That's the first question. Second one, as we watch your net debt EBITDA head down towards 1.5 times at the bottom of your stated range, and you've shown over time that the Group can bear quite a lot of leverage, what are your thoughts about large M&A deals within your space at this moment?

FRANK VRANCKEN PEETERS

Okay, Nick, thank you very much. Let me go for the first, let me start with the first question first. So essentially your question is to what extent will full open access be part of transformative agreements? Now, the transformative agreements in principle are only relevant for the subscription and hybrid journals in our Springer Nature portfolio. So basically, they don't cover full open access journals. I mean, there is a handful of customers where we have negotiated to include full open access agreements together with a transformative agreement in a single commercial agreement, but it's actually only a handful of them.
Mostly in Europe, it's a couple of them, and we haven't really seen, let's say, an acceleration of that over the past couple of years. I mean, maybe one or two every year. It's also driven by the fact that full open access, quite often, as you rightly said, is from the outside of the library, and the library will say, well, I just don't have the funds to include those full open access journals into my budget. So that was your first question. The second question was around, let's say, capital M&A, or let's say our capital allocation policy and M&A. You want to take that one, Patric?

PATRIC SOMLO Yeah, happy to do so, Frank. So, Nick, when we did the IPO, we had a leverage of about three times, and we are now at 1.6 times, which is at the lower end of our target range. So we're actually very happy with the progress we made. As we mentioned in the past, our priorities for utilising the cash flow are clear. First, we'll invest in our business, maintain our strong balance sheet. Look forward for value-enhancing M&A and pay a progressive dividend. Beyond that, if our strong cash generation leads to excess capital beyond the needs of our business, we will consider returning it to shareholders. But of course, we take the liquidity of our shares into account if you make those decisions. Does that answer your question?

NICK DEMPSEY Thank you guys.

FRANK VRANCKEN PEETERS Ok, thank you.

OPERATOR The next question comes from David Nolan from Morgan Stanley. Please go ahead.

DAVID NOLAN Good afternoon everyone, thanks for taking my questions. Yeah, one for me, a follow up on the TA agreement. So recent transformative agreements with like Cornell, University of Texas, and some in Brazil as well do point towards more of a use of uncapped OA publishing. Can you give us a sense of what proportion exactly of your TA portfolio is already uncapped and then just connected to that, like how that impacts the relationship between revenue and submissions. It comes to follow up on the previous as well. Thank you.

FRANK VRANCKEN PEETERS Sorry, David, I didn't get your second question. It was a bit too fast for me. And then you said the relationship between article volumes and revenue growth as if there's more of a preference to moving to kind of fully uncapped. Okay, okay. Yeah, so you're right. I mean, we have signed TAs with uncapped volumes. I think it's fair to say that, and Patrick, who only recently joined us, but you will probably see that in the months to come is that if you look at our transformative agreements, unfortunately we have more than 100 of them and most of them are different. So we have transformative agreements where, for instance, we have a ceiling and a floor. We have transformative agreements where basically customers are allowed to roll over articles. You know, we have transformative agreements like the one in Germany, which is basically on an article by article basis. And we also have agreements where, you know, it's basically an unlimited amount of articles. Now what that means in practise is that the commercial terms for those agreements do actually take article growth into account. So we kind of make a projection of what we expect in terms of article growth. And that will then reflect the commercial terms for that agreement. And then basically revenue recognition is done on a kind of time basis and not on a kind of volume basis as we do with our transformative agreements that don't have a, that are, let's say, not uncapped. So I hope that answers your question.

DAVID NOLAN Thank you, Frank.

FRANK VRANCKEN PEETERS OK, thank you.

OPERATOR The next question comes from Steve Liechti from Deutsche Bank. Please go ahead.

STEVE LIECHTI Yeah, hi there. I've got two then, please. Thank you very much. One is just can you remind us how much of your business in journals is humanities and social sciences now? And if you had an opportunity to expand that, would that be interesting to you relative to hard science and medicine?
That's the first question. And second question, can you just give us a bit more colour on ARC3 and the kind of subscription, longer term subscription type deals progress there, please? Thanks.

FRANK VRANCKEN PEETERS Yeah, so thank you, Steve. I will start with the ARC3 one, and then I will come back to the HSS question and possible acquisitions. So if I start with ARC3, I think it's always important to remind ourselves that, you know, researchers publishing with us to get maximum visibility for their research insights and as such, we have a responsibility to give them that visibility in any environment.

If you look at ARC3, it's basically an extension of our long-standing TDM business. We announced ARC3 earlier in the year. ARC3 is actually a proposition that provides for the use of Springer Nature Full Text for AI use cases with clear guardrails around provenance and attribution and also sustainable business model. So we don't like one-offs, but it's a subscription model. We're seeing good interest in ARC3 from a wide range of customers, including corporate and academic customers. So we're actually quite happy with the progress on ARC3.

Now your question around HSS and I guess also a kind of subtle question around M&A.
If you look at HSS content today, it's a little bit less than 10% of our total articles that we publish. So I would say it's a small part of the portfolio. Coming back to the question around M&A, and I guess you're referring here to one of our competitors that has announced certain plans. I think you know that M&A is part of our DNA. If you look at Springer Nature, we're the result of a merger, and prior to the merger, we are the result of many acquisitions. So we have done a lot of investments and also divestments over the past couple of years. So as I said, we evaluate every opportunity on its own merit. Looking at how this fits strategically within our portfolio and also how it could impact our financials. And I assume you understand that I will not make any further comments about the kind of hidden question you had in your question. So I hope you have an understanding for that.

STEVE LIECHTI OK, thanks.

OPERATOR The next question comes from James Tate from Goldman Sachs. Please go ahead.

JAMES TATE Thank you. Good afternoon. It's James from Goldman. Got 2 questions, please. I guess firstly, just in terms of the 2027 renewal season, it is progressing as expected. Are you seeing any differences in trends by region, you know, whether North America versus Europe and Asia, in terms of customer behaviour or renewal economics? It would be helpful to get in colour here. And secondly, in terms of the US regulatory environment, could you provide an update on your thoughts regarding the OMB proposals where I believe a decision is expected in mid-December? Thank you.

FRANK VRANCKEN PEETERS Yeah, thank you. Thank you, James. So if you look at our renewal process, it's important to remember that, of course, you know, renewal is about 60% of our research revenue. That's the contracted part. And those contracts typically have a multi-year duration, let's say between three to five years. So every year we're renewing roughly 20% of those contracts every year.
As I mentioned during the presentation, we're close to 100% on renewals for 2026 and the 2027 renewals are progressing as expected. Obviously, you know, if you look at the different regions, in certain regions, we will have one year heavier loads in terms of active renewals than in others.
But overall, I think we're actually quite happy with the progress that we're making and it's in line with our expectations.

My second question, update on the US. As we have mentioned in previous calls, Springer Nature is a diversified business. Roughly a quarter of our revenues and a low double digit percentage of the articles that we publish are from the US. And about half of those are the result of federally funded research, for instance, by the NIH or the NSF.

Now if you look at the OMB guidelines that published in May, they actually proposed quite significant changes to funding policies, such as prohibiting the use of APCs, subscription costs or conference fees, but also introducing new political oversight on funding allocations.

Now, if you see what the reaction was, it actually resulted in a strong, largely negative reaction from the research community, attracting over 500,000 comments. And typically what you see in these type of situations is that people just put their signature on their comments. In this case, it being mostly scientists.
I think it's fair to say that it was almost 500,000 individual, separate, different comments. So it just shows how, let's say, the

community reacted to this. As a result, we saw that the Congress paused the implementation of the proposals up until at least mid-December. And obviously now after the midterm results, it remains to be seen if this proposal continues to be a priority for the administration. So I guess at this stage, it's just wait and see, but I think it's also fair to say that, you know, it received a lot of attention and the question is, of course, whether this is still a priority for the current administration.

JAMES TATE Thank you.

OPERATOR The next question comes from Will Packer from BNP Paribas. Please go ahead.

WILLIAM PACKER Hi there. Thanks for taking my questions. A couple from me. Firstly, I just wondered whether you could share any perspectives on whether the industry as a whole will experience accelerating revenue growth in 2027 versus 2026 and the key factors at play and perhaps any sense of market share considerations as we head into next year?

And then secondly, Springer and other peers have talked to the impressive article submission growth that we've seen. Could you just confirm what portion of those submitted articles are repeat submissions? I have some already been submitted elsewhere in the journal ecosystem and now trying different journals and cascading down.So just sort of underlying growth and article submissions. Thanks.

FRANK VRANCKEN PEETERS Yeah, thank you, sir. Thank you very much. So maybe start with, let's say, expectations for 2027.
So we actually do expect that the market will remain healthy, driven by, as I shared in the presentation, the continued globalisation of research, but also the impact of AI. And we are confident that we will be able to outperform the market, very much supported by the strength of our portfolio, but also the investments we have made, like, you know, launching new journals, investing in technology and expansion in Asia. So, yeah, all in all, I think a good positive outlook in terms of market expectation. And if we look at Springer Nature itself, our submissions continue to be strong. The renewal process is going as expected.
Yeah, and you can expect from us, let's say, updated guidance next year when we release our 2026 full-year results.

Now the other question that you had, if you look at the sustainability of submissions and to what extent resubmissions are part of that. I think it's fair to say that submissions continue to be very strong. You know, I just explained that the market is strong and against that strong market environment, we are doing

better. What we also see is that, of course, acceptance rates vary quite a lot across different regions in the world. Europe and US typically have a higher acceptance rate than, for instance, Asia. But what we also see is that as markets mature more, the acceptance rate improves and citations also improve. So, that's a positive outlook. Now, if you look at these submissions, yes, those are part of our submission growth. Unfortunately, I cannot give you the precise number of what is unique submissions versus resubmissions, but what you typically see is that if authors are not accepted by a journal, they might pick another journal or portfolio, but they also might pick a journal from our competitors and at the same time, of course, tools like T-REX help guide authors to the right journal within our portfolio.

So yes, these submissions are part of the total submission growth. I cannot give you the percentage right now, but I would say that the lion's share, of course, is original submissions.

WILLIAM PACKER Thanks for the colour.

FRANK VRANCKEN PEETERS Yep, thank you.

OPERATOR The next question comes from Conor O'Shea from Kepler Cheuvreux. Please go ahead.

CONOR O`SHEA Yes, good afternoon. Thanks for taking my questions. So, my two questions are, firstly, just in terms of like-for-like growth in research accelerating sequentially in the third quarter against the article published.
Published growth, which was slightly slower than the first half. I know you don't like to look at it too closely quarter by quarter as it doesn't align, but just wondering whether there are any other factors maybe around book release that were favourable to the third quarter that might explain the acceleration or whether other factors.

And then the second question, just in terms of the margins for the fourth quarter, I know you look at that on a full year basis, but any factors sort of to take into account, obviously, there will be positive boost from scope again in Q4, but any reason why research margins in particular might be down year on year in Q4 at this stage, or we'll be looking at at least flat or slightly up.

FRANK VRANCKEN PEETERS Thank you. I think two questions. The way I interpret them in a way, it's about, you know, comparing 9 month results to the full year results. And, you know, as you have seen, we have updated our guidance to at least 6%. I think it's fair to say that if I look at where the business is over the first nine months, I don't expect a lot of change towards the end of the year. So we would actually expect continued growth rates as we have shown so far and also the margin expansion to continue up until the end of the year. Keeping in mind that, of course, if you look at the different units,

research, there tends to be some transactional revenue at the end of the year. We've taken that on board in our guidance. And if you look at, let's say, health and education, typically the last quarter for health is a little bit bigger and for education, the last quarter is a relatively smaller quarter. So that, yeah.
That's kind of the colour I can give on the full year expectation.

CONOR O`SHEA Okay, fair enough. Thank you.

OPERATOR The next question comes from Ciarán Donnelly from Citi. Please go ahead.

CIARÁN DONNELLY Yeah, thanks. A couple of questions left for myself. One just on Nature Research Assistant. Can you talk about the monetization path in 2027 onwards and how significant other contributor could that be kind of on a short to medium term view? And maybe just connected to that, again, going back to kind of M&A priorities.
Is this base an area where you could look to be active on a bolt on strategy in terms of building out those capabilities, given leverages within your target range? And then maybe one question just historically on big pieces of like for like, you know, publishing M&A you've done. Can you just talk us through the level of synergy you typically would look to achieve in some of these larger acquisitions? Thanks.

FRANK VRANCKEN PEETERS Yeah, so essentially 3 questions. So the first one, I'll try to be quick and short. On Nature Research Assistant, the answer is very simple. We don't expect a significant revenue contribution next year. As mentioned, you know, we want to do a launch early in the year. And our initial focus shall be very much on growing the user base and less so on monetization. And the next question was around M&A. You know, what is our focus for M&A? Our focus from M&A is to support the growth areas of the business. So that's essentially, you know, anything that supports the growth in open access.
That's really the key priority. Second, of course, we look at, let's say, technology, for instance, AI-driven businesses that can help us to basically progress our AI agenda. We've looked at certain assets, so far not yet fully convinced of, let's say, the value that they have. So that's on that part. And then your third question was essentially, if you look at, let's say, our capital allocation and our ability to do M&A, I think, you know, I think we are in a good position, as Patrick explained. So from that perspective, I think, you know, our capital allocation and our current leverage actually allows for M&A to support that. So, yeah. Did I fully answer your question or?

CIARÁN DONNELLY The last one was just on historic M&A that you've got and level of synergy that you have historically achieved or would expect to achieve.

FRANK VRANCKEN PEETERS Yeah, good question. I think, you know, of course, at Springer Nature, we have some experience in M&A. I've had some experience in prior lives in this industry on M&A as well. And obviously, from a cost perspective, there are Synergies. You know, a significant part of the cost base is fixed. And that's also why you see operating leverage and expanding margins. Springer Nature. Yeah, you only need one platform to distribute your journals. You can benefit from, let's say, economies of scale with your external suppliers. Of course, your overheads can support. So there's definitely, let's say, economies of scale. And I think it very much depends on the asset and how well it fits. So difficult to give any precise numbers here, but yeah, there's definitely economies of scale if you bring different publishers together. And then it very much depends how much overlap there is in the footprint. I think if you look at the Springer Nature combination at the time, it was, you know, attractive from a cost perspective. It was actually what was equally important is that in a way it brought for Springer, of course, the prestige of the nature brand into the organisation. And actually for the Nature Journal, it helped it to reach a global audience through the sales and marketing capabilities of the Springer organisation and also the Springer organisation was pretty strong in terms of technology and operational excellence. So I think there's always more than just the financial part in such a situation.

CIARÁN DONNELLY Okay, thanks, Frank.

OPERATOR Our last question comes from Konrad Zomer from ABN AMRO, ODDO BHF. Please go ahead.

KONRAD ZOMER Hi, thanks for taking my questions. The first one is on research. You mentioned 12% growth in articles submitted. Can you share with us what the percentage growth was in the first nine months for your full open access portfolio? And my second question is on the benefits of AI, do you think that where you are today have the benefits that you've implemented been mostly on revenue growth or on cost efficiency? Thank you.

FRANK VRANCKEN PEETERS Yeah, so two questions. The first one, if you look at our submission growth and publication growth that we had in H1 and now at nine months, in both cases, submission growth was about 30%, publication growth above 12%, and in both cases, actually, open access sits well above that percentage. So open access is growing faster than the average of our portfolio.

Now, the second question around AI. Yes, I think it's fair to say that our initial focus on, let's say, making use of AI was very much on, let's say, the service we bring to the community, because that's where we see the biggest opportunity in using AI to create a frictionless publication process. And I think we're starting to see

the benefits of that. At the same time, yes, AI also helps us to improve our margin. The margin is not only improving as a result of AI, there's more levers to that operational leverage, but also, of course, the fact that we have quite a broad scope, let's say, efficiency programme under the Horizon banner. That's a programme that we started a couple of years and every year we try to evaluate, can we add new programmes to the overall, new projects to the overall programme? If you look at AI, AI is also having an impact on efficiency within Springer Nature; helps us to speed up, let's say, our development in our engineering teams. It helps us to reduce cost in some of our overhead functions like HR, finance, and others. And also in the publication process, I think I shared that before. If you look at something like AC/DCx, it actually automates the type setting, which results in a cost reduction for each manuscript that we process. So yes, I think it's fair to say that the priority for AI at the moment is very much on, let's say, the revenue side of the business, but at the same time, we are actually also executing our programmes to drive efficiency internally.

KONRAD ZOMER Thanks very much.

OPERATOR We have a follow-up question from Nick Dempsey from Barclays. Please go ahead.

NICK DEMPSEY Yeah, thanks. Just squeezing in another one, just on Education in the quarter. I mean, there was clearly a decent sized boost from FX on year-on-year reported revenue growth, and I expect on margins too. Can you just help us out where that's coming from and what we should expect in the next couple of quarters around FX in education?

FRANK VRANCKEN PEETERS Yes. Patric, do you want to take it on?

PATRIC SOMLO Yes. I mean on the FX now to have expectations on how it moves, this is difficult to predict, but I think what we have that should help you, Nick, is in the appendix there's also a sensitivity table on what is the margin impact, how different FX rates are moving, and this is something I suggest that you can guide. And, we mentioned also Mexico in the press release and that should also give you some indication.

NICK DEMPSEY So that was the big one that caught us. I mean, we were probably all wrong on FX. Was Mexico the big one that probably caught us out, do you think?

PATRIC SOMLO Yes

NICK DEMPSEY Ok, thanks.

FRANK VRANCKEN PEETERS Okay. Thank you, Nick.

OPERATOR	Ladies and gentlemen, this concludes the question and answer session. Back over to you for any closing remarks.
FRANK VRANCKEN PEETERS	Thank you all for your attention, of course, Patric. Thanks for joining us for the first call. Only 2 weeks in the role, so very happy to have you on board. And thank you all for your attention and wish you a lovely day.
OPERATOR	Ladies and gentlemen, the conference is now over. Thank you for choosing Chorus Call and thank you for participating in the conference. You may now disconnect your lines. Goodbye