

SPRINGER NATURE

HY1 2025 RESULTS CONFERENCE CALL

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Transcript

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THOMAS GEISSELHART

Good afternoon. Welcome to the Springer Nature H1 2025 results call, my name is Thomas Geisselhart and I lead investor relations at Springer Nature. Today, I'm in our London office together with Frank Vrancken Peeters, our CEO and Alexandra Dambeck, our CFO. The presentation today has two chapters, a business update presented by Frank and an update on the first six months, 2025 financials presented by Alexandra. After the presentation, there will be an opportunity to ask questions overall. We have about one hour so that should allow for sufficient time including Q&A at the end before handing over to Frank and Alexandra, I would like to remind you that for revenues and adjusted operating profit, we present reported numbers and reported changes based on actual currency rates and reflecting the actual portfolio composition during the reporting period. We also show growth rates on an underlying basis, meaning that currency effects and portfolio changes are excluded for a like-for-like comparison. And please note that our financial guidance for 2025 is based on constant foreign exchange rates and the expected underlying performance of the business, which means that changes in the composition of the portfolio are excluded. And with this, I'm handing over to Frank.

FRANK VRANCKEN PEETERS

Thank you, Thomas for the handover and a warm, warm welcome from my side. To start our H1 call, I would like to highlight on our long history: for 180 years, sharing high-quality research has been at the heart of what we do. Over time, we have built a trusted global portfolio that continues to form the foundation of our success — as clearly demonstrated in the strong performance in the first half of 2025:

We delivered strong results, with underlying revenue growing by 6% and underlying AOP increasing by 10%. It shows our strategy is working – supported by strong execution and continued investments.

As in Q1, our Research segment was the main growth driver with our journals outperforming the market, especially in Full Open Access.

A 51% increase in free cash flow underscores our strong financial performance, bringing the total to more than 200 million Euro in the first half of 2025.

We also made further progress in AI, using it to strengthen our ecosystem —and transform and improve the research process. In the first six months of the year, we launched several AI tools, while maintaining our commitment to high-quality research.

And finally, following our strong performance in the first half of the year, we have raised our guidance for the 2025 fiscal year.

This upgrade reflects the positive momentum across the business — particularly the strong development in Research. Renewals are nearly complete and submission volumes across our journals — particularly in Full Open Access – remain strong. This momentum is driving robust publication growth and higher revenue. In addition, our Education and Health segments continue to perform in line with their respective markets.

Starting with research, our largest part of Springer Nature, accounting for 80% of group revenue and 90% of our group's adjusted operating profit. This reflects the scale, the quality and resilience of our research portfolio. Importantly, approximately two thirds of our research revenue is contracted, providing visibility and predictability. Something that remains a key strength in today's dynamic environment. Let me now take you through the performance of our individual business segments.

I would like to start with our Research segment. Research generated underlying revenue of 727 million Euro and adjusted operating profit of 224 million Euro, resulting in 7% revenue growth and 8% AOP growth, both also on an underlying basis.

We've seen continued strong development of our Journals portfolio. By the end of June, we had nearly completed all 2025 contract renewals in line with the previous year. This highlights the stability and strong visibility of our business. The global article market grew by about 6% down from 8% last year. While our own article output increased by about 10%, reflecting market dynamics and our ability to capture market share. The full open access market saw 9% growth up from 3% last year. And also here we have performed substantially well above the market, with a growth of 25%. Submissions across the journal portfolio grew with more than 30% and 50% in Full OA due to our investment programs and the quality of our portfolio. To further strengthen our portfolio, we launched 24 new journals, including Nature Clean Technology and Nature Biodiversity which we already mentioned in our Q1 call and we are also preparing to launch two new Nature Journals in January 2026: Nature Health and Nature Sensors.

Now turning to books, the share of our revenues coming from digital continues to rise steadily year-on-year and is now at slightly above 70%. This robust development in Digital offsets the decline in print. Our Open Access books also performed well, showing more than 10% growth compared to last year.

Finally, within Services: we have seen strong demand from corporate R&D clients for our Data Solutions. At the same time, we recorded a solid growth in key advertising markets, particularly those focused on lab equipment suppliers.

Now let's turn to the developments in our other two segments, Health and Education.

Both segments saw a solid performance in the first half with strong improvements in profitability.

Starting with Health. We generated 90 million Euro in underlying revenue which represents 4% growth. We saw strong momentum in scientific affairs services, following the successful refocusing of our international pharma division. Furthermore, our Dutch events and books business also performed well.

Health generated 15 million Euro in underlying adjusted operating profit, a 19% increase. From a relatively small base, this strong improvement was primarily driven by growth in digital revenues and a more streamlined organisation.

Turning to Education:

After a slight decline in Q1 on an underlying basis the Education segment turned positive in H1 overall – in line with our expectations. We reported underlying revenue of 108 million Euro, representing growth of 3%. The strong development of 6.5% of underlying growth in Q2 was mainly driven by the performance in the Curriculum business, particularly government contracts in Latin America and adoptions in India.

With a low prior-year base, Education reported over 100% growth in underlying AOP, driven by a more favorable product and geographic mix. This strong performance was further supported by continued progress in our operational excellence programme – which is also known as “elevate”.

Let's now take a look at how we delivered against our strategic priorities in the first half of 2025 — these are, as you know: Open Access, Technology and AI, and our People. First open access:

This remains a core pillar of our Research strategy. In H1, we published more than 50% of our primary research content Open Access, continuing the milestone we reached last year. We signed 17 new transformative agreements, bringing the total to 83. Since 2015, the number of agreements has grown by over 40% per year on average and now supports researchers from over 3,700 institutions worldwide. This shows our strong role in the Open Access transition and how we help increase the visibility and impact of our authors' work. The pipeline remains dynamic, with around 50 agreements currently under discussion with one-third of those being renewals — showing stability in our partnerships.

Second, our investment in technology and AI is speeding up the transformation across the research ecosystem. As I already shared in our Q1 call, we see ourselves also as a technology company. This is underscored by the fact that nearly one-third of our research staff work in tech-focused roles and over 90% of our revenues are from digital products. A further strong example is our proprietary publishing platform Snapp, which saw an 83% increase in

submissions year-on-year. This includes newly migrated journals and reflects user trust as well as the scalability of our infrastructure. We are also pushing forward with further AI-driven innovations across the research workflow. I will share a few recent examples on the next slide.

Third, our people.

As a research publisher attracting, developing and retaining top talent is essential. We put our people at the center of everything we do as they bring the domain expertise, the technical capabilities, and the long-standing relationships that differentiate us. I am proud to say we have built a healthy, collaborative work environment – reflected in our recognition once again as a Top Employer in Germany, the UK and the US – which I also already mentioned in our Q1 call.

These strategic pillars contribute to the strong performance we have seen in H1, connected to quality, innovation, and last but not least responsibility. Our ambition is to outperform the market - growing sustainably and creating value for our communities.

To underline our commitment to responsible growth, I would like to highlight a few key examples:

Starting with impact factors.

For those less familiar: the Impact Factor, published annually by Clarivate's Journal Citation Reports (JCR), measures the average number of citations received by article in a journal over the preceding two years. While it is only one metric it is the one most widely used to judge a journal's academic influence and reputation. That is why we are proud that, as of June this year, more than 2,500 of our journals received an Impact Factor - with more than half of it increasing their score and more than 40 journals receiving their first Impact Factor.

Let's move to another example, transparent peer review.

At Nature, we have made transparent peer review the standard for all newly submitted primary research articles. This means peer review reports and author responses are openly published with the article – helping to build trust and support open science. It also highlights Springer Nature's industry leadership: over a third of our journals already offer similar transparency features. And with transparent peer review, we continue to raise the bar in responsible, high-quality publishing.

Finally, we are very pleased to share that we have once again received the Gold rating from Ecovadis for 2025 which puts us in the top 5% of companies. This annual sustainability rating assesses companies across different categories. Our largest gain was in Labor & Human Rights reflecting our people-first approach and our efforts to act responsibly in every part of our business.

With that, let's now take a closer look at some of the AI tools we launched this year.

At Springer Nature, artificial intelligence is not an isolated add-on. It is a fundamental part of how we serve the research community. Our AI initiatives are designed to meet real needs across the entire researcher journey – helping to speed up processes, reduce cost and manual workloads and support research integrity.

We have over 90 AI applications in use across the research workflow. These tools are already delivering measurable results: for example, our Transfer Recommender increased the number of transfers by more than 40% in H1 2025 compared to the same period last year, and our Reviewer Finder has halved the time needed to identify peer reviewers. Several new AI tools have been launched in the first half of the year — highlighted in blue on this research workflow.

For instance, the editorial quality check, it checks submitted manuscripts for potential quality issues and flags any concerns before they enter peer review. This helps speed up the process while upholding high standards.

Another example, irrelevant reference detector, it detects irrelevant references in submitted manuscripts across our journals and books. The tool helps us to protect research integrity by flagging submissions with suspicious or unusual citations.

The non-standard phrases detector, it detects unusual or awkward phrases in submitted manuscripts which can indicate the use of paraphrasing tools to bypass plagiarism checks.

And finally, I'd like to say a few words about one of our most exciting AI initiatives: Nature Research Assistance.

This tool has been built with one clear purpose in mind; to help researchers work faster and better by spending less time reading and writing, and more time doing research! We know from our authors that they are looking for smart, trustworthy tools to help them keep up with the relevant literature, digest complex findings, and improve the way they write. And that's exactly what Nature Research Assistant is designed to do. Research has shown that 50% of researchers already use AI on a regular basis and 20% of those pay for tools themselves. That's where we come in with our access to content across a range of publishers, our trusted brands, our deep domain expertise and of course our global reach!

We are currently testing the Nature Research Assistant in a controlled beta phase with over 2,000 researchers from across disciplines and regions. Once the beta phase is complete, we look forward to sharing more insights and outcomes with you.

This is another step in our broader journey to embed AI thoughtfully and responsibly into the research ecosystem — supporting researchers not just with better access to trusted content, but with better tools to do their work. As I mentioned at the beginning.

Let's turn to what makes our hearts stick at Spring of Nature, sharing research. Our research publications have made real impact on global challenges by shaping progress, influencing policy and driving innovation.

For over 180 years, our research portfolio has brought some of the most influential scientific discoveries to the world.

Just a few which are shown on this slide. Like for example, Einstein's lecture on geometry and theory of relativity and a seminal paper in Nature that led to the cracking of the DNA code — a discovery that transformed modern biology.

We are extremely proud of our heritage and proud that more than 90% of Nobel Prize winners have published in our journals over the years. This speaks to the trust, the scientific community places in Springer Nature.

But our impact is not just historical, it's very much ongoing. In 2025, the research we publish continues to play a key role in addressing the world's challenges – a few examples of which are shown on this slide. In particular, top AI companies continue to choose Springer Nature to publish their most important research. Just at the end of July, Nature featured two outstanding examples. Meta's new device that translates hand gestures into computer commands, and Google DeepMind's Aeneas — an AI tool designed to decode ancient texts.

Both studies are published Open Access and highlight not only the real-world impact of cutting-edge AI, but also our crucial role in making this research accessible worldwide.

And examples like these reflect what we stand for: Trusted science, real-world impact, and sustainable growth.

This, combined with our shift to Open Access, strategic use of AI, and strong financial results, positions us confidently for the future. With that, I hand over to Alexandra for a financial update.

ALEXANDRA DAMBECK

Thank you, Frank. After the great examples of our publishing work, let me walk you through our key financials for the first half of 2025. As Frank mentioned, we have seen a strong performance in the first six months.

Reported revenue for the group reached 926 million Euro and adjusted operating profit reached 241 million Euro, which includes scope changes and actual currencies.

We delivered strong underlying growth, with revenue increasing by 6% and adjusted operating profit rising by 10%. Our adjusted EPS increased by 27 Euro Cent to 83 Euro Cent.

In addition, we significantly improved our free cash flow by 69 million Euro, reaching a total of 204 million Euro.

We continued to deleverage the balance sheet, achieving 1.9x financial leverage by the end of June.

The next slide provides further insight into our segment.

We saw a strong underlying performance in H1 especially in our Research segment, while Health and Education delivered solid results and aligned with expectations.

As in Q1, I will once again focus on the differences between reported and underlying figures, along with the effects of foreign exchange and portfolio changes.

Starting with revenue: We continued to build strong momentum, with Group revenue increasing by 6% on an underlying basis and 5% on a reported basis. The Research segment was the primary growth driver with reported results benefiting from favorable FX development as the USD/EUR exchange rate during the renewal season for 2025 in Q4 and Q1, compensating for the portfolio impact of the AJE divestment.

Education results are primarily impacted by hyperinflation effects in Zimbabwe and Argentina. As of Q2 2024, we report our Zimbabwe business in USD.

Now looking at adjusted operating profit. Group adjusted operating profit increased by 10% on an underlying and by 7% on a reported basis.

For Research, the positive portfolio impact from the AJE divestment was more than offset by adverse currency movements.

In Education, reported results were once again affected by hyperinflation impacts. Operationally, all segments benefited from a favorable revenue mix and strong focus on cost efficiency.

Operating cash flow increased by 55 million Euro year-on-year, driven by higher operating profit and stronger working capital inflows — reflecting excellent collections across all segments.

As a result, free cash flow rose by more than 50% to nearly 204 million Euro, supported by improved operating performance and significantly lower interest payments due to reduced gross debt and lower Euro base rates.

Thanks to this strong cash position, we were able to repay 150 million Euro of our senior debt in the first half of the year.

By the end of June, net financial debt was reduced to 1.4 billion Euro, and our leverage ratio improved to 1.9x – versus our target range of 1.5 to 2.0x.

These developments underline the effectiveness of our capital allocation strategy, the strength of our cash generation, and our solid balance sheet position.

Let's now take a look at our adjusted net income, which saw a significant increase of 46 percent year-on-year, reaching 166 million Euro.

This strong result was primarily driven by an improvement in our financial result, which rose by more than 80 million Euro compared to the previous year. Several factors contributed to this development.

Firstly, we experienced lower interest expenses, due to debt reduction and benefiting from lower interest rates.

Secondly, last year's result included interest related to shareholder loans, which now have now been converted into equity following the IPO.

Thirdly, we benefited from positive foreign exchange valuation of intercompany balances.

In H1 2025, our effective tax rate dropped significantly to 25%, compared to 49% in H1 2024. The elevated rate last year was driven by several items without tax impact — including interest on shareholder financing, tax losses in Germany, and non-deductible interest.

While some of these factors persist in 2025, especially non-deductible interest, their impact is reduced.

Additionally, this year's rate also includes a benefit from recognizing German loss-carryforwards, following Springer Nature KGaA joining the tax group.

However, this tax rate will not apply to the full year, as we expect a positive impact from the change in German tax legislation announced in early July. This will, however, have no effect on the adjusted net income.

Our adjusted earnings per share rose to 83 Euro Cent, compared to 57 Euro Cent in H1 2024 based on the current share number of 199 million.

Moving on to our guidance.

Following our strong performance in the first half of the year, we have raised our guidance for the 2025 fiscal year.

This upgrade reflects the positive momentum across the business, particularly the strong development in Research. Renewals are nearly complete and submission volumes across our journals, particularly in Full Open Access, remain strong. This momentum is driving robust publication growth and higher revenue.

Moreover, our Education and Health segments are consistently performing in line with their respective markets and contributing to the overall Group performance.

Provided the broader economic environment remains stable, with no major adverse developments in our key markets, we expect underlying Group revenue to be between €1,930 million and €1,960 million and underlying adjusted operating profit between €540 million and €560 million.

I am happy to hand back to Frank, who will close today's presentation.

FRANK VRANCKEN PEETERS

Thank you very much Alexandra.

To sum it up:

We have delivered a strong business performance in the first half of the year, enabling us to raise our full year guidance as Alexandra just explained.

Behind this lies the resilience of our business — and it is more than just operational robustness. Resilience is our strategic anchor.

It stems from being a trusted partner in the constantly growing global research ecosystem — one that authors, institutions, and funders actively choose.

It comes from holding leading positions in scalable and high-growth segments — areas where demand is consistent and increasing.

We benefit from a high share of contracted and globally diversified revenues.

And all of this is backed by a clear strategy, strong execution, targeted investments, talented colleagues and the power of our trusted brands.

This combination allows us to grow responsibly and deliver long-term value.

With that, I'll hand it back for questions.

THOMAS GEISSELHART

The call will now be open for questions. And as a note here, we would like to limit the number of questions to two questions per analyst so that all research analysts have the opportunity to ask their high priority questions. And with this, I hand it over to the operator to open for Q&A.

OPERATOR

Thank you, ladies and gentlemen. If you would like to ask a question, please press nine followed by the star key on your telephone keypad. If you wish to withdraw your question, please press three, followed by the star key. Again, please press nine and the star key if you would like to ask a question. We have the first question from George Webb.

GEORGE WEBB

George Webb from Morgan Stanley, congratulations on the strong first half and the and the raised outlook. Two questions. Let me work out which two I want to ask. And maybe first of all on the FOA published article growth of 25%. You mentioned the capturing of incremental market share there. From your perspective, what would you attribute those market share gains to? Is it mostly down to the strong, stable brands that you have and authors opting for your titles as opposed to compete competitor titles? Or is it, down to the title growth volume that you've been putting through? Are there particular initiatives? Anything like that as building blocks on the FOA side would be interesting? And then the second question, maybe: As we think of the margin in the mid-term target – still the target today – it was to get to 100 basis points of expansion over the mid-term. At the upper end of the guidance for this year, that would be as much as 90 basis points of underlying expansion. As we think beyond 2025, and let's see where you end up, does that margin expansion ambition for the mid-term change at all? Does an outperformance this year perhaps limit the amount of margin expansion we should expect from 2026 onwards, or would that potentially be on top? Thank you.

FRANK VRANCKEN PEETERS

Yeah, George, thank you. Thank you very much. And in order to - let's say divide workload - I will take the first one. And then Alexandra will come back on the question on the margin.

So your question around the momentum in full open access. Maybe just to take a step back. So if you look at the market, we've seen that the full open access market is growing faster this year than in 2024. So as you may remember, we had a growth rate in full open access of about 3% in 2024. And we've seen this year so far 9%. And the 9% is kind of in line with our mid-term expectations of around 10%. If you look at Springer Nature across those two years, we have actually outperformed the market - as you just mentioned as well. You know, more than 50% growth in submissions and 25% growth in publication. So it's clear that we have done better than the market. If you look at what the driver is behind that: I would say first and foremost, it's the quality of our portfolio, especially in the light of all the research integrity discussions that we've seen over the last couple of years. I think we've really stepped up our game in that area. And I think that's why people use us as a kind of trusted haven. But I think it's also fair to say that it's the result of the investment strategy that we have followed. We have stepped up our launch program for new journals. We have increased our presence in Asia, because we know, that is where most of the article growth is coming from. We have stepped up our investments in research integrity, launching new tools and investing in more people. And as I just mentioned, we've also invested a lot in AI and a good example is for instance, the 40% growth in the in transfers that we have seen. I think if you look at where we think this is all going, we expect - let's say - market growth to still be around a double-digit number. So, you're around the 10%. And as a result of the quality of our portfolio and our targeted Investment plans, we would continue to expect to outperform the market. Now over time, of course, if more the market becomes over a open access and then you talk about the long-term perspective, you know, it will actually trend towards overall market growth. And there, I think the - let's say - the relationship we always see is that, 3% growth in GDP leads to about 4% growth across the globe in research and development spent which leads to about 5% growth in articles. And with that, I hand over to Alexandra to address your second question.

ALEXANDRA DAMBECK

Thank you, Frank. Yeah, George, as you just said, we have reassured today that we have great performance with 90 basis points increase in our margin with 6% revenue increase, 10%. AOP.

This really shows that we have strong business fundamentals with various levers that, in the current environment, really stress our resilience and support the visibility and the guidance upgrade we have done for 2025. So, but for the rest, allow us to come back to you at the relevant time regarding the mid-term. We would like to focus first on 2025 and finish the year.

GEORGE WEBB

Sure, makes sense. Thank you.

OPERATOR

Thank you. And the next question comes from Sami Kassab from BNP Paribas, the floor is yours.

SAMI KASSAB

Thank you. And good afternoon. Ladies and gentlemen, I have two questions. The first one. Could you comment on the market environment in the US as you go into the 2026 renewal campaign. The discussions you're having with libraries is making you more optimistic, less pessimistic than you were a few months ago when it comes to the budgetary environment and constraints into 2026. And secondly, whole Spring Publishing Group owns Digital Science. They own majority and control Springer Nature. Springer Nature has in recent year invested more into AI technology. You are launching Nature Research Assistant a few months ago. Digital Science also launched an AI writing tool. How are you managing the relationship with your cousin and what's the end game there between Digital Science and Springer Nature? Thank you, Frank.

FRANK VRANCKEN PEETERS

Thank you, Sami, for both questions. And maybe let, let's start with the US. I'll try to cover maybe other topics that might come up later in the call as well, like, you know, the NIH announcement. So maybe just to remind you, as I mentioned during our Q1 call, the US is part of our global set up. 24% of revenues came from the US in 2024. And about 11% of our total articles in 2024 came from the US based authors. Out of those articles, about 6% were from, you know, were dependent upon US government research and development funding and about half of those actually came from the NIH. Now if you look at, let's say the business overall. We are a resilient business - with about 60% of contracted revenues in research. And as we just mentioned, you know, more or less all our renewals have been done in line with expectation. And I think the good news also is, that our 2025 renewal season which we've just completed, actually, have quite a lot of active renewals in the US. And we expect that amount of renewals in 2026 to be quite significantly smaller in the US. I think on top of that, keep in mind that - let's say - publication costs and also library university budgets typically are less than 1% of total spend either of the research and development funds or academic spending. And what we have seen is that the relationship between whether US universities get more or less funding doesn't necessarily immediately result - unfortunately - in more money for library budget. But at the same time, also necessarily an equal drop in the - let's say - funding for libraries. So that is where, where we currently are in terms of the renewals. Your other question was about Nature Research Assistant and the Dimensions AI tool. So if you look at Nature Research Assistant - this tool is really focused on helping researchers to do their work faster and

better by spending less time reading and writing and more time doing research. It's a specialized AI tool. It's built with our own internal domain expertise. Keep in mind, we have about 700 experts across all scientific fields with a PhD. And we did it in close collaboration with the community to be seamlessly integrated in the researchers workflow. If you look at Dimensions AI, on the other hand, it's actually primarily an abstract and indexing database - similar to Web of Science from Clarivate or Scopus which is from Elsevier. And if you look at the functionality that Dimensions AI offers: it's more like - you know - plain language search, summarization, research, questions, etcetera. So, I think there's a difference between the tools and at which point they're being used in the research process. If you look at our relationship with Digital Science: first, Digital Science is the company that owns Dimensions. As we just discussed, it's an independent company and for us it's a supplier, like any other supplier that we deal with. So there's no different relationship there. I hope that answers both your questions, Sami

SAMI KASSAB

Thank you very much, Frank. Yes, it does.

OPERATOR

Thank you. And the next question comes from Lisa Yang from Goldman Sachs. The floor is yours.

LISA YANG

Hi, good afternoon. I guess that the main question is on your thoughts on the potential disruption from AI. I mean, there's been clearly some renewed concerns lately. I mean, more for your peers for the info services sectors rather than discrimination in particular. But, just thinking like - you know - with the shift to a more content would be available publicly. So just curious - you know - how do you see the potential disruption risk from potential AI aggregators, especially - as you know - AI capabilities in company, since this analysis rapidly evolve. That is the first question. And the second one is just on your revenue guidance. Obviously, there's been a big upgrade since the beginning of the year, right? You were 2.7% to 5.4% now, 5.3% to 6.9%. So is it all down to market share gain? The market being better? Any other factors that you were anticipating beginning of the year, which didn't materialize. So just - you know - what drove such a big change and volatility in the guidance. I think, the upper half of your guidance would imply some acceleration in the second half from the 6.2% you did in H1. So, what would drive the acceleration? Is it all in research because of easier comps? Yeah, just curious like - you know - what's the scenario you could see a better H2 versus H1? Thank you.

FRANK VRANCKEN PEETERS

Yeah, Lisa, thank you very much. So, maybe I'll try to answer both questions and maybe Alexandra will chip in to add. So maybe let's start with the AI disruption. But our AI is not

going to disrupt our business. I actually think it's the other way around. If I look at Springer Nature, I would say that in addition to being a research publishing company, we also see ourselves as a technology company. I talked about one third of our research staff working in technology functions more than 90% of our revenues being digital. And we actually believe that responsible use of AI will have a positive impact on our industry because it will allow us to improve and transform the publication process and take out a lot of friction and energy at points, where researchers would like to spend their time on other things - specifically doing research. So, we believe that AI will actually help us to increase the value that we provide. And that's why - you know - we're doing quite a lot of initiatives in the research publication workflow that I just example and we're launching new services like Nature Research Assistant. I also think that compared to maybe some of our competitors, we don't have that much of exposure in the kind of discovery kind of areas where AI could be a disruptive player. So that's - I think - is positive for us as well. So overall, I believe that AI is positive for us.

Now if we look at your other question. You mentioned around performance H1 and full year guidance. I think to put it very simply, we would expect H2 to be essentially in line with H1 - same type of growth drivers. Now, with the benefit of having our renewals done - so we know what the outcome of those are. With the benefit of knowing what our submissions are - and those typically turn into publications in around 200 days. So that gives us pretty good visibility on the full open access revenues in the second half of the year. On top of that, compared to last year, we have seen that both advertising and print revenues are doing better than last year. And last, but not least, if you look at our Health and Education businesses, we would expect them to basically perform in line with the markets in which they operate.

LISA YANG

Ok, that's good. Thank you.

OPERATOR

And we have the next question from Annabel Hames from Deutsche Bank. The floor is yours.

ANNABEL HAMES

Hi, afternoon. Thanks for taking my questions just to from me. So, for full year 2025 are we expecting that the adjusted effective tax rate will stay broadly in line with H1? And then the second is: full FX in terms of your adjusted operating profit margin. Was there an impact from your cost base being skewed towards the pound versus the euro? And how should we think of that for H2?

ALEXANDRA DAMBECK

Yeah, thank you. I will take those. Starting with the tax rate. I have already alluded in my speaker notes that with the recently announced change in Germany for the corporate income tax, we expect further positive impact. So overall, I

would see for the full year 2025 the tax rate coming down to something like 12%. And the major driver for that will be another, deferred income that you can expect out of the measure to get those. (!!!technically disruption!!!) I don't know why I was interrupted. I was in the middle to explain that it will have no impact on the adjusted net income. Have you been able to follow me to that point?

ANNABEL HAMES

Yes, I can hear you.

ALEXANDRA DAMBECK

Ok. I just continue then. So, as I said, this effect for the tax rate will not have an impact on the adjusted net income. Just to bring also this context here to that question. Then turning on if this is not answering your question. I know about the disruption. Otherwise, I would come back to that. Then let me continue with the second question that you have with regards to the adjusted operating profit margin and related impact from the British pound. I do not see when I compare reported and underlying for 2025 a major impact – in fact, almost no impact - on an adjusted operating profit margin from the British Pound. As you have also seen the average rate for the British Pound this year is hovering around where we are with the constant rate, so there is no major impact. There is an impact now with the recent change around the closing date, and the British Pound could become weaker in terms of balance sheet valuations, but not in terms of margin impact compared to constant. I hope that's also helpful for you in this context.

ANNABEL HAMES

Great. Thank you.

OPERATOR

Thank you. And the next question comes from, I take a Aytaj Khalilli from Barclays. The floor is yours.

AYTAJ KHALILLI

Hello. Thanks a lot for the presentation. I have two remaining questions. First: following up on the good growth of OA given at some point, the reputation of the OA journals will start to be repaid. Do you expect that at some point, you will or other publishers will see a drop in demand - against tough comp? And secondly, at what level of leverage, would you consider a buyback? Thanks a lot.

FRANK VRANCKEN PEETERS

Thank you. Thank you very much for both questions. I'll take the first one - essentially the question being, you know, from a competitive perspective, how confident are we in our ability to continue to capture market share? Now, as I just explained, we've made quite a lot of investments in our portfolio: launching new journals, expanding our footprints, investing in technology and collections. And of course, we have the quality of our portfolio. We've also invested quite a lot in research integrity. So from that perspective, I think we're well prepared to face any competition. Now, I would say that probably between 2023 and 2024 to some extent,

still a little bit in the first half of this year - as you rightfully mentioned - you know, the full open access players have lost quite significantly market share due to integrity issues. But I think it's also fair to say that actually, if you look at where we are in the first half of this year, we're not only have left the full open access players behind us, which are coming back a little bit as you rightly mentioned, but we're actually also growing faster than our traditional peer. So I think there's still opportunity for us to continue to grow market share and perform above the market.

ALEXANDRA DAMBECK

And the second for me, then when I kept it in mind, you were asking: at what point of time we would consider a share buyback? Was this correct?

AYTAJ KHALILLI

Yeah. Yes, yes, thank you.

ALEXANDRA DAMBECK

The frame that we have established for our capital allocation had, I think, two major elements. On the one side, that we laid out our dividend policy of around 50% for the mid-term and our focus on deleveraging. There's a target range between 1.5x and 2.0x which we are currently - as you have also seen - quite successfully following. When considering share buybacks, first, our liquidity has to increase in that respect. So, as I said before, what is most relevant is the framework that we had laid out.

AYTAJ KHALILLI

Thanks so much.

OPERATOR

Thank you. So, we have a bit more time. So, if you have additional questions, please press nine and start again and then you can ask one more question. So, I have one more question from Sami Kassab from BNP Paribas. The floor is yours.

SAMI KASSAB

Yes. Thank you for taking this question. And it's on the balance sheet capacity and balance sheet utilization. You're at 1.9x net debt to EBITDA and Q4 is a big free cash flow quarter. You will end the year at the bottom end of your target range. How do you plan to use your balance sheet capacity, absent any buyback. Acquisitions might be on the horizon. What type of acquisition or in what sector would you want to spend the balance sheet? Thank you.

ALEXANDRA DAMBECK

Thank you, Sami. As I said that we will continue the framework that is established - with the dividend distribution and deleveraging as our major focus areas. And then you think about the deleveraging, I think, this is really also very beneficial in terms of reducing our interest expense. As we call with every half term deleveraging, we reduce the margin of interest by 25 basis points. This means for let's taking the current example of 1.5 billion in debt, this is 3.75 million reduced interests for us. And we have two further steps to go

with our current financing, how we can reduce the margins.
So, I believe that's the appropriate direction for us currently.

SAMI KASSAB

Thank you.

ALEXANDRA DAMBECK

Thank you, Sami

OPERATOR

Thank you for your question and back to you.

THOMAS GEISSELHART

Yeah, thank you. We're now at the end of today's call. Thank
you for dialing in and have a good day. Bye bye.