

SPRINGER NATURE

TRADING UPDATE 9M 2025 CONFERENCE CALL

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Transcript

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OPERATOR

Good afternoon, ladies and gentlemen, and welcome to the Springer Nature 9M 2025 conference call. At this time, all participants have been placed on listen only mode. The floor will be open for questions following the presentation. Let me now turn the floor over to your host, Tom Waldron.

TOM WALDRON

Thank you Ulrike, good afternoon, everyone. Welcome to the Springer Nature Nine Month 2025 results call. I'm Tom Waldron, Head of Investor Relations. I'm here in Barcelona with our CEO, Frank Vrancken Peeters, and our CFO, Alexandra Dambeck to participate in the Morgan Stanley European TMT Conference, over the next couple of days. But first to our 9 Month results.

Today's presentation follows the normal structure: Frank will start with a business update, followed by Alexandra with a review of our financial results, before we 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 2025 is based on constant currencies and the expected underlying performance of the business, excluding portfolio changes. With that, I will now hand over to Frank.

FRANK VRANCKEN PEETERS

Thank you, Tom, actually great having you on board. I think it is your first call, right? It is exactly so. So great to have you on board. And a warm welcome from my side. Let's start with a brief overview of key highlights from the first nine months. We delivered strong results, with revenue growing by 6 per cent in underlying terms and AOP increasing by nearly 10 per cent. Our Research segment continues to be the main growth driver with our journals outperforming the market, especially in Full Open Access. Growth in AOP again exceeded revenue growth, and we continued to deliver a strong cashflow performance which Alexandra will take you through later. The strong momentum year to date means we are confident that 2025 will be within the upgraded guidance ranges. And we are well positioned for 2026.

Before we get into the details of our nine-month performance, I'd like to share 3 examples from across our journals portfolio, demonstrating the value we create for our communities by making knowledge accessible.

The unveiling of DeepSeek R1 by Chinese researchers in January was celebrated in the press as a fundamental and transformational shift in the cost of AI inference. The first peer-reviewed analysis of how this was achieved was published in Nature. The second example is an article published in BMC which finds that people tend to regain significant weight within weeks of stopping anti-obesity drugs. Highlighting that obesity management may require long-term medication or lifestyle support. A finding crucial for global health policy, future research on obesity drugs, and for pharma companies developing them.

Lastly, I'll mention how proud our Springer team were to congratulate the three winners of this year's Nobel prize for Physics. Particularly Professor John Clarke who is an editorial board member for Springer's *The Journal of Low Temperature Physics*. In celebration, the Journal, has made the 22 articles it has published over the years, by John Clarke, Michel Devoret and John Martinis, free to read until December.

These examples illustrate the crucial role that we play, and the things we stand for: trusted science, real-world impact, and sustainable growth.

Let's now move on to our different segments, starting with Research — the largest part of Springer Nature, accounting for almost 80% of Group revenue and 90% of Group adjusted operating profit. This reflects the scale, the quality, and the resilience of our Research portfolio.

Our Research segment delivered 7% underlying revenue growth and 8% AOP growth. We have seen continued strong development of our Journals portfolio: The 2025 renewal season was completed successfully, and the 2026 renewal season began in September with renewals progressing as expected. The global article market grew by about 7% in the year to September, while our own article output increased by a little more than 10%, reflecting both market dynamics and our ability to capture market share. The Full OA market grew 11% and we've continued to perform well above that level, with growth exceeding 25%. Submissions across the journal portfolio continued to grow very strongly - at more than 30 per cent and more than 50% in Full Open Access. We are capturing market share due to our investment programs, the quality of our portfolio, and better execution driven by technology, for example:

We continue to rollout our next generation publishing platform Snapp, which now covers half of our Journals. T-Rex automates transfers within our Journal portfolio and has driven a 40% increase in transfer acceptances. And Nature Research Assistant continues to make great progress as we expand the beta programme with more than 8,000 researchers using and providing overwhelmingly positive feedback on the tool. Lastly none of this happens without ensuring the research we publish can be trusted. This is why we continue to invest heavily in research integrity and have developed tools to detect potentially problematic content, including non-standard phrases, nonsense

text, duplicate or manipulated images, and irrelevant references.

Turning to Books: the long-term trend is for digital books to drive growth as print gradually declines, with digital rising in the mix from the current level of 70% of revenues. However, in the first nine-months of 2025 we have seen growth in print, benefiting from a weak comparison to early 2024. In addition, we've seen the pull-in of some print distributor orders into Q3 2025, which won't repeat in Q4.

Finally, within Services: We have seen strong demand from corporate R&D clients for our Text and Data Mining solutions, but a more challenging environment in talent-related services in the US.

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

We saw continued momentum in scientific affairs services for International Pharma clients. Our Dutch events and books business also performed well, offsetting a lower advertising and event business in DACH markets.

Growth in digital revenues and a more streamlined organisation, together with positive phasing, continued to support good underlying growth in AOP in the segment.

Turning to Education. After a solid performance in the first-half of 2025, Education was held back in Q3 by tough conditions in one of our larger markets, South Africa. Elsewhere, we've continued to benefit from good curriculum sales in Argentina and India and are looking forward to the launch of new ELT content in 2026.

We delivered over 20% underlying growth in AOP, supported by continued progress in our operational excellence programme "ELEVATE".

Before I hand over to Alexandra, I'd like to pause to review one part of our Journals portfolio in a little more depth. In article volume terms, Nature is only a very small part of our portfolio, but its unique positioning and model make it a unique asset for Springer Nature.

From the first issue in November 1869 to today, Nature, has grown from a weekly journal of science to a portfolio of almost 70 respected multi-disciplinary publications.

Nature's format, combining news and independent editorial content with peer reviewed articles, is unique, as is its reputation for publishing research which changes the world.

From the discovery of the neutron, DNA, quasars, plate tectonics, monoclonal antibodies, to the research on AI I showed earlier, Nature plays a proud role in helping researchers to advance human progress. Exemplified by the fact that three quarters of Nobel prize winners over the last 50 years have been published in Nature. By the way, more than 90% of Nobel prize winners have published across the Springer Nature portfolio.

Nature and Nature Communications are the world's most cited hybrid and Full OA Journals, demonstrating the impact of the research they publish and the selectivity of the editorial process. Nature's unique model includes a staff of more than 500 full-time Phd-level Editors, domain experts with extensive networks in their area of specialism.

As you can imagine, Nature is a door opener with customers and a brand that attracts great talent. We aim to expand the portfolio by two to three titles per year, leveraging but not diluting the brand and focusing on areas of science where the need and opportunity is greatest. For 2026 we plan two launches: Nature Health, prioritising research into health in resource-limited settings and Nature Sensors, which will publish fundamental, applied and engineering research across a full spectrum of sensing technologies.

Customer penetration and upsell is supported by a dedicated sales organisation across the world, working alongside our team of global account managers. It's fair to say that Nature is a unique part of our portfolio and we're a proud owner. With that, I'll hand over to Alexandra for a financial update.

ALEXANDRA DAMBECK

Thank you, Frank. The achievements you've just highlighted, especially within our Nature portfolio, really underscore the impact Springer Nature has on the global research community. One of the things I look forward to every day is the Nature Briefing email, which is always a great read and an accessible and fascinating way to keep up to date with developments in diverse fields including AI, biology, health and climate science.

With that inspiration in mind, let me now walk you through our key financials for the first nine months of 2025. As Frank mentioned we have seen a strong performance:

Reported revenue for the group reached 1.429 billion Euro with adjusted operating profit of 408 million Euro, which includes scope changes and the impact of actual FX movements.

We delivered strong underlying growth, with revenue increasing by 5.9% and adjusted operating profit rising by 9.9%. Free cash flow improved by 103 million Euro, reaching a total of 175 million Euro. Our financial leverage is down significantly year over year and remains within our target range of 1.5 to 2.0 times net debt to EBITDA. The next slide provides further insight into our segments.

As you've heard from Frank, our nine-month results show continued momentum, especially in our Research segment. Health continued its solid delivery, while Education after a good first half performance faced an adverse impact from a tough funding environment in South Africa.

Group revenue increased by 5.9% on an underlying basis and 4.3% on a reported basis. The Research segment was the primary growth driver with 7% underlying growth. Reported growth of 6.5% was lower due to the strength of the Euro against the US Dollar and other currencies, and a small portfolio impact of the divestment of AJE.

Nearly half of revenues in Research are in US\$ and so you might expect to see a larger impact from the fact that the Dollar ended September around 8% lower than the average rate in 2024. The reason you don't, is because more than two thirds of our US Dollar revenues are contracted and generally paid annually in advance. That means that our reported growth in 2025 sees a muted FX impact, due to the much stronger Dollar during the last renewal season, when rates were hovering around €1.05. If the current rate of around 1.15 persists through next year, you'd expect to see a bigger FX impact on reported growth in Research.

In Education, underlying growth was 0.7%. As you've heard from Frank, the business performed in line with our expectations in most markets, but we faced unexpected headwinds in South Africa where we have seen both delays in a new curriculum and an uncertain funding environment for some provinces which has impacted our revenues. We expect these conditions to continue in the near term. Reported growth of -7% is primarily impacted by hyperinflation effects in Argentina and the weakness of the Mexican Peso and Indian Rupee.

Now looking at adjusted operating profit: Group adjusted operating profit increased by 9.9% underlying and by 7.6% on a reported basis. For Research, underlying growth was 8.2% and reported 7.7%. FX had a small negative impact due to the

strength of the Euro against the Dollar and Yen, offset by two factors: a slightly weaker Pound, where we have more cost than revenue, and the positive portfolio impact from the AJE divestment.

In Health and Education, we saw the benefit of product mix and the efficiency measures than we began to implement in late 2024. The performance in Q3 was helped by phasing. This will partly reverse in the fourth quarter as Education is impacted by South Africa, and in Health, where last year's fourth quarter AOP margin benefited from very favourable product mix. In Education, reported AOP in the nine months declined 2.8%, affected by the strength of the Euro against a number of local currencies. Our cash generation in the first nine months continued to be very strong.

Operating cash flow increased by 71 million Euro year-on-year, driven by higher operating profit and stronger working capital inflows — again reflecting excellent collections across all segments. As a result, free cash flow rose by 103 million to nearly 175 million Euro. This was supported by improved operating performance and significantly lower interest payments due to reduced gross debt and lower interest rates, linked to our continued de-leveraging.

There is always some potential for variability around the timing of payments in Q4, but we are on track to deliver a strong cash performance in 2025, helped by phasing at the beginning of the year. At the end of September, net financial debt was 1.4 billion Euro, and our leverage ratio of 1.9x sits within our target range of 1.5 to 2.0x.

We received our first investment grade credit rating in October, reflecting the effectiveness of our capital allocation strategy, the strength of our cash generation, and our solid balance sheet position. We are in the final stages of our first refinancing initiative and expect to issue our inaugural promissory note by the end of November. We are very pleased with the market reception. In addition, we will continue to actively review and optimize our financing structure in the near term. Moving on to our guidance.

As Frank said, our performance in the first nine months puts us in a good position to close out the year in our guidance range. Within the mix, Education revenue will likely deliver similar full year underlying growth to the performance seen in the first nine months. Health has continued to perform well but does face the most challenging comparison of the year in Q4, while Research, which accounts for around 80% of our revenues, continues to enjoy very strong momentum.

You'll see in the FX note on this slide that rolling forward current exchange rates for the US Dollar and other currencies would

imply a total FX headwind to Full Year reported numbers of only around €20 m on revenue and €9 million on AOP. The impact of significant weakness in the US dollar in 2025 has been muted by the fact that the dollar rate was stronger against the euro during the last renewal season, as I explained earlier.

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

- FRANK VRANCKEN PEETERS Thank you, Alexandra. To sum it up: We have delivered a strong business performance in the nine months of the year. That supports our confidence in meeting 2025 guidance and positions us well for 2026. Research is the key driver of that momentum - demonstrating the strength and resilience of our business and our strategic execution. We are a trusted partner in the constantly growing global research ecosystem. We have built on that foundation with targeted investments to drive the shift to Open Access and to further harness technology. Our teams have driven AOP margin improvement across Research, Health and Education with a focus on operational excellence. We have strengthened our financial position in our first year as a public company. All of this positions us to continue to grow responsibly and deliver long-term value. With that, I'll hand it back to Tom for Q&A.
- TOM WALDRON Thank you, Frank. We'll 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 will come back to you at the end of the call as we've done on previous calls. And with that, I'll hand back to Ulrike.
- OPERATOR (ULRIKE) Thank you. So, ladies and gentlemen, as a reminder if you would like to ask a question now, please press nine, followed by the star key on your telephone keypad. And we will start with the first question that comes from Steve Liechti, Deutsche Bank. Please go ahead.
- STEVE LIECHTI Oh, hi, there. Thanks for taking the questions. My two would be: One: Can you just give a little bit more detail in terms of renewals for 2026, any kind of trends, changes that you're seeing and anything that you can say on experience in the US renewals specifically. I know there's a few less proportionately but anything you can say there and maybe you can bring in discussion in terms of yield and price that you think you're gonna get this year relative to 2025.
- And my second question is just on Research, like for like. I know it's about 7% at the nine months. We were at a similar stage in nine months 2024. But the fourth quarter growth specifically in

that year was a lot lower, which kind of dragged down the full year number. I'm just looking at that and thinking, is there anything sort of specific in the fourth quarter that did that in last year or is there a risk of the same thing happening in this year? If that makes sense. Thanks, that's my two questions.

FRANK VRANCKEN PEETERS

Thank you, Steve. Let's start with the first one, on the renewals, specifically on the US. I think I've mentioned before, we are a global diversified business. The US accounts in total for about 24% of our total revenues. If you look at the US, actually, about two thirds of our Research revenues are contracted. The renewal cycle typically begins in September and our goal is at least 50% completed by year end. I think it's fair to say that if we look at the US, actually, the progress is according to our plan, we are actually a little bit faster than last year, but that's because we prioritised the US. So, I think we're in a good position.

And maybe one additional point, if you look at the US I think, it's also good to know that actually, if you look at submission growth across the portfolio from US researchers, it's above 20% across all different parts of the portfolio. So, in that sense, that's also why we made the statement that we are well set for 2026 and at the moment, things are moving in line with our expectations.

If I look at your other question, around - let's say - the like for like growth in Research year to date and also full year, what that means? I mean, I think a couple of points. So basically, what we have seen this year in Research is that, you know, growth in Q1, Q2 and Q3 has been at around 7%. That's also what we expect to be around for the full year. There have essentially been three drivers behind that growth.

First, we have explained strong growth in Journals, outperforming the market especially in Full Open Access. Second, as you may remember, last year we had quite a significant decline in print and this year we saw stabilization. And last but not least, the same is actually true in advertising

Maybe a little bit more detail. We already mentioned the fact that in full open access, the market grew by 11% but we did more than 25% and submissions are well above 50%. So that shows you a little bit of knowing that those submissions turn into publications in the next 200 days. It does give us actually quite good visibility. There was a little bit of positive phasing in the third quarter on print. We had some of the big orders in print already being fulfilled in Q3 and those will not come in Q4. And advertising we would expect a further stabilization.

So our current view is that probably for Research, we would finish at a similar growth rate that we have seen so far. I think already Alexandra gave a little bit of color on Health and Education. I think Education - fair to say - that it will continue as we currently

have seen in terms of growth rates. And in Health, we are, you know, the comparison is against a pretty strong Q4 last year. So I think that probably gives you a bit of a feel of the revenue dynamics for the remainder of the year and also on the progress against the renewals.

STEVE LIECHTI

And sorry, just one thing I sort of threw in there in terms of what to think about in terms of yield and price on renewals?

FRANK VRANCKEN PEETERS

Yeah, it's a little bit difficult to compare that because essentially in every renewal cycle you do kind of different. If it's active renewals, you - of course - renew different clients. But I think so far we have seen not a major deviation versus 2025.

STEVE LIECHTI

Ok. Thank you.

OPERATOR (ULRIKE)

The next question comes from Nick Dempsey, Barclays. Your line is open.

NICK DEMPSEY

Yeah, good afternoon guys. My two questions are first of all in full open access. You clearly benefited in the last couple of years from the Hindawi situation, a lack of trust for those guys, but also other sort of younger pure open access publishers. Do you think that the good volumes that you're seeing now are still benefiting from that, or that you're really hitting a normal market rate of submissions, and therefore that trend - I'm describing - is kind of behind you.

And the second question, Education is about 3% of my sum of the parts value in my model. But every quarter we're seeing volatility, bit of uncertainty, emerging markets currency effects, which have some effect on the highly reliable kind of progress in the rest of the business. Can you remind us what the logic of owning Education is?

FRANK VRANCKEN PEETERS

Yeah, thank you, Nick. I will start with the first one. Basically the long term trend in open access, and then Alexander will take the second one on Education, and let's say the fit within our portfolio.

Now, if you look at open access, yes, I mean, we're seeing very, very strong growth year to date. And obviously, we would not expect that to suddenly stop. At the same time, I think it's fair to say that over time as the market is moving more towards open access, that growth rate in open access will come down. That's why we've always said we would expect the kind of 10% growth in the mid term. But then overall at some stage, it has to come down to the overall market growth in terms of publications. I think we are benefiting from the strength of our Portfolio. I think also the fact that we made quite significant investments in terms of expanding our journals by launching new journals, you know, implementing collections using technology to drive for instance, things like transfers, but also increasing our footprints in India and China, which are two important growth markets. I think that's

why we're able to capture market share. I think your question around, let's say, to what extent young kids on the block and mind you, those young kids by now are 25.

Well, compared to my age, that's still relatively young and I wish I was still that age. But that's no longer true, but I think we, we are seeing they are growing now as well. So in that sense, you know, there's more kind of a balancing in the market. But, as I said, we're seeing good continued growth. And I think also what you see this year is that article growth is now again above market growth - above 10%. And we have that kind of ambition to outgrow the market.

ALEXANDRA DAMBECK

I will take the second question. Yeah, Nick, the question around Education, I would say it boils down to why do we own Education? I would say first of all, Education really aligns with our mission that we want to advance discovery and learning. So it's a nice fit for us from that perspective. Operational synergies with the rest of Springer Nature - they are mainly share the infrastructure, technology and the procurement field. But however, this segment has a strong market position and trend in the areas where we are present. And we also do see this as strong growth areas for Research in the future with India and also with South America.

And then we are also talking about the excellence initiatives that we have underway. So that would mean for Education our Elevate program and this is set up to help us to reduce costs, we will improve margins and this also will then enhance the value of the business. But I would say it is with all our parts within our Portfolio. So maybe with the exception of Nature, what usually Frank says then, we are regularly assessing that at Springer. Ok. There's a new addition to that. Every time something new. But yes, we regularly assess it, but currently we believe we are the right owner and as I've just outlined, we see potential to further improve that business.

NICK DEMPSEY

OK, thank you guys. I appreciate the answers.

OPERATOR (ULRIKE)

The next question is from James Tate, Goldman Sachs. Your line is open.

JAMES TATE

Hi Frank, Alexandra. I've got two questions, please. So I guess firstly, just coming back to the full year guidance, given the better than expected AOP in Q3, you know, can you just go into a bit more detail why you don't expect to see this flow through into Q4? Appreciate there are some phasing benefits in Education and Health, but margins in Research are also slightly better than expected. You know, are you just being conservative? A bit more detail here would be helpful.

And secondly, we know that NIH are looking at its cost of publication announcing policies to cap APCs of NIH-funded

research. So could you just give an update on where we are in terms of implementation? How you think about the potential impact of Springer Nature and any levers you might have to mitigate these potential changes? Thank you.

FRANK VRANCKEN PEETERS Yeah, thank you, James. I'll take the NIH one first and then Alexandra can talk about our, let's say, margin expectations for the remainder of the year.

So as I just mentioned, you know, if you look at the US - just want to repeat that - it's about a quarter of our total revenues. And I think in the past, I also said it's about 12% of the articles that we publish. And if you look at the 12%, about half of those are the result of federally funded research and about, let's say 4% of that 12% is coming from NIH funded research, so about two-thirds of the half.

Now I also said that, two-thirds of US revenues are contracted. Those are more or less done. And I just gave a little bit of a view on the 2026 renewals. If you look at the NIH specifically the 2 topics, you know, first of course, which you didn't ask, but I think it's also important, is that, of course, there was a discussion about whether NIH funding will be cut, whether there will be a cut in the research budget given the shutdown, of course, we don't know where that stands, maybe we'll know more over the next couple of months. But I think it's important to recognize that if there is a reduction in research funding, it typically has a lack of, let's say 3 to 5 years in terms of publication flow. So that's number one.

Number two, the NIH indeed is looking at ways to manage their publication costs. They have identified five different options. They've asked various stakeholders in the industry to get their views. We have given our view as well, but the reality is, due to the shut down, we have not heard anything back yet. So we just have to be a little bit patient there. At the same time, I think if I look at it from an operational perspective, both in terms of renewal progress in the US, but also in terms of submissions to our portfolios, I think we're well positioned.

And I think maybe one thing to also keep in mind is that by the first of January, the public access policy will be in place in the US, which was already implemented by the NIH by the middle of the year. But that means essentially that researchers that are funded by federally funded research need to make their articles publicly access, read, open access by the first of January. So I do think that it will actually have a positive impact on our full open access portfolio. With that maybe..

ALEXANDRA DAMBECK Yeah, I take then the second one, the question around Q4, James. So when I look at our reiterated guidance and would apply that for Q4, I do see the revenue in a range between I would say 3% and

9%. And yes, on one hand side, this is a wide range, but we also don't want to adjust our guidance every quarter, maybe that's just the first one. And there are some uncertainties around our business. Taking the example of Education, we talked about the timing of order, and then there's always a kind of discretionary element also in Q4 in Research in terms of spending for Books and Services that also needs to be considered.

I agree with you that I would consider the low end of this range as very unlikely. So from my perspective, we are better positioned in the middle of that range. Talking about AOP and the margin that you see currently, what you have to bear in mind are a couple of elements. On one hand side, talking about Education, we do see that the fourth quarter for Education usually comes at a negative AOP. So that will bring the margin down in Education. We also always talk about there is a positive phasing element in AOP in Education, but also in Health. Because Health - and you have also heard it in my notes before - Health has really a tough comp with a very strong product mix last year in Q4, which also will result in a lower margin that we are seeing this year in Q4. But I'm very confident about the Research margin. So all in all for me, in the summary, I'm also very confident about the guidance that you have just reiterated. And as I said before, I always believe around the midpoint is a good perspective on our guidance.

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| FRANK VRANCKEN PEETERS | Yeah, I think Alexandra you're right. I think the low end of the guidance will be not really realistic. Maybe just one point on the phasing. Of course, in both Health and Education, we started our operational excellence programs in the second half of the year. So those, you know, last year, of course, in the last quarter, we already had some benefit of those. |
| ALEXANDRA DAMBECK | And that's another topic that makes the comparison for the fourth quarter more challenging for both businesses. |
| JAMES TATE | Very helpful. Thank you. |
| OPERATOR (ULRIKE) | The next question comes from Conor O'Shea, Kepler Chevreux. Please go ahead. |
| CONOR O'SHEA | <p>Yes. Thank you. Thank you for taking my questions. Two questions. Just to follow up on the previous question on full year outlook for margins. Taking into account all the factors that you mentioned, and phasing and the start of the operational excellence program last year, and Education being weak and so on, would you expect the Q4 margins to be down year on year just on a standalone basis for Q4?</p> <p>And then the second question just on FX. Taking into account the timing of the renewals early year and the upfront payments this year, which avoided the FX drag. Can you give us a sort of a range of what the drag for the revenues could be if rates remain unchanged today on 2026 revenues. Thank you.</p> |

ALEXANDRA DAMBECK

Thank you. I will take the question. So we continue to expect a margin expansion for Q4 as well as for the full year for the group. Just to make that simple. And then, regarding your FX question and I think what we also have done - and we know about the complexity of that topic - we have provided in the backup a sensitivity that really guides us through the impact of our most important currencies. And then also with regards to the impact that we are seeing from contracted revenue and then the recognition during the renewal phase.

To give you a little bit more color based on that effect that you have just mentioned, when you would see for the US dollar for the year based on the current rates, roughly an average of 1.13 on our end, this will be based on the fact that we had seen from last year's renewal in this year 1.10. I would say this data point, as well as the reference point of the updated sensitivity table should give you a good indication how to think about this for 2026.

CONOR O'SHEA

Very clear, thank you.

ALEXANDRA DAMBECK

Ok.

OPERATOR (ULRIKE)

The next question is from Konrad Zomer, Oddo BHF. So your line is open.

KONRAD ZOMER

Hi, good afternoon. Thanks for taking my questions. The first one is on the significant margin progression you achieved in both Health and Education year to date. The growth rates have not been dissimilar to what you achieved in the past, but your margins have structurally improved to higher levels. Other than the short comments in the press release, can you elaborate a bit more on where this significant margin improvement comes from? Given the more than 20% year to date improvement in AOP.

And my second question is on Education. The absolute amount of profits you tend to generate in the third quarter is relatively large. Is that just the effect of most school seasons starting in that period, or are there other factors that play a role? Thank you.

ALEXANDRA DAMBECK

I am happy to take both. So starting with the high margin and AOP improvements that we have seen for both for Health and Education over the course of the last three quarters. We have been talking a couple of times about the excellence programs that we have underway and definitely part of that is also that we are continuously reviewing our portfolio and we have been able to shift this to a higher margin portfolio.

And one of the benefits that you're seeing there is really the improved margin and the AOP growth that we have in both businesses. But I think it's always fair to state that on an absolute number, the AOP contribution of those two businesses is still rather small in the context of the entire group. And so could you

just, sorry, remind me of the second part of the question? It was first the AOP of both businesses and the second was?

KONRAD ZOMER

Yeah, the relatively large proportion of your full year profits in Education that is being achieved in Q3.

FRANK VRANCKEN PEETERS

That's being essentially because the renewal cycle in the northern hemisphere is happening in the third quarter. So that's why typically, you know, you see most of the revenue growth in there. So if Education is Q3-heavy, Health is actually Q4-heavy and Research tends to be more equally spread across the quarters.

ALEXANDRA DAMBECK

And that's why Education a standard pattern that we see every year. So it's always that the Q3 is a kind of a peak in terms of revenue as well as as AOP for that business.

KONRAD ZOMER

Ok, thank you very much.

OPERATOR (ULRIKE)

Ok, so thank you everyone for the questions. At the moment I can see that there are no further questions in the queue. So I'd like to hand it back to you, Tom, for some closing remarks.

TOM WALDRON

Thank you very much, Ulrike and thanks everybody for your participation today. And with that, we'll close the call. But if there are any further questions, you know, where we are, the IR team at Springer Nature. Thank you.

FRANK VRANCKEN PEETERS

Thank you very much.