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Call Participants

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Presentation

Operator

Good morning, and welcome to Wiley's First Quarter Fiscal 2026 Earnings Call. As a reminder, this conference is being recorded [Operator Instructions] At this time, I'd like to introduce Wiley's Vice President of Investor Relations, Brian Campbell. Please go ahead.

Brian Campbell

Vice President, Investor Relations

Hello, and thank you all for joining us. On the call with me are Matt Kissner, President and CEO; Craig Albright, Executive Vice President and CFO; and Jay Flynn, Executive Vice President and General Manager of Research and Learning. Note that our comments and responses reflect management's views as of today and will include forward-looking statements. Actual results may differ materially from those statements. The company does not undertake any obligation to update them to reflect subsequent events.

Also, Wiley provides non-GAAP measures as a supplement to evaluate underlying operating profitability and performance trends. These measures do not have standardized meanings prescribed by U.S. GAAP and therefore, may not be comparable to similar measures used by other companies, nor should they be viewed as alternatives to measures under GAAP. Unless otherwise noted, we'll refer to non-GAAP metrics on the call and variances are on a year-over-year basis and will exclude divested assets and the impact of currency. Additional information is included in our filings with the SEC. A copy of this presentation and transcript will be available on our Investor Relations website at investors.wiley.com. I'll now turn the call over to Matt Kissner.

Matthew S. Kissner

President, CEO & Employee Director

Good morning, and welcome to our first quarter earnings update. I hope you had a nice and restful summer. Before we discuss our first quarter results, I'd like to reflect on the progress and leadership we are demonstrating in the world of AI. When we completed our first AI licensing project in January 2024, we believed that our active participation in the new emerging AI world would pay dividends by building our expertise and developing strategic relationships with major AI developers.

As I will describe later in my remarks, our early work here is opening up growth opportunities across our businesses and in the promising corporate R&D market. This quarter, we achieved a significant milestone by including content from other publishers in our latest licensing project, another demonstration of our leadership in this exciting new space. Our authoritative content, data and services are increasingly in demand for the advancement of both AI science and AI learning, and we're moving decisively. After all, our 2 centuries aren't about age. They're about our proven ability to anticipate and drive transformation.

Let's talk about the quarter. Q1 is our seasonally smallest period, and there is noise in our year-over-year comparisons and margin mix, which Craig will discuss. Our overall performance, however, was in line with our expectations. We drove mid-single-digit growth in research through AI licensing and open access momentum and despite an unfavorable comp versus prior year. We executed a landmark \$20 million AI licensing project this quarter for an existing foundational large language model customer, where for the first time, we included content from our publishing partners.

We also announced a key strategic partnership with Anthropic to accelerate AI across scholarly research by integrating institutional library subscriptions into Claude, all part of a pilot program designed to add value to our existing institutional offerings and support student use of safe, authoritative content when using AI. We increased our annual dividend for the 32nd consecutive year. Very few companies of our size or any size can say similar, demonstrating our long-term commitment to return cash to our shareholders.

We also increased our spend on share repurchases in the quarter, and the Board approved a \$250 million repurchase authorization, a 25% increase over our previous program. Finally, I want to welcome Craig Albright as our new CFO. Craig brings 30 years of global leadership in finance and strategy, recently

serving in multiple senior financial roles at Xerox. His track record of driving high-quality growth, disciplined investment and cost synergies lines up perfectly with our ongoing objectives, and I look forward to closely partnering with him to take Wiley to the next level.

Welcome, Craig.

I also want to express my profound gratitude to Chris Caridi for his exemplary leadership throughout this transition. We are fortunate that Chris remains our Chief Accounting Officer and Finance Transformation leader. Let's talk about our fiscal '26 commitments. As a reminder, these areas reflect how we have driven operational progress over the past 20 months, and they remain key focus areas for value creation.

The first objective is to lead in research. We are driving above-market growth in submissions and output, up 25% and 13%, respectively. Importantly, we're seeing double-digit submissions growth in nearly all key geographies from China and India to the U.S., U.K. and Japan. Germany, where we were the first publisher to strike a nationwide agreement, has returned to growth for the first time since the pandemic. Much of this volume growth goes to supporting and increasing the overall value of our recurring revenue models. Submissions growth also drives our Gold Open Access program, where revenue is a function of price and quantity.

As a reminder, it takes about 6 months for a submitted article to be published. So these are good indicators for future performance. Remember that about 2/3 of research revenue is recurring, and we delivered a strong journal renewal season for calendar year '25, driven by volume and pricing growth. We continue to deliver double-digit Gold Open Access growth driven by the enduring draw of our journal brands. Our open access flagship journal, Advanced Science continues to be a great story with revenue growing nearly 50% over prior year. We also had a record month in July for OA submissions, so very good momentum there.

Our large catalog of high-quality journals forms our robust competitive moat. This quarter, we continued to build on that position with 17 Wiley journals receiving a top category rank in the annual Journal Citation Report, which measures the impact of peer-reviewed journals. Today, Wiley journals are responsible for over 10% of all citations in the index. Our second commitment is to deliver growth in AI and adjacent markets. I'll talk about this in the next couple of slides, but we're not just participating in the AI revolution.

We are defining how our industry approaches knowledge licensing and partnership. We delivered \$29 million in AI licensing revenue this quarter alone, up from \$17 million in the prior year period, demonstrating the market's recognition of our leadership position. What sets us apart is our pioneering approach to publisher collaboration. The Wiley Nexus is our unified platform for the AI economy, connecting academic content to AI applications and streamlining licensing processes.

Through comprehensive partnerships, the platform enables us to both aggregate scholarly content for AI training and develop cutting-edge research tools using advanced vector database technology. By facilitating partnerships with services like Claude for Education, while ensuring publishers retain complete content sovereignty and existing business relationships, we leverage our specialized AI and legal expertise to deliver value across the publishing ecosystem from streamlined licensing processes and enhanced institutional subscriptions to AI-powered discovery tools. We also continue to advance our AI subscription inference models with potential customers across select industry verticals, setting new standards for how enterprises access and utilize specialized knowledge through AI.

While inference models and strategic partnerships require thoughtful development, we are moving decisively to capture this transformational opportunity. For example, during the quarter, we consolidated multiple corporate sales functions into one unified team dedicated to driving growth in the corporate R&D space. Our third commitment is to drive operational excellence and discipline across the organization.

This quarter, we reached an important milestone in the scaled migration of our new research publishing platform, the Research Exchange, with 1,000 journals successfully transitioned to the new technology and 350,000 unique users served. To refresh, we've built a best-in-class platform that combines all of our

major publishing workflows into one integrated system using AI and machine learning to support authors, referees and editors in managing article submissions, quality and integrity screening and peer review.

The advantages of this system include a faster and lower-cost journal production process, a significantly improved author experience and a unified information architecture that facilitates stronger management of the article production process. Wiley is also gaining from standardization while customers benefit from leading-edge publishing technology, imperative when it comes to dealing with research integrity and harnessing AI. We've taken a measured approach to its rollout and 92% of researchers have rated the system as easy to use. This quarter, the platform garnered a key industry award for excellence in research integrity. This is where we've taken a clear leadership position in the industry, both in terms of advocacy and product.

Coming out of the quarter, we're increasingly confident in our full year outlook, driven by research trends and AI momentum. We see good growth in our contracted journal revenues for calendar year '25. Strong open access growth is expected to continue, driven by accelerating demand and output worldwide, including in the U.S. This gives us a publishing backlog of 6 months or more. AI licensing demand remains robust from both existing and prospective customers. The academic market remains steady at this point after 2 consecutive years of enrollment growth. We're watching full college enrollments, but haven't seen any early signals of enrollment challenges.

On the professional publishing side, we have encountered some market headwinds around consumer spending in the retail channel, which we are watching. That said, we're also delivering above-market growth in publishing output and title signings. We're monitoring corporate spending trends around assessments, but moving ahead on pricing and new product launches. And finally, our previously executed cost savings will begin to ramp up in Q2.

Let me step back and review our current AI licensing models, which will continue to evolve as the AI market develops and matures. We think about the market opportunity in 3 buckets. The first is in training large language models using our own archival content to ensure accuracy and impact. The training market is evolving from a few large pretraining engagements to a wider array of smaller, more fine-tuning projects where developers require more specialized content. We continue to meet this demand. The second model is the Wiley Nexus, where we are combining our content with that of our publisher and society partners in research solutions.

Here, we help others navigate the complicated AI world by leveraging our relationships and expertise on their behalf. In our first deal this quarter, we generated \$16 million of Nexus licensing revenue. Craig will discuss in detail, but margins are a bit lower here than in other AI agreements due to differing royalty rates. It's a win-win-win. We are able to maintain our leadership position with our corporate customers, expand our publisher partnerships who can benefit from our know-how and generate new profitable revenue streams in the process.

It's also another validation of our distinct competitive advantages, and that is our ability to partner across academic and corporate environments and connect them together. You're now seeing the benefit of this in AI. Both institutions and corporations need a trusted partner like Wiley. The third area, AI subscription models, involves licensing and embedding our content into vertical-specific applications that ground models in authoritative content at the time of inference.

The most common technique here is retrieval augmented generation or RAG. AI demand is shifting from article retrieval to structured reasoning, and that means the future of AI is task-based, not document-based. With this shift, R&D-intensive corporations are increasingly using AI-powered content and tools to speed up product development, identify breakthroughs and reduce turnaround times. Our high-value content, therefore, is critical. We can provide subscription access to a knowledge feed of Wiley content and data catalogs where accuracy, efficacy and recency can all be ensured. We're already piloting an array of inference use cases in multiple industry verticals from pharmaceuticals to technology with early-stage recurring revenue totaling \$1 million in fiscal '25.

Given the number of companies deploying AI applications and the depth and breadth of our content portfolio, the potential opportunity is significant. As I said at the start, we've moved decisively in a nascent

market and executed the following: large rights projects for training with 3 of the world's largest tech companies, strategic development partnerships with 3 of the world's leading AI innovators, including Amazon Web Services, Perplexity and Anthropic. The goal is to advance the researcher and learner experience, and we're just getting started.

Inference pilots with 3 of the world's leading pharma companies to revolutionize drug discovery as well as with a multinational chemical company for pattern recognition and in support of the European Space Agency for Earth Observation. This market will take time to develop, but it is what excites us most. The corporate market is now a key strategic focus area for us, making up 80% of total U.S. R&D spend, but only 10% of our revenue base. Over time, we expect this share to materially expand as we continue to build subscription-based and transactional AI businesses, bring our science analytics capabilities deeper into organizations and expand on our knowledge services capabilities.

One final affirmation. We believe it is our unique responsibility to engage with AI developers and R&D-centric corporations to ensure scientific integrity and information accuracy to deliver optimal outcomes across research and learning and power the latest models with only trusted authoritative content like Wiley's. One can think of it as the Wiley seal of approval. Now let's talk about AI innovation across our platform and product portfolio. Let's start with transforming publishing. As a reminder, we're rolling out leading-edge research publishing platform in stages. More than half of our journals are now live.

As you can see here, we are thinking about AI and its implications for what we do across the entire research value chain and actively incorporating it into our platform from the first touch point with the author to an increasingly expanding set of touch points with the end user consumer of the research. Our AI-powered workflows make submission fast and intuitive for researchers through a single consistent interface that streamlines processes and reduces administrative burden. A more efficient system will allow us to attract and retain more authors.

Scientific integrity remains the industry-wide topic. We now have the latest AI-powered screening tools in place, fully integrated into the publishing workflow. These tools conduct 25 comprehensive checks at the initial screening, completing the process in under 10 minutes. Any potential concerns are automatically flagged for further review. This screening stage helps editors by filtering out papers with major scope or integrity issues. Already, we've seen a 70% reduction in published papers citing problematic sources. We consider this another differentiator.

We're also revolutionizing reviewer suggestions through sophisticated relationship mapping to find connections between authors, papers and topics, dramatically improving recommendations for quality and relevance. Not only can this platform deliver new content offerings, but we can use AI to match articles to journals, giving a better experience to authors, reviewers and editors alike. It also provides an added benefit of keeping more submitted articles in-house that may have fallen out because of improper fit.

In fiscal '25, we saw a 30% improvement in automated transfer referral conversion. We have AI initiatives going on across our product portfolio. In our academic business line, we've recently introduced 4 new AI tools for our STEM digital courseware product around tutoring, authoring, assessment and student behavior insights.

In Professional, we continue to build out our AI-powered book author portal to improve launch efficiency and design. And of course, we're working with AWS to dramatically improve scientific search and complexity to transform how learners interact with educational content. Let me also touch quickly on colleague productivity. Nearly 85% of our employees are actively using the latest AI tools in their daily work and internal surveys show that AI sentiment and productivity run high across our organization. I'll now turn the call over to Craig, who will take you through our Q1 results, our financial position and capital allocation and our full year outlook.

Craig Albright
Executive VP & CFO

Thank you, Matt. Good morning, everyone. I'm honored to join Wiley at this pivotal moment in our transformation and excited to share our Q1 results with you. 9 weeks in, 3 things stand out to me about

Wiley. First, our mission matters, advancing science and learning globally. There's a real sense of pride and purpose here that moves us. Second, our momentum is real. 2 years of value creation through business simplification and improved cost structure are having an impact. And third, our moment is now. We're at the forefront of defining AI's role in science and learning. We have some early seeds in the ground, and this is just the beginning.

Looking ahead, I'm focused on disciplined prioritization to drive organic growth while consistently expanding margins and cash flow. Our best days are ahead of us. Let's turn to Q1 results. Adjusted revenue grew 1% and adjusted EPS rose 2%, while adjusted EBITDA was down 3%. As Matt noted, the first quarter is our smallest from a seasonal perspective. Let me walk through the 3 key drivers of our EBITDA performance this quarter. First, strategic margin mix. Our landmark \$20 million AI project included \$16 million of Nexus partner content. This generated strong incremental revenue at 45% EBITDA margins versus the approximately 75% we've been seeing on deals with our own content due to differences in partner royalties. This opportunity validates our strategy of leveraging our AI relationships to create opportunities for publisher partners while expanding our addressable market.

It's important to note that Nexus is not a replacement for licensing our own content, but additive. Second, timing impacts we expected. We lapped a \$5 million journal renewal benefit from Q1 last year, and we had a temporary lift in corporate expenses from an investment in strategic consulting projects that offset restructuring savings this quarter. Third, there was some softness in Professional Publishing, as Matt discussed. However, as Matt noted in his remarks, we have good confidence in quarter 2 and the rest of the year, driven by our publishing volume, journal renewals, open access growth, expanding AI relationships and cost management. All these factors reinforce why we're confident in affirming our full year guidance, which I'll detail shortly.

Turning to segment performance. Research delivered solid 5% growth driven by AI demand, \$16 million compared to \$1 million in the prior year period and strong underlying fundamentals. Let me break this down by business line. Research Publishing declined 1% as expected. We lapped a \$5 million journal renewal benefit from last year, but this was largely offset by double-digit gold open access growth. Our publishing pipeline remains robust and globally diversified with 45% of output from APAC, 30% from EMEA, 20% from North America and 5% from the rest of world. July was a record month for Open Access submissions. Research Solutions grew 44%, driven by the Nexus AI project. The segment's adjusted EBITDA margin of 28.3% compared to 29.3% in the prior year period, reflecting both the AI mix impact and some timing of costs. We expect Research margins to improve on a full year basis as these mix and timing impacts normalize.

Looking ahead, our calendar year 2026 journal renewal season runs from November through April. We remain confident in the accelerating volume of new research and the must-have nature of our portfolio. Learning revenue declined 8% this quarter due to lower AI revenue and market-related softness in Professional Publishing. On AI, Learning delivered \$13 million of revenue in Q1 versus \$16 million in the prior year. The \$13 million includes \$9 million of carryover from the agreement we announced in Q4, plus a \$4 million expansion from a repeat LLM customer. This repeat customer demonstrates the stickiness and growth potential in our AI relationships.

We continue to deliver robust growth in new title signings of 27% and title output of 9% across our professional portfolio, which are expected to contribute to our financial performance in fiscal '26 and beyond. Also of note for the quarter, we signed a key publishing partnership with the International Society of Automation, launched multiple AI tools for our STEM digital courseware product and launched our WorkSmart tool in assessments, which combines personality models with training sessions on employee engagement and team development. The segment delivered EBITDA margin expansion of 20 basis points to 27.4%, demonstrating our operational discipline even in a soft revenue environment.

Let me touch on corporate expenses, which represent shared services not allocated to segments. We saw a temporary \$4 million increase this quarter from strategic consulting projects and other onetime items. These projects are now complete and we were a deliberate investment in capabilities that position us for a stronger execution going forward. We also had some corporate spending related to our enterprise modernization initiatives. Looking ahead, we expect corporate expenses to decline starting in Q2 as

cost savings ramp up, and we expect to finish down for the year. Now let me turn to our strong financial position and capital returns.

Cash flow performed as expected. Free cash flow was a use of \$100 million, an improvement from a use of \$107 million last year. As a reminder, Q1 and Q2 are seasonally negative due to journal subscription timing with annual journal subscription receipts concentrated in Q3 and Q4. CapEx was \$15 million, down \$3 million from last year. If you recall, our cloud-based enterprise modernization spend is capitalized and amortized like CapEx, but unlike CapEx, it's reported in the operating cash flow section.

When combined, capitalized cloud-based spend and CapEx totaled \$20 million for the quarter, up from \$18 million prior year. Capital allocation remained disciplined this quarter. Share repurchases increased to \$14 million. We acquired 332,000 shares at an average price of \$42.22. The Board approved a new \$250 million repurchase authorization, up 25% from our previous program. We also implemented a 10b5-1 plan for our blackout periods. Combined with our 32nd consecutive dividend increase, which gives us a current yield of around 3.5%, we're returning capital while investing in growth.

Balance sheet strength continues to improve. Our net debt-to-EBITDA ratio improved to 1.9 at the end of July compared to 2.0 in the prior year period. Liquidity remains strong with \$551 million in cash and undrawn capacity, including \$82 million of cash on hand and \$469 million of undrawn debt facilities. Finally, we received the roughly \$120 million of cash proceeds for the University Services divestiture this quarter, which we used to reduce our debt.

Due to timing, this only had a modest impact on our cash interest payments for the quarter, but we'll see run rate cash interest savings of approximately \$6 million from this move. Given all this, we are confidently reaffirming our full year outlook based on the accelerating demand trends and cost actions implemented. Let me walk through our key guidance metrics. Revenue growth in the low to mid-single digits, adjusted EBITDA margin of 25.5% to 26.5%, up from 24% last year, driven by expected business performance and executed cost savings. Adjusted EPS of \$3.90 to \$4.35, up from \$3.64 last year.

Free cash flow of approximately \$200 million, driven by EBITDA growth, lower restructuring payments and favorable working capital. CapEx is expected to be comparable to last year's total of \$77 million. On AI specifically, we realized \$29 million this quarter compared to \$40 million for all of last year. While this revenue has quarterly variability, the underlying demand remains robust.

And in the future, we expect to see growing demand for subscription inference opportunities, a market which is still forming. This guidance reflects our confidence in our fundamentals, which are strong journal renewals, accelerating open access growth, expanding AI partnerships and our disciplined cost management, delivering margin expansion. We will continue working hard to consistently meet and beat expectations and earn your trust and confidence. With that, I'll pass the call back to Matt.

Matthew S. Kissner

President, CEO & Employee Director

Thank you, Craig. Let me quickly recap our key takeaways and then open the floor to your questions. Q1 was noisy, but in line with our overall expectations. We have strong confidence in Q2 and the rest of the year. AI is a transformative opportunity, and we're moving decisively to capitalize. We're now a recognized leader executing our own projects with multinational tech companies, but also on behalf of our publishing partners.

We are strategically partnering with the world's foremost AI innovators to augment the researcher and learner experience. We are learning from them and them from us. As I've said many times before, continuous improvement is a way of life for us now. We continue to drive operational excellence through publishing transformation, AI innovation, investment discipline and cost reduction. Finally, we are returning more capital to shareholders in the form of increased dividends and share repurchases. Our goal, of course, is to drive continuous value creation in the years to come. One final word. You may have seen news on an industry class action settlement involving pirated content and a key AI developer. We can't say much about it at this stage, but we consider it to be a pivotal win for the protection of intellectual property and copyright in a responsible AI world. It's a victory for innovation and the incentive

to create and therefore, a victory for the public at large. I want to thank all of you for joining us. As Craig noted, we will continue to work tirelessly to reward your trust and confidence. As always, I want to thank our 5,000 global colleagues for their pivotal work in making us a leader in both our core markets and in the burgeoning AI economy. I'll open the floor to questions.

Question and Answer

Operator

[Operator Instructions] And our first question comes from Daniel Moore from CJS Securities.

Daniel Joseph Moore
CJS Securities, Inc.

Clearly, a lot to unpack, Matt. Let me start with Anthropic. Can you just provide a little bit more color regarding the nature and terms of the agreement? Is it primarily providing your content into Claude? Or is it more of a collaboration to bring kind of research-related tools as well as content to market?

Matthew S. Kissner
President, CEO & Employee Director

Jay, do you want to comment on that?

James Flynn
Executive VP and GM of Research & Learning

Yes, happy to. And yes, we're excited about the partnership with Anthropic and Claude. One of the things that's really important to us is to make sure that high-quality content gets included in the research tools that -- and learning tools that are being used by students. And so we're focusing on an announcement in a couple of weeks that will talk about Claude institutional access and the ways that we're integrating our content with Anthropic's tool set into the student and researcher workflow, primarily in the academic market.

Think about it this way. If you have a connector inside of one of your desktop AI tools, you want to be able to point that connector at high-quality information or high-quality services. You might want to connect it to your Gmail, you might want to connect it to Stripe for payments, things like that. And so what we're doing with Anthropic is allowing end users of the Claude tool to connect right into a widely vectorized database of high-quality information to support AI safety, the top -- the use of top quality research material and to support the student learning journey and the researchers. So it's a very cool first integration with a major tool provider, and we're excited about it.

Daniel Joseph Moore
CJS Securities, Inc.

Anything you can describe from a revenue model perspective?

James Flynn
Executive VP and GM of Research & Learning

We're looking at it as primarily a way to underpin the value of our institutional library subscriptions and as a potential upsell vector.

Daniel Joseph Moore
CJS Securities, Inc.

Okay. That's helpful. Does the agreement change the way you plan to invest or pursue AI-related opportunities for growth at all? And do you expect development spending to increase, level off, taper off over the next year or 2? 2 discrete questions there.

James Flynn
Executive VP and GM of Research & Learning

Well, I'll defer to Craig and Matt on the capital allocation questions, but let me just give you a moment on the vision for the space here. So imagine that the demand for top-quality content inside the AI workflow

is very strong, and we're seeing that not only in the academic sector, but certainly in the corporate R&D markets, as Matt mentioned in the prepared remarks.

So our view on this particular program is that it represents the first step of tighter content integration between what Wiley is doing from a content aggregation perspective with our Nexus platform or the provision of our own content, our own IP and that of our society partners into these tools. So I think the way I would characterize your question or maybe build on it is to say that we view the future of AI services as not just being model training, but also inference subscription in the corporate R&D market and integration with end-user tools.

And so this represents the first of those projects. We have many more in the pipeline. They are comparatively inexpensive to implement. But as we've indicated, we believe that to be an AI-forward company and a leader in our segment, we want to be first to market with these things, and we want to continue to push the momentum.

Matthew S. Kissner

President, CEO & Employee Director

Yes, Dan, let me give you a perspective. That's right, what Jay said. And let me build on and give you a perspective of how I think about it. This market is still rapidly evolving. And you saw me in my prepared remarks talk about a number of different opportunities. But the operating theory is that we believe in the future, our content is going to be accessed by various AI tools, perhaps as frequently as it's accessed by individuals. And so our goal here is to build those connections into those various tools as the market evolves.

This is still early days in the formation of this market. And what we're trying to do is play -- take advantage of multiple opportunities to learn and make our content as accessible as it can be to these various AI tools. It's -- I don't see a lot of internal capital expenditure in this area. But as we look at modernizing our technology stack, which we've talked about in the past as part of our cost reduction work, we are building it in a way that it is very accessible. And there's various industry standards we could go into separately that we are complying with to basically make our content easily accessible by these models. As opposed to -- I've seen some other companies and other industries kind of building their own AI tools. We're kind of tool agnostic. We want to play with all of the tools because we don't know who the winners are going to be.

Daniel Joseph Moore

CJS Securities, Inc.

No, that's definitely helpful. Switching gears of the -- I think you said \$16 million revenue related to Nexus this quarter. Just help me understand how much of that is Wiley's content versus outside content, if I'm phrasing the question correctly. I'm just trying to understand the nature of the agreements and the margin differential for AI deals when it's your content versus partnering with others.

Matthew S. Kissner

President, CEO & Employee Director

Yes. Let me -- first of all, I want to reinforce the value of that deal strategically because we have our Publishing Solutions business where we serve an array of other publishers, mostly smaller. And what we've been able to demonstrate here is our ability to leveraging our experience in AI, leveraging our technology, legal expertise and the like, is include their content into our AI licensing strategy, which makes the overall package much more attractive to AI developers because it includes a larger percentage of the content. So it is a foundational move. I'll let Craig -- I'll give Craig a little airtime as the new guy to talk a little bit about the underlying -- answer your question a little more directly.

Craig Albright

Executive VP & CFO

Yes. Yes. Thanks, Matt. And thanks, Dan, for the question. We're very excited about this deal. The \$16 million that you referenced is the Nexus or partner-driven content within the total deal that we secured

there. And the total deal size was on the order of \$20 million, which reflects a blend of both Wiley content and Nexus content. And that was a portion of the total AI revenue we did for the quarter, which was in aggregate \$29 million. What's exciting about this deal is, as Matt said, is that it brings in the partner content in a very robust way, which we view as additive, not a substitution for Wiley content, but really a build on what we had been doing previously.

So we're excited about how this opens up kind of a market adjacency for us as we'll continue to pursue the original type of Wiley content-driven training deals as well as these new types of Nexus. And in this case, how you see they can blend together. So thanks for the question. A very exciting quarter for us in that respect.

Daniel Joseph Moore
CJS Securities, Inc.

Okay. That's helpful. Journal subscriptions, Matt, I think you said they were strong. Where are we for renewals in calendar '25 at this stage?

Matthew S. Kissner
President, CEO & Employee Director

Jay, do you want to take that one?

James Flynn
Executive VP and GM of Research & Learning

Yes, sure. So it's early days. Obviously, the renewal season for us is sort of coincident with back-to-school. And as the librarians come back on campus, we're beginning those negotiations. The outlook is fine. We've reaffirmed guidance and feel confident in the full year outlook. So we'll get into more detail sort of November, January time frame as we get more data on the renewals, but we haven't seen anything so far this year to give us concern for calendar '26.

Matthew S. Kissner
President, CEO & Employee Director

Yes. And, Dan, we had a good strong renewal season at the end of our fiscal '25. That's when it concludes for us. So we're going into the year with a head of steam there.

Daniel Joseph Moore
CJS Securities, Inc.

Okay. Sticking with research, publishing revenue, and you talked about this, but declined 1% in the quarter. I know you had a little bit of a tough comp, but article submissions have been up double digits for multiple quarters and publication volume was up double digits, I think, this quarter. So just help me to understand the decline in revenue and when do we expect all those submissions to translate into a meaningful uptick?

Matthew S. Kissner
President, CEO & Employee Director

Yes. And and I'll begin and then ask Jay to comment. But the first quarter is always a slow quarter for us, and it's really not indicative of how the year is going to turn out. We are looking at a year in which we're seeing our research growth really in line with the market in -- which is kind of in the 3% to 4% range. So we're confident in that, and that underlies the reaffirmation of our guidance. But Jay, maybe you can talk a little bit about the seasonality of our business maybe compared to competitors.

James Flynn
Executive VP and GM of Research & Learning

It's primarily the comp in Q1. Q1 is the smallest quarter for the business. And just to reiterate, I'm not seeing anything there that takes us off course from where we see the market performing and where we're guiding to. Submissions up 25% year-on-year and output growth 13%. Your question is fair. But I just

want to reiterate that. The 2 things that we always come back to here are the majority of our output is captured inside the recurring revenue models, what we call the transitional agreements or our standard library subscription agreements.

And that underpins the value of that core engine of Wiley's financial stability. And that recurring revenue is undergirded by strong continued publishing growth. And then the second piece, we did see double-digit gold Open Access revenue growth again for the quarter. And we're continuing to be very confident about that. In July, we had a record month for Open Access submissions and our advanced science revenues are up 50% year-on-year, as Mark said -- as Matt said in his remarks. So I think all this just goes to continued confidence in the performance of that sector for us.

Matthew S. Kissner

President, CEO & Employee Director

Yes. There is a -- I mean, the problem with this quarter is the comparables can confuse the reality. There was a late billing last year that actually was collected in the first quarter, which when you back out of this, we actually are growing. So it makes -- again, because it's a small quarter, it can be easily distorted by onetime events.

Daniel Joseph Moore

CJS Securities, Inc.

That's helpful. I think you were -- in the prepared remarks, you mentioned \$5 million. Is that -- or magnitude.

Matthew S. Kissner

President, CEO & Employee Director

That's right. So when we normalize that in terms of our internal work, we are seeing growth. But the key is it is a seasonal business because of the structure of these transformative agreements, they're all different. They all have different billing schemes. So again, you can't project what the year is going to look like just from the first quarter alone, but we're confident that we'll grow as we projected and achieve our numbers for the year.

Daniel Joseph Moore

CJS Securities, Inc.

Yes. That's helpful. Switching to learning, and I appreciate you taking all the questions. Beyond the tough AI comp, just maybe talk about what we saw in terms of declines in Professional Publishing and how long that's likely to persist and your confidence in the rest of the year?

Matthew S. Kissner

President, CEO & Employee Director

Yes. I mean we got our eye on professional. And it's been a slow summer. It seems to be for the industry. I don't know if this is a leading indicator of some economic issues. But based on -- because our title output is strong, but our ordering patterns are not what they should be in the quarter. So I wouldn't call it a red alert yet, but we got our eyes on it because it may be an indicator of a broader economic slowdown hitting consumers.

That's about the only business we have that's directly exposed to kind of consumer economics, if you think about it. So we're watching it closely. And -- but it's not just us. It seems to be just slower ordering patterns. The rest of the businesses in Professional, and I'll let Jay -- in Learning, are holding up pretty well. It's early for, obviously, the courseware business because that season really is happening now as people go back to school. But Jay, any color you want to add for Dan?

James Flynn

Executive VP and GM of Research & Learning

On Professional, no, I think you covered it. The retail channels were -- did not meet our expectations in the quarter. And I think that's a thing we're going to keep an eye on, as Matt says. For the rest of the business, in assessments, we saw nice strong growth underpinned by product innovation, as Matt described. We're really excited about WorkSmart and we're really excited about the way that business has come out of the gate in the first quarter.

Enrollments seem to be holding steady, and we'll have a lot more to say about that as we get through back-to-school season in our learning business. And the AI potential in the advanced content book list is really strong. And that when you talk about licensing revenue in both the inference models and in the training models, we feel really good about that high-quality list of STEM books as being a major source of value for both institutional library customers and corporate R&D customers. So feeling good on those 3 fronts for sure.

Daniel Joseph Moore

CJS Securities, Inc.

Okay. And on the onetime costs, \$4 million, is that in terms of corporate that sort of nonrecurring as we look into the balance of the year? Did I hear that right?

Matthew S. Kissner

President, CEO & Employee Director

Yes. Craig...

Craig Albright

Executive VP & CFO

Yes, Dan, you heard that right. We did see in the quarter kind of a short-term onetime lift in corporate expenses. It was really the completion of several strategic consulting projects that we've been investing in to better position the company for execution and growth going forward. These are now completed. So we don't expect those kind of impacts hitting us going forward.

We do expect to start to see more of the savings that have been driven from the back part of last year and beginning part of this year's action starting to flow through as we move forward into the second quarter and throughout the rest of the year as well.

Daniel Joseph Moore

CJS Securities, Inc.

Great. One or 2 more. The higher Nexus related revenue, does that have any meaningful impact on your kind of fiscal '26 margin outlook? Or is it relatively de minimis given the size of the overall revenue and cash flow?

Craig Albright

Executive VP & CFO

Yes. Dan, it's Craig. I would say probably de minimis impact. We've talked about the size. We've talked about the margin. This was an additive element into our program, but we're still focused on the profitability of the core business and the ongoing margin expansion, and all of that remains on track as we were expecting and planning. So I would think of this as additive in terms of revenue and gross profit, but very de minimis in terms of the margin impact.

Daniel Joseph Moore

CJS Securities, Inc.

Okay. And lastly, as we speak, I think the stock is down 6%, 7%, 8%, trading at a little over 6x EBITDA and less than 10x free cash. So obviously, you've been buying back stock, but -- and the Board raised the authorization. Just maybe talk about your relative priorities for capital allocation, how aggressive we might be with the buyback?

Craig Albright

Executive VP & CFO

Thanks, Dan. Yes, speaking to capital allocation, I think what you'll continue to see from Wiley is just a very disciplined approach to how we think about our capital allocation and return of value to shareholders. We have an ongoing commitment to our dividends, which we've talked about, and we continue to maintain a very high dividend yield as a form of evidencing that.

We've also been active in our share buybacks, increasing our share buybacks in quarter modestly in terms of year-over-year, but with a deliberate intention to be active when the prices are attractive. And we have to say we're very happy with the opportunity right now for us to be able to continue that program. And on that note, received a vote of support from the Board in terms of the share authorization program, which was an increase in terms of the prior share authorization program we had as well. So our priorities are really to continue to support shareholder returns through the dividend program through the buybacks to continue to pay down debt and where it makes sense to improve the strength of the balance sheet.

And obviously, to continue to look for high-value opportunities to drive organic development of research and learning solutions, especially when it's around authoritative content and data-driven insights. So we're balanced in the way that we approach that, and we're opportunistic looking for the highest returns that we can on that use of the capital that we have available to us.

Operator

We have no further questions in queue. I'd like to turn the call back over to Mr. Matt Kissner for any closing remarks.

Matthew S. Kissner

President, CEO & Employee Director

Well, thank you for joining us. We look forward to sharing more on our Q2 earnings call in December. We'll see you then. Have a good fall.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

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