



Pearson 2025 Interim Results

Friday 1st August 2025



Forward-looking statements

Except for the historical information contained herein, the matters discussed in this presentation include forward-looking statements.

In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing, anticipated costs savings and synergies and the execution of Pearson's strategy, are forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. They are based on numerous assumptions regarding Pearson's present and future business strategies and the environment in which it will operate in the future.

There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside Pearson's control. These include international, national and local conditions, as well as competition.

They also include other risks detailed from time to time in Pearson's publicly-filed documents and you are advised to read, in particular, the risk factors set out in Pearson's latest annual report and accounts, which can be found on its website (plc.pearson.com).

Any forward-looking statements speak only as of the date they are made, and Pearson gives no undertaking to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes to events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on such forward-looking statements.

Agenda

1

Market Dynamics

2

Strategic and Operational Progress

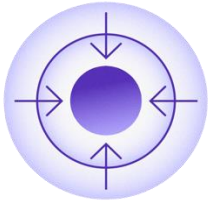
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Interim Financials

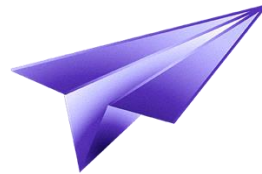
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Q&A

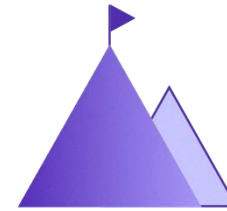
Key Takeaways



Strategy remains unchanged and well established across the organisation



Ongoing execution focus and delivery



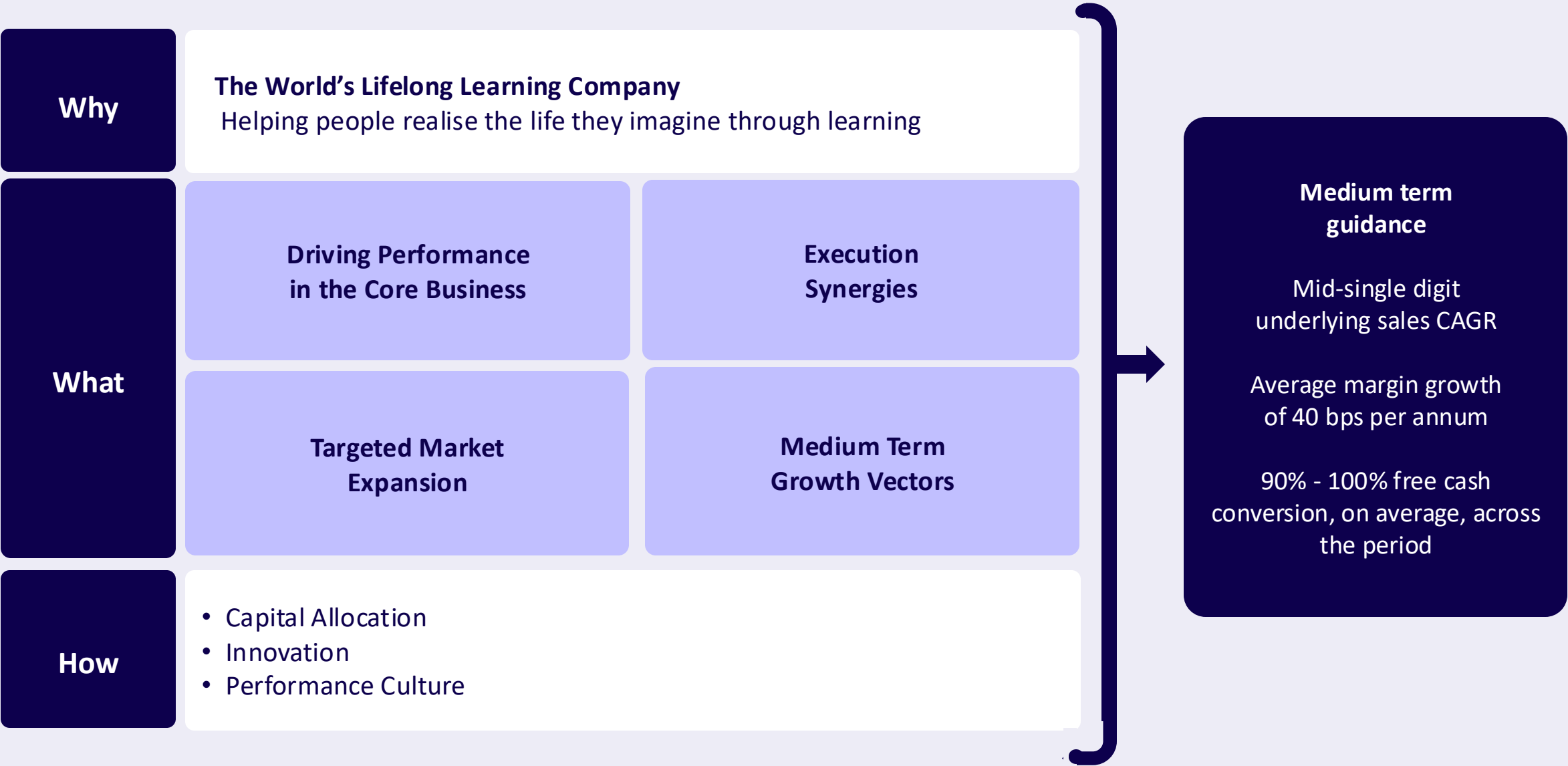
On track to meet 2025 priorities

Progress to date strengthens conviction in medium term trajectory

Market dynamics

	Context	Go Forward
US Federal Government	<ul style="list-style-type: none">• PDRI <2% of Pearson Group sales• Federal Govt hiring and funding freezes	<ul style="list-style-type: none">• Confident in PDRI's merit-based hiring value prop• Long standing relationship with Federal Govt & Office for Personnel Management• Enterprise opportunities
US Department of Education Changes	<ul style="list-style-type: none">• Core capabilities aligned with administration• Federal funding only c. 10% K12 and c. 25% US Colleges	<ul style="list-style-type: none">• Administration focussed on future-ready workforce - aligned with our strategic priorities• Apprenticeships, AI reskilling and English proficiency opportunities• "School choice" supportive of Virtual Schools
Migration Policies	<ul style="list-style-type: none">• PTE market backdrop reflected in 2025 guidance• Limited impact across rest of the business• <2% international students in US college enrolments	<ul style="list-style-type: none">• Confident in PTE medium term outlook• Continue to advance our offerings (Express Test)• Expanding relationships with Govts and institutions
<div>Diversified leader in learning and education</div> <div>Our unique breadth provides portfolio resilience and opportunity</div>		

Strategic framework is unchanged





Driving performance in the Core Business

Execution

Assessment & Qualifications

- Pearson VUE contract wins and strong retention
- US Student Assessment customer renewals
- First statewide adoption of Clinical Assessment digital offering
- Ongoing International expansion for UK & International Qualifications

Higher Education

- Operationalised Career & College Readiness K12 sales team
- Ongoing monetisation of Study Prep and launched internationally

Products & Services

- Launch of the Pearson Skilling Suite programme
- Implemented new AI-powered GCSE Exam Practice Assistant
- AI-enabled WriteUp! platform that provides feedback for students on their state provided practice tests

- Introduced “Go Deeper” feature in AI Study Tools
- Continued expansion of AI-powered study tools - including nursing content



Driving performance in the Core Business

Execution

Virtual Learning

- Positive retention trends in Spring semester
- New enrolment portal rolled out across school network and improved our new student acquisition capabilities
- Opening two new schools and expanding career programme
- Successfully secured all six long-term school contracts being renewed

Enterprise Learning & Skills

- Global Sales Team and key account management
- Strategic partnerships with Microsoft, AWS and Google Cloud
- New partnership with HCLTech
- Contract wins with UK Ministry of Defence and T Levels
- International BTEC expansion

English Language Learning

- Partnership with BorderPass to broaden Canadian PTE go-to-market
- Continued international expansion – customer wins in LATAM

Products & Services

- Integrating AI Study Tools to improve learning outcomes
- New strategic partnership with SkillsUSA enhancing career offering

- PDRI capabilities integrated into EL&S products
- Enabled third-party credential uploads onto Credly platform

- Launched Pearson English Express Test
- AI-powered Smart Lesson Generator and Digital Language Tutor



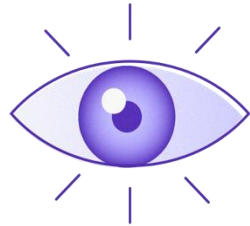
Driving performance in the Core Business



Transforming Revenue Operations

Enhancing sales processes and systems for revenue growth

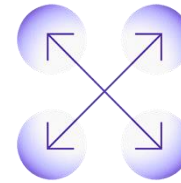
Develop a stronger and more resilient commercial engine



Implemented Modern Marketing Approach

Improved outcomes across branding, social media and events

Cost efficiencies



Organisational Effectiveness

Performance culture

Role clarity and consolidation

Optimising spans and layers



AI-driven Operational Improvements

AI customer service

AI content generation



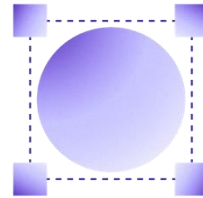
Execution Synergies



Product & Service Bundling

Simplification of product estate

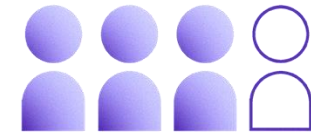
Lead with Pearson research improving share of voice



Modern Software & Product Development

Single product management tool

Prioritisation, ROI, enabling scale



Strategic Partnerships

Consolidation to key strategic partners

Hyperscalers



Google Cloud



Services Partners

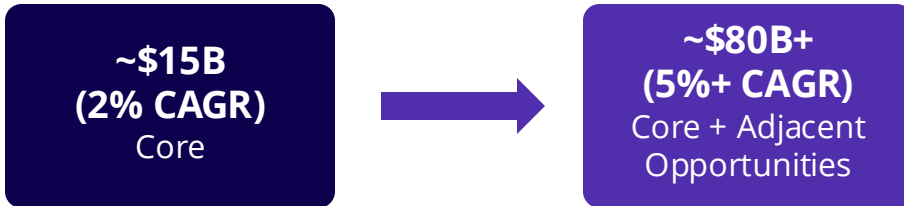
HCLTech



Targeted Market Expansion

Capital allocation targeting investment into faster growth segments

Adjacent Market Opportunities



Partnership with McGraw Hill

Formative Assessment

College & Career Readiness

K12 district channel

Pearson Skilling Suite

Test Prep

Innovation to Support Future Growth



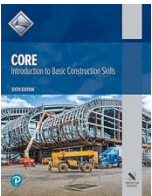
**STUDIO
NETWORK**



Medium Term Growth Vectors

Early Careers

Existing capabilities with a licence to win
Fast growth adjacent market

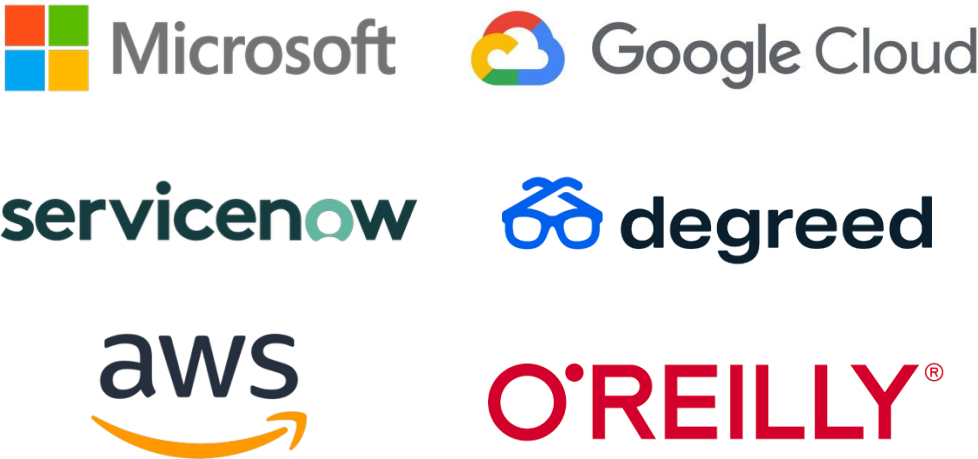


Career and College Readiness
K12 offering in Higher Ed



Enterprise Skilling

Leaders are struggling to understand employee skills
Capabilities for talent planning, sourcing & development



A background photograph of three people in a modern office setting. A man in a green shirt is leaning over a desk, pointing at a laptop screen. A woman in a pink sweater is sitting at the desk, smiling and looking at the laptop. Another man in a dark jacket is sitting next to her, also looking at the laptop. In the foreground, there is a blurred figure of a person with their back to the camera, working on a laptop. The scene is brightly lit with natural light from a window on the right.

Interim Financials

H1 2025 Financial Highlights

- H1 financial performance **in line with our expectations**
- Full year outlook **reaffirmed**
- **Sales and adj. operating profit up 2%** on an underlying basis
- Adjusted EPS impacted by FX headwinds
- **Strong** free cash performance
- **Share buyback** well underway – **balance sheet strength** remains
- Interim dividend **up 5%**

**Sales £1,722m
up 2% underlying**

(2024: £1,754m)

**Adjusted operating profit
£242m up 2% underlying**

(2024: £250m)

**Adjusted earnings per
share 24.5p down 4% headline**

(2024: 25.6p)

**Free cash flow £156m,
up £129m from last year**

(2024: £27m)

Net Debt £1.0bn

(2024: £1.2bn)

**Interim dividend
7.8p up 5%**

(2024: 7.4p)

H1 2025 Sales

£m	2025	2024 ¹	Headline growth	Underlying growth ²
Assessment & Qualifications	802	811	(1)%	2%
Virtual Learning	242	254	(5)%	(1)%
Higher Education	337	336	0%	4%
English Language Learning	171	188	(9)%	(3)%
Enterprise Learning & Skills	170	165	3%	4%
Total sales	1,722	1,754	(2)%	2%

¹In January 2025, the Group announced that Workforce Skills would evolve to become Enterprise Learning & Skills, incorporating our IT Pro business which was previously in Higher Education. Comparative figures have been restated to reflect the move between segments, resulting in £22m of sales being transferred from Higher Education to Enterprise Learning & Skills for the six months ended 30 June 2024. The full year 2024 impact is £45m of sales.

²Underlying growth rates exclude currency movements, and portfolio changes.

H1 2025 Adjusted Operating Profit

£m	2025	2024 ¹	Margin 2025	Margin 2024	Headline growth	Underlying growth ²
Assessment & Qualifications	170	187	21%	23%	(9)%	(6)%
Virtual Learning	39	31	16%	12%	26%	32%
Higher Education	(3)	(7)	(1)%	(2)%	57%	75%
English Language Learning	(7)	4	(4)%	2%	(275)%	(200)%
Enterprise Learning & Skills	43	35	25%	21%	23%	20%
Total adjusted operating profit	242	250	14%	14%	(3)%	2%

¹In January 2025, the Group announced that Workforce Skills would evolve to become Enterprise Learning & Skills, incorporating our IT Pro business which was previously in Higher Education. Comparative figures have been restated to reflect the move between segments, resulting in £6m of adjusted operating profit being transferred from Higher Education to Enterprise Learning & Skills for the six months ended 30 June 2024. The full year 2024 impact is £12m of adjusted operating profit.

²Underlying growth rates exclude currency movements, and portfolio changes.

H1 2025 Cash Performance

- Good operating cash performance driven by ongoing working capital management
- Free cash flow again strong, benefitting from State Aid recovery

£m	H1 2025	H1 2024	YoY Change
Adjusted Operating Profit	242	250	(8)
Net capex investment	13	31	(18)
Net product development investment	14	14	-
Working capital, FX and other	(143)	(166)	23
Operating Cash Flow	126	129	(3)
Cash interest paid	(5)	(28)	23
Cash tax received (paid)	35	(69)	104
One-time reorganisation costs	0	(5)	5
Free Cash Flow	156	27	129
Net Debt at 30 June	1,027	1,177	(150)

2025 Outlook Unchanged

		Full year	H2 phasing considerations
Underlying sales growth	Group	In line with market expectations*	Stronger sales growth in H2, in particular in Q4
	Assessment & Qualifications	Grow low to mid-single digit	Growth will be H2 weighted, in particular to Q4, due to new and renewed contracts and the new test prep business
	Virtual Learning	Return to growth	Return to growth in H2 driven by enrolment increases, partially from new school openings, for the 25/26 academic year
	Higher Education	Growth in 2025 will be higher than in 2024	Growth in H2 2025
	English Language Learning	Growth will moderate	Growth will be H2 weighted, in particular to Q4, PTE will decline
	Enterprise Learning & Skills	Grow high single digit	Growth will increase quarter on quarter supported by recent customer announcements and pipeline activity

*2025 consensus on the Pearson website dated 27th January 2025; underlying sales growth 4.4%

2025 Outlook Unchanged

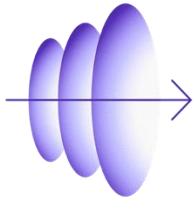
		Full year
Group profit	Adjusted operating profit	In line with market expectations*
	Interest	c.£65m – cashflow strength offsetting acquisition funding
	Tax	24 - 25%
Cash flow		Free cash flow conversion** of 90-100% + £0.1bn State Aid repayment received in Q1 2025
FX		Every 1c movement in GBP:USD rate equates to approximately £5m adjusted operating profit impact

*2025 consensus on the Pearson website dated 27th January 2025; adjusted operating profit of £656m at £:\$ 1.23. Taking the average FX rate for H1 2025 (£:\$1.31) and assuming the July 2025 month end rate of (£:\$1.32) for the rest of the year, results in an implied FX rate for the full year of £:\$1.32. This results in an updated adjusted operating profit of c.£611m.
**Free cash flow conversion calculated as free cash flow divided by adjusted earnings.

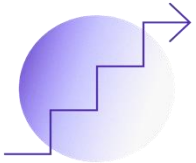
Financial Summary



H1 performance in line with expectations



Remain on track to deliver 2025 outlook
Known business unit dynamics in place to support stronger
H2 growth

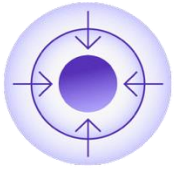


Strong financial position driven by excellent cash
performance, supporting continued investment in the
business and shareholder returns

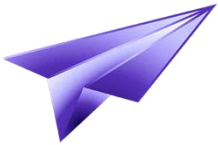


Wrap up

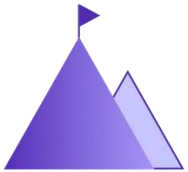
Key Takeaways



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Ongoing execution focus and delivery



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Progress to date strengthens conviction in medium term trajectory



Appendix

Selected Data Points for reference

	Inclusive Access growth	Higher Education US digital subscriptions	PTE volume	VUE test volumes	No. of virtual schools and career programmes
H1 2025	21%	4.7m	491k	10.8m	School year 25/26: 42 virtual schools and 42 career programmes*
H1 2024	25%	4.5m	546k	10.9m	School year 24/25: 40 virtual schools and 24 career programmes

* We are embedding our career academies across the network ahead of fall back to school 25/26 and are on track to open two new schools in H2 2025 taking our total number of schools up to 42.