
Pearson 2025 Nine Month Trading Update Pre-Close Aide Memoire

4th September 2025

This aide memoire brings together certain previous public communications made by Pearson as extracted from their original source, which readers may find helpful to consider ahead of Pearson's 2025 Nine Month Trading Update. All statements have had their source attributed and reflect views as at the date they were made and they do not reflect subsequent or recent events, circumstances, or developments. No new information or disclosure is given in this document. Any updates to the information contained in this document and other previous public communications would only be included in further communications by Pearson to the market and the inclusion of the extracted statements herein should not be taken to indicate that they will not be updated in the future.

Nine-month performance comments (current and comparable period)

H2 2025 guidance

- We continue to expect stronger sales growth in H2, in particular in Q4. (source: 2025 Interim Results RNS, 1 August 2025) Business unit 2025 sales phasing considerations included within the Outlook table later in this document.

Comparative Nine-month 2024 period business unit comments

- In Assessment & Qualifications, sales growth accelerated in Q3 to 6%, with the business unit up 3% for the nine-month period. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
 - Pearson VUE sales were up 3% for the nine-month period driven by favorable mix and value-added services, with PDRI seeing good growth. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
 - In US Student Assessment, sales were up 1% for the nine-month period as phasing normalized. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
 - In Clinical Assessment, sales were up 3% for the nine-month period, due to pricing, digital product growth and successful new product launches. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
 - In UK and International Qualifications, sales were up 7% for the nine-month period largely driven by volume, pricing and International growth. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
- In Virtual Learning, sales were up 4% for Q3 due to 4% growth in Virtual Schools with 2024/25 academic enrolments up 4% on a same school basis. Virtual Learning sales declined 4% for the nine-month period attributable to the final portion of the OPMASU contract in the first half of 2023 (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
- In Higher Education, sales grew 4% in Q3 and were flat for the nine-month period, in line with expectations. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
 - In US Higher Education, Q3 sales growth was driven by gains in adoption share, enrolments and pricing partially offset by mix impacts and revenue deferral. In the nine-month period, there was 3% growth in US digital subscriptions and Inclusive Access growth of 24%. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
- In English Language Learning, sales increased 2% for Q3 and 7% for the nine-month period. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)

- Institutional performance continued to be strong for the nine-month period, with particularly good growth in LATAM and Middle East markets, albeit sales were down in Q3 due to phasing shifts to Q4. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
- In Workforce Skills [renamed Enterprise Learning & Skills from January 2025], sales increased 6% for Q3 and the nine-month period. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)
- There was solid performance in both the Vocational Qualifications and Workforce Solutions businesses. (source: 2024 Nine Month Trading Update RNS, 29 October 2024)

Prior year comparatives and recent performance

	Underlying sales growth													
	Q1 2023	H1 2023	Q3 2023	Nine months 2023	Q4 2023	FY 2023	Q1 2024	H1 2024	Q3 2024	Nine months 2024	Q4 2024	FY 2024	Q1 2025	H1 2025
Assessment & Qualifications	6%	7%	11%	8%	3%	7%	2%	2%	6%	3%	4%	3%	1%	2%
Virtual Learning	(14%)	(15%)	(29%)	(20%)	(22%)	(20%)	(4%)	(8%)	4%	(4%)	(5%)	(4%)	(4%)	(1%)
Virtual Schools ³	(2%)	(2%)	(4%)	(4%)	5%	(2%)	4%	(1%)	4%	1%	(5%)	(1%)	(4%)	(1%)
Higher Education	(5%)	(2%)	(8%)	(5%)	0%	(3%)	(4%)	(2%)	4%	0%	2%	1%	6%	4%
English Language Learning	66%	44%	21%	34%	22%	30%	22%	11%	2%	7%	11%	8%	(6%)	(3%)
Enterprise Learning & Skills ⁴	8%	9%	3%	8%	28%	11%	9%	6%	6%	6%	4%	6%	1%	4%
Strategic Review	(50%)	(50%)	(67%)	(60%)	(125%)	(74%)	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)	-	-
Total	2%	4%	2%	2%	0%	1%	2%	1%	4%	2%	3%	2%		
Total, excluding OPM¹ and Strategic Review²	6%	6%	3%	5%	6%	5%	3%	2%	5%	3%	3%	3%	1%	2%

Throughout this document: a) Growth rates are stated on an underlying basis unless otherwise stated. Underlying growth rates exclude currency movements and portfolio changes. For growth rates on a reported basis, without such adjustments, please refer to full year and half-year results for further detail. b) The 'business performance' measures are non-GAAP measures. Please refer to full year and half-year results for further detail and reconciliations to the equivalent statutory heading under IFRS.

¹We completed the sale of the Pearson Online Learning Services (POLS) business in June 2023 and as such have removed it from underlying measures from H1 2023 onwards. Within this specific measure we exclude our entire OPM business (POLS and ASU) to aid comparison to guidance for FY24. This presentational adjustment is not relevant for FY25 onwards.

²Strategic Review is sales in international courseware local publishing businesses which have been wound down. As expected, there were no sales in these businesses in 2024. This presentational adjustment is not relevant for FY25 onwards.

³Underlying sales growth rates for Virtual Schools were not disclosed for Q3 2024, Q4 2024 and Q1 2025 as are in line with Virtual Learning. To aid comparability against prior periods we have included Virtual Schools underlying sales growth rates from Q3 2024 onwards in the above table.

⁴In January 2025, Workforce Skills evolved to become Enterprise Learning and Skills, bringing together Pearson's enterprise sales capabilities globally (excluding those of Pearson VUE) and incorporating IT & Professional Learning (IT Pro) from Higher Education. This business generated £45m of sales in 2024. The 2023 and 2024 figures have not been restated.

Outlook

In the 2025 Interim Results RNS, 1 August 2025, we provided the following 2025 guidance:

Underlying Sales growth	Group	In line with market expectations ⁵ with stronger sales growth in H2, in particular in Q4.
	Assessment & Qualifications	Sales to 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 in H2, and for the full year, driven by enrolment increases, partially from new school openings, for the 25/26 academic year.
	Higher Education	Sales growth in 2025 will be higher than in 2024 as we build on the successful results of our sales team transformation and product innovations, particularly using AI.
	English Language Learning	Sales growth will moderate given the impacts of elections on immigration rates in 2025 affecting our PTE business, which is expected to decline in the year. We expect growth to be H2 weighted, in particular to Q4. We remain confident in the medium term outlook given demographic projections.
	Enterprise Learning & Skills	Sales to grow high single digit with Vocational Qualifications seeing solid growth and the addition of several new contracts for Enterprise Solutions. Growth will increase quarter on quarter supported by recent customer announcements and pipeline activity.
Group Profit	Adjusted Operating Profit	In line with market expectations ⁵ .
	Interest	Adjusted net finance costs of c.£65m.
	Tax rate	We expect the effective tax rate on adjusted profit before tax to be between 24% and 25%.
Cash flow		We expect a free cash flow conversion ⁶ of 90-100% plus the £0.1bn State Aid repayment which was received in full during Q1 2025.
FX		Every 1c movement in GBP:USD rate equates to approximately £5m adjusted operating profit impact.

⁵2025 consensus on the Pearson website dated 27th January 2025; underlying sales growth 4.4%, 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.

⁶Free cash flow conversion calculated as free cash flow divided by adjusted earnings.

Medium Term Outlook

- Beyond 2025, Pearson is positioned to deliver a mid-single digit underlying sales growth CAGR, sustained margin improvement that will equate to an average increase of 40 basis points per annum and strong free cash conversion⁶, in the region of 90% to 100%, on average, across the period. (source: 2025 Interim Results RNS, 1 August 2025)

Acquisition of eDynamic Learning

- Higher Education recently completed the acquisition of eDynamic Learning, a leading Career and Technical Education (CTE) curriculum solutions provider for an enterprise value of \$225m, enabling us to broaden capabilities and scale our position in the fast-growing Early Careers space. (source: 2025 Interim Results RNS, 1 August 2025)
- During the interim results presentation the CEO said “We bought eDynamic Learning into the Pearson team because it is a leader in career and technical education and has a track record of delivering excellent, strong growth and profitability. The integration of its capabilities with our scale creates a powerful engine to deliver job-ready skills for the next generation of workers at the exact moment AI is transforming their career paths.” (source: 2025 Interim Results Transcript, 1 August 2025)
- During the interim results presentation the CFO said “The announced acquisition of eDynamic Learning has recently closed, with consideration paid of \$225 million, at a 13x adjusted EBITDA. We do not expect this to have a material impact to 2025 Group guidance, given near-term integration costs and the acquisition accounting for deferred revenue, which impacts the first 18 months sales recognised. eDynamic Learning has a highly attractive financial profile with strong margins and cash flow and a track record of delivering good growth. We expect this acquisition to be supportive of our medium-term guidance.” (source: 2025 Interim Results Transcript, 1 August 2025)
- During Q&A at the interim results presentation the CFO said “From a business unit perspective, it is [eDynamic Learning] going to be going into Higher Ed. From a growth perspective, you can think of it as being alongside some of our higher growth business units. And then I gave you the 13x EBITDA multiple, so that you can work back to the EBITDA number. The DA bit, of course, is relevant for this business, and I do need to think about the acquisition accounting for deferred revenue, which will impact 2026.” (source: 2025 Interim Results Transcript, 1 August 2025)

Other comments for consideration

Evolution of Workforce Skills

- From January this year, Workforce Skills became Enterprise Learning and Skills, bringing together Pearson’s enterprise sales capabilities globally (excluding those of Pearson VUE). In addition, sub-unit Workforce Solutions became Enterprise Solutions. (source: Full Year 2024 Results RNS, 28 February 2025)
- The enterprise focused business within Higher Education (IT Pro) has been transferred into Enterprise Learning and Skills from January this year. (source: Full Year 2024 Results RNS, 28 February 2025)
- Comparative figures have been restated to reflect the move between segments, resulting in £22m of sales and £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 £45m of sales and £12m of adjusted operating profit. (source: 2025 Interim Results RNS, 1 August 2025)

Assessment & Qualifications

- During Q&A at the interim results presentation the President of Assessment & Qualifications said “On VUE in particular...Salesforce launched last month. ServiceNow and the Association of Social Work Boards are launching later in this year. And all of those contracts, as well as the VUE testing contract portfolio in general, is performing according to expectations. The launch efforts, as well as our view as to what the volumes that are going to run through those contracts, is absolutely in line with what our expectations are and reflected in the guidance.” (source: 2025 Interim Results Transcript, 1 August 2025)
- During Q&A at the interim results presentation Nick Dempsey of Barclays said “on Pearson VUE, can you give us any information, more information on the contract that was paused? Why was it paused? And exactly when does that come back in?” The President of Assessment & Qualifications

responded “It is an international partner. The pause on the contract commenced in the back half of 2024. We are confident in the resumption later this year.” (source: 2025 Interim Results Transcript, 1 August 2025)

Virtual Learning

- During the interim results presentation the CEO said “spring saw positive enrolment and retention trends, and we completed the rollout of our new enrolment platform and improved our new student acquisition capabilities. Career academies will be fully embedded across the whole network for fall back to school, and we are on track to open two new schools in H2 for a total of 42 by year-end. These factors support sales in H2 and a platform for accelerated growth over the medium-term.” (source: 2025 Interim Results Transcript, 1 August 2025)

Higher Education

- 2025 will be a transitional year for our K-12 channel as we ramp up our direct sales team selling our proprietary AP®, Dual Enrolment, and CTE materials into US states and school districts. (source: Full Year 2024 Results RNS, 28 February 2025)
- During Q&A at the interim results presentation Nick Dempsey of Barclays said “I think you talked before about flattish enrolments in fall 2025 being what you were using when you were thinking about the year.” The CFO responded “Yes. Yes, it is.” (source: 2025 Interim Results Transcript, 1 August 2025)

English Language Learning

- During the interim results presentation the CFO said “English Language Learning full-year growth will moderate versus the 8% delivered in 2024, due to the PTE business, which is expected to decline in H2. The business unit growth will be H2-weighted, in particular to Q4.” (source: 2025 Interim Results Transcript, 1 August 2025)

Enterprise Learning & Skills

- During the interim results presentation the CEO said “Vishaal and team continue to build momentum with their enterprise approach as we strengthen our global enterprise sales teams and have landed new wins with HCLTech and Google Cloud. These wins, coupled with pipeline activity strengthen the conviction we have in the growth potential for our enterprise opportunity.” (source: 2025 Interim Results Transcript, 1 August 2025)

US Federal Government

- During the interim results presentation the CEO said “I would like to start with the US Federal Government. Our only material direct exposure is through PDRI, which faces some near-term pressure from hiring freezes, which we expect to continue into the second half of the year. However, PDRI's focus on merit-based hiring aligns exactly with the goals of the new administration and its long-term relationship with the Office of Personnel Management positions us well for future opportunities.” (source: 2025 Interim Results Transcript, 1 August 2025)
- During Q&A at the full year results presentation the President of Assessment & Qualifications said “PDRI is a relatively small part of the overall Pearson portfolio, less than 2% of our revenue.” (source: Full Year 2024 Results Transcript, 28 February 2025)
- During the interim results presentation the CEO said “With the Department of Education, our core offerings are well aligned with the administration's priorities on outcomes and accountability, and we are ready to support mandates to upskill and develop a future ready and AI embedded workforce. While some disruption cannot be ruled out as changes are implemented, we have seen no meaningful impact on our businesses so far, and we are prepared to move quickly to take advantage of emerging opportunities.” (source: 2025 Interim Results Transcript, 1 August 2025)
- During the interim results presentation the CEO said “For a bit of context, federal funding accounts for a relatively small proportion of total funding for K12 and Higher Ed, and the latter includes grants for research universities where Pearson's exposure is small.” (source: 2025 Interim Results Transcript, 1 August 2025)

Artificial Intelligence

- During Q&A at the interim results presentation the CEO said “I am particularly excited about the fact that we are getting more and more evidence, including in the last few months from 2 million students in the US, that when we apply AI correctly in the flow of study, you get higher order outcomes in terms of people’s reasoning. I think there are more and more studies that have happened and that we will see more of that. When you use AI as a teleportation device, that moves you from here to the answer, you actually do not learn. However, when you use AI as a map to take you through the different stages to get to the endpoint, you really do learn. And that is our approach.” (source: 2025 Interim Results Transcript, 1 August 2025)
- During Q&A at the interim results presentation the CFO said “One of the things that is really special about Pearson is that not only can we have AI usage for our customers in our products, but obviously, we have the benefits that other companies do in terms of generating cost efficiencies across our business. The things that Omar called out were things like content generation, which we are using AI in. Now that can be around actually just creation of content, or a really nice example would be translation so that we can get our products, for example in international Higher Education, into languages that just were not cost-effective before, and we can get them to market in a faster way as well. It is great for our top-line and our customers, and also for our cost base as well. Another example is customer services, where we are putting AI capabilities in. Again, it helps from a cost point of view but also helps to make our customer experience more effective as well. There are lots of examples of where we are using it across the front-office and the back office, generating cost savings, making the experience improved for our customers as well and helping the top line.” (source: 2025 Interim Results Transcript, 1 August 2025)

Dividend

- Proposed interim dividend of 7.8p (H1 2024: 7.4p), represents an increase of 5%. (source: 2025 Interim Results RNS, 1 August 2025)

Share Buyback

- Previously announced £350m share buyback programme well underway and is expected to complete in H2. As at 30th June 2025, £169m of shares had been repurchased representing 48% of the total programme. (source: 2025 Interim Results RNS, 1 August 2025)
- As at close of business on 31 August 2025, the Company had [646,408,025] ordinary shares of 25p each admitted to trading. (source: Total Voting Rights RNS, 1 September 2025)

Debt

- In September 2024, we issued a new £350m 5.375% GBP denominated Education Bond. Further details can be found on our corporate website. The €300m 1.375% Euro denominated Bond matures in 2025. (source: Pearson Annual Report and Accounts 2024, 14 March 2025)
- Secured new three-year, \$800m revolving credit facility, enhancing our liquidity and strategic flexibility. (source: 2025 Interim Results RNS, 1 August 2025)

Contacts

Investor Relations	Alex Shore	+44 (0) 7720 947 853
	Steph Crinnegan	+44 (0) 7780 555 351
	Gemma Terry	+44 (0) 7841 363 216
	Brennan Matthews	+1 (332) 238-8785

About Pearson

At Pearson, our purpose is simple: to help people realise the life they imagine through learning. We believe that every learning opportunity is a chance for a personal breakthrough. That's why our Pearson employees are committed to creating vibrant and enriching learning experiences designed for real-life impact. We are the world's lifelong learning company, serving customers with digital content, assessments, qualifications, and data. For us, learning isn't just what we do. It's who we are. Visit us at pearsonplc.com.

Notes

Forward looking statements: Except for the historical information contained herein, the matters discussed in this statement 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 cost 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 (www.pearsonplc.com). Any forward-looking statements speak only as of the date they were 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.