

Pearson 2025 Trading Update Pre-Close Aide Memoire

8th December 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 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.

2025 Guidance

In the 2025 Nine Month Trading Update RNS, 17 October 2025, we provided the following 2025 guidance:

Underlying Sales growth	Group	In line with market expectations ¹ with stronger sales growth in Q4.
	Assessment & Qualifications	Sales to grow low to mid-single digit. Growth will be Q4 weighted due to new and renewed contracts.
	Virtual Learning	Return to growth in H2, and for the full year, driven by enrolment increases, partially from new school openings, for the 2025/26 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. We expect growth to be Q4 weighted. 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 be supported by recent customer announcements and pipeline activity.
Group Profit	Adjusted Operating Profit	In line with market expectations ¹ .
	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 ² 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.

¹Current market expectations: underlying sales growth 4%, adjusted operating profit of £656m at £:\$1.23. Taking the average FX rate through the first 9 months of 2025 (£:\$1.32) and assuming the September 2025 month end rate of (£:\$1.35) for the rest of the year, results in an implied FX rate for the full year of £:\$1.33. This results in an updated adjusted operating profit of c.£606m. (source: 2025 Nine Month Trading Update RNS, 17 October 2025)

²Free cash flow conversion calculated as free cash flow divided by adjusted earnings. (source: 2025 Nine Month Trading Update RNS, 17 October 2025)

Comparative Full year and Q4 2024 period business unit comments

- Assessment & Qualifications sales were up 3% for the full year and 4% in Q4. (source: 2024 Trading Update RNS, 16 January 2025)
 - Pearson VUE performance was driven by favourable mix, with PDRI seeing good growth. (source: 2024 Trading Update RNS, 16 January 2025)
 - US Student Assessment performance was supported by several key contract renewals. (source: 2024 Trading Update RNS, 16 January 2025)
 - In Clinical Assessment, sales grew due to pricing, digital product growth and successful new product launches. (source: 2024 Trading Update RNS, 16 January 2025)
 - UK & International Qualifications benefited from volume, pricing, and International growth. (source: 2024 Trading Update RNS, 16 January 2025)
- Virtual Schools sales decreased 1% for the full year, due to the previously announced partner school losses, the impact of which will normalise in H1 2025. 2024/25 academic year enrolments were up 4% on a same school basis and we opened 3 new schools in 2024 taking our total number of schools to 40. (source: 2024 Trading Update RNS, 16 January 2025)
 - Virtual Learning sales declined 5% in Q4 as expected, driven by a tough comparator which saw funding improvements in Virtual Schools in 2023. (source: 2024 Trading Update RNS, 16 January 2025)
- Higher Education sales grew 1% for the full year and 2% in Q4, in line with expectations. (source: 2024 Trading Update RNS, 16 January 2025)
 - In US Higher Education full year sales growth was driven by continued gains in adoption share, enrolments, and pricing, partially offset by mix impacts. In the year, there was growth of 3% in US digital subscriptions and 24% in Inclusive Access. We accelerated the rollout of AI within our products in the fourth quarter. (source: 2024 Trading Update RNS, 16 January 2025)
- English Language Learning sales increased 8% for the full year with all three business sub-units contributing to growth. (source: 2024 Trading Update RNS, 16 January 2025)
 - Institutional continues to deliver strong performance especially in the Middle East and LatAm. Pearson Test of English (PTE) performed well against a tough market backdrop of tightening migration policies. (source: 2024 Trading Update RNS, 16 January 2025)
 - In Q4 sales grew 11%, an improvement on Q3 due to phasing of revenue in Institutional as expected. (source: 2024 Trading Update RNS, 16 January 2025)
- Workforce Skills [renamed Enterprise Learning & Skills from January 2025] sales grew 6% for the full year, with a solid performance in both Vocational Qualifications and Workforce Solutions [renamed Enterprise Solutions from January 2025]. (source: 2024 Trading Update RNS, 16 January 2025)
 - Q4 sales increased by 4% driven by a strong performance in Workforce Solutions partially offset by Vocational Qualifications, as the business had a tough comparator with strong double digit growth in the prior year. (source: 2024 Trading Update RNS, 16 January 2025)

Prior year comparatives and recent performance

	Underlying sales growth											
	H1 2023	FY 2023	Q1 2024	H1 2024	Q3 2024	9M 2024	Q4 2024	FY 2024	Q1 2025	H1 2025	Q3 2025	9M 2025
Assessment & Qualifications	7%	7%	2%	2%	6%	3%	4%	3%	1%	2%	4%	2%
Pearson VUE	12%	10%		4%		3%		3%		(3%)		(1%)
US Student Assessment	4%	4%		(3%)		1%		1%		(1%)		(1%)
Clinical Assessment	2%	5%		1%		3%		4%		11%		9%
UK & International Qualifications	6%	6%		7%		7%		8%		10%		8%
Virtual Learning	(15%)	(20%)	(4%)	(8%)	4%	(4%)	(5%)	(4%)	(4%)	(1%)	17%	4%
Virtual Schools ⁵	(2%)	(2%)	4%	(1%)		1%		(1%)				
Higher Education	(2%)	(3%)	(4%)	(2%)	4%	0%	2%	1%	6%	4%	(1%)	2%
English Language Learning	44%	30%	22%	11%	2%	7%	11%	8%	(6%)	(3%)	1%	(1%)
Enterprise Learning & Skills ⁶	9%	11%	9%	6%	6%	6%	4%	6%	1%	4%	2%	3%
Strategic Review	(50%)	(74%)	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)	-	-	-	-
Total	4%	1%	2%	1%	4%	2%	3%	2%				
Total, excluding OPM³ and Strategic Review⁴	6%	5%	3%	2%	5%	3%	3%	3%	1%	2%	4%	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.

³We 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.

⁴Strategic Review is sales in international courseware local publishing businesses which have been wound down. This presentational adjustment is not relevant for FY25 onwards.

⁵Underlying sales growth rates for Virtual Schools were not disclosed for Q3 2024, Q4 2024 and Q1 2025 onwards as are in line with Virtual Learning.

⁶In January 2025, Workforce Skills evolved to become Enterprise Learning & Skills 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.

Other comments for consideration

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 conversion², in the region of 90% to 100%, on average, across the period. (source: 2025 Nine Month Trading Update RNS, 17 October 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 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)

Evolution of Workforce Skills to Enterprise Learning & 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 Nine-Month Trading Update James Tate of Goldman Sachs said “Should we expect that improved growth from the new contract wins that are ramping up through Q4, that should benefit the first nine months or first three quarters of 2026 for Pearson VUE specifically...Is it fair to say that VUE could grow high single digits for most of next year?” The CFO responded “No, I am not going to guide you on 2026 now. That is a conversation for next year. But clearly, a good performance in Q4 is good for the future of this business. What we are guiding to in the medium term is mid-single-digit growth, and that is what we expect in the future.” (source: 2025 Nine Month Trading Update Transcript, 17 October 2025)
- During Q&A at the Nine-Month Trading Update Steve Liechti of Deutsche Numis said “just clarify a bit on PDRI. I know it is a drag in this year, but you are saying it is going to extend into next year as well. Just any quantification or help you can give there?” The CFO responded “it has been a really difficult year for PDRI this year with what has happened at a federal level. It is a fantastic business. One of the things that we knew was an opportunity when we bought the business was what it could do in the enterprise space as well as in the federal space. That is part of the things that they are concentrating on now is how that we can use what they do in the recruitment assessment space across the wider Pearson business as well. We are not anticipating given the kind of contract nature of that business, them having a quick rebound next year. But strategically, we are pivoting to make sure that we are making the very best use of the assets that we've got in a fantastic business.” (source: 2025 Nine Month Trading Update Transcript, 17 October 2025)

Virtual Learning

- During the Q&A at the Nine-Month Trading Update Nick Dempsey of Barclays said “First of all, on Virtual Learning. I mean, really strong growth there. Just the way this works, is there any reason why that strong growth should not be broadly at that level through Q4, Q1 2026 and Q2 2026?” The CEO responded “On Virtual Learning, as you know, Nick, what happened in the back-to-school season and particularly the enrolments that we look at the end of September, give you very good visibility for the school year. Now there are puts and takes because, obviously, parents can choose to unenroll at some point in the year, and there may be some true-ups to do with state-based funding. But overall, we have really quite good visibility going forward. So, I think we feel very strong and good about virtual learning certainly going into Q4.” (source: 2025 Nine Month Trading Update Transcript, 17 October 2025)

Higher Education

- During Q&A at the Nine-Month Trading Update Adam Berlin of UBS said “... what happened in International Higher Ed? It seems it is down like high double digits for the whole segment to be negative in the quarter. Can you just explain what happened there and is that going to continue?” The CFO responded “In International, our business is in the mature markets, so think Canada, UK, those sorts of markets, has been particularly challenging. Strategically, we have shifted our strategy from those mature markets where we saw the fact that this was happening to emerging markets and shifting the strategy to digital rather than print products using the digital products that we have been developing for the US market. It has taken longer than we had hoped for that digital and emerging market strategy to make the difference in terms of what has been happening in the mature markets. We do see that, that will make a difference, that digital strategy. Next year, those digital products will be out across the important regions that we are looking at. We are not anticipating that the mature markets are going to become any easier, but that investment that we are making from a sales point of view in emerging markets should come through.” (source: 2025 Nine Month Trading Update Transcript, 17 October 2025)
- During Q&A at the Nine-Month Trading Update Adam Berlin of UBS said “Second thing is your guidance does imply that the Higher Ed segment does improve in Q4 versus Q3. Can you just talk about if that is correct and what the drivers of that improvement in Higher Ed are?” The CFO responded “In terms of the Higher Ed segment overall in Q4, yes, there will be a slight improvement to what we saw in Q3 in Q4. If I talk through what has happened in the other pieces outside of international, Higher Ed US core has actually grown 2%. So that is another year of growth for Higher Ed US, which is great. That is actually two things that are happening in there. Good growth in our core business offset by a decline in our K12 business, which you will remember has a transitional year this year. At this point last year, we told you that we were bringing that sales team in-house... we have effectively hired a whole new sales team, who are coming up to speed with our product. From the Q4 point, K12 is more of a Q3 from a phasing point of view. So K12 does not impact Q4 so much, which is why you see a better performance for Higher Ed overall in Q4.” (source: 2025 Nine Month Trading Update Transcript, 17 October 2025)

English Language Learning

- During Q&A at the Nine-Month Trading Update Nick Dempsey of Barclays said “in ELL Institutional, I think you were expecting decent-sized new contracts in LATAM in Q4. Do you now have the visibility on those coming in for sure? Or is there any uncertainty on the timing of those?” The CFO responded “ELL and Institutional, in particular, will have a great Q4. That is I would not say predominantly, but a large part of that is in Latin America. The way that we forecast and run this business from a sales point of view is we have a pipeline of things that we've got, of course, good visibility into at this stage of the year, and that is how we forecast for the quarter. So, we are expecting a good quarter for Institutional.” (source: 2025 Nine Month Trading Update Transcript, 17 October 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. (source: 2025 Interim Results RNS, 1 August 2025) On the 10 November 2025 the Company completed the second [and final] £175m tranche of the £350 million share buyback programme. (source: Transaction In Own Shares, 11 November 2025)
- As at close of business on 30 November 2025, the Company had 635,772,938 ordinary shares of 25p each admitted to trading. (source: Total Voting Rights RNS, 1 December 2025)

Consensus

- Consensus for Pearson was updated on Vuma on 28 November 2025. For further details, please visit our website: [Analyst Consensus | Pearson plc](#)

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
	ir@pearson.com	https://plc.pearson.com/en-GB/investors

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](https://www.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.