Pearson – 2025 Full Year Results

Friday 27th February 2026

Business Progress

Omar Abbosh

Chief Executive Officer, Pearson

Key Takeaways

Thank you, Alex. I have been looking forward to seeing you all. Welcome and thank you for joining. We appreciate you being with us. Let me begin with the three things I want you to take away from today's presentation. First, we continue to be very excited for the future of Pearson, thanks to megatrends driving strong secular demand for exactly what Pearson offers and because of Pearson's unique characteristics and enduring competitive strengths. Second, 2025 was another good year of financial delivery and significant strategic progress. Third, we will continue to make progress on our strategy in 2026 with a financial profile that improves further on 2025.

I will outline our business progress before handing over to Sally to provide an overview of our financial results for 2025 and expectations for 2026. And then we will move to Q&A with Tom, Sharon, Vishaal and Tony alongside Sally and me. For those of you in person, we have a series of product demos focussed on our most recent releases that will be available after the main presentation just out there. Let me now tell you why I am confident for the future of Pearson and why we are positioned to succeed.

Confident for the future - Megatrends

Two factors provide the foundation for our confidence. The first is that megatrends will continue to drive strong secular demand for exactly what Pearson offers. We have spoken before about the ongoing demographic shifts and the advance of AI. These megatrends are already driving major demand for skilling and the validation of skills. How do I know this? Because we have valuable revenue commitments from nine of the world's leading technology and services companies for exactly these services. And these trends will continue to reconfigure whole industries, occupations and educational systems. Enterprises will need to upskill workforces at pace to keep up with rapid technology changes, and institutions will need to provide alternative skilling pathways for vocational and career and technical education. Pearson, as the world's lifelong learning company, is perfectly positioned to benefit from this massive wave of human skilling over the next several years.

Confident for the future – Unique characteristics & strengths

Second, we will succeed due to Pearson's unique characteristics and enduring competitive strengths. I feel the need to elaborate. Over 80% of Pearson's profit comes from assessments and virtual schools. These businesses are driven by human led services, where complex, interconnected physical and digital workflows enable large scale delivery and highly regulated markets. Our services must meet a very high bar for accreditation authorities and regulators, meaning that strength in operational delivery matters and together our services act as verification infrastructure for companies, industry associations, states and government agencies. Examples of workflows include physical and biometric security, supply chain with secure custody of assessments, materials, and incident response. Statistical proof of maintaining standards alongside capacity management to enable millions of tests to be taken through our network of 20,000 secure physical facilities.

Even in today's AI world, some countries or customers are not ready for digital at any scale, so there will continue to be need for print based products for the foreseeable future. That means that about 90% of Pearson's profit stream is coming from operationally complex, interconnected, hybrid physical and digital services alongside print, all demanding uncompromising quality levels and trust. The remaining approximately 10% of our profits come from primarily digital courseware, for example in Higher Ed. Here we are deeply integrated in the critical workflows that decision makers use to perform their roles. These customer relationships have been nurtured over many years, built on a foundation of quality, and that comes with high switching costs.

We love seeing the progress that AI labs and others are making in the tools that can benefit learners. And as you know, we are embedding much of their progress directly into our offerings. But our products are not just learning content. They're designed to manage a course end to end and are tightly integrated with the learning, management and student information systems at the university level, as well as the course curricula and assessments at the individual professor level. These characteristics are very unique and are supported by enduring competitive strengths.

Specifically, our unique, deeply embedded position in the learning ecosystem gives us petabytes of proprietary data that we use to improve learning experiences and outcomes. We have data from billions of student engagements and submissions, and hundreds of thousands of instances of instructor feedback occurring on our platforms every year. And that allows us to build ever more effective products. Pearson holds leading positions across almost all our businesses. This leadership provides scale, economics and strong operating leverage at an individual business level and a breadth of offerings that is unmatched globally. The diversity makes the business model robust and our trust underpins all of these strengths. This has been gained through a long track record of operational excellence in our large-scale services businesses and through our quality IP expertise in how people learn and how to deliver evidence of learning outcomes with formal education institutions. Trust is valuable and plays to our unique strengths because the closer you are to the teacher and the learner, the more trust you need to operate. And trust in verified skills is even more important in an AI era.

Taking a step back, what does this all add up to? The megatrends of demographics and AI will continue to be major demand drivers for skilling and the validation of skills, and Pearson as the world's lifelong learning company is perfectly positioned to benefit. Our unique characteristics of trust, infrastructure level, quality, operational strength and breadth of services that are embedded deep in the learning ecosystems alongside our investments in AI driven innovation delivers strong, durable cash flows and profitability, and our deep and enduring competitive advantages provide us a unique platform for future growth. You will remember that we set out three priorities in 2025, and I am pleased to say that we successfully delivered on all of them. Thank you to the focus of our people, on our customers and on execution.

Delivered on our 2025 priorities

First, we have again delivered a financial performance in line with expectations, with revenue growth increasing 4%, profit up 6% and strong free cash flow demonstrating the attractiveness of Pearson's business model. Second, we continue to embed AI based innovation across our products and services, allowing us to deliver more engaging, personalised learning experiences. Importantly, we are seeing continued tangible improvements in both learner engagement and outcomes. And third, we are making great progress on enterprise. Our new go to market strategy is delivering results, and we see clear financial momentum with a growing revenue backlog now totalling hundreds of millions of dollars of incremental sales to 2030.

This means the enterprise business is on a journey towards delivering meaningful shareholder value, underpinning an acceleration in our growth over the medium term. You will remember our strategy outline why, what and how that we first shared in 2024. And that framework continues to guide us.

Strategy outline

We are motivated by our purpose to help people realise the life they imagine through learning. We will show a video at the end of our presentation, which is part of a series highlighting the real-life impact learning has on real people, playing directly into the unique role of Pearson in the world.

Next, our what, it remains clear. We are a global leader in assessments and verification. That is our core. And we are implementing our strategy to drive performance in our core businesses, realising execution synergies while also investing in the faster growing segments of Early Careers and enterprise skilling. And finally, our how consists of our internal capital allocation process, prioritising innovation to deliver better learning outcomes and embedding a high-performance culture top to bottom.

Let me share some details on our progress in 2025, starting with driving performance in our core businesses.

Here, our progress in execution focus gives us confidence that each business unit, each business unit is on a clear path to improved growth, benefiting from strengthening our sales muscles and developing our product roadmaps to be ever more competitive.

Performance in the core business

First, assessment and qualification growth increased in 2025 thanks to our team's clear focus on executing for our customers. Clinical assessment and our qualifications business performed strongly, benefiting from digital growth and international expansion. Pearson Professional Assessments secured scope extensions and new awards with enterprises such as Google, ACCA and others that we have won and will communicate in the year ahead, which will contribute to faster future growth. US student assessment made progress unlocking adjacent market growth through our partnership with McGraw Hill, and we expect continued momentum in 2026 with ongoing growth in enterprise, international markets and new product innovation.

Second, English Language Learning. Sharon and the team continue to execute strongly with customer wins in key institutional markets. For example, in Latin America and market share gain in PTE, where we maintained our revenue level even while global market volumes declined by about 15%. We will build on the momentum and upscaling enterprise talent with English skills and drive further market share gains, contributing to higher growth in 2026. Next, in Higher Education, we delivered faster growth in 2025 despite the K12 transition and trading conditions in international markets.

We progressed our early career strategy operationalising our direct K12 sales team to take advantage of the fast-growing career readiness opportunity. Our core US higher education business performed solidly with continued strength in inclusive access, and at the same time, we see value upside as we know we can do better, especially in channel execution, to improve inclusive access, growth and accelerating platform convergence and simplification in 2026.

Now turning to Enterprise Learning & Skills. Vishaal and the team continued to lay the foundations for growth, building our global enterprise sales team, securing a series of long term, meaningful strategic relationships with blue chip names. And I am going to say a bit about a bit more about that in a few minutes.

And then finally, Virtual Learning had a standout year. We are now seeing the benefits of the execution improvements that we told you about this time last year, including our new enrolment portal and targeted marketing investments to capture strong demand. We have enhanced our Early Careers offering with new industry partnerships, which are now embedded across the entire school network, and we are excited about the potential for this business in 2026 and beyond. We are a leader and gaining share in a market that has strong demand, plus opportunities to add capacity to our school network, and we can drive further business unit specific improvements with execution synergies driving value to Pearson as a whole.

Execution synergies

We are driving synergies across our business units, supported by AI enabled cost optimisation opportunities and ongoing process improvements, while enabling faster product innovation. These synergies are providing additional capacity to invest in the business, supporting future growth.

In 2025, we generated about 200 basis points of margin through cost savings, which of course we are reinvesting. Expect us to continue to optimise our business, enabling ongoing investment and margin progression within our P&L envelope. Let me give you a little update on our progress across our key synergy areas. First, we have consolidated our suppliers and deepened our relationships with a smaller number of key partners to create customer impact, drive efficiencies, and grow our businesses. Our latest partnership with Salesforce provides all of these benefits. We have deepened our sales intelligence capabilities at an optimised cost, while supporting Salesforce's own reskilling priorities with our suite of enterprise products.

Operational systems

Second, we are improving our operational systems, leveraging new AI technologies to provide better customer service, faster routes to market, and improved data capabilities to support our decision-making teams. Using our AI content development tools saw content editing time reduced by at least 40%, translation costs reduced by nearly a third and content alignment costs down by a quarter. Our AI customer services agents handled over 130,000 customer interactions, delivering an approximately 40% reduction in volumes where our agents have been deployed. And we will unlock further value as we move from these pilot stages to wider internal scale and develop new workflows with agentic technologies. Through our newly established revenue operations function, we now have a single standardised sales pipeline across Pearson and a simplified sales incentive framework, improving forecast visibility and sales disciplines.

Branding approach – From Noise

Now turning to brand. If you went online to look for all the Pearson properties and assets and products, you would have been met with this kind of brand soup. We are creating a more unified Pearson presence, allowing for a simplified and intuitive product portfolio, enabling easier selling and purchasing. And in my opinion, an improved signal to noise ratio.

Branding approach – To Signal

You will have seen this in the new Pearson branding that we launched last year, as well as through our product portfolio, for instance, Pearson Learn and Pearson Career Ready.

Product innovation

Finally, we are making progress on implementing a modern software development approach. These Pearson wide set of tools and methods maximise the value of our sector leading product and technology cash spend, which totalled approximately £1 billion last year, which means we are investing in innovation for the future while building on our core competitive strengths. Through our efforts, we are accelerating the rate of innovation across the company, leveraging shared capabilities to embed best in class AI enabled tools and functionality across the business units, supporting their market position.

…leading to outcomes

As usage of our AI tools scales among end users, we continue to demonstrate clear benefits, including for educators who are freeing up time to spend on teaching and for students who are actually improving their learning outcomes. Let's now show the breadth of our AI offering in higher education and how we are improving student outcomes.

Video: Not all AI is built the same. Pearson's AI is built for learning. When it comes to higher education, learning is not just about finding the answer. It is about building knowledge, understanding, and loving the journey along the way. That is where Pearson's AI comes in. It is trusted with reliable Pearson content at its core. It ensures accuracy, protects privacy and keeps learning on track. It’s tailored, purpose-built for education, it adapts to the student's level, aligns to the curriculum, and is personalised to every learner. And it is built into the Pearson tools students and educators already trust.

The result, students using Pearson's AI are 24 times more likely to become active readers. One in three interactions showed students applying, analysing and evaluating, and one in five went beyond memorisation, showing skills essential for deeper learning. Pearson's AI does not just support students, it helps educators to do what they do best. Our instructor led design supports teaching, not replaces it by reducing admin, scaling personalised support and keeping educators in control. Available now to millions of learners and educators worldwide. This is not an add on. It is part of the learning experience because not all AI is built the same. Pearson's AI is built for learning.

Omar Abbosh: And what this highlights is not just the pace at which we are innovating, but how deeply embedded AI now is in our capabilities to improve outcomes. Let me shift now to sharing our progress on our two medium term growth vectors, starting with enterprise skilling.

Medium-term growth vector- Enterprise Skilling

When I speak to CEOs, the message is consistent, AI is shortening the half-life of skills and there is no positive outcome with AI transformation to be achieved without real investment in human learning. Therefore, there is increased urgency around reskilling, closing productivity gaps and preparing for the AI driven reconfiguration of jobs. The scale of change is moving enterprises away from traditional learning and development approaches, with discrete tools that show little or no ROI, and towards partners who can co-develop learning experiences and connect skills, data and talent intelligence into a unified ecosystem. The strengths of Pearson play into this opportunity, and we are making good progress unlocking it.

Our newly established go to market approach has led to nine important partnerships that you can see on the slide. The common thread across each of these logos is that these enterprises matter in the future of technology that have large workforces with significant reskilling needs, and they share our conviction about the importance of skills in the AI era, and they chose Pearson because we are the world's lifelong learning company. Let me remind you of the scope of these long-term partnerships, and then go on to tell you why these deals matter.

First, they commit our partners to being Pearson customers. We have created significant sales opportunities already, such as the integration of our learning products to support Amazon's workforce development, English language assessments for TCS, certifications at scale for Google through Pearson Professional Assessments, Credly as a key credentialing partner to Microsoft's new skilling platform, and sales skilling through a combination of assessments and personalised content for IBM and Cognizant. And there are clear paths and commitments with each partner to do more.

Second, Pearson is also a customer of their engineering skills and services, for instance through the deployment of AI tools for content generation or the use of Azure and Bedrock capabilities in our AI enabled products.

And third, we are engaging in the joint innovation and go to market activity that unlocks new opportunities, for instance, through complementary solution models and access to industries or geographies. Examples of progress here include partnering with HCLTech on a skilling initiative for a major US retailer and embedding our enterprise product suite, and assessments and learning content in the Deloitte Academy, which is Deloitte's comprehensive skills transformation offer that they offer to their clients globally. Microsoft was a key strategic partnership early on, and we have made significant progress in 2025. We are excited by the innovation alongside them. Very excited. We now offer personalised, adaptive learning experiences directly in the flow of work. Let's introduce you to Communications Coach. Please roll the video.

Video: Hi. Hello. Good morning. Morning. Communicating effectively in English is crucial in today's global workplace, but not every employee feels confident with it. I want to say I assisted the assisted the meeting yesterday. Sorry, I meant sheet. So the first thing is. That is where Communication Coach comes in integrated into Microsoft Teams it empowers your organisation to strengthen their English, speak with confidence and unlock their full potential right within the flow of work. Communication Coach helps employees improve their communication skills by analysing their recorded meetings.

After each call, it provides personalised feedback through a simple feedback card focussed on three key areas. It evaluates their professional skills, identifying the soft skills they excelled at and the ones to develop further. Tailored to the requirements of their specific role, provides actionable feedback on clarity to help them be easily understood through better pronunciation and grammar. And it supports their range of expression, encouraging more diverse word choices for persuasive and impactful communication. From the feedback card, employees can dive into their learner dashboard. Here, they can see their progress using Pearson's Global Scale of English, giving a clear snapshot of where they started and where they are headed within the industry standard framework for English proficiency.

The three focus areas from the feedback card are reshared here, reflecting performance across recent live calls, making it easy to track progress, spot recurring challenges and celebrate every step forward. To build skills further, employees can step into role play scenarios with our Digital Language Tutor, choosing an avatar with its own personality to bring the conversation to life. In these workplace simulations, they practice both the language and soft skills essential to their role, receiving bite sized feedback after each session that adds to their overall progress.

Omar Abbosh: We are just at the start of what we can do with our partners as we combine Pearson's proprietary content, data and assessment capabilities with their scale, enterprise selling and reach. Our enterprise business will contribute meaningful shareholder value over the medium term, and we are pleased by the progress so far. I know I have a finance audience in the room, so from a financial perspective, the contracts we signed in 2025 lock in revenues of hundreds of millions of dollars with existing customers. And they add incremental cumulative revenue commitments to Pearson of hundreds of millions of dollars through to 2030, with value being realised in A&Q, ELL and ELS.

Now let's turn to our second growth vector, Early Careers.

Medium-term growth vector- Early Careers

In an AI-driven economy, concerns are particularly acute around entry level roles that makes job ready and vocationally aligned skills more important than ever. We estimate the Early Careers market is about a $6 billion opportunity in the US alone. It is fragmented with no clear winner, and has been underserved historically, presenting a clear adjacent opportunity for Pearson given our strengths. We had an early presence through our career offerings within virtual schools and relevant IP in higher education and career ready certifications in Certiport.

We are augmenting these areas with significant investment. For example, we improved our channel access through a direct sales force to deepen and expand our relationships with US school administrators, and we expanded our capabilities through the acquisition of eDynamic Learning, North America's largest provider of digital career and technical education. So by optimising our model across these areas, we are driving new growth here and are energised by the progress and unlocking this attractive adjacent market.

I now want to shift gears a little and come back briefly to the topic of power metrics. These are a small number of metrics of leading indicators that we want to report to you on a go forward basis.

Power metrics

We chose these metrics because they signal clearly the future health of the business. And we want also Pearson's people to be laser focussed on these as part of their incentives as well. First, our renewals metric, the renewal rate was strong at 96%, reflecting the competitive strength of our businesses. While Pearson Professional Assessment continued to drive near-perfect retention, the metric was impacted by New Jersey in US Student Assessment, although we were successful in another 38 competitive renewals in that business. And our renewals metric will be supported by our second growth metric, which shows the average annual new contract value signed across our core large scale assessment businesses. In 2025, our metric was £33 million, benefiting from large wins such as Google with Pearson Professional Assessment and our formative assessments contract with McGraw Hill. And given contracts in this space are long term in nature, you should think of this metric as cumulative over a three-to-five-year period.

Lastly, we extended our major customer metric to 49 in 2025, reflecting both new customer wins and expansion within existing relationships, demonstrating our momentum in enterprise. As you can see, we have now made a lot of progress in our business while delivering on our commitments, which will contribute to an even stronger 2026.

An even stronger 2026

Our unique business model, continued progress against our strategy, plus our strong focus on execution means that we are guiding to a further improved financial profile in 2026. This builds on our track record of financial progression and meeting market expectations each year since Covid. I would love to now hand over to the wonderful Sally to break down in more detail our financial performance for 2025 and the financial outlook for 2026.

Financial Performance

Sally Johnson

Chief Financial Officer, Pearson

Overview

Thanks, Omar, and good morning, everybody. 2025 delivered another year of good financial performance. Sales grew 4% with a 6% increase in underlying profit and margin expansion from 16.9% to 17.2% despite currency headwinds. Adjusted EPS increased 4% to 64.5p, reflecting that solid trading performance and a reduced share count from the share buyback, partially offset by higher interest costs. It is worth noting that EPS grew 9% at constant FX rates. Cash performance continues to be strong, with free cash flow conversion of 125%, including the state aid recovery, 98% without. This strong performance, combined with our balance sheet strength supports a 5% increase in the dividend.

We also recently commenced a further £350 million share buyback, demonstrating proactive capital allocation to drive incremental shareholder value.

Financial progress provides foundation for ongoing confidence

Before we get into the detail, we have updated the slide we shared last year demonstrating historical financial progression for 2025 data. We have a track record of consistent progress with underlying sales, profit, free cash and return on capital growth. This demonstrates the momentum in the business and underpins our confidence in both our 2026 outlook, which I will come to in a minute, and our medium-term guidance.

2025 Sales

But first, a recap on our 2025 sales performance, with group underlying growth of 4%. By business unit assessments and qualifications delivered a solid performance, with growth accelerating in H2, particularly in Q4 and all sub business units contributing to that growth of 4%. Virtual Learning delivered a strong performance, particularly in H2, when sales were up 18%, fall enrolments were up 13%, supported by enhancements to our enrolment platform, improved retention, the rollout of our career academies, targeted marketing and strong underlying market growth.

Higher Ed growth improved as expected versus 2024. Our core US higher ed business delivered a solid performance with anticipated offsets from K12 and international, both of which are expected to improve in 2026. English Language Learning continued to grow, driven by institutional, while PTE was flat year on year, outperforming a challenging market. And Enterprise Learning & Skills grew 6%, with another solid performance from Vocational Qualifications and momentum in Enterprise Solutions, who grew 20% in Q4.

2025 Adjusted Operating Profit

Group adjusted operating profit grew 6% on an underlying basis to £614 million. This was driven by operating leverage from sales growth and continued cost savings, partially offset by investment and inflation. FX also impacted the headline movement. Adjusted operating profit margin increased to 17.2%. Again by business unit assessments and qualifications margins remained at 23%, with margin benefits from sales growth offset by investment inflation and currency movements. Virtual Learning margins increased to 16%, driven by operating leverage on strong sales growth.

Higher Ed margins remained flat as sales growth was offset by investment, inflation and currency movements. English Language Learning margins also remained flat, with cost savings offset by inflation and currency movements. And Enterprise Learning & Skills margins increased to 10%, driven by margin on sales growth.

2025 Statutory operating profit

Statutory profit declined 6%, predominantly due to a non-cash one off impairment relating to our higher ed platforms, partially offset by vacant property provision reversals following sublets in 80 Strand and Hoboken.

As Omar mentioned, in 2026, we plan to accelerate the convergence of our Higher Ed platforms to streamline and modernise our courseware offering and reduce support costs. A consequence of this is an impairment of £87 million in some of our assets, which is one off and non-cash in nature. This write-off now generates a mechanical circa £15 million per annum profit improvement in higher ed on average over the next six years.

Key cash flow movements

Free cash flow increased by 8%, with a conversion of 125% due to the recovery of state aid taxes. Conversion excluding that state aid recovery was still a strong 98%. Operating cash conversion was 93% with an increase in working capital in the year given high Q4 sales growth and slightly increased investment.

Cash & balance sheet

Our balance sheet remains strong, with a leverage at a comfortable 1.3 times at the end of the year, below our medium-term cap of two times EBITDA, maintaining optionality to make value enhancing investments and or shareholder returns. Net debt at the end of the year was £1.1 billion a £0.2 billion year on year increase, with free cash flow more than offset by the share buyback and acquisition of eDynamic Learning and dividends. Return on capital increased 80 basis points to 11.3%, more than 250 basis points ahead of post-tax WACC.

Group financial expectations

Turning to guidance for 2026 and beyond. As we have previously guided, in the medium term, you can expect mid-single digit CAGR underlying sales growth, sustained margin improvement equalling an average of 40 basis points per annum, and strong free cash conversion in the region of 90 to 100% on average across the period. As you have heard from Omar, we have strong confidence in our ability to deliver in 2026 and therefore we are laying out specific guidance. At a group level, you can expect mid-single digit sales growth and adjusted operating profit in the range of 640 to £685 million at FX rates as at the end of 2025. The mechanical improvement driven by that 2025 impairment I discussed earlier is included in this range, and free cash conversion will be 90 to 100%. The effective tax rate will be circa 25% and interest will be circa £80 million following the commencement of our further £350 million share buyback.

Included within this guidance is new investment to support our strategy and drive growth, including higher than average transformation costs which are weighted to H1. This investment is more than offset by the margin on sales growth and operational improvements, which drive the group's margin expansion, and our 1 cent equalling £5 million profit guide still stands.

Business unit considerations/Phasing

On a business unit basis, A&Q will grow low to mid-single digit, driven by new contracts, products and pricing. Virtual Learning will grow even more strongly than in 2025 given a full year of enrolment growth. Higher Education will grow more than 2025, supported by continued product and platform innovation, pricing and inclusive access in US core, as well as improvement in the K12 channel. English growth will be higher than in 2025, with PTE returning to growth, market share gains and pricing, and Enterprise Learning & Skills growth will be driven by a solid performance in VQ and strategic account growth in Enterprise Solutions.

In terms of phasing, growth is again H2 weighted, but not as markedly as in 2025. At a business unit level, A&Q will decline in Q1 given the loss of the New Jersey contract and PDRI headwinds, but will then turn to growth in subsequent quarters, supported by new business and recently awarded contracts. Virtual Learning will see strong growth, particularly in H1. English growth will again be Q4 weighted given the seasonality of the business, and HE and ELS growth is expected to be relatively steady.

Capital allocation

Our disciplined capital allocation policy remains the same, with a focus on maintaining a strong balance sheet, investing both organically and inorganically, paying a progressive and sustainable dividend, and then returning surplus cash to shareholders.

The slide you see now illustrates how consistently we have applied this policy over the past six years. We continue to invest behind the business with meaningful organic cash investment during the year, alongside inorganic investment through the $225 million acquisition of eDynamic Learning. Since 2020, we have returned £1.4 billion to shareholders through share buybacks, with a further £350 million programme commenced in January, underpinned by another year of strong cash performance in 2025 and our confidence in 2026 and beyond. Going forward, we will continue to apply this disciplined approach and through our strong cash generation, we will continue to invest behind opportunities to drive further growth and create long term value for all our stakeholders. And with that, I will hand back to Omar.

Conclusion

Omar Abbosh

Chief Executive Officer, Pearson

2026 priorities

Thank you, Sally. Okay, so let me wrap up with a quick look at our 2026 priorities. These are simply an evolution of what we focussed on in 2025. Firstly, once again, we will deliver on our financial targets. Second, we will continue to lead in the application of innovative technologies, including AI, across our products and services. And third, we will deliver against our core business and enterprise power metrics. As I said at the beginning, there are three takeaways from today.

Key takeaways

First, we continue to be very excited about the future of Pearson because of these megatrends driving strong secular demand for exactly what Pearson offers, and because of Pearson's unique characteristics and enduring competitive strengths. Second, we successfully met our goals in 2025, demonstrating another good year of financial delivery and significant strategic progress thanks to our rigorous focus on execution. And finally, you can count on us to do even better in 2026.

Now, let me say a few words about Sally Johnson. I want to congratulate Sally on her fantastic 26-year career at Pearson, and the wonderful contributions she has made throughout her journey, and for being a wonderful, fantastic partner. I am also going to be very excited to introduce you to Simon Robson, previously Group CFO at Sky in the coming months. Now let us play a little video that I mentioned earlier. Before Sally and I and the team here, take your questions. We are going to hear from Savannah. She is a real Pearson Connections Academy graduate who outlines in her own words the life she is realising through learning, which plays directly into the unique role of Pearson in the world. Please roll the video.

Video: What would you want the 14-year-old you to know? Hey, Savannah. Do you recognise me? My dad, he did pass away when I was younger from a brain bleed. Growing up, I knew that I wanted to go to NYU so I could figure out a way to help someone else's dad. There was a lot of bullying at my in-person school. Also, my mom got diagnosed with cancer, so I hated going to school, and I just genuinely wanted to stop. Hey, Savannah. Do you know who I am? You are me. This sounds just like me. This is too crazy. So I am the version of you at 14. I am at the point in your life when you had just dropped out of school and mom was sick at home. I do not really have anyone to talk to about it. It was very hard and lonely. I felt like all of my dreams were just going away.

It is all so much pressure with mom. The bullying, school, how did you manage it all? Well, luckily, I was able to find an online school that was very understanding and helpful. I just want a life surrounded by friends. If I asked you to write me a letter, what would you want the 14-year-old you to know? Dear little me, hi. It is you, but taller. And by the way, the bangs were not a phase. I know right now it feels so lonely and sad. But this period of your life helps you build discipline and independence. And you are going to need it for where you are going. One day, very soon, you will have everything you have ever wanted right in front of you. Connections Academy changes your life. And where you are going is NYU. Wow, really? That is awesome. Hearing you say that I finished high school online, that I make it, it makes me feel hopeful on the days when it feels like I will never belong anywhere. I will remember that I become you. It is crazy to think about, you choose a school, and then it completely changes the trajectory of the rest of your life. Now I just love my life.

Omar Abbosh: Neuroscience at NYU. Pretty cool. Alex. Yes, we are going to go and take questions from the room now. Okay. I think we have got one for you. Yes.

Q&A

James Tate (Goldman Sachs): Great. Thank you. Good morning, Omar, Sally. It is James Tate from Goldman Sachs. I got three questions, please. I guess, firstly, please, could you provide a bit more detail on the moving parts of A&Q growth in 2026? If you did not have the New Jersey contract loss and PDRI was say stable, then would it be fair to assume the division would grow more mid to high single digits so around 6%, rather than the 4% you have broadly guided to? Is that the right way to think about it? And you have also announced a number of contract wins over the last year with major tech companies in professional assessments. Does there still remain a strong pipeline for potential new contracts going forward?

Secondly, on ELS, your guidance for 2026, I think is somewhat vague in terms of you are clearly growing the number of large blue-chip logos you are working with in enterprise solutions. Should this not lead to improved revenue growth this year versus 2025? Or are there some other dynamics offsetting this that we should be aware of? And thirdly, I guess, Omar, building on your comments about the significant opportunities from generative AI for Pearson, what are the primary risks that you identify? For example, do you see any risk from evolving student learning behaviours impacting demand for Pearson's courseware content in higher ed? Thank you.

Omar Abbosh: Great. Thank you. This was just a very light collection there, James. Thank you, we appreciate that. We appreciate that very much. I am sure the other analysts are like, damn it, I wanted that question. But anyway, it is good. So I think on the A&Q dynamics and what is going on under the hood, maybe, Sally, like, say a little bit about how you think about the numbers, and particularly James asking ex PDRI, ex New Jersey, et cetera, and then maybe add a little bit to what you are seeing at the overall landscape of how that business is performing.

Sally Johnson: Yes. So I will make a start and then I will pass over to Art. So low to mid for A&Q in 2026 and you have called out the right pieces. So yes, you can see the impact from New Jersey from a retention point of view. I have called that out because it impacts Q1. And I want you to be ahead of Q1. But then through the rest of the quarters of the year, we have bought new contracts online. You heard of Omar calling out the number of them. So we have got a new contract in Maryville. We have got a new contract in other states. We have got a new contract with Google in Pearson Professional Assessments, and we have got some new contracts that we cannot talk to you about yet because we have not got the contract signed, but which we have been verbally awarded alongside new products that we are bringing online, pricing and all those sorts of things as well. So we have got really good confidence in the key performance for the year. To your point, I have not done the maths on what you say, but quite clearly without the PDRI piece with the federal funding and without that New Jersey piece, then yes, it would be better than low to mid.

Omar Abbosh: Art, do you want to just comment a little bit on how you are thinking about the business shape overall?

Art Valentine (President – Assessment & Qualifications): Yes, absolutely. And good to see you, James. And as Sally said, those two factors are real, particularly in the in the early part of the year in the course of New Jersey. But contract performance in the two large contract services businesses professional assessments and school continues to be very strong. We won a competitive bid for Maryland. We won a competitive bid for Wyoming. We have renewed close to 40 other competitive bids. We will see the impact in 2026 of the full year of running the Salesforce and ServiceNow certification programs within the professional assessment business. Omar announced the extension of ACCA. That is Chartered Accountants in the UK, for those not familiar, that starts to show up in 2026.

In our UK and international qualifications business, we are launching the Standards and Testing Agency primary school testing contract in 2026. We came online with that in 2025, but this is the first full year of implementation. We will be delivering primary school examinations in 16,500 schools in the UK, and our clinical assessment business continues to deliver strong digital innovation into the market. That business has performed well over the last few years. I encourage you to stay for the product demos afterwards, and you will see some examples of more innovation that we are bringing to market, and that gives us confidence and strong performance in that business. So overall, we feel great about A&Q.

Omar Abbosh: Yes, that is the summary. We feel great about A&Q. On the second question, Sally, I am going to ask you to say one word about why our growth guidance was slightly thin. And then I am going to ask Vishaal if he is sitting on his haunches, having signed nine deals and he is not building pipeline for the future. But over to you, Sally.

Sally Johnson: Yes. So really confident in ELS growth, but I think we know right now it is one of the smaller divisions. It is not going to be for long because I know how competitive apart from anything else Vishaal is. And that just means that a few million pounds can make a couple of percentage points difference. And therefore, it did not really seem to make sense when we are looking at it quarter by quarter to be too specific. But the VQ part of the business, we will see solid growth. And I talked about that enterprise solutions part of the business and that 20% growth in Q4. It is relatively small now. But if it keeps growing at that rate, it is not going to be relatively small for very long.

Omar Abbosh: So, Vishaal, you are not going to do any more selling. And like, are we done now with -

Vishaal Gupta (President – Enterprise Learning & Skills): Yes. So just put a little bit more colour to Sally's comments. So we have two businesses within ELS. VQ, we continue to be seeing a lot of robust robustness in that business. So part of that business or large part of that business is very UK centric, where we have the BTEC brand. We are also winning a lot of new contracts in the vocational space. So that continues to be driving growth. We are also expanding internationally to countries like Uzbekistan, Pakistan, Jordan and so on. And what is most exciting about that business? We also offer what we call as apprenticeship services to a bunch of customers. We won a contract we announced last year with the British Army, which we are executing to now. We have something going on with NHS and more coming on, coming up in Middle East that we will announce shortly. So that part of the business is doing relatively well.

The other piece, which I am even more excited about, is Enterprise Solutions, where you saw those nine partnerships that we have signed. So my team is singularly focussed on execution as we speak. There are many things that we need to put in place to get all of the revenue in all the way from putting together the right product co-innovation roadmaps with these partners to having the right go to market motions and working with them. And these are very big tech players, as you know, working with them globally across all of the regions that they operate in. So a lot to focus on. But in terms of momentum, we are getting into 2026 with much more momentum than we had last year as we got into 2025. Thank you.

Omar Abbosh: Thank you, Vishaal. So James, let me say a couple of things about the AI risk point. So this one, obviously, we could spend a long time talking about it. I think the market looks and says, hey, if I have a digital format product where the product is purely digital, and if the user is the buyer, then what happens if someone puts out an AI tool that is free? Like, what is that going to do to that market? And I think indeed that is problematic for some people. The thing is, Pearson does not do that. The only bit of Pearson that you could say, like a little bit had a bit of that in it was Mondly. Mondly, we pivoted that a year ago to be a pure institutional enterprise package like where it is going. That is where all our spend and delivery is going.

Pearson is actually, you get a different outcome from AI. When people are generating AI content at a rate of knots and there is an amazing amount of slop landing in the internet, when you have deep fakes happening on the internet and you have false identities on the internet, we are seeing a giant flight to safety. People want trusted, authoritative sources. They want verified identities. They want validated skills. As you know, James, today it is tough for kids graduating or trying to get a job. They fire off 10,000 CVs with a bot, and they are screening resumes at the other end by a bot. You have got bots within bots.

So the construct of how the resume thing works is not really working. Companies are more and more saying, show me that you have a validated skill. That is what Pearson does. So actually, like I said, the AI thing is a giant tailwind for us. And I think whether we like it or not and you all are much cleverer on this than I am. But when investors look particularly when it is sort of passive investing happening in bundles and Pearson's like wrapped up in media or wrapped up in EdTech, and we are not that. So thank you. Yes. So I think Laura's next. Next to you, Susie.

Laura Metayer (Morgan Stanley): Morning. Thank you for the - bonjour. Thank you for the detailed presentation. Three questions please. First one is on Virtual Learning margin. So it has improved significantly year on year. I understand it is coming mostly from operating leverage. Is there anything else that is driving the margin expansion? And is it reasonable to assume that it is going to continue expanding at the same pace. Second question is on pricing. So you said you are generating a lot of efficiencies thanks to AI. I am curious to hear how are your conversations with clients? Do they expect you to pass on some of these savings, or is your pricing power very strong? Which means that you do not have to give away any of these cost savings that you are realising. And if you could comment on how it is pricing evolving across your businesses, that would be really helpful. And then lastly, on the Higher Ed business, one of your peers, McGraw Hill, is growing very fast. Why do you think they are growing so quickly? And do you think you can bridge the gap to their growth rate? Thank you very much. And, Sally, all the best for the next step in your career.

Sally Johnson: Thank you, Laura.

Omar Abbosh: Thank you, Laura. So on the virtual schools margin, I am going to ask Tom to just say something there about what is it that you think has driven the success so far? And also, what are you thinking as how are we thinking about this going forward?

Tom ap Simon (President – Higher Education and Virtual Learning): Yes, sure. So I think from a virtual schools perspective, last year, we obviously saw great growth driven by helping people like Savannah, which was lovely to see in that video. I think fundamentally, the margin characteristics of that business are great. The one thing you have to bear in mind is when you grow as quickly as we did last year, you have some teacher vacancies because you are struggling to recruit teachers. It is obviously kind of hard to recruit teachers in Q4 of the year. So I think you should expect to see sort of continued margin expansion driven by the top line leverage, but just recognise we may need to catch up and think a little bit differently about teacher hiring, because fundamentally, I think we are seeing a very different opportunity in that space, which we are excited about, but just need to make sure we transform how we manage the business to support the ongoing demand.

Sally Johnson: And there was also that extra marketing spend that we put in to drive that growth as well. That is all covered in that margin movement too.

Omar Abbosh: That was fully absorbed. Yes. Laura, on pricing, I will say like the headline is no. So Pearson, as you would expect, is constantly investing in getting more efficient and more effective and more productive. And we will continue to do that. But that does not mean customers run around and say, hey, you have got to give us some of that savings. And the reason is very simple, and this is the point that I am trying to make about the business model that I was talking about with James earlier. Pearson is one of two or three companies in the world that can do what we do, because it is very hard to deliver that level of operational excellence in driving and assessing standards. And so, that is where our gross margins come from. And so, the short answer is no.

Now having said that, are we going to be complacent? Of course not. Some of the RevOps things that I spoke about earlier is actually giving us much more fidelity and visibility into our own selling rates, pricing rates, discounting rates. And we are getting more control of that, which I think will allow us to get a bit more value upside. And Tom and the team did some great work in the IA space a little bit in that space recently, and I expect that to continue. But the short answer is no, we are not having to negotiate prices at the moment.

And then on Higher Ed, McGraw Hill, I love you asking that because of course you are pointing to our upside. There is nothing that they are doing that we cannot do. And Pearson is coming from a place where perhaps we were not so well organised a few years ago, and under Tom and the team's leadership, we are in a much better place. That business is growing, and I think we should aspire to continue to drive performance because McGraw is a great company. We love them and we can learn as well. So thank you. So over here and then over here.

Ciarán Donnelly (Citi): Yes, thanks. It is Ciarán Donnelly from Citi.

Omar Abbosh: Hey, Ciarán.

Ciarán Donnelly (Citi): Two on enterprise, and then one more. Just on your comments on the backlog in enterprise, could you just give us a sense of what it would have looked like 12 months ago? Just to get a sense of how it has grown over the year in the context of the enterprise agreements you have signed. And then I guess just on those partnerships, I am just trying to get an understanding of pricing framework. Just in the context, I know there is a debate around AI displacement and unemployment levels. And I guess just in the context of potentially higher unemployment, how that would affect that business if pricing is based on headcount led metrics. And then just on the medium-term plan and the average 40 basis point margin improvement per annum, could you give us a sense of what is the contribution from, I guess, operating leverage and cost efficiencies just around your comments in terms of you have reinvested the cost efficiencies you have delivered over the last couple of years? Thanks.

Omar Abbosh: Yes. So if I go back a year ago, Ciarán, in the enterprise business, and particularly looking, so I am not talking about vocational qualifications, I am talking about just the small enterprise solutions thing that, as Sally said, small numbers can make a difference. That business had already some partnerships. Other bits of Pearson, like Pearson VUE, for example, would have had relationships with Microsoft and AWS, for example. And so, when we looked at that, we were like, okay, how do we ensure that these customers are long run customers for the business? That is part one.

And secondly, how do we ensure meaningful growth upside? And that is what these contracts do. They lock in hundreds of millions of future revenues of pre-existing contracts and put us in a place where those companies want to invest in us and innovating to build the next generation of products. And we added incremental hundreds of millions on top of that, not just with those two, but all the others. And so, that is a big difference from where we were a year ago. But like I said, the difference spreads out across ELS and ELL and A&Q, because when we set up the enterprise sales team, you will remember remembered me saying this is Pearson had a lot of what the market in enterprise needed. It just did not sell to it. So we created a single sales team to address that enterprise opportunity and Vishaal's team bring all of Pearson, and that is what you are seeing in the outcome there.

In terms of the pricing framework and the unemployment question. I am not going to pretend I have a crystal ball on like the future of employment and AI impact. I do think there is some hysteria coming out of Silicon Valley because of actually how powerful 5.3 Codex and 4.6 Opus are, et cetera, on things like software engineering. So the software engineers are being very noisy about it, I think, for a good reason. And so, that raises a lot of questions. In the past, when you get these sorts of dislocations, you end up with people needing skills, needing new skills, and that is the demand that we are seeing.

So actually, the tech companies are coming to us for skilling their people, like their sellers on their AI, and they are coming to us to come skill their customers on their new products. Because in order to justify the hundreds of billions of CapEx, you need people to use the product. And in order for them to use the products, they need to know how to use the products. And that is what we are being asked to help with. So that is the big drive that we are seeing today. And I think Sally would say in the past when there were sort of downturns in the economy and so on, Pearson has also had an element of it that is countercyclical and shows up and helps people in those moments.

Sally Johnson: But on the specific financial question you are asking, though, from a pricing point of view, it is not based on headcount with these partnerships. It is on hard commits and dollars.

Omar Abbosh: Yes. So yes. Excellent point, Sally. So when I say the hundreds of millions, Sally and I talked about like, how are we going to explain this to the markets, because it is a bit involved because it is across several years and it is across the different business units. But as Sally said, that is legally contracted revenue backlog. That is what that is. And then on the last point that you are asking about, the medium term 40 bps how we are thinking about that vis a vis operating leverage. So, Sally.

Sally Johnson: So I think I have talked before about the kind of the three components, operating leverage on our mid-single digits sales growth, and then we have talked about tens of millions of pounds of cost savings. Actually, last year, that was the 200 basis points that Omar referred to. So that gives you an idea of the scale that we are talking about. If you do the maths on that, you get to a lot more than 40 basis points, and then we are reinvesting part of that back into the business in order to drive that future growth. So I think from a scale perspective, you can take the 200 basis points. You can apply the mid-single digits to the top line, and then the balancing figure to get that to 40 basis points is investment. And you will see that is a significant number because we are driving for future growth. We are innovating with our partners to bring new products to the market. And it is really exciting.

Nick Dempsey (Barclays): So first of all, digging back into A&Q in Q1, so you saw 8% organic in Q4. I think if the whole of the New Jersey loss landed in Q1, that would be something like a six point drag. So that would still leave you in positive territory. PDRI was already declining in Q4. So were there one-off benefits helping you in Q4, or is there something else worse in Q1 to get us down to negative? Also digging into Laura's question on higher ed a little bit more, Cengage was 10% up in US higher ed in 2025, McGraw Hill, teens, both of them say they won share of adoptions. They are also much bigger in inclusive access and growing faster in inclusive access. So this has been the case for a couple of years now. So what is going to make this turn around on you to catch up when it is not really happening so far? And the third question, can you talk about what kind of enrolment growth for fall 2026 you are baking into your thinking on higher education?

Omar Abbosh: Yes. Nick, I love seeing you. I am so happy you are here. And I am excited about the day when you do not ask me tons of questions about higher ed. But anyway, we will get into that. We will get into that. Because, I mean it, like it is 10% of our operating profit with the English part as well. So and the other 80, 90% is the rest. I just want to remind everyone, but we are going to absolutely answer those things. So on A&Q, was there anything funny going on in Q4, Sally, that gave us a one-off kicker in A&Q that we should be talking about?

Sally Johnson: No, of course, we are not a business where you can just go steady, steady, steady, steady, because it is not a volume play. We have got these large long-term contracts, and the revenue recognition is based on when you are delivering against those contracts. And if your exam falls in one quarter rather than another, it can mean that things move around. All that is going on in Q1 is the New Jersey contract and then the comp from PDRI is a tricky comp. In Q2, the comp gets easier for PDRI and then we bring these new contracts online. And then we have got the new contracts that we had in Q4 also helping that growth. So just simple as that.

Omar Abbosh: Yes. Thank you. I am going to say a couple of words about my thesis, about the Cengage thing. And then Tom, maybe you will pile on and also talk about enrolment. So I am a simple person, Nick. There is only two things that matter. Like, do you have a good product, and can you sell it? Pearson, historically, and I am going back years, like perhaps we did not pay enough attention to those two things well enough in the higher ed space. That is why on the product side, we are busy converging our platforms into a single modern tech stack, and that Tony and his team are doing a wonderful job on that.

So the product I would say was lagging, and now it is advancing really quickly. The feature functionality is incredibly rich, and professors love our stuff. And some of the underlying tech stack was a bit older and like we are dealing with that. And so, that is some of what you have heard about. On the sales side, again, Tom and the team have modernised that, and I actually am very happy with how that performs. But perhaps we were a bit slow on the uptake on inclusive access. So I think we closed out the year at something like 44% of our revenues are in that space. I think the top, the frontrunner is at 60%. So for me, it is just all upside, like we know what to do. But Tom, if you can comment on that and then please a little bit on the enrolments as well.

Tom ap Simon (President – Higher Education and Virtual Learning): Yes, sure. So I think the old market share question is a chestnut we were kind of expecting and it is very simple. We think about adoption market share, and so we are not particularly focussed on NPI for a couple of reasons. One, it only measures half the market. So you can miss kind of important things like OER and what is happening there. Two, it does not really measure what professors are actually doing in an underlying basis in terms of adoptions. So actually, we are focussed on adoption sharing. Last year, we were up, this year, we were flat. And we will tell you when we are up and we will tell you when we are down and we will tell you when we are flat. So we are kind of fairly straightforward there.

I think on inclusive access, as Omar touched on, there is more we can do. So we have been very focussed on being more aggressive with our inclusive access strategy for 2026, and we are looking forward to seeing how that plays out in the fall. And then I think we have also been fairly candid about some of the product areas of friction in the past. So when I think I joined, we had 170 different ways to integrate with an LMS. That is kind of difficult to manage if you are a sales team or if you are a customer support team. And so, we have simplified that down to less than ten, and we are continuing to push on things like that. They make a difference to the professor experience, which is why we have had some of those points of friction and challenge with things like inclusive access. But there has been a lot of focus there. And then on enrolments, I think for the year, we are broadly flat. We are expecting it to be up in the first half and slightly down in the second half. So if you put all of that together, that is how we get there. So that is kind of our thinking there.

Omar Abbosh: Thank you, Tom. And thank you.

Tom ap Simon (President – Higher Education and Virtual Learning): Actually. Sorry, just to add, I think from a product perspective, when you saw the AI in those demos earlier, that AI is out there in our sellers' hands today and it is winning new business, and it is taking market share. And we are incredibly excited about our product lineup, because I think that the work that Tony and the team have done has been fantastic in terms of really putting leading edge AI into our products, and that is resonating with faculty and students. And I think what people care most about is that proximity to the faculty and how we are helping students learn. And you saw some beautiful statistics there about increases in active reading learning. And if you're faculty, that is kind of music to your ears.

Omar Abbosh: Yes. The thing I am just connecting a couple of dots of some of what you are saying is not long ago, people said, oh, EdTech is going to kill companies like Pearson. And then, and also, OER is going to kill companies like Pearson. Those things flatline for reasons that are not always extremely evident. OER is peer reviewed, high-quality content generated by a professor and put out for free, but it needs to be maintained, aligned to the curriculum, aligned to the assessments. It needs to be integrated with all of the LMS and SAS, all these things. And so, that is too much for a typical professor to just do. So it does not happen. And so, the institutions, particularly in this world of AI where a lot of nonsense is getting published, they are going back to the trusted authorities and the people that they believe in and trust. And that is groups like Pearson. So I think we are in good shape. Anyone else?

Operator: We have got one question on the line. If there is no other questions in the room, if the team want to open up the line and see it, please.

Omar Abbosh: Sure.

Sally Johnson: Anticipation is killing me. Hey, Steve.

Operator: On the phone lines to ask a question, please press star followed by one on your telephone keypad now. First question is from Steve Lichti of Deutsche Numis. Your line is open. Please go ahead.

Sally Johnson: Hey, Steve.

Omar Abbosh: Hey, Steve.

Steve Lichti (Deutsche Numis): Hi. Morning. I have got a couple. Just on A&Q, can you remind us or scale the size of the big client pause that you had in the first half of last year and remind us was that in the first quarter or the second quarter? And is that meaningful to sort of the numbers the way that they sort of flow through in the quarters? That is the first question. Second question is on enterprise learning. I know you referred to it as being small within the mix previously. Can you just give us a rough figure or remind us within that ELS overall revenue of 282 what that number is that would be enterprise learning? Just to help us scale that. And you commented about the 20% growth in the fourth quarter of last year. Just how good is your line of sight to that to equate to that 20% through to the current year, i.e. have you got the line of sight to say 20% looks realistic for 2026? Thanks.

Omar Abbosh: Okay. Thank you very much, Steve. Appreciate that. So on A&Q, I think people will remember we had a bit of a snafu with a middle eastern customer around payment terms that ended up causing a pause and then a subsequent re-engagement. So do you want to comment on the materiality of that in the quarter?

Sally Johnson: Yes. So that contract was still running for most of Q1. It was Q2 when it when it paused and it went back online in Q3.

Omar Abbosh: Okay. So it will not have a relevant flow for Q1, Q2.

Sally Johnson: It will not for Q1, it will for Q2 subsequently.

Omar Abbosh: Thank you, thank you. And then on ELS, do we segment out the ES component?

Sally Johnson: No, we do not, but it is kind of 10, 20% would be the way to think about it.

Omar Abbosh: There you go, Steve. You have got a clue there. And then in terms of the 20% growth rate, we have been careful with guiding because what I am saying, I think what we are saying to you, Steve, is that the future revenues around ES and the other components where the enterprise deals are covering, we see the, if you like to say, the annual flow of contracts as previously committed. The exact amount of revenue that you are going to recognise in a given quarter a little bit depends on the product flow that happens. And so, we are not being too direct about that at this point. But so, I think I am very proud of what Vishaal and the team have done, because they basically built a team that did not exist just over a year ago, engaged with these customers and have engaged these deep, multi-year, quite profound relationships which will benefit them and benefit us. But the exact way it flows quarter to quarter in terms of revenue growth, we are not probably going to talk about at this point.

Steve Lichti (Deutsche Numis): Great. Thank you very much.

Sally Johnson: Thanks, Steve.

Operator: We have no further questions on the phone line, so I would like to hand back to the room.

Operator: Yes. We have got one question from Alex at Alpha Value. Can you elaborate on the product impairment? How many platforms did you have before the convergence, and how was it related to past acquisitions?

Omar Abbosh: Okay, Tony, over to you.

Tony Prentice (Chief Product Officer): Yes. So it is specifically within the higher ed segment. And we had four courseware platforms which were converging down to one so that we have better efficiency. And you can see in the video, the AI study tools that work great across the one platform. And then we have a high degree of confidence that we then have the right setup moving forward from a product perspective, as well as the way it is played out in the P&L.

Omar Abbosh: Perfect. Thank you, Tony and Alex. Thanks for the question. Mr. Shore, does that cover us?

Alex Shore: That covers us.

Omar Abbosh: Okay, well, ladies and gentlemen, thank you. Thank you for being with us and giving us your time. We appreciate it. We appreciate your interest in Pearson. Do not miss the chance to go across to the Innovation Studio and see some of these products and play with them and get a sense of what Pearson is building. I love the chart that we showed about the rate of innovation increase as we are releasing more and more products each year. You can expect that of this company going forward. Over to you. Thanks. See you soon.

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