Pearson

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Pearson Q1 2026 Pre-Close Aide Memoire

30th March 2026

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 Q1 2026 Trading Update on 1 May 2026. 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.

2026 Guidance

In the Full Year 2025 Results RNS, dated 27 February 2026, we provided the following 2026 guidance:

Underlying Sales Growth	Group	Mid-single digit growth.
	Assessment & Qualifications	Low to mid-single digit growth, driven by new contracts, products and pricing. Q1 to decline due to the loss of the New Jersey contract and PDRI headwinds, returning to growth in subsequent quarters supported by new business and recently awarded contracts.
	Virtual Learning	Stronger growth than 2025, particularly in H1, driven by 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 our core US courseware business, with improvement in the K12 channel.
	English Language Learning	Higher growth than 2025 driven by market share gains and pricing, with PTE returning to growth. Growth will again be Q4 weighted given the seasonality of the business.
	Enterprise Learning & Skills	Growth to be driven by a solid performance in Vocational Qualifications and strategic account growth in Enterprise Solutions.
Group Profit	Adjusted Operating Profit	£640m-£685m at FX rates as at the end of 2025 (£:$ 1.35), which includes lower amortisation in 2026 following the 2025 product development impairment.
	Interest	Adjusted net finance costs of c.£80m – includes associated costs of funding the recently announced £350m share buyback.
	Tax rate	We expect the effective tax rate on adjusted profit before tax to be c.25%.
Cash flow		We expect a free cash flow conversion[1] of 90%-100%.
FX		Every 1c movement in £:$ rate equates to approximately £5m adjusted operating profit impact.

[1]Free cash flow conversion calculated as free cash flow divided by adjusted earnings. (source: Full Year 2025 Results RNS, 27 February 2026)

Other 2026 guidance considerations

Underlying sales growth

- During the 2025 Full Year Results presentation the CFO said, "In terms of phasing, growth is again H2 weighted, but not as markedly as in 2025." (source: 2025 Full Year Results Transcript, 27 February 2026)
- US Student Assessment renewed and extended several key contracts in the year [2025], although lost the contract with New Jersey, which will be a headwind in H1 2026. (source: 2025 Trading Update, 14 January 2026)
- During the 2025 Full Year Results presentation the CFO said, "HE and ELS growth is expected to be relatively steady." (source: 2025 Full Year Results Transcript, 27 February 2026)

Adjusted operating profit

- During the 2025 Full Year Results presentation the CFO said "Statutory profit declined 6%, predominantly due to a non-cash one off impairment relating to our higher ed platforms… 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." (source: 2025 Full Year Results Transcript, 27 February 2026)
- During the 2025 Full Year Results presentation the CFO said "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." (source: 2025 Full Year Results Transcript, 27 February 2026)

Q1 2025 business unit comments

- Assessment & Qualifications sales were up 1%. Pearson VUE (now Pearson Professional Assessments) declined slightly, with growth expected to be weighted to H2 driven by the timing of new contracts and the test prep business building during the year, supported by the recent launch of the Pearson Skilling Suite programme. Clinical Assessment grew due to the continued traction of our products in the market, with further new product releases planned this year, and digital product growth. US Student Assessment saw a small decline due to changes in programme services and timing of delivery. UK & International Qualifications sales benefitted from International growth. (source: Q1 Trading Update, 2 May 2025)
- Virtual Learning sales decreased 4%, in line with guidance, reflecting the impact of previous partner school losses and timing of funding upsides in the prior period. 2024/25 academic year enrolments increased by 5% in the Spring semester on a same school basis, with positive retention trends. (source: Q1 Trading Update, 2 May 2025)
- Higher Education sales were up 6% benefitting from the continued innovation and roll out of AI study tools for students and educators and the ongoing successful monetisation of the Channels (now Study Prep) product. In the quarter, there was growth of 22% in Inclusive Access and 4% in US digital subscriptions. (source: Q1 Trading Update, 2 May 2025)
- English Language Learning sales decreased 6%, in line with guidance. Institutional declined due to a strong comparator period in Q1 2024, and we expect performance to improve in Q2 and beyond. Pearson Test of English (PTE) performed well against a tough market backdrop and despite a decline in volumes we grew the business. (source: Q1 Trading Update, 2 May 2025)
- Enterprise Learning & Skills sales were up 1%. Vocational Qualifications delivered a solid performance with new contract wins supporting pipeline growth, including apprenticeship courses with the UK Ministry of Defence and T Levels in Health and Science. Enterprise Solutions announced strategic partnerships with Microsoft and AWS in the quarter as we build momentum in our Enterprise approach and related sales capability. (source: Q1 Trading Update, 2 May 2025)

Prior year comparatives and recent performance

	Underlying sales growth											
	Q1 2024	H1 2024	Q3 2024	9M 2024	Q4 2024	FY 2024	Q1 2025	H1 2025	Q3 2025	9M 2025	Q4 2025	FY 2025
Assessment & Qualifications	2%	2%	6%	3%	4%	3%	1%	2%	4%	2%	8%	4%
Pearson Professional Assessments		4%		3%		3%		(3%)		(1%)		1%
US Student Assessment		(3%)		1%		1%		(1%)		(1%)		2%
Clinical Assessment		1%		3%		4%		11%		9%		8%
UK & International Qualifications		7%		7%		8%		10%		8%		9%
Virtual Learning	(4%)	(8%)	4%	(4%)	(5%)	(4%)	(4%)	(1%)	17%	4%	20%	8%
Virtual Schools[4]	4%	(1%)		1%		(1%)						
Higher Education	(4%)	(2%)	4%	0%	2%	1%	6%	4%	(1%)	2%	0%	2%
English Language Learning	22%	11%	2%	7%	11%	8%	(6%)	(3%)	1%	(1%)	8%	1%
Enterprise Learning & Skills[5]	9%	6%	6%	6%	4%	6%	1%	4%	2%	3%	13%	6%
Strategic Review	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)	-	-	-	-	-	-
Total	2%	1%	4%	2%	3%	2%						
Total, excluding OPM[2] and Strategic Review[3]	**3%**	**2%**	**5%**	**3%**	**3%**	**3%**	**1%**	**2%**	**4%**	**2%**	**8%**	**4%**

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.

[2]We 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.

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

[4]Underlying sales growth rates for Virtual Schools were not disclosed for Q3 2024 or Q4 2024. For 2025, Virtual Schools is in line with Virtual Learning.

[5]In 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 2024 figures have not been restated.

Other comments for consideration

Medium Term Outlook

- Over the medium term, Pearson is well 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 conversion, in the region of 90% to 100%, on average, across the period. (source: Full Year 2025 Results RNS, 27 February 2026)

Enterprise partnerships

- During the 2025 Full Year Results presentation the CEO said "The common thread across each of these [strategic partnerships] 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…First, they commit our partners to being Pearson customers…Second, Pearson is also a customer of their engineering skills and services…third, we are engaging in the joint innovation and go to market activity that unlocks new opportunities…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." (source: 2025 Full Year Results Transcript, 27 February 2026)

AI

- During the 2025 Full Year Results presentation the CEO said "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…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." (source: 2025 Full Year Results Transcript, 27 February 2026)

Core business – Assessment & Verification

- During the Q&A at the 2025 Full Year Results presentation Art Valentine (President - Assessment & Qualifications) said "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." (source: 2025 Full Year Results Transcript, 27 February 2026)

Dividend

- The Directors are proposing a final dividend in respect of the financial year ended 31 December 2025 of 17.4p per equity share which will absorb an estimated £109m of shareholders' funds. It will be paid on 8 May 2026 to shareholders who are on the register of members on 20 March 2026. (source: 2025 Annual Report & Accounts, 13 March 2026)

Share Buyback

- We commenced a further £350m share buyback in January 2026. (source: Full Year 2025 Results RNS, 27 February 2026)
- Completed the first £175 million tranche of the Company's £350 million share buyback programme on 19 March 2026. (source: Transaction in Own Shares RNS, 20 March 2026)
- The second tranche of the programme commenced on 20 March 2026 (source: Transaction in Own Shares RNS, 23 March 2026) and is anticipated to end on or before 29 May 2026. (source: Update on share buyback programme RNS, 9 March 2026)
- Shares outstanding as at 31 December 2025 – 635.1m (source: Full Year 2025 Results Presentation, 27 February 2026)
- As at close of business on 18 March 2026, the Company had 622,223,780 ordinary shares of 25p each admitted to trading. (source: Total Voting Rights RNS, 19 March 2026)

Consensus

- Consensus for Pearson was updated on Vuma on 27 March 2026. For further details, please visit our website: Analyst Consensus | Pearson plc

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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.

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