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Pearson 2026 Nine Month Trading Update Pre-Close Aide Memoire

3rd September 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 2026 Nine Month Trading Update expected to be released on 22 October 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 2026 Interim Results RNS, dated 31 July 2026, we provided the following 2026 guidance:

Underlying Revenue Growth	**Group**	**Mid-single digit growth.**
	Assessment & Qualifications	Low to mid-single digit growth, driven by new contracts, products and pricing.
	Virtual Learning	Stronger growth than 2025 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	Institutional is expected to grow, driven by market share gains and pricing. PTE is expected to decline given the challenging market backdrop. We expect the business unit to return to growth in Q4.
	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 (£:$1.35), which includes lower amortisation in 2026 following the 2025 product development impairment[1].**
	Interest	Adjusted net finance costs of c.£80m.
	Tax rate	We expect the effective tax rate on adjusted profit before tax to be c.25%.
Cash flow		**We expect a free cash flow conversion[2] of 90-100%.**
FX		Every 1c movement in £:$ rate equates to approximately £5m adjusted operating profit impact.

[1]The 2025 product development impairment relates to a £87m non-cash, one-off impairment of legacy product development assets arising from a strategic platform convergence. This convergence is expected to deliver ongoing operational improvements and results in a c.£15m per annum adjusted operating profit improvement, on average, over the next 6 years in Higher Education. (source: 2026 Interim Results RNS, 31 July 2026)
[2]Free cash flow conversion calculated as free cash flow divided by adjusted earnings. (source: 2026 Interim Results RNS, 31 July 2026)

Other 2026 guidance considerations

Underlying revenue growth

- During the 2026 Interim Results presentation the CFO said, "We continue to expect growth to improve in H2, supported by new business, products and pricing in A&Q and continued progress in Inclusive Access, pricing and the K12 channel in Higher Education. Virtual Learning had a standout H1 and demonstrates continued momentum, and we expect this business to grow well in H2, despite the tough comparable, supported by strong market trends. We expect Group growth to be weighted to Q3, given the shape of last year and known business unit dynamics." (source: 2026 Interim Results Transcript, 31 July 2026)
- During the 2026 Interim Results presentation the CFO said, "We have updated guidance for English Language Learning, where growth this year is less certain given first half trading and market conditions." (source: 2026 Interim Results Transcript, 31 July 2026)

Adjusted operating profit

- During the 2026 Interim Results presentation the CFO said, "Group adjusted operating profit is up 14% underlying to £276 million, with 140 basis points of margin expansion to 15.5%. Profit performance is driven by operating leverage and cost efficiencies, partially offset by investment and inflation. In addition, profit benefited from the one-off impairment of legacy product development assets announced at the full year, alongside investment phasing." (source: 2026 Interim Results Transcript 31 July 2026)

Nine month 2025 business unit comments

- Assessment & Qualifications sales[3] growth accelerated in Q3, with sales up 4% in the period and Pearson VUE (now Pearson Professional Assessments) returning to growth. Sales increased 2% for the nine-month period. (source: 2025 Nine Month Trading Update RNS, 17 October 2025)
- Virtual Learning sales increased 17% in Q3, with 2025/26 academic year enrolments up 13%. Sales increased 4% for the nine-month period. (source: 2025 Nine Month Trading Update RNS, 17 October 2025)
- Higher Education sales were down 1% in Q3 driven by International Higher Education due to ongoing challenging trading conditions in mature markets. US Higher Education sales grew 2% in the same period, with solid growth in our core US Higher Education Courseware business, partly offset by declines in K12 given the transitionary period. Sales increased 2% for the nine-month period. (source: 2025 Nine Month Trading Update RNS, 17 October 2025)
- English Language Learning returned to growth in Q3, with sales up 1%, driven by strong performance in Pearson Test of English (PTE) ahead of recent test enhancements. Sales declined 1% for the nine month period, as expected. (source: 2025 Nine Month Trading Update RNS, 17 October 2025)
- Enterprise Learning & Skills sales increased 2% in Q3, with quarter on quarter improvement in Enterprise Solutions. Sales grew 3% for the nine-month period with solid performance in Vocational Qualifications and Enterprise Solutions continuing to build momentum. (source: 2025 Nine Month Trading Update RNS, 17 October 2025)

[3]From Interim Results 2026 onwards we now refer to this metric as "Revenue" rather than "Sales".

Historical comparatives and recent performance

	Underlying revenue growth											
	Q3 2024	9M 2024	Q4 2024	FY 2024	Q1 2025	H1 2025	Q3 2025	9M 2025	Q4 2025	FY 2025	Q1 2026	H1 2026
Assessment & Qualifications	6%	3%	4%	3%	1%	2%	4%	2%	8%	4%	(1%)	2%
Pearson Professional Assessments		3%		3%		(3%)		(1%)		1%		3%
US Student Assessment		1%		1%		(1%)		(1%)		2%		(6)%
Clinical Assessment		3%		4%		11%		9%		8%		8%
UK & International Qualifications		7%		8%		10%		8%		9%		6%
Virtual Learning	4%	(4%)	(5%)	(4%)	(4%)	(1%)	17%	4%	20%	8%	21%	19%
Virtual Schools[6]	4%			(1%)								
Higher Education	4%	0%	2%	1%	6%	4%	(1%)	2%	0%	2%	2%	2%
English Language Learning	2%	7%	11%	8%	(6%)	(3%)	1%	(1%)	8%	1%	2%	(3)%
Enterprise Learning & Skills[7]	6%	6%	4%	6%	1%	4%	2%	3%	13%	6%	8%	7%
Strategic Review	(100%)	(100%)	(100%)	(100%)	-	-	-	-	-	-	-	-
Total	4%	2%	3%	2%								
Total, excluding OPM[4] and Strategic Review[5]	**5%**	**3%**	**3%**	**3%**	**1%**	**2%**	**4%**	**2%**	**8%**	**4%**	**4%**	**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.

[4]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.

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

[6]Underlying revenue growth rates for Virtual Schools were not disclosed for 9M and Q4 2024. For 2025, Q1 and H1 2026, Virtual Schools is in line with Virtual Learning.

[7]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 revenue in 2024. The 2024 figures have not been restated.

Other comments for consideration

Medium Term Outlook

- Over the medium term, Pearson continues to be positioned to deliver a mid-single digit underlying revenue 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: 2026 Interim Results RNS,31 July 2026)

AI Skills Verification

- During the 2026 Interim Results presentation the CEO said, "I now want to spend a few moments on AI skills verification. We have spoken before about the widening gap between the pace of AI innovation, people's ability to use it effectively, and the returns enterprises are seeking from AI. Our agreement with a leading AI lab to deliver their global certification programme reinforces our leadership in skills verification and our conviction that AI adoption increases demand for trusted, validated new skills. I am particularly proud of how quickly our team moved from initial discussion to global launch across our Pearson Professional Assessments network in just a matter of months. This speed reflects both the pace the technology industry expects and Pearson's agility in delivering at global scale. Overall, this agreement is a clear signal of the demand we expect to see as organisations scale AI adoption, and Pearson is uniquely positioned to help meet that need. (source: 2026 Interim Results Transcript, 31 July 2026)

Assessment & Qualifications

- During Q&A at the 2026 Interim Results James Tate of Goldman Sachs said, "Secondly, on A&Q. Could you help us unpack some of the moving pieces into H2?" Art Valentine (President - Assessment & Qualifications) responded, "First off, in our Professional Assessment business, we are going to see the full year impact of contracts that launched in the second half of last year, and I will draw particular attention to Salesforce and ServiceNow. In 2026, we have launched a Google Cloud contract, and then the one that you were asking about just a moment ago with the AI lab. I am happy to report, as we are sitting here speaking right now, there are test takers around the world sitting that exam. We also will show this year the revenue from the first year of the delivery of the SATs contract. And again, the clinical portfolio just continues to perform extremely well. We are injecting AI capabilities into a number of those products throughout the year and expect to see the financial pull-through on that. Lastly, in the second half of the year, the comp effect of PDRI year-over-year diminishes." (source: 2026 Interim Results Transcript, 31 July 2026)

Virtual Learning

- During Q&A at the 2026 Interim Results David Nolan of Morgan Stanley said, "My second question is just on the Virtual Learning momentum. Obviously, the announcement of the five new school openings is a significant positive. It would be great to get more colour on same school momentum and whether you continue to take market share in the space." Tom ap Simon (President -Higher Education and Virtual Learning) responded, "the overall market for Virtual Learning continues to be really strong. We do not see any signs of that abating, and that is fundamentally being driven by the US school choice movement and parents taking a more active role in education decisions. That is the market backdrop, and we see that market growing high single digits on an enrolment basis in 2025-2026. We see that we have been doing better from a share perspective there… then the new schools we are excited about because some of those are in some states where demand has been a little constrained in the past few years. We are super excited about the new schools over the medium term as well as the same store momentum." (source: 2026 Interim Results Transcript, 31 July 2026)

Higher Education

- During Q&A at the 2026 Interim Results Nick Dempsey of Barclays said, "update us on your latest thinking on college enrolments for fall 2026" Tom ap Simon (President -Higher Education and Virtual Learning) responded, "From a college enrolment perspective, we are seeing slight enrolment headwinds, which is exactly what we said we would expect to see at prelims." (source: 2026 Interim Results Transcript, 31 July 2026)

Cash Performance

- Operating cash flow increased £211m to £337m (H1 2025: £126m), driven by movements in working capital, including payment timing benefits expected to reverse in H2, and the one-off proceeds from the settlement of a US insurance policy. (source: 2026 Interim Results RNS, 31 July 2026)

Dividend

- Proposed interim dividend of 8.2p (H1 2025: 7.8p), represents an increase of 5%. (source: 2026 Interim Results RNS, 31 July 2026)

Share Buyback

- During the first half of 2026, we repurchased £350m of shares at an average purchase price of 998p. (source: 2026 Interim Results RNS, 31 July 2026)
- Shares outstanding as at 31 December 2025 – 635m. Weighted average number of shares in H1 2026 -616m. Shares outstanding as at 30 June 2026 – 599m. These figures exclude ordinary shares purchased by the company and held as treasury shares.(source: 2026 Interim Results Presentation, 31 July 2026)

Bond Issue

- Pearson plc announces that its subsidiary, Pearson Funding plc, has today priced an issuance of £350,000,000 6.375 per cent. (source: Issuance of Medium Term Notes RNS, 23 April 2026)

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Notes

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