

Chief Executive's review

# Delivering growth through execution



## Dear shareholders,

2025 was another year of financial delivery and significant strategic progress. We set out with a clear set of priorities and I'm proud to say that our teams across Pearson have delivered against these with a customer execution focus, agility and ambition. We've grown our business, strengthened our foundations and accelerated our strategy.

Our financial performance reflects this momentum. In 2025, we achieved underlying sales growth of 4%, with adjusted operating profit of £61.4m – an increase of 6% on an underlying basis. Free cash flow conversion remains strong at 125%, underscoring the resilience of our model and the discipline with which we execute.

Beyond the numbers, we are encouraged by the growing adoption of our products and the strengthening demand across key markets, which reinforces our confidence in the strategy. As the half-life of skills is shrinking and the pace of change is accelerating, Pearson is uniquely positioned to help learners, institutions and enterprises adapt and succeed.

## Powering growth through execution

Great execution on our strategy is at the heart of our progress. It's how we stay ahead of the curve, meet evolving customer needs and unlock new opportunities. In 2025, we made significant strides embedding AI and digital technologies across our portfolio and accelerating our enterprise learning capabilities and business. All our efforts are helping us to drive outcomes for learners and enhancing the experience of customers across the business.

- In Assessment & Qualifications, all sub-business units contributed to growth with standout performances from Clinical Assessment and UK & International Qualifications. Clinical Assessment grew through strong demand for our digital products together with expanding its customer base with the first state-wide adoption of our digital offering. We also launched Revibe, an AI-enabled wearable powered by Samsung Electronics to support focus and self-regulation. In UK & International Qualifications, we introduced the GCSE Exam Practice Assistant – an AI-powered tool for personalised revision. Pearson Professional Assessments secured several new contracts, and US Student

Assessment announced a partnership with McGraw Hill to unlock opportunities in formative assessment.

- In Higher Education, our core US courseware business led the way by delivering a good performance, supported by the expansion of AI features in our offering. The new 'Go Deeper' functionality in our AI study tools encourages critical thinking by prompting learners with challenging follow-up questions. As our AI becomes more embedded in the student learning process, we are seeing learners deepening their cognitive ability and becoming more engaged with our materials.
- In Virtual Learning, we saw strong growth in the second half of the year, driven by capturing strong market demand through targeted marketing, streamlined enrolment processes and enhanced career offerings. We opened two new schools, bringing our total to 41 schools across 31 states, and embedded our career programme across the network. Our AI tools are contributing to improved student outcomes with higher grades and pass rates.
- In English Language Learning, Institutional saw continued growth, with customer wins in key markets, for example in Latin America, and Pearson Test of English continued to show resilience, performing well despite a tough market backdrop. We advanced our offering with the launch of the PTE Express Test and launched Communication Coach, which was co-developed with Microsoft and in collaboration with our Enterprise Learning & Skills business unit, to improve the communication ability of both native and non-native English speakers. The product is aligned with Pearson's Global Scale of English, our proprietary framework for benchmarking English language proficiency.
- In Enterprise Learning & Skills, we refocused our Global Enterprise Sales Team and signed long-term strategic partnerships with a range of key hyperscalers and leading professional services enterprises.

## Meeting the moment: skills for an evolving workforce

The world of work is changing – fast. AI is reshaping industries, roles and expectations. Learners, workers and employers alike are grappling with how to keep pace. We believe this gives Pearson a profound opportunity to lead. We're better placed than ever to

strengthen the connection between learning and success, due to our unique characteristics and enduring competitive strengths.

The traditional 'learning to earn' model – where education ends when work begins – is no longer fit for purpose. We must embrace a 'learning to learn' mindset, where education is a lifelong journey, seamlessly integrated into work and life – and where learning becomes the most important skill for success.

That's why we've identified Early Careers and Enterprise Skilling as strategic growth engines. These are not just commercial opportunities; they're areas where Pearson can make a real societal impact. In 2025, we featured in the GSV 150 list of companies transforming digital learning and workforce skills development, validating our impact (<https://www.asugsvsummit.com/gsv-150>).

In Early Careers, we're helping young people build job-ready skills as they transition from school or university into the workforce. Our Virtual Schools are already delivering career readiness initiatives, and through our career programme, students gain access to internships, employer connections and specialised classes that prepare them for the world of work. This year, we acquired eDynamic Learning, which is a core pillar of our Early Careers strategy. eDynamic Learning is a leader in Career and Technical Education. Combined with Pearson's scale, this creates a powerful platform to equip the next generation with the skills they need to succeed.

In Enterprise Skilling, we're helping those already in work to reskill and upskill. Our unique skills ontology enables employers to understand their workforce capabilities and identify gaps. By combining our expertise in learning with the reach and technology of our strategic partners, we're creating scalable solutions that deliver learning in the flow of work. Our Communication Coach is just the beginning. Imagine a future where employees receive real-time, personalised learning without leaving their daily workflow. That future is already here.

### Building AI literacy for all

As AI becomes ubiquitous, AI literacy will be a foundational skill – essential for all learners, workers and organisations. At Pearson, we want everyone to have the tools to understand and harness this transformative technology, and we have

expanded our AI-related content, training programmes and certifications. For example, in 2025 we introduced AI Essentials, a short course that provides a foundational understanding of AI.

We're also investing in our own people. Across Pearson, employees have access to Microsoft Copilot, and we have rolled out live training sessions across the organisation. Our AI Ambassador Community has grown to over 1,000 members, supported by a vibrant programme of training and learning events. This is about more than tools – it's about mindset: we're empowering our teams to reimagine how they work, collaborate and innovate.

### Leadership and succession

I would also like to thank Sally Johnson, who will be leaving Pearson in May 2026, for her outstanding contribution to the company over nearly 26 years, including six years as Group Chief Financial Officer. She has been a trusted partner to me and to the Board, and played a pivotal role in strengthening the company and positioning it for the future. I am pleased to welcome Simon Robson, previously Group Chief Financial Officer at Sky, who will join Pearson in March 2026. I am confident he will support the continued delivery of our strategy and long-term value creation.

### Looking ahead

We remain focused on disciplined execution, targeted investment and delivering for our shareholders. We've made great strides in 2025: growing our business, deepening our impact and laying the groundwork for future success. But we're only just getting started.

Our unique capabilities, trusted brand and global reach place us at the heart of a societal shift shaped by AI, evolving skills and changing expectations.

Thank you for your continued support.

**Omar Abbosh**

Chief Executive



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**Omar Abbosh**  
Chief Executive

**4%**

underlying sales growth

**6%**

underlying adjusted operating profit growth