



Pearson 2025 Full Year Results

Friday 27th February 2026

Forward-looking statements

Except for the historical information contained herein, the matters discussed in this presentation include forward-looking statements.

In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing, anticipated costs savings and synergies and the execution of Pearson's strategy, are forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. They are based on numerous assumptions regarding Pearson's present and future business strategies and the environment in which it will operate in the future.

There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside Pearson's control. These include international, national and local conditions, as well as competition.

They also include other risks detailed from time to time in Pearson's publicly-filed documents and you are advised to read, in particular, the risk factors set out in Pearson's latest annual report and accounts, which can be found on its website (plc.pearson.com).

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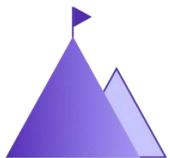
Key takeaways



Confidence in the future



Financial and strategic progress



Improve in 2026



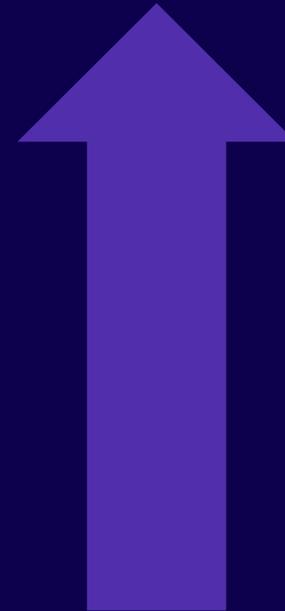


Confidence in the future

Mega trends

Demographics

AI



Upskilling demand



Confidence in the future

Unique Characteristics & Enduring Strengths

~ 90% Profit

Operationally complex physical and digital workflows and print

~10% Profit

Digital courseware, embedded in critical workflows

Leadership positions

Long history of operational excellence

Deeply embedded

Proprietary data sets

Trust



Delivered on our 2025 priorities



Financial Delivery

4%

Underlying Sales Growth



6%

Adj operating profit growth



125%

Free cash flow conversion



AI Innovation

AI Study Tools



Go Deeper Enhancement

Students 24x more likely to be active readers



x



Communication Coach



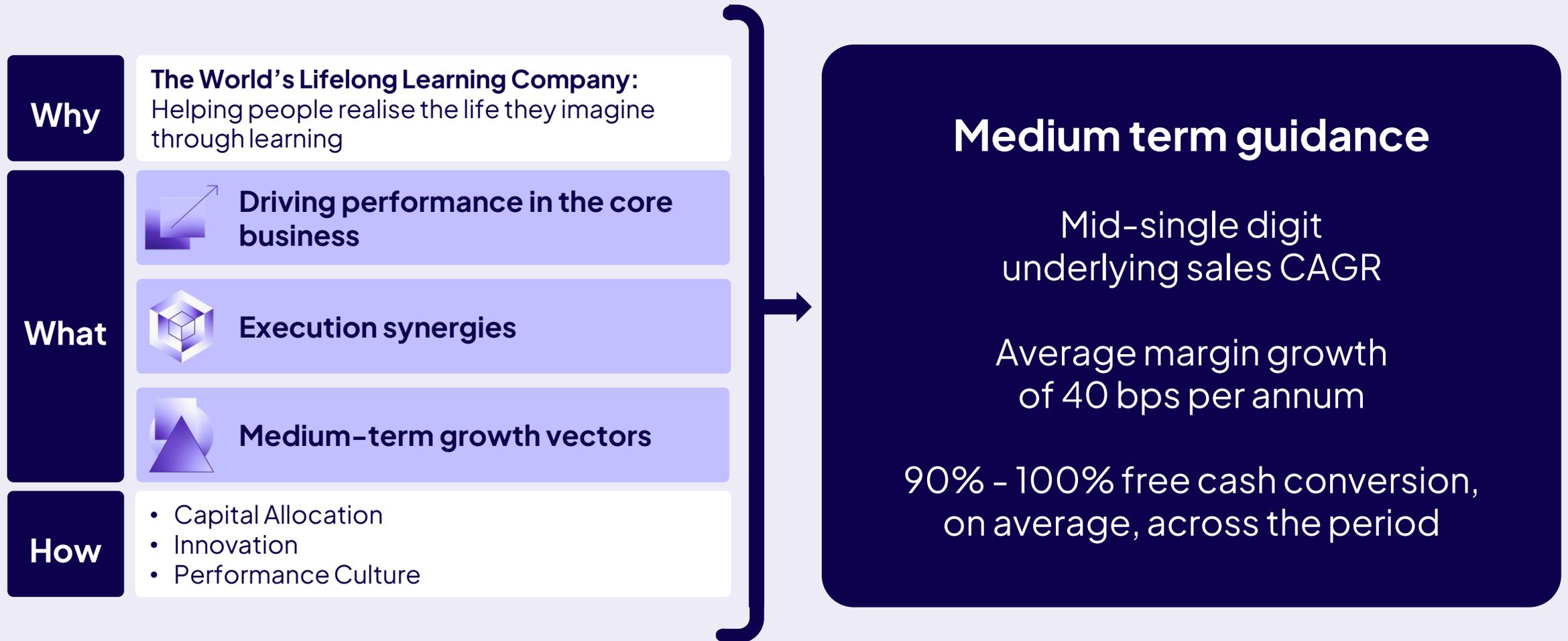
Enterprise Growth

9
Total

Strategic partnerships

Financial momentum

Strategy outline





Performance in the core business

Assessment & Qualifications

English Language Learning

Higher Education

Enterprise Learning & Skills

Virtual Learning

2025 milestones

- Renewals and contract wins
- Digital growth
- International expansion

- Customer wins
- Product innovation / expansion
- Enterprise growth + Communication Coach launch

- Inclusive access
- Study prep monetisation
- Early careers progression

- Global go to market
- Strategic partners signed
- Contract wins

- Enrolment portal launched
- Targeted marketing investment
- Enhanced Early Careers offering

2026 priorities

- Enterprise growth
- International expansion
- Product innovation

- Enterprise upskilling growth
- Adjacent market expansion
- Product upgrades

- Inclusive access growth
- Platform convergence
- AI product innovation

- Partnership monetisation
- Strategic account growth
- Joint innovation with partners

- School network expansion
- AI product enhancements
- Further operational improvements

See more detail in the appendix



Execution synergies



**360 degree
Strategic
Partnerships**



**Operational
Systems**



**Modern Software
& Product
Development**

AI-powered execution at scale



Operational systems

Pearson Systems

Unified market presence

Consolidation of vendors

Simplified ecommerce

Customer Service

AI enabled operations

AI pilots delivering measurable impact

**40%+
reduction**

content editing time

**~30%
lower**

translation costs

**~25%
reduction**

content alignment costs

**~40%
reduction**

customer service volumes

**130k+
customer**

interactions AI voice agents

Revenue Operations

Improving forecast visibility and sales discipline



Branding approach

From noise ...





Branding approach

... To signal

Education framework

» Pearson

Career Ready

» Pearson

Whole Learner

» Pearson

Learn

» Pearson

Progress

» Pearson

Educator Excellence

Work framework

» Pearson

Professional Assessments

» Pearson

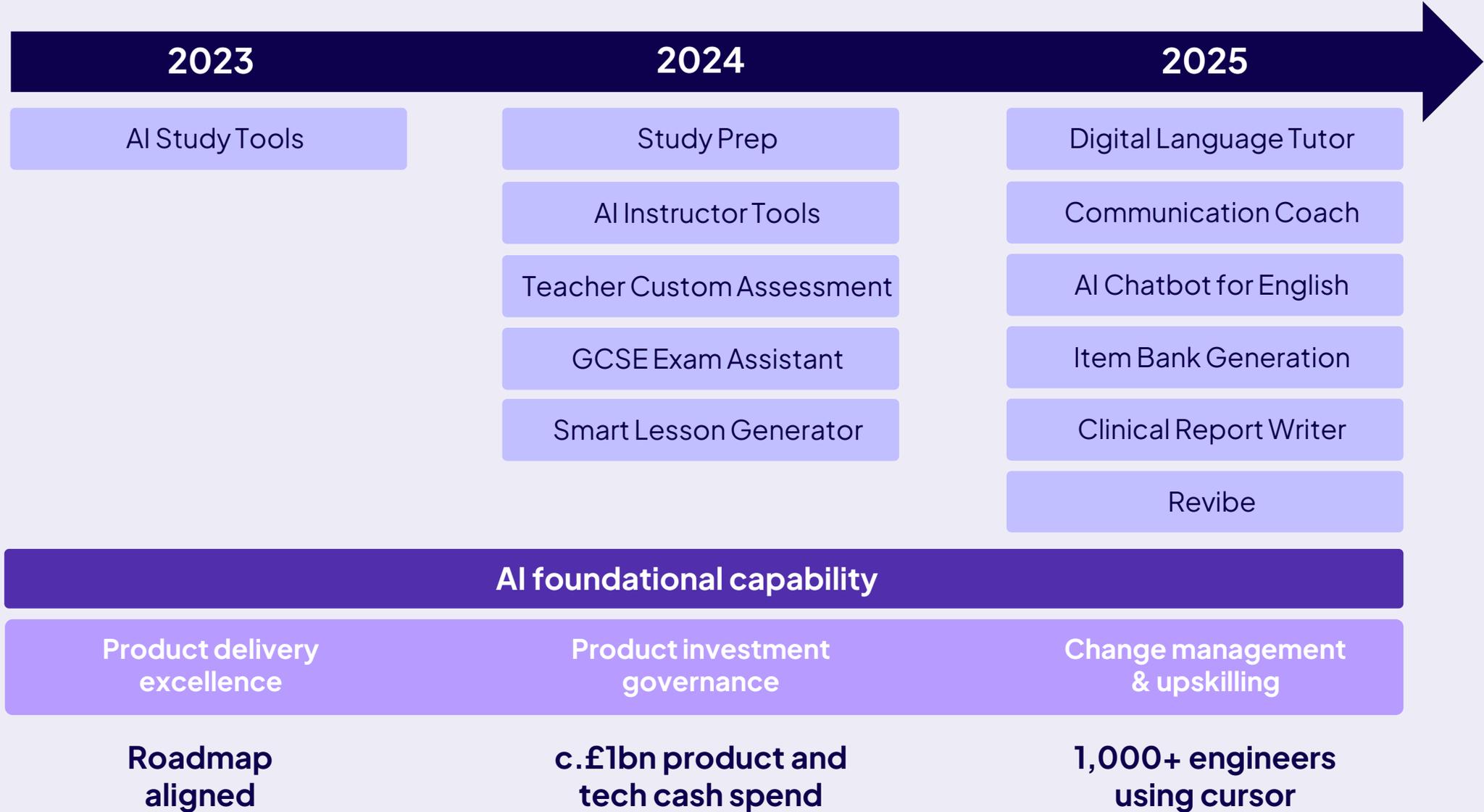
Clinical

» Pearson

Talent Solutions



Product innovation...





... leading to outcomes

Higher Education AI Study Tools



Available to **+3 million** students



24x more likely to be active readers



1 in 3 showed higher order thinking



1 in 5 showed critical thinking skills

Virtual Learning AI Study Tools



5% increase in final scores



Up to **11%** increase in pass rates

AI Custom Assessment Tool



50% reduction in assessment creation time

Smart Lesson Generator



Up to **45 minutes** saved per lesson plan for educators

Medium-term growth vector – Enterprise Skilling

Strategic Partnerships



Hundreds of \$ millions in incremental revenue contracted up to 2030



Medium-term growth vector – Early Careers

Early Careers TAM

~\$6B



eDynamic Learning

CERTIPORT®



CONNECTIONS
ACADEMY®
by Pearson

Power metrics

Assessment & Verification

Renewals

96%

2024: 99%
2023: 87%

Growth

£33m

2024: £36m
2023: £7m

Enterprise Skilling

'Advanced' &
'Elite' customers

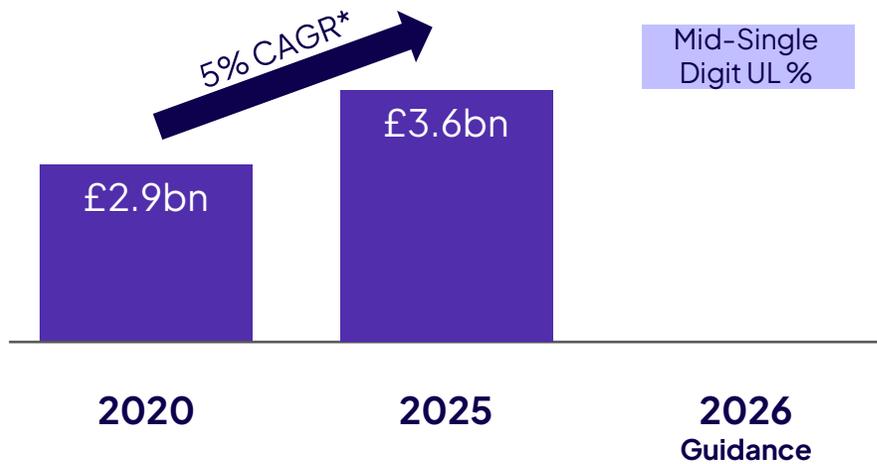
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2024: 45
2023: 47

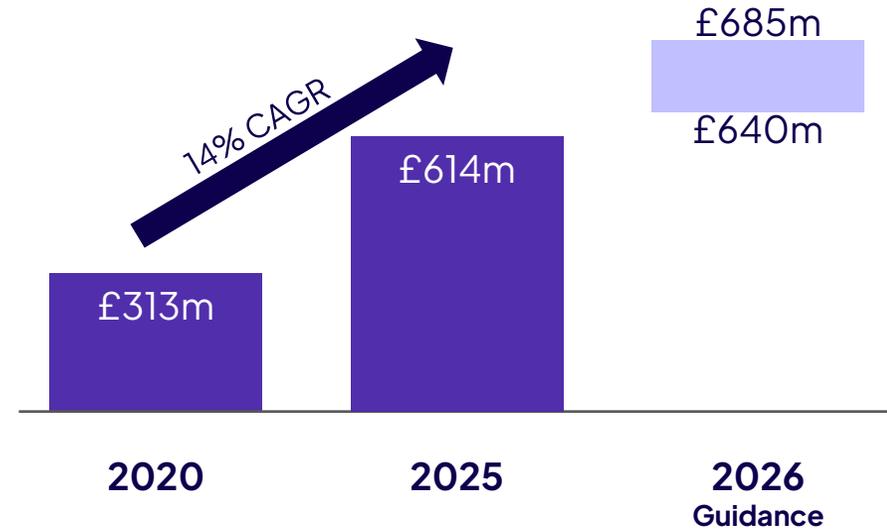


An even stronger 2026

Group Sales*



Adjusted Operating Profit



*Group sales are headline figures excluding OPM and Strategic Review businesses. CAGR is on an underlying basis excluding OPM and Strategic Review businesses.

Financial Review & Outlook

2025 Financial highlights

- **4% underlying sales growth**
- **6% increase in underlying profit** with margin expanding from 16.9% to 17.2%
- Adjusted EPS up **4% to 64.5p** and **up 9% at constant exchange rates²**
- **Strong cash performance**, with free cashflow conversion of 125% including £0.1bn State Aid repayment (98% without)
- **Increasing the dividend by 5%** and a further **Share Buyback of £350m** well underway

Underlying¹ Sales Growth

+4%

Year-on-year increase to £3,577m
(2024: £3,552m)

Underlying¹ Adj. Operating Profit Growth

+6%

Year-on-year increase to £614m
(2024: £600m)

Adj. Operating Profit Margin

17.2%

(2024: 16.9%)

Free Cash Flow Conversion

125%

Year-on-year cash flow increase to £527m
(2024: £490m)

Adjusted EPS Growth

+4%

Year-on-year increase to 64.5p
(2024: 62.1p)

Dividend Per Share Growth

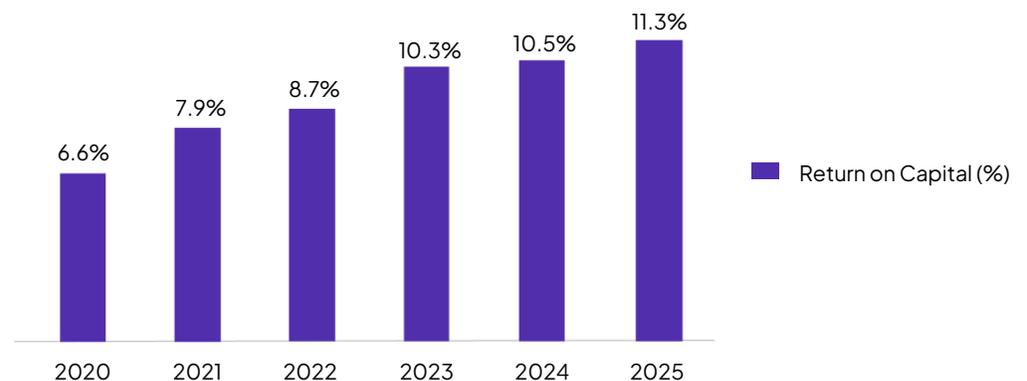
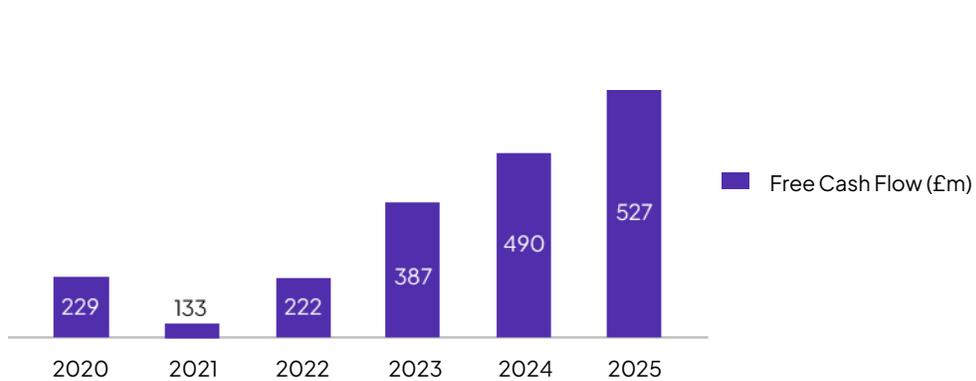
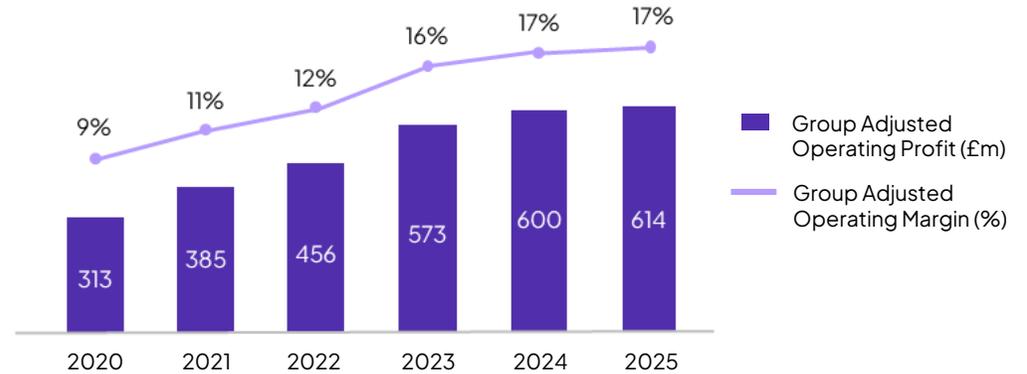
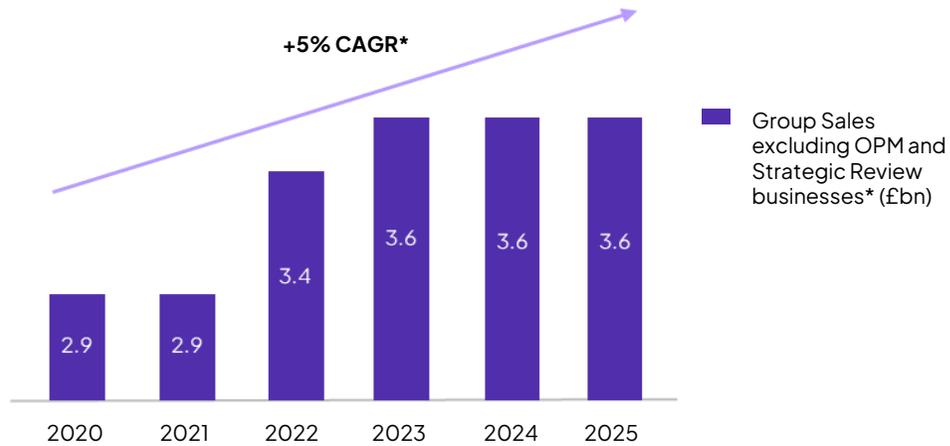
+5%

Year-on-year increase to 25.2p
(2024: 24.0p)

¹Underlying growth rate: exclude currency movements, and portfolio changes.

²Calculated using adjusted operating profit at constant exchange rates. Constant exchange rates are calculated by assuming the average FX in the prior year prevailed through the current year.

Financial progress provides foundation for ongoing confidence



*Group sales are headline figures excluding OPM and Strategic Review businesses. CAGR is on an underlying basis excluding OPM and Strategic Review businesses. The average US dollar rate for the year against sterling was: 2020 \$1.28, 2021 \$1.38, 2022 \$1.24, 2023 \$1.25, 2024 \$1.28, 2025 \$1.32

2025 Sales

£m	2025	2024 ¹	Headline growth	Underlying growth ²
Assessment & Qualifications	1,604	1,591	1%	4%
Virtual Learning	511	489	4%	8%
Higher Education	775	781	(1)%	2%
English Language Learning	405	420	(4)%	1%
Enterprise Learning & Skills	282	271	4%	6%
Total sales	3,577	3,552	1%	4%

¹In January 2025, the Group announced that Workforce Skills would evolve to become Enterprise Learning & Skills, incorporating our IT Pro business which was previously in Higher Education. Comparative figures have been restated to reflect the move between segments, resulting in £45m of sales being transferred from Higher Education to Enterprise Learning & Skills for the full year 2024.

²Underlying growth rates exclude currency movements, and portfolio changes.

2025 Adjusted operating profit

£m	2025	2024 ¹	Margin 2025	Margin 2024	Headline growth	Underlying growth ²
Assessment & Qualifications	361	368	23%	23%	(2)%	1%
Virtual Learning	81	66	16%	13%	23%	29%
Higher Education	93	96	12%	12%	(3)%	0%
English Language Learning	50	50	12%	12%	0%	16%
Enterprise Learning & Skills	29	20	10%	7%	45%	40%
Total adjusted operating profit	614	600	17.2%	16.9%	2%	6%

¹In January 2025, the Group announced that Workforce Skills would evolve to become Enterprise Learning & Skills, incorporating our IT Pro business which was previously in Higher Education. Comparative figures have been restated to reflect the move between segments, resulting in £12m of adjusted operating profit being transferred from Higher Education to Enterprise Learning & Skills for the full year 2024.

²Underlying growth rates exclude currency movements, and portfolio changes.

2025 Statutory operating profit

£m	2025	2024	Headline growth
Adjusted operating profit	614	600	
Adjusting items	(107)	(59)	
Statutory operating profit	507	541	(6)%

Key cash flow movements

£m	2025	2024	YOY change
Adjusted Operating Profit	614	600	14
<i>Capex cash</i>	(179)	(170)	(9)
<i>Depreciation</i>	186	193	(7)
Net capex investment	7	23	(16)
<i>Product development cash</i>	(285)	(284)	(1)
<i>Amortisation</i>	277	291	(14)
Net product development investment	(8)	7	(15)
Working capital, FX and other	(42)	32	(74)
Operating Cash Flow	571	662	(91)
Operating cash flow conversion rate	93%	110%	
Cash interest paid	(40)	(45)	5
Cash tax paid	(2)	(119)	117
One-time costs	(2)	(8)	6
Free Cash Flow	527	490	37
Free cash flow conversion rate*	125%	117%	

*Free cash flow conversion calculated as free cash flow divided by adjusted earnings.

Cash & balance sheet

	Net debt (£m)	Net debt: Adj. EBITDA	ROC	Operating cash flow (£m)	Operating cash flow conversion	Free cash flow (£m)
2025	1,069	1.3x	11.3%	571	93%	527
2024	853	1.1x	10.5%	662	110%	490
2023	744	1.0x	10.3%	587	102%	387
2022	577	0.8x	8.7%	401	88%	222
2021	350	0.6x	7.9%	388	101%	133
2020	463	0.8x	6.6%	315	101%	229
Strong balance sheet retained			ROC improvement +470bps	Operating cash flow growth 13% CAGR	Average cash conversion c.100%	Free cash flow growth 18% CAGR

2026 Group financial expectations

Group sales	Underlying sales growth	Mid-single digit
Group profit	Adjusted operating profit	£640m-£685m at FX rates as at the end of 2025 (£:\$ 1.35). Includes lower amortisation following the 2025 product development impairment.
	Interest	c.£80m – includes associated costs of funding the recently announced £350m share buyback
	Tax	c.25%
Cash flow	Free cash flow conversion* of 90%-100%	
FX	Every 1c movement in £:\$ rate equates to approximately £5m adjusted operating profit impact	
Medium-term guidance reconfirmed	Mid-single digit underlying sales CAGR Average margin growth of 40 bps per annum 90%-100% free cash conversion*, on average, across the period	

*Free cash flow conversion calculated as free cash flow divided by adjusted earnings.

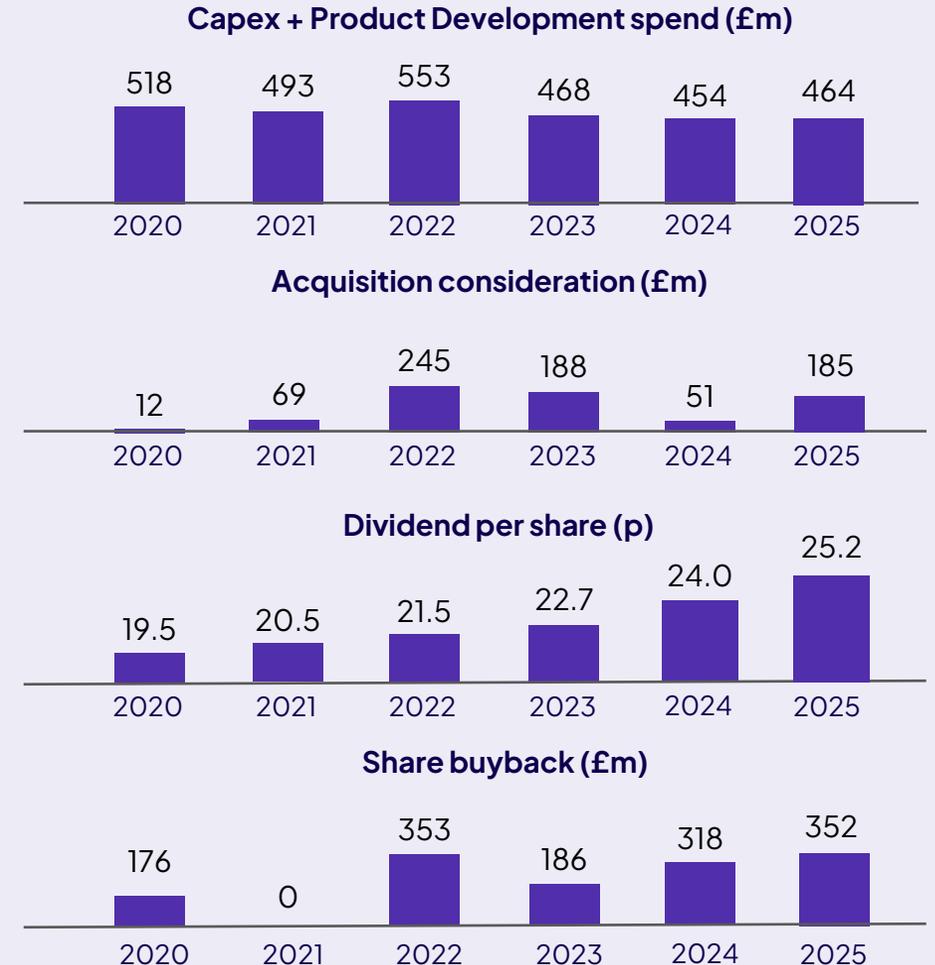
2026 Group financial expectations

		Full year	Phasing considerations
Underlying sales growth	Group	Mid-single digit growth	Growth is again H2 weighted, but not as markedly as in 2025
	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 driven by a full year of enrolment growth	Stronger growth particularly in H1
	Higher Education	Will grow more than 2025, supported by 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 driven by a solid Vocational Qualifications performance and strategic account growth in Enterprise Solutions	

Capital allocation – uses of cash

Strong balance sheet – Net debt / EBITDA capped 2x

<p>1. Invest in the business to accelerate growth opportunities</p>	<p>Capex and product development for organic growth</p>
<p>2. Dividends</p>	<p>Focused and disciplined approach to M&A</p>
<p>3. Surplus cash returns</p>	<p>Progressive and sustainable Dividend per share growth 5% CAGR 2020-2025</p> <p>Buybacks or special dividends as appropriate £1.4bn of surplus cash returned since 2020, £350m buyback underway for 2026</p>



Wrap up

2026 priorities



**Deliver on
financial targets**



**Continue to lead
on innovative tech**



**Progress power
metrics**

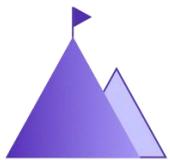
Key takeaways



Confidence in the future



Financial and strategic progress



Improve in 2026



Appendix



Driving performance in the core business

2025 milestones

2026 priorities

Assessment & Qualifications

- Pearson Professional Assessment: new contract wins and strong renewals
- US Student Assessment: renewed and extended key contracts including Maryland and others at later stage of contract completion. McGraw Hill partnership into adjacent market
- Clinical Assessment: first statewide adoption, Revibe innovation, pharma expansion
- UK & International Qualifications: Ongoing international expansion

- Maintain strong competitive performance – renewals and new wins
- Adjacent market growth – including pharma, formative, test prep and PDRI enterprise expansion
- Continued international expansion
- Product innovation and AI-enabled delivery

Virtual Learning

- Opened 2 new schools and secured all six contract renewals
- Launched new enrolment portal network wide
- Improved marketing effectiveness
- Enhanced career programmes and extended network wide

- Continue expansion of the school network
- Further operational improvements – marketing, enrolment, retention and funding capture
- Improved AI capabilities for students and teachers
- Ongoing early career enhancements



Driving performance in the core business

	2025 milestones	2026 priorities
Enterprise Learning & Skills	<ul style="list-style-type: none"> Established global enterprise sales team and key-account structure Secured strategic partnerships New contract wins, including UK Ministry of Defence apprenticeship delivery Continued international expansion, including vocational skilling in Saudi Arabia 	<ul style="list-style-type: none"> Monetise strategic partnerships Strategic account growth Develop solutions bundles for enterprise offerings Continued product innovation, including co-creation with partners
English Language Learning	<ul style="list-style-type: none"> Institutional strength, customer wins in LATAM and Asia Strong operational performance in PTE driving share gains Product expansion addressing new markets – PTE Express Building enterprise momentum – including Communication Coach 	<ul style="list-style-type: none"> Continued market-share growth Adjacent market growth – including test prep Improve go-to-market execution and channel effectiveness Accelerate product innovation for institutional and enterprise customers Support enterprise customers with English upskilling
Higher Education	<ul style="list-style-type: none"> eDynamic Learning acquisition and ongoing integration Operationalisation of career and college readiness K12 sales coverage Study Prep monetisation and scaled internationally Ongoing platform simplification AI tools driving improved learning outcomes 	<ul style="list-style-type: none"> Improve IA channel execution Accelerate platform convergence Ongoing AI-led product innovation Expand digital offerings internationally with content localisation

Selected data points for reference

	Inclusive Access growth	Higher Education US digital subscriptions*	PTE volume	Pearson Professional Assessment test volumes**	Virtual Schools US enrolments***	No. of virtual schools and career programmes
2025	19%	10.2m	1,051k	21.0m	109k	School year 25/26: 41 virtual schools and 41 career programmes
2024	24%	10.0m	1,108k	20.7m	96k	School year 24/25: 40 virtual schools and 24 career programmes

* Methodology change from reporting Pearson+ units to Pearson+ subscriptions and the addition of Study Prep.

** Test volumes include PTE and GED tests but sales for each of these tests are reflected in the English Language Learning and Enterprise Learning & Skills business units respectively.

*** Count as at 30 September.

Sales by business – select businesses

£m	2025	2024	Underlying change*
Assessment & Qualifications	1.60	1.59	4%
Pearson Professional Assessments	0.66	0.67	1%
US Student Assessment	0.38	0.36	2%
Clinical Assessment	0.26	0.28	8%
UK & International Qualifications	0.30	0.28	9%
Higher Education	0.78	0.79	2%
US Higher Education	0.67	0.66	3%
International Higher Education	0.11	0.12	(7)%

*Underlying growth rates exclude currency movements, and portfolio changes.

2025 Cash Flow Reconciliation

	Statutory	Product development impairment	Property charges	Other net gains and losses	Intangible charges	Pensions	Purchase/disposal of PPE and software	Net addition of ROU assets	Dividends received	Interest received	Adjusted	
Profit before tax + net finance costs	507	87	(25)	3	42						614	Adjusted operating profit
							(134) ¹	(45) ⁴			(179)	Capex cash
Depreciation and impairment – PPE, investment property and assets held for sale	54		20								74	
Amortisation and impairment – software	112										112	
											186	Depreciation
Amortisation and impairment – acquired intangible assets	41											
Other net gains and losses	3			(3)								
Product development capital expenditure	(285)										(285)	Product development cash
Product development amortisation and impairment	364	(87)									277	Amortisation
Share-based payment costs	39										39	
Change in inventories	5										5	
Change in trade and other receivables	(104)										(104)	
Change in trade and other liabilities	35										35	
Change in provisions for other liabilities and charges	(19)		5								(14)	
Other movements	(21)			13 ⁵	(1)	2			1 ⁶		(6)	
							3 ²				3	Proceeds from sale of PPE and software
											(42)	Working capital, FX and other
Net cash generated from operations	731			13 ⁵		2	(131)	(45)	1 ⁶		571	Operating cash flow
Interest paid	(73)									33 ³	(40)	Cash paid
Tax paid	(2)										(2)	Cash tax paid
						(2)					(2)	Special pension contributions
Net cash generated from operating activities	656			13 ⁵			(131)	(45)	1 ⁶	23 ³	527	Free cash flow

¹ Cash flows are included in the investing activities section of the statutory cash flow statement – £29m purchase of PPE and £105m purchase of intangible assets totaling £134m.

² Cash flows are included in the investing activities section of the statutory cash flow statement – £3m proceeds from sale of PPE.

³ Cash flows are included in the investing activities section of the statutory cash flow statement – £33m received.

⁴ Net additions to right of use assets represent additions to and disposals of right of use assets. These items are non-cash but are included in operating cash flow as IFRS 16 capitalises new leases which impacts net debt.

⁵ Cash flows from acquisition and disposal activity (including transaction costs related to acquisitions which are classified within net cash generated from operations in the statutory cash flow) are excluded from operating cash flow and free cash flow and so are shown as a reconciling item.

⁶ Cash flows are included in the investing activities section of the statutory cash flow statement – £1m dividends received.

Other modelling assumptions

Exchange rates and shares outstanding

	At 31 Dec 2025	At 31 Dec 2024	Average FY 2025	Average FY 2024
Exchange rates				
£:\$	1.35	1.25	1.32	1.28
Shares outstanding*				
Total	635.1	665.6	651.3	673.0

*Excludes ordinary shares purchased by the company and held as treasury shares.

Power metrics definitions

Metric	Definition
<p>Renewals (Scope: Pearson Professional Assessment & US Student Assessment)</p>	<p>Total value of contracts renewed / (total value of contracts renewed + lost). Contracts renewed include wins and scope increases from existing customers.</p>
<p>Growth (Scope: Pearson Professional Assessment & US Student Assessment)</p>	<p>Average annual bookings for contracts with net new customers.</p>
<p>Number of 'Advanced' tier customers (Scope: All enterprises and non-education government bodies within Assessment & Qualifications, English Language Learning and Enterprise Learning & Skills)</p>	<p>Number of enterprise customers with total recognised sales across Pearson enterprise products in the reported year of between £2.5m and £10m.</p>
<p>Number of 'Elite' tier customers (Scope: All enterprises and non-education government bodies within Assessment & Qualifications, English Language Learning and Enterprise Learning & Skills)</p>	<p>Number of enterprise customers with total recognised sales across Pearson enterprise products in the reported year above £10m.</p>

