Pearson 2023 Nine Month Trading Update

30th October 2023

Forward-looking statements

Except for the historical information contained herein, the matters discussed in this statement 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 (pearsonplc.com).

Any forward-looking statements speak only as of the date they are made, and Pearson gives no undertaking to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes to events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on such forward-looking statements.

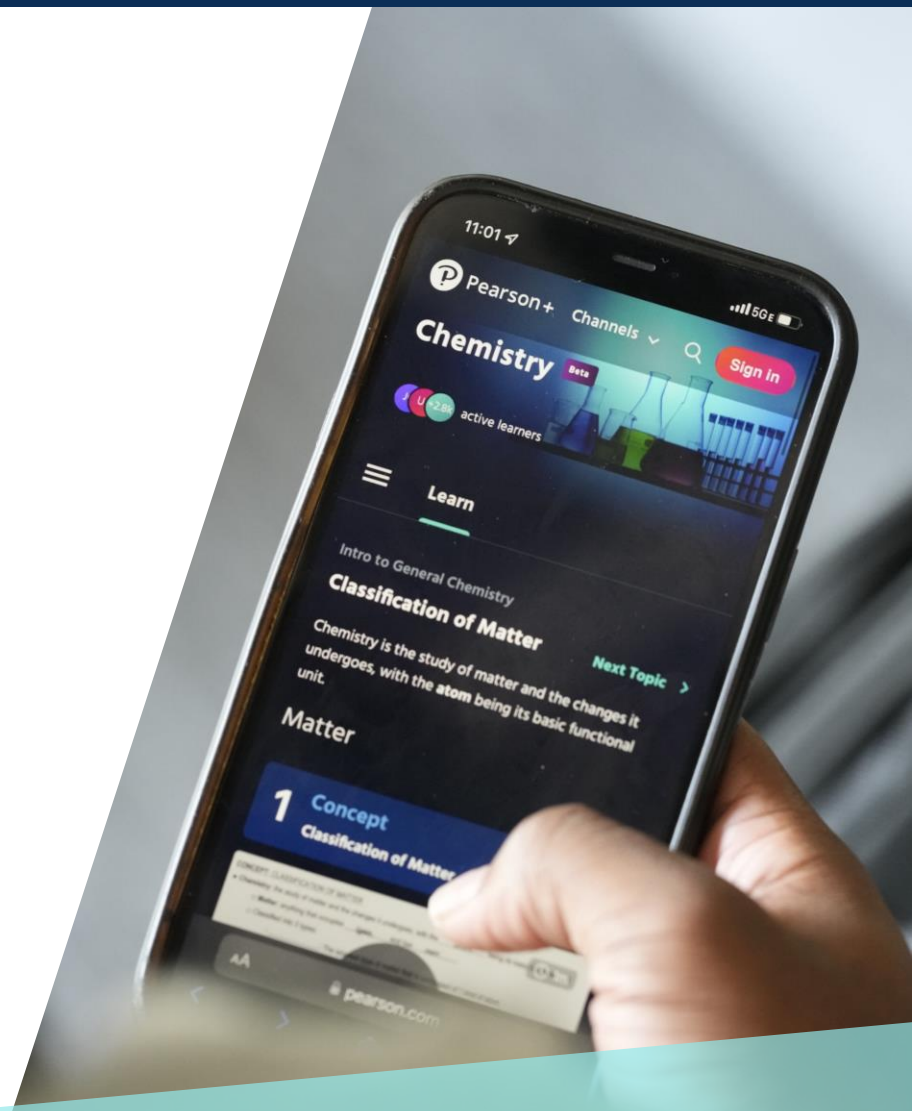
Highlights

Strong operational and financial performance continues, Group revenue growth of 5%*

Full year Group adjusted operating profit guidance upgraded by c.£20m

Pearson+ momentum continues, with c.30% growth in paid subscriptions

Pearson well positioned for long–term future growth



*excluding OPM and Strategic Review businesses

Strong financial performance

- Continued strong trading performance, with particularly strong performances in English Language Learning and Assessment & Qualifications
- On track to deliver the Group full year revenue growth we guided to at the beginning of the year
- Raising our Group full year adjusted operating profit guidance

Assessment & Qualifications revenue growth

8%

Virtual Schools revenue growth

(4)%

Higher Education revenue growth

(5)%

English Language Learning revenue growth

34%

Workforce Skills revenue growth

8%

Group revenue growth*

5%

*excluding OPM and Strategic Review businesses

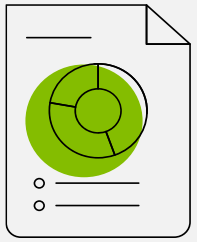
2023 Group adjusted operating profit upgraded

Group outlook

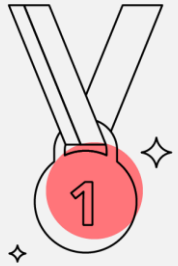
- 2023 consensus adjusted operating profit of **£568m @ £:$ 1.20***
- Every 1c movement in £:$ rate equates to approximately **£4m** adjusted operating profit
- Therefore, an indicative forecast average £:$ rate of 1.24 would reduce Group adjusted operating profit by approximately **£16m** to **£552m**
- Upgrade of **c.£20m** to **£570m - £575m** driven by a strong performance with revenue growth at the higher end of the guided range

*Vuma consensus on Pearson website

Wrap up



Delivered another successful quarter of growth and strategic progress



Upgraded Group full year adjusted operating profit guidance

Momentum across business as we continue to execute on our strategy

Well placed to continue delivering value for shareholders

Andy Bird
Chief Executive

Sally Johnson
Chief Financial Officer

Tom AP Simon
President – Higher Education and Virtual Learning

Ali Bebo
Chief Human Resources Officer

Lynne Frank
Chief Marketing Officer and Co-president, Direct to Consumer

Gio Giovannelli
President – English Language Learning

Mike Howells
President – Workforce Skills

Sulaekha "Sue" Kolloru
Chief Strategy Officer

Cinthia Nespoli
Chief Legal Officer

Tony Prentice
Chief Product Officer and Co-President, Direct to Consumer

Art Valentine
President – Assessment & Qualifications

Marykay Wells
Chief Information Officer