Pearson

Pearson 2026 Interim Results

Friday 31st July 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.

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Key takeaways

Good H1 financial performance

+4%
Revenue[1]

+14%
Adj. operating profit[1]

+19%
Adj. EPS[2]

On track to deliver guidance

Mid-single digit
underlying revenue growth

£640-685m
Adj. operating profit

90-100%
Free cash flow conversion

Excited about the future

Technology advancements driving **major upskilling demand**

Pearson uniquely placed to benefit

[1] Underlying growth rate: exclude currency movements, and portfolio changes.
[2] Constant exchange rates.

Unique characteristics and 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

Ongoing execution against strategic framework

Why	**The World's Lifelong Learning Company:** Helping people realise the life they imagine through learning
What	**Driving performance in the core business**
	Execution synergies
	Medium-term growth vectors
How	• Capital Allocation • Innovation • Performance Culture

Medium term guidance

Mid-single digit underlying revenue CAGR

Average margin growth of 40 bps per annum

90% - 100% free cash conversion, on average, across the period

Driving performance in the core business

Assessment & Qualifications	**Continued Enterprise growth**	Google Cloud certification	Digital Clinical strength	International expansion
Virtual Learning	**Delivering a standout year**	15% Spring enrolment growth	100% contract renewal rate	5 new schools opening
Higher Education	**Accelerating Inclusive Access**	Go to Market improvements	IA 50% of core US Courseware	Early Careers integration
Enterprise Learning & Skills	**Powering Enterprise AI upskilling**	Cognizant AI programme	Vocational execution	International contract delivery
English Language Learning	**Outperforming challenging market**	Institutional enterprise growth	New customer wins	Resilient operational performance

Progress on driving execution synergies

Driving cost performance, agility and consistency of growth

Operational Systems	Modern Software & Product Development	360 degree Strategic Partnerships
Fix fragmented approaches	**Leveraging our data and IP**	**Deepening key partner relationships**
Standardising tools and approaches	**Communication Coach** Ambient assessment	Adobe Relationship
40% AI-handled customer interactions	**Clinical** AI functionality	**Upgrading digital estate** Aligned to customers groups
75% Reduction in # of Sales Incentive Plans	**90%** More likely to achieve mastery	

Enterprise Skilling

Momentum across Enterprise offerings

↑ Professional Assessment ↑ Enterprise Solutions ↑ English Enterprise

Strategic account growth

8→10

Strategic partners

New H1

Adobe

salesforce

AI skills verification

New global certification programme

- Reinforces leadership in skills verification
- Rapid programme launch
- Technology advances driving demand for validated new skills
- Pearson uniquely positioned to benefit

Early Careers

Large attractive market

TOTAL ADDRESSABLE MARKET[1]

~$6B

Fragmented market

LOW PENETRATION TODAY[2]

~4%

Pearson well positioned to win

Continued progress in unlocking

eDynamic Learning
CERTIPORT
CTE
→ Pearson Career Ready

Customers

Miami-Dade County Public Schools; The School District of Palm Beach County; Omaha Public Schools; Houston Independent School District; Broward County Public Schools; El Paso Independent School District

[1] Total estimated addressable market across elective and CTE curriculum ("Learn"), college and career readiness platforms ("Explore"), and certifications and licensing exams ("Verify").
[2] Relates to relevant businesses in Higher Education and Assessment & Qualifications.

Financial Review & Outlook

Early priorities

01

Continued disciplined investment

02

Operational excellence

03

Simplification and transparency

H1 2026 Financial highlights

- Delivered good H1 financial performance
- Underlying revenue growth in line with expectations, with underlying profit and adjusted EPS growing strongly
- Strong free cash flow performance, including timing benefit
- Strong balance sheet enabling investment and shareholder returns
- Completed £350m share buy back
- Sustained dividend growth

Underlying[1] Revenue Growth

+4%

Revenue: £1,779m
(H1 2025: £1,722m)

Underlying[1] Adj. Operating Profit

+14%

Adj. Operating Profit: £276m
(H1 2025: £ 242m)

Underlying[1] Adj. Operating Profit Margin Growth

+140bps

Adj. Operating Profit Margin: 15.5%
(H1 2025: 14.1%)

Adj. EPS Growth

Headline: **+18%**

Constant Currency[2]: **+19%**

Adj. EPS: 28.9p
(H1 2025: 24.5p)

Free Cash Flow Growth

+66%

Free cash flow: £259m
(H1 2025: £156m)

Interim Dividend Growth

+5%

Interim Dividend: 8.2p
(2025: 7.8p)

[1] Underlying growth rate: exclude currency movements, and portfolio changes.
[2] Calculated 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.

H1 2026 Revenue & Adjusted operating profit

£m	Revenue	Underlying Revenue Growth[1]	Adj. Operating Profit	Adj. Operating Profit Margin	Underlying Adj. Operating Profit Growth[1]
Assessment & Qualifications	803	2%	157	20%	(6)%
Virtual Learning	280	19%	49	18%	31%
Higher Education	350	2%	21	6%	nm[2]
English Language Learning	166	(3)%	(2)	(1)%	nm[2]
Enterprise Learning & Skills	180	7%	51	28%	18%
Total	**1,779**	**4%**	**276**	**16%**	**14%**

[1] Underlying growth rates exclude currency movements, and portfolio changes.
[2] "nm" means not meaningful.

H1 2026 Cash Performance

- Continued strong free cash flow performance
- Disciplined working capital management
- Balance sheet remains robust

£m	H1 2026	H1 2025	YoY Change
Adjusted Operating Profit	276	242	34
Net capex investment	(5)	13	(18)
Net product development investment	(2)	14	(16)
Working capital, FX and other	68	(143)	211
Operating Cash Flow	**337**	**126**	**211**
Cash interest paid	(28)	(5)	(23)
Cash tax received (paid)	(50)	35	(85)
Free Cash Flow	**259**	**156**	**103**
Net Debt at 30 June	**1,343**	**1,027**	**316**

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

2026 outlook unchanged

Underlying revenue growth	Mid-single digit
Adjusted operating profit	£640m-£685m at £:$ 1.35 Includes lower amortisation following the 2025 product development impairment
Cash flow	Free cash flow conversion* of 90-100%
H2	Growth to improve in H2 Weighted to Q3 given the shape of last year and known business unit dynamics

*Free cash flow conversion calculated as free cash flow divided by adjusted earnings.
Technical guidance within appendix

Business unit expectations

		Full year
Underlying revenue 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 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.
	Enterprise Learning & Skills	Growth driven by a solid Vocational Qualifications performance and strategic account growth in Enterprise Solutions.

Wrap up

Key takeaways

01

Good H1 financial performance

02

On track to deliver guidance

03

Excited about the future

Appendix

Technical guidance

Tax	c.25%
Interest	c.£80m
FX	Every 1c movement in £:$ rate equates to approximately £5m adjusted operating profit impact

Selected data points for reference

	Inclusive Access Growth	Higher Education US digital subscriptions [1]	PTE volume	Professional Assessments test volume [2]	No. of virtual schools
H1 2026	20%	4.8m	474k	11.4m	School year 26/27: 46 virtual schools
H1 2025	21%	4.6m	491k	10.8m	School year 25/26: 41 virtual schools

[1] Methodology change from reporting Pearson+ units to Pearson+ subscriptions and the addition of Study Prep.
[2] Test volumes include PTE and GED tests but revenue for each of these tests are reflected in the English Language Learning and Enterprise Learning & Skills business units respectively.

Other modelling assumptions

	H1 2026	H1 2025	FY2025
Exchange rate £:$ (Average rate for profits)	**1.34**	1.31	1.32
Exchange rate £:$ (Period end rate)	**1.32**	1.37	1.35
Shares outstanding (basic) [1]	**599m**	651m	635m
Shares outstanding (basic average) [1]	**616m**	662m	651m

[1] Excludes ordinary shares purchased by the company and held as treasury shares.

H1 2026 Revenue

£m	2026	2025	Headline growth	Underlying growth[1]
Assessment & Qualifications	803	802	0%	2%
Virtual Learning	280	242	16%	19%
Higher Education	350	337	4%	2%
English Language Learning	166	171	(3)%	(3)%
Enterprise Learning & Skills	180	170	6%	7%
Total revenue	**1,779**	**1,722**	**3%**	**4%**

[1] Underlying growth rates exclude currency movements, and portfolio changes.

H1 2026 Adjusted operating profit

£m	2026	2025	Margin 2026	Margin 2025	Headline growth	Underlying growth[1]
Assessment & Qualifications	157	170	20%	21%	(8)%	(6)%
Virtual Learning	49	39	18%	16%	26%	31%
Higher Education	21	(3)	6%	(1)%	800%	700%
English Language Learning	(2)	(7)	(1)%	(4)%	71%	43%
Enterprise Learning & Skills	51	43	28%	25%	19%	18%
Total adjusted operating profit	**276**	**242**	**16%**	**14%**	**14%**	**14%**

[1] Underlying growth rates exclude currency movements, and portfolio changes.