

Key performance indicators for 2024

Monitoring progress

Non-financial measures

R See how this aligns strategy to management reward: page 119

Digital Growth

Objective: Drive digital sales growth

Digital sales

Underlying growth in group digital and digital-enabled sales

+3%

(2023: +3%)

+4%*

*Excluding OPM and Strategic Review

Year	Digital	Digital-enabled	Non-digital
24	38%	44%	18%
23	40%	42%	18%
22	44%	35%	21%
21	43%	31%	26%
20	45%	28%	27%

Partner Schools US enrolments^a

96k
(2023: 100k)

OnVUE volumes

2.3m
(2023: 2.7m)

PTE volume

1,108k
(2023: 1,231k)

Higher Education US digital subscriptions

10.1m
(2023: 9.8m)

Consumer Engagement

Objective: Create engaging and personalised consumer experiences

NPS for Connections Academy

+67
(2023: +67)

NPS for PTE

+60
(2023: +55)

Mondly paid subscriptions

495k
(2023: 432k)

Credly new registered users

6.0m
(2023: 5.3m)

Pearson+ registered users

3.06m
(2023: 3.03m)

Product Effectiveness

Objective: Improve the effectiveness of our products to deliver better outcomes

PTE speed of score return

1.3 days
(2023: 1.0 days)

VUE test volumes^b

20.7m
(2023: 20.7m)

VUE partner retention

99%
(2023: 94%)

Workforce Skills number of enterprise customers

1,509
(2023: 1,547)

Credly enterprise customer net retention rate^c

91%
(2023: 88%)

Higher Education product usage - text units

4.7m
(2023: 4.5m)

Culture of Engagement & Community

Objective: Build a high performance culture, community and highly engaged workforce

Employee engagement

Pearson uses the Gallup Q^{12®} survey to measure engagement, annually

4.16
Grand Mean on a 5-point Likert scale
(2023: 4.09)

Investing in talent

The % of responses who agree or strongly agree to Gallup Q^{12®} survey questions

In the last six months, someone at work has talked to me about my progress

78%
(2023: 73%)

This last year, I have had opportunities at work to learn and grow

77%
(2023: 76%)

Culture index

The Grand Mean of 3 Gallup Q^{12®} survey questions

- At work, I am treated with respect
- My company is committed to building the strengths of each employee
- If I raised a concern about ethics and integrity, I am confident my employer would do what is right

4.24
Grand Mean on a 5-point Likert scale
(2023: 4.21)

Increasing talent **R**

Objective: Increase BIPOC/BAME representation at all manager levels and maintain overall gender parity

Representation of BIPOC/BAME employees at manager level and above

23%
(2023: 22%)

Global % of female employees

59%
(2023: 59%)

Sustainability Strategy

R Objective: Reduce emissions by 50% by 2030 vs 2018, and achieve Net Zero Carbon by 2050 as measured through % carbon reduction

Reduction in total tCO₂ in 2024 (vs 2018)^d

41%

Reduction in total tCO₂ in 2023 (vs 2018)^d

38%

a. Measure definition has changed to number of government-funded student enrolments at partner schools within the US as of 30 September 2023. Excludes private-pay students at Pearson Online Academy and district partnerships. This is more closely aligned to business processes.

b. VUE test volumes include PTE and GED tests but sales for each of these tests are reflected in the English Language Learning and Workforce Skills business units respectively. From 2024 Pearson VUE test volumes now include PDRI tests.

c. Previously reported 'Workforce Skills enterprise customer net retention rate' which combined Credly and Faethm. Methodology change to only include Credly customer retention going forward as Faethm is not a retention based business.

d. The net emissions reduction figures have been assured by an independent third-party, SLR Consulting Ltd. % reduction in total tCO₂e above is calculated using a location-based methodology. In 2024, we updated our 2018 and 2023 GHG emissions baselines to reflect recent acquisitions and disposals, and to align with changes in data methodology as a result of transitioning to a new emissions data management system. Annual reductions include a 5% reduction in total tCO₂e in 2024 vs 2023.

• Please find further details on our Strategic KPIs here <https://plc.pearson.com/en-GB/company/our-targets-kpis>

Delivering results

Financial measures

Sales^b R

£3,552m

24	£3,552m
23	£3,674m
22	£3,841m
21	£3,428m
20	£3,397m

This is our sales as reported in our income statement.

Adjusted operating profit^a R

£600m

24	£600m
23	£573m
22	£456m
21	£385m
20	£313m

A non-GAAP financial measure that enables management to consistently track the underlying operational performance of the Group.

Operating profit^b

£541m

24	£541m
23	£498m
22	£271m
21	£183m
20	£411m

This is our operating profit as reported in our income statement.

Net debt^a

£853m

24	£853m
23	£744m
22	£557m
21	£350m
20	£463m

This is a non-GAAP financial measure and is used by management to assess the Group's cash position.

Adjusted earnings per share^a

62.1p

24	62.1p
23	58.2p
22	51.8p
21	34.9p
20	28.7p

A non-GAAP financial measure used to evaluate performance.

Basic earnings per share^b

64.5p

24	64.5p
23	53.1p
22	32.8p
21	23.5p ^d
20	43.7p ^d

A measure of the amount of profit that can be allocated to one share of our common stock.

Operating cash flow and cash conversion^a R

£662m

24	£662m (110%)
23	£587m (102%)
22	£401m (88%)
21	£388m (101%)
20	£315m (101%)

Operating cash flow is an adjusted measure and is presented in order to align the cash flows with corresponding adjusted operating profit measures.

Net cash generated from operations^b

£811m

24	£811m
23	£682m
22	£527m
21	£570m
20	£450m

This is our net cash generated from operations as reported in our cash flow statement.

Dividend per share

24.0p

24	24.0p
23	22.7p
22	21.5p
21	20.5p
20	19.5p

This is the proposed full year dividend. Our dividend policy is to be progressive and sustainable.

Total shareholder returns^c R

36%

1 year	36%
3 year	+125%
5 year	+130%

This is a measure of financial performance of shares over time.

Return on capital^a R

10.5%

24	10.5%
23	10.3%
22	8.7%
21	7.9%

A non-GAAP measure of how efficiently we are generating returns from our asset base.

- a. See pages 219-224 for an explanation and reconciliation of these alternative performance measures and non-GAAP measures.
- b. Statutory measure
- c. Source: LSEG Workspace Datastream
- d. Comparatives were restated in 2022

Note: See pages 219-224 for full reconciliation of the alternative performance measures to the equivalent statutory measure.

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