Interim report

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We pursue progress for individuals, organisations and the world.

The Economist Group

Interim report.

Six months ended September 30th 2023

Contents

economistgroup.com

About us

HIGHLIGHTS OF OUR FIRST HALF

1.158m

closing subscriptions (in line with last year)

The Economist's seven-part podcast series on the secrets to being a better manager.

Economist Podcasts+

We announced the launch of Economist Podcasts+, a new subscription service from *The Economist*, offering paid access to our weekly podcasts.

Economist Education's popular online business-writing course.

Economist Impact's Sustainability Project, supported by digital innovation partner Infosys, is in its third year.

EuroFinance's flagship event attracted over 2,200 attendees and 100 sponsors and exhibitors

FINANCIAL HIGHLIGHTS

£178.7m

▬ **revenue** (H1 2023: £179.3m)

£23.5m

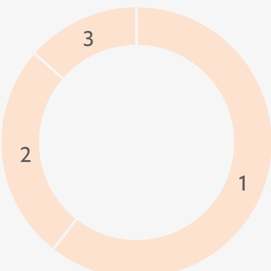
▲ **+17% operating profit** (H1 2023: £20.1m)

85.1p

▲ **+11% earnings per share** (H1 2023: 76.8p)

£30.50

▲ **+2% indicative share value** (31 March 2023: £30.00)



Revenue by business

	H1 FY24 £m	H1 FY23 £m
1 *The Economist* (includes Economist Education)	**108.6**	100.8
2 Economist Impact	**46.1**	53.2
3 Economist Intelligence	**24.0**	25.2

Contesting uncertainty—and championing insight.

Paul Deighton Chair

"*The Economist*'s newsroom displayed its strength and agility again this half-year, with journalism that helped our audience make sense of artificial intelligence, China, the markets and more."

Almost anywhere you look around the globe, you can find uncertainty, doubt and distrust—challenges which are, in the words of *The Economist*'s founders, "obstructing progress".

The Economist Group exists to contest these challenges—and to champion progress by helping people understand and navigate the world through rigorous analysis, trusted insight and expertise: the "red thread" that runs through all four of our businesses.

The past few months have seen no let-up in the news cycle—or in the demand for analysis. Terror, war and tension in the Middle East; grinding conflict in Ukraine; economies flinching as interest rates bite; policymakers and citizens calculating the risks and opportunities of the carbon transition—and of a world shaped by the rise of artificial intelligence. Individuals and organisations need to know where to turn for reliable, insightful guidance in these complex times. We're innovating and experimenting to meet that need and expand our reach, while staying true to our values.

As a Group, our strategy is to make sure we can keep providing editorial and information services that people can rely on, by maintaining sustainable top- and bottom-line growth. Over the past six months, despite a turbulent economic environment, we have continued to build on that strategy for the long term.

Resilient performance despite the headwinds

We've seen resilient results across The Economist Group while continuing to invest and innovate, driving improvements in our core products at the same time as we experiment with novel ways to bring our insights to subscribers and customers.

The Group's half-year revenues were in line with the prior year at actual exchange rates and grew by 1% at constant currency. Operating profit was 17% ahead, though this reporting period includes an additional week compared with the prior year—so on an underlying basis, profit was broadly in line with (and revenue slightly lower than) the prior year.

The balance sheet remains robust after several years of focus: net debt before lease liabilities amounted to £1.1m, compared with last year's £7.2m, and our UK defined-benefit pension scheme remains well funded.

We have felt some economic headwinds, in some businesses more than others.

Economist Impact's fall in revenue this half-year reflects last year's decline in sales of new business, partially offset by the fact that the Economist Impact Events business has performed well, with notable successes including this year's EuroFinance International Event in Barcelona, which generated record revenues. We have continued to improve our ability to sell services across Economist Impact, and our "fewer, bigger, better" approach is delivering results, including several large, multi-year, integrated partnerships.

Economist Intelligence has seen revenues fall slightly, reflecting a dip in sales for its Clearstate medtech business—though its EIU subscription offer has continued to win plaudits, and was named best overall forecaster in the annual FocusEconomics analyst forecast awards for 2022. We were sorry to say goodbye to Ramsey Hashem, president/managing director of Economist Intelligence, who stepped down in October for family reasons; we wish him all the best.

Economist Education continued to grow its offer with its new *Data storytelling and visualisation* course.

And The Economist business delivered good revenue growth following the annual price review conducted in the spring, and careful management of discounting. While subscription volumes were in line with the prior year, we have latterly seen momentum in new subscriptions. *The Economist*'s success is also underpinned by several major trends—including the shift from print to digital (61% of subscriptions were digital-only in the half-year, compared with 56% in the prior period), and from a weekly news schedule to a multi-channel, integrated format that anticipates and meets our audience's needs by the day, and often by the hour. At its heart, as ever, is excellent journalism.

Cutting through the clamour with strong, agile journalism

The Economist's newsroom displayed its strength and agility again this half-year, with journalism that helped our audience make sense of artificial intelligence, China, the markets and more.

Our correspondents have cut through the clamour on large-language models with lucid coverage of their impacts, from science (revolutionary) to elections (limited, at least so far). Our foreign team continues to illuminate the world's shifting balance of power. A nuanced special report on China in May explored that country's complex clout and expanding vulnerabilities. Our expert reporting on the war in Ukraine argued for a new strategy. And our second summer issue, showcasing the work of *1843* magazine, included a detailed portrait of the world's most powerful investor, Larry Fink.

And when crisis strikes, *The Economist* can respond quickly—and wisely. In April we published a cover story on Israel's 75th anniversary. When Hamas brutally attacked Israel on October 7th, we brought our expertise to bear in print, online, in podcasts and video, with coverage that was clear-eyed about the atrocity committed and the enormous risks of Israel's response.

Strengthening the red thread of excellence—and exploring new possibilities

Our Group performance this half-year reflects several years' investment of effort and capital in improving what we do well. It also highlights our appetite across the Group for exploring new ways to deliver insight and, in particular, to enhance our digital offer and reach. A few examples: our reach on social media has increased by 0.8 million to 62.2 million followers. EIU launched a new add-in tool on the Microsoft store in September this year. Monthly users to Viewpoint increased as we completed the migration to the new platform. Across the Group we're looking at ways to harness the potential of artificial intelligence to improve user experience and access, while adhering to our Group-wide AI policies and protecting our intellectual property—and we're also exploring the use of AI to support our progress towards our science-based targets for carbon-emissions reduction. Our promotion of Espresso, our global briefing app, has seen new subscriptions exceed expectations. And in September we announced the launch of Economist Podcasts+, a new subscription service from *The Economist*, offering paid access to our weekly podcasts on global affairs, business, China, America, technology and more.

Of course, all these innovations depend on the experience, dedication and expertise of our colleagues. In July we welcomed our new chief people officer, Kristin Anderson, who leads the Group's initiatives for supporting talent, leadership, learning, culture, and diversity, equity and inclusion.

The focus on innovation and digitisation across the Group will remain central to our strategy which, this half-year, has continued to deliver progress. As a result, I am pleased to inform you that the Board has decided to declare an interim dividend of 40p per share, which is one-third of last year's annual dividend.

Paul Deighton Chair

> "The Group's half-year revenues were in line with the prior year at actual exchange rates and grew by 1% at constant currency."

Financial statements

Championing progress through rigour, transparency and clarity.

In this section

Condensed consolidated income statement

	Note	**Six months to Sept 30th 2023 £000**	Six months to Sept 30th 2022 £000	**Twelve months to March 31st 2023 £000**
Revenue	2	**178,660**	179,286	**376,779**
Operating expenses		(155,126)	(159,231)	(334,532)
Operating profit		**23,534**	20,055	**42,247**
Finance income		280	651	845
Finance costs		(1,124)	(1,362)	(3,432)
Profit before tax		22,690	19,344	39,660
Income tax		(5,801)	(4,087)	(8,462)
Profit for the period		**16,889**	15,257	**31,198**
Attributable to:				
Equity holders of the company		16,889	15,257	31,198
Earnings per share (in pence per share)	3			
Basic		**85.1**	76.8	**157.0**
Diluted		84.5	76.3	155.9
Dividends paid per share on a cash basis (pence)	4	80.0	87.0	127.0

The accompanying notes to the condensed consolidated financial statements form an integral part of the financial information.

Consolidated statement of comprehensive income

	Six months to Sept 30th 2023 £000	Six months to Sept 30th 2022 £000	Twelve months to March 31st 2023 £000
Profit for the period	**16,889**	15,257	**31,198**
Items that may be reclassified subsequently to the income statement:			
Change in fair value of cashflow hedges	(1,993)	(4,907)	2,549
Attributable tax	498	1,227	(637)
Change in value of interest rate hedges	(186)	388	393
Attributable tax including current tax charge	63	(69)	41
Net exchange differences on translation of net investments in overseas subsidiary undertakings	(919)	(4,027)	(796)
Items that will not be reclassified to the income statement:			
Remeasurement of retirement benefit obligations	79	490	471
Attributable tax including effect of rate change	(347)	(201)	(812)
Current tax benefit on retirement benefit obligations	327	242	718
Other comprehensive (expense)/income for the period	(2,478)	(6,857)	1,927
Total comprehensive income for the period	**14,411**	8,400	**33,125**
Attributable to:			
Equity holders of the company	14,411	8,400	33,125

Consolidated balance sheet

	As at Sept 30th 2023 £000	As at Sept 30th 2022 £000	As at March 31st 2023 £000
Property, plant and equipment	4,624	5,423	5,129
Right-of-use assets	25,139	29,254	28,048
Intangible assets	48,446	46,964	48,501
Deferred tax assets	8,871	11,644	8,529
Derivative financial instruments	–	538	–
Non-current assets	**87,080**	93,823	**90,207**
Inventories	403	641	385
Trade and other receivables	49,223	67,376	59,977
Current tax assets	414	4,960	1,054
Derivative financial instruments	400	–	1,795
Cash and cash equivalents	14,422	30,566	34,042
Current assets	**64,862**	103,543	**97,253**
Total assets	**151,942**	197,366	**187,460**
Trade and other liabilities	(6,515)	(9,423)	(10,179)
Borrowings	(15,505)	(37,738)	(16,423)
Lease liabilities	(26,953)	(31,007)	(29,285)
Deferred tax liabilities	(2,551)	(1,939)	(2,261)
Retirement benefit obligations	(8,799)	(12,472)	(10,029)
Other liabilities	(9)	(10)	(160)
Non-current liabilities	**(60,332)**	(92,589)	**(68,337)**
Trade and other liabilities	(162,155)	(179,747)	(186,771)
Lease liabilities	(5,019)	(8,320)	(6,572)
Derivative financial instruments	(847)	(6,121)	–
Current tax liabilities	(2,456)	(3,359)	(1,861)
Current liabilities	**(170,477)**	(197,547)	**(195,204)**
Total liabilities	**(230,809)**	(290,136)	**(263,541)**
Net liabilities	**(78,867)**	(92,770)	**(76,081)**
Equity			
Share capital	1,260	1,260	1,260
ESOP shares	(5,902)	(4,521)	(4,606)
Treasury shares	(188,823)	(188,823)	(188,823)
Translation reserve	(19,676)	(27,451)	(16,764)
Retained earnings	134,274	126,765	132,852
Total equity	**(78,867)**	(92,770)	**(76,081)**

A reconciliation of net debt is set out in the note to the consolidated statement of cashflows on page 11.

Consolidated statement of changes in equity

For the six-month period ended September 30th 2023	Equity attributable to equity holders of the company					
	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2023	**1,260**	**(4,606)**	**(188,823)**	**(16,764)**	**132,852**	**(76,081)**
Profit for the period	–	–	–	–	16,889	16,889
Other comprehensive (expense)/income	–	–	–	(2,912)	434	(2,478)
Total comprehensive (expense)/income	–	–	–	(2,912)	17,323	14,411
Net purchase of own shares	–	(1,296)	–	–	–	(1,296)
Dividends	–	–	–	–	(15,901)	(15,901)
At September 30th 2023	**1,260**	**(5,902)**	**(188,823)**	**(19,676)**	**134,274**	**(78,867)**

For the six-month period ended September 30th 2022	Equity attributable to equity holders of the company					
	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2022	1,260	(5,248)	(188,823)	(18,517)	126,705	(84,623)
Profit for the period	–	–	–	–	15,257	15,257
Other comprehensive (expense)/income	–	–	–	(8,934)	2,077	(6,857)
Total comprehensive (expense)/income	–	–	–	(8,934)	17,334	8,400
Net sale of own shares	–	727	–	–	–	727
Dividends	–	–	–	–	(17,274)	(17,274)
At September 30th 2022	1,260	(4,521)	(188,823)	(27,451)	126,765	(92,770)

For the year ended March 31st 2023	Equity attributable to equity holders of the company					
	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2022	**1,260**	**(5,248)**	**(188,823)**	**(18,517)**	**126,705**	**(84,623)**
Profit for the year	–	–	–	–	31,198	31,198
Other comprehensive income	–	–	–	1,753	174	1,927
Total comprehensive income	–	–	–	1,753	31,372	33,125
Net sale of own shares	–	642	–	–	–	642
Dividends	–	–	–	–	(25,225)	(25,225)
At March 31st 2023	**1,260**	**(4,606)**	**(188,823)**	**(16,764)**	**132,852**	**(76,081)**

The translation reserve includes exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of these investments.

Consolidated statement of cashflows

	Six months to Sept 30th 2023 £000	Six months to Sept 30th 2022 £000	Twelve months to March 31st 2023 £000
Cashflows from operating activities			
Operating profit	23,534	20,055	42,247
Depreciation, amortisation and impairment charges	6,950	7,329	14,675
(Increase)/decrease in inventories	(18)	(191)	64
Decrease/(increase) in trade and other receivables	10,787	(2,810)	3,337
Decrease in trade and other liabilities	(28,190)	(18,776)	(4,833)
Decrease in retirement benefit obligations	(1,503)	(1,457)	(4,000)
Decrease in provisions	–	–	(258)
Cash generated from operations	**11,560**	4,150	**51,232**
Taxes paid	(4,814)	(4,938)	(5,860)
Net cash generated from/(used in) operating activities	**6,746**	(788)	**45,372**
Investing activities			
Interest received	280	48	242
Purchase of software and other intangible assets	(3,169)	(3,146)	(7,148)
Purchase of property, plant and equipment	(408)	(1,081)	(2,774)
Net cash (used in) investing activities	**(3,297)**	(4,179)	**(9,680)**
Financing activities			
Dividends paid	(15,901)	(17,274)	(25,225)
Interest paid	(783)	(1,100)	(2,489)
Payment of lease liabilities	(3,919)	(3,322)	(8,508)
Lease incentive receipts	–	4,000	4,000
Sale of interest rate derivative	–	1,076	1,076
(Purchase)/sale of own shares	(1,296)	197	112
Proceeds from borrowings	16,000	18,000	18,000
Repayment of borrowings	(17,000)	–	(21,000)
Net cash (used in)/generated from financing activities	**(22,899)**	1,577	**(34,034)**
Effects of exchange rate changes on cash and cash equivalents	(170)	2,734	1,162
Net (decrease)/increase in cash and cash equivalents	(19,620)	(656)	2,820
Cash and cash equivalents at the beginning of the period	34,042	31,222	31,222
Cash and cash equivalents at the end of the period	**14,422**	30,566	**34,042**

Consolidated statement of cashflows

	Six months to Sept 30th 2023 £000	Six months to Sept 30th 2022 £000	Twelve months to March 31st 2023 £000
Net debt			
Net debt at beginning of the period	(18,238)	(16,102)	(16,102)
Net (decrease)/increase in cash and cash equivalents	(19,620)	(656)	2,820
Proceeds from borrowings	(16,000)	(18,000)	(18,000)
Payment of lease liabilities	3,919	3,322	8,508
Lease incentive receipts	–	(4,000)	(4,000)
Inception of new lease liabilities, net of disposals	–	(10,802)	(12,121)
Repayment of borrowings	17,000	–	21,000
Other non-cash changes	(82)	(113)	203
Effects of exchange rate changes on lease liabilities	(34)	(148)	(546)
Net debt at the end of the period	**(33,055)**	(46,499)	**(18,238)**
Net debt comprises:			
Cash and cash equivalents	14,422	30,566	34,042
Lease liabilities	(31,972)	(39,327)	(35,857)
Borrowings	(15,505)	(37,738)	(16,423)
Total net debt	**(33,055)**	(46,499)	**(18,238)**

Notes to the consolidated interim financial report

Note 1 Accounting policies

This condensed consolidated half-yearly financial statement for the six-month period ended September 30th 2023 has been prepared on the basis of the accounting policies set out in the 2023 annual report.

This condensed consolidated half-yearly financial statement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The full Group accounts for 2023 were published in the Annual Report 2023, which has been delivered to the Registrar of Companies and on which the report of the independent auditor was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information was approved by the board of directors on November 14th 2023 and is unaudited. The financial information for the year ended March 31st 2023 has been extracted from the full accounts for that period which have been filed with the Registrar of Companies and on which the auditors gave an unqualified report.

The directors have prepared these interim financial statements on the going-concern basis since the Group's current cashflow forecasts and projections, which have been stress-tested (including taking account of current global economic uncertainties), indicate that the Group has sufficient liquidity and financing facilities to enable it to operate for the foreseeable future.

Note 2 Analysis of results by business

A breakdown of the Group's revenue by business division is shown in the table below.

Revenue by business	Six months to Sept 30th 2023 £000	Six months to Sept 30th 2022 £000	Twelve months to March 31st 2023 £000
The Economist	**108,635**	100,814	**207,515**
Economist Impact	**46,063**	53,237	**117,524**
Economist Intelligence	**23,962**	25,235	**51,740**
	178,660	179,286	**376,779**

Notes to the consolidated interim financial report

Note 3 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the company and held as treasury shares.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to take account of all dilutive potential ordinary shares and adjusting profit attributable, if applicable, to account for any tax consequences that might arise from conversion of those shares.

	Six months to Sept 30th 2023 £000	Six months to Sept 30th 2022 £000	**Twelve months to March 31st 2023 £000**
Profit for the period	**16,889**	15,257	**31,198**

	000s	000s	**000s**
Weighted average number of shares	**19,844**	19,864	**19,871**
Effect of dilutive share options (restricted share scheme units)	**154**	136	**136**
Weighted average number of shares for diluted earnings	**19,998**	20,000	**20,007**

Earnings per share	**Six months to Sept 30th 2023 Pence**	Six months to Sept 30th 2022 Pence	**Twelve months to March 31st 2023 Pence**
Basic	**85.1**	76.8	**157.0**
Diluted	**84.5**	76.3	**155.9**

Notes to the consolidated interim financial report

Note 4 Dividends

Cash dividends paid	Six months to Sept 30th 2023 £000	Six months to Sept 30th 2022 £000	Twelve months to March 31st 2023 £000
Final dividend for previous year of 80.0p per share (Sept 30th 2022 and March 31st 2023: 87.0p per share)	15,901	17,274	17,274
Interim dividend for year to March 31st 2023 of 40.0p per share	–	–	7,951
	15,901	17,274	25,225
Dividends proposed in respect of the period			
Interim dividend proposed of 40.0p per share (Sept 30th 2022 and March 31st 2023: 40.0p per share)	7,933	7,951	7,951
Final dividend proposed for year to March 31st 2023 of 80.0p per share	–	–	15,901
	7,933	7,951	23,852

Dividends paid in respect of the company's shares held by the ESOP have been deducted in arriving at the total dividends paid and proposed.

Notes

The Economist Newspaper Limited and its subsidiary companies

Registered in England and Wales under Number 236383
Registered office: The Adelphi, 1-11 John Adam Street, London WC2N 6HT

This report is printed on Revive Silk 100% Recycled, made from FSC®
Recycled certified post-consumer waste pulp. This report was printed
using vegetable-oil-based inks by Pureprint Group, a CarbonNeutral®
printer certified to ISO 14001 environmental management system.

Edited, designed and produced
by Falcon Windsor

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