Annual report

2022

We pursue progress for individuals, organisations and the world.

The Economist Group

economistgroup.com

About this report

We want to give our shareholders and other stakeholders a transparent and meaningful account of our progress and performance—including through the continuous improvement of our annual report.

Our strategic report this year aims to give a clear picture of our financial performance, our strategic direction, the way our business is structured and the way we work. It also includes an expanded account of our developing approach to environmental, social and governance (ESG) issues: this year we have chosen to make voluntary disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In our governance report we include the Board's review of our application of the Wates Principles and discuss our relationships with stakeholders by reference to the directors' duty under s172 of the Companies Act. We welcome feedback from all stakeholders.

Paul Deighton Chair

The Economist Group exists to champion progress.

We do this by helping people understand and tackle the critical challenges facing the world.

Our expertise, insights and perspective enable individuals and organisations to make sense of these challenges and chart a course through them.

Contents

Welcome to the story of our year

of sustainable, profitable growth

We've continued to champion progress through our journalism and content while delivering sustainable top-line growth:

Read more on page 96

£346.3m

▲ **revenue** (2021: £310.3m)

£46.4m

▲ **operating profit** (2021: £41.8m)

180.9p

▲ **adjusted earnings per share*** (2021: 155.3p)

180.9p

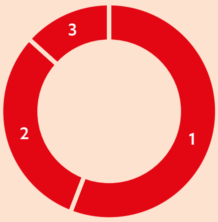
▲ **basic earnings per share** (2021: 83.8p)

120p

▲ **dividend** (2021: 100p)

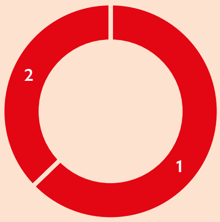
£30.00

▲ **indicative share value** (2021: £25.00)



Revenue by business

	2022 £m	2021 £m
1 *The Economist* (includes Economist Education)	**194.3**	189.9
2 Economist Impact	**106.5**	76.5
3 Economist Intelligence	**45.5**	43.9



Group revenue breakdown

	2022 £m	2021 £m
1 Subscriptions	**211.7**	209.5
2 Advertising, research and other	**134.6**	100.8

*Adjusted earnings per share is defined in note 1 to the financial statements (see page 109).

Enabling progress through four businesses

We enable progress through four customer-focused businesses

The Economist Group

The Economist

Blends rigorous analysis with expert opinion, shedding light on the forces that shape our societies. Our journalism is a guide for a changing world, mapping today's position to help readers define tomorrow's direction.

Read more on page 22

ECONOMIST IMPACT

Catalyses change through partnerships and events that open debate and broaden perspectives. Working together with our partners we bring the global expertise necessary to rethink business-as-usual, help shape the future and drive progress in the world.

Read more on page 28

ECONOMIST INTELLIGENCE

Brings together our top-tier capabilities in datasets, forecasting and analysis. From governments to financial organisations, the choices our clients make shape the world around us. Our global business intelligence is comprehensive, giving decision-makers the clarity they need to move forwards with confidence.

Read more on page 34

ECONOMIST EDUCATION

Equips current and future leaders with a fluent understanding of the trends shaping their world and the skills to steer their businesses successfully through them.

Read more on page 27

Our values Independence • Integrity • Excellence • Inclusivity • Openness

with one “red thread” of excellence

We are harnessing our expertise across the Group

Outstanding, rigorous and independent journalism delivered through our apps, website, social media, podcasts and videos, as well as our weekly print edition.

Helping partners shape progress through our unmatched portfolio of capabilities including policy research and insights, data visualisation, multimedia content, global in-person and virtual events, and advertising.

Independent analysis and forecasting in fields including economics, politics, policy, industry and the business environment, producing actionable insights for clients of our EIU, Corporate Network and Clearstate businesses.

Delivering online courses designed and written by our journalists and editors that foster insight, practical skills and networking opportunities to help participants advance in their careers and shape the future of their organisations.

and rapidly expanding our digital reach

66% of new subscribers take digital-only

>1bn podcast downloads/listens since 2016

2.3m subscribers to our YouTube channel

58.6m social-media followers

Launched The Sustainability Project as a digital forum, with **312,000** visits

222 virtual or hybrid events held this year

72,000 virtual attendees at our events

Launched our new digital ESG Ratings Service

967 participants in our new virtual education courses

55% of Group revenue is digital

to deliver outcomes that benefit all our stakeholders

Outstanding editorial and insight

(see The editorial year in review, page 16)

Sustainable top-line growth

(see Financial review, page 64)

A more engaged, diverse and inclusive business

(see Our colleagues, page 45)

Support for communities and education through The Economist Educational Foundation

(see Our communities, page 48)

Championing action on the climate and environment

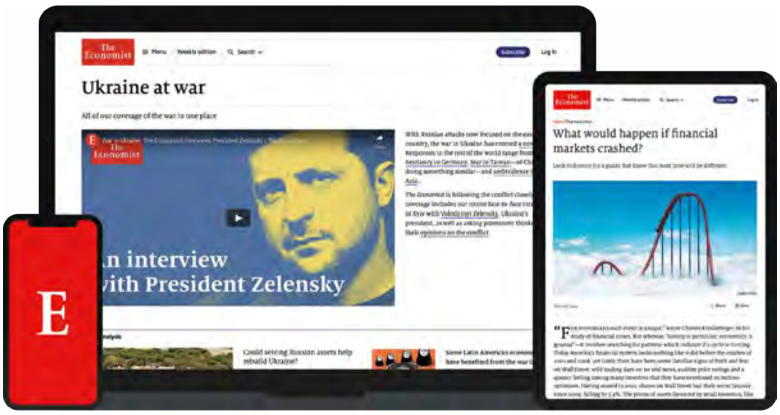
(see Climate and environment, page 52)

Highlights of a year of growth

16.3m
unique visitors to our website in March 2022 (+4m vs March 2021)

66%
new subscribers digital-only (+12% vs 2021)

1.185m
closing subscriptions (in line with last year*)



+39%
revenue at Economist Impact

301m
podcast plays (+40m vs 2021)

58.6m
social-media followers (+3m vs 2021)

+33%
revenue at Clearstate, an Economist Intelligence business

BAFTA
WINNER TELEVISION

The Economist's first full-length broadcast documentary, "Fearless: the women fighting Putin", **won the Virgin Media BAFTA TV award for best current-affairs film**.

FOCUS ECONOMICS
ANALYST FORECAST AWARDS
2022

Economist Intelligence's EIU business achieved **38 first-place rankings**, 40 second-place rankings and 42 third-place rankings in the Annual Analyst Forecast Awards hosted by FocusEconomics, recognising the **most accurate economic forecasters** for key macroeconomic indicators for 100 countries and 19 commodities.

BRITISH MEDIA AWARDS
powered by campaign

Economist Impact's sixth annual Sustainability Week, held in March of 2021, **won the 2022 British Media Awards Event of the Year–Business Media**.

*Subscription volumes now include Espresso, Global Business Review and group subscriptions. Prior-year subscription volumes have been restated to be like-for-like with this new definition.

Performance review

Progress comes through actions led by evidence.

In this section

Excellent performance, while staying true to our values.

The past year has shown once again that there are no substitutes for clear analysis and actionable insights in a world which continues to be volatile and uncertain. And, once again, everyone at The Economist Group should be proud of the lengths they have gone to in order to stay true to our values and deliver outstanding journalism and insight for our readers and clients. In an environment where debate is increasingly polarised, they play a vital role in standing for progress—and I'd like to begin this report with a "thank you" to all of them.

Their hard work has also delivered excellent results across the business. The Group's full-year operating profit of £46.4m has exceeded expectations, up £4.6m (+11%) compared to last year, thanks in large part to the growth in revenues and customer numbers in all four of our businesses. And this growth comes while we continue to make significant investments in our digital capability, which is a cornerstone of our strategy for achieving sustainable top- and bottom-line growth.

Paul Deighton Chair

"We've delivered outstanding journalism and content for our readers and clients, alongside impressive revenues—showing that there continue to be no substitutes for clear analysis and actionable insights."

Aiming for excellence in everything we do

We are now well set on our journey to make sure everything we do meets the same standards of excellence that are consistently shown by *The Economist*. That applies to each of our four businesses—*The Economist*, Economist Impact, Economist Intelligence, and the small but growing Economist Education business. It also applies to the way we run the Group as a whole.

That includes our approach to sustainability—described on pages 40-59—and our commitment to reduce our greenhouse gas (GHG) emissions by at least 25% by 2025. We are now also working on plans to halve emissions by 2030, with a longer term goal of reaching a science-based net-zero target by 2045.

It extends to our approach to governance—and we describe the Board's activities over the year on pages 86-87.

And it also includes our approach to investing in digital—whether that's digital content used by readers and clients, the systems we use to interact with clients, or our own processes. We've made great progress this year, completing our FCX (Future Customer Experience) platform, upgrading EIU.com, and unveiling our new corporate website, among many developments described throughout this report. One marker of our progress is that for the first time, this year the majority of subscribers to *The Economist* accessed it digitally.

In all this work the partnership between our CEO, Lara, and Zanny, our editor-in-chief, has been vital. It has meant we can harness the credibility and trust built by *The Economist*'s journalism while always ensuring we respect the absolute independence of editorial.

An excellent year for revenues—and a platform for future growth

Each of our businesses provides a summary of its performance on pages 22-39 of this report. Revenues have grown across the board, with Economist Impact in particular showing very strong year-on-year revenue growth as it recovered from the effect of covid-19 on advertising and events last year. Overall, we have recorded our highest-ever revenues for our continuing businesses.

There has been steady revenue growth from our subscriptions-based businesses. *The Economist* has achieved 2% growth in revenue, and Economist Intelligence has performed strongly, with its Clearstate business growing particularly well.

As Lara describes in her statement, we are particularly pleased that our model for retaining subscribers is working well—because a high-quality, stable subscriber base gives us a platform for future growth.

New ways of working for a growing Group

One of the themes of our editorial and client-facing work is the changing nature of the workplace—and I'd like to highlight the changes we've made to our own.

We've welcomed almost 200 new colleagues into newly created roles this year as we recruit more excellent people to meet the needs of the growing Group. Across the business, the majority of our colleagues now work within a "hybrid working" arrangement, adapted to local requirements, which creates a balance between working at home and in the office; we've also made significant strides on networking groups, well-being days and flexible working, as described on page 45. And we've announced that our Group headquarters will join our editorial team in the Adelphi Building in central London in the autumn, bringing all functions together under one roof for the first time in decades.

Recruiting and retaining the best people is a strategic priority. These are early days—but we believe that we're building closer, more dynamic workplaces that will continue to reward our colleagues and support the Group's performance.

Building on a strong balance sheet

Managing our balance sheet is a vital part of delivering sustainable growth, and we've made continued progress this year. Our net cash before lease liabilities of £11.6m is positive for the first time since 2009, reflecting two years of deleveraging. We were pleased to agree a new valuation and funding plan with the trustees of our UK defined-benefit pension plan. We've made important investments in digital in particular, with capital expenditure of £14.3m overall, and will continue to invest for growth, while remaining cautious in the face of recessionary and inflationary pressures.

When I wrote to you following the last shareholder call, I explained the Board's approach to dividends. We pay particular attention to the interests of our shareholders, our other stakeholders, the needs of the business and the Group's long-term interests. That means looking ahead, making sure the company has the resources required by the business, building in an appropriate contingency, and then distributing the rest to shareholders as dividends. With this in mind, the Board is pleased to recommend a final dividend for the year of 87p, taking the full-year dividend to 120p.

As always, we thank our shareholders for their support for the Group's strategy and their feedback and advice.

Paul Deighton Chair

A "red thread" of purpose that's as relevant as ever.

We champion progress by helping people and organisations understand and navigate the most critical challenges facing them, and the world.

That's the "red thread" that connects everyone in The Economist Group. And it is a longstanding purpose that is as relevant now as it has ever been, in a year which has seen division and debate over global issues including the war in Ukraine, the low-carbon transition and the ongoing covid-19 pandemic.

Throughout, we've provided rigorous analysis, trusted insight and expertise—while remaining staunchly independent. I know this purpose inspires my colleagues as much as it inspires me, and I would like to start by thanking them for their dedication and hard work over another year of progress and change.

Lara Boro Chief executive

"With our excellent performance this year we've continued to build a platform for sustainable growth which means we can keep delivering high-quality editorial and innovative products to our customers."

Four core businesses driving revenue growth across the Group

While staying true to the values that shape the Group, we have made progress on transforming our business in pursuit of our strategy of achieving the sustainable top-line growth that will enable us to keep producing outstanding editorial and information services in the future.

That's clear from our strong financial performance—the Group's record full-year revenues from continuing businesses of £346m are up by 12% compared to the prior year, and our profit figure of £46.4m is an increase of 11%, the highest it has been since 2016 for our continuing businesses.

But it is also clear from a look at the changes we have made across the Group.

We have completed the simplification of our brand framework, and now go to market with four customer-facing businesses – *The Economist*, Economist Impact, Economist Intelligence and Economist Education. All four have grown their revenues and customer numbers this financial year, with Economist Impact producing standout results in its debut year as an integrated-solutions business.

We have continued to invest in the rapid development of our digital offer—a critical programme for our future, which I'll discuss further below.

And we've built a platform for our future growth through retaining and strengthening our subscriber base, as measured by the increasing lifetime value of their subscriptions—meaning that we are less dependent on the news cycle to drive our revenues, and freed to focus on delivering high-quality editorial and innovative products to our existing and future customers.

Pursuing excellence in everything we do

To continue creating value for all our stakeholders in the long term, we need to keep strengthening the "red thread" that connects our four businesses—which is about excellence, as well as purpose.

The business reviews on pages 24-41 describe how each has performed this year, but I would like to highlight a few examples of excellence in action.

The Economist weathered a sluggish start to the year due to a subdued news cycle and ended the year with slightly increased volumes compared to the prior year—a good result given the prior year's rapid growth. A highlight was the accelerating take-up of its digital offers—52% of our 1.18m subscribers are now digital-only, and during the year, 66% of new readers chose digital subscriptions. Readers are also committing for longer, with the majority of new subscribers choosing an annual subscription this year, and increasingly diverse, with subscriptions growing among both women and the under-50s.

Economist Impact recovered very strongly after the headwinds of covid-19 in FY21. That was in part due to improved advertising revenues; but the team also delivered significant revenue growth from large, integrated customer accounts, demonstrating that clients are increasingly valuing our integrated propositions; and our Events business has benefited by innovating digitally during the pandemic, doubling its revenues year-on-year.

Economist Intelligence, which brings together EIU, Corporate Network and Clearstate, finished the year strongly, with full-year revenues of £45.5m.

And Economist Education, while still small, continues to grow through its offer of executive-education courses covering subjects such as "Fintech and the future of finance" and "Navigating the new global order". We see further opportunities for this nascent business line—not least because the Group has a profound commitment to education, including through our support for The Economist Educational Foundation, whose amazing work this year is described on pages 50-51.

Building a digital offer worthy of our brand

One of the most critical elements of our strategy is delivering a digital customer experience across all of our products that is worthy of our brand.

That's a focus throughout the Group, and our product and technology teams have driven a range of projects this year in areas including subscriber onboarding, our new corporate website and new products such as an improved Espresso, launched in March 2022, which provides "a rich, full-flavoured shot" of daily global analysis from the editors of *The Economist*.

In November 2021 we completed our FCX (Future Customer Experience) platform after finalising the migration of all our customers onto the system. We now handle subscription management, order fulfilment and customer service through FCX globally. It is transforming the way we engage with customers, and will give us insights into how we can keep improving our offer.

These are all important steps—but we still have further to go. Notably, 55% of Group revenue is now digital, which increases to over 60% when including digital consumption from customers who take a print and digital bundled product. We will therefore continue to invest in our digital products, and in the teams that create and deliver them.

Recruiting and retaining the best talent

Our chair, Paul, has already described in his statement some of the changes we made this year to the way we work together. I'd like to echo his tribute to the commitment that colleagues have shown at all times—everything the Group achieves is thanks to them.

We're continuing to work to make our workplaces more diverse, more inclusive and more rewarding, while welcoming more colleagues to the business. At the same time, while people tell us they are proud to work at the Group, we are not immune to the dynamics of the marketplace for talent—or to what is grimly called "the great resignation".

We're taking on that challenge. We know we need to do more to close our gender pay gap, make our business more diverse, and invest in our colleagues—and these will all be a focus in the coming years.

We've also made some important changes to our leadership team, and recently welcomed our new chief technology officer, Michael Fleshman, and Liz Goulding, our chief product officer for *The Economist* and Economist Impact, who bring many years of digital experience in media and beyond. We also said farewell to Robin Bew, managing director of Economist Intelligence, who retired after 26 years with the Group.

There have been inspiring examples of colleague engagement this year. A highlight for me is the work of our Economist Sustainability Group, which now includes over 30 colleagues from across the Group. They are helping to drive our commitment to reduce our greenhouse gas (GHG) emissions by at least 25% by 2025; they are also assisting with a planned 50% reduction by 2030, on the path to a science-based net-zero target by 2045. We have also chosen to report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), described on pages 60-63. We have areas to work on, but we consider that we have made a good start on this journey.

The foundations for sustainable growth

The turbulence of the last few years has reminded everyone that there are no certainties—and we already know that the year ahead will be marked by the twin threats of recession and inflation. But the progress we've made this year gives me confidence that we're on track to deliver our sustainable growth ambition.

A strong sense of shared purpose and a commitment to sustainability.

Talented, dedicated colleagues.

Increasingly competitive digital offerings, and a high-quality, loyal customer base. And a mix of well-established and new brands, united by our "red thread", all delivering unique propositions to existing customers and appealing to new ones all over the world.

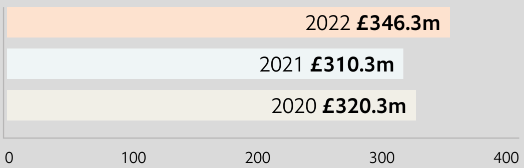
Along with the vital ongoing support and input of our shareholders, I believe these are the foundations for continued growth that will create value for everyone connected with the Group—and enable us to keep championing progress long into the future.

Lara Boro Chief executive

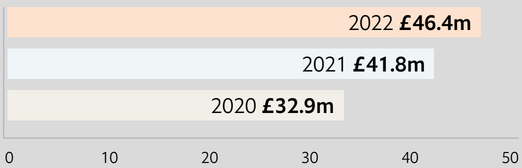
Charting our progress

We're progressing well on our path to transform the Group so it can continue to create value, with four businesses delivering revenue growth, supported by continued investment in our digital capability.

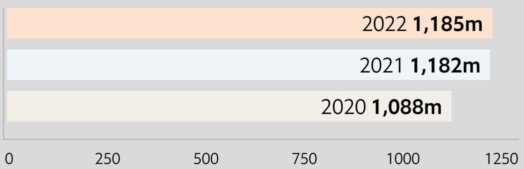
Revenue (continuing operations)



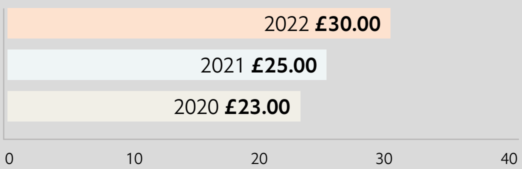
Adjusted operating profit (continuing operations)



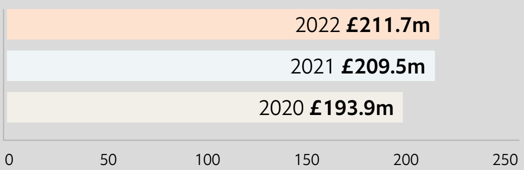
Subscription volumes*



Share price

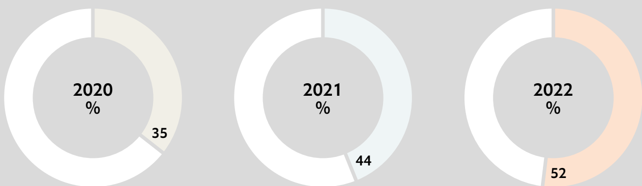


Total subscription revenue



Economist digital-only subscribers

Our subscribers increasingly choose digital.



*Subscription volumes now include Espresso, Global Business Review and group subscriptions. Prior-year subscription volumes have been restated to be like-for-like with this new definition.

Making sense of a world in turmoil.

Pestilence, war and famine. Biblical depictions of the apocalypse are not natural territory for *The Economist*, but look around the world today and it is hard to avoid the Horsemen coming to mind. China is still consumed with a brutal battle to contain covid-19. Russia's invasion of Ukraine has brought Europe's biggest war since 1945 and threatens to precipitate a food catastrophe. Inflation is at its highest rate in a generation, the prospect of recession is growing and a globalised world risks fragmentation. The stakes for our journalism could not be higher.

Zanny Minton Beddoes Editor-in-chief

"Mind-stretching analysis has always been the core of *Economist* journalism."

This has made for a year of sombre cover stories. Vladimir Putin featured several times. In April 2021 ("Putin's next move") we described how Russia's president "menaces his people and neighbours" and argued that NATO needed to step up. An editorial in November, accompanying a video documentary on Mr Putin's repression for which Sarah Collinson in our Films team won a BAFTA, noted that his behaviour would "lead to more confrontation with the West".

We warned early of the risks of inflation, arguing that America's fiscal stimulus was too big and that falling fossil-fuel investment and bottlenecks in green energy could lead to an energy shock. With an absurdist cover image of penguins watching television while bobbing on rising seas, we described in grim detail what a world with three degrees of global warming would be like.

Not everything was pessimistic. We predicted that the pandemic would strengthen workers' bargaining power. We explored the promise of open-source intelligence in a cover story that was both prescient and upbeat. And we took the world of decentralised finance and crypto seriously, if sceptically.

Mind-stretching analysis has always been the core of *Economist* journalism. Our challenge today is to ensure that it reaches our subscribers in whatever form they wish to consume it. More than half our subscribers now have only digital access. That is why we are expanding our digital ecosystem, from video explainers to podcasts, interactives to subscriber webinars.

We have created The World in Brief, a short, frequently updated news summary that allows anyone who opens our app or visits our website to be up to date in a minute. Thanks to collaboration between our ever stronger data and design teams, we are now able to combine data, audio and video into immersive digital-first multimedia experiences. A popular, recent example, "The Putin Show", gave readers a taste of the Orwellian world of Russian media. Our covid excess-death model, which estimates the pandemic's true toll, has become a go-to source, praised by international organisations including the WHO and the UN.

The By Invitation series of outside commentaries has proved popular and a magnet for attracting new subscribers. It is well on its way to becoming the world's most thoughtful global op-ed page. Under the banner of *1843 magazine*, we produce long-form, narrative features and shorter "Eyewitness" reportage that focuses on the stories of the people behind the news. *1843* has had a stellar, prizewinning year with outstanding pieces that range from a profile of Eileen Gu, the American Olympic skier who switched her allegiance to China, to the inside story of Russia's occupation of Chernobyl.

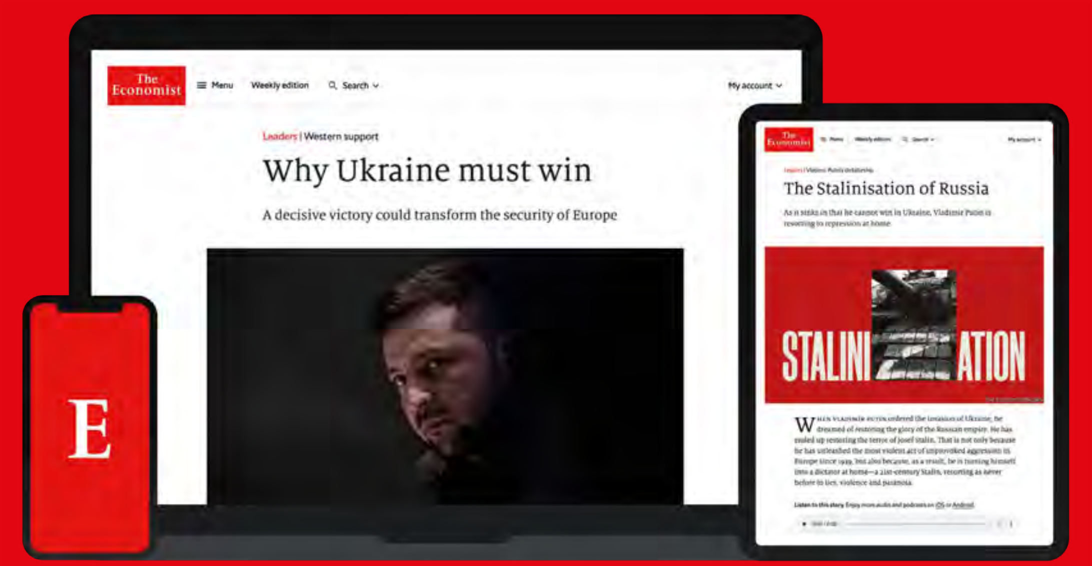
For those who prefer listening, we have expanded the amount of Economist content that can be enjoyed in audio. In April 2022, our podcasts reached 5m listeners and, cumulatively, our shows have had 1bn downloads. We intend to build on this success, both with editorial investment and a new business strategy. Economist Films also had a strong year with more than 140 video explainers and over 2.3m subscribers on our YouTube channel. Through social-media posts, newsletters and push notifications, the audience team ensures subscribers and would-be subscribers are aware of all this work. From Instagram to LinkedIn, their creative, bite-sized distillations are also excellent examples of mobile-first journalism.

This growing digital ecosystem continues to change the way we work. Editorial is bigger, more global and home to broader types of journalism. Although our ethos is defined by thoughtful weekly analysis, the cadence has speeded up. We are expanding in priority areas, from podcasts to our China coverage. Progress towards broadening the diversity of Editorial continues.

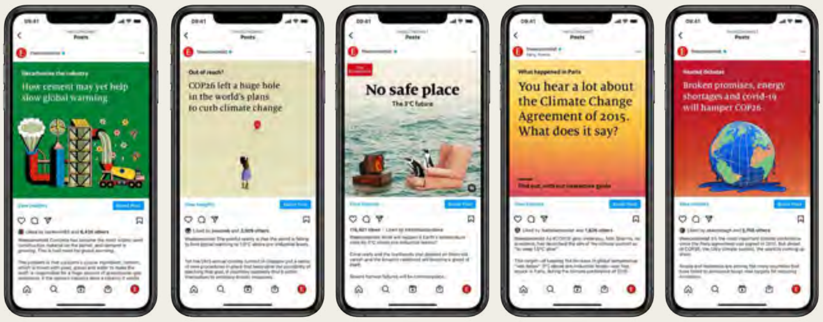
There is still much to be done. But we made tremendous progress this year, as our coverage of the war in Ukraine attests (see next page). Judging both by reader numbers and feedback from subscribers it has been some of our finest journalism in years. In an all too grim world, that is something to be proud of.

Zanny Minton Beddoes Editor-in-chief

Our war coverage gave a sense of *The Economist*'s full breadth and depth in the digital era.



Our reinvention of *The Economist* for a digital-first world continued apace this year. It still has the weekly edition at its heart, but is enriched by additional ways to tell stories and bring our journalism to life. And it is available to subscribers in forms and at a cadence that suits them best.



6m

followers on Instagram. Nearly two-thirds are aged between 18 and 24

Throughout the year a number of news stories—from COP26 to America's withdrawal from Afghanistan—helped move us closer to this goal. By the time of Russia's invasion of Ukraine, on February 24th, we were able to give readers a sense of the full breadth and depth of *The Economist* in the digital era.

Much of the groundwork had been laid earlier in the year. We launched our new Espresso app and revamped The World in Brief, which gives readers a quick overview of the most important stories of the day. Thanks to a global team of editors who now hand over to one another between time zones, these short, snappy catch-ups are updated on a rolling basis.

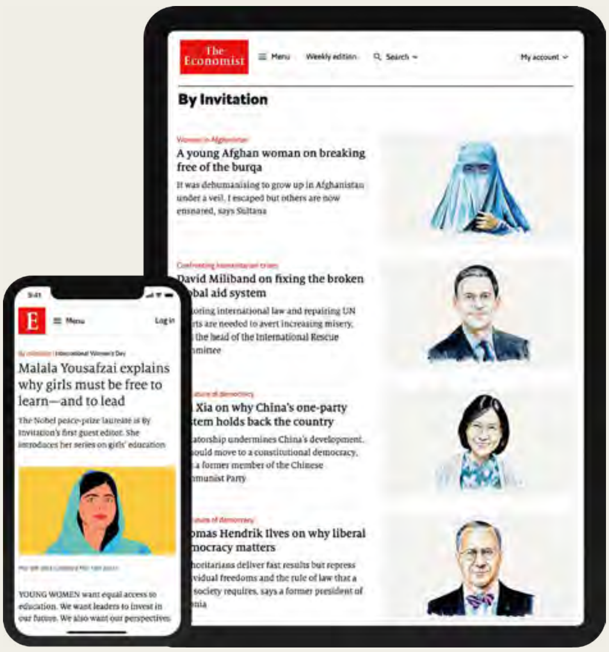
We expanded our By Invitation series of guest essays, which are now published in our digital edition and bring leading thinkers and fresh perspectives to our readers. The series on the future of American power, with contributors such as Niall Ferguson and Henry Kissinger, was especially popular.

Equally important was the integration of *1843 magazine* into Economist.com. We focused on two types of narrative journalism: in-depth long reads and eyewitness accounts. Both helped us reach new audiences by bringing a human dimension to the news, complementing our regular analysis: the "heart" to *The Economist*'s "head".

The BAFTA-award-winning film "Fearless: the women fighting Putin"

We invested in, and experimented with, new ways to tell stories and enhance the written word. Thanks to our expanding team of interactive journalists we can now embed multimedia features into articles online. Our subscriber webinars have gone from quirky pandemic experiment to editorial staple, featuring guests such as Anthony Fauci and Malala Yousafzai, and conversations between editors at critical news moments. Our first full-length documentary film, "Fearless: the women fighting Putin", led to our first film-led cover package and our first BAFTA award for best current-affairs film. And we auctioned our cover on the weird and wonderful world of decentralised finance as a non-fungible token (NFT), raising £218,921 for The Economist Educational Foundation (TEEF).

We have also continued to transform the way we provide our stories to readers. Where once the paper "went to bed" on a Thursday morning, we now publish articles on our app and website every day of the week. This has transformed how we work in Editorial and how readers, in turn, enjoy our journalism. Although many still read *The Economist* in a single sitting online or in print, an increasing number now return to our site or apps throughout the week to catch up, listen to our podcasts, do the daily quiz or read an online special.



***The Economist* auctioned off its September 18th cover as an NFT (non-fungible token). It sold on October 26th for 99.9 ether with the net proceeds of £218,921 donated to TEEF.**

14m

visitors came to our website for our Ukraine coverage by the end of March

Ukraine

We were able to draw on all our resources as the biggest news story of the year unfolded: Russia's outrageous and unprovoked attack on Ukraine. A complex story like this plays to our natural strengths, but our newer capacities helped enhance our coverage.

Our journalists' understanding of the complexities underlying the conflict and their ability to boil that down into accessible prose were the foundation of everything we did. Although few would have foreseen the scale of Vladimir Putin's assault, Arkady Ostrovsky's Christmas essay, "Why Russia has never accepted Ukrainian independence", was eerily prescient. His decades of experience covering the Kremlin, together with Shashank Joshi's expertise in the military aspects of the war and Edward Carr's and Christopher Lockwood's deep knowledge of the geopolitical context, formed the core of our coverage.

We had a superb team of colleagues on the ground in Ukraine. At one point there were more than half a dozen people reporting for different parts of the paper. All were kitted out with trackers and followed remotely from Britain throughout the conflict. An early-morning WhatsApp check-in between the London and Ukraine teams became both an important way to ensure we were telling the right stories—and a welcome sanity check.

The team included reporters sent by *1843* to bear witness to the human stories of the war. Bringing on board a dedicated photojournalist was a tremendous success. Ron Haviv's pictures captured the conflict in a way that *The Economist* has rarely sought to do before, not just enhancing colleagues' articles but also yielding photo-led features about how Ukrainians responded to the war, including finding looters in their midst (see above).

Our By Invitation series brought together a range of voices and perspectives from around the world. It became a speakers' corner for ideas when such debate was needed most. They included views that differ from our own, such as John Mearsheimer blaming NATO for the war and Ukraine's former defence minister calling for a no-fly zone. The series also offered a platform for those close to the conflict, such as Belarus's opposition leader, Sviatlana Tsikhanouskaya, and opponents of Mr Putin, such as Mikhail Khodorkovsky.

We experimented with different ways to bring stories to life online that we could never apply in print. These included interactive "sliders" that allow readers to scroll between "before" and "after" satellite images of changes on the ground, such as the Russian troop build-up and the destruction of Mariupol. We enhanced our analysis of the stalled Russian convoy outside Kyiv by embedding in the article a satellite video that showed the sheer length of the snarl-up. And we brought an article about President Volodymyr Zelensky to life by including in the text short clips from our interview with him in Kyiv.

1843 magazine **reported on looters in Kyiv** © Photo: Ron Haviv

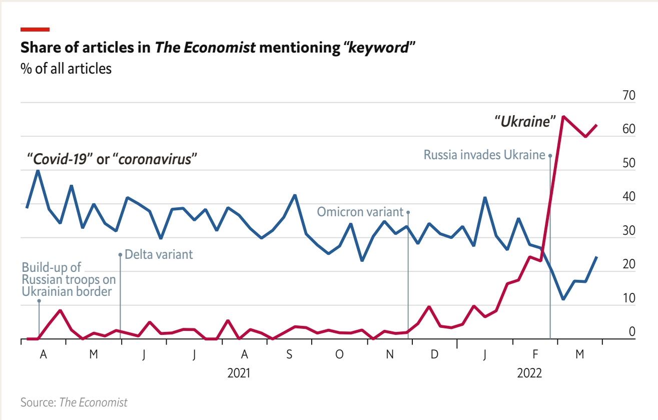
Our audio and video teams encouraged reporters on the ground to use their phones to record themselves regularly. The recurring audio segments on The Intelligence podcast with Dmytro, a Ukrainian man stuck in Kharkiv, became a powerful way to zoom in on the individual experience of war. And from London, our regular Friday subscriber webinars were an effective way for our editors to step back and ask what might happen next.

Throughout, our growing team of data journalists helped explain complex aspects of what was going on through clever, clear charts and maps. Thanks to the creativity of our audience team, such charts were widely seen and shared on social media. Our use of Instagram carousels proved a particularly good way to reach younger audiences: nearly two-thirds of our 6m followers on the platform are aged 18 to 34.

Impact

With so much uncertainty, many subscribers turned to us each morning to catch up on the most important news. We increased both the number of print articles released early online and the number of online-only stories. And we used special-edition newsletters and push alerts through the app to make sure subscribers were kept informed.

One Sunday early in the war we published a digital-only leader, about Mr Putin's three big mistakes, which was soon read 1.7m times. By the end of March 2022 our coverage of the conflict had brought over 14m users to our site, helped draw almost 5m monthly listeners to our podcasts and broken several records on our apps.



FEATURE STORY

© Photo: Ron Haviv

War diary

Wednesday night, February 23rd

From Kyiv to Moscow, and from London to Washington DC, our correspondents now believe an invasion is imminent. We publish early a By Invitation essay by Michael Kofman, an expert on Russia's armed forces, explaining why the Kremlin will seek regime change in Ukraine. In London the digital team hands over to New York with clear instructions to stand ready. In Ukraine our colleagues ensure they have access to underground shelters.

Day one: Thursday February 24th

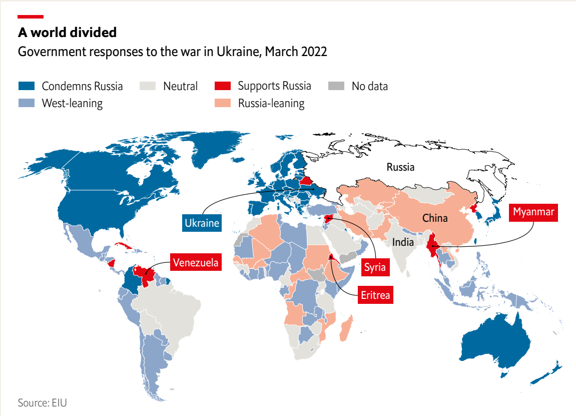
After the US digital team hands over to our colleagues in Hong Kong, Vladimir Putin announces a "special military operation" on Russian TV just before 3am GMT. Soon after, reports of shelling start to come in.

By 3.15am GMT, as soon as the news is verified, our editors in Hong Kong update The World in Brief. Our Espresso app becomes a "Ukraine only" zone and we immediately start to use it to bring readers the latest developments in near real time.

By 4am GMT, our editors in America publish the breaking-news story. Because we were prepared, we have it online before many other publications and we update it throughout the day. It is the first of many push alerts we send via our app to keep subscribers in the loop.

With colleagues in London roused, a core team now spanning three continents comes together in our virtual reading room to analyse the situation and discuss next steps. Our correspondents in Ukraine are safely underground as air sirens sound above. By 6am GMT, 8am local time, they venture out to start reporting. Above ground they find a strange mix of normality—with trams running and people queuing up for ATMs—and chaos, with police urging people to duck for cover.

Thursday is press day, meaning there is little time to update the weekly print edition. Our journalists rewrite much of the issue in the early morning. We write a new cover leader, predicting that history will judge Mr Putin harshly for this unprovoked assault. By 11am GMT we send out a special-edition newsletter, highlighting the most important things to know and adding extra reading to help make sense of the situation.



Read more on our Ukraine hub

Meanwhile, our audio department records a new lead segment for The Intelligence, with reporting from our colleagues in Ukraine (several takes are needed due to the persistent barking from dogs gathered near our correspondent in a Kyiv square). It is published by noon. Our video team interviews another correspondent about the mood in the capital. The short film is published on our YouTube channel by early afternoon, the first of several correspondents' takes. And by evening we publish our Economist Asks podcast, in which senior editors discuss the question on everyone's minds: what happens next?

Throughout, we supply our website and app with analysis and reporting to help make sense of the chaos. We don't want to overwhelm readers but do want to ensure there's something for everyone. We continually update The World in Brief, and produce several easy-to-grasp charts and Explainers. For those craving more depth we have a five-page briefing and a detailed note analysing the expected economic fallout. And for those keen to read more about the human aspects of this first day, *1843* publishes both a correspondent's notebook, "Last borscht in Kyiv", and a striking photo-led narrative of Kyiv under siege.

We round off the day with our weekly newsletter, which picks out the most important reads, and a further update to our daily-newsletter audience. Throughout the day traffic has surged on all our channels. Our core app traffic is 66% higher than an average Thursday, our web article views are 150% higher than normal. Traffic to The World in Brief is twice as high as the previous record, set during America's withdrawal from Afghanistan.

The day after the invasion we host a webinar, joined live by over 20,000 viewers (enough to fill London's O2 Arena), discussing the latest developments and what might happen next. We've rarely engaged this directly with our subscribers and it turns out to be a valuable experience for both sides; they ask us over 1,700 probing questions and hundreds of thousands of viewers watch the short version on YouTube afterwards.

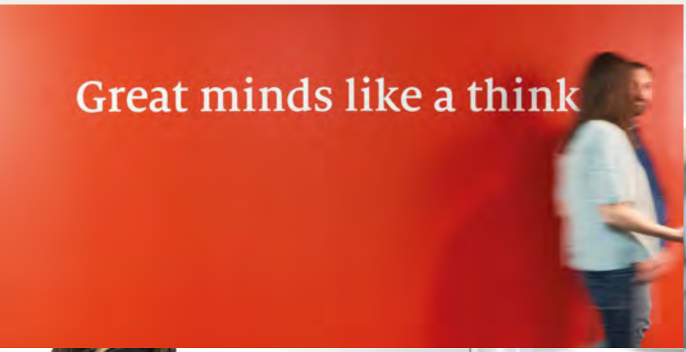
Our coverage goes well beyond the war on the ground and its immediate implications. The Banyan column explores the parallels with Taiwan and asks why an invasion by China may become more likely. Our cover package examines the new age of energy security and lays out how the war will speed the shift from petrostates to new electrostates. And our editors explain how the invasion will spark a food crisis in the Middle East and Africa.

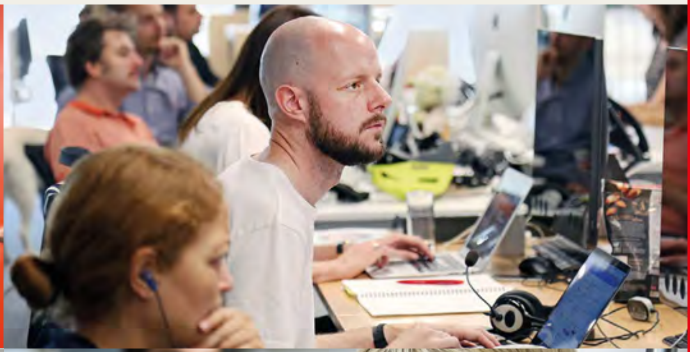
On Friday March 25th, our editor-in-chief, Zanny Minton Beddoes, our Russia editor, Arkady Ostrovsky, together with Oliver Carroll, our Kyiv-based correspondent, interview Volodymyr Zelensky—the first international journalists invited to do so. The trip is organised in great secrecy, but as soon as the footage and copy are sent to London a much larger cast of around 30 colleagues gets to work. We write a briefing, as well as an eyewitness piece about the mood in the war room. We publish a full transcript of the interview and a film with highlights. Footage from the journey to Kyiv, which involved being driven to the Polish border by the parents of one of our editors, crossing the border on foot, and a darkened train journey to the capital, is captured in a short video, published on our social-media platforms. And in an episode of The Intelligence, Zanny explains what it was like to meet the man of the hour.

Trustworthy, relevant analysis. Delivered to more people, in more ways.

The Economist

At *The Economist*, we are clear about what makes us stand out: timely provision of insight and intelligence; quality, not quantity; rigour and wit. Our journalism is now flourishing on our apps, website, social media, and in podcasts and videos, alongside our weekly print edition.





"We've seen another year of growth across the business, fuelled by our commitment to serving customers looking for trusted news and analysis in an increasingly fractured world."

Bob Cohn
President/managing director, *The Economist*

What we offer

- *The Economist*, via print, web and app
- Espresso, our global briefing app
- Podcasts, including The Intelligence and Morning Briefing
- Newsletters: 2 daily, 7 weekly
- Economist Films
- Regular webinars with our journalists
- Group subscriptions services

At a glance

- **1,185,000** subscribers (in line with 2021)
- **+5%** revenue at constant currency
- **66%** of new subscribers digital-only
- **58.6m** social-media followers (+3m v 2021)
- **+27%** first-year retention rate

In late January, about a month before the outbreak of war in Ukraine, we noticed a curious trend: a spike in Google traffic to Economist.com from people typing questions such as "Will Russia invade Ukraine?" Our articles, trustworthy and relevant, were surfacing organically at the very top of these searches, driving new users to the site.

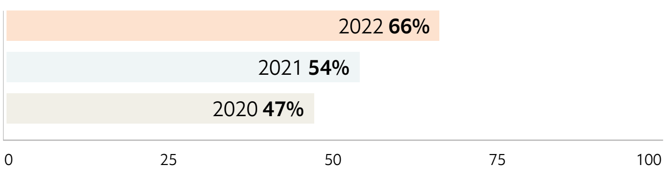
In light of the initial surge, we set out to make sure that this essential work of the newsroom would reach as many readers as possible. The editorial and product teams set up a special Ukraine hub to bring together all related coverage. The marketing team boosted stories in social channels and optimised them for search, driving new audiences to the articles and to the hub. We put some stories in front of the subscription wall and lifted it completely for readers in Ukraine and Russia. Meanwhile, the newsroom was publishing to the web and apps at a furious rate, providing round-the-clock analysis of fast-moving developments. And every Friday we hosted a video conference so subscribers could hear directly from our journalists covering the story.

Audiences responded. At the height of the war we set records for monthly unique visitors to the website and listeners to our podcasts. The webinars on Ukraine attracted an astounding 40,000 subscriber signups each week, about half of whom attended in real time (with others watching the replays), and nearly 2,000 questions were submitted for each session.

66%
new subscribers digital-only

Going digital

New customers are increasingly likely to purchase digital subscriptions, which have better retention, lower costs to serve and support our carbon-reduction goals.



Percentage of new customers taking digital-only subscriptions

Harnessing the benefits of our push to digital

Our war coverage led the way to a new digital playbook for *The Economist*—and made a fitting end to a year that saw tremendous advances in our move to a digital business. We introduced new ways to express the journalism—more newsletters, special podcasts, webinars and a wholesale upgrade of Espresso, our global briefing app launched in 2015. We improved digital engagement to an all-time high, which, along with new programmes like web-based onboarding and digital welcome packs, helped lift renewal rates to new heights. We better embedded data tools and insights into every aspect of the business. And, critically, we delivered the ambitious FCX (Future Customer Experience) programme, migrating all subscribers and registered users to a new platform that enables us to better serve customers, and the business, going forward.

All that innovation helped us pass a key milestone, with more than half our total subscriber base now taking digital-only packages.

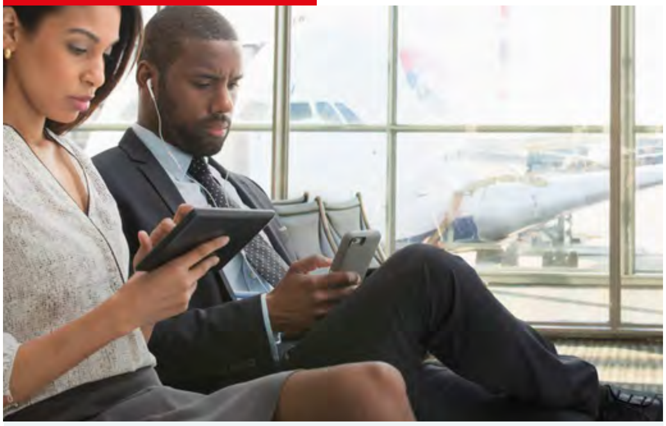
The push to accelerate digital subscription growth has put the business in a stronger position. Digital readers are more likely to renew than their print/digital counterparts. They are less expensive to serve, given the costs of producing and distributing printed copies of the newspaper. And the move to a more digital business is helping us hit ambitious targets for reducing our carbon footprint. On top of that, of course, offering a range of user-friendly digital products aligns us with broad consumer trends that favour digital consumption of premium news—on the web, in apps, on podcasts and by video.

A resilient business that's growing across the board

All of this work led to growth across *The Economist*. Revenue climbed 5% at constant currency. Subscriber volumes grew by 3,000 to 1,185,000, an all-time high. The rate of subscriber growth was small, especially after the large gains of 2020, reflecting the end of a tumultuous news cycle centred around the covid pandemic and the aftermath of the US elections. But in these less turbulent times we built a more resilient business. Key performance indicators improved across the board: engagement and retention rates, cost per subscriber acquisition, return on marketing investment, proportion of annual versus shorter-term (quarterly or monthly) subscribers, such that the lifetime value of a new subscriber is now more than double that of customers acquired two years ago.

One of the year's strongest stories came in our Group Subscriptions business, which packages *The Economist* for corporations, universities and NGOs. Group Subs sprang to life last year, doubling its subscribers. The proposition is simple: knowledge workers need the best possible source of information and analysis to do their jobs today and to develop for the future. We also found traction selling to companies that want to provide *Economist* subscriptions not just to their employees, but to their most valued customers.

CASE STUDY



FCX: innovative technology that transforms how we serve customers

It may be the most ambitious technology programme in the history of the Group.

This year we delivered, on time and on budget, a platform we call FCX (Future Customer Experience). FCX is a series of data, technology and product upgrades that transform how we engage with customers. Designed to improve the way we acquire, engage, retain and serve our audiences, FCX also enables us to drive innovation across the Group.

Colleagues from across the business delivered the programme over two years, culminating in the migration of some 1 million subscribers and 4.4 million registered users to the new platform. Along the way, we reduced complexity in the business and redesigned how customers are supported, and how they navigate our services—all during a global pandemic that meant our teams worked mostly virtually.

The payoff will come over many years, but we're already seeing benefits. By taking control of customer service, we've improved satisfaction and significantly lifted the rate at which we retain subscribers. Most importantly, we've laid the foundations for us to better understand what our customers want and how we can better serve them – and the business—in the future.

58.6m

social-media followers
(+3m v 2021)

The podcast business also recorded impressive growth. With five weekly shows and our daily productions of The Intelligence and Morning Briefing, audio has emerged as a powerful platform for *The Economist*. Last year we surpassed 1 billion total downloads since 2016. Nearly half of those are episodes of The Intelligence, which captures over 2.3 million unique listeners each month. We also saw significant growth in the number of subscribers who listen to stories from *The Economist*, all of which are read by voice actors.

Newsstand recovery shows there's still a love for print

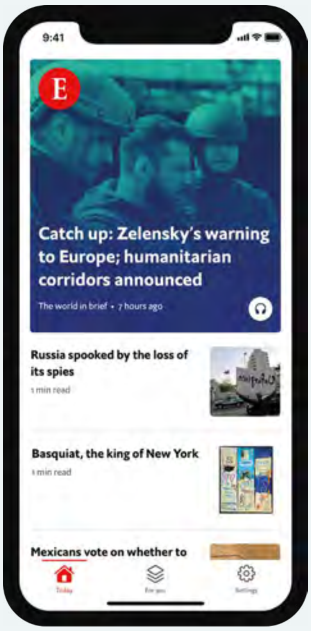
Newsstand sales bounced back strongly across all regions after a sharp fall-off during covid, when national lockdowns prevailed and business travel collapsed. Issues published during the first weeks of the Ukraine conflict delivered a two-year sales high (although still below pre-covid sales in 2019). The more robust newsstand performance reflects an overall enthusiasm for print, which is especially powerful among our longest-tenured and most loyal subscribers.

Room to grow further, as the need for trusted news and analysis intensifies

We made progress last year on our goal of diversifying our customer base. New subscribers were more likely than ever to be younger, female, or both, helping us create a more stable long-term business. But the acquisition team faced challenges on other fronts. Competitors in the premium space turned to aggressive discounting which, combined with a post-covid news environment and changes to social platforms that made it more difficult to identify the best prospects, nudged down the rate at which we convert casual readers to subscribers.

The coming year offers many opportunities. We expect strong growth in our newer businesses, including Group Subscriptions and Education. We are targeting consumer subscription growth across all regions—especially in Asia, where we'll focus our efforts on a handful of markets that offer promising headroom. And we'll develop a new premium digital offering that, along with Espresso and the core newspaper, will ensure we have *Economist* products in a range of formats and price points. All of this will be fuelled by our commitment to serving customers looking for trusted news and analysis in an increasingly fractured world.

CASE STUDY



Espresso: a refreshed daily briefing for readers on the go

The research was clear: some prospective readers and former subscribers told us they loved *The Economist* but thought it was sometimes too much: too much time, or too much money. If there was a lighter version, they said, that would be very appealing.

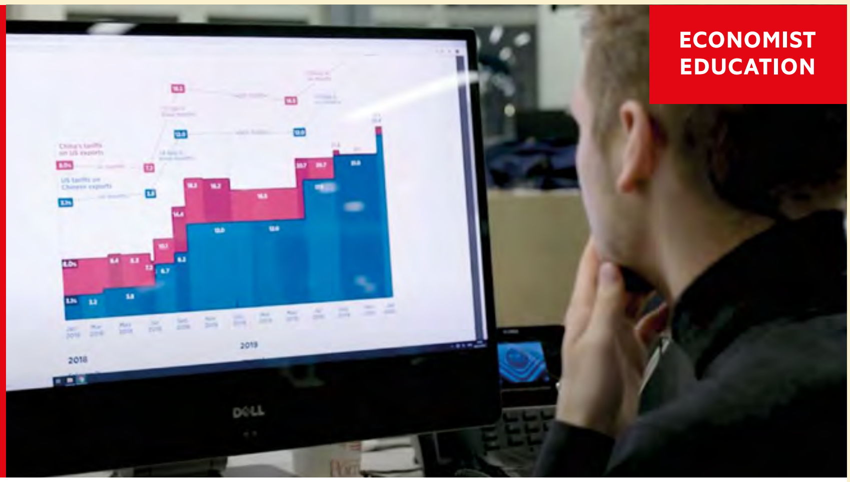
Since 2015, there has been just such an option. That's when Espresso was founded as a daily global briefing for readers on the go. It just needed a refresh.

So last year we upgraded Espresso—new features, more frequent updates, a sleeker design—and in March 2022 we re-launched it. At its heart is The World in Brief, a series of short stories now updated or rotated every three hours (and often every hour during the Ukraine war) by writers and editors working around the globe.

All their work is offered in both text and audio. There's a series of easy-to-absorb extras: Chart of the Day, Fact of the Day, Quote of the Day and a daily quiz question. And there's a For You section that each week gives access to a few stories from the newspaper personalised to a subscriber's interests.

Espresso has wide appeal, but we think it will be especially attractive in emerging markets and among younger customers. We also know it will appeal to those who are more time- and price-sensitive—and to people who are new to the brand and just want to get to know us a little better.

A fast-paced year for a small but growing business



Through online courses designed and written by our journalists and editors, we deliver actionable insights, practical skills and networking opportunities to help participants advance in their careers and shape the future of their organisations.

It was a fast-paced first year for our new executive-education business, which created three online courses and is now developing a fourth for introduction in autumn 2022.

Each course is built on the expertise of our newsroom and reflects long-held *Economist* editorial values: clarity, rigour, fact-based analysis and curiosity about the world. And each went into the world propelled by the power of *The Economist*'s global reach and its reputation for independence.

What we do

Economist Education offers executive-education courses that draw on the rigour and concision of experts and global thought leaders to provide excellence in learning.

What we offer

Covering subjects as diverse as "Fintech and the future of finance", "Professional communication: business writing" and "Navigating the new global order", our online courses ensure in-depth understanding to give professionals the tools to successfully navigate their world.

"This course provided not only practical tools to make me a better writer, but focused on the process of writing, with tips to avoid procrastination and other common inefficiencies."

Rob Walsh, partner, EY

Adapting to global events in real time

The first course, "International relations: China, Russia, the US and the future of geopolitics", was a sort of primer on international relations, focused initially on the China-US relationship and the rise of globalism. We did four presentations, each spanning six weeks. Then, in February, Russia invaded Ukraine . With the next presentation just weeks away, we quickly retooled the curriculum. We expanded our analysis of the clash between democracies and autocracies, and asked senior *Economist* journalists to explain the war's geopolitical implications in a new film. The refreshed offering—combining the steadfastness of a university with the responsiveness of a newsroom—helps students understand global events in real time.

The second course, on business writing and storytelling, proved to be the most popular in the slate, with more than 300 people enrolling in the first presentation. It helps students take a "tools, not rules" approach to master writing for business and explores the psychology, craft and purpose of writing with a focus on the choices writers must make. Participants learn how to persuade and inform, to write to deadline and to engage a diverse audience. As one corporate student put it: "My big complaint is: why no one told me this approach at university. I wish I learnt this a decade ago!" Next came a course on fintech, which will be followed this autumn by one on climate change and sustainability.

Engaging our students. Positioned to grow.

In its first full year, Economist Education brought *The Economist*'s world view and distinctive analysis to students in 73 countries. They gave us high marks: more than 90% completed their course, and 89% expressed high satisfaction with the experience. This year, we'll expand the number of courses while looking beyond the consumer market to sell directly to companies seeking to develop the skills and knowledge of their key talent.

We catalyse change through partnerships and events that open debate and broaden perspectives. Working together with our partners we bring the global expertise necessary to rethink business-as-usual, help shape the future and drive progress in the world.

ECONOMIST IMPACT

Economist Impact
Growing strongly through rigour and creativity

"We like to say Economist Impact combines the rigour of a think-tank with the creativity of a media brand—and we drive change by engaging the most influential audiences."

Claudia Malley
President/managing director, Economist Impact—Partnerships

What we do

Economist Impact brings together two business units: Partnerships and Events. We offer a unique model for clients who want to lead on the issues that matter most, drawing on an unmatched portfolio of capabilities including policy research and insights, multimedia content, global events and advertising.

What we offer

Policy research and insights

Data visualisation

Multi-media content

Scheduled and custom events

Media and advertising

Community and stakeholder engagement

Partnerships at a glance

+30% total revenue from Partnerships

+53% integrated deal size

30% integrated revenue share of total revenue

It has been a tremendous year for Economist Impact. We achieved record sales and officially launched Economist Impact in September 2021 as a single, cohesive business combining policy research, multimedia content and events, giving clients a seamless opportunity to draw on the expertise of The Economist Group.

We like to say Economist Impact combines the rigour of a think-tank with the creativity of a media brand—and we drive change by engaging the most influential audiences through our product portfolio and on the biggest event stages.

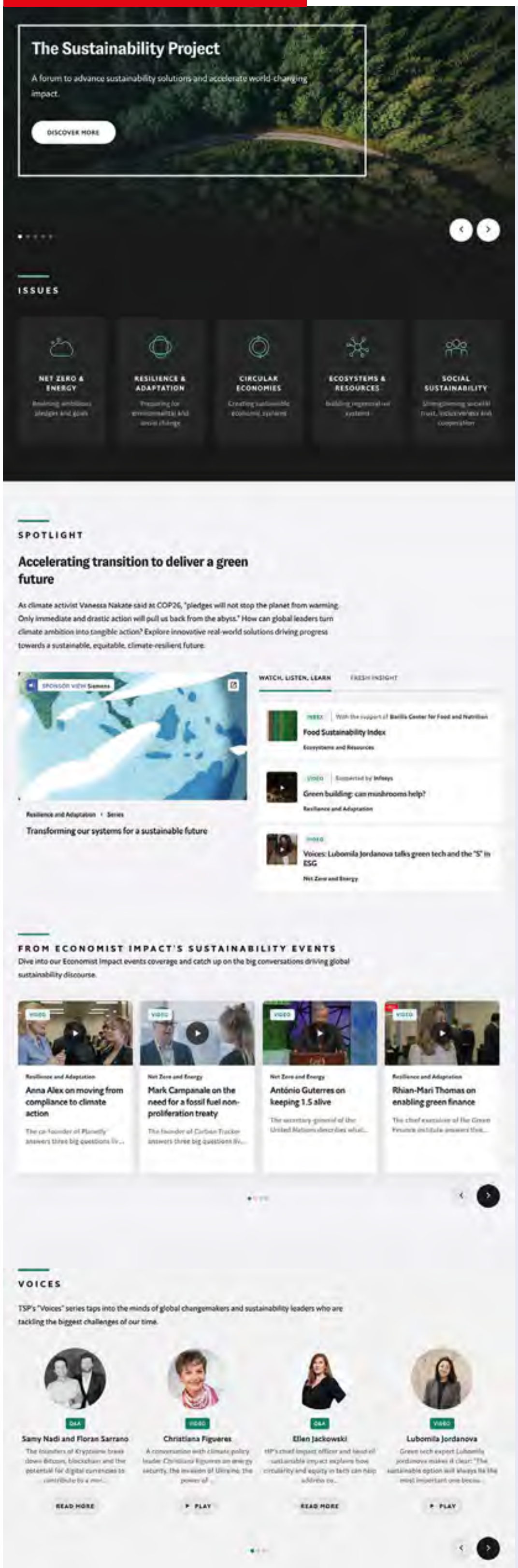
The results speak for themselves. Economist Impact grew revenue by 39% to levels above those in 2020, before the pandemic. Our Partnerships business grew revenue significantly on the prior year, and Events revenue almost doubled, as Ian describes below.

Reshaping our Partnerships business to offer even greater insight

We were able to deliver growth this year while also changing the shape of our business. Revenue from advertising remains important—and this year we saw both print and digital advertising revenue bounce back following the effect of the covid pandemic on the prior year.

But the strongest performance in our Partnerships business came from policy research and branded content, which grew revenues significantly. And by packaging media with our policy research, insights and content we grew both the size and breadth of our integrated partnerships. This reflects our strategic focus on expanding relationships with those companies, non-profits, foundations and government organisations who are positioned to lead, and who commit to working with us on big, bold, multi-year partnerships focused on one of our three key areas of expertise: sustainability, health and new globalisation.

CASE STUDY



The Sustainability Project—an Impact Initiative in action

The world needs to find new ways to partner and collaborate if progress is going to happen. That's why we launched The Sustainability Project, a new forum combining insights, innovation and influence to convene and actively engage global stakeholders with the power to effect real change.

Launched with support from digital innovation partner Infosys, The Sustainability Project is a content and community platform that hosts a mix of videos, articles, interviews, and data stories alongside our policy research and insight reports, and links users with our global events. It aims to build a year-round community of people and organisations who can make transformation happen.

"The Sustainability Project is the first major initiative of Economist Impact, built on the construct of a digital forum to enable progress with sustainability. Over the last year we achieved strong engagement and received both industry recognition and client support, proving the success of this new model."

Soline Guerineau
Economist Impact Initiatives and Platforms

How Economist Impact works for global partners

We have a unique formula for helping our clients lead on these big issues. The Group has a 75-year track record of evidence-based policy research, and a global team of experts working to shed light on critical issues through benchmarks, economic and social analysis, white papers, forecasting and scenario-planning.

Economist Impact brings this independent work to life for clients through compelling multimedia content and storytelling formats designed to turn the insights into action and to engage an influential global audience through our media platforms and global events.

And we're highly visible—and credible—because our insights are trusted. In October 2021, for example, the head of Economist Impact policy research and insights, Claire Casey, delivered a keynote presentation on progress towards the UN Sustainable Development Goals at the UN General Assembly. We've also been active this year at the World Economic Forum, COP26 and World Health Summit.

39%

increase in revenue vs 2021

Continuing to lead on sustainability, health and new globalisation

On the issues that matter to us, and our clients, we want to reinforce our leadership as trusted partners. We're developing what we call "Impact Initiatives" in sustainability, health and new globalisation that will take the insights we offer to another level. This work has already begun, with The Sustainability Project (see above)—and it will continue to drive our ability to enable progress, and our growth.

CASE STUDY

Cognizant: leading the discourse around future-ready enterprises

How do we work with clients to generate insights? The Future-Ready Enterprise is an Economist Impact programme based on research carried out throughout 2022, supported by global technology services and consulting firm Cognizant and launching publicly in July. It is designed to analyse what it really means for organisations to be competitive in the long term across technology, talent, ESG and leadership. The cornerstone of this programme, the Future-Ready Business Index, is a powerful Economist Impact benchmarking framework powered by a unique data set developed using secondary research, proprietary data and a survey of 2,000 business leaders spanning ten countries and eight industries. Insights generated across the initiative reach a global audience through sponsored content, films and our digital channels.

It gives Cognizant a unique tool to engage with and help their target audience of business leaders understand where to focus their improvement efforts—and shows how our portfolio can bring together research, digital capabilities and media amplification to help our clients lead the discourse.

Economist Impact Events
Enabling more insights than ever. Delivering record results

"The appetite for world-class content is global, and strong. We now have the best of all worlds, with clients able to choose in-person, virtual or hybrid events. And that's resulted in an outstanding year."

Ian Hemming
Managing director, Economist Impact—Events

Our transformed approach to delivering events and our continuing focus on curating world-class content has produced a year of outstanding revenues and profits.

This year we reaped the benefit of our willingness to embrace change—and the hard work we put in to adapt and innovate during the covid-19 pandemic.

Face-to-face events dwindled almost to nothing in 2020 and early 2021. But we could see that demand for high-quality content and networking was still as strong as ever. So we transformed ourselves, developing new, digital ways to do what we've always done—convene insightful people and curate fascinating topics—and do them even better.

We were very pleased to welcome attendees back to in-person events in November 2021—there will always be a vital place for face-to-face events—but the virtual capabilities we developed in the hard times are continuing to be both highly effective and hugely popular. We now have the best of all worlds, with clients able to choose in-person, virtual or hybrid events. And that's resulted in an outstanding year, with 222 events welcoming 78,000 attendees and 497 sponsors. We've doubled our revenues, and delivered a much higher profit than in the prior year.

What we offer
We create actionable insights for clients in three main ways:

Scheduled events—designed and researched by us, with *Economist* editorial approval, and drawing on our expertise to convene delegates and sponsors

Custom events—created by us with original, engaging content to attract specific target audiences to meet individual client needs

EuroFinance events—sector-leading events designed by us with high-quality content tailored to the demands of the company treasurer and finance specialist community

Events at a glance

222 events (+30%)

497 sponsorships (+36%)

78,000 attendees (+11%)

Leading with content, whatever the format

However people choose to meet, they will always want high-quality content that leads to actionable insights.

We focus on three main offers—scheduled events, custom events, and our specialist EuroFinance events—and we've developed particular expertise in the areas that matter most to our clients: sustainability; trade, technology and industry; health; financial services; and global treasury. For every event, we look to build platforms for knowledge-sharing and communicating, and seek ways that events can complement the overall offer provided by Economist Impact, and draw on the strengths of The Economist Group as a whole.

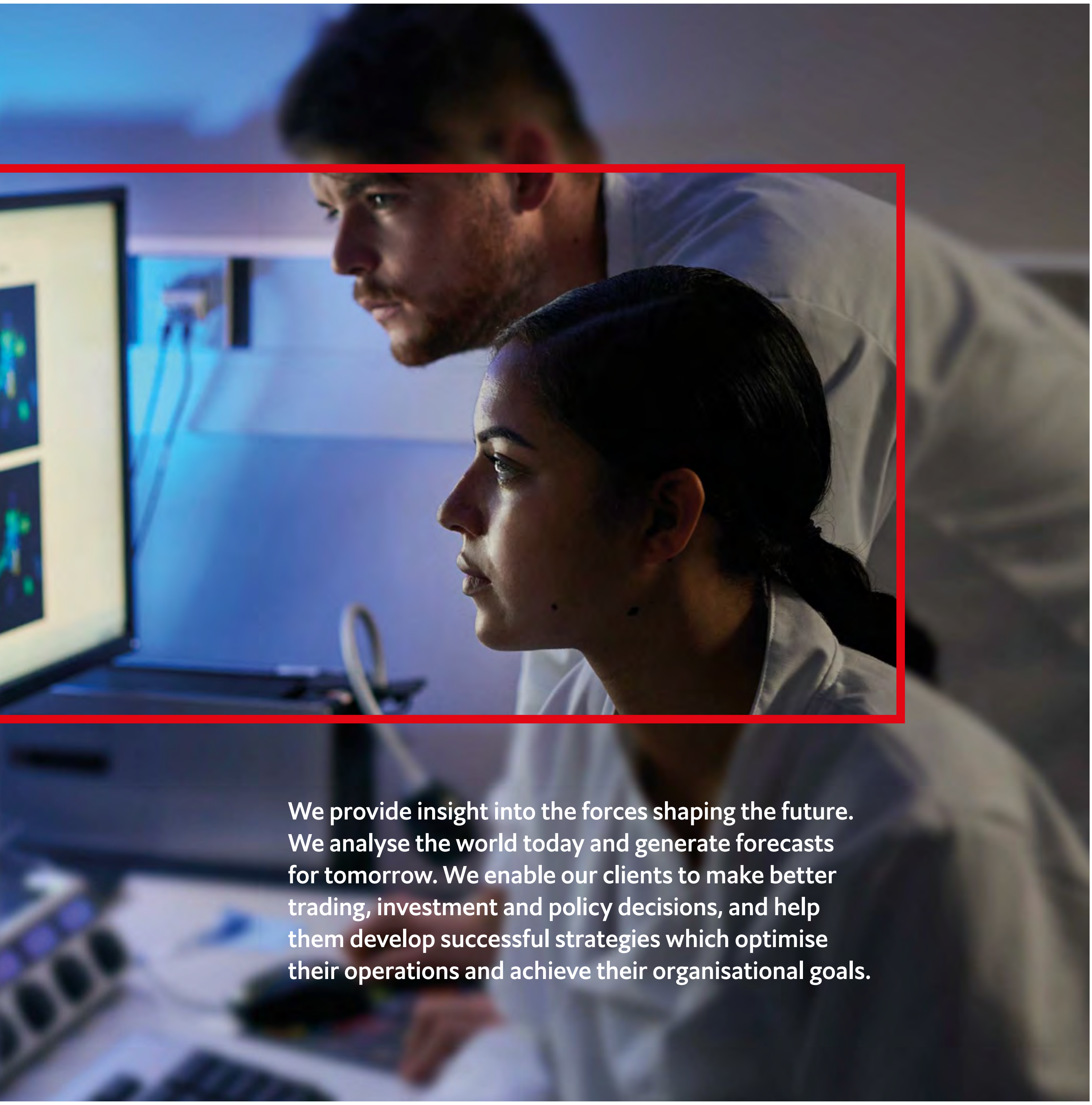
A look at some of our recent events shows how timely and pertinent our content is. Our award-winning Sustainability Week events were more popular than ever this year, with over 11,200 virtual attendees registered and 541 in-person attendees, and presentations from global leaders such as António Guterres, secretary-general of the United Nations, and Alok Sharma, president of COP26. We've curated webinars on "Building resilient supply chains in an age of uncertainty" and "The cost-plus world of supply chains". And after two years of convening virtually, in September 2022 we're planning to welcome attendees back in person to the 31st EuroFinance International Treasury Management event, with more than 2,000 attendees, 150 speakers, and 100 sponsors and exhibitors.

A bright, global future for events

The appetite for world-class content is global, and strong. We're seeing opportunities to build on the success of proven events and deliver them all over the world, as we have with Sustainability Week, which began in Europe and this year launched in the US and Asia-Pacific. As the world continues to open up after covid-19, and as people continue to seek unrivalled knowledge and insight, we see a bright future for great content delivered however clients want it, wherever it can make the most impact.

ECONOMIST INTELLIGENCE

Bringing clarity to an uncertain world through trusted insight and analysis.



We provide insight into the forces shaping the future. We analyse the world today and generate forecasts for tomorrow. We enable our clients to make better trading, investment and policy decisions, and help them develop successful strategies which optimise their operations and achieve their organisational goals.

"We've brought together the research, analysis and forecasting capabilities that have been helping clients understand the forces shaping their businesses for 75 years—and found new ways to provide award-winning, trusted insights."

Helen Hutchinson
Interim chief operating officer, Economist Intelligence

What we do

Economist Intelligence consists of three separate businesses—EIU, Corporate Network and Clearstate. Through rich data, deep analysis and global insight, we enable clients to be strategically informed, successfully navigate issues and move their organisations forward. Our reputation for analytical excellence is second to none. Sharing *The Economist*'s strict stance on editorial independence, we produce analysis which our clients trust completely.

What we offer

- Global economic forecasts
- Holistic country analysis, incorporating economics, politics, policy, industry and the business environment
- Medium-term forecasts for 200 geographies
- Industry forecasts and trend analysis
- Comprehensive macroeconomic datasets
- A rich database of proprietary risk ratings and rankings, quantifying hard-to-measure subjective issues
- Commodity forecasts
- ESG rankings
- Market intelligence for Medtech
- C-Suite networking

At a glance

- **£45.5m** revenues
- **95%** retention rate in EIU subscriptions
- **5%** increase in core EIU subscriber base
- In-depth analysis on **200 geographies**
- Most **first places** (38) and most **top-three places** (120) in the 2022 FocusEconomics awards

No one can promise certainty in a complex, volatile world.

But we can offer clarity.

In Economist Intelligence, we've brought together the research, analysis and forecasting capabilities that have been helping clients understand the forces shaping their businesses for 75 years now—and found new ways to provide award-winning, trusted insights through new digital products, a joined-up commercial structure, and greater engagement with our clients.

The result has been another year of strong growth in our revenues and customer base. Operating profit declined due to significant investments in new products and go to market functions. These investments will enable us to build on our unique ability to provide the intelligence clients need to navigate the world.

To meet a global need, Economist Intelligence has a global footprint, with colleagues in 16 offices and on six continents. And thanks to their continued dedication and willingness to deliver their best while working flexibly, all three of the businesses in Economist Intelligence have contributed to our success this year.

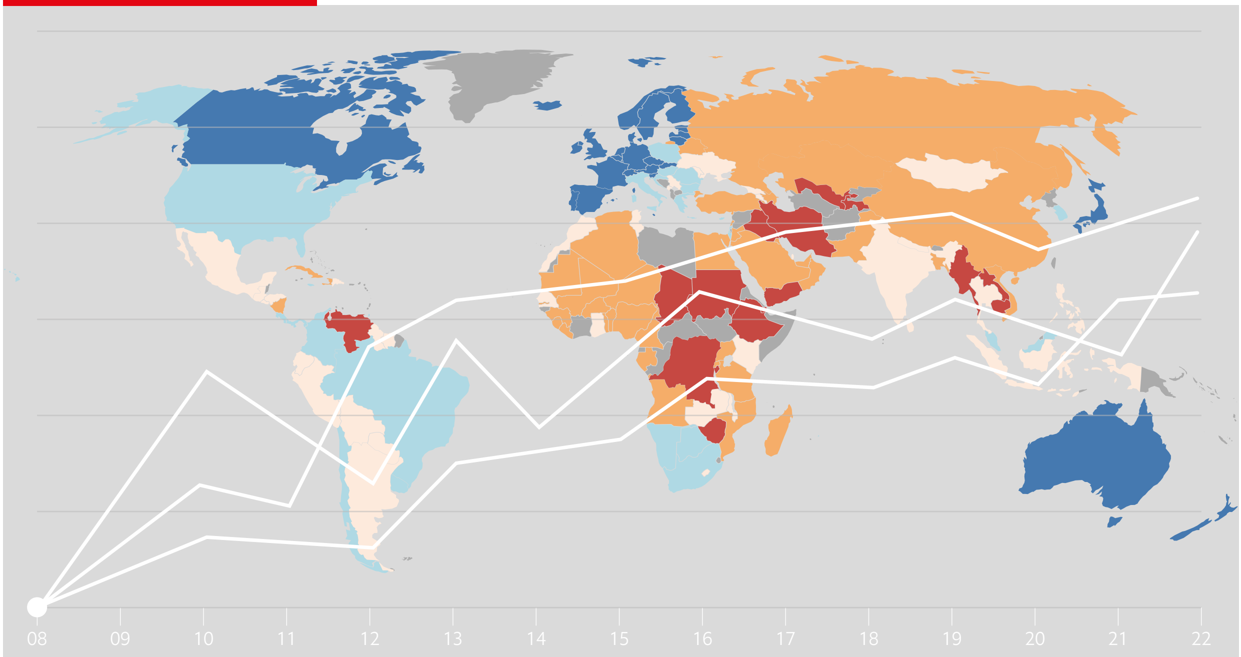
EIU: providing unmatched analysis, identifying opportunities and risks

There is no let-up in the hunger for analysis—especially when events throw economies into uncertainty, whether through a pandemic, supply chain disruption or an unprovoked invasion.

In November 2021 EIU celebrated 75 years of identifying opportunities, trends and risks on global and national levels, and offering deep insights into complex economic and political developments. In that time it has built and maintained an unmatched reputation for forecasting economic trends, political forces and industry developments around the world, and its business-to-business model gives subscribers access to specialist content on over 200 geographies in both developed and emerging markets.

Its blue-chip clients include governments, financial-services firms, multinational corporations and academic institutions—all of whom seek the clarity only we can offer.

CASE STUDY



ESG Ratings Service: changing the game for assessing sustainability risks

Climate change, water scarcity, gender equality, labour and property rights, corruption.

The vast range of subjects covered under the shorthand title of "ESG" are complex and fast-moving—and understanding them is increasingly critical to our clients. But on too many environmental, social and governance issues, there's simply too little clarity.

Definitions and benchmarks vary.

Data are patchy.

It can be an uncomfortable space where reputational and compliance risks could lurk, even as the expectations of stakeholders rise.

This year we launched a new EIU product that sets out to bring more clarity to this vital area by going beyond the headlines to measure the impact that governments, businesses and society have on ESG sustainability.

Our ESG Ratings Service provides the most comprehensive measure of country-level ESG risk on the market, a global index of 150 geographies that considers 90 underlying indicators, with some 120,000 data points contributing to an easy-to-understand and comparable A-E rating scale.

It draws on our track record of quantifying subjective issues, proven by services such as the Democracy Index and our Business Environment Rankings. And it is supported by the extensive hard data we've gathered from our partners, in a package that also provides historic ESG risk scores and indicators dating back to 2015 and quarterly reports on key ESG trends and developments.

Once we'd identified the demand, we created ESG Ratings Service fast—a small cross-functional team developed the first-phase product in just four months. We've had very positive feedback. And we see more opportunities for us to apply our skills and expertise to analysing progress on sustainability in the future.

And EIU does not stand still.

This year we developed a range of new products and services, all designed to bring accessible, actionable insights to our clients.

Understanding risk. Extending access to intelligence

One example of EIU's product innovation is our new Financial Risk solution, developed over the year and launched in April 2022. It gives clients integrated risk scores and ratings supported by thematic analysis and forecast data, helping them identify sovereign, currency and banking-sector risks posed by political and economic developments across 131 markets.

Our new ESG Ratings Service, described below, helps clients assess how governments, society and businesses impact a country's sustainability, and provides analysis of ESG risks for 150 geographies. At the same time, we successfully migrated more than 80% of our client base to our new digital platform, EIU Viewpoint, improving their access to our services through a single channel. The new platform integrates our forecasts for the global economy, our daily insights, our extensive country economic and political analysis, our medium-term forecasts for 200 markets, our long-term economic projections, our industry analysis and data, our commodity forecasts, our macroeconomic datasets and our proprietary ratings and rankings. Now EIU Viewpoint is reaching new and existing clients with a simple proposition: "All the political, economic, and market insight you need to succeed."

Demand for EIU services has never been higher. Over recent years we've consistently invested in our subscription sales and marketing operation, and this is continuing to bear fruit. Our subscription business had another strong year, with client retention at 95%, while new business grew significantly.

Corporate Network: reaching new clients, in new ways

The Economist Intelligence Corporate Network is a forum which brings together our ability to analyse and forecast with the expertise of senior executives and business leaders, with a particular focus on Africa, the Middle East and Asia. It has more than 2,000 individual members who hold influential positions in their region's most successful corporations.

The Corporate Network has undergone rapid change since the start of the covid-19 pandemic. Originally an in-person model, the pandemic meant it had to weather considerable disruption before emerging with a more extensive, multi-channel way of sharing knowledge and expertise that has seen us return this year to pre-pandemic levels of memberships.

A much tighter value proposition, with a focus on helping regional managers, a programme for developing young talent in our clients' organisations, and an experiment with networks arranged by job function rather than location, have all set the business up for further growth.

33%
increase in Clearstate revenues

95%
retention rate in EIU subscriptions

Clearstate: data and consulting that helps drive the future of medical technology

Clearstate works with clients in medical technology to discover new market opportunities and formulate evidence-based strategies. It is a business that serves the growing demand for a more detailed understanding of competitive dynamics in their markets, and we have a focus on granular data for key market segments, including the IVD (in-vitro diagnostics) and surgical sectors.

Clearstate had another exceptionally strong year, growing revenue by more than a third through increased data sales and bespoke consulting work. Notably, the team were able to build an entirely new customer pool on the back of their data set on the surgicals industry, while serving existing clients even more effectively by enhancing their data on the IVD sector. We are continuing to invest in this growing business, developing and marketing new data tools to allow us to analyse and manipulate our proprietary data sets more efficiently.

A strong platform to provide more insight, and more growth

The success of Economist Intelligence this year is the result of the dedication of everyone in our teams—including our central teams who support the three businesses through marketing, designing new products, building and enhancing our digital estate, analysing our financial performance and seeking ways we can continue to improve.

Thanks to all our colleagues, we go into the new financial year in a strong commercial and editorial position—ready to continue providing insight in a complex world.

Celebrating 75 years of clarity. Delivering more insight than ever

The year 2021 was a special one: it marked the 75th anniversary of EIU, which as part of Economist Intelligence continues to provide award-winning analysis and insight to the decision-makers charting the future for themselves and their organisations.

In 1946 *The Economist* advertised the new role of director of intelligence, whose mission would be to help companies understand the complex and fractured post-war environment.

From these small beginnings, EIU went on to become the world leader in political, economic and industry forecasting. Today we have nearly 600 employees and contributors across all continents, providing insights on around 200 countries.

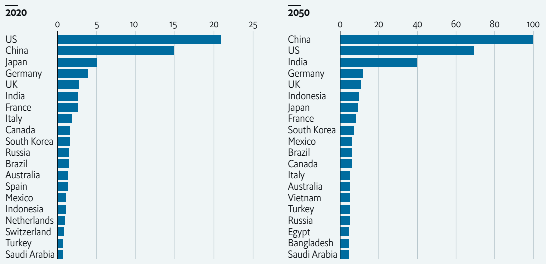
To mark 75 years of insights, our experts looked back at our coverage to present our take on the most important events of the past two decades in a special report published in November 2021.

There was no shortage of material. The 21st century began with the bursting of the dotcom bubble, the 9/11 terrorist attacks and the start of the US-led war on terror. After the global financial crisis of 2007-08 and its prolonged fallout, the century's second decade closed with the covid-19 pandemic raging, US-China relations evolving, and the impacts of climate change looming over citizens, businesses and governments alike.

The topics highlighted by our experts ranged from the radical polarisation of US politics to Xi Jinping's role in driving China's rise to superpower status, the impact of the global financial and covid-19 crises in Latin America, and the legacy of the Arab Spring. Months before Russia invaded Ukraine in February 2022, our contributors singled out Russia's annexation of Crimea in 2014 as the most important event in Europe in the previous two decades.

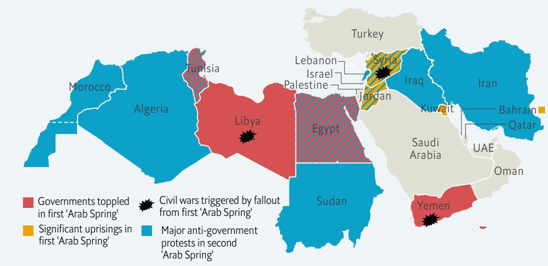
We also presented some forward-looking scenarios on events that could reshape the global geopolitical, economic and business landscape. What if China annexed Taiwan? What would be the impact of a climate change-fuelled wave of African migrants to Europe's shores? Will the 21st century see Brazil and Africa (finally) become economic giants? It is an example of the expert analysis we've been providing for 75 years now—and of the forecasting mission that has made EIU an indispensable resource for decades.

New as well as some familiar faces in the "G20" of the future
(GDP, US$ trn)



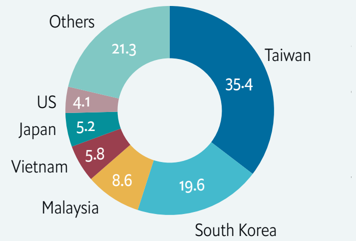
Source: EIU.

Middle East: turmoil following Arab Spring lingers on ten years later



Source: EIU.

Taiwan and South Korea are China's largest sources of foreign chips
(% of total US$ values, 2020)



*Note. HS Code 8542.
Sources: ITC Trade Map; EIU.

ECONOMIST INTELLIGENCE | **EIU**

What we said in 2021 about Russia

Russia's 2014 annexation of Crimea: a seismic geopolitical event

Anyone trying to identify the most important event in Europe in the past 15-20 years is spoilt for choice. Take your pick from the euro zone sovereign debt crisis; the decade-long Greek trauma; the 2015 migration crisis; the 2016 Brexit vote; or the coronavirus pandemic of 2020-21. But, if forced to select one event that has had a truly lasting global impact, we choose Russia's annexation of Crimea in 2014. This marked a point of no return, after which no one could credibly argue that there was a genuine prospect of a reset of Russia-West relations.

Sustainable progress.

Our purpose is to champion progress in everything we do, and we know that we have a role to play in addressing the environmental and social challenges that face our world. We call our Group-wide approach "sustainable progress"—and we've made important steps forward this year.

STRATEGIC REPORT

"The greatest impact we can have on making the world a better place for future generations is through our content; but we all have a part to play, operationally and individually."

Oscar Grut
Chief legal and corporate development officer,
Group company secretary, head of ESG

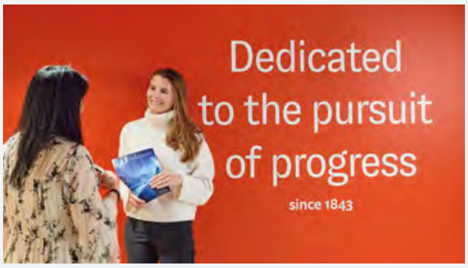
As we continue to weave sustainability into the fabric of our growth strategy and operations, we are developing our environmental, social and governance (ESG) strategy based on five key priorities—content, colleagues, communities, climate and environment, and governance.

We recognise that sustainable and inclusive growth for our business requires us to take a systemic approach to increasing the positive impacts we have on the world, and reducing our negative impacts. Over the coming year we will further define our priorities based on a materiality assessment and stakeholder dialogues. This foundation will help us continue to identify the key targets and measures we need to guide our sustainable progress into the future.

Supporting diverse eco-system restoration in Costa Rica

Protecting and restoring biodiverse ecosystems increases carbon sinks and decreases the sources of carbon dioxide and other greenhouse gases. We are supporting this Gold Standard project in Costa Rica, whose aim is to protect secondary rainforests, wetlands and biodiversity, and reforest cattle pastures with mixed native tree species. At the same time, it brings benefits to local communities through economic growth, innovative land-use, and jobs. Our investment equates to 1,638 tonnes of GHG emissions being absorbed and stored in natural carbon sinks. We are not counting this towards our emissions reductions targets.

25 by 25



The Economist Sustainability Group

Our five key ESG priorities

Our content

Enable progress through the strength of our businesses—providing a guide to a changing world and empowering informed choices about critical social and environmental issues

Our colleagues

Champion and foster diversity, equity and inclusion, and fairly provide colleagues with resources and opportunities to thrive, including through:

- Our Diversity and Inclusion programme (pages 45 and 83)
- Hybrid working
- Affinity groups (see page 45)
- Our values (see pages 47 and 76)
- Clear career pathways and a fair reward structure

Our communities

Enable access to information and critical-thinking skills, especially for disadvantaged young people, including through:

- Support for school-age education programmes from The Economist Educational Foundation
- Support for Code First Girls programme (see page 49)
- Providing access to independent journalism
- Employee volunteering days
- The Economist Charitable Trust (see page 48)
- Responsible Media Forum (see page 48)
- The Trust Project (see page 48)

Climate and environment

Our commitments to climate action:

- 25% reduction in CO_2e emissions by 2025
- Aiming for 50% emissions reduction by 2030 and science-based net-zero by 2045
- Transparent and rigorous emissions measurement across our full value chain
- Contributions to climate initiatives and solutions
- Plastics footprint and assessment (see page 55)
- Life-cycle assessments of our printed products (see page 55)
- Climate scenario planning
- Collaboration across our value chain
- Engagement with our colleagues

Governance

Operate in a clear and ethical context and in line with our guiding principles. Our approach to governance is described in our governance report
(see pages 76-85)

Our content

Climate change, war, disinformation and fake news, polarised debate, exploitation—these and many other challenges threaten to hold back progress and undermine freedom. And because these issues touch everything we report and provide insights on, we examine them from every angle.

Through our journalism and across the Group we contribute to upholding press freedoms, combating disinformation, and making sure everyone can get access to fair, balanced insight and analysis.

One issue we've focused on in particular is climate change—because its impact will be so widespread. It will drive environmental degradation, resource scarcity, pollution, poverty and social inequality. Now more than ever, there is a need for trusted, independent coverage and reasoned debate to bridge the gap between what is being done and what is required to mitigate catastrophic climate change.

This year, for example, in the run-up to COP26 *The Economist* took a clear-eyed look at the politics, adaptation and technologies required to address extreme climate change across its written journalism, audio, film, data and newsletter formats. "To a Lesser Degree", a thought-provoking, limited-edition podcast series on climate change was launched in September 2021, and our special report, "No safe place: The 3°C future", helped inform our climate scenario analysis used in our TCFD disclosure (see pages 60-63).

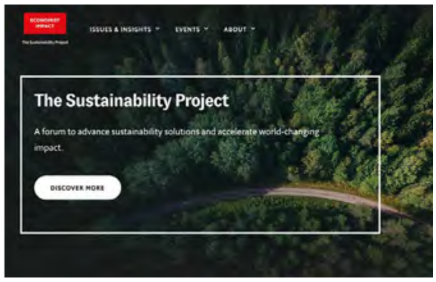
At the same time, we use our ability to convene people and provide insights through Economist Impact, our world-leading platform for partnership and events, which gives influential global audiences the means to debate, share knowledge and foster connections. This year The Sustainability Project (see page 31), Sustainability Week (see page 33), and the World Ocean Initiative all helped foster a global conversation to inspire bold thinking, new partnerships and action to catalyse sustainable development efforts.

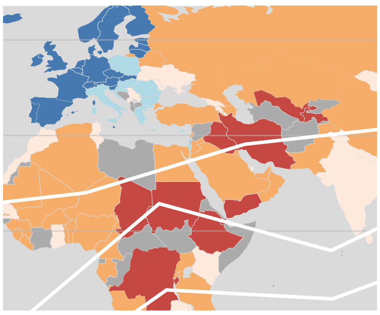
Our sustainability content in action

There are examples of our content supporting sustainable progress throughout this report, including:

The Economist—
from the editor-in-chief
(see page 14)

Economist Impact—
The Sustainability Project
(see page 31)





Economist Intelligence—
ESG Ratings Service
(see page 37)

Economist Impact Events (see page 33)

Our colleagues

"Our colleagues are the backbone of our organisation and we strive to provide them equitably with the resources and opportunities to thrive."

Gnosoulla Tsioupra-Lewis
Chief talent officer

Building a company that's more flexible, more diverse, and more rewarding

As with many businesses in our industry and beyond, this has been a year which has brought recruitment and retention into even sharper focus—which in turn means looking closely at every aspect of our workplace culture and employment offer.

The dynamic marketplace for talent—and what has become known as "the great resignation"—means that it has never been more important to find and keep the best people. It was already a strategic priority for us, and we've been working over several years to build a more diverse, inclusive workplace where colleagues have clear and rewarding career pathways.

This year we went further still. *The Economist* has taken independent actions appropriate for its editorial team, such as intensifying the search for talent from a wider range of backgrounds, requiring diverse shortlists and adopting greater flexibility around working from home.

Focus on output, not input

In the rest of the business, we are redefining the way we work to focus on outcome, not input. We work flexibly—whether that's in the office, at home or in another country—and our new hybrid work environment is designed to blend the camaraderie and collaboration of the office with the flexibility of working from home. Most colleagues now have the option of working two days each week in the office and three at home. At the same time, we've increased the opportunities colleagues have to give and receive feedback and improved our performance review process, while creating further ways to support colleagues' well-being through what has been a very busy time, including through well-being and stress-management training sessions developed with the mental-health charity MIND.

1,578

colleagues in 23 countries across the globe

Strengthening our offer, building inclusion

We've also improved how we reward people. We offer excellent benefits including competitive salary, a bonus scheme, health insurance, generous annual and parental leave policies, volunteering days and well-being support throughout the year, and free access to all *Economist* content. This is backed up by the work we've done to improve career pathways, including this year's launch of our new career development learning platform, Degreed (see page 47).

Building a more diverse and inclusive organisation remains a business priority, and we're fully committed both to making progress and to being transparent about where we are. We publish global data on ethnic and gender diversity on our website—and it shows that we still have much more to do. So does our Gender Pay Gap Report, which shows that despite progress on recruiting more women among our senior roles, a significant pay gap still exists. We believe we have the right structures in place to make progress on both ethnic and gender diversity, but we will not take our eye off this challenge—and this year every colleague (outside *The Economist*'s editorial team) who manages people has diversity targets as part of their bonus objectives, as well as the leadership team. We also added additional questions on diversity and inclusion to our employee engagement survey, Your Voice.

Affinity groups

Our affinity groups encourage colleagues to connect with and contribute to a more diverse and inclusive culture. They include:

- TEG in Colour, a community for people with ethnically diverse identities, and their allies. Members are passionate about improving inclusion across the business and measuring the impact of policies designed to create an open and safe environment
- Women of TEG, which supports the Group's goal to attract, develop and retain women at all stages of their careers
- Minds of All Kinds, which brings awareness to mental health, well-being and neurodiversity. It is committed to providing a safe, supportive and judgment-free community
- WILDE, which champions the rights of LGBTQ+ people around the world, aligning with the Group's founding mission of supporting individual freedoms

Employee engagement

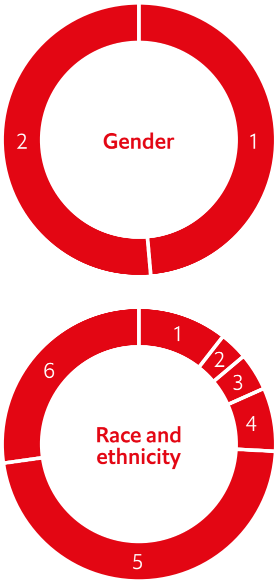
86% of colleagues took part in our Your Voice survey in 2021, with an average engagement score of 7.4 out of 10, which is in the middle range for our sector.

Colleagues responded very positively to our remote-working offer, reported that we are improving on diversity and inclusion, and identified reward, reward discussions and career paths as priority areas for improvement. They reported that their workload remains high, and we are working on improving workload and work-life balance. Colleagues also identified autonomy as a key strength.

Gender pay gap

Our fifth Gender Pay Gap Report, covering 2021, showed mixed results, with an improvement at the mean pay gap but a deterioration at the median.

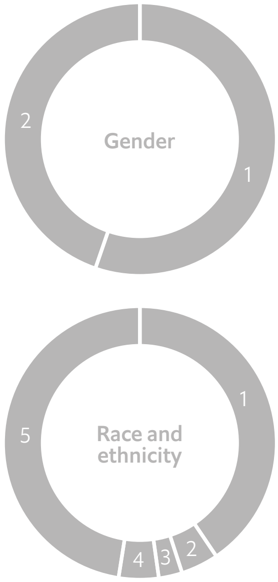
On the snapshot date of April 5th 2021, the Group employed 735 colleagues in the UK (365 women and 370 men). Our mean gender pay gap has reduced by 3.4 points. Our median has increased by 3.1 points. Our gender pay gap is still significant, and we are working to change it. We continued to publish our gender pay gap data throughout the pandemic, even when UK compulsory reporting was temporarily suspended.



The Economist

Gender, race and ethnicity of editorial colleagues.
January 2022, % of total

Gender	**%**
1 Female	48.8
2 Male	51.2
Race and ethnicity	
1 Asian	10.6
2 Black	2.0
3 Multiple ethnicity/race	4.4
4 Other	7.5
5 White, British	48.5
6 White, other	27.0



The Economist Group

Gender, race and ethnicity of non-editorial colleagues.
January 2022, % of total

Gender	**%**
1 Female	55.4
2 Male	44.6
3 Non-binary	nil
Race and ethnicity	
1 Asian	40.0
2 Black	4.1
3 Multiple ethnicity/race	2.4
4 Other	6.5
5 White	46.9

*Includes employees on permanent and fixed-term contracts.

More flexible working

When work-from-home restrictions eased, we introduced a new workweek of two days in the office and three days' remote working for the majority of our colleagues.

Our guiding principles

The Group's guiding principles state:

"We value our colleagues and treat each other fairly. The Group is committed to equality of opportunity in all employment practices and policies. We support colleagues who through disability or illness are unable to perform their duties, by adapting the work environment and hours of work to suit them as far as practicable. We provide employee assistance programmes and access to mental-health facilities."

Our values

Independence
We are not bound to any party or interest and encourage exploration and free thinking. We champion freedom, both within our organisation and around the world.

Integrity
We are bold in our efforts to uncover the truth and stand up for what we believe in. We inspire trust through our rigour, fact-checking and transparency.

Excellence
We aspire to the highest standards in all we do. We are ambitious and inquisitive in our pursuit of continuous progress and innovation.

Inclusivity
We value diversity in thought and background and encourage healthy debate with a breadth of perspectives. We treat our colleagues and customers fairly and respectfully.

Openness
We foster a collaborative and empathetic culture conducive to the interests, wit and initiative of our colleagues. New ideas are our lifeblood.

CASE STUDY

Degreed: how our new career development platform is supporting colleagues

Bakhyt Wilbrandt is an event manager in our Economist Impact business—and she's one of the 990 colleagues who have already used our new career-development platform, Degreed, to build skills and plan a rewarding career pathway in The Economist Group.

Degreed gives colleagues learning opportunities tailored to their personal goals and interests through access to a huge range of content and training programmes. Bakhyt had already been working on her career progression through our mentorship and business shadowing programmes when she helped pilot Degreed in September 2021. She's quickly built a profile, and completed skills training that is helping develop her project management skills.

"I realised that I had a lot of transferable skills from my work as an event manager—organising international conferences, webinars and managing delivery of white-paper projects. I was passionate about building on what I've learnt about project management to advance my career.

As soon as I began working with a mentor I found doors opening everywhere—including a four-month business shadowing programme on our Sustainability Project.

"At the same time I was doing paid-for external training courses—so when the opportunity to take part in Degreed came along I immediately saw the benefits. It's fast-moving, free and has an incredible range of programmes—I learn something every day. I can plan my way forward, and have already completed a project management skills course.

"It's helping me with one of the new projects I've taken on in Economist Impact: project-managing an important Group client. I'd advise anyone to open the first door and ask for guidance—because the doors keep opening!"

Bakhyt Wilbrandt Event manager

Our communities

We're a global business, connected to communities everywhere we work, and to the wider community that embraces civil society as well as our readers and customers.

Our guiding principles set out our commitment to independence, integrity and delivering high quality in everything we do. These values govern our relationships with readers, audiences and clients, shareholders, colleagues, suppliers and the community at large.

We are not bound to any party or interest and encourage exploration and free-thinking. We champion freedom, both within our organisation and around the world. At the same time, we support charities through The Economist Charitable Trust and The Economist Educational Foundation.

Championing freedom, and press independence

We know that an independent press is vital to democracy, and we take action when that independence is threatened. Since Russia's invasion of Ukraine in February 2022, for example, we have given full digital access to *The Economist* content to all those visiting the site from Ukraine and Russia, by lifting our paywall in those regions. For our Ukrainian subscribers, we are renewing their subscriptions without charge for the foreseeable future.

We also take part in a number of joint initiatives on media standards. *The Economist* is a partner of The Trust Project, an international consortium of news organisations building standards of transparency and working with technology platforms to affirm and amplify journalism's commitment to transparency, accuracy, inclusion and fairness so that the public can make informed news choices. The Economist Group is a member of the Responsible Media Forum, an industry-wide partnership between leading media companies to identify and take action on the social and environmental challenges facing the sector.

"Editorial's only fealty is to the facts and our founding mission. In an era of fake news and political polarisation, that independence is a precious asset."

Zanny Minton Beddoes
Editor-in-chief, *The Economist*

£160,000

contributed by the Group to the Charitable Trust

"Almost 200 colleagues donated £23,500 to UNICEF's Ukraine appeal, which the Trust double-matched with an additional £47,000. I am proud of both our colleagues and the Trust for making the world a better place."

Michael Thomas
Chair of The Economist Group's Charitable Trust
Head of learning and development

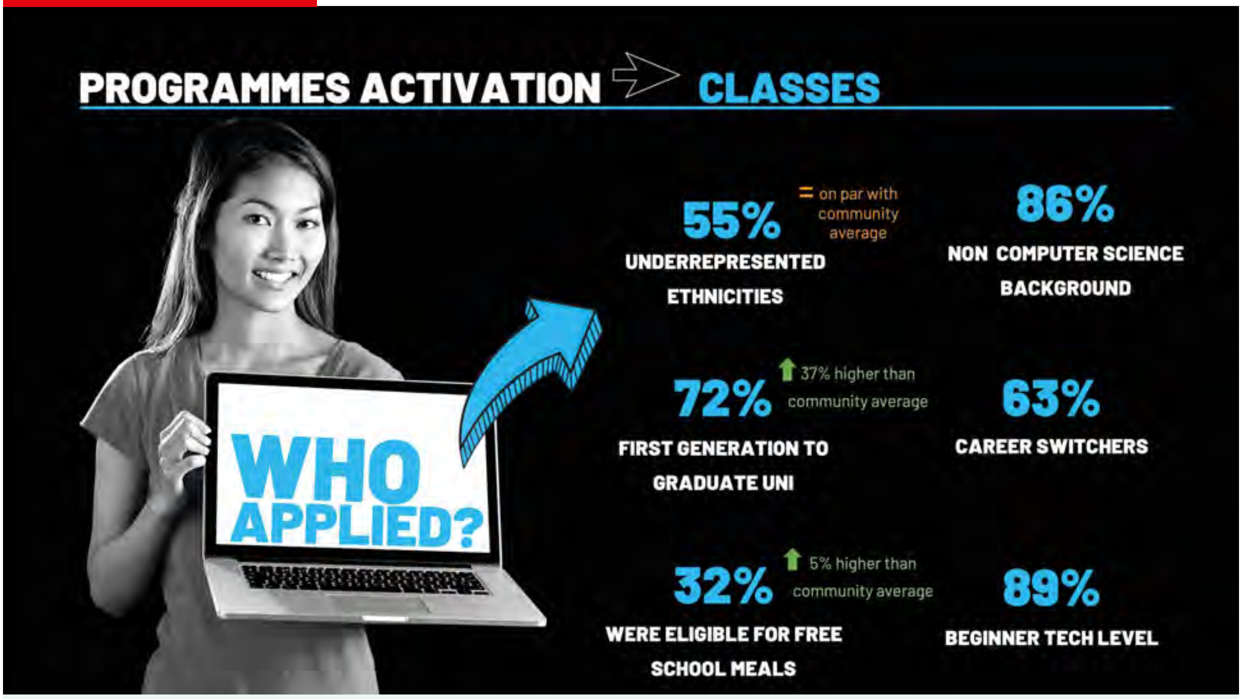
Supporting charities that improve lives

As a Group and as individual colleagues we support two nominated charities: The Economist Educational Foundation and The Economist Charitable Trust. The work of The Economist Educational Foundation is described in a separate report on pages 50-51. The Trust was established in 1986 and pursues humanitarian progress globally by supporting charities that work with disadvantaged groups. The Trust funds charities chosen by our colleagues each year, using money raised by employees and matched by the Group. It is a global programme overseen by trustees selected from Group colleagues, plus an external trustee. The trustees oversee the budget and ensure that the scheme is widely communicated to all colleagues.

Any budget that is not spent by the end of the financial year is made available to charities nominated by colleagues. The trustees review all proposals and select those most in line with The Economist Group values, where the money would make the most significant impact. Last year the Trust supported these projects: Kuma Cambodia, Global Kids, St. George's Society of New York, HELP for Domestic Workers, Breadwinners, Indigo Children's Fund and Kisharon School.

The Trust can agree that a charitable cause may merit double-matching of colleagues' donations. In March 2022, the Trust agreed to double-match donations from colleagues to support the UNICEF appeal for families and children affected by the war in Ukraine.

CASE STUDY



Working with Code First Girls to help build a more diverse tech sector

The Economist Group is partnering with Code First Girls, a provider of free technology and coding courses for women, as part of our ongoing commitment to promote greater diversity and inclusion at the Group and in our communities.

To support the initiative's mission to reduce the gender diversity gap in the technology sector, we launched a series of eight-week web development courses in October 2021. 120 students have now successfully completed the course, taught by our talented and growing technology team in Birmingham and Gurgaon, together with Code First Girls' instructors. Building on this success, we are planning to launch a massive open online course (MOOC) in the coming year.

The Economist
EDUCATIONAL FOUNDATION

Join in

If you would like to enable more young people to join inspiring, high-quality discussions about the news, please contact the charity's founding chief executive, Emily Evans: emilyevans@economist.com

Emily Evans
Chief executive, The Economist Educational Foundation

The Economist Educational Foundation is an independent charity established in 2012 by employees of The Economist Group. Our mission is to change young people's lives by giving them the skills to think and speak for themselves about current affairs.

Scaling up to meet the growing need for critical thinking

We can't, and shouldn't, keep the world from children.

The ability to have good discussions about topical issues is essential for success in the modern world. In the digital age, young people need the skills to spot misinformation and have open-minded exchanges with people they disagree with. In the future workplace, they'll need to understand social, political and economic issues, and have the critical-thinking and communication skills that are built through discussing these things. Inclusive, constructive conversations will be crucial for tackling the global challenges they face, from inequality to climate change.

Who we are and what we do

We enable young people to join inspiring discussions about the news which teach them to think critically, communicate effectively and understand the world.

Learning these things can change a young person's life, setting them up to thrive at school, in work and as citizens.

We give teachers world-class resources to discuss the news in class, and young people use our innovative online platform to join international discussions with each other and global topic experts.

Compared with their peers over one year, students who regularly take part build knowledge about global issues affecting their lives and can make up to five times more progress in listening, creativity, problem-solving and speaking with confidence.

These skills are linked to better outcomes, from higher qualifications and wages to improved well-being. They're the skills needed for future careers and for citizenship in the modern media age.

Teachers know this. It's why we've seen more demand than ever this year for high-quality teaching resources.

And it is why we're scaling up what we do. We've significantly expanded both in the UK and globally, prioritising the communities where there is greatest need. In the 2020/21 school year, our programme reached 113 partner schools across the UK. It is now being used by some 4,000 teachers globally, reaching 100,000 young people.

Developing new content and widening the conversation

We enabled children to join well-informed, open-minded discussions about issues that call for critical thinking, including COP26, Afghanistan, gaming regulations, vaccine passports and the war in Ukraine.

We received a grant from the UK government to adapt our programme, Topical Talk (formerly Burnet News Club), for young people with special educational needs and disabilities. We learned that Topical Talk can have a transformational impact on these students.

Empowering more young people

The growth we've achieved over the past year shows our potential to scale up. Our four-year ambition is to reach a million young people, and—crucially—to maintain deep impact as we grow. We're excited to be on a journey that will empower tens of thousands more children globally with skills for the future and a deeper understanding of our fast-changing world.

> "...the concepts and the understanding they have now has been beyond anything I have seen them be able to get to with other resources."

Denise Jackson
Laleham Gap school, UK

100,000

young people reached through our programme this year

What teachers have said about our programmes this year…

- My pupils are more confident in articulating their opinions and knowing that they are valuable, even if others disagree. The Cancel Culture topic was wonderful in encouraging them to share without fear of being mocked or ostracised.
- Students feel and have really become more mature, they use critical-thinking skills and are confident to speak and write about current affairs and topics above their age
- In class discussions or when taking votes, students will now listen, reflect and process other students' views more thoughtfully and we see changes of opinion or point of view.

4,000

teachers around the world now use our resources

91

countries where our resources have been used in the classroom

Find out more about what we do in our Impact Report

"We're taking ambitious climate action and have committed to the SBTi's Business Ambition for 1.5°C and the UNFCCC's Race To Zero campaigns."

Emily Jackson-Kessler
SVP sustainability

There has never been a collective human endeavour more ambitious than stabilising the climate.

The Economist, 27th October 2021

14%

our GHG emissions reduction since base year 2020

Tackling global warming is a challenge without precedent. We are ratcheting up our ambition to build upon our 25% by 2025 emissions reduction target with a long-term, 1.5°C-aligned emissions pathway to net zero by 2045.

The Economist Group is a global media and information-services company that exists to champion progress.

But progress is threatened by climate change, which is shaping how and where we live, our life expectancies, our prosperity and our natural environments. We strive to identify ideas and trends that will provide individuals and organisations with the expertise, insights and perspective to press forward sustainably.

Alongside the positive impact we can have through our content (see page 44), we're also addressing the contribution we can make through how we run our business. We've developed an environmental sustainability framework that outlines three steps to progress: manage, measure, mitigate.

Environmental sustainability framework

Manage	+ Measure	+ Mitigate	= Progress
Weave sustainability into the fabric of our growth and operations	**Build a plan and understanding based on data**	**Harness the passion and be an active leader**	**Results**
Raise Group awareness of climate change Accountability for the strategy rests with the Board and leadership team The Economist Sustainability Group is our formalised internal network	Measure GHG emissions across the full value chain Life-cycle assessment Plastics footprint Automated carbon reporting	Science-based emissions reduction target of 25% by 2025 Plan for 50% reduction by 2030... ...and net zero by 2045 Invest in renewable energy Support innovative climate solutions and technologies	Year-on-year decarbonisation in line with a 1.5°C-aligned pathway Sustainable product transformation

Step 1

Manage. Weave environmental sustainability into the fabric of our growth and operations

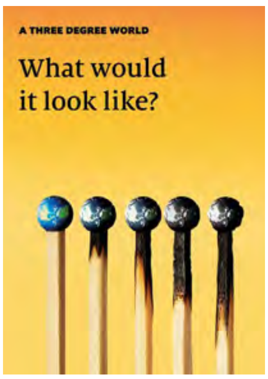
We are committed to drawing global attention to environmental issues across all of our businesses (see page 44)—including through our journalism, business intelligence, evidence-based research and events. We are also reducing our own environmental impact through leadership, action and innovation. Through rigorous emissions and impact measurement across our value chain, we can identify levers that will enable us to set targets and take climate action.

Commitment at Board, leadership and colleague levels

Environmental sustainability is a strategic priority for The Economist Group. Our goals and targets are approved by our leadership team and Board members, and are included in our key performance indicators. The Economist Sustainability Group is our formalised internal network of sustainability champions. This cross-functional, global team of more than 30 colleagues works on specific focus areas—such as carbon emissions management, communications, sustainable events, supply chain and office engagement—supporting our progress and helping to establish environmentally sustainable behaviours as part of our corporate culture. Volunteers and ideas come from across the organisation, working through our intranet and in-house Sustainability Slack channel.

Voluntary disclosure in line with TCFD

This year we are making our first disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For publicly listed and large private companies in the UK, this is mandatory. We are disclosing on a voluntary basis, supported by Carnstone, a consultancy specialising in ESG and sustainability, and have complied with all 11 recommended disclosures (see pages 60-63).



CASE STUDY

© Photo: UPM

Sustainable paper choices: working with innovative leaders across our supply chain

The media sector's carbon footprint is comparatively modest, accounting for 1.7% of global greenhouse gas (GHG) emissions.* But pulp and paper manufacturing is energy-intensive and relies heavily on natural resources. As we take responsibility for the full value chain of our products, it is critical that we work with suppliers who understand their environmental impacts and are working to make progress through ambitious targets.

Over the last year, for example, we have worked closely with our biggest paper supplier, UPM, to discuss our environmental commitments, and to understand UPM's climate-related mitigation and adaptation measures, partly to inform our TCFD disclosures.

UPM recently launched a Forest Action Programme to 2030 with measures to address climate, biodiversity, soil, water and societal contribution. Its approach to sustainable forestry ensures that the products we source comply with PEFC/FSC chain of custody certification requirements, from the origin of the wood to the point at which the paper enters our value chain.

*Malmodin et al., 2010. Use of Greenhouse Gas Emissions in the ICT and Entertainment and Media Sectors. *Journal of Industry, Volume 14, Number 5. onlinelibrary.wiley.com/doi/epdf/10.1111/j.1530-9290.2010.00278.x*

Step 2

Measure. Build a plan and understanding based on data

Leveraging emissions data for actionable insights

We have now conducted our fourth annual GHG emissions inventory in accordance with the international reporting standards of the Greenhouse Gas Protocol initiative. For the first time, we used carbon measurement software to conduct our GHG inventory for 2021-22. This year, we will move from annual to quarterly data collection to monitor progress against our emissions reduction targets. To improve the quality of our emissions data, we have also taken steps to improve our internal collection processes and governance in line with the Greenhouse Gas Protocol's recommendations covering data, methods, systems and documentation.

Our emissions results

We calculate The Economist Group's gross GHG emissions for the period 2021-22 as 52,262 tonnes, which is a 19% increase on the previous reporting period.

This expected year-on-year increase in emissions is due to a bounce-back in business activities as we emerged from lockdown in the latter part of the year, including a return to business travel and live events. While we expect emissions to continue to increase for a period as business returns to normal, the underlying trend since 2019-20 is in line with our reduction commitments. Our carbon footprint measurement was conducted again this year by Planetly, a carbon-management technology and consulting company. It includes adjustments by Planetly for errors made (including in the 2020 base-year calculations) in the scope and reporting timeframe of emissions from procured goods and services, as scope 3 emissions reporting continues to mature.

Emission scopes

	Total gross CO_2 emissions
1 Scope 1	331
2 Scope 2	446
3 Scope 3	51,485

98%

of CO_2e emissions from scope 3

Emissions measurement across The Economist Group's full value chain

Raw materials

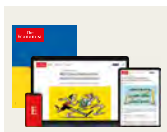
Upstream logistics

Production

Operations

Distribution

Use



Product end of life

Scopes 1 + 2 + 3

Scope 3 upstream emissions

Scope 3 downstream emissions

Scope 3 emissions from business travel and purchased goods and services

STRATEGIC REPORT

Our environmental impacts beyond carbon

While climate is a key focus for us, we know that we have impacts on the environment that are not directly linked to carbon. We apply the same approach of management, measurement and mitigation to impacts across our value chain.

We are, for example, committed to sustainable materials sourcing across our value chain, and use 100% PEFC-certified paper from sustainably managed forests for each printed copy of *The Economist*.

We want to better understand and address our dependencies and impacts on nature in other areas and have taken first steps to assess these by conducting a life-cycle assessment of *The Economist* print edition, as well as a plastics footprint assessment.

Life-cycle assessment of *The Economist* in print

Over a six-month period from September 2021, Planetly conducted a life-cycle assessment (LCA) to assess the impact of a printed copy of *The Economist* from cradle to grave in line with ISO 14040/44 and Environmental Product Declaration (EPD) 2018. The LCA looks at environmental impacts across all stages of the product's life, including raw material extraction, materials processing, manufacturing, distribution, use and end-of-life treatment working with three of our largest print sites. The results of the assessment are currently being audited by TÜV-Rheinland.

The categories we assessed included global warming, acidification, water scarcity and eutrophication—the enrichment of bodies of water with minerals and nutrients such as nitrogen and phosphorus. The LCA gives us a clear view of the main environmental impacts of *The Economist*, and will help us accurately identify and assess the impact of actions to improve the environmental sustainability of our supply chain.

Investigating our plastics footprint

We are concerned by the impact of plastics in our value chain. In June 2021 we commissioned a plastics footprint and leakage analysis.

In accordance with the Guidelines for Corporate Plastic Accounting developed by 3RI and VERRA, Seven Clean Seas, an ocean clean-up organisation specialising in plastics recovery, analysed *The Economist*'s operational-downstream plastics consumption in the UK, Europe, Middle East, Asia, North America and Latin America for the period from April 2020 to March 2021. It found that the total plastics footprint of *The Economist* in that year was 58,800kg, including subscriber poly wraps, bundle and pallet wraps and strapping, of which 3,180kg was estimated to leak into the environment. We are using the findings of the plastics audit together with the life-cycle assessment to develop a strategy and action plan for the reduction, recycling and reuse of plastics in our supply chain.

"Through the life-cycle assessment we have been able to compare different scenarios to evaluate the impact of our production materials and route to customers, allowing us to understand where we can make the most effective change."

Faye Jeacocke
Director, global production and distribution operations

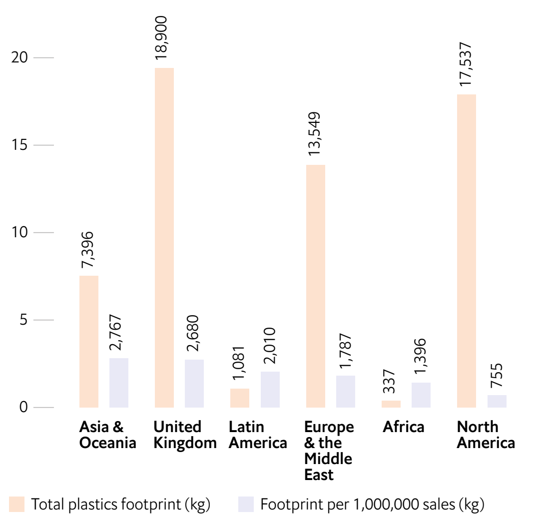
Life-cycle assessment

Selected insights from the analysis of one printed copy of *The Economist* from print sites located in the United Kingdom, Germany and the United States of America.

170-1,210g CO_2e Impact on global warming per copy	**160-200l H_2Oe** Impact on water scarcity per copy	**1-5g SO_2e** Impact on acidification per copy
Paper accounts for **13-90%** across all impact categories	**Printing** accounts for **1-14%** across all impact categories	**Distribution** accounts for **1-80%*** across all impact categories

*Distribution can have a significant impact on the overall footprint of a printed copy, mainly influenced by the distance to the recipients.

Plastic footprint (000 kg)



Comparison between the total plastics footprint by weight and relative to regional sales of *The Economist* print edition (subscriber and newsstand).

Step 3

Mitigate. Our reduction strategy

The Economist Group's ambition is to reduce our greenhouse gas (GHG) emissions by at least 25% by 2025 from our base year, 2020. This includes the complete range of activities we undertake as we bring our products to market.

Our longer-term vision is to halve our emissions by 2030 and achieve science-based net zero by 2045 at the latest. This is aligned with the recommendations of the Science Based Targets initiative (SBTi), a coalition for corporate climate action, to achieve the most ambitious aim of the Paris agreement to limit global warming from pre-industrial levels to 1.5°C. Underlining our commitment to achieve this ambition, we have signed the Business Ambition to 1.5°C and UNFCCC Race to Zero campaigns, and the Net Zero Events Pledge.

Our impact
Total gross Group CO_2 emissions footprint: **52,262 tonnes CO_2e**
Total net Group CO_2 emissions footprint: **49,949 tonnes CO_2e**
25% to 2025 progress: -14% from base year
Renewable energy attribute certificates (EACs): **2,313 tonnes**
Beyond value chain mitigation: Climeworks CO_2 removal purchase: **185 tonnes**
Gold Standard afforestation project, Costa Rica: **1,638 tonnes**
REDD+ rainforest protection project, Borneo, Indonesia: **4,753 tonnes**
Gold Standard energy-efficient cookstoves, Malawi: **2,438 tonnes**

We are supporting a REDD+ (Reducing Emissions from Deforestation and Forest Degradation) project in Borneo, Indonesia—the first forest conservation project in the world to be independently verified by the Sustainable Development Verified Impact Standard (SD VISta). In addition to providing forest, peat swamp and biodiversity protection, the project has been designed and implemented with local communities to contribute to the UN Sustainable Development Goals, and includes a scholarship fund, technology and solar lighting for schools.

To meet our reduction targets our strategy has four pillars:

1. **Travel:** Limit commercial business travel to 60% of pre-pandemic levels, by making fewer trips and choosing more environmentally friendly modes of transport where practical
2. **Digital growth:** 100% pivot to digital for *1843*; accelerate digital product innovation and growth of *The Economist* and *The World Ahead*; reduce the number of free print copies of *The Economist* in circulation; increase digital consumption of our products
3. **Energy:** Improve office energy efficiency and introduce renewable energy certificates
4. **Supply chain innovation:** Optimise and collaborate along our supply chain

© Photo: Climeworks

Climeworks, a company specialising in direct air capture (DAC) technology, launched the world's biggest direct air capture and storage plant in Iceland in 2021, running entirely on renewable energy. Orca removes carbon dioxide from the atmosphere, storing it safely and permanently underground. We are supporting this technology as an innovative method to help tackle global warming.

Beyond value chain mitigation

Our primary focus is on a rapid emissions reduction. But reduction alone will not achieve the Intergovernmental Panel on Climate Change (IPCC) target of limiting global warming to 1.5°C. The world will need to remove about 10bn tonnes of CO_2 annually by mid-century, and 20bn tonnes of CO_2 per year by 2100.

So we are taking decisive action beyond our value chain to accelerate the net-zero transition by supporting innovative climate technologies and solutions. We've continued to purchase carbon dioxide removal from Climeworks, a Swiss company that filters atmospheric CO_2 for permanent storage in geological storage formations. We are also supporting high-quality, jurisdictional REDD+ and Gold Standard projects to protect and restore rainforests, and to purchase energy-efficient cookstoves.

Energy

We occupy leased offices with few opportunities for onsite energy generation. We rely on green energy tariffs and energy attribute certificates (EACs) to purchase renewable energy equal to 100% of our global electricity consumption for our offices and print sites.

Partnership and collaboration on climate action

Partnership and collaboration with our stakeholders, suppliers and peers is key to making sustainable progress.

We are members of the Responsible Media Forum, an industry-wide partnership between leading media companies to identify and take action on the social and environmental challenges facing the sector. To understand the carbon impact of our digital products, we have joined DIMPACT, a collaborative initiative convened by Carnstone, the University of Bristol and leading media and technology companies. Economist Impact is now a signatory of the Net Zero Events Carbon Pledge, an industry-led initiative to drive the events industry towards net zero, and during our Sustainability Week event we trialled initiatives to reduce emissions at events and source materials sustainably, with the objective of embedding sustainability across our events business and operations.

25 by 25

We support

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

RACE TO ZERO

NET ZERO CARBON EVENTS

RESPONSIBLE MEDIA FORUM
PARTNERING FOR A SUSTAINABLE SECTOR

DIMPACT
Insight to action on digital carbon impacts

Principles of emissions reduction

Our approach to emissions management is rigorous and transparent. We take into account all scope 3 emissions (in addition to scope 1 and 2)—all products we produce and sell, as well as all goods and services we buy. We will continue to explain our emissions performance in greater detail as reporting in this area matures.

We prioritise emissions reduction over offsets. Our targets are more ambitious than the reductions required under the Paris agreement, which aims to limit global warming to 1.5°C above pre-industrial levels. Our net-zero ambition will be submitted for review to the SBTi, which has already approved our 25% by 2025 target, although we plan to resubmit our data as our base-year emissions were higher than we originally thought (this does not affect our reduction target of 25% by 2025, which we are on course to achieve). Although we know our actions alone will not save the planet, we are taking voluntary action to reduce our emissions. We would welcome improved regulation for companies in this area.

Step 4

Progress. Results

The Economist Group's global greenhouse gas emissions (GHG)

Category		2020 adjusted tCO_2e	2021 adjusted tCO_2e	**2022 tCO_2e**	Year-on-year variance
Direct scope 1 emissions					
1.01	Stationary combustion		131.34	**261.98**	99.46%
1.03	Fugitive emissions		42.10	**68.93**	63.74%
Scope 1		60.31	173.44	**330.91**	**90.79%**
Indirect scope 2 emissions					
2.03	Heating		416.27	**66.85**	-83.94%
2.02	Electricity (location based)		*529.14*	***385.49***	*-27.15%*
2.02	Electricity (market based)		520.07	**379.18**	-27.09%
Scope 2		1,374.37	936.34	**446.03**	**-52.36%**
Other indirect scope 3 emissions by GHG category					
3.01	Purchased goods and services	38,465.50	31,242.97	**36,951.03**	18.27%
3.02	Capital goods	4,938.02	4,409.32	**4,573.16**	3.72%
3.03	Fuel- and energy-related activities	85.86	134.70	**99.64**	-26.03%
3.04	Upstream transportation and distribution	3,729.79	3,150.58	**2,913.06**	-7.54%
3.05	Waste generated in operations	21.91	21.59	**18.71**	-13.33%
3.06	Business travel	5,158.00	341.61	**3,185.28**	832.43%
3.07	Employee commuting	1,011.27	918.28	**1,247.95**	35.90%
3.08	Upstream leased assets	1,899.11	1,591.40	**1,683.16**	5.77%
3.09	Downstream transport and distribution	n/a	n/a	n/a	n/a
3.10	Processing of sold products	n/a	n/a	n/a	n/a
3.11	Use of sold products	466.86	600.03	**408.35**	-31.95%
3.12	End-of-life treatment of sold products	996.56	561.91	**405.03**	-27.92%
3.13	Downstream leased assets	n/a	n/a	n/a	n/a
3.14	Franchises	n/a	n/a	n/a	n/a
3.15	Investments	n/a	n/a	n/a	n/a
Scope 3		56,772.87	42,972.39	**51,485.36**	**19,81%**
Gross total tCO_2e		58,207.55	44,082.17	**52,262.30**	**18.56%**
Deduction due to EACs* in office sites tCO_2e				**-397.36**	
Deduction due to EACs* in print sites tCO_2e				**-1,916.02**	
Net total tCO_2e				**49,948.93**	
Group GHG intensity/tonnes CO_2e per £m turnover (scopes 1, 2 and 3)		181.73	142.06	**150.90**	6.22%
Group GHG intensity/tonnes CO_2e per £m profit after tax (scopes 1, 2 and 3)		1,378.54	2,529.82	**1,456.99**	-42,41%

Notes on data

Scope 1 emissions are marginal, as The Economist Group does not directly operate vehicle fleets. Fuels listed are directly related to heating of office premises. Scope 2 emissions comprise all electricity consumed at Group offices worldwide, and emissions associated with the production and distribution of grid energy. We have calculated both market-based and location-based emissions for electricity, and have reported both numbers for transparency. Our total scope 2 emissions include the market-based electricity calculation.

Indirect scope 3 emissions encompass all value chain and product portfolio emissions, and have been reported in line with the 15 standard GHG categories for scope 3 emissions. As we improve our data quality, we have made some significant changes to the scope and timeframe of the purchased goods and services we account for, including IT equipment, fixed assets, online marketing, external contributors and professional services. We have adjusted our 2020 and 2021 figures in line with these improvements. The increase in 3.06 Business travel and 3.07 Employee commuting is due to a bounce-back in business activities from covid-19 restrictions in the previous accounting period.

*Energy Attribute Certificates (EACs): We occupy leased offices with few opportunities for onsite energy generation. We rely on green energy tariffs and EACs to purchase renewable energy equal to 100% of our global electricity consumption for our offices and print sites.

The 42% decrease in Group GHG intensity/tonnes CO_2e per £m profit after tax (scopes 1, 2 and 3) is largely due to the increase in profit after tax.

UK Streamlined Energy Carbon Reporting (SECR)

UK law requires us to report certain greenhouse gas emissions from UK operations:

Section 1: Annual UK energy use

Compliance information summary	2021	**2022**	Year-on-year variance
Natural gas MWh	440.98	**1,286.47**	191.73%
Transport fuels	n/a	**n/a**	n/a
Purchased grid electricity MWh	477.65	**348.8**	-26.98%
Scope 1 emissions (from natural gas) tCO_2e	91.92	**260.77**	183.69%
Scope 2 emissions (from purchased electricity) tCO_2e	104.60	**72.41**	-30.77%

Section 2: Intensity ratios

Intensity ratios	2021	**2022**	Year-on-year variance
Tonnes CO_2e per £million turnover			
Scope 1	0.45	**1.07**	140.71%
Scope 2	0.51	**0.30**	-41.26%
Tonnes CO_2e per £million profit after tax			
Scope 1	5.02	**6.51**	29.53%
Scope 2	5.72	**1.81**	-68.39%

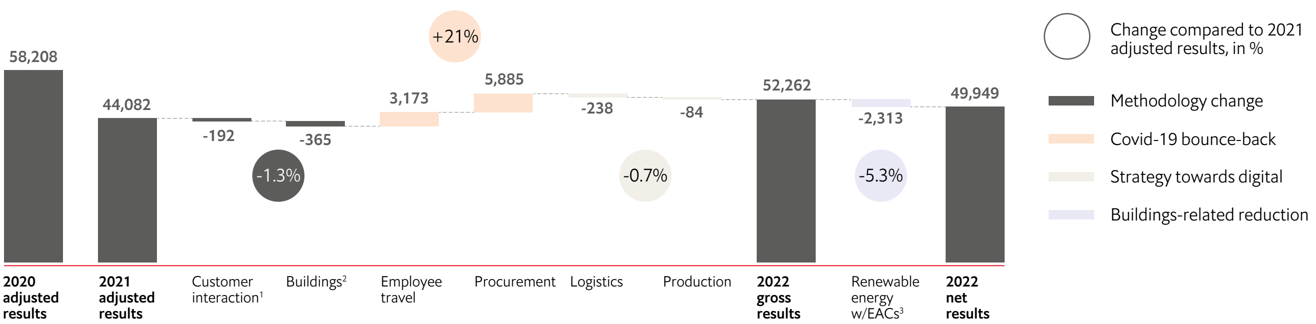
Notes on data

The data in this SECR report is based on The Economist Group's GHG footprint for the periods April 2020 to March 2021 and April 2021 to March 2022. Section 1 discloses the annual energy use (in MWh for natural gas and purchased electricity) and associated greenhouse gas emissions in tonnes CO_2e for UK office locations in London and Birmingham. In Section 2, The Economist Group has used scope 1 and scope 2 emissions relative to turnover and profit after tax to derive the intensity ratios for the UK market.

Scope 1 emissions increased in comparison to 2021 by 169 tCO_2e. The change in heating for the Birmingham office from scope 2 (district heating) to scope 1 (natural gas) reflects 134 tCO_2e of the increase. Natural gas consumption increased by 48 tCO_2e for London Cabot Square, but decreased for London Adelphi by 13 tCO_2e.

Scope 2 emissions decreased by 32 tCO_2e due to the closure of the TVC office (-16 tCO_2e) and reduced electricity consumption in remaining UK offices (-16 tCO_2e).

Total emissions increased by +19% due to covid-19 bounce-back



1 Updated model for online interaction, accounting for different power-consumption levels (high, medium, low) and end-user devices (laptop/mobile).
2 Updated methodology for calculating emissions from heating and electricity consumption.
3 Reduction from the purchase of Energy Attribute Certificates (EACs) for renewable energy at offices and print sites in selected countries.

Focus on risks and opportunities in a changing world: our approach to TCFD

We are conducting our first disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) this year. For publicly listed and large private companies in the UK, this is mandatory. We are disclosing on a voluntary basis, supported by Carnstone, a management consultancy specialising in ESG and sustainability. We have complied with all 11 recommended disclosures.

We are doing this for two main reasons. First, we are setting out to quantify the risks and opportunities of different climate scenarios on all aspects of our business—whether these are the transitional impacts of a lower-carbon world, or the adaptational impacts arising from a rapidly warming planet. Second, The Economist Group is a business that has been around since 1843. For almost 180 years, we have championed progress—a progress that is now threatened by climate change. While we must act as responsible stewards in terms of our own impact on the environment, we must at the same time be prepared for the potential impact of the environment on our business, enabling us to adapt our strategies accordingly.

Scenario analysis

Understanding the risks and opportunities posed by climate change

We conducted our first climate scenario analysis in March 2022 to assess the resilience of our Group strategy. By strengthening our understanding of the climate-related risks and opportunities, we can effectively adapt our business strategy in response to climate change. With the support of Carnstone, we used external sources, such as the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC), to develop a range of hypothetical future climate states, summarised in table 1. Our disclosure is consistent with the 11 recommended disclosures of the TCFD.

The most significant risks and opportunities in terms of likelihood and expected level of potential impact identified during the climate scenario analysis are summarised in tables 3 and 4. We are disclosing the risk or opportunity category in line with TCFD's classifications. The time horizons are defined as follows: short term: <1 year; medium term: 1-3 years; long term: >3 years. As our disclosure in this area matures, we will develop our mitigation strategies and quantify the financial impact.

	1.5°C (by 2050) Scenario Rapid transition to a low-carbon world	2°C (by 2100) Scenario Slow transition. Increasingly unmanageable world	3°C (by 2070) Scenario Inaction. Extreme, irreversible climate change
Physical and transition aspects	A rapid transition to a low-carbon economy where technological advances and policy changes limit global warming to less than 1.5°C above pre-industrial levels and stabilise the climate. Adoption of widespread carbon-pricing policies. Rapid phase-out of fossil fuels. Moderate increase in extreme weather events and wildfires.	A slower transition leads to an unstable and increasingly unmanageable world. Policy change is piecemeal and erratic. Increased geopolitical tensions between leaders and laggards. A fragmented global policy landscape. Increase in extreme weather events and wildfires which reach unmanageable levels in some geographies by mid-century. Significant adaptation necessary and frequent disruption expected.	Failure to act leads to irreversible climate change. Unstable and in some places uninhabitable world. Continued reliance on fossil fuels for energy and transport. Large parts of the world become uninhabitable due to intense heat waves, droughts and wildfires. As tipping points are breached, we see runaway climate change in the second half of the century. By 2100, sea-level rise is becoming a widespread problem for low-lying coastal areas.

Table 1: climate scenarios and sources

TCFD element	Recommended disclosures	Current approach	Future approach	Read more
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	The audit and risk committee and the Board regularly review The Economist Group's environmental impact and mitigation measures.	The outcomes of this disclosure were discussed at the audit and risk committee and Board meetings in June 2022. This will be reviewed by the committee annually.	Governance report, pages 86-87
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	The leadership team is responsible for the management of the Group's risks and opportunities. Climate-related risks and opportunities are overseen by the SVP sustainability and the head of ESG. 25% by 2025 emissions reduction target is approved by our leadership team and Board, and included in our key performance indicators.	Climate-related risks and opportunities will be included in the overall Group risk register and reviewed by the risk-management team.	Strategy report, pages 52-59
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Please see tables 3 and 4 for a summary of the risks and opportunities The Economist Group has identified through scenario analysis.		
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Please see tables 3 and 4 for a summary of the risks and opportunities The Economist Group has identified through scenario analysis.		
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Please see tables 3 and 4 for a summary of the risks and opportunities The Economist Group has identified through scenario analysis.		
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Climate-related risks were identified during the climate scenario analysis undertaken in March 2022. Members of the leadership team together with colleagues from across the business participated in the analysis. Each business unit maintains its own risk register (page 67). The Economist Sustainability Group is a formalised internal network, led by the SVP sustainability, working on focus areas that include carbon emissions management and supply chain.	Environmental risk will be added to the risk register of each business, and to the overall Group risk register. The Economist Sustainability Group will form a task-force to update climate scenarios and review climate-related risks and opportunities on an annual basis. The climate scenario analysis will be updated formally on an annual basis, and reviewed by the audit and risk committee and the Board.	Climate and environment, pages 52-59
	b) Describe the organisation's processes for managing climate-related risks.	The SVP sustainability, together with the head of ESG, oversee the management of climate-related risks.	Environmental risk will be overseen by the SVP sustainability and updated formally twice a year. The Economist Sustainability Group will form a task-force on climate-related risk.	Risk management, pages 52-59

TCFD element	Recommended disclosures	Current approach	Future approach	Read more
Risk Management *continued*	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	The SVP sustainability coordinates the identification, assessment and management of climate-related risks and opportunities, and reports these to the head of ESG and the risk-management function of the leadership team for inclusion in the Group-wide risk process as described under (a) above.	See (a) above.	
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Economist Group has started to assess the climate-related risks and opportunities that are summarised in tables 3 and 4.	The Economist Group will continue gathering the internal and external data needed to quantify the identified risks and opportunities. Metrics will be developed accordingly and disclosed in future reports.	
	b) Disclose Scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	The Economist Group reports global scope 1, 2 and 3 GHG emissions in the climate and environment section of the annual report.	The Economist Group will continue to measure and report on our scope 1, 2 and 3 GHG emissions on an annual basis.	The Economist Group's GHG emissions inventory, pages 52-59
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Accountability for delivering against our sustainability strategy rests with the leadership team. Emissions reduction targets are approved by our leadership team and Board, and included in our key performance indicators.	We will progressively adjust our near-term reduction targets to remain on a 1.5°C trajectory, on the pathway to net-zero emissions.	The Economist Group's GHG emissions inventory, pages 52-59

Table 2: TCFD summary

Physical risks	Description and management
Chronic **Climate-related supply chain disruption and material shortages affecting production and distribution processes of *The Economist* newspaper** Horizon: long term	The Group's operations rely on paper for the production of the newspaper. Climate-related temperature increases may lead to chronic paper shortages and impair our ability to produce physical products. The Economist Group is also reliant on commercial flights to ensure timely weekend delivery of the newspaper. Reduced international travel to hotter, less attractive regions may impact delivery schedules. **Management:** – Work with the most reliable and resilient paper suppliers. – Regional production and delivery model insulates The Economist Group from singular extreme weather events. – Leverage digital portfolio to reach our customers and ensure continuity of product delivery.
Chronic **Falling colleague productivity in areas suffering from extreme weather conditions, disruption to working patterns and talent migration** Horizon: long term	Increased weather extremes lead to falling productivity. In the most climate-sensitive areas this could lead to systematic talent emigration, increased recruitment fees and salaries, and workforce redistribution costs. **Management:** – Develop health and safety guidelines to include guidance on a reasonable range of indoor temperatures. Monitor workplace temperatures and select energy-efficient office facilities with suitable insulation, ventilation and cooling.
Acute **Impact of extreme weather events on event and digital-product delivery** Horizon: medium to long term	Extreme weather events affecting regional infrastructure—including travel networks, digital infrastructure, data centres and energy supply—can lead to the disruption of product delivery. Increased costs of running events due to cancellations and increased insurance premiums, driven by extreme weather events. **Management:** – Increase event budgets to absorb higher insurance premiums; increase flexibility and ability to transition to hybrid or virtual events at short notice. – Business continuity and resilience plans, including distributed models, to mitigate risks from disruption in specific data centres.

Transition risks	Description and management
Policy and legal **Increased operating costs due to increased energy prices, carbon taxes and energy security issues** Horizon: short to medium term	Increased energy prices due to government policy decisions on alternative energy sources, increased carbon taxes, prioritisation of energy security and/or lack of government investment in critical infrastructure could impact the Group's operating costs for paper production, printing, logistics, business travel, data centres, customer service centres and office rental. It could also lead to supply chain disruption. **Management:** – The Economist Group has ambitious targets to reduce GHG emissions and energy use, including a reduction of business travel, which would reduce exposure to carbon taxes and energy price increases. – Continued investment in digital transformation will reduce the Group's exposure. – Where we continue to depend on GHG-emitting activities, such as paper purchasing and travel, we will seek to work with the most GHG-efficient partners to minimise risk. – Our largest paper supplier, UPM, is transitioning to renewable energy across its sites as quickly as possible, insulating them from energy price increases.
Market **Inflation and rising cost of living leading to increased wages and salaries** Horizon: long term	Climate change is expected to drive up the cost of living and inflation. To remain an attractive employer, The Economist Group would have to increase salaries offered to keep pace with inflation. **Management:** – Continue to monitor and predict the trend of inflation and adjust budgets accordingly.
Reputation **Brand value as a progressive liberal news organisation** Horizon: short to long term	Reputational risk to the Group under a low-carbon scenario, or business-as-usual scenario leading to a 3°C world, is not anticipated due to the strength of our sustainability commitments and climate coverage. **Management:** – The Economist Group is committed to drawing attention to climate issues through its editorial coverage, and weaving sustainability into the fabric of its growth strategy and operations, to help ensure that a 3°C warmer world does not happen.

Table 3: Climate-related risks identified through scenario analysis

Opportunities

Description	Our response
Products and services **Growing demand for sustainability-related products and services, such as editorial content, business intelligence, events, insights and marketing solutions** Horizon: long term	We expect demand for The Economist Group's established and growing portfolio of climate- and sustainability-related products and services to grow, as customers seek to understand the policy impacts of a low-carbon transition, or the physical impacts and disruption of a warming world. **Management:** – The Economist Group is able to build on a strong portfolio of climate-related products and services, including *The Economist*'s independent editorial coverage, Economist Impact's policy insights, marketing solutions and events, and Economist Intelligence's country, risk and ESG ratings services.
Resource efficiency **As customers seek lower-carbon products, demand for digital products will increase** Horizon: short term	As consumers increasingly choose environmentally friendly products, we expect demand for digital products across The Economist Group's businesses to grow—from our journalism, podcasts, business intelligence and research to events. This increases our potential client base and reduces our exposure to rising energy costs. **Management:** – Continued investment in digital transformation and world-class digital product delivery.●
Products and services **Improved talent attraction and retention** Horizon: short term	The Economist Group's liberal agenda, sustainability portfolio and environmental commitments will become increasingly important considerations for attracting and retaining talent, particularly for the younger generation. **Management:** – Continue strengthening The Economist Group's sustainability agenda and progressive liberal coverage of climate issues, and showcase this in recruitment.

Table 4: Climate-related opportunities identified through scenario analysis

This was a year of both excellent financial performance and continued investment in our strategy of digital transformation.

Double-digit revenue growth resulted in the highest-ever revenue for the Group for our continuing businesses. We maintained the strong operating profit margin reported in the prior year, and operating profit increased by 11% to £46.4m, the highest for our continuing businesses since 2016. Each business grew, with a particularly strong performance from Economist Impact, now a £100m+ revenue business, and continuing benefits from the strongly improving customer lifetime value of subscribers to *The Economist* newspaper, more of whom now take digital subscriptions.

Operating cashflow continued to be strong, due to higher profit and an improvement in working capital. At the year-end, net cash before lease liabilities was £11.6m, the first financial year-end since 2009 that the Group has been able to report a net cash balance.

Capital expenditure of £14.3m was focused on the digital platforms to drive our subscription businesses. We made important investments in *The Economist*, including the completion of our FCX customer-management platform, the mobile app (including the launch of the new Espresso app), and EIU's Viewpoint platform.

Reflecting the Group's financial performance during the year, the Board is proposing a final dividend of 87p per share. This takes the full-year dividend to 120p per share. This represents dividend cover of 1.5 times, and a yield of 4% on the year-end share price of £30.00.

Marcus Roy
Group chief financial officer

June 14th 2022

Marcus Roy
Group chief financial officer

Financial performance at a glance		Change on prior year
Revenue	£346.3m	+12%
Operating profit	£46.4m	+11%
Adjusted earnings per share	180.9p	+16%
Dividend	120p	+20%
Net cash before lease liabilities	£11.6m	+£13.7m

"We made important investments in *The Economist*, including the completion of our FCX customer-management platform, the mobile app (including the launch of the new Espresso app), and EIU's Viewpoint platform."

Revenue

Revenue of £346.3m was up 12% on the prior year. The weaker sterling to US dollar exchange rate compared with the prior year reduced revenue by £7.2m and so, on a constant currency basis, revenue was 15% ahead. Economist Impact was the main driver of Group revenue growth, significantly outperforming the covid-affected prior year and also recording 10% growth on a two-year basis. *The Economist* and Economist Intelligence businesses reported revenue growth of 2% and 4% respectively.

Operating profit

Operating profit of £46.4m was 11% ahead of the prior year and 17% ahead at constant currency.

While operating expenditure increased significantly, particularly in technology and digital capabilities, operating margin remained consistent at 13.4% (2021: 13.5%). Marketing expenditure was broadly flat year on year with spend targeted at the most effective customer-acquisition channels.

Sale of FiscalNote in the prior year

In December 2020 the Group sold its investments in FiscalNote. The prior-year results included a pre-tax loss on disposal of £23.6m in the income statement. Consequently, profit before tax of £43.6m is significantly higher than the £19.8m reported last year.

Finance income and expense

Finance income of £6.3m in the prior year represented interest income on the FiscalNote paid-in-kind promissory notes until their sale in December 2020. Finance charges of £2.8m were lower than the prior year due to lower external borrowings.

Taxation

The taxation charge for the year is £7.7m (2021: £2.3m). The prior year's charge included a £5.4m exceptional credit relating to the loss on sale of the FiscalNote (PIK) promissory loan notes. The effective rate of taxation for the year is 18% compared to 17% on an adjusted basis in the prior year.

Profit after tax and earnings per share

Profit after tax from continuing operations increased by £18.4m to £35.9m. Basic earnings per share were 180.9p compared with 83.8p last year, which reflected the prior-year loss in relation to the sale of FiscalNote.

Adjusted earnings per share were 180.9p, 16% higher than last year (155.3p). Adjusted earnings per share is defined as profits from the continuing business before operating and non-operating exceptional items and excludes non-cash interest income on PIK loan notes (see note 10 to the consolidated financial statements).

Balance sheet

The shareholders' deficit on the Group's balance sheet decreased by £5.9m in the year to £84.6m. The reduction in net liabilities is due to retained profits generated in the year, partially offset by the payment of dividends.

Pensions

The Group's defined-benefit pension scheme was in deficit of £12.8m at the year-end, compared with a deficit last year of £15.0m. Scheme asset values increased by £31.1m while scheme liabilities were £16.9m higher. The increase in liabilities was driven by market movements giving rise to a higher expectation of future CPI inflation, offset in part by a higher discount rate. While these changes would in theory generate a surplus of £43.8m, the plan remains in deficit because IAS 19 only permits recognition of a surplus when the sponsor is entitled to a refund from the scheme. As this is not the case, a liability of £12.8m has been recognised, which represents the net present value of commitments made by the company to fund the actuarial deficit.

The most recent valuation of the UK defined-benefit pension scheme was undertaken as at January 1st 2021, which determined a deficit on a funding basis of £50m. As this deficit was consistent with that determined at the previous valuation, the recovery plan has remained largely unchanged.

The next actuarial valuation is due by January 1st 2024.

Dividend

Reflecting the Group's financial performance during the year, the Board is proposing a final dividend of 87p per share. This takes the full-year dividend to 120p per share. This represents dividend cover of 1.5 times, and an annual yield of 4% on the year-end share price of £30.00.

Dividends for 2021 were 100p per share.

Financing

The financing of the Group is managed by a central treasury function. The Group has committed borrowing facilities of £150m via a syndicated £150m multi-currency revolving credit facility (RCF) which matures in November 2023.

Net debt at the end of the year amounted to £16.1m (2021: £29.8m). Excluding lease liabilities, the Group had net cash of £11.6m at the year-end (2021: net debt of £2.1m), comprising bank borrowings of £19.6m (2021: £34.4m) and cash of £31.2m (2021: £32.2m), net of issue costs.

Foreign exchange

The main currency exposure of business transactions relates to US dollar receipts from sales in the United States. The foreign-exchange risk on this and other smaller currency exposures is managed through the use of forward foreign-exchange contracts. This year, the US dollar averaged $1.37 against sterling (2021: $1.31) and closed at $1.31 (2021: $1.38). The weaker dollar has decreased the translation of revenue and operating profit over the prior year by £7.2m and £4.2m respectively. Realised and unrealised gains from currency derivatives and translation of the balance sheet were £1.8m (2021: losses of £0.1m).

Cashflow

There was a cash inflow of £13.9m before debt financing during the year compared with a £84.3m inflow last year. The prior year included £50.8m of receipts from the sale of FiscalNote investments, while the resumption of dividends last year was recorded in the cashflow statement this year.

Going concern

In order to assess the Group's ability to operate on a going-concern basis, the directors have considered the future trading prospects of the Group's businesses and the available financing facilities.

Financial projections including profit, cash, debt and balance-sheet commitments have been prepared covering short-, medium- and longer-term periods and stress-tested to ensure the Group has sufficient liquidity and available financing facilities in place. As at March 31st 2022 the Group had £31.2m of cash, £130m of undrawn credit facilities and a positive net debt position of £11.6m, a result which has been achieved following a strong trading performance.

Based on these projections, available facilities and covenants in place, the Board has concluded that it is appropriate to prepare the financial statements on a going-concern basis.

Section 172(1) statement

Under s172 of the Companies Act 2006, as directors we must act in a way which we believe, in good faith, would be most likely to promote the success of the company for the benefit of our members as a whole. In doing so, our duty is to have regard (among other matters) to:

- the likely consequences of any decision in the long term
- the interests of our employees
- the need to foster relationships with suppliers, customers and others
- the impact of our operations on the community and the environment
- the importance of maintaining our reputation for high standards of business conduct
- the need to act fairly as between members of the company.

Our report on pages 82-85, which should be read in conjunction with the strategic and governance reports, sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006. In this context, key decisions taken during the year included: the resumption of dividends (see page 82); the introduction of a hybrid-working policy for colleagues (see page 83); and agreeing a funding plan with the trustees of the UK defined-benefit pension plan (see page 84). When the Board takes decisions, it will always have in mind the views and interests of relevant stakeholders, which will sometimes be very different, and the need to balance these as a part of reaching a consensus in the long-term interests of the Group and its stakeholders; and these will be represented in Board papers and presentations prepared by the management team, as well as in Board discussions. The Board recognises implicitly that the interests of our stakeholders, and engaging with them, are part and parcel of ensuring the long-term success of the Group.

Monitoring and managing our risk.

The Economist Group's leadership team and audit and risk committee ensure that inherent and emerging risks are identified and managed appropriately and in a timely manner.

Our leadership leam is responsible for the day-to-day management of risk, overseen by the Group chief executive. Certain categories of risk are overseen by specialists where appropriate: for example, the chief technology officer oversees information security, the chief legal and corporate development officer oversees legal risk and data privacy, and the chief financial officer oversees financial risk. All three of them present regular reports to the audit and risk committee. Our risk governance process is also discussed on pages 86-87.

The Group maintains a risk register, compiled by business area, which describes strategic, operational and external risks as well as actions taken to mitigate them. This is formally updated twice a year and is reviewed by the audit and risk committee. Key risks are also reported to and discussed by the Board. Each business unit also maintains its own risk register.

The internal audit plan is driven by the Group's organisational objectives and priorities, and the risks that may prevent the Group from meeting those objectives. The audit and risk committee has outsourced the internal audit function to PwC to access broader and independent subject-matter expertise and enable efficient resource allocation. In developing the internal audit plan, the internal auditor considers the audit universe: areas of the business subject to regulation; the risks and control environment associated with each area included in the audit universe; and the most significant risks faced by the organisation. The internal auditor also provides a specialist risk-management team which advises the Group on its risk-management processes and procedures.

Our key risks and how we mitigate them

Risk	Description	Mitigation
Strategic		
Employing and retaining the best people	A more competitive labour market exists following the covid pandemic, which could affect the Group's ability to attract and retain talent in key functional areas.	We have introduced hybrid working, taken actions to promote colleague well-being and benchmarked our reward offer to ensure it remains competitive. We have invested in online training tools and established a career development framework to help retain talent.
Consumer demand for premium news	Wider availability of free, online news and journalism may limit the Group's ability to grow subscription volumes.	We continue to evolve our digital product offer to drive customer engagement and improve our users' experience. We monitor and analyse data relating to web traffic, marketing effectiveness and customer engagement.
Operational		
Data-privacy compliance	Changes in data-privacy legislation and an enhanced focus on data privacy by key technology suppliers create complex compliance demands for our business and may affect certain revenue streams.	We monitor our data-privacy compliance and follow developments in legislation. A team of subject-matter experts brief management regularly to ensure decision-making is shaped accordingly.
Availability of business-critical applications	Certain applications are based on old technology which, if compromised, would affect our ability to deliver business-critical services.	We upgraded the EIU Viewpoint platform and its supporting infrastructure this year, following a major upgrade to the editorial content management system in the prior year. Remaining legacy infrastructure is planned to be replaced or upgraded in future years. Business continuity plans are in place.
Safety of colleagues	*The Economist* is a high-profile publication and our colleagues travel to high-risk zones. There are high-profile attendees at our events.	Training is provided to journalists travelling to high-risk locations and we monitor staff in such locations closely. Local government and health restrictions are followed, including restrictions on travel.
Defined-benefit pension plan	Plan assets and liabilities remain sensitive to market conditions, which could expose the Group to increased demands for funding.	The scheme is closed to future accrual. The company continues to work with the pension trustees to target scheme self-sufficiency and transition to risk-reducing, liability-matching assets.
External		
Economic contraction in our core markets	Lower growth rates and inflationary pressures in developed economies in which the Group operates may affect business and consumer confidence, resulting in lower demand for the Group's products and services.	We rigorously monitor our sales pipeline and conduct scenario-planning, including mitigation plans in response to potential revenue risks.
Operating restrictions in China	Local government restrictions on overseas-based media organisations could limit our ability to operate.	We foster relationships with Chinese government and senior Chinese business leaders. Activities and product launches are subject to legal review.
Cyber-crime and digital vulnerabilities	Vulnerabilities could allow cyber-criminals to jeopardise our applications, access customer information or product data, or compromise journalistic accuracy.	We ensure that security and privacy are taken into account at the design stage of new IT development. We perform continuous scanning of applications to detect security vulnerabilities. Our information security team provide education and awareness about emerging security trends, threats and controls.

By order of the Board

Oscar Grut
Chief legal and corporate development officer
Group company secretary

June 14th 2022

Independence. Rigour. Innovation. The "red thread" runs through everything we do.

In this section

Alongside values and a strong sense of purpose, high standards of corporate governance are important to any business. For The Economist Group, with our commitment to championing progress, they are essential. That means ensuring robust governance in the day-to-day running of the business, and it also makes it vital to report to shareholders and other stakeholders in a clear and transparent way.

Last year, we enhanced the way we report with the aim of improving our communications with shareholders and other stakeholders. This year, we go further, voluntarily adding, for example, climate-related financial risk disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will continue to improve and refine our reporting in the future.

As always, this governance report aims to bring together how we comply with the most relevant code of corporate governance practice—the Wates Corporate Governance Principles for Large Private Companies—with a description of our guiding principles and our unique governance model.

Paul Deighton Chair

Governance structure

The Economist Group is unusual in its governance structure in having a group of Trustees who are separate from, and independent of, the Board of directors, and of the shareholders. The reason for this is simple: The Economist Group's success is based on the reputation of *The Economist*—the honesty, integrity and independence of its journalism—which must therefore remain free from the commercial pressures of the rest of the Group.

The Trustees' principal role is to safeguard those qualities, including by ensuring the continued independence and ownership of the company and the editorial independence of our journalism, while the Board's role is the more traditional one of overseeing the Group's long-term success. The table below sets out how this works in practice, with the respective roles and responsibilities of the Trustees, the Board and the leadership team.

Trustees	Board	Leadership team
Role To ensure the continued independence and ownership of the company and the editorial independence of *The Economist*.	**Role** To promote the long-term success of *The Economist* and the company as a whole. The Board determines the long-term strategy of the Group, with the added responsibility of preserving its unique independent editorial voice.	**Role** To carry out the strategy determined by the Board, which delegates authority for day-to-day management to these executives (see pages 74-75). The team meets every two weeks and is led by the chief executive.
Specific rights The Trustees have rights attaching to their shares to fulfil their role, which are set out in the company's articles of association. These include the following: – Approve the appointments of the editor-in-chief of *The Economist* and the chair of the Board. – Approve transfers of "A" special and "B" special shares. – Approve changes to fundamental provisions of the company's articles of association. **Restrictions** Apart from these rights, the Trustees have no others. They do not have the right to vote on other matters, receive dividends or have any other economic interest in the company. **How Trustees are appointed** There are four Trustees (see page 71). When there is a vacancy, the remaining Trustees appoint their new colleague.	**How the Board is appointed** The Board may have up to 13 directors, seven of whom may be appointed by the holders of the "A" special shares (who are all individuals) and six by the holder of the "B" special shares (Exor). There are currently nine directors (see pages 72-73). Non-executive Board appointments are reviewed every three years (six years in the case of the chair).	**How the leadership team is appointed** The chief executive is appointed by the Board. The editor-in-chief is proposed by the Board and appointed by the Trustees. The other members of the leadership team are appointed by the chief executive, in consultation with the Board and, where appropriate, its committees.

Trustees

Baroness Bottomley of Nettlestone PC, DL

Appointed: October 2005

Chairs Odgers Berndtson Board Practice, the UK's leading executive search business. Member of the House of Commons (1984-05). Environment minister in Margaret Thatcher's government. Served in John Major's cabinet (1992-97) as secretary of state for health, (1992-95) then secretary of state for national heritage (1995-97). Appointed to the House of Lords in 2005. Non-executive director, AkzoNobel (2000-12); Bupa 2006-12; Smith & Nephew (2012-21). Board member, International Chamber of Commerce (UK) (2006-21). Member, International Advisory Council, Chugai Pharmaceutical Co Ltd (2012-20). LSE emeritus governor and member, Court of Governors (1985-2016). Chancellor of the University of Hull since 2006.

Dame Alison Carnwath

Appointed: January 2019

A senior adviser at Evercore. Chair of the audit committee of BASF, non-executive director and chair of the audit committee of EG Group, non-executive director of Asda, chair of the audit committee of Zurich Insurance Group, an independent director of both PACCAR and CICAP (Coller Capital), and chair of the Livingbridge strategic advisory board. In the not-for-profit sector, Dame Alison is a member of the Advisory Council of the St George's Society of New York. She engages in a number of mentoring assignments both in the UK and overseas. Dame Alison has been involved with Livingbridge Private Equity (formerly Isis Private Equity) for 17 years, where she was previously chair of the investment committee and of the management board. Formerly a senior adviser at Lexicon, a managing director of Donaldson Lufkin and Jenrette, and a partner in the Phoenix Partnership (a corporate advisory and private-equity business).

Tim Clark

Appointed: December 2009

A former senior partner of Slaughter and May and a founder of BCKR, a company that assists lawyers to develop their careers through taking on board and other roles. Also chair of the board of HighTide Theatre and a senior adviser to G3 and Hudson Sandler. A member of the Council of RADA and of the advisory board of the Centre for European Reform. Formerly chair of the boards of WaterAid and the Royal Air Squadron and a member of the boards of the National Theatre and Big Yellow Group. He was also senior independent director of Big Yellow Group, a member of the development committee of the National Gallery, the audit committee of Wellcome Trust, the board of senior advisers of Chatham House, the international advisory board of Uria Menendez and the International Chamber of Commerce UK Governing Body.

Lord O'Donnell CB, KCB, GCB, FBA

Appointed: October 2012

Press secretary to Prime Minister John Major (1990-94). UK executive director on the boards of the IMF and the World Bank (1997-98). At the Treasury, appointed managing director of macroeconomic policy and international finance in 1999, serving as permanent secretary from 2002 to 2005. Appointed to the House of Lords in 2012, having served as cabinet secretary and head of the civil service from 2005 to 2011. Made a fellow of the British Academy in 2014. Chair of Frontier Economics, a strategic adviser to TD Bank Group, a non-executive director at Brookfield Asset Management, and a visiting professor at the London School of Economics and University College London. President of the Institute of Fiscal Studies and chair of trustees of Pro Bono Economics.

Board

The Board currently comprises seven non-executive directors and two executive directors. Lord Deighton, Eli Goldstein, Philip Mallinckrodt, Zanny Minton Beddoes and Mustafa Suleyman were appointed by the "A" special shareholders. The "B" special shareholder, Exor, appointed Lara Boro, Vindi Banga, Lady Heywood and Diego Piacentini. By virtue of its holdings of "B" special and ordinary shares, Exor owns 43.4% of the issued share capital in the company.

The non-executive directors have a breadth of successful commercial and professional experience, and they exercise independent judgment. Lady Heywood is managing director of Exor Group. Eli Goldstein was nominated by the Rothschilds who, through their own and related parties' holdings of "A" special and ordinary shares, control 26.7% of the issued share capital in the company. Details of directors' interests and, in relation to the executive directors only, their interests in the employee share ownership trust, are given in the directors' report on remuneration on pages 88-89.

The appointments of both the chair of the Board and the editor-in-chief of *The Economist* are subject to Trustee approval (discussed further on page 70).

Lord Deighton
Non-executive chair

Appointed: February 2018, and as non-executive chair in July 2018

Commitments: Chairman, Hakluyt; chair, Heathrow; director, Block, Inc.; board member, sponsor body for the restoration and renewal of the Palace of Westminster; chair of the Governing Body, King's College School Wimbledon

Previous roles: Leadership of organisations and projects in private and public sectors; partner, Goldman Sachs; CEO of LOCOG; commercial secretary to the Treasury.

Committees:
- Remuneration (chair)
- Nomination (chair)

Lara Boro
Group chief executive

Appointed: September 2019

Commitments: Non-executive director at RWS Holdings, advisory board member, *MIT Technology Review*

Previous roles: Joined The Economist Group from Informa, where she served as chief executive of Informa Intelligence. She has a wealth of experience in B2C and B2B information markets, and has held senior positions at Ascential (formerly EMAP), CPA Global and the *Financial Times*.

Zanny Minton Beddoes
Editor-in-chief

Appointed: February 2015

Commitments: Chair of the Marjorie Deane Financial Journalism Foundation; member of *Die Zeit* publisher's advisory board; trustee, The Bilderberg Association UK; board member, Clooney Foundation for Justice.

Vindi Banga

Appointed: September 2020

Commitments: Partner at Clayton, Dubilier & Rice, chair at Marie Curie; board member at The International Chamber of Commerce (UK); chair of UK Government Investments

Previous roles: At Unilever plc served as a member of the executive board as well as various roles including president of Global Foods, Home and Personal Care, president of Unilever Asia and chair and managing director of Hindustan Unilever Limited, Unilever's listed company in India. Sat on the prime minister of India's Council of Trade & Industry from 2004 to 2014, and served on the board of governors of the Indian Institute of Management, Ahmedabad. Non-executive director of the Confederation of British Industry and Thomson Reuters Corp., chair of the supervisory board of Mauser Group and Kalle, and senior independent director of Marks & Spencer Group.

Eli Goldstein

Appointed: October 2017

Commitments: Founder and managing partner of The Radcliff Companies. Director of Chrome Hearts Holdings, Jet Linx Global and CrossCountry Mortgage

Previous roles: Chief investment officer and partner of E.L. Rothschild LLC. Investment banker at Bear, Stearns & Co.

Committees:
- Audit
- Nomination

Diego Piacentini

Appointed: November 2019

Commitments: Chairman of the board of Apolitical.co; board member of Bocconi University, Institute Health Metrics and Evaluation (IHME) and Endeavor Italy; mentor of Endeavor Global; adviser at KKR, Exor, Convoy and several startups

Previous roles: Italian government's high commissioner for digital transformation; senior vice-president, International Consumer Business, Amazon; general manager, EMEA, Apple.

Committees:
- Technology investment

Lady Heywood

Appointed: October 2015

Commitments: Managing director, Exor; chair of CNHI Industrial N.V., Iveco Group and Shang Xia; director of Christian Louboutin and Juventus; deputy chair of the Royal Opera House

Previous roles: Private secretary to the financial secretary to the Treasury, and a senior partner at McKinsey.

Committees:
- Audit
- Remuneration
- Nomination
- Technology investment

Mustafa Suleyman

Appointed: June 2019

Commitments: Co-founder and CEO, Inflection AI and venture partner, Greylock

Previous roles: Co-founder of DeepMind, one of the world's foremost AI companies, which was acquired by Google in 2014.

Committees:
- Technology investment

Philip Mallinckrodt

Appointed: July 2017

Commitments: Trustee of various charities

Previous roles: Investment banking at Credit Suisse First Boston (1985-94), Schroders (1994-2000) and Citigroup (2000-02). Asset and wealth management at Schroders (2002-20).

Committees:
- Audit (chair)
- Remuneration

Leadership team

In addition to **Lara Boro** and **Zanny Minton Beddoes**, the following people make up the leadership team:

Gareth Bridge
Transformation director

Gareth has responsibility for strategic projects and transformation initiatives across the Group.

Joined the Group in October 2019. Previously held senior roles at RBS, TUI, Reed Elsevier, UBM and Informa.

Oscar Grut
Chief legal and corporate development officer, Group company secretary, head of ESG

Oscar leads the legal and business operations team, as well as having responsibility for ESG reporting and the company's Sustainability Group, whose mission is to drive sustainable practices and reduce emissions across the organisation. He is the executive sponsor of Women of TEG, an affinity network whose aim is to support, promote, empower and recognise the women of the Group.

Joined the Group in 1998 from Linklaters. Founded *The Economist*'s digital-editions business, launching its first mobile apps, and served as managing director for its digital operations.

Bob Cohn
President/managing director, *The Economist*

Bob is responsible for all aspects of *The Economist* business, with a focus on growing and diversifying consumer revenue through digital product innovation, brand extensions, marketing excellence and attention to customer and user experience.

Joined the Group in January 2020. Previously president of *The Atlantic* and, before that, editor of TheAtlantic.com. He was also executive editor of *Wired* and the *Industry Standard*, and a Washington correspondent for *Newsweek*, where he covered the White House and the Supreme Court.

Ian Hemming
Managing director, Economist Impact – Events

Ian leads the Group's events business, which is part of Economist Impact.

Joined the Group in July 2019. Has 28 years' experience in the commercial events and B2B media industry, serving as CEO of the TMT division of Informa for 16 years and latterly as a media adviser to private-equity groups and events companies. Also non-executive director of OCS Group.

Michael Fleshman
Group chief technology officer

Michael is responsible for leading The Economist Group's technology team, whose goal is to drive digital innovation across the Group by developing technology platforms and teams to enable world-class, personalised customer digital experiences; and to provide the tools and applications required for our editorial, data and business teams to create and distribute best-in-class content.

Joined the Group in May 2022. Previous roles include SVP consumer digital technology at BBC Worldwide, chief technology officer at the *Financial Times*, AOL France and Nickelodeon Online/MTV Networks.

Helen Hutchinson
Interim chief operating officer, Economist Intelligence

Helen is CFO of the Economist Intelligence business, and has stepped in as its leader on an interim basis while we recruit a permanent managing director.

Joined the Group in April 2004. Has held various senior finance roles throughout the Group.

Liz Goulding
Chief product officer for *The Economist* and Economist Impact

Liz has responsibility for the design, development and customer experience of the digital product portfolio.

Joined the Group in May 2022. Has held senior product positions at Discovery and The London Olympics.

Claudia Malley
President/managing director, Economist Impact – Partnerships

Claudia leads the global partnerships business, which combines policy research and insights, multimedia content and advertising.

Joined the Group in October 2020. Previously led the global corporate partnership business at *National Geographic*, and served as worldwide publisher at *Runner's World*. She began her career in public television, working on corporate partnerships. Claudia is the executive sponsor of Minds of all Kinds, the Group's affinity network whose mission is to bring awareness to mental health and well-being.

Kim Miller
Chief marketing officer

Kim is responsible for brands and marketing for the Group.

Joined the Group in June 2020. Previously chief marketing officer at Flatiron School and, prior to that, held senior roles at Consumer Reports, J. Crew Group and Time Inc. Executive sponsor of the Group's WILDE network, which promotes workplace inclusion for LGBTQ+ diversity.

Marcus Roy
Group chief financial officer

Marcus is responsible for the financial affairs of the Group.

Joined the Group in February 2021. Brings 20 years' experience in subscription-based and consumer businesses. Previously held senior finance roles in the UK and US with Dixons Carphone and Associated British Foods, and qualified as a chartered accountant with Deloitte.

Sacha Nauta
Executive editor, *The Economist*

Sacha is the executive liaison between Editorial and the business.

Joined *The Economist* in 2013, having previously worked on public spending for the Treasury. Has written for the business, finance, international and Europe sections. Most recently she was the newspaper's public-policy editor. She has a particular interest in societal change, about which she has written several briefings, special reports and an essay.

Karine Serfaty
Chief data officer

Karine is responsible for building and future-proofing our data and insights capabilities. Her mission is to design and leverage data to drive growth and innovation across the Group and foster a data-informed, user-centric culture.

Joined the Group in September 2020. Previously chief data officer for ITV, and before that held senior roles in strategy and data at the *New York Times* and OC&C Strategy Consultants.

Richard Peers
Chief information officer

Richard leads our global technology teams supporting all of our business units and regions, with responsibility for product engineering, data engineering, platforms, IT ops and infrastructure as well as information security.

Joined the Group in November 2019 from Legal & General, where he served as Group IT strategy director. Has held a number of leadership roles, including chief technology officer at Informa.

Gnosoulla Tsioupra-Lewis
Chief talent officer

Soulla leads the people and culture strategy to maximise the performance and potential of colleagues, teams and the business.

Joined the Group in September 2020, having previously worked as chief people officer at Telegraph Media Group and at UBM, where she held leadership positions in human resources and employment law, both in the UK and internationally. Prior to that she was a lawyer at Baker & McKenzie.

Tim Pinnegar
Publisher and managing director, Asia Pacific

Tim leads the commercial operations for our Subscription and Impact businesses in Asia.

Joined the Group in 2001, having worked for advertising agency Leo Burnett in senior positions in London, Singapore and Malaysia.

Departures in the year:

Deep Bagchee
Resigned on November 24th 2021. Formerly chief product officer.

Robin Bew
Retired on April 8th 2022, after 26 years with the Group. Formerly managing director, Economist Intelligence.

Daniel Franklin
Rotated from the leadership team in December. Executive and (interim) US editor, *The Economist*.

Preserving our values. Promoting long-term success.

High standards of corporate governance are essential for a business like ours, with its unique journalistic heritage combined with its commercial functions. But they must be appropriate for our size, our profile and the specific nature of our business. For many years, we have published our guiding principles and explained how we comply with relevant codes of practice.

The most relevant to us today are the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council (FRC). And we hereby confirm that we have applied these principles throughout the financial year ended March 31st 2022.

In this section we describe how we apply the Wates Principles and incorporate the requirements of reporting against Section 172(1) of the Companies Act. The two overlap somewhat and so, having set out the Wates Principles, we go on to illustrate their application by describing how they apply in the context of our own guiding principles, along with some examples of what we have done during the year, and our plans for the year ahead. We also encourage you to read the strategic report, which shows many of these principles in action.

The Economist Group's guiding principles

Independence in our DNA

***The Economist* has been published since 1843 to take part "in a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress".**

The Economist Group is editorially independent and free of partisan bias, state control or outside influence of any kind. Today, this autonomy is among our most fiercely upheld attributes. Since 1843, *The Economist*'s editor-in-chief has been the guardian of our editorial values.

Guiding principles

The Group operates in a clear and ethical context, and the Board reviews and approves a set of guiding principles every year, which are as follows.

We value our customers

We offer insight, analysis and services that are valued by our customers.

We are committed to independence, integrity and quality

Underpinning our ability to fulfil this objective is our commitment to independence, integrity and delivering high quality in everything we do. These values govern our relationships with readers, audiences and clients, shareholders, colleagues, suppliers and the community at large.

We believe in conducting business with common decency

We are opposed to bribery and do not engage in corrupt practices. We abide by strict guidelines governing the acceptance of gifts and the disclosure of potential conflicts of interest.

We are opposed to slavery and human trafficking

We are opposed to slavery and human trafficking, both in our business and in our supply chain. See our Modern Slavery Statement at economistgroup.com.

We abide by local laws and regulations

As an international company, we conduct business in many different markets around the world. In the countries in which we operate, we abide by local laws and regulations.

We follow a robust tax governance and risk management policy

We follow clear principles in the conduct of our tax affairs and how we engage with the UK and other tax authorities. See our current UK tax strategy and tax and risk management policy at economistgroup.com.

We believe in charitable giving

We make an active contribution to local charities by charitable giving. We encourage our colleagues to participate in charitable and community activities and we enable them to take time off for this purpose. We match employee donations of time and money to charities.

We are committed to climate-change management

We respect environmental standards and comply with relevant local laws. We take environmental issues seriously. See our report on climate and environment on pages 52-59 and our TCFD report on pages 60-63.

We value our colleagues and treat each other fairly

The Group is committed to equality of opportunity in all employment practices and policies. We do not discriminate against employees or job applicants on the grounds of age, sex, sexual orientation, gender reassignment, marital status, race, colour, religion, national origin or disability. We support colleagues who through disability or illness are unable to perform their duties, by adapting the work environment and hours of work to suit them as far as practicable. We provide employee assistance programmes and access to mental-health facilities.

We are committed to increasing employee diversity

We particularly focus on ensuring that we recruit from the widest possible pool of talent. Data about how our Group is composed by gender, race and ethnicity can be found on page 46. We are also keen that people feel comfortable and valued at work, regardless of their background. We recognise that it is essential to keep colleagues informed of the progress of the Group. We provide colleagues with information on the Group's activities and its financial performance through regular meetings and communication through our intranet. We have a strong consultative culture, and we follow legal and regulatory requirements to consult with colleagues on major issues affecting the company.

We are committed to reducing the gender pay gap

The Group is committed to achieving gender parity. Our gender pay gap report (published on March 17th 2022) shows that we still need to increase the number of women at senior management levels through career progression and recruitment.

The Wates Principles

The Economist Group is not bound by any corporate governance code, although we have always sought to manage our corporate affairs as closely as possible in line with prevailing standards of governance. The audit and risk committee of the Board reviews how the Group has applied corporate governance under the Wates Principles.

Principle One:

Purpose and leadership

The Economist Group's Board develops and promotes the purpose of the company and ensures that our values, strategy and culture align with that purpose. Our purpose is to champion progress by delivering the best journalism, business information, events and marketing services to our readers and clients. For more on this, please see the strategic report (pages 1-39) and our guiding principles (pages 77-81).

This year saw many of the countries where we operate emerge from covid-19 lockdowns, but not everywhere, with new restrictions being imposed—sometimes severe, such as in China. Other countries continued to be badly affected by covid outbreaks, including India, where many of our colleagues are based. This required the Board and the business as a whole to make more adjustments in many areas. As discussed last year, this included adapting to working, meeting and collaborating remotely; in some places this is still a requirement and with a new hybrid working environment now the preferred working model, these adaptations are here to stay—often for the better. Having rebalanced our planned investments to ensure that we would come out of lockdown in a strong position to deliver our growth plans, we are pleased that this was successful, with Economist Impact emerging much stronger.

In addition to continuing lockdowns in some regions, the world is now facing a different crisis: Russia's illegal invasion of Ukraine. This has had some impact on the business already, in terms of managing our (albeit small) workforce and business in the region; but, of course, the broader impact—humanitarian, geopolitical and economic—will undoubtedly be felt by the business. We are bracing for this, for example by managing the cost base carefully, ensuring we continue to invest for growth but not over-extending ourselves in case the markets in which we operate deteriorate significantly.

The Board and its committees exercise oversight of the Group to ensure it reflects the purpose, values and principles discussed in this report. The Board receives and discusses regular reports from management on areas including:

- financial and operational performance
- investments
- strategy
- technology
- product developments and new services
- business risks and opportunities
- people, including our values, diversity, the gender pay gap, colleague surveys, and the closely linked topics of pay, benefits, recruitment and retention, which have been a particular challenge this year, with pay inflation and "the great resignation" affecting us as much as our competitors (see below and pages 45-47)
- sustainability, where the Board has helped drive ambitious goals, including considering areas other than carbon emissions where our operations have an impact on the environment (see pages 52-59), and asked management to adopt climate-related financial risk disclosures in line with the recommendations of the TCFD, which are covered on pages 60-63
- charitable and other social initiatives (see pages 48-51 and page 84)
- shareholder value.

The Board has supported and guided the management team in all these areas during the year, and pressed for continued progress.

The impact of global events on the business is discussed in more detail in the strategic report on pages 8-27; and our reporting on these events is highlighted on pages 16-21.

Principle Two:

Board composition

Please see the governance structure of the Board and the details of directors set out on pages 70-73. The chair leads the Board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive discussion. The company's constitution safeguards the company's corporate and editorial independence through various safeguards, including the trust shares that are held by four Trustees, whose key rights and responsibilities are described on page 70. The idiosyncratic nature of the company's constitution, including the governance of appointments to the Board, has been in existence in some form since the early 20th century. Its purpose was—and continues to be—to ensure that The Economist Group (and *The Economist* newspaper in particular) remains independent from the control of another corporate entity or any single shareholder.

See below for details of the nomination committee (page 87).

The Board takes its own diversity seriously. One-third of its members are women (including the chief executive and the editor-in-chief), and three are from minority ethnic backgrounds, as defined by the FCA's Listing Rules (which do not apply to the Group). The remuneration committee has approved diversity and sustainability targets for senior management as part of their incentive plans.

Principle Three:

Director responsibility

The Board, chaired by Lord Deighton, met for regular business five times. Four of these meetings were held in London, and one in New York, reflecting the size of our business and the number of colleagues in the US. The Board also convenes at other times on an ad hoc basis or in committee when necessary. As mentioned above, the Board receives regular reports and presentations on a wide range of topics from the leadership team and other colleagues from across the Group's operations.

In the 12 months to March 31st 2022, the Board held its five regular meetings. Other than the continuing (but abating) covid-19 crisis, these were its key priorities:

- The Group's continuing digital transformation, combined with strong governance and close scrutiny of the performance of our investment in this area. *The Economist*'s new fulfilment and customer-services platform, FCX, was launched successfully last year (see page 25). Other major digital projects include implementing a new editorial publishing platform at *The Economist*—a significant and necessary investment—which was launched in May 2022; investing in improving *The Economist* app; relaunching the Espresso app in March 2022 to deliver a better daily experience; and a new content management system for EIU that we hope will be operational later this year.
- Our sustainability strategy, including setting ambitious goals to reduce our greenhouse gas emissions by 25% in 2025, as announced last year, with the management team now making plans to reach 50% by 2030 and net neutrality (as defined by the Science Based Targets initiative) by 2045 (see pages 52-59), which the Board will review during the year. We are currently on track to achieve our 25% by 2025 goal. In addition, the Board resolved to begin reporting in line with the recommendations of the TCFD on a voluntary basis (see above and pages 60-63).
- Our colleagues. After implementing a career-path and job-levelling initiative, the remuneration committee and the Board dedicated considerable time to ensuring the Group was able to mitigate the impact of the market-wide "great resignation", introducing a more competitive offering to attract and retain colleagues as well as, in some cases, assisting directly with the recruitment of top talent (see more on pages 45-47 and 81).
- The Board, through the audit and risk committee, reached agreement on a funding plan with the trustees of the UK defined-benefit pension plan, which is closed to new entrants and accruals (see also page 84).
- The past year also saw a return to office-based work in most of our offices as pandemic restrictions were lifted. Given colleague feedback about remote working, a new hybrid-working policy was introduced. Most full-time colleagues are now expected to attend an office a minimum of two days a week (see pages 45-47 and 83); Editorial colleagues at *The Economist* have more flexibility given the nature of their work.
- Following Russia's illegal invasion of Ukraine, we ceased trading with sanctioned individuals and entities, as well as no longer offering subscriptions in Russia (see also page 85).
- Resuming sustainable dividend payments, having successfully navigated the covid-19 pandemic and dealt with our previously high level of debt (see page 82).

The Board's responsibilities

- Overall direction and strategy of the Group.
- Securing the best performance from the Group's assets.
- Determining matters specifically reserved for the Board in a formal schedule (which only the Board may change), including significant acquisitions and disposals, significant capital expenditure and major office leases.
- Approving annual budgets and accounts.
- Reviewing key risks.
- Reviewing management's activities—for example, its delivery of the Board-approved strategy for the business, specific actions taken under a formal schedule of delegated authorities, progress on diversity and inclusion, and ESG goals (including sustainability and climate-related financial risk disclosures in line with the recommendations of the TCFD).
- Ensuring a clear and transparent system of governance.

Note: the company's articles of association require the approval of the Trustees for some actions (see page 70).

The Board conducts an annual self-evaluation, led by the chair and the company secretary. The areas covered by the most recent evaluation included:

- Board diversity
- the composition, skills and experience of the Board
- attendance at Board meetings
- the quality and quantity of information provided to the Board and of Board discussions
- the duration and frequency of Board meetings
- attention to long-term strategy, key talent, succession, interactions with top management, ESG, risk assessment and management
- Board insight and understanding of the Group's businesses and its markets, products, shareholder communications and shareholder value
- how stakeholders are considered in its decision-making, including shareholders, colleagues, clients, readers and suppliers
- the committee structure, the work of the committees and the delegation of powers by the Board
- a free-form element giving Board members the opportunity to highlight areas where they felt improvements could be made.

Key features of the Board

- Induction process for new directors.
- Board-approved delineation of the roles of the chair and the Group chief executive.
- Terms of reference for each of the Board's committees (more on the Board's committees on pages 86-87).

Principle Four:

Opportunity and risk

In promoting the long-term success of the Group, the Board is responsible for the Group's overall appetite for risk and looks for opportunities for growth while mitigating risk, and the chief executive and other members of the leadership team regularly highlight short-, medium- and long-term strategic and operational opportunities in their reports.

We look particularly at long-term opportunities during the annual strategy-review process. As part of looking at opportunities, the leadership team, along with the audit and risk committee, also identify and manage risk, and highlight key risks twice a year to the Board.

The leadership team is responsible for the day-to-day management of risk, overseen by the Group chief executive. Certain risks are overseen by technical specialists—for example, the chief information officer oversees information security, the chief legal and corporate development officer oversees legal risk, the chief financial officer oversees financial risk, and the head of ESG and the SVP sustainability oversee environmental and climate risk. Their reports are presented to, and discussed by, the audit and risk committee and the Board on a regular basis. A new category of risks and opportunities was introduced this year following the Board's decision to adopt the recommendations of the TCFD.

Our risk register lists strategic, operational and external risks and how we mitigate them. We update it formally twice a year and it is reviewed by the audit and risk committee, which then reports on key risks to the Board (see pages 67-68 for our table of key risks and how we mitigate them; pages 60-63 for our TCFD report on climate-related risks and opportunities; and pages 86-87 on the work of the audit and risk committee).

Principle Five:

Remuneration

We aim to build a compelling compensation offering to attract and retain high-calibre talent and to reward excellence—and, in doing so, earn the loyalty of our colleagues and their commitment to our long-term strategic goals.

We aspire to set compensation levels that are compelling and competitive in the local and industry marketplaces where we operate and compete for talent. The marketplace pays a range of salaries for all roles at each level depending on the circumstances of the role and the role holder. When evaluating the market for specific roles and levels, we consider a salary range that is set around the lower and upper quartiles of relevant salary survey data, with variable pay that rewards excellence.

Rather than focus on a single point within the range as the target salary, such as the median, we instead look at zones within the range. This provides flexibility to determine compensation levels based on multiple factors, as opposed to focusing on a single reference point. These include role-based factors, such as the scarcity of skills, the criticality of the role to the organisation, other compensation elements (such as bonus and commission) and market forces influencing attraction and retention; and individual factors, such as personal performance, experience and competence.

In setting the remuneration policy, the remuneration committee and the Board are mindful of the views of shareholders and other stakeholders. We link a significant proportion of remuneration to corporate and individual performance in a way that is designed to promote the long-term success of the company.

During the year, the remuneration committee completed an in-depth review of pay, including salaries and bonus plans, across the Group. The aim was to ensure pay was consistent and fair, and was driving excellence. Towards the end of the year, the committee revisited pay in the face of increases to the cost of living and wage inflation—which were hampering our drive to recruit and retain talent—and approved more investment in remuneration, where appropriate, to achieve our strategic goals.

For more details, including on the role and responsibilities of the remuneration committee and our remuneration policies, see the directors' report on remuneration on pages 88-89.

Principle Six:

Stakeholders

Good relationships with our stakeholders—from our readers and clients to our colleagues, pensioners, shareholders, suppliers and communities—are essential for delivering excellence in everything that we do. We are proud of how resilient the company was throughout the covid-19 pandemic, delivering impressive results. And, as the pandemic has eased (though not everywhere, it should be noted) and most of our colleagues have been able to return to office working, we look forward to rekindling old connections and making new ones—especially since some 40% of the Group's global workforce joined after the start of the first wave of lockdowns and, in most cases, are only first experiencing office working with us in recent months. See pages 45-47 for more on this.

Our results last year were made possible by the hard work and perseverance of our colleagues, and the loyalty and resilience of our suppliers, our clients and our readers. And throughout we have enjoyed the support of our shareholders, to whom we were pleased to be able to resume the payment of dividends.

As we said last year, an issue that is critical for all our stakeholders as well as future generations is climate change. Our commitment to reducing the impact of our own operations on the environment is unwavering. The Board has previously approved a commitment by the leadership team to reduce the Group's carbon emissions by 25% by 2025, as well as supporting other initiatives such as sourcing paper sustainably. It has now gone further, by giving its backing in three areas: a plan to reduce emissions by 50% by 2030 and to reach net zero by 2045, various projects to assess the cradle-to-grave impact of Group operations on the climate and the environment more generally, and contributions to a number of carbon-reduction and avoidance initiatives. It has also resolved to adopt, on a voluntary basis, the climate-related disclosures recommended by the TCFD. Our climate strategy and data are discussed in depth on pages 52-59, and our TCFD report can be found on pages 60-63.

We reached agreement on a funding plan with the trustees of the UK defined-benefit pension plan, who represent another important group of stakeholders: current and former colleagues who are members of the plan (see also page 84.)

We have in place numerous policies to protect our various stakeholders, including data privacy and information security policies, editorial codes, a modern-slavery statement, an anti-bribery policy, and a gifts and entertainment policy.

We discuss our relationships with stakeholders in more detail below, by reference to the directors' duty under s172 of the Companies Act.

Stakeholder engagement

Our report below, which should be read in conjunction with our report on the Wates Principles on pages 78-81 and more generally the strategic and governance reports, sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 (referenced in our Section 172(1) statement on page 66) and how the Board, in its decision-making throughout the year, had regard to stakeholders' interests.

As explained in the strategic report, the past year was marked by some momentous events:

- Many of the countries where we operate began to emerge from covid-19 lockdowns, although the pandemic is still with us and in some places very strict measures have been imposed—in particular, in some areas of China. The lifting of restrictions has been welcome. Having started the year working, meeting and collaborating remotely, we were able to start welcoming our colleagues back to the office in most of our locations; we are now adapting to a new hybrid-working model, in response to demand from our colleagues (see page 45 and below).
- Russia's illegal war on Ukraine has had a catastrophic impact locally, of course, and its effects on the global economy are beginning to be felt (see pages 14-15 and below).
- The emergence from lockdown and wage inflation generally have led to the so-called "great resignation" in most of our markets, leading to difficulties in recruiting talent to deliver our strategy, and in retaining our colleagues, too. And there are increasing pressures on the cost of living. See pages 45, 63 and below.

The following sets out how the Board has responded against this backdrop.

Engaging with our shareholders

Our shareholder base is nearly 1,000 strong, ranging from increasingly dispersed long-standing family holdings to existing and former colleagues and their families, as well as other unrelated individuals and companies.

Exor owns a 43% stake in the company, including both ordinary shares and all the "B" special shares. There are nearly 100 holders of the "A" special shares; the holders of the more substantial parcels of shares include some of the long-standing families and former editors and CEOs. These include the Rothschilds' holdings, which total 26.7% of the company's issued share capital.

Some of our "A" special, "B" special and ordinary shareholders are represented on the Board. Currently they include the Rothschilds, whose nominee, Eli Goldstein, was appointed by the "A" special shareholders; and Exor, through Lady Heywood. In addition, the chair, other directors and members of the leadership team regularly speak to individual shareholders. Our AGM has always been an important opportunity to talk to our shareholders, but the Board and some of our shareholders were concerned that communications were too infrequent, that there was a risk of information not being disseminated to everyone at the same time, and that some shareholders had better access to directors and management than others. Consequently, as of September 2021, the Board started hosting quarterly calls to which all shareholders are invited. These are an opportunity to give shareholders updates on the Group's performance, product developments and editorial initiatives. They also provide a forum for shareholders to offer feedback and ask questions of the chair and senior executives. The feedback from shareholders has been that they greatly value these calls, and they are therefore set to continue.

One of the key concerns raised by a number of shareholders before and during the calls regarded the dividend, which had been suspended during 2020-21 due to the level of debt on the balance sheet and the uncertainty caused by the covid-19 pandemic. This had been a difficult decision for the Board, given the importance of returns to shareholders; however, the Board felt this was in the best interests of the Group, the goods and services it wanted to continue to be able to deliver to clients and customers, and its commitment to colleagues and suppliers, and that ultimately the long-term interest of shareholders would be best served by suspending dividends. Having successfully dealt with the balance sheet, and with the business having delivered (and continuing to deliver) good results in spite of the pandemic, the Board was pleased to resume dividend payments: a final dividend of 100.0p per share was paid in July 2021 and an interim dividend of 33.0p in December 2021. You will see in the notice of AGM on page 160 that, given the performance of the business in the year, the Board is also recommending to shareholders the payment of a final dividend in respect of 2022.

Colleagues

Members of the leadership team and other colleagues in the business are regularly invited to present and discuss business matters with the Board, including in less formal settings. For example, we held a Board meeting in New York in March and, while there, a number of Board members attended an inaugural event for colleagues who participate in the Group's Key Talent Programme. Our Group chief executive, as well as other members of the leadership team, presents regular updates to colleagues covering a wide range of topics, from strategy and business performance to product development, editorial initiatives, sustainability and diversity. These sessions are frank, open discussions and include time for questions and feedback. Members of the Board also engage individually with colleagues in areas where they wish to learn more about the business or feel they can be of particular help.

The Group conducts regular surveys—using an employee feedback platform, Your Voice, as well as through more targeted "pulse" surveys—the results of which, as well as recommended actions arising, are reported to and discussed with the Board. They are an important source of feedback and insight. This is discussed in greater depth in our section on colleagues on pages 45-47.

During 2022, most of our colleagues were able to return to office-based work as pandemic lockdowns were lifted. Given the favourable colleague feedback about being able to choose to work remotely at least some of the time, a new hybrid-working policy was introduced, with most full-time colleagues now expected to attend an office a minimum of two days a week. Editorial colleagues at *The Economist* have more flexibility given the nature of their work. Our colleagues are also able to work from abroad for up to five weeks a year. Those who wish to be in the office more frequently are of course welcome to. Although a minority of colleagues expressed a desire to work remotely even more than this (in some cases permanently), we felt it was important for the Group's culture, the development of talent and the connection between colleagues to ask that some time be spent in the office. While this flexibility has been introduced primarily for the benefit of colleagues, it also has implications for our real-estate portfolio, because we will need less office space as a result. This has enabled the Board to approve the move of our corporate headquarters to the same building as the newspaper's editorial team in central London, occupying only marginally more than half the space we occupy in Canary Wharf. The move is expected to happen in the autumn of 2022 and will bring the business and editorial teams together in London for the first time, at least for anyone working at the Group today. It will greatly aid the collaboration across teams that is essential for our continued success.

The Board has also had to respond to cost-of-living increases and wage inflation, which is discussed on page 81.

Diversity and inclusion

We believe that everyone deserves to be treated fairly and inclusively, and that diversity is good for the business by providing access to the best talent and diversity of ideas. The Board is therefore very supportive of the many diversity initiatives that have been put in place both within the newspaper's editorial team and across the business, and on which the Board receives regular reports on progress. We have a diversity task force, supported by consultancy the EW Group, whose mission is to build on our strengths to develop strategies and action plans to create a workplace where people feel valued, rewarded and part of an organisation where they belong. These initiatives may come at a cost in the short term, delaying recruitment to make sure diverse shortlists are provided, or even sometimes increase the cost of some employees, given that talented and diverse people are in high demand. But the Board is determined that this should not stand in the way of what is an important principle and one that will make the company stronger. We also have a number of affinity groups, each sponsored by a member of the leadership team.

Our latest gender pay gap and diversity reports were published in March 2022. We made small improvements in some areas, but not enough overall. The results, and the steps we are taking to do better, are described on pages 45-46.

Changes in pension plans

The deficit in the Group's UK defined-benefit pension plan, which is closed to new entrants and to accruals, remains subject to some volatility. The latest valuation determined a deficit in the plan of £50m. The Board carefully considered proposals from the trustees of the plan regarding funding. Its objective was to ensure the deficit could be funded over a reasonable time, balancing the interests of plan members (current and former colleagues), who would like to see it fully funded as soon as possible; the needs of the business; and the interests of shareholders, for whom the continued investment behind sustainable growth and appropriate returns to shareholders were also important.

Following constructive discussions with the chair of the trustees, who was invited to attend a Board meeting to present the trustees' proposals, a reasonable funding plan was agreed that the Board is satisfied is in the best interests of the Group, plan members and other stakeholders. The Board also approved introducing a corporate trustee to replace the trustees, to mitigate the personal risk that pension plan trustees are exposed to. This change is consistent with a general trend in pension plan management and is expected to be completed in 2022-23.

Our communities and the environment

The Board is very supportive of The Economist Educational Foundation, an independent charity that combines the journalistic expertise of *The Economist* newspaper with teaching know-how. The Foundation's mission is to change young people's lives by giving them the skills to think and speak for themselves about current affairs. It does this by enabling inspiring discussions about the news in classrooms and between schools in different communities, giving young people exciting experiences of engaging with the biggest issues of our time. The Group makes a financial contribution to the charity every year, and many colleagues contribute time and expertise to its projects. In addition to this contribution, which was £160,000 last year, the newspaper auctioned its cover on decentralised finance as an non-fungible token (NFT), raising £218,921 for the Foundation. See pages 18 and 50-51.

The Board also supports The Economist Charitable Trust, whose primary purpose is to match charitable donations made by colleagues. It is a global programme overseen by a group of trustees. They are all colleagues, apart from one who is a former colleague. The trustees oversee the budget and ensure that the scheme is widely communicated to all colleagues. Any budget that is not spent by the end of the financial year is donated to charities nominated by colleagues. The trustees review all proposals and select those most in line with The Economist Group's values where the money would make the most significant impact.

The charitable trust can determine that a charitable cause may merit double-matching by colleagues. In March 2022 it decided to double-match donations from colleagues to support the UNICEF appeal for families and children affected by the war in Ukraine.

In the year to March 31st 2022, the charitable trust was given a £122,000 budget by the company, which was supplemented by £15,290 for the UNICEF double-matching campaign, which raised a total of £77,349.

The Board encourages colleagues to undertake other work to support various communities.

The Board is committed to reducing carbon emissions and other environmental impacts of the Group's operations and has also resolved to report in accordance with the recommendations of the TCFD. This is discussed on pages 52-59, while our TCFD report can be found on pages 60-63.

Readers and clients

We aim to deliver the best journalism, business information, events, educational and marketing services to our readers and clients, and our long-term success depends on this (see the strategic report.

We solicit feedback from our readers and clients through many channels, and this is reported to the Board. During the year the Board has been closely involved in determining how best to allocate resources to improve our products and services, and the platforms for their delivery. We have also renewed efforts to reach a more diverse cohort of readers.

Economist Impact was created in direct response to feedback from key clients who felt we should make it easier for them to work with the various parts of the Group that provide customised research, marketing services, public-policy consulting services and events. It was a great success last year, as you can read on pages 28-33.

Following Russia's illegal invasion of Ukraine, we ceased trading with sanctioned individuals and entities. We no longer offer subscriptions in Russia, while we are renewing Ukrainian subscribers' subscriptions without charge for the foreseeable future; and, given the importance of access to independent news reporting and analysis, we have lifted the paywall on our website to all those visiting the site from Ukraine and Russia. This has deprived the Group of some revenue, but we felt it was imperative in the circumstances. More on this and our editorial coverage can be found on pages 16-21.

Suppliers

The Board recognises the importance of the Group's supply chain and of maintaining good relations with suppliers. Major supplier contracts are subject to Board review and approval, and the Group has a supplier payment policy to ensure our suppliers are paid on time. The leadership team, often with the assistance of functional specialists, reports to the Board on supplier relationships as part of updates on the business. Examples of key supplier matters on which the Board was briefed during the year include: as part of the completion of the FCX project, the transition away from the previous outsourced customer management supplier relationship, and the relationship with new digital solutions vendors; via the Board's technology investment committee, the Group's relationships with technology suppliers involved in the development of the new mobile app; our decision to cease trading with Russian entities (discussed in the previous paragraph).

The Board and committees

The Board is supported by three permanent committees: audit and risk, remuneration and nomination. We set up other committees on an ad hoc basis when needed. We currently have a technology investment committee to advise on, oversee and track the performance of our investments in digital products and technology, which was set up because the Board recognised the importance of strong governance in an area that is so critical to the Group. The technology investment committee comprises three non-executive directors: Lady Heywood, Mustafa Suleyman and Diego Piacentini.

The permanent committees are all made up of non-executive directors, and they report to the Board after each meeting. Meetings are all attended by executives as required by committee members.

Audit and risk committee

The audit and risk committee is made up of three non-executive directors. Chaired by Philip Mallinckrodt, the other members are Lady Heywood and Eli Goldstein.

The committee's role, on behalf of the Board, is to ensure that the internal team produces reliable financial information, such that our published financial statements give a true and fair view of the business. The committee is also responsible for reviewing risk, the suitability and effectiveness of the Group's internal financial controls, the work and findings of both our internal and our external auditors, key accounting policies and judgements, corporate governance, and governance around reporting against the recommendations of the TCFD. The audit and risk committee has outsourced the internal audit function to PwC to access broader and independent subject-matter expertise and enable efficient resource allocation. During the year, PwC reported to the committee on the results of internal audits completed, provided status updates on implementing actions from previous audits and facilitated a risk management workshop for the leadership team.

Risk management

The Group has carried out a thorough risk assessment, which is summarised on pages 67-68.

The internal financial-control system has been designed and developed over a number of years to provide the audit and risk committee with reasonable assurance of the accuracy and reliability of the financial records, and its effectiveness has been reviewed by the committee. The control system includes the following important features:

- The Board reviews the Group's strategy, long-term plan and goals annually. The strategies of specific businesses are reviewed as required.
- The Board approves an annual budget.
- Monthly results are reported against the annual budget and forecasts. Page 13 and the business review on pages 22-39 include some of the key performance indicators that are used to measure business performance. The company reports to shareholders formally twice a year through its interim and annual reports. There are also quarterly shareholder calls or meetings (one of which is the AGM) to which all shareholders are invited (see page 82).
- Treasury procedures cover banking arrangements, hedging instruments, investments of cash balances and borrowing procedures. These procedures include colleague responsibilities, segregation of duties and levels of delegated authority for treasury matters.
- The company has outsourced its internal audit provision to PwC. PwC carries out an independent risk-based programme of internal audit work in all parts of the Group.
- The company has a risk-management function that reviews the register of key business risks and mitigation actions and reports to the Board (see pages 67-68). This now includes climate-related risks and opportunities (see pages 60-63).

- The company has a cyber-security function that manages the Group's risk of cyber-attack. Controls to prevent and detect attacks are supplemented with assurance, mitigation and education activities. We achieve cyber-resilience by ensuring we have appropriate, tested plans and recovery resources in place, coupled with effective, well-rehearsed crisis management actions.
- The company has clearly-defined guidelines for the review and approval of capital-expenditure projects that, in the case of digital product development and technology, currently include project appraisals and review by a dedicated Board committee: the technology investment committee.

During the year the audit and risk committee reviewed:

- the Group's interim and annual reports, and considered the narrative description of performance in the reports and the accounting principles, policies and practices adopted in the financial statements
- results of internal audits, the adequacy of management's response, and the timeliness of the resolution of key findings. The chair of the committee met with the PwC internal audit team to monitor the effectiveness of the internal audit function
- the scope of the external audit, the work plan and fees proposed, the level of errors identified during the audit, and the external auditor's report summarising its work on the interim and annual reports
- the independence of the external auditor (which is reviewed twice-yearly)
- business risk updates from the Group chief executive
- progress updates on the Group's approach to cyber-security
- the valuation of the Group's UK defined-benefit pension scheme as at January 1st 2021, and received presentations from the chief financial officer and from the pension trustees.

Nomination committee

The nomination committee is responsible for Board succession planning (although not for that of Trustees). Its aim is to make sure that the Board has a diverse range of directors who, between them, have a breadth of experience in useful and relevant areas. The committee meets as and when required, but at least annually.

The nomination committee's terms of reference state that the committee should be chaired by the chair of the Board, and that it should include a director representing the holder of the "B" special shares (currently Lady Heywood) and a director nominated by any shareholder group that owns more than 15% of both the "A" special shares and the ordinary shares (currently Eli Goldstein).

Its terms of reference also provide that any shareholder group that owns more than 15% of both the "A" special shares and the ordinary shares may propose nominees for up to two non-executive directors (whose election remains subject to the approval of the holders of a majority of the "A" special shares). There is currently one such nominee on the Board: Eli Goldstein.

There were no changes to the Board's composition during the year.

Remuneration committee

The remuneration committee is made up of three non-executive directors. It is chaired by Lord Deighton, and the other members are Lady Heywood and Philip Mallinckrodt. The committee's role is described in the directors' report on remuneration on pages 88-89. See also page 81.

Directors' report on remuneration

The remuneration committee is responsible for the remuneration policy for senior executives of the Group, as well as the policy and structure of pay and Group bonus schemes for colleagues generally.

The committee

The remuneration committee of the Board is made up of three non-executive directors: Lord Deighton (chair), Lady Heywood and Philip Mallinckrodt. The quorum necessary for transacting business is two members.

The committee is responsible for the remuneration policy for senior executives of the Group and the policy and structure of pay and Group bonus schemes for colleagues generally. In determining remuneration, the committee follows a policy designed to attract, retain and motivate high-calibre executives, aligned with the interests of shareholders.

In reaching decisions about salaries and bonuses, the committee considers information about remuneration in other companies in similar sectors of comparable scale and complexity, and takes advice from remuneration consultants, particularly in terms of best market practice and benchmarking.

See page 81 for more on the remuneration committee's activities and the Group's remuneration policy.

Table 1 Directors' interests as at March 31st 2022

	March 31st 2022			March 31st 2021		
Beneficial holdings	**Ordinary**	**"A" Special**	**"B" Special**	Ordinary	"A" Special	"B" Special
Lord Deighton	**–**	**3,300**	**–**	–	3,300	–
Lara Boro	**7,950**	**500**	**–**	–	–	–
Zanny Minton Beddoes	**28,340**	**–**	**–**	18,340	–	–
Vindi Banga	**–**	**–**	**–**	–	–	–
Eli Goldstein	**–**	**–**	**–**	–	–	–
Lady Heywood	**–**	**–**	**–**	–	–	–
Philip Mallinckrodt	**5,600**	**1,781**	**–**	5,600	1,781	–
Diego Piacentini	**17,288**	**–**	**–**	14,288	–	–
Mustafa Suleyman	**–**	**–**	**–**	–	–	–
Holdings as trustee						–
Zanny Minton Beddoes[1]	**97,500**	**–**	**–**	97,500	–	–

The beneficial interests above include directors' personal holdings, holdings of their spouses and children and holdings through companies and trusts in which they have an interest.

1 Held as a joint trustee of the Marjorie Deane Journalism Foundation.

Lara Boro and Zanny Minton Beddoes have the right to acquire 40,000 ordinary shares (2021: 44,661) and 35,000 ordinary shares (2021: 30,000) respectively, under the restricted share scheme described in the next section. Lara Boro exercised 19,661 options and Zanny Minton Beddoes exercised 10,000 options in the year.

The executive directors of the company, together with all employees of the Group, are beneficiaries of the company's employee share ownership trust. As such, Lara Boro and Zanny Minton Beddoes are treated as interested in the 305,293 ordinary shares (2021: 352,948) held by the trustee of that trust.

The Group operated a number of annual bonus and long-term bonus plans during the year, providing performance-based bonuses for executive directors and colleagues.

(a) Annual bonus plans

Executive directors and colleagues participated in annual bonus plans in which rewards were linked to Group and business-unit revenue and profit performance, personal performance and (in the case of the leadership team and senior managers) diversity targets.

(b) Executive long-term plans

Executives participate in a three-year cash-bonus scheme. The amount paid to each participant is determined by the growth rate in the Group's earnings per share, revenue, subscriptions volume and carbon emission reductions, and by the number of units awarded to the participant at the start of the three-year period. There is a minimum hurdle to achieve before any payments are made.

(c) *The Economist* editorial long-term plan

Some senior journalists who do not participate in the executive long-term plan participate in this three-year cash-bonus scheme, which is designed to help retain key editorial staff. The amount paid to each participant is determined by the growth rate in the Group's earnings per share, revenue, subscriptions volume growth and carbon emission reductions, and by the number of units awarded to the participant at the start of the three-year period. There is a minimum hurdle to achieve before any payments are made.

(d) Restricted share scheme

The Group also has in place a restricted share scheme under which a small number of key colleagues have been awarded a right to acquire ordinary shares at a nominal price, usually between one and four years after the date of the award. The Group has the discretion to pay out shares or cash on exercise.

Directors' remuneration

Directors' remuneration and benefits are shown in Table 2. Non-executive directors do not participate in any bonus scheme, any long-term incentive scheme or any of the company's pension plans. This table shows salaries/fees, annual bonuses and benefits earned in and charged to the income statement in the year unless otherwise noted. The table includes future and uncashed entitlements under annual incentive schemes.

GOVERNANCE REPORT

Table 2 Remuneration for the year ended March 31st 2022

	Salary/fees 2022 £000	Annual bonus 2022 £000	Long-term plan 2022 £000	Benefits 2022 £000	Total 2022 £000	Total 2021 £000
Lord Deighton	150	–	–	–	150	75
Lara Boro	591	606	–	17	1,214	928
Zanny Minton Beddoes	469	380	–	18	867	704
Vindi Banga	39	–	–	–	39	16
Eli Goldstein	39	–	–	–	39	20
Lady Heywood[1]	39	–	–	–	39	20
Philip Mallinckrodt	46	–	–	–	46	23
Diego Piacentini	39	–	–	–	39	20
Mustafa Suleyman	39	–	–	–	39	20
Total	1,453	986	–	35	2,474	1,825

1 Paid to Exor N.V.

Table 3 Directors' accrued pensions

The pensions that would be paid annually on retirement at age 65 based on service with the company to March 31st 2022 are shown in Table 3. The table does not include any additional voluntary contributions or any resulting benefits.

	Age at March 31st 2022	Accrued pension at March 31st 2022	Accrued pension at March 31st 2021	Change
Zanny Minton Beddoes	54	£134,830	£130,748	£4,082

Directors' report

The directors present their report to shareholders, together with the audited consolidated financial statements, for the year ended March 31st 2022.

Developments and principal activities

The principal activities of the Group consist of publishing, the supply of business information and consulting services, conferences, marketing services and data design. Further details about the activities, developments and likely future developments of the Group are on pages 6-39.

Information on the use of financial instruments can be found on page 136. Information on engagement with suppliers, employees and others can be found on pages 82-85.

Results and dividends

The profit after tax from continuing operations for the financial year to March 31st 2022 was £35.9m (2021: £17.4m). A final dividend of 87.0p per share (2021: 100.0p) is proposed for the year to March 31st 2022. Together with the interim dividend already paid, this makes a total proposed dividend for the year of 120.0p per share (2021: 100.0p).

Colleagues

We recognise the importance of engaging our colleagues and encouraging them to contribute their diverse perspectives to the business to help achieve our Group's strategy and long-term ambition. We strive to have meaningful two-way dialogue with our colleagues through a range of formal and informal channels. For example, our all-colleague events, "TEG Conversation", "Insight Hours" and "Coffee Withs", as well as newsletters and colleague surveys inform, inspire and engage. We consistently ask our colleagues to share their feedback with managers, and have regular conversations, making a point of seeking questions or comments in every communication channel. We have affinity networks and task-forces to generate meaningful discussions about our internal culture and to strengthen our diversity.

Our policies and procedures have been developed to continue the open-dialogue spirit and to align to our purpose. We have employee-assistance programmes and anonymous hotlines for any colleague who wishes to speak to a third party in confidence. We take the pulse of the organisation annually through our colleague engagement survey, in which we ask questions about purpose, working relationships, culture and working environment. Each year we select important drivers for organisational improvement based on colleague feedback and work collectively for improvement. See also our report on talent on pages 45-47.

Equal opportunity employment

The Group is an equal opportunities employer. Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of colleagues becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. See also our guiding principles on page 77.

Transactions with related parties

Details of transactions with related parties, which are to be reported under IAS 24, are set out in note 33 to the financial statements on page 144.

Directors

Profiles of the directors appear on pages 72-73. All executive directors have contracts of employment. All directors have served throughout the year and up to the date of signing.

Directors' indemnities

The company provides, to the extent permitted by law, an indemnity to all directors and officers of the company and its subsidiaries in respect of claims against them arising in respect of the conduct of the business of the Group. The company has also purchased directors' and officers' insurance cover against certain legal liabilities and costs for claims in connection with any act or omission by such directors and officers in the execution of their duties.

Corporate information

The share capital of the company is divided into ordinary shares, "A" special shares, "B" special shares and trust shares. There are 109 "A" special shareholders, and the "B" special shares are all held by Exor.

The trust shares are held by Trustees (who are described on page 70), whose consent is needed for certain corporate activities. The rights attaching to the trust shares provide for the continued independence of the ownership of the company and the editorial independence of *The Economist*. Apart from these rights, they do not include the right to vote on other matters, receive dividends or have any other economic interest in the company. The appointments of the editor-in-chief of *The Economist* and of the chair of the company are subject to the approval of the Trustees, as are transfers of "A" special and "B" special shares.

The ordinary shareholders are not entitled to participate in the appointment of directors, but in most other respects they have the same rights as the holders of "A" and "B" special shares. The transfer of ordinary shares must be approved by the Board.

No one shareholder or group of shareholders acting in concert is entitled (in relation to any resolution, whether proposed at a general meeting of the company and voted on by way of a poll or put to shareholders as a written resolution) to exercise votes representing more than 20% of the total voting rights exercisable by shareholders (other than the Trustees); or to hold shares carrying more than 50% in value of the dividend rights of the company.

Shares held in treasury

5,040,000 ordinary shares were repurchased during the year ended March 31st 2016 and are held in treasury. The voting and dividend rights associated with those shares remain suspended.

Corporate governance

Please refer to the report on corporate governance on pages 69-92.

Annual general meeting (AGM)

The notice convening the AGM, to be held at the British Academy of Film and Television Arts, 195 Piccadilly, London W1J 9LN on Tuesday July 12th 2022 at 12.15pm, can be found on page 160.

Independent auditor

A resolution to reappoint Deloitte LLP as auditor to the company, and a further resolution to authorise the directors to fix their remuneration, will be proposed at the annual general meeting.

Auditor independence

In line with prevailing good practice, the audit and risk committee has a policy defining those non-audit services that the independent auditor may or may not provide to the Group. The policy requires that the provision of these services be approved in advance by the audit and risk committee or, up to pre-approved limits, the chief financial officer. A statement of the fees for audit and non-audit services is set out in note 4 to the consolidated financial statements on page 113.

Events after the balance-sheet date

One of the US subsidiaries within the Group agreed to settle a legal claim in May 2022. This claim is largely covered by the Group's insurance.

Disclosure of information to the auditor

As far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditor, and each of the directors believes that all steps have been taken that ought to have been to make him or her aware of any relevant audit information, and to establish that the company's auditor has been made aware of that information.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- assess the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and so for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing how financial statements are prepared and disseminated may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on June 14th 2022 and is signed on its behalf by:

Oscar Grut
Chief legal and corporate development officer
Group company secretary

June 14th 2022

Financial statements

Pursuing progress. Remaining transparent and accountable.

In this section

Independent auditor's report to the members of The Economist Newspaper Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of The Economist Newspaper Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 35; and
- the parent company notes 1 to 22.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

– had a direct effect on the determination of material amounts and disclosures in the financial statements such as the UK Companies Act, pensions legislation and tax legislation.; and
– do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty (such as the General Data Protection Regulation).

We discussed among the audit engagement team teams and relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it them are described below:

– We identified a risk of misstatement that would arise due to fraud in the advertising revenue stream due to the complexity of pricing arrangements and due to the occasional use of barter arrangements in the sector. In addressing this risk, we performed testing on the key controls in the advertising revenue cycle; we performed detailed testing of advertising campaigns that were ongoing at year end and assessed whether revenue had been recognised in the appropriate period; and we made enquiries about the incidence of barter transactions to ensure they were appropriately recognised.
– In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

– reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
– performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
– enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
– reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

– the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
– the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

– adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
– the parent company financial statements are not in agreement with the accounting records and returns; or
– certain disclosures of directors' remuneration specified by law are not made; or
– we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

William Touche (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London UK

June 15th 2022

Consolidated income statement

Year ended March 31st 2022

	Note	**2022 £000**	2021 £000
Revenue	2, 3	**346,343**	310,301
Operating expenses	4	(299,954)	(268,526)
Operating profit		**46,389**	41,775
Finance income	6	7	6,271
Loss on derecognition of FiscalNote loan notes	18	–	(23,611)
Finance costs	7	(2,782)	(4,672)
Profit before tax	2	**43,614**	19,763
Tax	8	(7,744)	(2,338)
Profit for the year from continuing operations		**35,870**	17,425
Loss for the year from discontinued operations	9	**–**	(812)
Profit for the year		**35,870**	16,613
Attributable to:			
Equity holders of the company		35,870	16,613
Earnings per share			
Basic (pence)	10	**180.9**	83.8
Diluted (pence)	10	179.8	83.2
Dividends per share on a cash basis (pence)	11	133.0	–
Dividends per share including proposed dividends (pence)	11	120.0	100.0

Consolidated statement of comprehensive income

Year ended March 31st 2022

	Note	2022 £000	2021 £000
Profit for the year		**35,870**	16,613
Items that may be reclassified subsequently to the income statement:			
Change in fair value of cashflow hedges	27	(2,885)	2,761
Attributable tax including effect of rate change	8	613	(525)
Change in value of interest rate hedges		589	372
Attributable tax including effect of rate change	8	(149)	(1)
Translation reserves recycled to income statement	9	–	(868)
Net exchange differences on translation of net investments in overseas subsidiary undertakings		(551)	(6,309)
Items that will not be reclassified to the income statement:			
Remeasurement of retirement benefit obligations	26	(3,852)	(108)
Attributable tax including effect of rate change	8	175	26
Current tax benefit on retirement benefit obligations	8	1,183	–
Loss on sale of FiscalNote equity	18	–	(13,540)
Attributable tax	8	–	3,468
Fair value of equity investments	16	–	1,807
Recycle of cumulative revaluations on equity investments	16	–	6,549
Attributable tax	8	–	(1,736)
Other comprehensive expense for the year		(4,877)	(8,104)
Total comprehensive income for the year		**30,993**	8,509
Attributable to:			
Equity holders of the company		30,993	8,509

FINANCIAL STATEMENTS

Consolidated balance sheet

As at March 31st

	Note	2022 £000	2021 £000
Property, plant and equipment	13	5,405	7,016
Right-of-use assets	14	22,409	22,844
Intangible assets	15	46,769	38,600
Deferred tax assets	19	10,036	5,996
Derivative financial instruments	27	622	33
Non-current assets		**85,241**	74,489
Inventories	20	448	463
Trade and other receivables	21	64,638	55,675
Current tax assets		2,886	8,181
Derivative financial instruments	27	–	1,671
Cash and cash equivalents	22	31,222	32,335
Current assets		**99,194**	98,325
Total assets		**184,435**	172,814
Trade and other liabilities	23	(11,480)	(8,522)
Borrowings	24	(19,626)	(34,401)
Lease liabilities	25	(20,353)	(21,583)
Deferred tax liabilities	19	(2,039)	(2,275)
Retirement benefit obligations	26	(14,236)	(16,613)
Other liabilities		(208)	(208)
Non-current liabilities		**(67,942)**	(83,602)
Trade and other liabilities	23	(189,911)	(170,106)
Lease liabilities	25	(7,345)	(6,171)
Derivative financial instruments	27	(1,214)	(42)
Current tax liabilities		(2,646)	(3,371)
Current liabilities		**(201,116)**	(179,690)
Total liabilities		**(269,058)**	(263,292)
Net liabilities		**(84,623)**	(90,478)
Equity			
Share capital	30	1,260	1,260
ESOP shares	31	(5,248)	(6,472)
Treasury shares	32	(188,823)	(188,823)
Translation reserve		(18,517)	(15,081)
Retained earnings		126,705	118,638
Total equity		**(84,623)**	(90,478)

The consolidated financial statements were approved by the Board of directors and authorised for issue on June 14th 2022.

They were signed on its behalf by:

Paul Deighton **Lara Boro**
Directors

The Economist Newspaper Limited registered number 00236383

Consolidated statement of changes in equity

Year ended March 31st 2022

		Equity attributable to equity holders of the company					
Year ended March 31st 2022	**Note**	**Share capital £000**	**ESOP shares £000**	**Treasury shares £000**	**Translation reserve £000**	**Retained earnings £000**	**Total equity £000**
At April 1st 2021		**1,260**	**(6,472)**	**(188,823)**	**(15,081)**	**118,638**	**(90,478)**
Profit for the year		–	–	–	–	35,870	35,870
Other comprehensive expense		–	–	–	(3,436)	(1,441)	(4,877)
Total comprehensive income		–	–	–	(3,436)	34,429	30,993
Net sale of own shares	31	–	1,224	–	–	–	1,224
Dividends	11	–	–	–	–	(26,362)	(26,362)
At March 31st 2022		**1,260**	**(5,248)**	**(188,823)**	**(18,517)**	**126,705**	**(84,623)**

		Equity attributable to equity holders of the company					
Year ended March 31st 2021	Note	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2020		1,260	(5,072)	(188,823)	(10,665)	105,713	(97,587)
Profit for the year		–	–	–	–	16,613	16,613
Other comprehensive expense		–	–	–	(4,416)	(3,688)	(8,104)
Total comprehensive income		–	–	–	(4,416)	12,925	8,509
Net purchase of own shares	31	–	(1,400)	–	–	–	(1,400)
At March 31st 2021		1,260	(6,472)	(188,823)	(15,081)	118,638	(90,478)

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

Consolidated cashflow statement

Year ended March 31st

	2022 £000	2021 £000
Cashflows from operating activities		
Operating profit—continuing businesses	46,389	41,775
Operating loss—discontinued businesses	–	(2,042)
Depreciation, amortisation and impairment charges	15,539	15,045
Loss on disposal of fixed assets	–	221
Decrease in inventories	16	136
(Increase)/decrease in trade and other receivables	(7,516)	178
Increase in trade and other liabilities	20,310	18,016
(Decrease) in retirement benefit obligations	(6,475)	(4,736)
(Decrease) in provisions	–	(80)
Cash generated from operations	**68,263**	68,513
Taxes paid	(5,141)	(7,920)
Net cash generated from operating activities	**63,122**	60,593
Investing activities		
Interest received	7	19
Purchase of intangible assets	(14,115)	(10,834)
Purchase of property, plant and equipment	(1,197)	(1,034)
Proceeds from sale of investments	–	50,751
Payment of acquisition deferred consideration	–	(143)
Net cash (used in)/generated from investing activities	**(15,305)**	38,759
Financing activities		
Dividends paid	(26,362)	–
Interest paid	(2,095)	(3,952)
Payment of lease liabilities	(6,976)	(7,575)
Sale/(purchase) of own shares	524	(1,615)
Proceeds from borrowings	25,000	20,000
Repayment of borrowings	(40,000)	(96,000)
Net cash used in financing activities	**(49,909)**	(89,142)
Effects of exchange rate changes on cash and cash equivalents	979	(1,895)
Net (decrease)/increase in cash and cash equivalents	(1,113)	8,315
Cash and cash equivalents at the beginning of the year	32,335	24,020
Cash and cash equivalents at the end of the year	**31,222**	32,335

	2022 £000	2021 £000
Net debt		
Net debt at beginning of the year	(29,820)	(118,888)
Net (decrease)/increase in cash and cash equivalents	(1,113)	8,315
Proceeds from borrowings	(25,000)	(20,000)
Payment of lease liabilities	6,976	7,575
Additions and disposals of lease liabilities	(6,828)	(2,747)
Repayment of borrowings	40,000	96,000
Other non-cash changes	(225)	(225)
Effects of exchange rate changes on lease liabilities	(92)	150
Net debt at the end of the year	**(16,102)**	(29,820)
Net debt comprises:		
Cash at bank and in hand	31,222	32,335
Total cash and cash equivalents	31,222	32,335
Lease liabilities	(27,698)	(27,754)
Borrowings	(19,626)	(34,401)
Total net debt	**(16,102)**	(29,820)

Notes to the consolidated financial statements

The Economist Newspaper Limited (the company) and its subsidiaries (together the Group) are international businesses covering publishing, the supply of business information and consulting services, conferences, marketing services and data design.

The company is limited by shares and is a private company limited by shares, incorporated in the United Kingdom and domiciled in England & Wales. The address of its registered office is The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

These consolidated financial statements were approved for issue by the Board of directors on June 14th 2022.

NOTE 1 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

a. Basis of preparation

These consolidated financial statements have been prepared on the going-concern basis and in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) interpretations as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. In respect of the accounting standards applicable to the Group, there is no difference between EU-adopted and IASB-adopted IFRS.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) to fair value through profit or loss.

Notwithstanding the fact that the Group has net liabilities, the directors believe it is appropriate to prepare the financial statements on a going-concern basis based on: the strength of future anticipated trading; the nature and timing of settlement of the Group's liabilities; and the availability of committed financing to meet future cashflow needs of the Group.

1. New standards, interpretations and amendments adopted in the year

The following standards, interpretations and amendments were adopted in the year:

- Amendment to IFRS 16 Leases
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures

The adoption of these standards has not had a material impact on the financial statements of the Group.

2. Standards, interpretations and amendments to published standards that are not yet effective.

The following published standards and amendments to existing standards, which have not yet all been endorsed by the EU, are expected to be effective as follows:

From the year beginning April 1st 2022:

- Amendment to IFRS 16 Leases
- Amendments to IAS 16 Property, Plant and Equipment
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets

From the year beginning April 1st 2023:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IFRS 12 Income Taxes
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, although the full assessment is not complete.

3. Critical accounting assumptions and judgments.

The preparation of financial statements in conformity with IFRS requires the Group to make judgments, estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. No judgments made in the process of applying the Group's accounting policies, other than those involving estimates, have had a significant effect on the amounts recognised within the financial statements. The areas requiring a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed in the relevant accounting policies under the following headings and in the notes to the accounts where appropriate:

- Intangible assets: Goodwill (notes 1e and 15)
- Intangible assets: Internally developed software (notes 1e and 15)
- Taxation (note 1l, 8 and 19)
- Employee benefits: Pensions (notes 1m and 26)
- Other financial assets: Investments and loans (notes 1f, 16 and 17)

b. Consolidation

1. Business combinations

The acquisition method of accounting is used to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred in the administrative expenses line of the income statement.

Identifiable assets and identifiable liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The determination of fair values often requires significant judgments and the use of estimates and, for material acquisitions, the fair value of the acquired intangible assets is determined by an independent valuer. The excess of the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

See note 1e for the accounting policy on goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Management exercises judgment in determining the classification of its investments in its businesses.

2. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

c. Foreign currency translation

1. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in sterling, which is the company's functional and presentation currency.

2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign-exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying net investment hedges.

3. Group companies

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities are translated at the closing rate at the date of the balance sheet.

ii) Income and expenses are translated at average exchange rates.

iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. The Group treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

The principal overseas currency for the Group is the US dollar. The average rate for the year against sterling was $1.37 (2021: $1.31) and the year-end rate was $1.31 (2021: $1.38).

d. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Finance costs which are directly attributable to the cost of construction of property, plant and equipment are capitalised as part of the costs of that tangible fixed asset. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

i) Leasehold buildings: over the period of the lease.

ii) Plant and machinery, and equipment: 3-10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance-sheet date. The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

Notes to the consolidated financial statements

NOTE 1 Accounting policies continued

e. Intangible assets

1. Goodwill

For the acquisition of subsidiaries made on or after April 1st 2014, goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. For the acquisition of subsidiaries made prior to April 1st 1998, purchased goodwill arising on consolidation was written off to reserves in the year in which it arose. For the acquisition of subsidiaries made on or after April 1st 1998 and prior to the date of transition to IFRS on March 31st 2014, goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss is recognised to the extent that the carrying value of goodwill exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and significant management judgment.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cashflows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance-sheet date was £19,968,000 (2021: £19,703,000). There have been no impairments to the value of goodwill. See note 15 for details of key assumptions, the tests for impairment and the sensitivity of the estimates used by the Group.

Goodwill is allocated to aggregated CGUs for the purpose of impairment testing. The allocation is made to those aggregated CGUs that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold except for disposals of entities acquired before April 1st 2008, where goodwill was originally charged to reserves and is not recycled on disposal.

IFRS 3 Business Combinations has not been applied retrospectively to business combinations before the date of transition to IFRS.

2. Acquired software

Software separately acquired for internal use is capitalised at cost. Software acquired in material business combinations is capitalised at its fair value as determined by an independent valuer. Acquired software is amortised on a straight-line basis over its estimated useful life of between three and ten years. The amortisation period, method and residual value are reviewed annually.

3. Internally developed software

Internal and external costs incurred during the preliminary stage of developing computer software for internal use are expensed as incurred. Internal and external costs incurred to develop computer software for internal use during the application development stage are capitalised if the Group expects economic benefits from the development. Capitalisation in the application development stage begins once the Group can reliably measure the expenditure attributable to the software development and has demonstrated its intention to complete and use the software. Internally developed software is amortised on a straight-line basis over its estimated useful life of between three and ten years. Internally developed software is reviewed annually for impairment where it has an indefinite life or where it is not currently available for use.

4. Acquired intangible assets

Acquired intangible assets include customer lists, contracts and relationships, trademarks and brands, publishing rights, content, technology and software rights. These assets are capitalised on acquisition at cost and included in intangible assets. Intangible assets acquired in material business combinations are capitalised at their fair value as determined by an independent valuer. Intangible assets are amortised over their estimated useful lives of between 2 and 20 years, using an amortisation method that reflects the pattern of their consumption.

f. Other financial assets

Other financial assets, designated as available for sale investments, are non-derivative financial assets measured at estimated fair value. Changes in the fair value are recorded in equity in the fair value reserve. On the subsequent disposal of the asset, the net fair value gains or losses are transferred directly from the fair value reserve to retained earnings.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans receivable are carried at amortised cost using the effective interest method.

g. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Provisions are made for slow-moving and obsolete stock.

h. Cash and cash equivalents

Cash and cash equivalents in the cashflow statement include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities in the balance sheet.

Short-term deposits and marketable securities with maturities of greater than three months do not qualify as cash and cash equivalents. Movements on these financial instruments are classified as cashflows from financing activities in the cashflow statement where these amounts are used to offset the borrowings of the Group, or as cashflows from investing activities where these amounts are held to generate an investment return.

i. Share capital

Ordinary, "A" and "B" special shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital, either under the employee share ownership plan or as treasury shares, the consideration paid, including any directly attributable incremental costs, net of taxes, is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

j. Borrowings

Borrowings are recognised initially at fair value, which is proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective-interest method. Where a debt instrument is in a fair value hedging relationship, an adjustment is made to its carrying value in the income statement to reflect the hedged risk. Interest on borrowings is expensed in the income statement as incurred.

k. Derivative financial instruments

Derivatives are recognised at fair value and are remeasured at each balance-sheet date. The fair value of derivatives is determined by using market data and the use of established estimation techniques such as discounted cashflow and option valuation models. The Group designates certain of the derivative instruments within its portfolio to be hedges of the fair value of its cashflows (cashflow hedges) or hedges of net investments in foreign operations (net investment hedges).

Changes in the fair value of derivatives that are designated and qualify as cashflow hedges are recorded in other comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in other comprehensive income. Gains and losses accumulated in equity are included in the income statement when the corresponding foreign operation is disposed of. Gains or losses relating to the ineffective portion are recognised immediately in finance income or finance costs in the income statement.

Certain derivatives do not qualify or are not designated as hedging instruments. Such derivatives are classified at fair value and any movement in the fair value is recognised immediately in administrative costs in the income statement.

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge-accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate debt, linked to GBP LIBOR, which it fair value hedges using an interest rate cap. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cashflows due to the interest rate benchmark reforms.
- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125% range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the Group continues to cease hedge accounting if retrospective effectiveness is outside the 80-125% range.
- The Group will retain the cumulative gain or loss in the cashflow hedge reserve for designated cashflow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cashflows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur for reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to the income statement.

In the current year, the Group adopted the Phase 2 amendments *Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as "risk free rates" or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at April 1st 2021.

Notes to the consolidated financial statements

NOTE 1 Accounting policies continued

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, appear in note 27.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Cashflow hedges where IBOR-linked derivatives are designated as a cashflow hedge of IBOR-linked bank borrowings.

The application of the amendments impacts the Group's accounting in the following ways:

Hedge accounting relationships will continue despite the following:

- For cashflow hedges of IBOR cashflows, there is uncertainty about the timing and amount of the hedged cashflows due to the interest rate benchmark reform.
- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125% range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the entity continues to cease hedge accounting if retrospective effectiveness is outside the 80-125% range.

The Group will continue to apply the Phase 1 amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cashflows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cashflows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments:

- When the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cashflows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cashflows prospectively by revising the effective interest rate. If additional changes are made which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes. See note 29 for further details regarding changes made to the LIBOR-linked bank borrowings.
- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted, using a revised discount rate that reflects the change in the basis for determining the contractual cashflows.
- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cashflow hedge, the amount accumulated in the cashflow hedge reserve is deemed to be based on SONIA (or the alternative benchmark used).
- For the Group's fair value hedges of a non-contractually specified benchmark component of interest rate risk, on transition to the alternative benchmark rate, if that risk rate is not separately identifiable at the date of designation, it will be deemed to have met the separately identifiable requirement at that date, if the Group reasonably expects the term-specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis.

l. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance-sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be used.

Deferred tax is recognised on the unremitted earnings of subsidiaries except where the parent is able to control the timing of the remittance of the earnings and it is probable that remittance will not take place in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

m. Employee benefits

1. Pensions

The retirement benefit asset and obligation recognised in the balance sheet represents the net of the present value of the defined-benefit obligation and the fair value of scheme assets at the balance-sheet date. The defined-benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting estimated future cashflows using yields on high-quality corporate bonds which have terms to maturity approximating the terms of the related liability.

When the calculation results in a potential asset, the recognition of that asset is limited to the asset ceiling, that is the present value of any economic benefits available in the form of refunds from the plan or a reduction in future contributions. Management uses judgement to determine the level of refunds available from the plan in recognising an asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The service cost, representing benefits accrued over the year, is included in the income statement as an operating cost. Past-service costs are recognised in full in the income statement in the period in which they occur. Net interest is calculated by applying the discount rate to the net defined-benefit obligation and is presented as finance costs or finance income. Obligations for contributions to defined-contribution pension plans are recognised as an operating expense in the income statement as incurred.

Determining the value of pension liabilities at the balance-sheet date requires a number of key variables—including inflation, longevity, salary growth and the discount rate—to be estimated by the Group. These estimates have a material impact on the valuation of the pension liability. See note 26 for details of the pension liability valuation and the sensitivity of the assumptions used by the Group.

2. Other post-retirement obligations

The liabilities and costs relating to other post-retirement obligations are assessed annually by independent qualified actuaries.

3. Share-based payments

The Group awards certain employees entitlements to share-based payments in accordance with its restricted share plan. The fair value of the awards granted is recognised as an employee expense after taking into account the Group's best estimate of the number of awards expected to vest. Fair value is measured at the date of grant and at each period end and is spread over the vesting period of the award.

Management regularly performs a true-up of the estimate of the number of awards that are expected to vest. This is dependent on the anticipated number of leavers.

A liability equal to the portion of the services received is recognised at the current fair value determined at each balance-sheet date.

Notes to the consolidated financial statements

NOTE 1 Accounting policies continued

n. Provisions

Provisions are recognised if the Group has a present legal or constructive obligation as a result of past events, if it is more likely than not that an outflow of resources will be required to settle the obligation, and if the amount can be reliably estimated. Provisions are discounted to present value where the effect is material.

o. Revenue recognition

The Group's significant revenue streams include circulation and subscriptions, advertising and marketing services which includes sponsorship, as well as other revenues.

Circulation and subscriptions include sales by *The Economist* and The Economist Intelligence for access to content either through a periodic subscription or as a single-edition purchase on the newsstand or through a digital download. Advertising includes print, online and digital advertising in one of the Group's print titles, websites, apps or digital partnerships. Marketing Services includes revenue derived from thought leadership and content solutions sales, and design consultancy. The Group's sponsorship revenues are in relation to events, meetings and films. Other revenues include sales of economic, industry and management consultancy services, event delegate fees, membership fees, licensing and sales of publishing rights to clients.

Revenue is recognised in order to depict the transfer of control of promised goods and services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods and services. This process begins with the identification of our contract with a customer, which is generally through a master services agreement, acceptance of terms and conditions, customer purchase order, or a combination thereof. Within each contract, judgment is applied to determine the extent to which activities within the contract represent distinct performance obligations to be delivered and the total amount of transaction price to which we expect to be entitled.

The transaction price determined is net of sales taxes, rebates and discounts, and after eliminating sales within the Group. Where a contract contains multiple performance obligations such as the provision of more than one product or service, revenue is allocated on the basis of relative standalone selling prices.

Revenue is recognised on contracts with customers when or as performance obligations are satisfied, which is the period or the point in time where control of goods or services transfer to the customer. Judgement is applied to determine first whether control passes over time, and if not, then the point in time at which control passes. Where revenue is recognised over time, judgement is used to determine the method which best depicts the transfer of control. Where an input method is used, significant estimation is required to determine the progress towards delivering the performance obligation.

Revenue from the sale of publications on the newsstand is recognised net of a provision for anticipated returns. This provision is based primarily on historical return rates. If these estimates do not reflect actual returns in future periods, then revenues could be understated or overstated for a particular period.

The Group may enter into contracts with another party in addition to our customers. In making the determination as to whether revenue should be recognised on a gross or net basis, the contract with the customer is analysed to understand which party controls the relevant good or service prior to transferring to the customer. This judgement is informed by facts and circumstances of the contract in determining whether the Group has promised to provide the specified good or service or whether the Group is arranging for the transfer of the specified good or service, including which party is responsible for fulfilment, has discretion to set the price to the customer and is responsible for inventory risk. On certain contracts, where the Group acts as an agent, only commissions and fees receivable for services rendered are recognised as revenue. Any third-party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are not included in revenue.

Income from recharges of freight and other activities which are incidental to the normal revenue-generating activities are included in other income.

Revenue relating to barter transactions is recorded at fair value and recognised in accordance with the Group's revenue recognition policies. Expenses from barter transactions are recorded at fair value and recognised as incurred. Barter transactions typically involve the trading of advertisements in exchange for services and/or event space.

p. Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the company's shareholders.

q. Trade receivables

Trade receivables are stated at fair value after provision for bad and doubtful debts. The provision for bad and doubtful debts is based on expected credit losses.

r. Assets held for sale and discontinued operations

Non-current assets and businesses which are to be sold ("disposal groups") classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets (and disposal groups) are classified as held for sale if their carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when such a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for sale from the date these conditions are met, and such assets are no longer depreciated.

NOTE 1 Accounting policies continued

Discontinued operations are classified as held for sale and are either a separate business segment or a geographical area of operations that is part of a single coordinated plan to sell. Once an operation has been identified as discontinued, or is reclassified as discontinued, the comparative information in the income statement is restated.

s. Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the Group's incremental borrowing rate specific to the term, country, currency and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; penalties for early termination if the lease term reflects the Group exercising a break option; and payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise an extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low-value assets and short-term leases of 12 months or less are expensed to the Group income statement, as are variable payments dependent on performance or usage, "out of contract" payments and non-lease service components.

t. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the income statement in the period in which they become receivable.

u. Alternative performance measures

This Annual Report contains both statutory measures and alternative performance measures which, in management's view, reflect the underlying performance of the business and provide a more meaningful comparison of how the Group's business is managed and measured on a day-to-day basis.

The Group's alternative performance measures and key performance indicators are aligned to the Group's strategy and together are used to measure the performance of the business.

Alternative performance measures are non-GAAP (Generally Accepted Accounting Practice) measures and provide supplementary information to assist with the understanding of the Group's financial results and with the evaluation of operating performance for all the periods presented. Alternative performance measures, however, are not a measure of financial performance under International Financial Reporting Standards (IFRS) as adopted by the European Union and should not be considered as a substitute for measures determined in accordance with IFRS. As the Group's alternative performance measures are not defined terms under IFRS, they may therefore not be comparable with similarly titled measures reported by other companies.

The only alternative performance measure used by the Group is adjusted earnings per share. This measure is reconciled to the most directly comparable statutory measure on the face of the income statement and in note 10 respectively.

Adjusted earnings and adjusted earnings per share are stated before exceptional items and profit/loss on disposal of businesses together with the related interest and tax effects.

Notes to the consolidated financial statements

NOTE 2 Segment information

Segment information is presented in respect of the Group's business divisions and reflects the Group's management and internal reporting structure. A breakdown of the Group's revenue and operating profit by business division is set out below, together with an analysis of the trading performance of the Group by geographical area.

Analysis by business	Revenue 2022 £000	Revenue 2021 £000	Operating profit 2022 £000	Operating profit 2021 £000
The Economist	**194,303**	189,872	**72,853**	63,822
Economist Intelligence	**45,529**	43,948	**10,383**	11,355
Economist Impact	**106,511**	76,481	**30,604**	12,399
Technology and central costs	**–**	–	**(67,451)**	(45,801)
Revenue/Operating profit	**346,343**	310,301	**46,389**	41,775

Revenue reported above is generated from external customers, and inter-segment revenue has been eliminated.

Analysis by origin of legal entity	Revenue 2022 £000	Revenue 2021 £000	Profit before tax 2022 £000	Profit before tax 2021 £000	Net (liabilities)/assets 2022 £000	Net (liabilities)/assets 2021 £000
United Kingdom	**242,822**	205,996	**30,652**	27,141	**(24,620)**	(45,481)
Europe	**395**	519	**433**	66	**2,103**	2,175
North America	**90,781**	93,482	**6,807**	(10,354)	**(86,533)**	(67,281)
Asia	**12,334**	10,291	**6,094**	3,120	**25,775**	20,796
Other	**11**	13	**(372)**	(210)	**(1,348)**	(687)
	346,343	310,301	**43,614**	19,763	**(84,623)**	(90,478)

Revenue by customer location	2022 £000	2021 £000
United Kingdom	**73,834**	59,468
Europe	**70,003**	58,184
North America	**132,037**	121,629
Asia	**56,688**	50,674
Other	**13,781**	20,346
	346,343	310,301

NOTE 3 Revenue from contracts with customers

The following is a description of the nature of the Group's performance obligations within contracts with customers, broken down by revenue stream, along with significant judgments and estimates made within each of those revenue streams.

The Economist

Circulation and subscriptions

Circulation revenue relating to a newspaper or other print publications is recognised at a point in time on the date of publication. The Group acts as agent in the sale of publications and recognises revenues net of commissions paid to distributors. Goods are sold separately. In determining the transaction price, variable consideration exists in the form of anticipated returns. A provision for anticipated returns is made based primarily on historical return rates. If these estimates do not reflect actual returns in future periods, then revenues could be understated or overstated for a particular period. Circulation revenue relating to the download of digital products hosted by a third party is recognised when control transfers as the customer is granted access to the digital product. Payment for these goods generally occurs shortly after the point of sale.

Subscription revenue is derived from the sale of print and digital editions of publications, and revenue is recognised in the income statement on a straight-line basis over the subscription period. The subscription period is based on the number of weeks purchased. Print and digital subscriptions may be sold separately or purchased together in bundled packages. Subscriptions included in bundled arrangements are considered distinct performance obligations. The performance obligation which is based on the number of weeks is the same for both a print and digital subscription. Payment for subscriptions generally occurs at the start of the subscription period.

Revenues generated from licensing the Group's content and sale of second-rights contracts are generally recognised over time, as contracts permit customers to access content throughout the contract period.

Economist Impact

Marketing and consulting services

Consulting revenues are derived from the sale of non-client-branded research and analysis services to clients aiming to understand issues affecting public policy, their business, products or industry. Consulting revenues are recognised over the period of the contract, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Consulting services sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing, with invoicing scheduled around the timing of delivery of milestones.

Marketing services includes revenue derived from client-branded thought leadership, design consultancy and films. Revenue is recognised for marketing services over the period the services are provided, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Marketing services sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Advertising

Advertising revenue is generated from customers through the sale of printed pages and digital display adverts in the Group's publications. Advertising is also generated from the sale of online advertising campaigns on the Group's websites or on third-party networks and platforms. Advertising sold into a specific edition is recognised at a point in time when the performance obligation is fulfilled, which is the date of publication. Advertising sold as part of a prolonged campaign is recognised over time, reflecting the pattern in which the performance obligation is fulfilled. Advertising may be sold separately or purchased together in bundled packages. Advertising sold as part of a bundled arrangement along with the Group's other product offerings is considered to be a distinct performance obligation. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Events

Revenues relate to event sponsorship and delegate attendance fees. Sponsorships revenue is recognised at a point in time when the event has taken place. Sponsorship sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing and are often invoiced in advance of delivery. Revenues generated from delegates relate to fees charged for attendance at the Group's events and are recognised at a point in time when the event has taken place. Customer payments are generally received prior to the event taking place.

Notes to the consolidated financial statements

NOTE 3 Revenue from contracts with customers continued

Economist Intelligence

Research

Revenue is derived from the sale of subscriptions by the EIU, which provides economic, political and business analysis and forecasts for over 200 countries. Revenue is recognised in the income statement on a straight-line basis over the subscription period. The subscription period is generally 12 months, though there are some instances of multi-year deals. In determining the transaction price, variable consideration exists in the form of discounts. Discounts reduce the transaction price on a given transaction. Subscriptions may be sold separately or purchased together in bundled packages. Subscriptions included in bundled arrangements are considered distinct performance obligations. Customer payments are generally defined in the contract as occurring shortly after invoicing, though credit terms may vary between markets.

Sponsorship revenues relate to the sponsorship of the Corporate Network and Executive Briefings and are recognised at a point in time when a meeting has taken place. Customer payments are generally defined in the contract as occurring shortly after invoicing. Revenues generated from memberships relate to fees charged to members of the Corporate Network, and membership fees are recognised over time in accordance with the membership period set out in the contract. Revenue generated from the sale of second rights to content is generally recognised over time, as contracts permit customers to access content throughout the contract period.

Consulting

Consulting revenues relate to the sale of specialised market intelligence and business consulting services and provision of industry and country data insight in healthcare markets. Revenue is recognised for consulting services over the period of the contract, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Consulting services sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing, with invoicing scheduled around the timing of delivery of milestones.

Contract balances

Transactions within circulation and subscription revenue streams generally entail customer billings at or near the contract's inception, and accordingly deferred income balances are primarily related to subscription performance obligations to be delivered over time.

Transactions within marketing services and consulting services revenue streams generally entail contractually agreed billing schedules, sometimes based on progress towards milestones. As the performance obligations within these arrangements are delivered at a point in time, the extent of accrued income or deferred income will depend upon the difference between revenue recognised and billings to date. Refer to note 21 for opening and closing balances of accrued income. Refer to note 23 for opening and closing balances of deferred income.

NOTE 4 Operating expenses

By function	Note	2022 £000	2021 £000
Promotional costs		**35,249**	37,506
Employee benefit costs	5	**131,141**	113,931
Employee-related expense		**5,650**	4,121
Contract labour		**26,610**	20,740
Distribution and fulfilment		**37,126**	37,838
Other product costs		**18,901**	14,739
Depreciation of property, plant and equipment	13	**2,723**	2,121
Depreciation of right-of-use assets	14	**7,530**	6,848
Amortisation of acquired intangible assets	15	**359**	334
Amortisation of software and other intangibles	15	**4,927**	5,582
Property and facilities		**13,081**	9,221
Technology and communications		**4,295**	3,431
Professional and outsourced services		**12,231**	8,504
Other general and administrative costs		**947**	3,024
Operating lease charges		**289**	22
Foreign exchange (gains)/losses		**(1,830)**	111
Loss allowance on trade receivables and other losses		**725**	453
Total costs		**299,954**	268,526

During the year the Group obtained the following services from the Group's auditor	2022 £000	2021 £000
The audit of parent company and consolidated financial statements	**363**	278
The audit of the company's subsidiaries	**208**	321
Total audit fees	**571**	599
Other assurance services	**11**	11
Tax compliance services	**23**	15
Tax advisory services	**284**	345
Other services	**112**	82
Total non-audit services	**430**	453
Total Group auditor's remuneration	**1,001**	1,052

Notes to the consolidated financial statements

NOTE 5 Employee information

The year-end and monthly average number of employees, including executive directors, was as follows:

Analysis by business	2022 Monthly average	2022 Year-end	2021 Monthly average	2021 Year-end
The Economist	**380**	**406**	328	338
Economist Intelligence	**323**	**381**	337	347
Economist Impact	**379**	**419**	340	350
Technology and central	**360**	**372**	320	344
	1,442	**1,578**	1,325	1,379

The details of directors' emoluments are shown on table 2, page 89, within the directors' report on remuneration.

Employee benefit costs including directors' emoluments	2022 £000	2021 £000
Wages and salaries	**109,917**	96,729
Social security costs	**11,223**	9,611
Share-based payment costs	**2,378**	1,157
Retirement benefits—defined-benefit plans	**350**	350
Retirement benefits—defined-contribution plans	**7,273**	6,084
	131,141	113,931

Wages and salaries include £683,000 (2021: £2,445,000) of restructuring-related costs.

In the current financial year, no government grants were received as part of various government initiatives to provide financial support for employee costs as a result of the global covid-19 pandemic (2021: £876,000). The 2021 grants were received in Hong Kong (£412,000), Singapore (£355,000) and the United Kingdom (£109,000). There are no future related costs in respect of these grants, which were received solely as compensation for costs incurred in the year. In 2022, on a decision made by the Board, the £109,000 received under the coronavirus job retention scheme in the UK was repaid.

NOTE 6 Finance income

	2022 £000	2021 £000
Interest receivable on bank deposits	**7**	19
Interest receivable on 12.6% promissory notes	**–**	6,252
Finance income	**7**	6,271

Finance income in the prior year included compounded interest accrued on the 12.6% paid-in-kind ("PIK") promissory notes receivable from FiscalNote, Inc. The PIK notes were received as part consideration for the sale of CQ-Roll Call, Inc. to FiscalNote, Inc. on August 20th 2018 and were repayable by February 2024. They were sold on 29th December 2020. Refer to note 18 for further details.

NOTE 7 Finance costs

	2022 £000	2021 £000
Interest payable on bank loans and overdrafts	**1,007**	2,521
Amortisation of debt issue costs	**225**	225
Interest on lease liabilities	**739**	832
Net finance costs in respect of retirement benefits	**287**	438
Other finance charges	**524**	656
Finance costs	**2,782**	4,672

NOTE 8 Tax

Current tax expense	2022 £000	2021 £000
UK corporation tax expense	**5,461**	2,226
Foreign tax expense	**5,558**	4,267
Adjustment in respect of prior years	**288**	160
	11,307	6,653
Deferred tax expense		
Current year	**(2,735)**	(4,333)
Effect of change in tax rates	**(197)**	–
Adjustments in respect of prior years	**(631)**	18
	(3,563)	(4,315)
Total tax expense in income statement	**7,744**	2,338
Effective tax rate	**18%**	12%

Notes to the consolidated financial statements

NOTE 8 Tax continued

The UK main corporation tax rate for the year is 19% (2021: 19%). The tax on the Group's profit before tax differs from the theoretical amount that would arise using the UK tax rate for the reasons set out in the following reconciliation:

	2022 £000	2021 £000
Profit before tax	**43,614**	19,763
Tax calculated at UK tax rate of 19% (2021: 19%)	**8,287**	3,755
Factors affecting the tax charge:		
Disallowed expenditure	**381**	265
Non-taxable foreign exchange loss	**(160)**	(350)
Different tax rates of subsidiaries operating in overseas jurisdictions	**638**	(659)
US state taxes	**(110)**	(133)
Impairment of goodwill and fixed asset investments	**–**	19
Gain on sale of business	**–**	739
Adjustment to tax basis of FiscalNote PIK interest	**–**	(273)
Movement on uncertain tax provisions	**(707)**	(1,203)
Other	**(45)**	–
Adjustments in respect of prior years	**(343)**	178
Effect of change in tax rates on deferred tax	**(197)**	–
Total tax expense for the year	**7,744**	2,338
UK	**4,253**	4,143
Overseas	**3,491**	(1,805)
Total tax expense	**7,744**	2,338

In 2022 no tax (2021: £362,000 credit) was excluded from profit after tax relating to discontinued operations.

In addition to the amount charged to the income statement, the following amounts relating to tax have been directly recognised in other comprehensive income:

	2022 £000	2021 £000
Current tax	**1,183**	3,306
Deferred tax (note 19)	**639**	(2,074)
	1,822	1,232

NOTE 9 Discontinued operations

Discontinued operations relate to EIU Canback and The Television Consultancy (TVC), which were both closed in 2021. An analysis of the results of discontinued operations is as follows:

	2022 £000	2021 £000
Revenue	**–**	1,320
Operating loss before exceptional items	**–**	(2,042)
Operating loss	**–**	(2,042)
Recycle of cumulative translation reserves	**–**	868
Loss before tax	**–**	(1,174)
Tax	**–**	362
Loss for the year from discontinued operations	**–**	(812)

NOTE 10 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 year, 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.

	2022 £000	2021 £000
Profit for the year	**35,870**	16,613
Adjustment for non-recurring items:		
– Loss for the year from discontinued operations	**–**	1,174
– Attributable taxation	**–**	(362)
– Loss on sale of FiscalNote, Inc. PIK notes	**–**	23,611
– Attributable taxation	**–**	(5,136)
– PIK note interest	**–**	(6,252)
– Attributable taxation	**–**	1,137
Adjusted earnings	**35,870**	30,785

	000s	000s
Weighted average number of shares	**19,832**	19,826
Effect of dilutive share options (restricted share scheme units)	**123**	147
Weighted average number of shares for diluted earnings	**19,955**	19,973

Earnings per share	**2022 Pence**	2021 Pence
Basic	**180.9**	83.8
Diluted	**179.8**	83.2
Adjusted earnings per share		
Basic	**180.9**	155.3
Diluted	**179.8**	154.1

Notes to the consolidated financial statements

NOTE 11 Dividends

Cash dividends paid	2022 £000	2021 £000
Final dividend paid 100.0p per share (2021: none)	**19,807**	–
Interim paid 33.0p per share (2021: none)	**6,543**	–
	26,350	–

All shareholders other than holders of trust and treasury shares (see notes 30 and 32) receive the above dividend per share. Dividends amounting to £460,000 (2021: £nil) in respect of the company's shares held by the ESOP (note 31) have been deducted in arriving at the aggregate of dividends paid.

Dividends proposed in respect of the year	2022 £000	2021 £000
Interim dividend paid of 33.0p per share (2021: none)	**6,543**	–
Final dividend proposed of 87.0p per share (2021: 100.0p per share)	**17,274**	19,807
	23,817	19,807

The directors are proposing a final dividend in respect of the financial year ended March 31st 2022 of 87.0p. Dividends amounting to £366,000 in respect of the company's shares held by the ESOP have been deducted in arriving at the total dividend proposed of £23,817,000. The proposed final dividend is subject to approval by shareholders and has not been recognised as a liability in these financial statements.

NOTE 12 Share-based payments

The Group's total charge recognised with respect to share-based payment transactions amounted to £1,518,000 (2021: £1,157,000). This includes £nil (2021: £nil) relating to discontinued businesses.

The total carrying value of share-based payment transactions is £2,593,000 (2021: £2,845,000), analysed as:

	2022 £000	2021 £000
Current liabilities	**1,308**	1,871
Non-current liabilities	**1,285**	974
	2,593	2,845

The Group operates a restricted share scheme (RSS). This scheme is for key employees who have been awarded a right to acquire ordinary shares at a nominal price between one and six years after the date of the award. The Group has the discretion to pay out shares or cash on exercise. The vesting of restricted shares is dependent on continuing service over a two- to four-year period. The fair value of the shares granted under the RSS is determined using the share price at the date of grant. Participants are entitled to dividends during the vesting period and therefore the share price is not discounted.

	2022		2021	
Restricted share scheme	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at April 1st	**147,062**	**26.26**	180,977	25.31
Granted during the year	**51,500**	**29.06**	40,500	25.00
Forfeited during the year	**(18,000)**	**(29.06)**	(18,005)	(26.77)
Exercised during the year	**(57,562)**	**(27.87)**	(56,410)	(26.57)
Outstanding at March 31st	**123,000**	**29.63**	147,062	26.26
Exercisable at March 31st	**37,750**	**30.50**	45,400	27.99

The weighted average remaining contractual life for outstanding options at March 31st 2022 was 15 months (2021: 13 months).

NOTE 13 Property, plant and equipment

Cost	Short-leasehold buildings £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2020	10,835	929	30,216	41,980
Additions	4	–	1,110	1,114
Disposals	(25)	(929)	(161)	(1,115)
Exchange differences	(261)	–	(663)	(924)
At March 31st 2021	10,553	–	30,502	41,055
Additions	134	–	989	1,123
Disposals	(1,405)	–	(12)	(1,417)
Exchange differences	100	–	246	346
At March 31st 2022	**9,382**	**–**	**31,725**	**41,107**

Accumulated depreciation	Short-leasehold buildings £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2020	5,185	929	27,703	33,817
Charge for the year	806	–	1,336	2,142
Disposals	–	(929)	(131)	(1,060)
Exchange differences	(231)	–	(629)	(860)
At March 31st 2021	5,760	–	28,279	34,039
Charge for the year	1,131	–	1,102	2,233
Disposals	(898)	–	(12)	(910)
Exchange differences	100	–	240	340
At March 31st 2022	**6,093**	**–**	**29,609**	**35,702**

Carrying amounts				
At April 1st 2020	5,650	–	2,513	8,163
At March 31st 2021	4,793	–	2,223	7,016
At March 31st 2022	**3,289**	**–**	**2,116**	**5,405**

In 2022 there was no discontinued-business depreciation charge (2021: £21,000).

Notes to the consolidated financial statements

NOTE 14 Right-of-use assets

Cost	Leasehold buildings £000
At April 1st 2020	35,496
Additions	3,928
Disposals	(4,057)
Exchange differences	(1,090)
At March 31st 2021	34,277
Additions	7,027
Disposals	(4,832)
Exchange differences	424
At March 31st 2022	**36,896**

Accumulated depreciation	Leasehold buildings £000
At April 1st 2020	8,861
Charge for the year	6,953
Disposals	(3,584)
Exchange differences	(797)
At March 31st 2021	11,433
Charge for the year	7,530
Disposals	(4,657)
Exchange differences	181
At March 31st 2022	**14,487**

Carrying amounts	
At April 1st 2020	26,635
At March 31st 2021	22,844
At March 31st 2022	**22,409**

In 2022 there was no discontinued-business depreciation charge (2021: £105,000).

The Group leases several buildings. The average lease term is 23 months (2021: 17 months).

The maturity analysis of lease liabilities is presented in note 25.

The Group's consolidated income statement includes the following amounts relating to leases:

Year ended 31 March	2022 £000	2021 £000
Depreciation expense on right-of-use assets	**7,530**	6,848
Interest expense on lease liabilities	**739**	832

The total cash outflow for leases in the year ended 31 March 2022 was £7,715,000 (2021: £8,407,000).

NOTE 15 Intangible assets

Cost	Goodwill £000	Acquired technology & databases £000	Acquired customer relationships £000	Trademarks, licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2020	50,284	1,474	1,840	16,537	19,998	90,133
Additions	–	–	–	3,233	8,872	12,105
Disposals	(19,060)	–	(572)	(570)	–	(20,202)
Transfers	–	–	–	22,355	(22,355)	–
Exchange differences	(1,279)	–	(68)	(107)	–	(1,454)
At March 31st 2021	29,945	1,474	1,200	41,448	6,515	80,582
Additions	–	–	–	9,810	3,367	13,177
Transfers	–	–	–	3,518	(3,518)	–
Exchange differences	295	–	–	50	–	345
At March 31st 2022	**30,240**	**1,474**	**1,200**	**54,826**	**6,364**	**94,104**

Accumulated amortisation	Goodwill £000	Acquired technology & databases £000	Acquired customer relationships £000	Trademarks, licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2020	30,483	602	1,560	12,244	12,441	57,330
Charge for the year	–	158	231	5,561	–	5,950
Disposals	(19,060)	–	(553)	(423)	–	(20,036)
Transfers	–	–	–	12,178	(12,178)	–
Exchange differences	(1,181)	–	(63)	(18)	–	(1,262)
At March 31st 2021	10,242	760	1,175	29,542	263	41,982
Charge for the year	–	334	25	4,927	–	5,286
Exchange differences	30	–	–	37	–	67
At March 31st 2022	**10,272**	**1,094**	**1,200**	**34,506**	**263**	**47,335**
Carrying amounts						
At April 1st 2020	19,801	872	280	4,293	7,557	32,803
At March 31st 2021	19,703	714	25	11,906	6,252	38,600
At March 31st 2022	**19,968**	**380**	**–**	**20,320**	**6,101**	**46,769**

The amortisation charge for discontinued businesses amounted to £nil (2021: £34,000).

The goodwill relating to TVC and EIU Canback was disposed of in 2021 after the business operations were closed. The goodwill relating to these historical acquisitions was fully impaired at the time of disposal and so had no impact on the income statement.

Intangible assets in development and licenses and software are largely internally generated assets which include integration of purchased licences and software.

Notes to the consolidated financial statements

NOTE 15 Intangible assets continued

Goodwill

The goodwill carrying value of £19,968,000 relates to acquisitions completed after January 1st 1998. Prior to January 1st 1998, all goodwill was written off to reserves on the date of acquisition. For acquisitions completed between January 1st 1998 and March 31st 2014, no value was ascribed to intangibles other than goodwill, and goodwill on each acquisition was amortised over a period of up to 20 years. On adoption of IFRS on April 1st 2014, the Group chose not to restate the goodwill balance and at that date the balance was frozen (amortisation ceased) and the useful life of goodwill became indefinite. If goodwill had been restated then a significant value would have been ascribed to other intangible assets, which would be subject to amortisation, and the carrying value of goodwill would be significantly lower. For acquisitions completed after April 1st 2014, value has been ascribed to other intangible assets which are amortised.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that acquisition. During the year, goodwill was tested for impairment in accordance with IAS 36 Impairment of Assets. The methodology applied to the value in use calculations included:

- cashflow projections based on financial plans approved by management covering a five-year period
- cashflows for the final year of the plan, increased in line with growth expectations of the applicable businesses
- pre-tax discount rates of 10.5%, 2.25 percentage points higher than the company's derived weighted average cost of capital (WACC) of 8.25%
- long-term nominal growth of between 0% and 2.5%, depending on the maturity of the business.

Following the impairment review, there are no impairment losses (2021: £nil).

Further disclosures in accordance with IAS 36 are provided where the Group holds an individual goodwill item relating to a CGU that is significant, which the Group considers to be 15% of the total net book value, in comparison with the Group's total carrying value of goodwill. The following CGUs fall within this definition of significant: EuroFinance Conferences and Healthcare.

EuroFinance Conferences has a long-term growth rate of nil, a carrying value of £7,526,000 and a recoverable amount of £25,333,000, which equates to a surplus of £17,807,000. A discount rate of 33.1% would need to be applied for the recoverable amount to fall below the carrying value. Healthcare has a long-term growth rate of 2.5%, a carrying value of £12,442,000 and a recoverable amount of £37,264,000, which equates to a surplus of £24,822,000. A discount rate of 24.7% would need to be applied for the recoverable amount to fall below the carrying value.

The cumulative goodwill written off to reserves by the Group is £17,943,000 (2021: £17,943,000).

Other intangible assets

Other intangibles include licenses, software developed internally, acquired customer relationships and acquired software and databases.

Acquired intangible assets are valued separately for each acquisition and the primary method of valuation is the discounted cashflow method, and they are amortised over their expected useful lives at the rates set out in the accounting policies in note 1 of these financial statements.

NOTE 16 Investments

	2022 £000	2021 £000
At April 1st	–	24,456
Additions	–	–
Revaluation in current year	–	1,807
Recycle of cumulative prior year revaluations	–	6,549
Currency revaluations	–	(2,320)
Disposals	–	(30,492)
At March 31st	–	–

Investments included a preference shareholding equivalent to an overall 18.2% interest in FiscalNote, Inc., acquired as part of the sale of CQ-Roll Call, Inc. on August 20th 2018. The investment was carried at fair value and the Group had elected to reflect changes in the value of the investment in other comprehensive income. The investment was sold on 29th December 2020. Refer to note 18 for further details

Investments now solely includes a 5% equity interest in Parable Ventures Limited, a startup virtual reality business. Its registered address is 64 New Cavendish Street, London, W1G 8TB, United Kingdom. The cost of investment of £100,000 has been fair valued at £nil in 2022 (2021: £nil).

NOTE 17 Loan notes

	2022 £000	2021 £000
At April 1st	–	56,688
Accrued interest	–	6,252
Currency revaluations	–	(5,636)
Disposal	–	(57,304)
At March 31st	–	–

On August 20th 2018 the Group received loan notes with a fair value of $58,557,176 as part of the consideration for the sale of CQ-Roll Call, Inc. to FiscalNote, Inc. The note was accumulating compound payment-in-kind (PIK) interest at 12.6% to February 2024, with the option of repayment prior to that date. The loan notes were carried at amortised cost plus accrued interest. They were sold on 29th December 2020. Refer to note 18 for further details.

Notes to the consolidated financial statements

NOTE 18 Disposal of investments in FiscalNote, Inc.

On 29th December 2020, the Group sold the interests it acquired in FiscalNote, Inc. as part of the 2018 sale of CQ-Roll Call, Inc. for £52,974,000 (US$72,000,000). The sale of CQ-Roll Call, Inc. in 2018 included £63,698,000 (US$80,000,000) cash proceeds, loan notes and a minority 18.2% equity interest in FiscalNote, Inc. Total cash proceeds generated from the sale of these assets amounted to £116,672,000 (US$152,000,000).

The loan notes were carried at cost plus accrued interest with the equity carried at fair value, with the Group electing to reflect subsequent changes in value in other comprehensive income.

The Group decided to sell its investments, enabling it to use the proceeds to reduce debt levels in the short term and improve liquidity in order to fund longer-term strategic priorities. Supported by an external independent valuation, the Group assessed that the fair value of the loan notes was in excess of amortised cost and so no impairment was reflected prior to disposal.

The assets held by the Group at the date of disposal were as follows:

	2021 £'000
Equity	(30,492)
Loan notes	(57,304)
Total assets disposed of	(87,796)
Satisfied by:	
Cash for equity	16,952
Cash for loan notes	36,022
Total consideration	52,974
Transaction costs	(2,329)
Loss on disposal	(37,151)
Recognised in:	
Income statement—loss on loan notes and transaction costs	(23,611)
Statement of comprehensive income—loss on equity	(13,540)
Loss on disposal	(37,151)
Attributable tax recognised in:	
Income statement—current and deferred tax credit on loss on loan notes and transaction costs	5,136
Statement of comprehensive income—deferred tax charge on release of equity revaluation	(1,736)
Statement of comprehensive income—current tax credit on loss on equity	3,306
Statement of comprehensive income—deferred tax credit on loss on equity	162
Tax credit on loss on disposal	6,868

NOTE 19 Deferred tax

	2022 £000	2021 £000
Deferred tax assets	**10,036**	5,996
Deferred tax liabilities	**(2,039)**	(2,275)
	7,997	3,721

Substantially all of the deferred tax assets are expected to be recovered after more than one year.

Deferred tax assets and liabilities may be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. At March 31st 2022, the Group had unrecognised deferred tax assets of £66,000 (2021: £66,000) in respect of trading losses.

The recognition of the deferred tax assets is supported by management's forecasts of the future profitability of the relevant businesses.

The movement on the deferred tax account is as follows:

	2022 £000	2021 £000
At April 1st	**3,721**	1,596
Exchange differences	**74**	271
Credit to income statement	**3,366**	3,928
Credit/(charge) to other comprehensive income	**639**	(2,074)
Effect of change in tax rates	**197**	–
At March 31st	**7,997**	3,721

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets	Trading losses £000	Retirement benefit obligations £000	Other £000	Total £000
At April 1st 2020	90	3,986	5,640	9,716
Exchange differences	(6)	–	(495)	(501)
Charge to income statement	(71)	(817)	(842)	(1,730)
(Charge)/credit to other comprehensive income	162	26	(2,262)	(2,074)
Other transfers	–	–	585	585
At March 31st 2021	175	3,195	2,626	5,996
Exchange differences	9	–	106	115
(Charge)/credit to income statement	(7)	–	2,596	2,589
Credit to other comprehensive income	–	175	464	639
Other transfers	–	1	282	283
Effect of change in tax rates	–	–	414	414
At March 31st 2022	**177**	**3,371**	**6,488**	**10,036**

Notes to the consolidated financial statements

NOTE 19 Deferred tax continued

Other deferred income tax assets include temporary differences on share-based payments of £1,605,000 (2021: £713,000); derivatives of £148,000 (2021: £(316,000); IFRS 16 lease liability of £1,263,000 (2021: £878,000); general provisions of £1,395,000 (2021: £1,149,000); liability for legal claim settlement of £1,824,000 (2021: £nil) and other differences. At March 31st 2022 the Group has recognised deferred income tax assets of £177,000 (2021:£129,000) in respect of capital losses and £nil (2021: £46,000) in respect of trading losses.

Deferred tax liabilities	Goodwill and gain on investments £000	Other £000	Total £000
At April 1st 2020	(6,277)	(1,843)	(8,120)
Exchange differences	673	99	772
Credit to income statement	5,648	10	5,658
Other transfers	(44)	(541)	(585)
At March 31st 2021	–	(2,275)	(2,275)
Exchange differences	–	(41)	(41)
Credit to income statement	–	777	777
Other transfers	–	(283)	(283)
Effect of change in tax rates	–	(217)	(217)
At March 31st 2022	**–**	**(2,039)**	**(2,039)**

Other deferred income tax liabilities include temporary differences in respect of accelerated capital allowances and intangible assets of £624,000 (2021: £823,000); IFRS 16 Right of Use Lease Asset of £1,246,000 (2021: £886,000); and other differences.

Changes to the legislation to set the UK main corporation tax rate at 19% for the financial year beginning 1 April 2022, increasing to 25% for the financial year beginning 1 April 2023, were substantively enacted on 24 May 2021. The relevant UK deferred tax balances have been measured at the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the balance-sheet date.

No deferred tax liability is recognised on temporary differences of £8,426,000 (2021: £7,381,000) relating to the unremitted earnings of certain overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at March 31st 2022 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may result in a tax liability as a result of taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

NOTE 20 Inventories

	2022 £000	2021 £000
Raw materials	**335**	270
Work-in-progress	**18**	159
Finished goods	**95**	34
	448	463

No inventories are pledged as security. The cost of inventory recognised as an expense in the year is £5,938,000 (2021: £5,907,000).

NOTE 21 Trade and other receivables

Current	2022 £000	2021 £000
Trade receivables	**35,345**	27,954
Other receivables	**9,715**	6,345
Prepayments	**10,366**	12,799
Accrued income	**9,212**	8,577
	64,638	55,675

Trade receivables are stated net of provision for expected bad and doubtful debts and trade sales returns. Trade sales return provisions were £1,100,000 at March 31st 2022 (2021: £1,178,000). Accrued income represents contract assets, which are unbilled amounts generally from marketing services and consulting revenue streams where revenue to be recognised over time has been recognised in excess of customer billings to date. The carrying value of the Group's trade and other receivables approximates its fair value.

The movements in the provision for expected credit losses are as follows:

	2022 £000	2021 £000
At April 1st	**2,049**	3,138
Income statement movements	**(994)**	(268)
Utilised	**1,435**	(813)
Exchange differences	**104**	(8)
At March 31st	**2,594**	2,049

The Group reviews its expected credit loss provisions at least twice a year following a detailed review of receivable balances and historical payment profiles. Management believes all the remaining receivable balances are fully recoverable.

The ageing of the Group's trade receivables is as follows:

	2022 £000	2021 £000
Within the due date	**23,031**	18,109
Past due less than a month	**7,088**	6,869
Past due more than a month but less than two months	**3,478**	2,767
Past due more than two months but less than three months	**1,319**	209
Past due more than three months	**429**	–
Total trade receivables	**35,345**	27,954

The concentration of credit risk is limited due to the customer base being large and unrelated.

Notes to the consolidated financial statements

NOTE 22 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	**20,464**	14,739
Short-term bank deposits	**10,758**	17,596
	31,222	32,335

Short-term bank deposits are invested with banks and earn interest at the prevailing short-term deposit rates.

At the end of the year, the currency split of cash and cash equivalents was US dollar 58% (2021: 65%), sterling 27% (2021: 19%), euro 6% (2021: 9%) and other 9% (2021: 7%).

Cash and cash equivalents have fair values that approximate to their carrying value due to their short-term nature.

NOTE 23 Trade and other liabilities

	2022 £000	2021 £000
Current		
Trade payables	**13,446**	15,580
Social security and other taxes	**1,290**	4,505
Accruals	**28,577**	24,015
Liability for share-based payments	**1,308**	1,871
Deferred income	**121,563**	112,719
Other liabilities	**23,727**	11,416
	189,911	170,106
Non-current		
Liability for share-based payments	**1,285**	974
Other liabilities	**3,674**	–
Deferred income	**6,521**	7,548
	11,480	8,522
Total	**201,391**	178,628

The carrying value of the Group's trade and other liabilities approximates fair value.

The deferred income balance comprises the unexpired portion of subscriptions for *The Economist* and Economist Intelligence products and services, and revenue billed in advance for future events, research and consultancy projects not yet delivered.

NOTE 24 Financial liabilities – borrowings

The Group's borrowings, which are all non-current and all denominated in sterling, are as follows:

Non-current	**2022 £000**	2021 £000
Bank loans—maturing between one and two years	**19,626**	–
Bank loans—maturing between two and five years	**–**	34,401

More detail on the Group's accounting for financial instruments is included in the Group's accounting policies. The Group's approach to managing risks in relation to financial instruments is described in note 29.

The market values stated below are based on clean market prices at the year-end. The effective interest rates relate to the underlying debt instruments.

	2022			2021	
	Effective interest rate %	**Carrying value £000**	Market value £000	Carrying value £000	Market value £000
Bank loans	**1.70**	**19,626**	20,000	34,401	35,000

The Group has the following undrawn capacity on its committed borrowing facilities as at March 31st:

	2022 £000	2021 £000
Floating rate—expiring beyond one year	**130,000**	115,000

NOTE 25 Lease liabilities

Maturity analysis:	**2022 £000**	2021 £000
Not later than one year	**7,345**	6,171
Later than one year and not later than five years	**10,341**	9,926
Later than five years	**10,012**	11,657
	27,698	27,754
Analysed as:		
Non-current	**20,353**	21,583
Current	**7,345**	6,171
	27,698	27,754

The net decrease in lease liabilities during the year ended 31 March 2022 was £56,000 (2021: £4,978,000) which includes foreign exchange losses on lease liabilities of £92,000 (2021: gains of £150,000).

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Notes to the consolidated financial statements

NOTE 26 Retirement benefit and other post-retirement obligations

A reconciliation of the net retirement benefit obligation reported in the balance sheet is shown in the following table:

	2022 £000	2021 £000
UK Group scheme	**12,794**	14,996
Post-retirement medical benefits	**1,442**	1,617
	14,236	16,613

The Group operates pension schemes for most of its employees throughout the world, which are funded by the Group. The main scheme for UK staff who joined before 2003 (the UK Group scheme) provided funded defined benefits. It was closed to new members on December 31st 2002 and closed to remaining employees on March 31st 2020. The scheme had a defined-contribution underpin and provided for those employees who joined before 2003, for the better of defined-benefit and defined-contribution benefits. Defined-contribution schemes are operated for UK and non-UK staff. In compliance with legislation the Group operates a defined-contribution plan, The Economist Group Pension Plan, into which relevant employees are automatically enrolled. The assets of each scheme are held in separate trustee-administered funds with independent qualified actuaries or other professionals acting as advisers. Actuarial valuations are undertaken at regular intervals. The Group also has a post-retirement medical benefit plan (PRMB) which is unfunded but is accounted for and valued similarly to defined-benefit pension plans.

The most recent full actuarial valuation of the UK Group scheme was at January 1st 2021. This showed the market value of assets of the UK Group scheme to be £385.0m. The actuarial valuation of pension liabilities was £480.9m leaving a technical provisions deficit of £95.9m. The actuarial method used for the valuation was the projected unit method. The foregoing liabilities represent the Scheme Specific Funding (SSF) Technical Provisions as agreed by the Group and the trustees. The SSF level was 80%. The January 2021 valuation was used as a basis for determining the ongoing company funding rate, effective January 1st 2021.

The Group and the trustees have agreed to allow for post-valuation experience to determine the Recovery Plan and therefore it is based on a funding shortfall of £50.0m at January 1st 2022. The Group agreed that the funding shortfall will be eliminated by April 30th 2026 and will contribute £3,000,000 per annum until April 2026 and an additional £1,000,000 next year. In the year ended March 31st 2022, the Group contributed £6,683,000 (2021: £4,962,000) towards the funding shortfall. Following the closure of the scheme to future accrual of benefits for active participants, there are no further regular contributions due to the scheme.

The main overseas schemes and one UK scheme are based on defined contributions; amounts totalling £178,000 were accrued (2021: £342,000 accrued) in respect of these schemes at the year-end.

The majority of the benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due. Plan assets held in the UK Group scheme are governed by local regulations and practice in the UK, as is the nature of the relationship between the Group and the trustees and their composition. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the board of trustees. The board of trustees must be composed of representatives of the company and plan participants in accordance with the plan's resolutions.

UK Group scheme

The valuation of the UK Group scheme has been updated by independent actuaries to March 31st 2022. The major assumptions used to determine this valuation are as follows:

	2022 %	2021 %
RPI inflation	**n/a**	n/a
CPI inflation	**3.20**	2.20
Increase in pensionable salaries	**n/a**	n/a
Increase in pensions in payment	**3.10**	2.20
Increase in deferred pensions	**3.10**	2.20
Discount rate for scheme liabilities	**2.80**	2.15

The discount rate is derived from the corporate bond yield curve applied to the expected future cashflows from the scheme. On March 26th 2020 the Group and trustees of the UK Group Scheme agreed to base all future increases to pensions in payment from RPI to CPI inflation. The CPI inflation assumption takes into account the UK Government's long-term CPI inflation target (expected from 2030 onwards), and expectations of CPI inflation before then.

NOTE 26 Retirement benefit and other post-retirement obligations continued

As the UK Group Scheme is closed to future accrual of active entitlement, there is no future increase in pensionable salaries.

The mortality assumptions used in the valuation of the scheme are summarised in the table below, and have been selected to reflect the characteristics and the experience of the membership of the plan. This has been done by using SAPS3 light tables with longevity projection based on CMI 2021 and the year in which the member was born, with a 1% per-year underpin to future improvements and Parameter A of 0.25% p.a. (2021: SAPS2 light tables, CMI 2019, year of birth, 1% underpin, Parameter A of 0%).

	2022 years	2021 years
Longevity at age 65 for current retirees		
– Men	**88.2**	88.0
– Women	**89.8**	89.5
Longevity at age 65 for future retirees, current age 45		
– Men	**89.2**	89.0
– Women	**90.9**	90.7

The assets of the UK Group scheme and the deficit are as follows:

	2022 £000	2021 £000
Equities	**168,013**	193,708
Government and corporate bonds	**38,642**	53,515
Property	**19,363**	16,224
Multi-asset credit fund	**48,873**	48,160
LDI	**76,449**	61,773
Absolute return credit	**34,305**	–
Other	**29,334**	10,481
Fair value of scheme assets	**414,979**	383,861
Present value of scheme liabilities	**(371,145)**	(354,293)
Scheme surplus	**43,834**	29,568
Asset ceiling adjustment (IAS 19)	**(56,628)**	(44,564)
Net defined-benefit obligation	**(12,794)**	(14,996)

The table below further disaggregates the UK Group scheme assets into additional categories and those assets which have a quoted market price in an active market and those that do not:

	2022		2021	
	Quoted market price £000	**No quoted market price £000**	Quoted market price £000	No quoted market price £000
UK equities	**41,718**	**–**	60,085	–
Non-UK equities	**126,022**	**–**	133,166	–
Private equity	**–**	**273**	–	457
UK corporate bonds	**38,642**	**–**	36,415	–
Index-linked securities	**–**	**–**	17,100	–
Multi-asset credit fund	**48,873**	**–**	48,160	–
Property	**–**	**19,363**	–	16,224
LDI	**76,449**	**–**	61,773	–
Other	**63,425**	**214**	10,212	269
	395,129	**19,850**	366,911	16,950

Notes to the consolidated financial statements

NOTE 26 Retirement benefit and other post-retirement obligations continued

The liquidity profile of the UK Group scheme assets is as follows:

	2022 £000	2021 £000
Liquid—call less than 1 month	**343,540**	315,450
Less liquid—call 1-3 months	**49,165**	48,536
Illiquid—call greater than 3 months	**19,754**	16,812

Invested assets include money-purchase AVCs and transferred-in benefits that are notionally held within assets but which are not included in balance-sheet assets or liabilities.

The assets do not include any of the Group's own financial instruments nor any property occupied by, or other assets used by, the Group. The actual return on scheme assets was a gain of £34,037,000 (2021: £60,222,000 gain).

Fair value of scheme assets	2022 £000	2021 £000
At April 1st	**383,861**	330,508
Interest income	**8,222**	7,854
Return on scheme assets excluding interest income	**25,815**	52,368
Employer contributions	**6,683**	4,962
Administration expenses	**(350)**	(350)
Payments from the scheme	**(9,252)**	(11,481)
At March 31st	**414,979**	383,861

Present value of scheme liabilities	2022 £000	2021 £000
At April 1st	**354,293**	321,329
Interest expense	**7,518**	7,575
Gains from experience	**(426)**	(4,893)
Losses from changes in financial assumptions	**19,012**	41,763
Payments from the scheme—benefit payments	**(9,252)**	(11,481)
At March 31st	**371,145**	354,293

The weighted average duration of the defined-benefit obligation is 18 years (2021: 19 years).

NOTE 26 Retirement benefit and other post-retirement obligations continued

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used is set out below:

	Change in assumption by %	Impact on scheme liabilities %
Inflation	**0.5**	**7.0**
Pensions in payment	**0.5**	**6.5**
Revaluation rate of deferred pensions	**0.5**	**2.0**
Discount rate	**0.5**	**9.0**

If the average expected age of death of pensioners lengthened by one year, the liabilities of the scheme would increase by 3.5% (2021: 4.0%).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

Post-retirement medical benefit scheme (PRMB)

The Group provides post-retirement medical benefits to certain former employees. At March 31st 2022, 34 retired and former employees (2021: 34) were eligible to receive benefits. The liability was remeasured at the year-end by a qualified independent actuary as follows:

Assumptions	2022 %	2021 %
Healthcare premium inflation	**6.00**	6.00
Discount rate for scheme liabilities	**2.80**	2.15

Present value of scheme liabilities	2022 £000	2021 £000
At April 1st	**1,617**	1,588
Employer contributions	**(182)**	(99)
Interest expense	**33**	36
Losses from experience	**29**	27
(Gains)/losses from changes in financial assumptions	**(77)**	34
Losses from changes in demographic assumptions	**22**	31
At March 31st	**1,442**	1,617

Notes to the consolidated financial statements

NOTE 26 Retirement benefit and other post-retirement obligations continued

Income statement

The amounts recognised in the income statement are as follows:

				2022
	UK Group Scheme £000	**PRMB £000**	**Defined contribution £000**	**Total £000**
Current service cost	**–**	**–**	**7,273**	**7,273**
Administration expenses	**350**	**–**	**–**	**350**
Total operating expense	**350**	**–**	**7,273**	**7,623**
Interest on scheme assets	**(8,222)**	**–**	**–**	**(8,222)**
Interest on scheme liabilities	**7,518**	**33**	**–**	**7,551**
Interest adjustment due to asset ceiling	**958**	**–**	**–**	**958**
Net finance expense	**254**	**33**	**–**	**287**
Net income statement charge	**604**	**33**	**7,273**	**7,910**

				2021
	UK Group Scheme £000	PRMB £000	Defined contribution £000	Total £000
Current service cost	–	–	6,084	6,084
Administration expenses	350	–	–	350
Total operating expense	350	–	6,084	6,434
Interest on scheme assets	(7,854)	–	–	(7,854)
Interest on scheme liabilities	7,575	36	–	7,611
Interest adjustment due to asset ceiling	681	–	–	681
Net finance expense	402	36	–	438
Net income statement charge	752	36	6,084	6,872

NOTE 26 Retirement benefit and other post-retirement obligations continued

Other comprehensive income

The following (losses)/gains have been recognised in other comprehensive income:

	2022 £000	2021 £000
UK Group scheme	**(3,878)**	(16)
Post-retirement medical benefits	**26**	(92)
Unfunded retirement benefits	**–**	–
Total losses recognised in year	**(3,852)**	(108)

Through the UK Group scheme the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme holds growth assets, whose returns may not be well correlated with the movement of the liabilities. As such, the deficit in the scheme may increase as a result of asset volatility. To mitigate this risk, the trustees continually monitor the scheme's investment strategy and have a dynamic de-risking plan in force. This policy reduces the level of growth assets held as scheme funding improves (subject to a minimum switch every six months). The current target allocation is 40% risk-reducing assets and 60% growth assets. Since the finalisation of the last actuarial valuation, the trustees will be reviewing investment strategy to target self-sufficiency over time.

Inflation risk

The majority of benefits are linked to CPI inflation, and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

Longevity risk

Increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the scheme's bond asset holdings.

Salary risk

Following closure of the scheme to future accrual for active participation, there is no longer any salary risk.

Notes to the consolidated financial statements

NOTE 27 Derivative financial instruments

			2022
Current contracts in a fair value hedge relationship	**Gross notional amounts £000**	**Assets £000**	**Liabilities £000**
Forward foreign US dollar exchange contracts	**32,845**	**–**	**(1,214)**
Non-current contracts in a fair value hedge relationship			
Interest rate cap	**792**	**622**	**–**
Total contracts in a fair value hedge relationship	**33,637**	**622**	**(1,214)**

			2021
Current contracts in a fair value hedge relationship	Gross notional amounts £000	Assets £000	Liabilities £000
Forward foreign US dollar exchange contracts	35,064	1,671	(42)
Non-current contracts in a fair value hedge relationship			
Interest rate cap	792	33	–
Total contracts in a fair value hedge relationship	35,856	1,704	(42)

The carrying value of the above derivative financial instruments equals their fair value. Fair values are determined by using market data and established estimation techniques such as discounted cashflow and option valuation models.

The Group's portfolio of exchange contract derivatives includes foreign-exchange forwards and is diversified by maturity and counterparty. The Group has designated these forwards as hedges, which reduces the risk of volatility in the income statement from movements in the US dollar. Counterparty exposure from all derivatives is managed, together with that from deposits and bank-account balances, within credit limits that reflect published credit ratings to ensure that there is no significant risk to any one counterparty.

At March 31st 2022, interest rate hedges were in place to cap the Group's cashflow exposure on variable interest rates on the first £75m of borrowings drawn down under revolving credit facilities at 2% until 2023.

No significant derivative transaction had a market value (positive or negative) at the balance-sheet date that exceeded 3% of the Group's consolidated total equity.

The Group has reviewed all of its material contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements, and has concluded that there are no material embedded derivatives.

NOTE 28 Classification of financial instruments

The accounting classification of each class of the Group's financial assets and financial liabilities, together with their carrying values and market values, is as follows:

							2022
	Fair value			Amortised cost			
	FVTPL £000	Fair value hedging instrument £000	FVOCI £000	Financial assets £000	Other financial liabilities £000	Total carrying value £000	Total market value £000
Cash and cash equivalents	–	–	–	**31,222**	–	**31,222**	**31,222**
Trade receivables	–	–	–	**35,345**	–	**35,345**	**35,345**
Derivative financial instruments	–	**622**	–	–	–	**622**	**622**
Total financial assets	–	**622**	–	**66,567**	–	**67,189**	**67,189**
Trade payables	–	–	–	–	**(13,446)**	**(13,446)**	**(13,446)**
Bank loans	–	–	–	–	**(19,626)**	**(19,626)**	**(20,000)**
Lease liabilities	–	–	–	–	**(27,698)**	**(27,698)**	**(27,698)**
Derivative financial instruments	–	**(1,214)**	–	–	–	**(1,214)**	**(1,214)**
Total financial liabilities	–	**(1,214)**	–	–	**(60,770)**	**(61,984)**	**(62,358)**

							2021
	Fair value			Amortised cost			
	FVTPL £000	Fair value hedging instrument £000	FVOCI £000	Financial assets £000	Other financial liabilities £000	Total carrying value £000	Total market value £000
Cash and cash equivalents	–	–	–	32,335	–	32,335	32,335
Trade receivables	–	–	–	27,954	–	27,954	27,954
Derivative financial instruments	–	1,704	–	–	–	1,704	1,704
Total financial assets	–	1,704	–	60,289	–	61,993	61,993
Trade payables	–	–	–	–	(15,580)	(15,580)	(15,580)
Bank loans	–	–	–	–	(34,401)	(34,401)	(35,000)
Lease liabilities	–	–	–	–	(27,754)	(27,754)	(27,754)
Derivative financial instruments	–	(42)	–	–	–	(42)	(42)
Total financial liabilities	–	(42)	–	–	(77,735)	(77,777)	(78,376)

Transactions in derivative financial instruments are only undertaken to manage risks arising from underlying business activity, in accordance with the Group's treasury policy as described in note 29.

The Group designates certain qualifying financial instruments as hedges of the fair value of its US dollar cashflows and interest rate caps (cashflow hedges). Changes in the fair value of these derivative financial instruments (to the extent they are effective) are recorded in other comprehensive income, together with any change in the fair value of the hedged asset attributable to the hedged risk.

None of the Group's financial assets or liabilities is designated at fair value through the income statement upon initial recognition.

More detail on the Group's accounting for financial instruments is included in the Group's accounting policies. The Group's approach to managing risks in relation to financial instruments is described in note 29.

Notes to the consolidated financial statements

NOTE 29 Financial risk management

The Group's approach to the management of financial risks together with sensitivity analysis of its financial instruments is set out below:

Treasury policy

The Group's treasury policies are directed to giving greater certainty of future revenues and costs and ensuring that the Group has adequate liquidity for working capital and debt capacity for funding acquisitions.

The Group holds financial instruments to finance its operations and to manage the interest rate and currency risks arising from its operations and its sources of finance. The Group finances its operations by a mixture of cashflows from operations, leases on its properties and longer-term facilities from banks. The Group borrows principally in sterling at floating rates of interest, using derivative financial instruments (derivatives), where appropriate, to generate the desired currency profile and interest rate basis. The derivatives used for this purpose are principally rate swaps, rate caps and collars, forward and option foreign-exchange contracts. The main risks arising from the Group's financial instruments are interest rate risk, liquidity and refinancing risk, counterparty risk and foreign currency risk. These risks are managed by the treasury committee under policies approved by the Board, which are summarised in this note. All the treasury policies remained unchanged throughout the year.

The audit committee receives regular reports on the Group's treasury activities, policies and procedures. The treasury department is not a profit centre and its activities are subject to regular review by the treasury committee.

Interest rate risk management

The Group's bank borrowings are in sterling, with the interest rate on these borrowings tied to SONIA. The Group's exposure to interest rate fluctuations on its borrowings is managed by borrowing on a floating-rate basis and by hedging interest rate exposures where appropriate.

At March 31st 2022, there were hedges of interest rate exposures in place (see note 27). The fair value of the interest rate hedges at March 31st 2022 was £622,000 (2021: £33,000).

Liquidity and refinancing risk management

The maturities of contracted cashflows associated with the Group's financial liabilities are shown in the table below. This table has been drawn up based on the undiscounted contractual cashflows of the financial liabilities including both interest and principal cashflows. Any cashflows based on a floating rate are calculated using interest rates as set at the date of the last rate reset. The contractual maturity is based on the earliest date on which the Group may be required to settle. All derivative amounts are shown gross, although the Group net settles these amounts wherever possible.

Any amounts drawn under revolving credit facilities are assumed to mature at the maturity date of the relevant facility, with interest calculated as payable in each calendar year up to and including the date of maturity of the facility.

NOTE 29 Financial risk management continued

Maturity analysis:	GBP £000	USD £000	Other £000	Total £000 2022
Not later than one year	**20,565**	**(37,207)**	**(5,436)**	**(22,078)**
Later than one year and not later than five years	**(26,935)**	**(743)**	**(2,713)**	**(30,391)**
Later than five years	**(9,865)**	**(148)**	**–**	**(10,013)**
	(16,235)	**(38,098)**	**(8,149)**	**(62,482)**
Analysed as:				
Derivative financial instruments—inflows	**32,845**	**–**	**–**	**32,845**
Derivative financial instruments—outflows	**–**	**(34,059)**	**–**	**(34,059)**
Trade payables	**(8,979)**	**(1,875)**	**(2,592)**	**(13,446)**
Lease liabilities	**(19,977)**	**(2,164)**	**(5,557)**	**(27,698)**
Bank loans and overdrafts	**(20,124)**	**–**	**–**	**(20,124)**
	(16,235)	**(38,098)**	**(8,149)**	**(62,482)**

Maturity analysis:	GBP £000	USD £000	Other £000	Total £000 2021
Not later than one year	21,400	(36,928)	(4,850)	(20,378)
Later than one year and not later than five years	(42,762)	(1,213)	(1,371)	(45,346)
Later than five years	(11,651)	–	–	(11,651)
	(33,013)	(38,141)	(6,221)	(77,375)
Analysed as:				
Derivative financial instruments—inflows	35,064	–	–	35,064
Derivative financial instruments—outflows	–	(33,435)	–	(33,435)
Trade payables	(10,471)	(2,062)	(3,047)	(15,580)
Lease liabilities	(21,936)	(2,644)	(3,174)	(27,754)
Bank loans and overdrafts	(35,670)	–	–	(35,670)
	(33,013)	(38,141)	(6,221)	(77,375)

Notes to the consolidated financial statements

NOTE 29 Financial risk management continued

The following table details the Group's remaining contractual maturity for its non-derivative financial assets. This table has been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, except where the Group anticipates that the cashflow will occur in a different period.

				2022
Maturity analysis:	**GBP £000**	**USD £000**	**Other £000**	**Total £000**
Not later than one year	**15,692**	**44,364**	**6,510**	**66,567**
	15,692	**44,364**	**6,510**	**66,567**
Analysed as:				
Cash and cash equivalents	**8,351**	**18,001**	**4,870**	**31,222**
Trade receivables	**7,341**	**26,363**	**1,640**	**35,345**
	15,692	**44,364**	**6,510**	**66,567**

				2021
Maturity analysis:	GBP £000	USD £000	Other £000	Total £000
Not later than one year	12,310	38,495	9,484	60,289
	12,310	38,495	9,484	60,289
Analysed as:				
Cash and cash equivalents	6,011	21,018	5,306	32,335
Trade receivables	6,299	17,477	4,178	27,954
	12,310	38,495	9,484	60,289

The Group's debt facilities require it to meet certain covenants based on interest cover, net debt and profits adjusted for certain non-cash items and the impact of foreign exchange. Breaching the covenants would result in the Group being in default of the facilities, potentially resulting in the facilities being withdrawn. Management regularly monitors the covenants and prepares detailed cashflow forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. At March 31st 2022, the Group's net debt to EBITDA measured before the impact of IFRS 16 and before exceptional items was (0.33) times (2021: 0.04 times).

The Group also maintains undrawn committed borrowing facilities. At March 31st 2022, the committed undrawn facilities amounted to £130,000,000 (2021: £115,000,000) and their weighted average maturity was 21 months (2021: 33 months).

Financial counterparty risk management

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the Group's total aggregate exposure to a single financial institution. The limits applicable to published credit-ratings bands are approved by the treasury committee within guidelines approved by the Board. Exposures and limits applicable to each financial institution are reviewed regularly.

The Group also has counterparty risk with respect to trade and other receivables. The concentration of this risk is limited due to the Group's large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Allowance is made for expected credit losses based on management's assessment of the risk of non-payment, taking into account the ageing profile and circumstance.

Foreign currency risk management

The Group's principal foreign-exchange exposure is to the US dollar. The Group's continuing businesses generated approximately 30% of its revenues in US dollars, including approximately 8% of the revenues of its UK-based businesses, and approximately 56% of its operating profits are US dollar-denominated. The Group is therefore exposed to foreign-exchange risk on the US dollar incomes in its UK businesses, the translation of results of foreign subsidiaries and of loans to and from foreign operations within the Group where the denomination of the loan is not in the functional currency of the lender/borrower.

NOTE 29 Financial risk management continued

The carrying amounts of the Group's US dollar-denominated monetary assets and liabilities at March 31st are as follows:

	Assets		Liabilities	
	2022 £000	2021 £000	**2022 £000**	2021 £000
US dollar	**43,450**	38,909	**(4,037)**	(4,945)

A series of US dollar contracts is put in place each month to sell forward surplus US dollars so as to hedge up to 80% of the company's UK-based US dollar cashflows for the coming 12 months. The value of these forward contracts is based on management's estimate of its future US dollar cashflows over a 12-month period. If management materially underestimates the company's future US dollar cashflows, this would lead to too few forward contracts being in place and the company being more exposed to swings in US dollar to sterling exchange rates. An overestimate of the company's US dollar-denominated cashflows would lead to associated costs in unwinding ineffective and excess forward contracts. Forward exchange contracts are gross settled at maturity. Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations. Each subsidiary is encouraged to invoice sales in its local functional currency where possible.

Cashflow hedges – maturing in less than one year	2022	2021
Average exchange rate	**$1.36**	$1.32
Foreign currency ($000)	**44,735**	46,113
Contract value (£000)	**32,845**	35,064
Fair value (£000)	**(1,214)**	1,629

As at March 31st 2022, the aggregate amount of unrealised losses under forward foreign-exchange contracts deferred in the fair value reserve relating to future income transactions is £1,214,000 (2021: unrealised gains of £1,629,000). It is anticipated that the transactions will take place over the next 12 months, at which stage the amount deferred in equity will be released to the income statement. Prior-year gains of £1,629,000 were recycled from other comprehensive income into the income statement during the year (2021: £1,132,000 losses).

As at March 31st 2022, the fair value of interest-rate caps is £622,000 (2021: £33,000). The interest rate cap is in place until 2023.

There were no ineffective cashflow hedges in place at the year-end.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

Level 1 — the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Level 2 — foreign-currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate caps are measured using dealer quotes. The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cashflow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 3 — fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31st 2022 and the prior years, all the resulting fair value estimates have been included in level 2, apart from investments in unlisted securities and contingent consideration which are classified as level 3. Movements in level 3 fair value measurements are shown in note 16.

Notes to the consolidated financial statements

NOTE 29 Financial risk management continued

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes cash deposits (note 22), bank borrowings (note 24) including lease liabilities (note 25) and equity attributable to equity holders comprising share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Other financial instruments not recorded at fair value

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values. Such financial assets and liabilities include cash and cash equivalents, loans and trade receivables, trade payables and bank loans.

Financial instruments – sensitivity analysis

As at March 31st 2022, the sensitivity of the carrying value of the Group's financial instruments to fluctuations in interest rates and exchange rates is as follows:

		Impact of 1%		Impact of 10%	
	Carrying value £000	increase in interest rates £000	decrease in interest rates £000	stronger US dollar £000	weaker US dollar £000
Cash and cash equivalents	**31,222**	–	–	**2,000**	**(1,637)**
Other net financial assets	**21,899**	–	–	**2,619**	**(2,143)**
Derivative financial instruments	**(592)**	–	–	**(3,406)**	**3,406**
Lease liabilities	**(27,698)**	–	–	**(240)**	**197**
Bank loans	**(19,626)**	–	–	–	–
	5,205	–	–	**973**	**(177)**

The table shows the sensitivities of fair values of each class of financial instruments to an isolated change in either interest or foreign-exchange rates. Other net financial assets comprise trade receivables less trade payables.

The sensitivities of derivative instruments are calculated using established estimation techniques such as discounted cashflows. A large proportion of the movements shown above would affect equity rather than the income statement, due to the location and functional currency of the entities in which they arise and the availability of net investment hedge treatments.

NOTE 30 Share capital

	No. of shares	Share capital £000
At March 31st 2022 and 2021	**25,200,000**	**1,260**

Issued, fully paid shares	At March 31st 2022 and 2021 Number	£000
"A" special shares of 5p each	**1,260,000**	**63**
"B" special shares of 5p each	**1,260,000**	**63**
Ordinary shares of 5p each	**22,680,000**	**1,134**
Trust shares of 5p each	**100**	**–**
	25,200,100	**1,260**

The authorised share capital amounts to 40,000,100 and is unchanged in the year. The nominal value of authorised shared capital is £2,000,005.

A summary of the rights of each class of shares is included in the directors' report on pages 90-91. The trust shares participate in a distribution of capital only to a limited extent and accordingly are not treated as equity share capital.

The company holds 5,040,000 of its own ordinary shares in treasury; these shares carry no rights.

NOTE 31 Employee Share Ownership Plan (ESOP)

	No. of shares	£000
At April 1st 2020	292,070	5,072
Purchase of ESOP shares	77,162	1,775
Sale of ESOP shares	(16,284)	(375)
At March 31st 2021	352,948	6,472
Purchase of ESOP shares	11,154	290
Sale of ESOP shares	(58,809)	(1,514)
At March 31st 2022	**305,293**	**5,248**

The nominal value of the ESOP shares, which have a par value of 5p each, amounted to £15,265 (2021: £17,647). The ESOP provides a limited market for ordinary shares of The Economist Newspaper Limited to be bought and sold. Employees of the Group can apply to buy shares from the ESOP twice a year at the latest indicative share valuation, and all other shareholders can offer to sell their shares to the ESOP. A subsidiary company, The Economist Group Trustee Company Limited, acts as trustee of the ESOP and handles all share transactions. The ESOP has not waived its entitlement to dividends on these shares. At March 31st 2022, 123,000 (2021: 147,062) of the shares are under option to employees and have been conditionally granted to them.

Notes to the consolidated financial statements

NOTE 32 Treasury shares

	No. of shares	£000
At March 31st 2022 and 2021	**5,040,000**	**188,823**

The treasury shares have a par value of 5p per share and their nominal value amounts to £252,000 (2021: £252,000). These shares do not attach any voting rights or rights to dividends. The shares represent 20% of called-up share capital (2021: 20%).

NOTE 33 Related party transactions

The Group has taken advantage of the exemption allowed under IAS 24 Related Party Disclosures not to disclose transactions and balances between Group companies that have been eliminated on consolidation.

The key management personnel are deemed to be members of the company's Board and the Group Leadership team (see pages 72-75). Key management compensation paid or payable, including the value of awards made under the restricted share scheme, is set out below:

	2022 £000	2021 £000
Salaries and short-term employment benefits	**7,661**	6,297
Retirement benefits	**74**	70
Long-term incentives	**2,913**	1,558
	10,648	7,925
Of which:		
Executive directors	**4,097**	2,754
Non-executive directors	**393**	193
Other members of the Leadership team	**6,158**	4,978
	10,648	7,925

The directors who served during the year received dividends of £13,000 (2021: £nil) in respect of shares held in the company.

NOTE 34 Events after the balance-sheet date

One of the US subsidiaries within the Group agreed to settle a legal claim in May 2022. This claim is largely covered by the Group's insurance.

NOTE 35 Financial commitments

There are contingent Group liabilities that arise in the normal course of business in respect of legal claims, indemnities, warranties and guarantees in relation to former subsidiaries. None of these claims is expected to result in a material gain or loss to the Group.

Company balance sheet

As at March 31st

	Note	2022 £000	2021 £000 Restated
Investments in subsidiaries	4	552,077	552,077
Intangible assets	5	22,630	15,300
Property, plant and equipment	6	4,524	6,338
Right-of-use assets	7	15,410	17,290
Amounts due from subsidiaries		135,374	124,491
Deferred tax assets	8	4,415	2,794
Derivative financial instruments	16	622	33
Non-current assets		**735,052**	718,323
Amounts due from subsidiaries		9,494	11,903
Inventories	9	433	305
Trade and other receivables	10	18,122	18,532
Derivative financial instruments	16	–	1,671
Current tax assets		6	3,667
Cash and cash equivalents	11	12,201	11,980
Current assets		**40,256**	48,058
Total assets		**775,308**	766,381
Trade and other liabilities	12	(3,155)	(3,245)
Deferred tax liabilities	8	(956)	(1,069)
Retirement benefit obligations	13	(11,211)	(13,090)
Lease liabilities	14	(16,851)	(18,988)
Borrowings	15	(19,626)	(34,401)
Other liabilities		(208)	(208)
Non-current liabilities		**(52,007)**	(71,001)
Amounts due to subsidiaries		(224,152)	(195,160)
Trade and other liabilities	12	(74,849)	(76,266)
Lease liabilities	14	(3,346)	(2,579)
Derivative financial instruments	16	(1,214)	(42)
Current liabilities		**(303,561)**	(274,047)
Total liabilities		**(355,568)**	(345,048)
Net assets		**419,740**	421,333
Share capital	17	1,260	1,260
ESOP shares	18	(5,248)	(6,472)
Treasury shares	19	(188,823)	(188,823)
Translation reserve		(4,994)	(2,313)
Retained earnings		617,545	617,681
Total equity		**419,740**	421,333

In the March 2021 parent company balance sheet, amounts due from group undertakings of £84,569,000 have been reclassified from current assets to non-current assets as they are not expected to be settled within 12 months or the normal operating cycle.

The profit for the year is £27,179,000 (2021: £93,685,000).

These financial statements were approved by the Board of directors and authorised for issue on June 14th 2022.
They were signed on its behalf by:

Paul Deighton **Lara Boro**
Directors

The Economist Newspaper Limited registered number 236383

FINANCIAL STATEMENTS

Company statement of changes in equity

Year ended March 31st 2022

		Equity attributable to equity holders of the company					
Year ended March 31st 2022	Note	**Share capital £000**	**ESOP shares £000**	**Treasury shares £000**	**Translation reserve £000**	**Retained earnings £000**	**Total equity £000**
At April 1st 2021		**1,260**	**(6,472)**	**(188,823)**	**(2,313)**	**617,681**	**421,333**
Profit for the year		–	–	–	–	27,179	27,179
Other comprehensive income		–	–	–	(2,681)	(953)	(3,634)
Total comprehensive income		–	–	–	(2,681)	26,226	23,545
Net sale of own shares	18	–	1,224	–	–	–	1,224
Dividends		–	–	–	–	(26,362)	(26,362)
At March 31st 2022		**1,260**	**(5,248)**	**(188,823)**	**(4,994)**	**617,545**	**419,740**

		Equity attributable to equity holders of the company					
Year ended March 31st 2021		Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2020		1,260	(5,072)	(188,823)	(5,074)	524,434	326,725
Profit for the year		–	–	–	–	93,685	93,685
Other comprehensive expense		–	–	–	2,761	(438)	2,323
Total comprehensive expense		–	–	–	2,761	93,247	96,008
Net purchase of own shares	18	–	(1,400)	–	–	–	(1,400)
At March 31st 2021		1,260	(6,472)	(188,823)	(2,313)	617,681	421,333

Notes to the company financial statements

NOTE 1 Accounting policies

The financial statements of The Economist Newspaper Limited (the company) are prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101.

Accounting polices are detailed in note 1 to the consolidated financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cashflow statement, standards not yet effective and related party transactions.

As permitted by Section 408 of the Companies Act 2006, the company has elected not to present its own income statement for the financial year.

The financial statements are prepared on a going-concern basis under the historical-cost convention, with the exception of derivatives, which are recognised at fair value.

The accounting policies applied in the preparation of these company financial statements have been consistently applied to the periods presented unless otherwise stated and are the same as those set out in note 1 to the consolidated financial statements, with the addition of the following:

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

NOTE 2 Employee information

The year-end and monthly average number of employees, including executive directors, was as follows:

	2022		2021	
	Monthly average	**Year-end**	Monthly average	Year-end
The Economist	**91**	**96**	78	83
Economist Impact	**196**	**208**	169	179
Technology and central	**377**	**399**	326	343
Total employees	**664**	**703**	573	605

The details of directors' emoluments are shown on table 2, page 89, within the directors' report on remuneration.

Employee benefit costs including directors' emoluments	**2022 £000**	2021 £000
Wages and salaries	**60,919**	50,605
Social security costs	**7,516**	6,133
Share-based payment costs	**1,377**	1,284
Retirement benefits—defined-benefit plans	**280**	280
Retirement benefits—defined-contribution plans	**4,360**	4,047
	74,452	62,349

Wages and salaries include £169,000 (2021: £2,031,000) of restructuring-related costs.

Notes to the company financial statements

NOTE 3 Share-based payments

The company's total charge recognised with respect to share-based payment transactions comprised:

	2022 £000	2021 £000
Restricted share scheme (cash or share settled)	**1,377**	1,082

Total carrying value of share-based payment transactions	2022 £000	2021 £000
Restricted share scheme (cash or share settled)	**2,185**	2,507

Analysed as:	2022 £000	2021 £000
Current liabilities	**983**	1,560
Non-current liabilities	**1,202**	947
	2,185	2,507

Details of share-based payment incentive schemes operated by the company and inputs to the valuation models are shown in note 12 of the consolidated financial statements.

	2022		2021	
Restricted share scheme	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at April 1st	**131,312**	**26.06**	156,477	24.97
Granted during the year	**47,500**	**29.06**	35,500	25.00
Forfeited during the year	**(18,000)**	**(29.06)**	(16,505)	(26.74)
Exercised during the year	**(53,812)**	**(27.75)**	(44,160)	26.20
Outstanding at March 31st	**107,000**	**29.52**	131,312	26.06
Exercisable at March 31st	**28,250**	**30.23**	34,650	27.58

The weighted average remaining contractual life for outstanding options at March 31st 2022 was 16 months (2021: 13 months).

NOTE 4 Investments in subsidiaries

	2022 £000	2021 £000
At April 1st and March 31st	**552,077**	552,077

The directors believe that the carrying value of the investments is supported by their underlying net assets.

NOTE 5 Intangible assets

Cost	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2020	14,407	18,722	33,129
Additions	1,657	8,872	10,529
Transfer	22,355	(22,355)	–
At March 31st 2021	38,419	5,239	43,658
Additions	6,788	4,558	11,346
Transfer	3,518	(3,518)	–
At March 31st 2022	**48,725**	**6,279**	**55,004**

Amortisation	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2020	10,712	12,441	23,153
Charge for the year	5,205	–	5,205
Transfer	12,178	(12,178)	–
At March 31st 2021	28,095	263	28,358
Charge for the year	4,016	–	4,016
Transfer	–	–	–
At March 31st 2022	**32,111**	**263**	**32,374**
Carrying amounts			
At April 1st 2020	3,695	6,281	9,976
At March 31st 2021	10,324	4,976	15,300
At March 31st 2022	**16,614**	**6,016**	**22,630**

Notes to the company financial statements

NOTE 6 Property, plant and equipment

Cost	Leasehold buildings: short £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2020	7,519	927	21,334	29,780
Additions	–	–	497	497
Disposals	–	(927)	–	(927)
At March 31st 2021	7,519	–	21,831	29,350
Additions	–	–	441	441
Transfers	–	–	(5)	(5)
Disposals	(1,388)	–	–	(1,388)
At March 31st 2022	**6,131**	**–**	**22,267**	**28,398**

Depreciation	Leasehold buildings: short £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2020	2,241	927	19,479	22,647
Charge for the year	541	–	751	1,292
Disposals	–	(927)	–	(927)
At March 31st 2021	2,782	–	20,230	23,012
Charge for the year	1,083	–	660	1,743
Transfers	–	–	–	–
Disposals	(881)	–	–	(881)
At March 31st 2022	**2,984**	**–**	**20,890**	**23,874**
Carrying amounts				
At April 1st 2020	5,278	–	1,855	7,133
At March 31st 2021	4,737	–	1,601	6,338
At March 31st 2022	**3,147**	**–**	**1,377**	**4,524**

NOTE 7 Right-of-use assets

Cost	Leasehold buildings £000
At April 1st 2020	22,571
Additions	129
Disposals	(45)
At March 31st 2021	22,655
Additions	2,192
Disposals	(205)
At March 31st 2022	**24,642**

Accumulated depreciation	Leasehold buildings £000
At April 1st 2020	2,717
Charge for the year	2,693
Disposals	(45)
At March 31st 2021	5,365
Charge for the year	4,082
Disposals	(215)
At March 31st 2022	**9,232**
Carrying amounts	
At April 1st 2020	19,854
At March 31st 2021	17,290
At March 31st 2022	**15,410**

The company leases several assets including buildings and IT equipment. The average lease term is 21 months (2021: 33 months).

The maturity analysis of lease liabilities is presented in note 14.

The interest expense relating to right-of-use assets was £565,000 (2021: £629,000).

Notes to the company financial statements

NOTE 8 Deferred tax

	2022 £000	2021 £000
Deferred tax assets	**4,415**	2,794
Deferred tax liabilities	**(956)**	(1,069)
	3,459	1,725

Substantially all of the deferred tax assets are expected to be recovered after more than one year.

Deferred tax assets and liabilities may be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The recognition of the deferred tax assets is supported by management's forecasts of the future profitability of the relevant businesses.

The movement on the deferred tax account is as follows:

	2022 £000	2021 £000
At April 1st	**1,725**	3,207
Credit/(charge) to income statement	**978**	(977)
Credit/(charge) to other comprehensive income	**600**	(505)
Effect of change in tax rates	**156**	–
At March 31st	**3,459**	1,725

The movement in deferred tax assets during the year is as follows:

Deferred tax assets	Retirement benefit obligations £000	Other £000	Total £000
At April 1st 2020	3,158	793	3,951
(Charge) to income statement	(651)	(1)	(652)
(Charge)/credit to other comprehensive income	20	(525)	(505)
At March 31st 2021	2,527	267	2,794
Credit to income statement	–	636	636
Credit to other comprehensive income	136	464	600
Effect of change in tax rates	–	385	385
At March 31st 2022	**2,663**	**1,752**	**4,415**

Other deferred income tax assets include temporary differences on share-based payments of £1,039,000 (2021: £376,000); derivatives of £148,000 (2021: £(316,000)); general provisions of £550,000 (2021: £190,000); and other differences.

Deferred tax liabilities	Capital allowances and intangibles £000	Total £000
At April 1st 2020	(744)	(744)
Charge to income statement	(325)	(325)
At March 31st 2021	(1,069)	(1,069)
Credit to income statement	342	342
Effect of change in tax rates	(229)	(229)
At March 31st 2022	**(956)**	**(956)**

Changes to the legislation to set the UK main corporation tax rate at 19% for the financial year beginning April 1st 2022 increasing to 25% for the financial year beginning April 1st 2023 were substantively enacted on May 24th 2021. The relevant UK deferred tax balances have been measured at the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the balance-sheet date.

NOTE 9 Inventories

	2022 £000	2021 £000
Raw materials	**433**	305
	433	305

No inventories are pledged as security.

NOTE 10 Trade and other receivables

Current	2022 £000	2021 £000
Trade receivables	**9,230**	7,084
Other receivables	**918**	4,492
Prepayments	**6,741**	5,709
Accrued income	**1,233**	1,247
	18,122	18,532

Trade receivables are stated at fair value, net of provisions for expected credit losses and anticipated future sales returns. The movements on the provision for bad and doubtful debts are as follows:

	2022 £000	2021 £000
At April 1st	**677**	1,855
Income statement movements	**(275)**	(351)
Utilised/(released)	**442**	(827)
At March 31st	**844**	677

The ageing of the company's trade receivables which are not impaired is as follows:

	2022 £000	2021 £000
Within the due date	**6,806**	5,562
Past due less than a month	**1,075**	1,522
Past due more than a month but less than two months	**645**	–
Past due more than two months but less than three months	**414**	–
Past due more than three months	**290**	–
Total trade receivables	**9,230**	7,084

Notes to the company financial statements

NOTE 11 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	**1,533**	919
Short-term bank deposits	**10,668**	11,061
	12,201	11,980

Short-term bank deposits are invested with banks and earn interest at the prevailing short-term deposit rates.

NOTE 12 Trade and other liabilities

Current	2022 £000	2021 £000
Trade payables	**10,828**	11,228
Social security and other taxes	**–**	3,060
Accruals	**25,188**	18,157
Liability for share-based payments	**983**	1,560
Deferred income	**34,684**	39,916
Other liabilities	**3,166**	2,345
	74,849	76,266
Non-current		
Liability for share-based payments	**1,202**	947
Deferred income	**1,953**	2,298
	3,155	3,245
Total	**78,004**	79,511

The carrying value of the Group's trade and other liabilities approximates fair value.

The deferred income balance comprises the unexpired portion of subscriptions for *The Economist* and revenue billed in advance for advertising not yet delivered.

NOTE 13 Retirement benefit and other post-retirement obligations

A reconciliation of the net retirement benefit obligation reported in the balance sheet is shown in the following table:

	2022 £000	2021 £000
UK Group scheme	**10,235**	11,996
Post-retirement medical benefits	**976**	1,094
	11,211	13,090

The company is a member of The Economist Group Pension Scheme (UK Group Scheme), which provided funded defined benefits. Details about the assets and liabilities of the scheme, the major assumptions used by the actuaries to value the deficit, the funding of the deficit in the scheme and the risks the company is exposed to through the scheme are included in note 26 to the consolidated financial statements. The company accounts for its share of the underlying assets and liabilities of the scheme. The company's share of the total scheme deficit was assessed at 80% by an independent actuary. The calculation of the liability for the company is based on membership records of retirees, deferred and active members.

The company also operates a defined-contribution scheme.

The company provides post-retirement medical benefits to certain former employees. At March 31st 2022, 23 retired and former employees (2021: 23) were eligible to receive benefits. The movement in the liability was as follows:

Present value of scheme liabilities	2022 £000	2021 £000
At April 1st	**1,094**	1,058
Employer contributions	**(123)**	(84)
Interest expense	**22**	25
Net (gains)/losses from experience and change in financial assumptions	**(18)**	95
At March 31st	**975**	1,094

Further information on the assumptions used to calculate the liability are shown in note 26 to the consolidated financial statements.

NOTE 14 Lease liabilities

Maturity analysis:	2022 £000	2021 £000
Not later than one year	**3,346**	2,579
Later than one year and not later than five years	**6,988**	7,337
Later than five years	**9,863**	11,651
	20,197	21,567
Analysed as:		
Non-current	**16,851**	18,988
Current	**3,346**	2,579
	20,197	21,567

Notes to the company financial statements

NOTE 15 Borrowings

Details of the Group's borrowings, which are also those of the company, can be found in note 24 to the consolidated financial statements.

NOTE 16 Derivative financial instruments

Details of the Group's derivative financial instruments, which are also those of the company, can be found in note 27 to the consolidated financial statements.

NOTE 17 Share capital

Details of the company's share capital can be found in note 30 to the consolidated financial statements.

NOTE 18 Employee Share Ownership Plan (ESOP)

Details of the ESOP are presented in note 31 to the consolidated financial statements.

NOTE 19 Treasury shares

Note 32 to the consolidated financial statements provides information on the company's treasury shares.

NOTE 20 Related party transactions

Subsidiaries

The company transacts and has outstanding balances with its subsidiaries. Amounts due from subsidiaries and amounts due to subsidiaries are disclosed on the face of the company balance sheet. Amounts due are repayable on demand.

Shareholders

There were no material related party transactions with any shareholders during the year. In the view of the Directors, there is no controlling party of the Company or the Group, by virtue of there being no single majority shareholder.

NOTE 21 Events after the balance-sheet date

There were no material events after the balance-sheet date.

NOTE 22 Group companies

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the country of incorporation and the effective percentage of equity owned included in these financial statements at March 31st 2022 is disclosed below. The shares in these companies are included in the consolidation in the Group's financial statements using the equity method of accounting. Principal Group companies are identified in bold.

Company	Proportion held	Principal activity and operation	Country of incorporation
Bazian Limited	100%	Healthcare consulting	United Kingdom
Clearstate (Pte.) Limited[1]	**100%**	**Healthcare consulting**	**Singapore**
data information intelligence GmbH[2]	100%	Information services	Germany
Economist (Shanghai) Management Consulting Company Limited[3 †]	100%	Publishing, events and information services	China
Economist Digital Services Limited	100%	Digital service provider	United Kingdom
EuroFinance Conferences Limited	**100%**	**Events and training**	**United Kingdom**
Ryder Street Properties (Management) Limited	100%	Dormant	United Kingdom
Ryder Street Properties Limited	100%	Dormant	United Kingdom
Signal & Noise Limited	100%	Data design agency	United Kingdom
TEG Delaware LLC[4 *]	100%	Dormant	US
TEG India Private Limited[5]	100%	Events and media services	India
TEG Massachusetts, Corporation[4 **]	100%	Dormant	US
TEG New Jersey, LLC[4]	100%	Dormant	US
The Digital News Agency Limited[4 *]	100%	Dormant	United Kingdom
The Economist Books Limited	100%	Dormant	United Kingdom
The Economist Editorial (Overseas) Company Limited	100%	Representative agent	United Kingdom
The Economist Group (Asia/Pacific) Limited[6]	**100%**	**Events and information services**	**Hong Kong**
The Economist Group (Brazil Holdings) Limited	100%	Investment holding company	United Kingdom
The Economist Group (Investments) Limited	100%	Investment holding company	United Kingdom
The Economist Group (Switzerland) SA[7]	100%	Media services	Switzerland
The Economist Group (US Holdings) Limited	100%	Dormant	United Kingdom
The Economist Group do Brasil Serviços de Informação sobre Negócios Ltda[8 †]	100%	Business information	Brazil
The Economist Group France SARL[9]	100%	Media services	France
The Economist Group GmbH[10]	100%	Investment holding company	Austria
The Economist Group Limited	**100%**	**Business information**	**United Kingdom**
The Economist Group Operations Limited	100%	Investment holding company	United Kingdom
The Economist Group (Services) Limited	100%	Dormant	United Kingdom
The Economist Group Singapore Pte Limited[1]	100%	Investment holding company	Singapore
The Economist Group Trustee Company Limited	100%	Trustee services	United Kingdom
The Economist Intelligence Unit Canback, LLC[4]	100%	Consulting services	US
The Economist Intelligence Unit Canback SA Proprietary Limited[11 †]	100%	Consulting services	South Africa
The Economist Intelligence Unit Limited	**100%**	**Information services and events**	**United Kingdom**
The Economist Intelligence Unit, NA, Incorporated[4]	**100%**	**Events and information services**	**US**
The Economist Newspaper (Asia/Pacific) Limited[6]	100%	Dormant	Hong Kong
The Economist Newspaper Group Incorporated[4]	100%	Publisher and management services	US
The Economist Newspaper (Holdings) Limited*	100%	Investment holding company	United Kingdom
The Economist Newspaper, NA, Incorporated[4]	**100%**	**Media services**	**US**

FINANCIAL STATEMENTS

Company	Proportion held	Principal activity and operation	Country of incorporation
The Economist Overseas (Holdings) Limited	100%	Investment holding company	United Kingdom
The Economist Publications Limited**	100%	Dormant	United Kingdom
The Television Consultancy Limited	**100%**	**Marketing services**	**United Kingdom**
TVC Group Limited	100%	Investment holding company	United Kingdom
TVC Public Relations Limited**	100%	Dormant	United Kingdom

Unless noted, the registered office is The Adelphi, 1-11 John Adam Street, London WC2N 6HT.

All companies are indirectly owned by The Economist Newspaper Limited except for those indicated*, which are directly owned.

**Dissolved during the year ended March 31st 2022.

† Year-end December 31st

1 8 Cross Street, #23-01 Manulife Tower, Singapore 048424

2 Schwagrichenstrasse 8, 04107 Leipzig, Germany

3 Rm 2508B, 1909-1910 Rui Jin Building, No. 205 South Mao Ming Road, Huangpu District, Shanghai, China 200020

4 750 Third Avenue, New York, NY 10017, USA

5 7, Subhash Marg, Darya Ganj, New Delhi 110002, India

6 1301, 12 Taikoo Wan Road, Taikoo Shing, Hong Kong

7 Rue de la Rotisserie 11-1204, Geneva, Switzerland

8 Rua Joaquim Floriano 1052. cj. 81, CEP 04534-004, São Paulo, -SP, Brazil

9 11 Avenue Delcassé, 75008 Paris, France

10 Gonzagagasse 17, 1010 Wien, Austria

11 Inanda Greens Building 8, 54 Wierda Road, West Wierda Valley, Sandton, Gauteng, 2196, South Africa

For the year ended March 31st 2022, the following subsidiary undertakings of the Group were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006:

Company	Principal activity and operation	Company registration number
Ryder Street Properties (Management) Limited	Dormant	01985839
The Digital News Agency Limited	Dormant	06451318
The Economist Books Limited	Dormant	01775942
The Economist Publications Limited	Dormant	01775671
The Economist Group (US Holdings) Limited	Dormant	06771057
TVC Public Relations Limited	Dormant	05587380
Ryder Street Properties Limited	Dormant	00626084
The Economist Group (Services) Limited	Dormant	10429178
The Economist Group (Brazil Holdings) Limited*	Investment holding company	09164810
The Economist Group Trustee Company Limited*	Trustee services	01775932
Bazian Limited*	Healthcare consulting	03724527
Economist Digital Services Limited*	Digital service provider	09282716
EuroFinance Conferences Limited*	Events and training	03015764
Signal & Noise Limited*	Data design agency	05842108
The Economist Editorial (Overseas) Company Limited*	Representative agent	03312640
The Economist Group Limited*	Business information	02642807
The Economist Group (Investments) Limited*	Investment holding company	04319845
The Economist Newspaper (Holdings) Limited*	Investment holding company	10304105
The Economist Overseas (Holdings) Limited*	Investment holding company	02147173
The Television Consultancy Limited*	Marketing services	03588331
TVC Group Limited*	Investment holding company	06618821

*At the balance sheet date the outstanding liabilities of these subsidiaries have been guaranteed by The Economist Newspaper Limited pursuant to section 479A to section 479C of the Companies Act 2006.

Five-year summary

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
As reported in the year					
Revenue	**346**	310	326	333	367
Operating profit	**46**	42	31	31	47
Profit after tax	**36**	17	21	68	35
Basic earnings per share	**180.9p**	83.8p	106.5p	343.0p	176.8p
Continuing business*					
Revenue	**346**	310	320	324	319
Operating profit	**46**	42	53**	32	39
Profit after tax	**36**	17	42	26	29
Continuing business—adjusted* **					
Revenue	**346**	310	320	324	319
Adjusted operating profit	**46**	42	33	32	39
Adjusted operating profit to revenue	**13.4%**	13.5%	10.3%	9.9%	12.1%
Adjusted profit after tax	**36**	31	22	23	29
Adjusted earnings per share	**180.9p**	155.3p	110.0p	115.5p	145.7p
Balance Sheet					
Non-current assets	**85**	74	158	160	167
Net debt	**(16)**	(30)	(119)	(94)	(116)
Deferred income	**(128)**	(120)	(119)	(105)	(119)
Other assets and liabilities (net)	**(26)**	(15)	(18)	(16)	(23)
Net liabilities	**(85)**	(90)	(98)	(55)	(91)
Dividends and shares					
Interim and final dividend proposed per share	**120.0p**	100.0p	40.0p	120.0p	165.1p
Total dividend per share paid in the year	**133.0p**	0.0p	115.0p	149.0p	181.1p
Indicative share value	**£30.00**	£25.00	£23.00	£25.50	£28.50
Dividend yield	**4.0%**	4.0%	1.7%	4.7%	5.8%

*Income statement restated to exclude TVC and Canback closed in 2021 and CQ-Roll Call results, sold in 2019.

** Includes an exceptional defined-benefit pension scheme credit on the closure of the scheme to future accrual.

***Alternative performance measures. Refer to note 1 of the consolidated financial statements for further information.

Notice of annual general meeting

Notice is hereby given that the annual general meeting (AGM) of The Economist Newspaper Limited will be held at the British Academy of Film and Television Arts, 195 Piccadilly, London W1J 9LN on Tuesday July 12th 2022 at 12.15pm, for the purposes set out below.

1. To receive the accounts and the reports of the directors and the auditor for the year ended March 31st 2022.
2. To declare a final dividend of 87.0 pence per share in respect of the year ended March 31st 2022 to all "A" Special, "B" Special and Ordinary shareholders on the company's register of members at the close of business on June 14th 2022.
3. To reappoint Deloitte LLP as the company's auditor to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
4. To authorise the directors to fix the remuneration of the auditors.

By order of the Board

Oscar Grut
Chief legal and corporate development officer
Group company secretary

Registered in England and Wales No. 00236383

Registered Office
The Adelphi
1-11 John Adam Street
London WC2N 6HT

June 14th 2022

NOTES:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her.
2. A Form of Proxy is enclosed and the notes to the form set out the details of how to appoint a proxy.
3. To be valid, shareholders must complete the Proxy Form and submit it in accordance with the instructions printed on the form so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 48 hours before the meeting or, if the meeting is adjourned, no later than 48 hours before the adjourned meeting. Proxy appointments and voting instructions can now be submitted:
   - Electronically, through www.investorcentre.co.uk/eproxy
   - In hard copy, by posting the duly completed and signed form proxy to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

Whether or not you intend to attend the AGM, please submit your form of proxy electronically or in hard copy as soon as possible.

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C022913

WORLD LAND TRUST™
www.carbonbalancedpaper.com

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

falconwindsor.com

economistgroup.com