

The Financial Times Limited

Registered Number:

00227590

Annual Report and Financial Statements

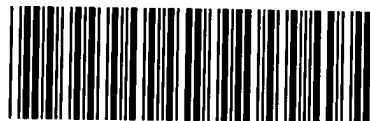
For the Year Ended:

31 December 2021

Registered address:

Bracken House, 1 Friday Street, London EC4M 9BT

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The Financial Times Limited

STRATEGIC REPORT

The directors present their Strategic Report of The Financial Times Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The Company's activities consist of one primary class of business, namely the provision of international business and financial news and associated advertising revenue. The Company provides users with access to detailed industry news, data, comment and analysis through the publication of the international daily newspaper, Financial Times (FT) and on FT.com, in mobile and tablet format, on social media and through third party platforms.

In addition, the Company offers a wide range of print magazines, websites, a news app, conferences and events, all driven by the FT brand, targeting specific areas of the business world. Published titles include Investors Chronicle, FT Adviser, HTSI, and The Banker.

Business review

2021 saw the business rebound strongly from the immediate downturn in 2020 as a result of the COVID-19 pandemic. Revenue increased by £49,714,000 to £369,503,000, while the business returned to profitability at an operating level generating a profit of £7,399,000. This is discussed in further detail in the key performance indicators and results sections below.

Section 172 Statement

Section 172 requires that "a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) The likely consequences of any decision in the long term;
- b) The interests of the company's employees;
- c) The need to foster the company's business relationships with suppliers, customers and others;
- d) The impact of the company's operations on the community and the environment;
- e) The desirability of the company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly between members of the company."

The statutory board (the "Board") delegates responsibility to a management board (the "Management Board") for developing and implementing strategy, and for the day to day management of the business. Reporting to the Management Board, there are a number of decision-making committees across the Company. These committees help the Management Board to drive strategy, allocate resources and govern the approach to issues such as data usage and technology, and compliance with the FT's Editorial Code.

In performing their duties under s.172, the directors of the Company have had regard to the matters set out in s.172(1) as described below.

The Board recognises that to compete in an ever-changing world, the Company needs to be strong from the inside out. Developing a clear set of brand values and personality helps the Company to cohere and supports consistent decision-making.

The directors continue to ensure that the brand values, which are reflective of the Company's desire to maintain a reputation for high standards of business conduct, are applied throughout the Company. They are:

- *Integrity* : we are truthful, accurate, ethical and decent;
- *Trust* : we deliver our commitments;
- *Curiosity* : we are open minded and eager to learn, always exploring new ideas;
- *Subscriber focus* : we have an unmatched understanding of our subscribers and channel our resources to meet their needs;
- *Ambition* : we are leaders not followers, aiming to be the best and make a difference;
- *Inclusion* : we value different perspectives and experiences, making us truly global in outlook.

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Section 172 Statement (continued)

During 2018 - 2019, an internal FT Governance Review Group held regular in-depth discussions about three broad, overlapping areas: oversight of the FT Group and its performance by its owner and sole shareholder, Nikkei; internal decision-making processes and transparency; and engagement, including employee engagement. An update to the recommendations of the Governance Review Group was published to all staff in February 2021, and these continue to be implemented with the endorsement of the Board.

The Company is not required to adopt a UK Corporate Governance code, however we continue to strive for best practice and believe that our approach is broadly aligned with the Wates Corporate Governance Principles.

On appointment to the Board, new directors are provided with training and guidance on their duties, and formal appointment letters are issued to directors joining the Board and Management Board which reflect their statutory duties.

The Board's decision making is appropriately informed by s.172 factors, which are actively considered and referenced in board minutes and aided by the inclusion of these factors in board papers to the extent relevant. A proforma document has been developed in order to provide guidance to senior managers on the preparation of board papers to aid the Board in identifying the relevant stakeholder considerations in its decision making.

The following table provides further examples of the effect that having regard to the s.172 factors has had on the Company's decisions and strategies during the financial year.

Section 172 (1) factors	Matter
a) the likely consequences of any decision in the long term; and b) the interests of the company's employees; and c) the need to foster the Company's business relationships with suppliers, customers and others; and e) the desirability of the Company maintaining a reputation for high standards of business conduct.	<p>In 2021 the Board reached a strategic decision to proceed with the closure of the group's print site located at Bow in London. The print site was operated by St Clements Press (1988) Ltd ("SCP") a wholly owned subsidiary of the Company, which was responsible for the printing of the Financial Times newspaper and other third party newspapers.</p> <p>In reaching its decision, the Board ensured that all 3rd party clients and suppliers had been given sufficient notice and were fully briefed with regard to our intentions. In addition, extensive engagement took place with a new third party printer ahead of the agreed final print date at the Bow site in March 2022. The Board anticipates that this move will provide the Company with significant operational flexibility and cost savings vs. printing copies at the Bow site.</p> <p>The Board also ensured that extensive engagement took place with all SCP employees affected by the closure through a commitment to continuously communicate with them. Monthly staff drop-in sessions were established with the Company's HR team, to ensure the interests of the employees were properly considered.</p>
a) the likely consequences of any decision in the long term; and f) the need to act fairly as between members of the company.	<p>The Board formally considers, approves and adopts strategic and operating plans and budgets annually as appropriate. During the year the Consolidated Strategic Plan for 2022-2027 was reviewed and discussed with Nikkei management prior to its formal approval and adoption by the Board. The Management Board is regularly updated on, and actively monitors and proactively responds to the Company's progress against those plans.</p>
b) the interests of the company's employees;	<p>The Management Board continues to engage and consult with employees and their representatives on a regular basis, to enable the Board to have regard to their interests when making decisions. A detailed summary of this is covered in the Directors' Report under Engagement with employees.</p>

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c) the need to foster the Company's business relationships with suppliers, customers and others;	The Board recognises the importance of maintaining good working relationships with the Company's suppliers, customers and others and that effective engagement with these stakeholders is key in order to successfully deliver the Company's strategy. A detailed summary of this is covered in the Directors' Report under the section titled Engagement with suppliers, customers and others.
d) the impact of the Company's operations on the community and the environment; and e) the desirability of the Company maintaining a reputation for high standards of business conduct;	<p>Reflective of the Board's consideration of the Company's impact on the community and the desire to maintain high standards of business conduct, the Company's New Agenda messaging continued throughout 2021.</p> <p>As we emerged from the height of the pandemic in the second half of the year, the FT launched its latest brand campaign, titled 'Letters to this New World'. The campaign featured hard-hitting open letters from FT journalists, staff and influencers encouraging reflection on life before and after the pandemic and gives voice to the lessons learned. It is the latest evolution of the New Agenda brand platform, which promotes the FT as the leading destination for analysis and leadership on important global trends and themes.</p>

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Section 172 Statement (continued)

Section 172 (1) factors	Matter
<p>d) the impact of the Company's operations on the community and the environment;</p>	<p>In March 2021, the Management Board approved the Company's commitment to reducing the FT Group's emissions to 'net zero' by 2050 or sooner.</p> <p>To meet this commitment the Management Board approved use of science-based targets to reduce total emissions through to 2030, in line with the goals of the Paris Agreement to limit global warming to 1.5C. Key elements of the necessary work relate to travel, our supply chain, and leveraging our influence in the wider business community and embracing the New Agenda of responsible capitalism.</p> <p>The Company has again donated advertising space in the Financial Times newspaper to organisations working in areas that benefit the environment and the wider community. During the year, we donated space to Ethical Consumer, Business Declares and World Land Trust.</p> <p>In February 2021, FT launched the Climate Capital hub. The FT's New Agenda calls on business leaders to promote stronger corporate purpose and challenges our readers to consider the implications of major societal shifts. By producing informative, actionable content related to climate change, FT is offering a guide to a theme that is fundamental to the future of the global economy. The FT's Climate Change hub puts climate change at the heart of the FT newsroom.</p> <p>In November, to coincide with the 2021 UN Climate Change Conference (COP26), with support from the Management Board, FT.com content was free to read for a day, highlighting the importance of access to authoritative information about climate change and policy.</p>
<p>d) the impact of the Company's operations on the community and the environment.</p>	<p>In April 2021 the Board agreed to support and formally approved the establishment of a financial literacy charity bearing the FT's name: FT Financial Literacy and Inclusion Campaign ("FLIC"). FLIC replaces our annual charity appeal and runs an all year round reader appeal. Although it runs independently of the Company it was agreed to support its establishment with the provision of:</p> <ul style="list-style-type: none"> • an initial £25,000 donation, a pledge that has since been refreshed for the charity's second year of operation; • The nomination of five of the ten trustees; • A brand licence for the use of the FT brand; • Office space and limited support services as an in-kind contribution; and • The support of FT staff who volunteer to support FLIC during their two days of annual volunteering time and beyond.

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<p>f) the need to act fairly as between members of the Company.</p>	<p>The Company remains a wholly owned subsidiary of Nikkei, Inc., a privately owned Japanese registered company. The Company's CEO reports to the Chairman of Nikkei on the overall performance of the Group and Company as set out in regular detailed business reports. Nikkei is represented on the Company's statutory and management boards and the Company is subject to oversight by the audit and supervisory boards of Nikkei.</p>
<p>a) the likely consequences of any decision in the long term; and c) the need to foster the Company's business relationships with suppliers, customers and others.</p>	<p>In 2020 the Management Board approved the establishment of a new subscriptions strategy, to help us to accelerate growth across our core audiences and diversify our offerings to build a more robust business. This strategy focuses around four complementary pillars: <i>FT.com and Apps</i> - keeping our readers informed and up to date with our gold-standard journalism; <i>Community</i> - leveraging the collective intelligence of our audiences, helping them connect, exchange ideas and learn together; <i>Enterprise</i> - seamlessly integrating news into customers' work life and processes helping them make better, quicker decisions; and <i>Specialist</i> - providing deep analysis and insights, offering tangible competitive advantage.</p> <p>In approving this strategy, the Management Board had particular regard to the long term interests of the Company and our relationship with our customers.</p> <p>Subsequently launched in 2021, the strategy takes account of long term transformational trends with the goal of extending FT's reach and supporting new formats. The subscriptions strategy will adapt to follow audience needs. Throughout 2021 the Management Board received regular updates, actively monitored and proactively responded to the Company's progress against the evolving subscriptions strategy.</p>

The Financial Times Limited**Key performance indicators**

KPIs	2021	2020	Change
Paying readers (all formats)	1,132,298	1,062,354	69,944
Paying readers (digital subscriptions)	971,178	940,058	31,120
Revenue (£)	£ 369,503,000	£ 319,789,000	£49,714,000
Operating profit/(loss) (£)	£ 7,399,000	£ (20,905,000)	£28,304,000

The Company reached a record paying readership in 2021, with more than 1.13m paying readers accessing the FT across print and digital formats, up seven per cent year on year (2020: 1,062,354). Digital paying reader volumes grew three per cent on the previous year, driven primarily by corporate subscriptions which grew by six per cent.

The Company also reached a record number of digital only subscribers, at almost 1m, and digital content revenues rose ten per cent year on year, from £152.4m to £167.0m. Advertising continued to outperform expectations in 2021, reaching £138.8m (2020: £95.7m) with nearly half of all advertising revenues being digital thanks to core drivers such as branded content.

Principal risks and uncertainties

The principal risk and uncertainties for the Company are reported in the Director's Report on page Z.

Results

The profit for the financial year after taxation was £11,622,000 (2020: loss of £34,435,000). The main drivers in the increase in profitability were the strong rebound from the COVID-19 pandemic that had adversely impacted key revenue streams including print circulation, print advertising and live events in 2020, and additionally the recognition of further deferred tax assets in respect of losses carried forward for future utilisation.

Approved and authorised for issue by the board.

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Alison Fortescue

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Company Secretary

28 September 2022

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

Future developments

We anticipate the external environment to remain challenging in 2022 due to continued uncertainty related to the impact of COVID-19, the escalation of Russia's war in Ukraine which is having an adverse impact on global supply chains, and the consequent inflationary pressures that are growing globally. However, we expect our strong digital subscription model to drive further growth opportunities, continue to see buoyancy in the advertising sector and a strong return to more in-person events.

Going concern

As detailed below and within Note 1 to the accounts, the directors have made a thorough assessment of the Company's ability to continue operating as a going concern. During 2021 the Company recorded a profit, and at the balance sheet date was in a net assets position. The performance in 2021 and management's review of future forecasts show that the Company is well placed to navigate the challenging economic conditions that are materialising. Paid-for-subscriber levels continue to ensure the FT.com platform is a robust business model, while advertising revenues remain strong and our events business has successfully navigated the move towards a more hybrid model that combines both digital and in-person events. Management has a clear expectation that we will have adequate resources to meet our commitments as they fall due for a period of at least 12 months from the date of approval of the financial statements. In addition, a letter of support has been received from a parent company which commits to support the Company for at least one year beyond the date these financial statements are signed. As such, we continue to adopt the going concern basis of preparation.

Principal risks and uncertainties

The Company operates in a challenging sector, with both structural and cyclical changes at work, with the resultant revenue implications for both print and digital business models, and as such the Company has procedures in place to make the directors aware of the various risks to the Company's business. To mitigate these risks the Company adheres to comprehensive legal guidelines and processes and has a strong communications team operating throughout the business. Risks, including economic uncertainty arising from the COVID-19 pandemic, continued realignment of trading relationships with EU member states following the UK's exit from the European Union and the adverse impact on global supply chains resulting from the Ukraine-Russia conflict are also monitored across the Financial Times group (which includes the Company) and reported to the Management Board on a regular basis. Procedures are in place to ensure that any risks specific to the Company are reported to its Board.

Dividends

No interim dividends were paid in the year (2020: nil). The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2021 (2020: nil).

Political contributions

No political contributions were made during the year (2020: nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

- D Arakawa (appointed 29 March 2022)
- R Khalaf Razzouk
- JD Lund
- M Matsumoto (appointed 26 March 2020; resigned 29 March 2022)
- KM O'Riordan (resigned 29 October 2021)
- JJ Ridding
- JDC Slade (appointed 10 November 2021)

Directors' insurance

During the year ended 31 December 2021, the Company maintained insurance covering the directors of the Company against liabilities arising in relation to the Company in accordance with Section 233 of the Companies Act 2006.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. Debt is managed in line with the Financial Times managed group treasury policy. Its principal objectives are to minimise financial risk whilst maximising returns on cash deposits.

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DIRECTORS' REPORT (continued)

Price risk

The Company does not have a material exposure to price risk.

Credit risk

Concentrations of credit risk with respect to trade receivables are limited due to the Company's diverse and unrelated customer base. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables. Credit risk arises from deposits with banks and financial institutions. Deposits of funds are made with banks and financial institutions approved by the Board.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient funds available to meet its liabilities when due, under both normal and difficult trading conditions, and without incurring unacceptable losses or risking damage to the Company's reputation. This is achieved through careful cash management including the production and review of regular cash flow forecasts.

Interest risk

The Company is exposed to cash flow interest rate risk in respect of its variable rate intra-company loans. The Company monitors the interest rate exposure and currently the exposure is not hedged.

Employees

The Company is committed to employment policies, which follow best practice based on equal opportunities for all employees irrespective of gender, marital status, race, ethnic or national origin, colour or nationality, religious or political beliefs, sexual orientation, disability or age. The Company is an equal opportunities employer.

Disabled persons

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If employees become disabled, the Company will offer to continue employment either in the same role, or an alternative position with appropriate retraining, subject to agreement with the employee and with regard to their particular circumstances.

Engagement with employees

The Company systematically provides employees with information on matters of concern to them. During the year, this has included the provision of information via the Company's internal communications tool "Inside FT" and various announcement and update channels on the collaboration tool, Slack. Weekly emails from the Communications team inform staff of recent and upcoming developments, while a monthly email to all staff from the CEO gives key business performance updates and information about board decisions and strategy. The CEO and Editor also hold employee town hall sessions at least twice a year to update employees, and other Management Board members hold departmental town halls to provide regular updates for larger teams. In addition to bi-monthly calls with the CEO, the global senior management group convenes on an annual basis to discuss strategic priorities, and to share knowledge and updates from the business.

Employees are encouraged to maintain an interest in the financial and economic factors affecting the Company's and the group's performance. Since March 2019, the Company has published an annual report on its performance and that of FT Group, providing employees with accessible information and context on the evolving nature of the media industry.

The Company's Annual Incentive Plan is variable, formulated on Company performance, profit, revenue, engagement, and a personal performance dimension. The financial targets included are consistent with the annual business plan agreed with Nikkei and consistent across scheme members.

The Company has engaged with and consulted employees and their representatives on a regular basis, so that the views of employees can be taken into account in making decisions which are likely to affect their interests. During the year some of the employee engagement initiatives that took place include:

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DIRECTORS' REPORT (continued)

Engagement with Employees	Outcomes from engagement
<p>Defining the future of work at the FT</p> <p>The Covid-19 pandemic continued to disrupt traditional ways of working throughout 2021. FT staff at all levels, in all departments globally have had opportunities to feed into the process of redefining our relationship to our global offices, the technology and how we sustain FT culture.</p>	<p>A smarter working taskforce was established in order to evolve plans for our future footprint and post-pandemic ways of working. This taskforce has a nominated employee representative from each department feeding back on ideas and concerns from their areas which were used to inform board-level decisions around future ways of working at the FT, globally. As a result the Company has now adopted hybrid ways of working, with staff expected in the office two-three days per week and retaining the benefits of more flexible working established in the lockdowns.</p> <p>Feedback collected via our all-staff survey and the taskforce highlighted concerns specifically relating to team collaboration/ connecting with people. These were addressed by asking teams to nominate set 'team days' to connect in person and the production of a 'Hybrid Handbook' providing guidance and support resources. Management Board members encouraged their managers to utilise unspent T&E budget to gather in person for meals or other team building activities when it was safe to do so.</p> <p>Listening sessions organised by the Next Generation Board and employee survey data highlighted uneven onboarding processes and difficulties in finding benefits and onboarding materials. A new intranet was subsequently approved by the Management Board and launched in 2021, and an HR taskforce developed a globally consistent, digital onboarding programme with clearly defined responsibilities. Each Management Board member recorded a video introduction to their department called 'FT Essentials' as part of the digital onboarding programme.</p> <p>The results of the staff survey were used to inform board-level decisions around future ways of working. The Company received a 7.9/10 score in the survey for the statement <i>"I have had enough opportunity to feedback on hybrid working plans and returning to the office."</i></p>
<p>Keeping staff informed of our business strategy</p> <p>The CEO regularly shared business and strategy updates in a monthly all-staff email, lightning talks and via regular (quarterly) town halls, which include Q&A at the end.</p>	<p>Virtual livestream talks continued to feature heavily throughout 2021, including an overview of the Company's Subscriptions strategy, regular town halls with the CEO and Editor, and lightning talks hosted by members of the Management Board with updates on key projects and product launches throughout the year. Staff were able to submit questions either in advance or during the livestream which were directly addressed by the CEO and Management Board.</p> <p>A monthly business update, emailed from the CEO, included sections on business and strategy updates, with staff able to reply directly if they had any questions.</p> <p>The steps taken to inform staff helped to embed the business goals across the organisation and to help staff understand new concepts that are part of our strategy.</p>

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DIRECTORS' REPORT (continued)

Engagement with employees (continued)	Outcomes from engagement (continued)
<p>Giving employees more opportunities to participate in shaping culture and policy through the Next Generation Board</p> <p>The Next Generation Board (NGB) is a group of 14 emerging leaders who represent different business areas and interests across the FT. Each NGB member is paired with a member of the Management Board to provide reverse mentoring and to exchange feedback and ideas. Due to delays caused by the pandemic, the 2020 cohort of the NGB extended its tenure into 2021.</p>	<p>One of the principal aims of the NGB is to offer diverse groups within the organisation more opportunities to participate in shaping company culture and policy. To do this, in 2021 the NGB members focused on driving actions across 3 core workstreams:</p> <p><i>Sustainability:</i> The NGB presented a business case to the Management Board to partner with Great Forest Sustainability Solutions to complete a waste audit in the FT's New York office. The audit will take place in 2022 when the office returns to hybrid working and provides a scorecard to assess employee and office level sustainability in New York. This scorecard template will become best practice for FT offices globally. The existing UK based Sustainability and Employee Group also began work with a newly established US group to implement cross regional, global initiatives.</p> <p><i>Diversity & Inclusion:</i> The NGB partnered with FT Women, successfully presenting a case for global changes to our paid leave policy. The result led to set paid leave minimums for miscarriage, paid leave for still birth, expanded the policy to support menopausal and fertility paid leave allowance, and extend paid leave to both parents (not just the birthing parent).</p> <p><i>Staff Development & Wellbeing:</i> In 2020, the group set out with an objective to demonstrate that the FT can be a great place for long-term career development by encouraging mobility across the Company. The NGB continued this work into 2021, working with FT Learning to launch the manager peer support network, pairing up managers from across the FT group to informally share insights and provide support.</p> <p>The Management Board also invited the NGB to attend two dedicated board meetings in 2021 to hold in-depth discussions on the NGB priorities and the evolution of the FT / Nikkei partnership.</p> <p>Recruitment for the next cohort of the NGB was completed in the last quarter of 2021, with the new group taking up their posts in January 2022.</p>

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DIRECTORS' REPORT (continued)

Engagement with employees (continued)	Outcomes from engagement (continued)
<p>Diversity and inclusion ("D&I")</p> <p>As both an employer and a publisher, the Company is committed to championing diversity and equality. We have made progress in 2021 towards increasing representation across our workforce and reducing our median UK gender pay gap.</p>	<p>Our Global D&I Taskforce, chaired by our CEO, continues to provide oversight on the progress and effectiveness of D&I efforts at the FT, whilst integrating D&I principles into our mission, operations, strategies, and business objectives. Progressing on from the work in 2020, the FT published its first Diversity and Inclusion report in March 2021.</p> <p>A Head of Newsroom Diversity was appointed in March 2021 to work closely with FT editors to advance diversity in editorial coverage, and with the talent team to promote diverse hiring practices. Reporting to the Editor, the post-holder shares data, insights and best practices within the newsroom to build a more inclusive newsroom culture.</p> <p>Workshops organised by our new Global Head of Diversity and Inclusion in 2021 engaged with key stakeholders from the Editorial and Commercial sides of the business, as well as the Management Board, the D&I taskforce and Employee Resource Groups (ERGs). These workshops provided space to listen to employees and undertake an ideation exercise to prioritise what the organisation wants to focus on, and what will deliver maximum impact over the next 3 years.</p> <p>The 2021 gender and ethnicity pay gap report shows we have made good progress in reducing our median UK gender pay gap from 15.9% to 13.4%. We have continued to welcome more women into senior leadership positions across the organisation with more than half of our senior management group now female and more women in the upper quartiles of pay.</p> <p>Our UK ethnicity pay gap remained at 9.6%, a result of the relatively low number of ethnic minority employees at senior levels across the company. We are continuing to actively address the under-representation of minority ethnic employees at more senior levels and to develop and promote those who join at more junior levels of the business through newly launched sponsorship and mentorship programmes, specifically designed to open up career pathways and provide acceleration into management positions.</p> <p>The Management Board recognises that we still have work to do in relation to race and other areas of under-representation. A refreshed diversity and inclusion strategy for 2022-2024 was approved by the Management Board at the end of 2021 and aims to make the FT best in class when it comes to the inclusivity of its culture and diversity of its readership.</p>

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DIRECTORS' REPORT (continued)

Engagement with employees (continued)	Outcomes from engagement (continued)
Engagement with recognised trade unions Editorial & HR management meet regularly with the National Union of Journalists (NUJ) to update, discuss and engage on matters relevant to the newsroom. Management also engages with and seeks feedback from Unite on relevant key changes in the business.	The Management Board ensures that senior management continues to meet regularly with NUJ representatives to take into account the views of the employees they represent and which are likely to affect their interests and/or terms and conditions of employment. This includes updates on business performance, annual pay negotiations, workforce planning and the impact of the COVID pandemic.
Cost of living increases The FT has been monitoring and responding to cost of living increases caused by the pandemic, as well as other factors and the impact these have on our employees, our customers and our business more widely.	In September and December 2021, the Management Board approved one-off Group-wide bonuses for all our employees. This payment was in thanks and acknowledgement of the effort and commitment from FT employees despite the strains that staff experienced throughout the pandemic and multiple lockdowns. Feedback from our employee engagement survey highlighted the cost of travel as one of the top concerns about returning to working from our global offices. The hybrid model enables flexibility in work location for employees.

Engagement with suppliers, customers and others

The Board recognises that effective engagement with stakeholders is key in order to successfully deliver its strategy. Significant engagement with stakeholders and consideration of their respective interests in the Company's decision-making process is a continuous process. Throughout 2021, this was illustrated by the following examples:

Engagement	Outcomes from engagement
Shareholders The CEO reports to the chairman of Nikkei, the ultimate shareholder, on the overall performance of the Company as set out in an agreed business plan, and on the performance of his own role. Regular (at least quarterly) detailed business reports and other interim updates are provided to the Nikkei chairman for his scrutiny. The FT CEO attends the board of Nikkei as FT representative. The Company is subject to oversight by the audit and supervisory board of Nikkei. Nikkei is also represented on the Company's Board and Management Board. In 2021 the CEO and CFO continued to hold regular (at least fortnightly) meetings with Nikkei's senior management to update them on the impact of Covid19 on the business which included scenario planning, rolling forecasting and discussions around other key issues for the business. The Chairman & Group CEO and President & CEO of Nikkei also held an online meeting with the FT senior management group in April 2021. This recognised that the strong co-operation between Nikkei and the FT has been an important factor in our success in the first five years of our global alliance and emphasised the aim of building and deepening the partnership.	The Company and Nikkei continued to strengthen collaboration in 2021 via the Nikkei FT Growth Fund (the "Fund"). The Fund, granted by Nikkei, continued to finance activities to support innovation and ventures that help both Nikkei and FT anticipate and prepare for opportunities and challenges in a fast-changing news media environment. During the year the Fund focused on continuing support for editorial projects such as FT Scoreboard; Trade Secrets; and #techAsia. Initially launched in 2019, the success of the first 3 years of the Fund led Nikkei to approve its extension for a further year, into 2022. In 2021 we launched a quarterly series of Nikkei partnership talks, hosted by our Director of Strategic Partnerships, with Nikkei presenting lightning talks to FT staff on Nikkei projects and products to foster collaboration and share good practice. An equivalent series is run for Nikkei staff with FT speakers presenting. Deeper exchanges of expertise are supported by the FT-Nikkei secondment scheme involving Editorial and Commercial staff from both businesses. The scheme supports the growth of close personal and professional ties with Nikkei, and establishes a regime of mutual support and learning. The FT and Nikkei partnership went from strength to strength in 2021 thanks to a shared commitment to long term quality growth and to effective investment. At the core of this cooperation is a set of shared values - the principles of integrity and editorial independence and a passion for digital transformation and innovation.

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DIRECTORS' REPORT (continued)

Engagement	Outcomes from engagement
<p>Customers</p> <p>In 2021, our senior management group, including the Board, again interviewed readers to understand their views on our products and services.</p> <p>Our Customer Research team continuously engages with subscribers to obtain Net Promoter Scores and satisfaction ratings along with open feedback. Feedback forms are also available on FT.com and the FT app for subscribers and anonymous users. Our Customer Care, B2B Customer Success Managers and FT Live also collect feedback from readers. The results of this engagement and feedback are shared with the Board and senior management group.</p> <p>Additionally, there are a number of bespoke research projects conducted for our editorial and customer engagement teams.</p> <p>The Management Board is regularly updated on and discusses how engaged our customers are with our products. Engaged readership is closely monitored as it is deemed to be a key metric that drives the success of our business.</p>	<p>This information is systematically shared with people who need to make decisions and presentations for Board members, as well as by the internal Product Council, Investment Board and Product Managers. It is used to inform decision-making about the opportunities for FT's digital development.</p> <p>During the year there were again a number of customers who were directly impacted by the pandemic and we arranged for the extension of credit terms and payment plans to support them through those challenging times.</p>

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DIRECTORS' REPORT (continued)

Suppliers

FT continues to recognise the importance and benefits of building and managing relationships with its key suppliers. Supplier management at the FT is undertaken in a way which is appropriate based on a number of factors including risk, spend and categorization of the supplier. Strategic and critical suppliers are identified jointly between our procurement team and the respective business owner either as a result of a new sourcing activity or as part of an ongoing review exercise where factors such as criticality of service, spend, contract term and overall relationship are key in determining how we categorise our supply base.

The Company's Code of Conduct sets out the standards we expect including how we ensure we conduct business fairly - our responsibilities around fair dealing and procurement, fair competition and anti bribery and corruption. The Code of Conduct is approved by the Board and all staff are requested by the CEO to certify they have read and understood it on an annual basis. A statement of our Code of Conduct is now published on FT.com.

During the year, the Management Board also approved an updated Modern Slavery Statement, which is published on FT.com

In 2021 we continued to build on our approach to supplier governance. More suppliers are now under active management through the supplier framework governance structure that we formalised the previous year.

Efforts were also focused on getting our procurement and supplier onboarding processes more consistently used across all business areas and this resulted in an increase in the number of supplier contracts being formally assessed and onboarded in 2021.

This further enhanced visibility and engagement of supplier Service Level Agreements, quarterly supplier business updates and annual reviews, across the business and up to Management Board level.

Additional steps continue to be taken to actively tackle modern slavery through our supply chains. The number of new suppliers required to complete due diligence (which covers modern slavery) continues to increase, and they are informed of the standards we expect, including that we do not tolerate any type of forced labour or human rights violations in our supply chain. We continue to work with managers in our overseas offices to better understand and manage any slavery risk in the supply chains locally.

In addition, during 2021 we started to formally ask new suppliers about their sustainability credentials in our due diligence processes and in our request for proposal documentation.

Throughout 2021 a significant cross-functional project was established to identify a new industry leading procurement system. The Board expects the first phase of implementation to be rolled out in 2022. The final goal is to have a full end-to-end procurement system, which will benefit all users: business users, our core teams internally as well as our suppliers.

The Financial Times Limited

DIRECTORS' REPORT (continued)

Engagement	Outcomes from engagement
<p>Printers & distributors</p> <p>In a challenging marketplace, the Management Board ensures that our Circulation and Operations teams continue to engage regularly with our printers, distributors and paper suppliers to manage both cost and performance ensuring that any major issues are raised with the Management Board.</p> <p>The team aims to visit each of our existing print sites on an annual basis to review performance. In 2021, we were able to re-establish in person reviews at the majority of the sites.</p> <p>As we moved printing at 2 of our UK sites in early 2022, we engaged regularly throughout 2021 with our new partners to negotiate terms and assess the quality of production.</p> <p>Decisions around maintaining print copy are also weighed against the desire to maintain a global reputation.</p> <p>Print site contracts continue to be renewed on an annual basis and all are actively considered and approved at Management Board level.</p>	<p>The Board continues to actively consider strategic decisions regarding volatility in the print supply chain, taking into consideration any reduction in print circulation and the impact on advertising, our subscribers and other suppliers in the chain.</p> <p>A comprehensive review of print operations took place in 2021. This involved stakeholders from both our internal print circulation and operations teams; and the ad sales team to look at the profitability of print and to form a 5 year strategic plan. The volatility and fragility of the print ecosystem was a major consideration and the importance of maintaining strong relationships with our suppliers was recognised as a key factor. The final results of the review were shared with and endorsed by the Management Board.</p>
<p>Technology</p> <p>Our Chief Production & Information Officer and Chief Technical Officer continue to meet with key suppliers periodically with any issues taken to the Management Board for their consideration.</p>	<p>A key concern for the Management Board in 2021 was controlling costs with our technology suppliers with everything we do now digital and in the cloud. Senior management identified two main drivers of cost increases in technology: a) growth in our customers and engagement with our products resulting in higher fees; and b) inflationary pressures from energy to salaries impacting our suppliers resulting in increases in fees. Throughout the supplier engagement process we have therefore taken a strategic view with regard to committing to longer contracts for our strategic partners. This enables the Company to develop deeper relationships with key suppliers and to lock in better deals and protect increases in the coming years. We are also investing in our technology to secure productivity gains.</p> <p>The Company continues to maintain a very close relationship with Xoomworks, our technology partner in Sofia, but following a review, in 2021 we also increased our number of preferred suppliers in this location.</p>

The Financial Times Limited

DIRECTORS' REPORT (continued)

Engagement	Outcomes from engagement
Payment Policy The Board understands the importance of the Company's procurement and prompt payment processes, particularly in 2021 when many were again adversely affected by the impacts of the continuing global pandemic. Our suppliers are kept regularly informed regarding their onboarding progress and any outstanding invoices. The Company publishes its payment performance practices every six months and we are keen to ensure suppliers are paid in accordance with their terms.	At the end of 2021, the Company had a payment performance of 89% <30 days overdue.
Banks Our CFO ensures that we are engaged with our banking partners and ensures that our finance function meets regularly with financial institutions who provide key banking services.	Our banking partners obtain a greater understanding of Company performance, operations and requirements.

Streamlined Energy and Carbon Reporting

The Company is committed to reducing our carbon emissions. In 2020, we commissioned an audit of our global carbon footprint over all three scopes - direct business activities (scope 1), indirect activities (scope 2) and all other indirect links (scope 3).

In March 2021 the Management Board confirmed its commitment to reducing our Group wide emissions to 'net zero' by 2050 or sooner across all areas of our operations, in line with the 'Business Ambition for 1.5 °C' campaign of the Science Based Targets initiative (SBTi). In June 2022 our targets to 2030 and 2050 were approved by the SBTi.

Business travel has been artificially reduced throughout 2020 and 2021 due to the Covid-19 pandemic. Our current carbon emissions from flights are well within targets, and we are working on an updated travel policy to ensure they remain so.

During the year, we amended our supplier onboarding process and tender documentation to explain our emissions stance to potential suppliers and to ask about their sustainability credentials. This will help us understand the sustainability risk in our supply chain and how we can best factor this into procurement decisions.

This report sets out information we are required to report in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

	Current Reporting Year 2021	Prior Reporting Year 2020
Energy consumption used to calculate emissions:/kWh	4,208,622	3,893,190
Emissions from combustion of gas tCO ₂ e (Scope 1)	256	262*
Fuel oil	3	7
Emissions from combustion of fuel for transport purposes (Scope 1)	0	0
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (Scope 3)	1	1
Emissions from purchased electricity (Scope 2, location-based)	6.0	8.5
Total gross CO ₂ e based on above	266	278*
Intensity ratio: tCO ₂ e per total £m sales revenue	0.72	0.87*

The Financial Times Limited

DIRECTORS' REPORT (continued)

Methodology

Energy consumption used to calculate emissions: kWh

Sum of all emissions in kWh using 2021 UK Government GHG Conversion Factors for Company Reporting factors.

Electricity

Quantified consumption readings from automatic metering, invoices and manual meter reads from each property supply. Where there are estimates our energy management team has projected (pro-rata extrapolation) the consumption using the previous year performance. From October 2019 the Company switched 98% of its electricity to renewables and is targeting 100% by the end of 2022.

Gas

On-site meter readings are taken to measure units, cubic metres are then converted to kWh using regional supplier factors.

*The 2020 figure disclosed in the 2020 financial statements was based on estimated figures from the network provider. The Company has since completed its own review and we have updated this to the actual readings from meters to provide a more accurate figure. The resulting impact on total gross CO₂e and the intensity ratio has also been updated.

Fuel oil

Fuel oil is measured in litres and then converted to kWh (using factor 11.89 from the emissions factors for the reporting year in question).

Travel

Employees driving their own vehicle without a monetary allowance, have not been required to disclose their vehicle type, fuel type or efficiency so this has been converted to kgCO₂e by using 'average unknown car fuel' and then to kWh using 'average car unknown'.

Base year reporting

2019 has been taken as the base year for reporting. During 2019, the Company moved head office and had to run two buildings simultaneously, which meant energy consumption was unusually high. 2020-2021 cannot be deemed as normal years in terms of energy consumption as the occupancy of FT offices was severely reduced due to the COVID-19 pandemic. This is estimated to have reduced energy consumption by 10-15%.

Energy Efficiency Action

The Company moved into a newly refurbished head office in 2019 and had influence over the selection and design of the plant and fittings; where possible energy efficient equipment was used. This included LED lighting controlled by Passive Infrared Sensors (PIR) and luminescence, Variable Speed Drives (VSD's) and an intelligent Building Management Systems (BMS).

During 2019 an Energy Savings Opportunity Scheme (ESOS) report was completed. The key recommendations listed below were implemented in 2020, and are still expected to yield a 1MW saving over 5 years:

- Optimise BMS control settings;
- Install kitchen hood extract controls; and
- Power management to workstations to support positive energy behaviours.

The Company has plans to further reduce its impact on the environment by installing demand logic, an intelligent power monitoring system which uses trend analysis to reduce electrical capacity.

The Financial Times Limited

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities

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 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 hence for taking reasonable steps for the prevention and detection of 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 the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Disclosure of information to auditor

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved and authorised for issue by the board.

DocuSigned by:

Alison Fortescue

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AM Fortescue

Company Secretary

28 September 2022

Company registered number:

00227590

The Financial Times Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FINANCIAL TIMES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Financial Times Limited ('the company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 2 to 22.

The financial reporting framework that has been applied in their preparation 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 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 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.

The Financial Times Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FINANCIAL TIMES LIMITED (continued)

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 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 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 company's industry and its control environment, and reviewed the company'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 framework that the company 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. These included the UK Companies Act 2006, tax legislation and pensions act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, 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 in revenue from advertisement in relation to cut-off assertion and the procedures performed included tracing a sample of journals posted pre and post year end to supporting evidence and performing analytical procedures using third party data.

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 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 correspondence with HMRC.

The Financial Times Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FINANCIAL TIMES LIMITED
(continued)**

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its 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:

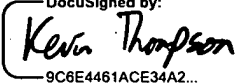
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law 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.

DocuSigned by:


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Kevin Thompson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor
London, United Kingdom
Date: 28 September 2022

The Financial Times Limited**STATEMENT OF COMPREHENSIVE INCOME****For the year ended:****31 December 2021**

		2021	2020
	Note	£'000	£'000
Continuing operations			
Revenue	3	369,503	319,789
Other income		980	970
Cost of sales		(184,288)	(169,560)
Gross profit		186,195	151,199
Distribution costs		(10,633)	(11,981)
Administrative expenses		(168,287)	(160,123)
Operating profit/(loss)	4	7,275	(20,905)
Income from shares in group undertakings		—	1
Impairment of amounts owed by group undertakings	13	(2,990)	—
Impairment of investment		—	(8,070)
Profit/(loss) before interest and taxation		4,285	(28,974)
Finance income	7	992	779
Finance costs	7	(6,012)	(6,340)
Loss before taxation		(735)	(34,535)
Tax credit on loss	8	12,357	100
Profit/(loss) for the financial year		11,622	(34,435)
Total comprehensive income/(expense) for the year		11,622	(34,435)

The notes on pages 25 to 56 form an integral part of these financial statements.

The Financial Times Limited**BALANCE SHEET**

As at:

31 December 2021

	Note	2021 £'000	2020 £'000
Non current assets			
Intangible assets	9	93,547	94,734
Property, plant and equipment	10	219,056	232,165
Investments	11	17,649	17,598
Deferred tax asset	16	27,190	14,122
		357,442	358,619
Current assets			
Inventory	12	929	1,445
Trade and other receivables	13	168,888	127,568
Cash at bank and in hand		24,528	16,686
		194,345	145,699
Trade and other payables: amounts falling due within one year	14	(247,822)	(203,931)
Net current liabilities		(53,477)	(58,232)
Total assets less current liabilities		303,965	300,387
Trade and other payables: amounts falling due after more than one year	14	(215,812)	(220,404)
Provisions for liabilities	15	(13,632)	(17,084)
Net assets		74,521	62,899
Capital and reserves			
Called up share capital	17	141,200	141,200
Profit and loss account		(66,679)	(78,301)
Total shareholders' funds		74,521	62,899

The notes on pages 25 to 56 form an integral part of these financial statements.

The financial statements on pages 22 to 56 were approved by the board of directors and authorised for issue on 28 September 2022. They were signed on its behalf by:

DocuSigned by:

James Lund

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JD Lund

Director

Company registered number:
00227590

The Financial Times Limited**STATEMENT OF CHANGES IN EQUITY**

For the year ended:

31 December 2021

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2020	141,200	(43,215)	97,985
Loss for the financial year	—	(34,435)	(34,435)
Total comprehensive expense for the year	—	(34,435)	(34,435)
Actuarial loss on defined benefit pension obligation	—	(651)	(651)
At 31 December 2020	141,200	(78,301)	62,899
Profit for the financial year	—	11,622	11,622
Total comprehensive income for the year	—	11,622	11,622
At 31 December 2021	141,200	(66,679)	74,521

The notes on pages 25 to 56 form an integral part of these financial statements.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended:
31 December 2021**

1 Accounting policies

The principal accounting policies are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

The Financial Times Limited is a private company limited by shares incorporated in England, in the United Kingdom under the Companies Act 2006. The address of its registered office is Bracken House, 1 Friday Street, London, United Kingdom EC4M 9BT.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has adopted FRS 101 (Financial Reporting Standard 101 Reduced Disclosure Framework) as issued by the Financial Reporting Council.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

No other updates or amendments to accounting standards effective this year have had a material impact on these financial statements. It should be noted that the Company has not yet concluded its assessment of the financial statement impact of the IFRS Interpretations Committee's agenda decisions in relation to Software-as-a-Service arrangements, but this will be completed in 2022.

Consolidation

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements because it is included in the group accounts of Nikkei Inc. which are publicly available (note 22).

Going concern

The directors have made a thorough assessment of the Company's ability to continue operating as a going concern. During 2021 the Company recorded a profit, and at the balance sheet date was in a net assets position. The performance in 2021 and management's review of future forecasts show that the Company is well placed to navigate the challenging economic conditions that are materialising. Paid-for-subscriber levels continue to ensure the FT.com platform is a robust business model, while advertising revenues remain strong and our events business has successfully navigated the move towards a more hybrid model that combines both digital and in-person events. Management has a clear expectation that we will have adequate resources to meet our commitments as they fall due for a period of at least 12 months from the date of approval of the financial statements. In addition, a letter of support has been received from a parent company which commits to support the Company for at least one year beyond the date these financial statements are signed. As such, we continue to adopt the going concern basis of preparation.

This assessment was based on a cash flow forecast using management's latest assumptions, taking into account the latest expectations around the possible impact of the ongoing COVID-19 situation and the adverse impact of the Ukraine-Russia conflict on global supply chains. The cash flow forecast has been stress tested in order to model management's most pessimistic view, including deteriorating cash collection assumptions, and the results show sufficient headroom to give the directors comfort that the Company has the ability to meet its financial obligations as they fall due. The assessment takes account of the fact that the Company has access, via an intercompany loan agreement, to a committed £100m loan facility that has been agreed by its immediate parent company with an external lender that runs until 06 July 2024. As such, we continue to adopt the going concern basis of preparation.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended:
31 December 2021**

1 Accounting policies (continued)

Foreign currency translation

The financial statements are presented in pound sterling (£) which is also the Company's functional currency.

Transactions in currencies other than the functional currency are recorded using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction and are not re-translated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Revenue recognition

Revenue represents net circulation, advertisement and other revenue receivable, net of discounts and excluding value added tax. Circulation and print advertising revenue is recognised when the newspaper or publication is published. Online advertising revenue is recognised either as page impressions are served or evenly over the period, depending on the terms of the contract. Subscription revenue is recognised over the life of the subscription. Event revenue is recognised at the time the event occurs. Revenue from barter transactions is recognised when the services exchanged are dissimilar and the amount can be measured reliably.

In line with IFRS 15, at contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service (or bundle of services) that is distinct. To identify the performance obligations the Company considers all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. Revenue is recognised at the fair value of the consideration received or receivable. Remaining performance obligations represent the transaction price of contracts for work that have not yet been performed, and is recorded as deferred income on the balance sheet.

Other income

Other income relates to intragroup management fees received from other entities in the Financial Times group of companies.

Current and deferred tax

Current tax is recognised on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on temporary differences arising between the tax bases of tax assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Intangible assets

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the net assets acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Company does not amortise goodwill but reviews it for impairment on an annual basis or whenever there are indicators of impairment.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended:
31 December 2021**

1 Accounting policies (continued)

Intangible assets (continued)

(b) Customer lists and trade names

Acquired intangible assets include customer lists and trade names acquired as part of business combinations and are capitalised separately from goodwill if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits attributable to the asset will flow to the Company. These assets are capitalised on acquisition at fair value. Amortisation is provided at rates calculated to write off the cost of each asset on a straight line basis over its estimated useful life as follows:

Customer lists - 10 years

Trade names - 10 years

(c) Software

Expenditure on software is capitalised when the Company is able to demonstrate all of the following: the technical feasibility of the resulting asset; the ability and intention to complete the development and use or sell it; how the asset will generate probable future economic benefits; and the ability to measure reliably the expenditure attributable to the asset during its development. Development costs which do not meet these criteria are recognised in the statement of comprehensive income as incurred and are not subsequently capitalised. Amortisation is provided at rates calculated to write off the cost of each asset on a straight line basis over its estimated useful life (3 - 5 years).

Tangible fixed assets

Tangible fixed assets 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. 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:

Freehold buildings 10 - 40 years;

Plant and machinery 5 - 10 years;

Fixtures and fittings 3 - 10 years;

Leasehold buildings - over the period of the lease;

Right of use assets - over the period of the lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment of non-financial assets

Goodwill is tested annually for impairment. 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 the fair value less costs to sell and value in use. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investment in subsidiaries and associated undertakings

Investments in subsidiaries and associated undertakings are held at cost less accumulated impairment losses.

Other fixed investments

Other fixed investments are held at fair value.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended:
31 December 2021**

1 Accounting policies (continued)

Inventory

Inventory is 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 inventory.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provisions for bad and doubtful debts and anticipated future sales returns. In line with IFRS 9, provisions for bad and doubtful debts are based on the expected credit loss model. The 'simplified approach' is used with the expected loss allowance measured at an amount equal to the lifetime expected credit losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term investments with maturities of three months or less. Overdrafts are included in borrowings in current liabilities in the balance sheet.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Provisions

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

Pensions

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Certain employees are members of The Financial Times Overseas Pension Plan, which is a defined benefit scheme. The scheme is unfunded and hence there are no assets to value each year. The liabilities are valued using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period or arising from the passage of time is charged to the profit and loss account. Actuarial gains and losses are recognised in the statement of total comprehensive income. An independent actuarial valuation is performed every three years and this was last performed by Willis Towers Watson as at 30 November 2020. The key assumptions underpinning the triennial valuations are reassessed annually to determine whether any factors need to be considered in updating the valuation, and any necessary adjustments are recognised accordingly.

Leases

Contracts with third parties for specified assets, the use of which the Company controls over a period of greater than one year and for a value in excess of £5,000, are accounted for as right of use assets which are depreciated over the shorter of the useful life of the asset or the lease term. A corresponding lease liability is recognised, unwinding over the term of the lease payments, and taking into account interest accruing on the liability.

Lease liabilities are recognised as the present value of the expected lease payments over the life of the lease, discounted using either the interest rate implicit in the lease, or in its absence the incremental borrowing rate determined by reference to the nature of the asset, the term of the lease and economic environment within which the asset is used. Right of use assets are recognised at an amount equal to the lease liability, plus any initial direct costs associated with the asset and inclusive of any estimate for the costs associated with restoration or dismantling the asset. Any subsequent lease modifications following initial recognition are taken into account when measuring the lease liability and the right of use asset.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

1 Accounting policies (continued)

Leases (continued)

Contracts with third parties for specified assets that are for a duration of less than one year or less than £5,000 are accounted for as operating leases, with the expense charged to the profit and loss account on a systematic basis over the term of the lease.

Where the Company acts as a lessor or a sub-lessor, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Where the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The present value of the lease payments receivable are disclosed within trade and other receivables. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises income from lease payments received under finance leases within 'other interest receivable'. The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other income'.

Financial instruments

(a) Financial assets at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets'.

(b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Borrowings are recognised initially at fair value, being proceeds received net of transaction costs incurred. Borrowings are subsequently carried at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Government grants

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

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

1 Accounting policies (continued)

Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company 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 Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of employee costs

Amounts capitalised as software in intangible fixed assets include the total cost of any external products or services and employee costs directly attributable to the development of the software. Employment costs capitalised as software in 2021 amounted to £20,031,120 (2020: £17,334,000). Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved.

In ascertaining whether employee costs are directly attributable, the individual tasks performed must be examined to verify whether time spent relates to the fit, form, and function of the asset. Items which relate to the fit, form, and function of an asset will be those which are critical to the asset's development (i.e. asset cannot be created without that specific task being done) such as software coding or testing performed to ensure the product is built to certain specifications.

When classifying activities performed in a development project as either directly or indirectly attributable, a distinction should be made whether value is added to the project of creating an asset versus adding value to the asset itself. While an individual's role may give insight into the types of work an individual will be performing, the actual tasks performed need to be assessed as to whether an item will be capitalised (adding explicit value to customers) or expensed.

Internal employee costs must be able to be accurately measured in order to be eligible for capitalisation. Where an employee is dedicated full-time to a project and engaged in only directly attributable activities, no specific tracking needs to be performed and this time can be capitalised. Where a process/system is implemented to track internal labour time, management reviews and approves this methodology. If an employee is dedicated to the project but has time split between direct and indirect labour activities, or if an employee is working on the project on a part-time basis (e.g. not-fully dedicated to a single project), then their time must be specifically tracked (e.g. through the use of approved timecards) in order to accurately measure time spent on directly attributable activities compared with those of an indirect nature. A general allocation of costs is not permissible.

Deferred tax assets and liabilities

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful life of software

Management estimation is involved in determining the useful life of the software. Software is assessed separately (on a project by project basis) to determine useful life. The following factors are taken into consideration by management when assessing the useful life of software: technological obsolescence, future versions/ editions or substantive upgrades/ enhancements.

At least annually, consideration is given as to whether any impairment indicators have been met.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was . No impairment loss was recognised during the year in relation to any of the investments.

Impairment of investments in associates/joint ventures

Determining whether the Company's investments in associates/joint ventures have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in associates/joint ventures at the balance sheet date was £9,914,000. During the year, no impairment charge on the Company's investments in associates or joint ventures was recognised. This was determined via a discounted cash flow analysis using the latest forecasts available to management as well as a discount rate and a growth rate that were deemed appropriate for the purpose of the assessment. A sensitivity analysis was also carried out which considered the underlying cash flow forecasts themselves, the discount rate and the growth rates assumed. Further detail is given in note 11b Investments - associates and joint ventures.

Carrying value of goodwill

Goodwill represents the single cash generating unit comprising the entire operations of the Company. The carrying value of goodwill has been subject to annual impairment testing. The directors have reviewed an impairment model which looks at the present value of the cash flows of the cash generating unit and are satisfied that the carrying value is supported by this assessment.

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****3 Revenue**

	2021	2020
	£'000	£'000
Continuing operations		
Sale of goods	269,208	238,068
Provision of services	100,295	81,721
Total revenue	369,503	319,789

Sale of goods primarily includes print advertising, subscriptions and newsstand sales. Provision of services primarily includes digital advertising and events.

The Company's activities consist of one class of business namely the provision of international business and financial news, data, comment and analysis and associated advertising revenue.

The Company treats invoices to agents in the United Kingdom as United Kingdom turnover, regardless of the country of residence of the customer. The Company has recognised £11,187,000 of barter revenue (2020: £10,276,000) on a gross basis.

In line with IFRS 15 the Company disaggregates revenue by geographical market as shown below:

	2021	2020
	£'000	£'000
United Kingdom	161,861	140,924
Rest of Europe	89,212	69,336
North America	74,290	66,640
Asia and Middle East	38,985	37,904
Rest of World	5,155	4,985
Total revenue	369,503	319,789

The following table shows how much revenue recognised in the current period relates to carried forward deferred income:

	2021	2020
	£'000	£'000
Revenue recognised that was included in the deferred income balance at the beginning of the period	69,352	58,506

The following table shows an analysis of revenue split between revenues earned at a point in time and revenues earned over a period of time:

	2021	2020
	£'000	£'000
Revenue earned at a point in time	194,347	110,814
Revenue earned over a period of time	175,156	208,975
Total revenue	369,503	319,789

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****4 Operating profit/(loss)**

Operating profit is stated after charging/(crediting)

		2021	2020
	Note	£'000	£'000
Staff costs	5	132,110	120,005
Depreciation of property, plant and equipment	10		
- owned		2,586	2,564
- right of use assets		11,558	11,589
Inventory costs		5,187	5,685
Rent expense for leased assets within short-term or low value exemption under IFRS 16		276	167
Amortisation of intangible assets included in operating expenses:	9		
- software		20,427	22,510
- other		15	15
Impairment of intangible fixed assets			
- software	9	2,342	4,341
Impairment of tangible fixed assets:			
- owned	10	—	24
Impairment of amounts owed by group undertakings	13	2,990	—
Net foreign exchange loss/(gains)		1,124	93
Fees payable to the Company's auditor:			
- auditing the financial statements of the Company		409	362
- other assurance services		147	116

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****5 Staff costs**

	2021	2020
	£'000	£'000
Staff costs		
Wages and salaries	108,031	97,000
Social security costs	14,727	12,748
Other pension costs	9,352	10,257
	132,110	120,005

Pension costs include £589,000 (2020: £767,000) representing the Company's contributions to employees' personal pension schemes. The remaining amounts of £8,763,000 (2020: £9,490,000) represent the charge for funding of the Financial Times Retirement Plan.

	2021	2020
Average monthly number of persons employed by the Company during the year	Number	Number
Production	891	872
Selling and distribution	196	184
Administration	309	292
	1,396	1,348

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

6 Directors' remuneration

	2021 £'000	2020 £'000
Staff costs		
Aggregate emoluments	3,982	3,533
Company contributions to money purchase pension schemes	33	30
	4,015	3,563

	2021 Number Directors	2020 Number Directors
Directors accruing benefits under money purchase schemes	5	3

	2021 £'000	2020 £'000
Highest paid director		
Aggregate emoluments	1,725	1,373
Company contributions to money purchase pension schemes	10	—
	1,735	1,373

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

7 Finance income and finance costs

	2021	2020
	£'000	£'000
Finance income		
Bank interest receivable	38	32
Other interest receivable	342	339
Interest receivable from group companies	612	408
Interest receivable and similar income	992	779

Other interest receivable relates to interest income on sub-leased assets that have been accounted for in accordance with IFRS 16. See note 13 for further details on subleases.

	2021	2020
	£'000	£'000
Finance cost		
Lease liability interest (see note 14)	5,081	5,283
Interest payable to group companies	581	631
Other interest	205	266
Pension finance expense	39	54
Unwinding provision discount	106	106
Interest payable and similar charges	6,012	6,340

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

8 Tax credit on loss

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on loss for the financial year	477	(140)
Adjustments in respect of prior years	228	(19)
Overseas taxation	-6	59
Total current tax	711	(100)
Deferred tax		
Origination and reversal of temporary differences	(13,068)	—
Total deferred tax	(13,068)	—
Total tax credit for the year	(12,357)	(100)
UK standard effective rate of corporation tax (%)	19.00	19.00

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2021 £'000	2020 £'000
Loss before taxation	(735)	(34,535)
Tax at standard UK corporation tax rate of 19.00% (2020: 19.00%)	(140)	(6,562)
Effects of:		
Expenses not deductible for tax purposes	1,157	237
Previously unprovided deferred tax now being recognised	—	—
Deferred tax not previously recognised	(13,068)	4,649
Higher tax rates on overseas earnings	6	59
Adjustments in respect of prior periods	228	(19)
Losses surrendered as group relief	—	(140)
Change in tax rates	—	—
Payment for group relief	—	140
Impairment of intangibles	3	3
Utilisation of unprovided deferred tax attributes brought forward	(543)	—
Impairment of investment	—	1,533
Tax exempt dividend income	—	—
Total tax credit for the year	(12,357)	(100)

The Company's profit for the year has been taxed at a statutory rate of 19.00% for the calendar year (2020: 19.00%). It was announced in the 2021 Budget that the corporation tax rate will increase to 25% from 1 April 2023. This change received Royal Assent on 10 June 2021.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

9 Intangible fixed assets

	Acquired customer lists £'000	Acquired trade names £'000	Software £'000	Software under development £'000	Goodwill £'000	Total £'000
Cost						
At 1 January 2021	4,926	415	211,458	1,154	55,399	273,352
Additions	—	—	3,269	18,328	—	21,597
Disposals	—	—	(8,029)	—	—	(8,029)
Impairment	—	—	(8,033)	—	—	(8,033)
Transfers	—	—	17,785	(17,785)	—	—
At 31 December 2021	4,926	415	216,450	1,697	55,399	278,887
Accumulated amortisation and impairment						
At 1 January 2021	4,926	378	173,314	—	—	178,618
Charge for the year	—	15	20,427	—	—	20,442
Disposals	—	—	(8,029)	—	—	(8,029)
Impairment	—	—	(5,691)	—	—	(5,691)
At 31 December 2021	4,926	393	180,021	—	—	185,340
Net book value						
At 31 December 2020	—	37	38,144	1,154	55,399	94,734
At 31 December 2021	—	22	36,429	1,697	55,399	93,547

Goodwill relates to one Cash Generating Unit, which is comprised of the entire business operations of the Company. The directors have performed an impairment review and confirmed that no impairment to goodwill is required.

In 2021, management performed a detailed review of software assets and concluded that legacy software with a net book value of £2,342,000 generated no residual economic benefit which flowed to the Company. As a result, the legacy software was fully impaired during the year.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

10 Property, plant and equipment

	Right of use assets £'000	Leasehold improvements £'000	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost							
At 1 January 2021	243,889	1,750	110	1,998	22,783	46	270,576
Additions	—	—	—	8	963	111	1,082
Disposals	(58)	—	(30)	—	(1,841)	—	(1,929)
Transfers	—	—	—	—	86	(86)	—
At 31 December 2021	243,831	1,750	80	2,006	21,991	71	269,729
Accumulated depreciation							
At 1 January 2021	21,867	188	110	989	15,257	—	38,411
Charge for the year	11,558	109	—	171	2,305	—	14,143
Disposals	(10)	—	(30)	—	(1,841)	—	(1,881)
Impairment	—	—	—	—	—	—	—
At 31 December 2021	33,415	297	80	1,160	15,721	—	50,673
Net book value							
At 31 December 2020	222,022	1,562	—	1,009	7,526	46	232,165
At 31 December 2021	210,416	1,453	—	846	6,270	71	219,056

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****11 Investments**

	Note	2021 £'000	2020 £'000
Subsidiary undertakings	11a	3,343	3,343
Associated undertakings and joint ventures	11b	9,914	9,863
Other investments	11c	4,392	4,392
Total		17,649	17,598

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****11a Investments - subsidiary undertakings**

	Total
	£'000
Cost	
At 1 January 2021	10,624
Additions	—
At 31 December 2021	10,624
Provision	
At 1 January 2021	7,281
Charge for the year	—
At 31 December 2021	7,281
Net book value	
At 31 December 2020	3,343
At 31 December 2021	3,343

On 01 July 2020, the Company exercised the option to acquire 100% of the share capital of Xoomworks Outsourcing (Sofia) Limited (name changed subsequently to The Financial Times (Bulgaria) Limited) for a consideration of €3,666,000 from Xoomworks Limited. The Company holds 1,000 ordinary shares with a par value of 10p each. In 2018, the Company entered an agreement with Xoomworks Limited for the purpose of creating a technology product development centre in Sofia, Bulgaria. In line with the original plan, Xoomworks Limited built and operated the venture over the course of two years prior to the sale to the Company.

Details of directly held subsidiary undertakings:

				2021	2020
Subsidiary	Registered office address	Class of shares held	Place of incorporation	% held	% held
The Financial Times (Overseas) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
The Financial Times (France) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
The Financial Times (Japan) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
The Financial Times (Spain) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
Financial Times (ASC) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
St. Clements Press (1988) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
The Financial Times (Bulgaria) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
The Financial Times (M-M UK) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
Mandatewire Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****11a Investments - subsidiary undertakings**

Details of directly held subsidiary undertakings (continued):

FT Labs Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
FDI Intelligence Limited	Centrepont 6th Floor, 24 Ormeau Avenue, Belfast, BT2 8HS	Ordinary	Northern Ireland	100%	100%
Exec-Appointments Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
The Financial News Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
The Financial Times (Switzerland) Limited	Bracken House, 1 Friday Street, London EC4M 9BT	Ordinary	England	100%	100%
Financial Times do Brasil Consultoria Ltda	Avenida Paulista, 2073, Ed. Horsa 1, sala 1206, Sao Paulo, CEP 01311- 940, Brazil	Ordinary	Brazil	90%	90%

The Company owns 90% of the issued share capital of Financial Times do Brasil Consultoria Ltda, incorporated in Brazil. Financial Times Group Limited owns the remaining 10% of the issued share capital.

In the opinion of the directors, the value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended:
31 December 2021

11b Investments - associates and joint ventures

	Total £'000
Cost	
At 1 January 2021	9,863
Additions	51
At 31 December 2021	9,914
Net book value	
At 31 December 2020	9,863
At 31 December 2021	9,914

Details of associate undertakings:

			2021	2020
Associate	Registered office address	Place of incorporation	% held	% held
Sifted (EU) Limited	20-22 Wenlock Road, London, England, N1 7GU	UK	14.36%	28.03%

Details of joint venture undertakings:

			2021	2020
Joint ventures	Registered office address	Place of incorporation	% held	% held
Headspring Limited	Bracken House, 1 Friday Street, London EC4M 9BT	UK	50%	50%

Investments in associates and joint ventures are stated at cost less provision for impairment.

On 03 March 2020, the Company participated in a loan to equity conversion in its joint venture Headspring Limited ("Headspring"). The Company was allotted 1 B Ordinary Share in the capital of Headspring in exchange for the full release of a debt of €3,272,000 (£2,883,000) owed by Headspring to the Company. On 22 September 2020, the Company participated in another loan to equity conversion and was allotted 1 B Ordinary Shares in the capital of Headspring in exchange for the full release of a debt of €2,000,000 (£1,762,000) owed by Headspring to the Company. There was no impact on the Company's share of ownership from either transaction.

On 12 November 2021, the Company's shareholding of Sifted (EU) Limited was diluted from 28.03% to 14.36% as part of a right issue which the Company did not participate in.

Following the completion of the annual impairment review exercise, management concluded that the carrying value of its associates & joint ventures could be supported, and the decision was made to record an impairment charge of £nil (2020: £8,070,000). This was determined by reference to the latest available five-year cash flow forecasts for its associates & joint ventures which were then discounted to a present value using an appropriate discount rate and growth rate. The results were then subject to a sensitivity analysis which looked to determine the impact of changes to the underlying cash flow assumptions, discount rate and growth rates. Following that analysis, management concluded that no impairment was appropriate in light of the data presented.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

11c Other investments

	2021	2020
	£'000	£'000
Other investments	4,392	4,392
	4,392	4,392

Details of other investments :

		2021	2020
	Class of shares held	% owned	% owned
NLA Media Access Limited	Ordinary	12.5%	12.5%
The Business of Fashion Limited	Ordinary	7.44%	7.89%

In the opinion of the directors, the value of the investments is not less than the amount at which they are stated in the balance sheet. This is determined by reference to a fair value assessment based on a discounted cash flow model using the latest available forecasts of the investee.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

12 Inventory

	2021	2020
	£'000	£'000
Raw materials and consumables	929	1,445
	929	1,445

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

13 Trade and other receivables

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Trade receivables	58,618	40,063
Amounts owed by group undertakings		
- immediate parent	36,903	759
- fellow group entities	43,250	56,699
Other taxation receivable	5,901	4,966
Other receivables	1,756	1,381
Prepayments	8,210	8,887
Accrued income	5,148	4,860
Corporation tax	221	761
Lease receivables	8,881	9,192
Total trade and other receivables	168,888	127,568

Amounts owed by group undertakings include loans of £59,360,000 attracting interest at rates between 1.03% and 1.585% (2020: £34,198,000 attracting interest at rates between 1.06% and 5.10%). The loans are unsecured and repayable on demand.

The remaining amounts of £20,793,000 (2020: £23,260,000) owed by group undertakings are unsecured, interest free and repayable on demand.

Trade receivables are stated after provisions for impairment of £2,679,000 (2020: £2,712,000).

It was determined that amounts receivable from St. Clements Press (1988) Limited, a wholly owned subsidiary, were not recoverable due to the commercial decision to cease print operations by that company. As a result £2,990,000 has been recognised as an impairment loss in the statement of comprehensive income in 2021.

The lease receivable balance relates to the sub-lease of office floor space to two tenants. For the year ended 31 December 2021, the cash received in relation to the sub-lease of office floor space amounted to £515,000 (2020: £515,000). Based on the characteristics of each sub-lease the incremental borrowing rates have been estimated at between 2.30%.

Lease receivable maturity analysis - contractual undiscounted cash flows:

	2021	2020
	£'000	£'000
Within one year	515	515
Between one and five years	2,058	2,058
In over five years	8,661	9,176
Total	11,234	11,749

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

14 Trade and other payables

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Lease liability	10,134	15,043
Trade payables	10,480	2,808
Amounts owed to group undertakings:		
- Immediate parent	63,978	0
- fellow group entities	39,070	82,422
Other taxation and social security	4,044	3,065
Other payables	600	581
Accruals	39,579	30,323
Deferred income	79,937	69,689
	247,822	203,931
Amounts falling due after more than one year		
Lease liability	215,812	220,404
Total trade and other payables	463,634	424,335

Amounts owed to group undertakings include loans of £74,963,000 attracting interest at rates between 0.76% and 1.15% (2020: £52,732,000 attracting interest at 0.73%). The loans are unsecured and repayable on demand.

The remaining amounts of £28,086,000 (2020: £29,690,000) owed to group undertakings are unsecured, interest free and repayable on demand.

Lease liabilities represent the discounted amounts payable in respect of its contractual right to use commercial and editorial office space. The future lease payments have been discounted at the incremental borrowing rate applicable to each lease at the date of inception of the lease. Based on the characteristics of each lease the incremental borrowing rates have been estimated at between 0.29% to 11.35%. There are no variable lease payments, extension or termination options, residual value guarantees, restrictive covenants or sale and leaseback transactions that need to be accounted for.

As at 31 December 2021, the lease cash payments made during the year amounted to £14,525,000 (2020: £14,662,000).

Lease liability maturity analysis - contractual undiscounted cash flows:

	2021	2020
	£'000	£'000
Within one year	14,997	15,043
Between one and five years	74,777	60,171
In over five years	190,623	235,566
Total	280,397	310,780

Lease liabilities included in the balance sheet as at 31 December 2021:

	2021	2020
	£'000	£'000
Current liability	10,134	15,043
Non-current liability	215,812	220,404
Total lease liabilities	225,946	235,447

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

15 Provisions

	Pensions	Re- organisations	Other Provisions	Total
	£'000	£'000	£'000	£'000
At 1 January 2021	3,556	4,728	8,800	17,084
Amounts charged to the profit and loss account	62	30	1,405	1,497
Amounts credited to the profit and loss account	(219)	(595)	(2)	(816)
Amounts utilised	—	(4,133)	—	(4,133)
At 31 December 2021	3,399	30	10,203	13,632

The pension provision relates to a defined benefit scheme for non-journalistic staff and other pension liabilities in connection to the disposal by Pearson in 2015. The defined benefit scheme is unfunded and subject to triennial valuation, with the last full valuation dated 30 November 2020. A review was undertaken to assess if any material changes had occurred up to 30 November 2021 but no such changes were identified.

The reorganisation provision relates to redundancy obligations.

Other provisions relate primarily to dilapidations, asset retirement obligations and amounts due in respect of US sales tax.

The dilapidation provision is the current best estimate of the cost of bringing certain properties, held under leases, back to their original condition as required by the lease agreement. The provision will be utilised as the lease comes to an end and / or properties require repair.

The US sales tax provision reflects estimated US sales tax liabilities that have arisen following the Wayfair ruling which results in sales taxes being levied on digital services.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

16 Deferred taxation asset

	Total
Asset	£'000
At 1 January 2021	14,122
Credited to profit and loss	14,659
Charged to profit and loss	(1,591)
At 31 December 2021	27,190

The deferred tax asset recognised at 31 December 2021 is £27,190,000 (2020: 14,122,000) and made up of the following temporary differences:

	Other timing differences	Accelerated capital allowances	Intangible fixed assets	Unrelieved tax losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	4,083	2,643	6,361	1,035	14,122
Credited to profit and loss	47	1,261	—	13,351	14,659
Charged to profit and loss	—	—	(1,591)	—	(1,591)
At 31 December 2021	4,130	3,904	4,770	14,386	27,190

A further net deferred tax asset of £14,659,000 (2020: £4,773,000) has not been recognised on provisions, capital allowances and losses available to carry forward due to the uncertainty regarding the availability of future taxable profits. The losses will be available to offset against future taxable profits which are forecast to arise based on management's latest assessment of the strategic plans.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

17 Called up share capital

	2021	2020
	£'000	£'000
Total authorised share capital	141,200	141,200

	2021	2020	2021	2020
	Number	Number	£'000	£'000
Ordinary shares £1 each				
Allotted, called up and fully paid	141,200,000	141,200,000	141,200	141,200

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****18 Capital and other commitments**

	2021	2020
Capital commitments are as follows	£'000	£'000
Contracts for future capital expenditure not provided in the financial statements	—	516
	—	516

The capital commitments disclosed above related to property, plant and equipment.

The Financial Times Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended:****31 December 2021****19 Retirement benefit schemes****Financial Times Retirement Plan**

The Financial Times Retirement Plan (a defined contribution scheme) was established on 1 December 2015, following the sale of the Financial Times Group from Pearson plc to Nikkei Inc. At this time, members joined the Financial Times Retirement Plan (having previously been active members of the Pearson Group Pension Plan) and began to accrue future service benefits. Past service benefits for these members remained in the Pearson Group Pension Plan.

	2021	2020
Capital commitments are as follows	£'000	£'000
Profit and loss charge for the Company in respect of its participation in the schemes representing regular contributions paid	8,763	9,490

Accrued pension payments at 31 December 2021 totalled £389,000 (2020: £2,885,000).

Amounts relating to defined benefit schemes are detailed further in Note 15 Provisions. As the defined benefit arrangements are unfunded and not material no additional disclosure has been given here.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended:
31 December 2021**

20 Post balance sheet events

On 23rd September 2022 the Chancellor of the Exchequer announced that the corporation tax will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1st April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balance at 31st December 2021.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended:
31 December 2021**

21 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(j) and 8(k) of FRS101 not to disclose transactions with key management personnel or fellow wholly owned subsidiaries.

During the year, the Company provided services with a value of £8,000 (2020: £118,000) to Sifted (EU) Limited, an associated company. At the year end, the amounts receivable from Sifted (EU) Limited were £nil (2020: £nil).

During the year, the Company provided services with a value of £190,000 (2020: £699,000) to Headspring Limited, a joint venture of the Company. At the period end, the amounts receivable from and payable to Headspring Limited was £nil (2020: £64,000) and £1,000 (2020: £nil) respectively. In addition, the Company has advanced a loan to Headspring Limited, with amounts receivable at the period end totalling £420,000 (2020: £448,000).

During the year, the Company provided services with a value of £nil (2020: £69,000) to NLA Media Access Limited, an investment of the Company. During the year, the Company received services from NLA Media Access Limited with a value of £104,000 (2020: £nil). At the period end, the amounts receivable from and payable to NLA Media Access Limited was £132,000 (2020: £113,000) and £7,000 (2020: £nil) respectively.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2021

22 Ultimate parent undertaking

The immediate parent undertaking is Financial Times Group Limited.

The ultimate parent undertaking and controlling party is Nikkei Inc., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Nikkei Inc. is incorporated in Japan and copies of Nikkei Inc.'s consolidated financial statements can be obtained from its registered office at Nikkei Inc., 1-3-7 Otemachi, Chiyoda-ku, Tokyo 100-8066, Japan.

THESE ACCOUNTS FORM PART
OF THE GROUP ACCOUNTS OF
THE FINANCIAL TIMES LIMITED
COMPANY NO.0027590

**Nikkei Inc. and
Consolidated Subsidiaries**

*Consolidated Financial Statements
for the Year Ended 31 December, 2021,
and Independent Auditor's Report*

CERTIFIED AS A TRUE COPY

SIGNATURE

森田 勝久

KATSUHISA MORITA
DIRECTOR, NIKKEI INC.

DATE

19/5/2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nikkei Inc.:

Opinion

We have audited the consolidated financial statements of Nikkei Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of 31 December, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into British pound amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such British pound amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Evaluation of goodwill and other intangible assets relevant to Financial Times Group Limited		
	Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
1	<p>The Group recorded 75,662 million yen of goodwill and 19,711 million yen of other intangible assets—Brandname and Customer-related assets—relevant to its consolidated subsidiary, Financial Times Group Limited (hereafter referred to as "FT") on the consolidated balance sheet as of 31 December, 2021, which represented 16% of total assets.</p> <p>The Group assessed whether there was any indication that goodwill and other intangible assets relevant to FT included in the consolidated financial statements may be impaired by considering FT's business environment as well as the progress and achievability of their business plan. As a result, the Group determined that there was no indication of impairment.</p> <p>The business plan of FT includes forecasts of continuous sales and profit growths, especially in digital and event business areas, based on FT's high brand power, human assets, and digital technology, amid large changes in the business environment surrounding the media industry due to the advancement of digital technology and changes in customers' lifestyles. Business plans thus mainly includes management's subjective judgment on sales growth and cost reduction measures through pricing strategies and subscriber increase measures in the digital business, development strategy of the event business and synergy effects in each business. There is uncertainty in achieving these business plans.</p> <p>We identified the evaluation of goodwill and other intangible assets related to FT as a key audit matter because these amounts are quantitatively material, and their evaluation is affected by management's subjective judgment.</p>	<p>Our audit procedures related to evaluating the reasonableness of goodwill and other intangible assets for FT included the following, among others:</p> <p>Evaluation of internal control</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of internal controls over determination of the impairment indications of goodwill and other intangible assets relevant to FT by inquiring of management on the testing process, results of testing and approval procedures by the Group as well as by inspecting relevant materials. <p>Evaluating the indication of impairment</p> <ul style="list-style-type: none"> • We evaluated the reasonableness of management's assessment concluding that there was no indication of impairment by evaluating FT's business result analysis conducted by management based on FT's business environment and changes in the environment as well as by comparing the business plan with actual results. • We inquired of management regarding the progress of sales growth and cost reduction measures through pricing strategies and subscriber increase measures in the digital business, the main business included in the business plan estimates; development strategy of the event business; and synergy effects in each business. In addition, we performed a comparative analysis of the business plan and actual results. • Furthermore, we involved component auditors to assist us in testing whether there had been any material changes in the business environment on which the business plan was based and whether information obtained by us and component auditors was consistent.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 auditing standards generally accepted in Japan 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 consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

28 March, 2022

Nikkei Inc. and Consolidated Subsidiaries
Consolidated Balance Sheet
31 December 2021

ASSETS	Millions of Yen		Thousands of British Pounds (Note 1)
	2021	2020	2021
CURRENT ASSETS:			
Cash and cash equivalents (Notes 10 and 18)	¥101,235	¥106,766	£652,116
Marketable securities (Notes 6 and 18)	2,000	200	12,883
Notes and accounts receivable (Note 18):			
Trade	36,888	30,754	237,616
Unconsolidated subsidiaries and associated companies	522	484	3,364
Other	3,247	3,141	20,917
Inventories (Note 7)	2,612	2,473	16,828
Short-term investments (Notes 8 and 18)	15,432	11,827	99,406
Other current assets	7,522	8,805	48,454
Allowance for doubtful receivables	(2,716)	(2,860)	(17,495)
Total current assets	166,742	161,590	1,074,089
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 10)	101,460	101,626	653,571
Buildings and structures (Note 10)	153,458	164,636	988,522
Machinery and equipment (Note 10)	55,127	65,427	355,110
Furniture and fixtures	18,949	20,569	122,066
Lease assets	1,414	986	9,110
Rights-of-use assets	39,938	36,608	257,264
Construction in progress	2,854	618	18,374
Total	373,200	390,470	2,404,017
Accumulated depreciation	(182,415)	(201,208)	(1,175,050)
Net property, plant and equipment (Note 23)	190,785	189,262	1,228,967
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6, 10 and 18)	43,880	34,066	282,659
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 18)	45,100	43,295	290,520
Goodwill	75,662	73,245	487,388
Software	28,230	26,515	181,850
Assets for retirement benefits (Note 11)	12,008	10,469	77,351
Deferred tax assets (Note 14)	16,162	17,868	104,112
Other assets	29,169	29,620	187,895
Total investments and other assets	250,211	235,078	1,611,775
TOTAL	¥607,738	¥585,930	£3,914,831
See notes to consolidated financial statements.			
LIABILITIES AND EQUITY	Millions of Yen		Thousands of British Pounds (Note 1)
	2021	2020	2021
CURRENT LIABILITIES:			
Short-term bank loans (Notes 10 and 18)	¥7,270	¥10,067	£46,831
Current portion of long-term debt (Notes 10 and 18)	11,568	11,553	74,514
Notes and accounts payable (Note 10 and 18):			
Trade	12,048	11,189	77,610
Unconsolidated subsidiaries and associated companies	181	792	1,163
Other	13,620	15,085	87,735
Income taxes payable	4,206	2,085	27,095
Accrued expenses	15,515	11,942	99,944
Provision for sales returns	837	938	5,392
Other current liabilities (Note 12)	36,391	32,443	234,418
Total current liabilities	101,636	96,094	654,702
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10 and 18)	62,976	72,480	405,669
Long-term lease liabilities (Note 10)	33,194	31,859	213,822
Deferred tax liabilities for land revaluation	18,548	18,586	119,478
Liability for retirement benefits (Note 11)	45,640	54,422	293,997
Retirement allowance for Directors and Audit & Supervisory Board Members	2,262	2,646	14,569
Other liabilities (Notes 12, 14 and 16)	17,642	15,781	113,649
Total long-term liabilities	180,262	195,774	1,161,184
COMMITMENTS AND CONTINGENT LIABILITIES (Note 19 and 20)			
EQUITY (Note 13):			
Common stock—authorized, 120,000,000 shares; issued, 25,000,000 shares in 2021 and in 2020	2,500	2,500	16,104
Capital surplus	420	304	2,707
Retained earnings	301,467	289,595	1,941,942
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	17,634	14,229	113,593
Deferred gain (loss) on derivatives under hedge accounting	5	(1)	30
Land revaluation surplus	10,751	10,838	69,256
Foreign currency translation adjustments	(37,477)	(47,831)	(241,418)
Defined retirement benefit plans	3,281	(1,239)	21,138
Total	298,581	268,395	1,923,352
Noncontrolling interests	27,259	25,667	175,593
Total equity	325,840	294,062	2,098,945
TOTAL	¥607,738	¥585,930	£3,914,831

Nikkei Inc. and Consolidated Subsidiaries

Consolidated Statement of Income Year Ended 31-December 2021

	Millions of Yen		Thousands of British Pounds (Note 1)
	2021	2020	2021
NET SALES (Note 23)	¥352,905	¥330,800	£2,273,289
COST OF SALES	196,925	192,753	1,268,525
Gross profit	155,980	138,047	1,004,764
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	136,156	129,566	877,068
Operating income	19,824	8,481	127,696
OTHER INCOME (EXPENSES):			
Interest and dividend income	1,142	1,094	7,360
Interest expense	(1,284)	(1,277)	(8,272)
(Loss) gain on sales and disposal of property, plant and equipment	(502)	228	(3,234)
Loss on sales of investment securities		(445)	
Foreign exchange gain (loss) *	287	(435)	1,850
Loss on valuation of investment securities	(1,004)	(2,783)	(6,466)
Loss on impairment of long-lived assets (Note 9)		(1,157)	
Business restructuring expenses (Note 15)	(374)	(1,017)	(2,410)
Equity in earnings of unconsolidated subsidiaries and associated companies	2,044	361	13,165
Other—net (Note 16)	36	4,397	234
Other income (expenses)—net	345	(1,034)	2,227
INCOME BEFORE INCOME TAXES	20,169	7,447	129,923
INCOME TAXES (Note 14):			
Current	6,125	3,765	39,458
Deferred	(90)	1,082	(580)
Total income taxes	6,035	4,847	38,878
NET INCOME	14,134	2,600	91,045
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,763	1,213	11,356
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥12,371	¥1,387	£79,689
	Yen		British Pounds
PER SHARE OF COMMON STOCK (Note 2.v):			
Basic net income	¥494.83	¥55.47	£3.19
Cash dividends applicable to the year	15.00	15.00	0.10
See notes to consolidated financial statements			

Nikkei Inc. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2021

	Millions of Yen		Thousands of British Pounds (Note 1)
	2021	2020	2021
NET INCOME	¥14,134	¥2,600	£91,045
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21):			
Unrealized gain (loss) on available-for-sale securities	2,968	(1,221)	19,121
Deferred gain (loss) on derivatives under hedge accounting	9	(4)	59
Foreign currency translation adjustments	10,353	(3,741)	66,689
Defined retirement benefit plans	4,818	2,686	31,034
Share of other comprehensive income (loss) in associates	640	(110)	4,123
Total other comprehensive income (loss)	18,788	(2,390)	121,026
COMPREHENSIVE INCOME	¥32,922	¥210	212,071
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Owners of the parent	¥30,655	¥ (1,157)	£ 197,469
Noncontrolling interests	2,267	1,367	14,602

See notes to consolidated financial statements.

Nikkei Inc. and Consolidated Subsidiaries
Consolidated Statement of Changes in Equity
Year Ended 31 December 2021

	Thousands	Millions of Yen										
		Accumulated Other Comprehensive Income										
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available- for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncont rolling Interests	Total Equity
BALANCE, 1 JANUARY 2020	25,000	¥ 2,500	¥304	¥288,512	¥15,770	¥1	¥10,688	¥ (44,089)	¥ (3,980)	¥269,706	¥24,740	¥ 294,446
Net income attributable to owners of the parent				1,387						1,387		1,387
Cash dividends, ¥15.00 per share				(375)						(375)		(375)
Capital transactions with noncontrolling shareholders				221						221		221
Reversal of land revaluation surplus				(150)						(150)		(150)
Net change in the year					(1,541)	(2)	150	(3,742)	2,741	(2,394)	927	(1,467)
BALANCE, 31 DECEMBER 2020	25,000	¥ 2,500	¥304	¥289,595	¥14,229	¥ (1)	¥10,838	¥ (47,831)	¥ (1,239)	¥268,395	¥25,667	¥ 294,062
Net income attributable to owners of the parent				12,371						12,371		12,371
Cash dividends, ¥15.00 per share				(375)						(375)		(375)
Change in the parent's ownership interest due to transactions with noncontrolling interests			116							116		116
Capital transactions with noncontrolling shareholders				(210)						(210)		(210)
Reversal of land revaluation surplus				86						86		86
Net change in the year					3,405	6	(87)	10,354	4,520	18,198	1,592	19,790
BALANCE, 31 DECEMBER 2021	25,000	¥ 2,500	¥420	¥301,467	¥17,634	¥ 5	¥10,751	¥ (37,477)	¥3,281	¥298,581	¥27,259	¥ 325,840

	Thousands of British Pounds (Note 1)											
	Accumulated Other Comprehensive Income											
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available- for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncont rolling Interests	Total Equity	
BALANCE, 31 DECEMBER 2020	£16,104	£1,961	£1,865,465	£91,656	£(6)	£69,811	£(308,108)	£(7,979)	£1,728,904	£165,337	£1,894,241	
Net income attributable to owners of the parent			79,689						79,689		79,689	
Cash dividends, £0.10 per share			(2,416)						(2,416)		(2,416)	
Change in the parent's ownership interest due to transactions with noncontrolling interests		746							746		746	
Capital transactions with noncontrolling shareholders			(1,351)						(1,351)		(1,351)	
Reversal of land revaluation surplus			555						555		555	
Net change in the year				21,937	36	(555)	66,690	• 29,117	117,225	10,256	127,481	
BALANCE, 31 DECEMBER 2021	£16,104	£2,707	£1,941,942	£113,593	£30	£69,256	£(241,418)	£21,138	£1,923,352	£175,593	£2,098,945	

See notes to consolidated financial statements.

Nikkei Inc. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended 31 December 2021

	Millions of Yen		Thousands of British Pounds (Note 1)
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥20,169	¥7,447	£129,923
Adjustments for:			
Income taxes—paid	(3,243)	(5,867)	(20,889)
Depreciation and amortization	23,548	22,151	151,686
Loss (gain) on sales and disposal of property, plant and equipment	502	(228)	3,234
Loss on impairment of long-lived assets		1,157	
Loss on sales of investment securities		445	
Loss on valuation of investment securities	1,004	2,783	6,466
Amortization of goodwill	5,576	5,009	35,917
Equity in earnings of unconsolidated subsidiaries and associated companies	(2,044)	(361)	(13,165)
Changes in assets and liabilities, net of effects:			
(Increase) decrease in notes and accounts receivable	(5,087)	1,753	(32,770)
Increase (decrease) in notes and accounts payable	652	(1,097)	4,199
(Decrease) increase in liability for employees' retirement benefits	(1,482)	301	(9,546)
Other—net	4,434	(496)	28,563
Total adjustments	23,860	25,550	153,695
Net cash provided by operating activities	44,029	32,997	283,618
INVESTING ACTIVITIES:			
Payments into time deposits	(35,193)	(28,134)	(226,701)
Proceeds from withdrawal of time deposits	31,899	34,733	205,484
Purchases of marketable securities	(3,000)		(19,325)
Proceeds from sales of marketable securities	1,202	1,304	7,742
Purchases of property, plant and equipment	(8,181)	(2,934)	(52,702)
Purchases of intangible assets	(14,410)	(13,737)	(92,825)
Purchases of investment securities	(5,931)	(528)	(38,208)
Proceeds from sales of investment securities	62	143	401
Proceeds from sales of investments in subsidiaries resulting in change in the scope of consolidation		366	
Other—net	(647)	854	(4,162)
Net cash used in investing activities	(34,199)	(7,933)	(220,296)
FORWARD	¥9,830	¥25,064	£63,322

(Continued)

Nikkei Inc. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended 31 December 2021

	Millions of Yen		Thousands of British Pounds (Note 1)
	2021	2020	2021
FORWARD	¥9,830	¥25,064	£ 63,322
FINANCING ACTIVITIES:			
Decrease in short-term bank loans—net (Note 4)	(3,023)	(1,753)	(19,470)
Repayments of long-term bank loans	(9,504)	(9,504)	(61,221)
Dividends paid	(375)	(375)	(2,416)
Other—net	(3,611)	(3,937)	(23,265)
Net cash used in financing activities	(16,513)	(15,569)	(106,372)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,104	(336)	7,111
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,579)	9,159	(35,939)
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM MERGER OF UNCONSOLIDATED SUBSIDIARIES	48		304
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	106,766	97,607	687,751
CASH AND CASH EQUIVALENTS, END OF YEAR	¥101,235	¥106,766	£652,116

See notes to consolidated financial statements.

(Concluded)

Nikkei Inc. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements Year Ended 31 December 2021

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nikkei Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into British pound amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥155.24 to £1, the approximate rate of exchange at 31 December 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into British pounds at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Consolidation**—The consolidated financial statements as of 31 December 2021, include the accounts of the Company and its 38 (38 in 2020) significant subsidiaries (together, the "Group"). Financial Times Group Limited, which consolidates all of its subsidiaries, is counted as one company.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 11 (11 in 2020) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is recorded as goodwill and amortized within 20 years by using the straight-line method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

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- b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—Under Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (“PITF”) No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements,” the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—“FASB ASC”) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalised development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.
- c. ***Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method***—ASBJ Statement No. 16, “Accounting Standard for Equity Method of Accounting for Investments,” requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalised development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.
- d. ***Cash Equivalents***—Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.
- Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.
- e. ***Allowance for doubtful receivables***—The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Company's past credit loss experience and evaluation of potential losses in the receivables outstanding.
- f. ***Inventories***—The Company determines the cost of raw materials by the average cost method and the cost of supplies by the first-in, first-out method.

The consolidated subsidiaries determine the cost of raw materials mainly by the first-in, first-out method, the cost of merchandise and finished products mainly by the moving-average method, and the cost of work in process mainly by the specific identification method.

Inventories are stated at the lower of cost, or net selling value.

- g. Marketable and Investment Securities**—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and (2) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

- h. Property, Plant and Equipment**—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment, excluding lease assets, is principally computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is principally applied to buildings and structures. The range of useful lives is mainly from 2 to 50 years for buildings and structures, and from 2 to 15 years for machinery and equipment.

Depreciation of lease assets related to the finance leases for which ownerships is not transferred is computed by the straight-line method over the lease period with no residual value carried. Amortization of right-of-use assets is computed by the straight-line method.

- i. Long-Lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

- j. Land Revaluation**—Under the “Law of Land Revaluation,” the Company elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as at 31 December 2000. The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the declines in value should be removed from the land revaluation excess account and related deferred tax liabilities.

- k. Software**—Software is amortized by the straight-line method based on the length of the period it can be used internally (mainly 5 years).

- l. Goodwill**—Goodwill is amortized by the straight-line method over its estimated useful life determined for each business combination, not exceeding 20 years. In the case it is fairly immaterial, it is expensed immediately in the fiscal year of its occurrence.

- m. Retirement and Pension Plans**—The Company and certain consolidated subsidiaries have defined benefit pension plans and lump-sum payment plans.

In calculating the retirement benefit obligation, a benefit formula basis is principally used to determine the amount of the expected retirement benefit obligations attributed to services

performed up to the end of the current fiscal year.

Past service costs are amortized on a straight-line basis within the average remaining service period of the eligible employees in and after the fiscal year in which they arise.

Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period of the eligible employees in and after the fiscal year in which they arise.

- n. Asset Retirement Obligations*—An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalised by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalised amount of the related asset retirement cost.

- o. Leases*—For a lessee, finance lease transactions are capitalised by recognizing lease assets and lease obligations in the balance sheet.
- p. Provision for sales returns*—Certain consolidated subsidiaries accrue provision for sales returns of books and magazines based on their historical sales returns rate experience.
- q. Retirement allowance for Directors and Audit & Supervisory Board Members*—Retirement allowance for Directors and Audit & Supervisory Board Members is provided to allocate retirement compensation for directors at an amount that would be required to be paid in accordance with the Company's internal rules as if all eligible officers resign from their positions at the balance sheet date.
- r. Income Taxes*—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.
- s. Foreign Currency Transactions*—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.
- t. Foreign Currency Financial Statements*—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and

expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

- u. ***Derivatives and Hedging Activities***—The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange and interest rates and currency swaps. Foreign exchange forward contracts, interest rate swaps and currency swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading purposes or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivatives transactions are recognized in the consolidated statement of income, and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Notes and accounts payable denominated in foreign currencies, for which foreign currency forward contracts are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts qualify for exceptional hedge accounting.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. The currency swaps which qualify for hedged debt is translated at the contracted rates of the foreign currency swaps.

Hedging relationships to which “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” is applied

On 29 September 2020, the ASBJ issued the PITF No.40 for Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR.

The Group applied exceptional accounting to all hedging relationships which were included in the scope of application of this practical solution. The hedging relationships to which this practical solution was applied are the following:

Hedge accounting applied – exceptional hedge accounting treatment for interest rate swaps, allocation treatment for currency swaps

Hedging instruments – interest rate swaps, currency swaps

Hedged items – interest expense, long-term debt

Categories of hedges – hedge of the exposure to variability in cash flows

- v. ***Per Share Information***—Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not presented because the Company has no dilutive financial instruments.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

- w. ***New Accounting Pronouncements***

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, 31 March 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ

Guidance No. 30, 31 March 2020)

- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, 31 March 2020)

(1) Outline

The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Effective date

Effective from annual periods beginning on or after 1 January 2022.

(3) Effects of the application of the standards

The Company is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, 4 July 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, 4 July 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, 4 July 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, 4 July 2019)
- Implementation Guidance on Disclosures of Fair Value of Financial Instruments (ASBJ Guidance No. 19, 31 March 2020)

(1) Outline

Under the circumstances that IASB and FASB have similar detailed guidance regarding fair value measurements, IFRS 13-Fair Value Measurement under IFRS and Topic 820 in the Accounting Standards Codification-Fair Value Measurement under generally accepted accounting principles in the United States America ("U.S. GAAP"), ASBJ has made efforts to make the Japanese standards consistent with international accounting standards mainly regarding the guidance and disclosure of the fair value of financial instruments and has published.

From the viewpoint of improving the comparability of financial statements between domestic and overseas companies by using a uniform calculation method as a basic policy for the development of accounting standards for fair value measurement, ASBJ has basically adopted all the provisions of IFRS 13 and has stipulated other treatments for individual items to the extent that comparability between financial statements is not significantly impaired considering the practices that have been conducted in Japan up to now.

(2) Effective date

Effective from annual periods beginning on or after 1 January 2022.

(3) Effects of the application of the standards

The Company is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. SIGNIFICANT ACCOUNTING ESTIMATES

a. Valuation of goodwill and other intangible assets (brandname, customer-related assets, etc.)

Acquisition costs of companies or business operations acquired through business combination are allocated to assets and liabilities. When the acquisition cost is in excess of the net value allocated to assets and liabilities, the excess amount is recorded in assets as goodwill. Goodwill and other intangible assets (brandname, customer-related assets, etc.) are regularly amortized during their estimated useful life, and the carrying amount is subject to such amortization. When we believe that the carrying amount of goodwill and other intangible assets (brandname, customer-related assets, etc.) is not recoverable in full, we write down the figure to the recoverable amount.

If the recoverable amount of goodwill and other intangible assets (brandname, customer-related assets, etc.) falls below their carrying amount due to changes in the management environment or other reasons, impairment may become necessary.

Valuation of goodwill and other intangible assets (brandname, customer-related assets, etc.) related to Financial Times Group Limited ("FT")

(1) Carrying amounts recorded in the consolidated financial statements for the year ended December 31, 2021

Goodwill ¥75,662 million (£487,388 thousand)

Other intangible assets (Brandname, Customer-related assets, etc.) ¥19,711 million (£ 126,972 thousand)

(2) Information on the significant accounting estimate

The Group acquired 100% of FT's equity on 30 November 2015, and has been amortizing the value of goodwill and other intangible assets (brandname, customer-related assets, etc.) recognized at the time of the acquisition, and records on the Consolidated Balance Sheets the residual amount after accumulated amortization recorded for the years that have passed of the total estimated useful life.

The Group reviewed whether the excess earning power estimated at the time of the acquisition will continue into the future, evaluated and analysed FT's business plans, business results and projections, and observed for any indications of impairment. After analysing FT's digital business growth strategy, event business strategy, progress of cost reduction and other measures, and future growth outlook, the Group believes that there is no indication of impairment concerning FT-related goodwill and other intangible assets (brandname, customer-related assets, etc.).

b. Non-marketable stocks and other securities among investment securities

(1) Carrying amount recorded in the consolidated financial statements for the year ended December 31, 2021

Investment securities ¥88,763 million (£571,780 thousand), including non-marketable stocks and other securities ¥7,927 million (£51,062 thousand)

(2) Information on the significant accounting estimate

The Group's non-marketable stocks and other securities are stated at cost in the Consolidated Balance Sheets, but when their net asset value becomes significantly lower than the cost, an impairment loss needs to be recognized. Of the non-marketable stocks and other securities, the Group believes that the stocks acquired at prices reflecting excess earning power do not require recognition of such an impairment loss, after evaluation of the state of net asset value loss and likelihood of recovery, based on how the investment target carries out its business plans. If its net asset value including excess earning power declines significantly due to vastly underperforming its forecasted business plans, then the Group may carry out amortization in the next fiscal year.

c. Valuation of deferred tax assets

(1) The carrying amount recorded in the consolidated financial statements for the year ended December 31, 2021

Deferred tax assets ¥16,162 million (£104,112 thousand)

(2) Information on the significant accounting estimate

In recording deferred tax assets, the Group makes judgement on the possibility of recovery of deferred tax assets, based on the scheduling of temporary differences and future taxable income. Estimates of future taxable income are made on the basis of business plans made by the management, and the Group believes that recovery of deferred tax assets related to the schedulable temporary differences is possible. It should be noted that taxable income can be influenced by uncertain changes in future economic conditions, and that if the actual amount differs from our estimate, it may have a significant impact on the amount of deferred tax assets in the consolidated financial statements in the next fiscal year.

4. CHANGES IN PRESENTATION METHODS

- The Adoption of the “Accounting Standard for Disclosure of Accounting Estimates”

The Group adopted ASBJ Statement No. 31 “Accounting Standard for Disclosure of Accounting Estimates” (March 31, 2020) for the consolidated financial statements for the year ended December 31, 2021 and therefore significant accounting estimates are disclosed in the note to the Consolidated Financial Statements.

The note does not include information for the prior fiscal year in accordance with the transitional treatment set out in Paragraph 11 of the Accounting Standard.

- Reclassifications of the consolidated statements of cash flows

In the prior fiscal year, “Proceeds from short-term bank loans” and “Repayments of short-term bank loans” under “Financing Activities” within the consolidated statement of cash flows each recorded gross amounts, but starting with the fiscal year ended December 31, 2021, the consolidated statement of cash flows presents the cash flows as net amounts, under “Increase (decrease) in short-term bank loans—net” because the cash flows are short-term in nature. To reflect this change in presentation, we have reclassified items in the statements for the prior fiscal year. As a result, ¥32,053 million of “Proceeds from short-term bank loans” and ¥33,806 million of “Repayments of short-term bank loans” under Financing Activities in the prior fiscal year’s consolidated statement of cash flows have been reclassified as (¥1,753 million) of “Decrease in short-term bank loans—net”.

5. ADDITIONAL INFORMATION

- The Effect of COVID-19

The effect of COVID-19 to the economy and corporate activities is extensive. Under the circumstances, the Company made accounting estimates used in its assessment of impairment of long-lived assets and recoverability of deferred tax assets, based on the assumption that overall business environment may show gradual recovery in and after the fiscal year ending 31 December 2022.

Due to the difficulties of accurately forecasting when the virus will end and the impact of the spread of COVID-19, delays in the recovery longer than estimated above may influence the Group’s financial position and operating results in the next fiscal year.

6. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as at 31 December 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Current:			
Debt securities and other	¥2,000	¥200	£12,883
Total	¥2,000	¥200	£12,883
Non-current:			
Equity securities	¥41,559	¥33,797	£267,708
Debt securities and other	2,321	269	14,951
Total	¥43,880	¥34,066	£282,659

The costs and aggregate fair values of marketable and investment securities at 31 December 2021 and 2020, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
31 December 2021				
Securities classified as:				
Available-for-sale:				
Equity securities	¥12,367	¥25,110	¥(1,685)	¥35,792
Held-to-maturity	4,017		(6)	4,011
31 December 2020				
Securities classified as:				
Available-for-sale:				
Equity securities	¥9,041	¥19,980	¥(930)	¥28,091
Held-to-maturity	200		(0)	200
	Thousands of British Pounds			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
31 December 2021				
Securities classified as:				
Available-for-sale:				
Equity securities	£79,665	£161,749	£(10,854)	£230,560
Held-to-maturity	25,875		(35)	25,840

The information for available-for-sale securities which were sold during the years ended 31 December 2021 and 2020, was as follows:

Millions of Yen			
	Proceeds	Realized Gains	Realized Losses
<u>31 December 2021</u>			
Available-for-sale: Equity securities	¥ 48	¥ 3	¥ 1
Total	¥ 48	¥ 3	¥ 1
<u>31 December 2020</u>			
Available-for-sale: Equity securities	¥ 126	¥ 4	¥ 0
Total	¥ 126	¥ 4	¥ 0
Thousands of British Pounds			
	Proceeds	Realized Gains	Realized Losses
<u>31 December 2021</u>			
Available-for-sale: Equity securities	£ 306	£ 22	£ 7
Total	£ 306	£ 22	£ 7

The impairment losses on available-for-sale equity securities for the years ended 31 December 2021 and 2020, were ¥1,004 million (£6,466 thousand) and ¥2,783 million, respectively.

7. INVENTORIES

Inventories at 31 December 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Merchandise	¥ 57	¥ 41	£ 366
Finished products	444	449	2,857
Work in process	1,395	1,187	8,984
Raw materials and supplies	716	796	4,621
Total	¥2,612	¥2,473	£16,828

8. SHORT-TERM INVESTMENTS

Short-term investments at 31 December 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Time deposits	¥15,432	¥11,827	£99,406
Total	¥15,432	¥11,827	£99,406

9. LOSS ON IMPAIRMENT OF LONG-LIVED ASSETS

Impairment loss for the year ended 31 December 2020, consisted of the following:

Location	Classification by Use	Type of Assets	Millions of Yen
			2020
Tachikawa (Tokyo)	Business assets	Buildings and Structures	¥388
		Machine	115
		Land	651
		Furniture and Fixtures	3

Business assets are grouped based on the business. Idle assets and assets held for rent are grouped on an individual asset base. Corporate headquarters facilities are grouped as the corporate assets. The Group reviewed for impairment, assets expected to be idle due to the reorganization of printing plants for impairment as of 31 December 2020. As a result, the Group recognized an impairment loss of ¥1,157 million.

The carrying amounts were written down to net realizable value, real estate appraisal value and the differences were recognized as impairment loss.

10. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at 31 December 2021 and 2020, consisted of notes to banks and bank overdrafts. The weighted average interest rates applicable to the short-term bank loans were 0.24% and 0.47% at 31 December 2021 and 2020, respectively. Various covenants (financial covenants etc.) are attached to long-term loans borrowing from banks accompanying the acquisition of Financial Times Group.

Long-term debt at 31 December 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Unsecured loans from banks with average interest rates of 0.29% (2021) and 0.29% (2020)	¥72,480	¥81,984	£466,890
Lease liabilities	35,257	33,907	227,114
Total	107,737	115,891	694,004
Less current portion	(11,568)	(11,553)	(74,513)
Long-term debt, less current portion	¥96,169	¥104,338	£619,491

Annual maturities of long-term bank loans, at 31 December 2021, were as follows:

Year Ending 31 December	Millions of Yen	Thousands of British Pounds
2022	¥ 9,504	£61,221
2023	9,504	61,221
2024	9,504	61,221
2025	9,504	61,221
2026	34,464	222,006
Total	¥72,480	£466,890

Annual maturities of lease liabilities, at 31 December 2021, were as follows:

Year Ending 31 December	Millions of Yen	Thousands of British Pounds
2022	¥ 2,064	£13,292
2023	2,042	13,153
2024	1,901	12,242
2025	1,829	11,784
2026	1,757	11,317
2027 and thereafter	25,664	165,326
Total	¥35,257	£227,114

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥20 million (£129 thousand), collateralized notes and accounts payable of ¥398 million (£2,566 thousand) at 31 December 2021, were as follows:

	Millions of Yen	Thousands of British Pounds
Cash and cash equivalents	¥77	£497
Property, plant and equipment—net of accumulated depreciation	14,730	94,885
Investment securities	52	335
Total	<u>¥14,859</u>	<u>£95,717</u>

11. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have two types of defined benefit plans, namely: funded defined benefit plans and lump-sum severance payment plans (principally unfunded), while some consolidated subsidiaries have defined contribution plans and other similar plans. Extra payments may be added upon retirement of employees. Certain consolidated subsidiaries calculated their retirement benefit obligation and retirement benefit expenses by using the simplified method.

a. The changes in defined benefit obligation for the years ended 31 December 2021 and 2020, were as follows:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Balance at beginning of year	¥183,962	¥184,622	£1,185,017
Current service cost	4,401	5,019	28,348
Interest cost	1,512	1,519	9,738
Actuarial gains	1,537	1,585	9,898
Benefits paid	(8,271)	(8,834)	(53,279)
Past service cost	1,162		7,486
Foreign currency translation differences	83	37	541
Others	(14)	14	(91)
Balance at end of year	<u>¥184,372</u>	<u>¥183,962</u>	<u>£1,187,658</u>

b. The changes in plan assets for the years ended 31 December 2021 and 2020, were as follows:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Balance at beginning of year	¥142,655	¥138,407	£918,929
Expected return on plan assets	4,192	4,060	27,003
Actuarial gains	6,694	887	43,121
Contributions from the employer	5,507	5,686	35,475
Benefits paid	(6,005)	(6,385)	(38,679)
Foreign currency translation differences	3	0	18
Others		0	
Balance at end of year	<u>¥153,046</u>	<u>¥142,655</u>	<u>£985,867</u>

c. *Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of 31 December 2021 and 2020 was as follows:*

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Funded defined benefit obligation	¥162,722	¥163,496	£1,048,199
Plan assets	(161,385)	(150,420)	(1,039,584)
Total	1,337	13,076	8,615
Unfunded defined benefit obligation	32,295	30,877	208,031
Net liability arising from defined benefit obligation	¥33,632	¥43,953	£216,646
	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Liability for retirement benefits	¥45,640	¥54,422	£293,997
Asset for retirement benefits	(12,008)	(10,469)	(77,351)
Net liability arising from defined benefit obligation	¥33,632	¥43,953	£216,646

d. *The components of net periodic benefit costs for the years ended 31 December 2021 and 2020, were as follows:*

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Service cost	¥4,401	¥5,019	£28,348
Interest cost	1,512	1,519	9,738
Expected return on plan assets	(4,192)	(4,060)	(27,003)
Recognized actuarial losses	3,472	4,919	22,362
Amortization of prior service cost	4	(333)	25
Others	356	679	2,302
Net periodic benefit costs	¥5,553	¥7,743	£35,772

e. *Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended 31 December 2021 and 2020, were as follows:*

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Prior service cost	¥(1,158)	¥(333)	£(7,461)
Actuarial losses	8,627	4,245	55,574
Total	¥7,469	¥3,912	£48,113

- f. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as at 31 December 2021 and 2020, were as follows:**

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Unrecognized prior service cost	¥(1,075)	¥83	£(6,925)
Unrecognized actuarial losses (gains)	7,469	(1,158)	48,111
Total	¥6,394	¥ (1,075)	£41,186

g. Plan assets

(1) Components of plan assets

Plan assets as at 31 December 2021 and 2020, consisted of the following:

	2021	2020
Debt investments	35%	38%
Equity investments	33	31
General accounts	10	10
Cash and cash equivalents	5	5
Others	17	16
Total	100%	100%

Note: Total plan assets at 31 December 2021 and 2020 include a retirement benefit trust set up for lump-sum severance payment plans that represented 3% of the total plan assets.

(2) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering the current and expected allocation of plan assets and the current and expected long-term rates of return on the various components of the plan assets.

- h. Principal assumptions used for the years ended 31 December 2021 and 2020, were set forth as follows:**

	2021	2020
Discount rate	0.9%	0.9%
Expected rate of return on plan assets	3.3%	3.3%

- i. The amounts contributed to the defined contribution retirement plans of the Group for the years ended 31 December 2021 and 2020:**

¥2,650 million (£17,071 thousand) and ¥2,354 million, respectively.

12. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended 31 December 2021 and 2020, were as follows:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Balance at beginning of year	¥3,459	¥3,411	£22,282
Additional provisions associated with the acquisition of property, plant and equipment	324	154	2,090
Reconciliation associated with changes in accounting estimates	66	34	422
Reconciliation associated with passage of time	33	57	213
Reduction associated with meeting asset retirement obligations	(1,536)	(156)	(9,893)
Others	136	(41)	877
Balance at end of year	¥2,482	¥3,459	£15,991

Changes in accounting estimates were recorded as it became evident that the estimate of the discounted cash flows required for future asset retirement would change at the beginning of the year. A reconciliation has been prepared for the change, which resulted in an increase or a decrease of the asset retirement obligation for the years ended 31 December 2021 by ¥66 million (£422 thousand).

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a

component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that ordinary shares, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.6% for the years ended 31 December 2021 and 2020, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at 31 December 2021 and 2020, were as follows:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Deferred tax assets:			
Liability for retirement benefits	¥12,607	¥15,831	£81,211
Excess of depreciation of property, plant and equipment	5,439	6,008	35,034
Tax losses carryforwards	3,714	2,824	23,922
Investment securities	2,183	2,190	14,060
Accrued expenses	1,256	1,103	8,092
Allowance for doubtful receivables	358	392	2,308
Other	7,133	6,932	45,953
Total of tax loss carryforwards and temporary differences	32,690	35,280	210,580
Less valuation allowance for tax loss carryforwards	(1,301)	(2,295)	(8,382)
Less valuation allowance for temporary differences	(6,902)	(7,522)	(44,464)
Total valuation allowance	(8,203)	(9,817)	(52,846)
Deferred tax assets	¥24,487	¥25,463	£157,734
Deferred tax liabilities:			
Retained earnings appropriated for tax allowance reserves	¥ 859	¥ 869	£ 5,534
Unrealized gain on available-for-sale securities	7,316	5,816	47,126
Intangible assets	5,926	3,583	38,173
Other	2,290	2,752	14,749
Deferred tax liabilities	16,391	13,020	105,582
Net deferred tax assets	¥8,096	¥12,443	£52,152

Valuation allowance decreased by ¥1,614 million (£10,393 thousand) compared to 31 December 2020. The increase was mainly due to reassessment of recoverability of deferred tax assets in consolidated subsidiaries.

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets at 31 December 2021 and 2020, were as follows:

Millions of Yen							
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
31 December, 2021							
Deferred tax assets relating to tax loss carryforwards					¥5	¥3,709	¥3,714
Less valuation allowances for tax loss carryforwards						(1,301)	(1,301)
Net deferred tax assets relating to tax loss carryforwards					¥5	¥2,408	¥2,413

Millions of Yen							
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
31 December, 2020							
Deferred tax assets relating to tax loss carryforwards	¥4	¥7	¥79	¥10		¥2,724	¥2,824
Less valuation allowances for tax loss carryforwards		(6)	(79)	(10)		(2,200)	(2,295)
Net deferred tax assets relating to tax loss carryforwards	¥4	¥1				¥524	¥529

Thousands of British Pounds							
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
31 December, 2021							
Deferred tax assets relating to tax loss carryforwards					£30	£23,892	£23,922
Less valuation allowances for tax loss carryforwards						(8,382)	(8,382)
Net deferred tax assets relating to tax loss carryforwards					£30	£15,510	£15,540

The tax loss carryforward for which this deferred tax asset has been recorded is determined to be recoverable based on the expected future taxable income, and no valuation allowance has been recognized.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended 31 December 2020, is as follows:

	<u>2020</u>
Normal effective statutory tax rate	30.6 %
Expenses not deductible for income tax purposes	3.4
Local inhabitants tax on per capital basis	1.4
Valuation allowance	(6.3)
Equity in earnings of an associated company	(1.5)
Expired tax losses carryforwards	2.4
Amortization of goodwill	24.0
Differences in tax rates applicable to the overseas consolidated subsidiaries	6.4
Effect of reduction of income tax rates on deferred tax assets	5.4
Other—net	<u>0.1</u>
Actual effective tax rate	<u>65.9 %</u>

For the fiscal year ended December 31, 2021, the total difference to be reconciled is less than 5 percent of the statutory rate, and no reconciliation needs to be provided.

15. BUSINESS RESTRUCTURING EXPENSES

The business restructuring expenses for the fiscal year ended 31 December 2020 amounting to ¥1,017 million are mainly due to special retirement payment related to business reorganization at a British subsidiary.

The business restructuring expenses for the fiscal year ended 31 December 2021 amounting to ¥374 million (£2,410 thousand) are mainly due to reorganization of print facilities at a British subsidiary.

16. OTHER INCOME (EXPENSES)—NET

The Group grants noncontrolling shareholders of a British subsidiary selling put options which allow them to buy stocks of some consolidated subsidiaries. The Group recognizes the provision for future payment discounted to present value as other long-term liability because the British subsidiary applies IFRS. Other income (expenses)-net for the year ended 31 December 2020 includes a reversal of the provision of ¥3,177 million.

17. LEASES

a. Lessee

The Group leases certain machinery, computer equipment, office space and other assets. The minimum rental commitments under non-cancellable operating leases at 31 December 2021 and 2020, were as follows:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Due within one year	¥20	¥259	£127
Due after one year	30	40	194
Total	¥50	¥299	£321

b. Lessor

The minimum rental commitments under non-cancellable operating leases at 31 December 2021 and 2020, were as follows:

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Due within one year	¥709	¥683	£4,565
Due after one year	2,764	3,083	17,804
Total	¥3,473	¥3,766	£22,369

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Group Policy and Risk Management for Financial Instruments

The Group invests cash surpluses only in low risk deposits, and finances its operations principally through debt from financial institutions. Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables by monitoring payment terms and balances to identify the default risk of customers at an early stage. With respect to investment securities which consist mainly of shares of business partners, the Group checks their financial condition semi-annually. Short-term bank loans are used for financing related to operating activities and long-term loans are related to facility investment and mergers and acquisitions. Although long-term bank loans are exposed to market risks from changes in variable interest rates and foreign currency exchange rates, those risks are mitigated by using derivatives of interest-rate swaps and currency swaps. In addition, such interest rate swaps and currency swaps are contracted in accordance with internal rules, which prescribe that all derivative transactions be entered into to hedge risks incorporated in the Group's business.

b. Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(1) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
31 December 2021			
Cash and cash equivalents	¥101,235	¥101,235	
Notes and accounts receivable	40,657	40,657	
Short-term investments	15,432	15,432	
Marketable securities and investment securities	39,808	39,802	¥ (6)
Investments in unconsolidated subsidiaries and associated companies	28,060	18,733	(9,327)
Total	¥225,192	¥215,859	¥(9,333)
Short-term bank loans	¥ 7,270	¥ 7,270	
Notes and accounts payable	25,849	25,849	
Long-term bank loans	72,480	72,672	¥ 192
Long-term lease liabilities	33,194	34,833	1,639
Total	¥138,793	¥140,624	¥1,831
Derivatives	¥ 11	¥ 11	
31 December 2020			
Cash and cash equivalents	¥106,766	¥106,766	
Notes and accounts receivable	34,380	34,380	
Short-term investments	11,827	11,827	
Marketable securities and investment securities	28,291	28,291	¥ (0)
Investments in unconsolidated subsidiaries and associated companies	26,181	21,118	(5,063)
Total	¥207,445	¥202,382	¥(5,063)

Short-term bank loans	¥10,067	¥10,067	
Notes and accounts payable	27,066	27,066	
Long-term bank loans	81,984	82,427	¥443
Long-term lease liabilities	31,859	35,037	3,178
Total	¥150,976	¥154,597	¥3,621
Derivatives	¥ (2)	¥ (2)	

Thousands of British Pounds			
31 December 2021	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	£ 652,116	£ 652,116	
Notes and accounts receivable	261,897	261,897	
Short-term investments	99,406	99,406	
Marketable securities and investment securities	256,435	256,401	£ (34)
Investments in unconsolidated subsidiaries and associated companies	180,750	120,669	(60,081)
Total	£ 1,450,604	£ 1,390,489	£ (60,115)
Short-term bank loans	£ 46,831	£ 46,831	
Notes and accounts payable	166,507	166,507	
Long-term bank loans	466,890	468,125	£ 1,235
Long-term lease liabilities	213,822	224,385	10,563
Total	£ 894,050	£ 905,848	£ 11,798
Derivatives	£ 70	£ 70	

Note: Amounts of derivative financial instruments are net of assets and liabilities.

Cash and Cash Equivalents, Notes and Accounts Receivable and Short-term Investments

The carrying amounts of cash and cash equivalents, notes and accounts receivable and short-term investments approximate fair value because of their short maturities.

Marketable and Investment Securities

The fair values of marketable and investment securities are measured at the quoted market price of the shares exchanged for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 6.

Notes and Accounts Payable and Short-term Bank Loans

The fair values of notes and accounts payable and short-term bank loans approximate fair value because of their short maturities.

Long-term bank loans and Long-term lease liabilities

The fair values of long-term bank loans and long-term lease liabilities are measured at the present value by discounting expected payments of principal and interest in the remaining period by using an assumed interest rate on an equivalent new loan or leasing transactions.

Derivatives

Fair value information for derivatives is included in Note 19.

(2) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Investment securities that do not have a quoted market price in an active market	¥ 5,767	¥ 5,706	£ 37,148
Investment in unconsolidated subsidiaries and associated companies that do not have a quoted market price in an active market	16,823	16,932	108,370
Investments in capital of partnership	304	268	1,960

(3) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
31 December 2021				
Cash and cash equivalents	¥ 101,235			
Notes and accounts receivable	40,657			
Marketable securities and investment securities:				
Held-to-maturity securities	10,500	¥2,000		
Available-for-sale securities with contractual maturities	43	139		
Total	¥152,435	¥2,139		

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
31 December 2020				
Cash and cash equivalents	¥ 106,766			
Notes and accounts receivable	34,380			
Marketable securities and investment securities:				
Held-to-maturity securities	13,700			
Available-for-sale securities with contractual maturities		¥50	¥133	
Total	¥154,846	¥50	¥133	

	Thousands of British Pounds			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
31 December 2021				
Cash and cash equivalents	£652,116			
Notes and accounts receivable	261,897			
Marketable securities and investment securities:				
Held-to-maturity securities	67,637	£12,883		
Available-for-sale securities with contractual maturities	278	897		
Total	£981,928	£13,780		

19. DERIVATIVES

Derivative Transactions to Which Hedge Accounting Is Applied

The Group had the following derivative contracts outstanding to which hedge accounting was applied at 31 December 2021 and 2020:

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
31 December 2021				
Foreign currency forward contracts:				
Buying U.S.\$				
—Deferral hedge	Payables	¥ 230		¥ 11
—Forward contract applied for designated transactions	Payables	22		1
Currency swaps	Long-term	43,488	¥37,786	
(Japanese yen payment, U.S.\$ receipt)	debt			
Interest rate swaps:	Long-term	72,480	62,976	
(fixed rate payment, floating rate receipt)	debt			
31 December 2020				
Foreign currency forward contracts:				
Buying U.S.\$				
—Deferral hedge	Payables	¥ 169		¥ (3)
—Forward contract applied for designated transactions	Payables	25		(0)
Currency swaps	Long-term	49,190	¥43,488	
(Japanese yen payment, U.S.\$ receipt)	debt			
Interest rate swaps:	Long-term	81,984	72,480	
(fixed rate payment, floating rate receipt)	debt			

		Thousands of British Pounds		
			Contract Amount Due after One Year	Fair Value
31 December 2021		Hedged Item	Contract Amount	
Foreign currency forward contracts:				
Buying U.S.\$				
—Deferral hedge	Payables	£	1,482	£70
—Forward contract applied for designated transactions	Payables		145	7
Currency swaps	Long-term		280,134	£243,401
(Japanese yen payment, U.S.\$ receipt)	debt			
Interest rate swaps:	Long-term		466,890	405,669
(fixed rate payment, floating rate receipt)	debt			

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The above interest rate swaps and currency swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differentials paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps and currency swaps in Note 18 is included in that of hedged items.

20. CONTINGENT LIABILITIES

At 31 December 2021, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of British Pounds
Guarantees and similar items related to bank loans	¥1,069	£6,888

21. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended 31 December 2021 and 2020, were as follows:

	Thousands of		
	Millions of Yen	British Pounds	
	2021	2020	2021
Unrealized gain (loss) on available-for-sale securities:			
Gain (loss) arising during the year	¥4,449	¥(1,958)	£28,656
Reclassification adjustments to profit or loss	54	186	349
Amount before income tax effect	4,503	(1,772)	29,005
Income tax effect	(1,535)	551	(9,884)
Total	¥2,968	¥(1,221)	£19,121
Deferred gain (loss) on derivatives under hedge accounting:			
Gain (loss) arising during the year	¥9	¥(4)	£59
Total	¥9	¥(4)	£59
Foreign currency translation adjustments:			
Adjustments arising during the year	¥10,353	¥(3,741)	£66,689
Total	¥10,353	¥(3,741)	£66,689
Defined retirement benefit plans:			
Adjustments arising during the year	¥3,994	¥(697)	£ 25,725
Reclassification adjustments to profit	3,475	4,609	22,387
Amount before income tax effect	7,469	3,912	48,112
Income tax effect	(2,651)	(1,226)	(17,078)
Total	¥4,818	¥2,686	£31,034
Share of other comprehensive income (loss) in associates:			
Gain (loss) arising during the year	¥640	¥(111)	£4,123
Reclassification adjustments to profit or loss	0	1	0
Total	¥640	¥(110)	£4,123
Total other comprehensive income (loss)	¥18,788	¥(2,390)	£121,026

22. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at 31 December 2021, was approved at the Company's shareholders meeting held on 29 March 2022.

	<u>Millions of Yen</u>	<u>Thousands of British Pounds</u>
Year-end cash dividends, ¥15.00 (£0.10) per share	¥375	£2,416

23. SEGMENT INFORMATION

The Company is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

a. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of Media & Information Services and Other Business.

The Media & Information Services segment provides various information to customers, combining media such as newspapers (including electric media), publications and digital content.

The Other business segment provides real estate lease services to customers.

Descriptions of reportable segments are stated below.

Media & Information Service:	Newspaper business (The Nikkei, The Nikkei Online Edition, Nikkei Business Daily, Nikkei MJ, Nikkei VERITAS, Nikkei Asian Review, Financial Times, etc.) Magazine and book business (Nikkei Business, etc.) Market information services using the Group's electrical media (Nikkei Telecom, QUICK FactSet Workstation, etc.) TV program producing and broadcasting Index business (The Nikkei Stock Average, etc.)
Other Business:	Real estate leasing, etc.

b. Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, Liabilities and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

c. Information about Sales, Profit (Loss), Assets, Liabilities and Other Items

Millions of Yen					
2021					
	Reportable Segments			Reconciliations	Consolidated
	Media & Information Services	Other Business	Total		
Sales:					
Sales to external customers	¥349,053	¥3,852	¥352,905		¥352,905
Intersegment sales or transfers	415	3,908	4,323	¥(4,323)	
Total	¥349,468	¥7,760	¥357,228	¥(4,323)	¥352,905
Segment profit	¥17,293	¥2,524	¥19,817	¥7	¥19,824
Other					
Depreciation	21,931	1,617	23,548		23,548
Amortization of goodwill	5,576		5,576		5,576

Millions of Yen					
2020					
	Reportable Segments			Reconciliations	Consolidated
	Media & Information Services	Other Business	Total		
Sales:					
Sales to external customers	¥326,357	¥4,443	¥330,800		¥330,800
Intersegment sales or transfers	634	3,970	4,604	¥(4,604)	
Total	¥326,991	¥8,413	¥335,404	¥(4,604)	¥330,800
Segment profit	¥5,566	¥2,912	¥8,478	¥3	¥8,481
Other					
Depreciation	20,565	1,586	22,151		22,151
Amortization of goodwill	5,009		5,009		5,009

Thousands of British Pounds					
2021					
	Reportable Segments			Reconciliations	Consolidated
	Media & Information Services	Other Business	Total		
Sales:					
Sales to external customers	£2,248,476	£24,813	£2,273,289		£2,273,289
Intersegment sales or transfers	2,672	25,179	27,851	£(27,851)	
Total	£2,251,148	£49,992	£2,301,140	£(27,851)	£2,273,289
Segment profit	£111,395	£16,260	£127,655	£41	£127,696
Other					
Depreciation	141,271	10,415	151,686		151,686
Amortization of goodwill	35,917		35,917		35,917

- Notes: 1. Reconciliations of segment profit for the years ended 31 December 2021 and 2020, of ¥7 million (£41 thousand) and ¥3 million, respectively, are intersegment eliminations.
2. Segment profit is reconciled with operating income in the consolidated statement of income.
3. Segment assets and segment liabilities are not disclosed because they are not offered periodically to the Board of Directors and they are not subject to management resource and performance evaluations.

d. Sales by Geographical Areas

Sales by Geographical Areas for the year ended 31 December 2021 and 2020, were as follows:

Millions of Yen				
2021				
Japan	U.K.	U.S.A.	Other	Total
¥281,716	¥28,411	¥18,308	¥24,470	¥352,905

Millions of Yen				
2020				
Japan	U.K.	U.S.A.	Other	Total
¥275,053	¥20,090	¥15,632	¥20,025	¥330,800

Thousands of British Pounds				
2021				
Japan	U.K.	U.S.A.	Other	Total
£1,814,712	£183,015	£117,932	£157,630	£2,273,289

Note: Sales are classified by country or region based on the location of customers.

e. Property, plant and equipment by Geographical Area

Property, plant and equipment by Geographical Areas for the year ended 31 December 2021 and 2020, were as follows:

Millions of Yen				
2021				
Japan	U.K.	U.S.A.	Other	Total
¥150,570	¥35,038	¥2,517	¥2,660	¥190,785

Millions of Yen				
2020				
Japan	U.K.	U.S.A.	Other	Total
¥149,588	¥33,791	¥2,460	¥3,423	¥189,262

Thousands of British Pounds				
2021				
Japan	U.K.	U.S.A.	Other	Total
£969,916	£225,701	£16,211	£17,139	£1,228,967

f. Loss on impairment of long-lived assets by Reportable Segment

Loss on impairment of long-lived assets for the year ended 31 December 2020 was as follows. Note that 2021 was not applicable.

	Millions of Yen		
	2020		
	Media & Information Services	Other Business	Total
Loss on impairment of long-lived assets	¥1,157		¥1,157

g. Amortization and balance of goodwill by Reportable Segment

Amortization and balance of goodwill for the years ended 31 December 2021 and 2020, were as follows.

	Millions of Yen		
	Media & Information Services	Other Business	Total
Amortization of goodwill	¥5,576		¥5,576
Goodwill at 31 December 2021	¥75,662		¥75,662

	Millions of Yen		
	Media & Information Services	Other Business	Total
Amortization of goodwill	¥5,009		¥5,009
Goodwill at 31 December 2020	¥73,245		¥73,245

	Thousands of British Pounds		
	Media & Information Services	Other Business	Total
Amortization of goodwill	£35,917		£35,917
Goodwill at 31 December 2021	£487,388		£487,388

24. RELATED PARTY DISCLOSURES

Summarized financial information as of and for the year ended 31 March 2021 of TV TOKYO Holdings Corporation which was classified as a significant affiliated company, is as follows:

a. Consolidated Balance sheet

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Total current assets	¥71,092	¥72,637	£457,951
Total non-current assets	56,983	52,194	367,064
Total current liabilities	33,667	34,378	216,873
Total non-current liabilities	5,334	5,255	34,358
Total equity	¥89,074	¥85,198	£573,784

b. Consolidated Statement of income

	Millions of Yen		Thousands of British Pounds
	2021	2020	2021
Operating revenue	¥139,085	¥145,173	£895,934
Income before income taxes	4,720	5,136	30,406
Net income	¥2,575	¥2,591	£16,590