Annual report

2023

We pursue progress for individuals, organisations and the world.

The Economist Group

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About this report

This annual report aims to give shareholders and other stakeholders a clear picture of our financial performance, our strategic direction, the way our business is structured and the way we work. We have also chosen to make voluntary disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In our governance report we include the Board's review of our application of the Wates Principles and discuss our relationships with stakeholders by reference to the directors' duty under s172 of the Companies Act. We welcome feedback from all stakeholders.

Online summary

We've made a summary of this report available online.

Our sustainability reporting

This annual report includes a summary of our approach to, and progress in, addressing environmental, social and governance (ESG) issues. This year, for the first time, we have created a new sustainability report, which is available on our website and provides greater detail on our pursuit of progress through our content, our communities, our colleagues and the environment.

economistgroup.com

Championing progress.

Delivering insight.

Creating opportunities.

Four businesses, delivering more insights, to more people, through more channels.

With rigorous reporting, in-depth analysis and global perspective, we explain today's most important events and seek to discern the trends that will shape tomorrow. At the core of everything we do is our independence, underpinned by our editorial culture and governance structure.

Read more on page 20

We offer a unique model for clients who want to lead on the issues that matter most, drawing on an unmatched portfolio of capabilities including policy research and insights, multimedia content, global events and advertising.

Read more on page 28

We equip current and future leaders with a fluent understanding of the shifts shaping their world and the skills to navigate them, offering online courses led by expert practitioners and written by *The Economist*'s correspondents and editors.

Read more on page 26

Through rich data, deep analysis and global insight, we help clients understand their operating environment, navigate risks and opportunities, and move their organisations forward.

Read more on page 34

344m
podcast plays
(+43m v 2022)

1.182m
subscriptions
(in line with last year)

3m
YouTube subscribers

13%
growth in digital subscriptions

207
Economist Impact events

20%
our annual greenhouse-gas emissions reduction since base year 2020

61.4m
social-media followers
(+2.8m v 2022)

1,641 colleagues in **25** countries support The Economist Group's purpose of pursuing progress. This includes **303** colleagues in *The Economist*'s editorial team.

Webby Winner in Websites and Mobile Sites—Best Data Visualisation (Economist Impact's Health Inclusivity Index)

EIU topped the rankings at the 2023 Analyst Forecast Awards held by FocusEconomics. The awards recognise the most accurate forecasters for the main macroeconomic indicators across 100 countries and 21 commodity prices.

95%
retention rate in EIU subscriptions

FINANCIAL HIGHLIGHTS

In turbulent times, actionable insights are more important than ever. We've grown our business this year, while continuing to invest in the technologies and capabilities that will help us pursue progress into the future.

£376.8m
▲ **revenue** (2022: £346.3m)

£42.2m
▼ **operating profit** (2022: £46.4m)

£17.6m
▲ **net cash before lease liabilities** (2022: £11.6m)

157.0p
▼ **basic earnings per share** (2022: 180.9p)

120p
▶ **dividend** (2022: 120p)

£30.00
▶ **indicative share value**[1] (2022: £30.00)

Revenue by business

	2023 £m	2022 £m
1 *The Economist* (includes Economist Education)	**207.5**	194.3
2 Economist Impact	**117.5**	106.5
3 Economist Intelligence	**51.7**	45.5

Group revenue breakdown

	2023 £m	2022 £m
1 Subscriptions	**225.9**	211.7
2 Advertising, research & other	**150.9**	134.6

1 Refer to page 142 for further information on our alternative performance measures.

Performance review

Bringing clarity. Catalysing change.

In this section

Actionable insights in a complex world.

Paul Deighton Chair

"Our performance over the past year, and our continued commitment to investing in our future growth, reinforce my confidence in our Group strategy."

Information and insights have always been contested, but that contest has rarely been so severe. Geopolitics is in flux, economies are turbulent and the planet faces unprecedented threats. Individuals, businesses, governments and organisations of all sizes are looking for actionable insights into what is happening around them.

Helping people understand their world has always been at the heart of *The Economist*'s journalism. But it is also central to everything we do as The Economist Group: providing insight and analysis that help clients and subscribers address risks and opportunities in a complex, fast-changing world.

Our business is not immune to economic turbulence, or to the headwinds affecting parts of our industry. But our performance over the past year, and our continued commitment to investing in our future growth, reinforce my confidence in our Group strategy, which remains unchanged: delivering Group-wide sustainable growth so that we can keep championing progress for our readers and clients.

Resilient performance and a platform for future growth

The Group's revenues grew by 9% compared with the prior year at actual exchange rates and by 2% at constant currency. Operating profit of £42.2m was, as we expected, lower than last year—reflecting our planned investments in technology, editorial and digital capabilities, and including restructuring costs, all designed to position us for future growth.

The strong dollar gave a lift to our top- and bottom-line performance over the year. But even in constant-currency terms we are seeing the benefits of our strategy, which seeks to ensure that each of our four businesses—*The Economist*, Economist Impact, Economist Intelligence and Economist Education—shares the same "red thread" of excellence. Our leadership team, led by our chief executive, Lara, describe the performance of the four businesses on pages 20-37. The headline is that all four performed well overall and each grew revenues year-on-year, though Economist Impact Partnerships saw sales affected by uncertain economic conditions over much of the year. We expected some belt-tightening among clients' marketing budgets in the circumstances, and this may continue, but the client response to Economist Impact as a whole remains very positive, and it remains a central part of our strategy.

We have kept a close eye on costs over the year, and will continue to do so. This year, that meant making 62 roles redundant, mostly in our Partnerships business. In addition, we made 37 roles redundant as part of a reorganisation of the finance team, while creating a similar number of new roles in finance, in our office in Gurugram, India. These were difficult decisions we nonetheless felt necessary in response to market conditions and in line with our strategy for sustainable growth.

Our balance sheet and operating cashflow remain resilient. Net cash before lease liabilities increased by £6m to £17.6m and our UK defined-benefit pension plan is in an improved financial position.

Pioneering journalism that has transformed *The Economist*

It is sometimes useful to take a step back to see how far we have travelled, especially when it comes to our editorial content. I suspect I am like many of our subscribers when I say that a few years ago I could not have imagined the transformation of *The Economist* into what we see today (at any time of day, every day). The weekly newspaper is now the central cog of a network of journalism that embraces data analysis, podcasts, films, webinars and more—constantly updating, always available. This year, *The Economist* broke new ground through "The Prince", an eight-part podcast exploring the real story of China's leader, Xi Jinping, which has been nominated for the 2023 Ambie Podcast of The Year awards. The editorial team also won a BAFTA in the Best Current Affairs category for its first full-length broadcast documentary, "Fearless: The women fighting Putin", just part of *The Economist's* continuing focus on reporting and analysing the war in Ukraine.

The transformation of our editorial content and of our content as a whole owes much to the strategic investment we have made in digital capability over the past two years. We will keep investing in this area, which is critical to our growth—our next significant upgrade being the two-year replacement of the digital content management system, which underpins content delivery for *The Economist* across all digital platforms.

Colleagues and stakeholders at the heart of our progress

The resilient progress of our strategy reflects the far-sighted leadership of Lara and our editor-in-chief, Zanny, and would not be possible at all without the dedication of our colleagues, who continue to pursue excellence in every aspect of our business. This year has seen further evolution in how and where colleagues work together, with reorganisations aimed at bringing teams closer together, including the move of our Group headquarters to join the editorial team in the Adelphi building in central London.

We are also grateful for the support of our shareholders and other stakeholders, who will see that this year we have created a new sustainability report to allow us to report on our progress on environmental, social and governance (ESG) issues in greater depth, while retaining the most material disclosures in this annual report.

As we do every year, the Board balanced several factors in deciding dividends. We considered the interests of shareholders and other stakeholders, the short- and long-term investment requirements of the business (not least continuing to invest in technology, including to respond to the opportunities and risks from artificial intelligence), and the need to have a sensible contingency. Having carefully weighed up these considerations, and in spite of a lower profit this year, I am pleased to confirm that the Board has recommended a final dividend for the year of 80p, taking the full-year dividend to 120p.

Finally, I would like to thank Philip Mallinckrodt, who retired from the Board in October, and welcome Georgina Cadbury, who joined us in January.

Paul Deighton Chair

Championing progress. Delivering sustainable growth.

Lara Boro Chief executive

"Our strategy as a Group is to ensure we can keep producing excellent editorial and information services long into the future, by maintaining sustainable top- and bottom-line growth while staying true to our values."

High inflation and interest rate hikes; war in Ukraine and tension between superpowers; droughts, floods and heat waves around the world; the rapid and unpredictable rise of artificial intelligence—we're all living through uncertain times, and we all need to know where to turn for reliable, insightful guidance.

The Economist Group exists to champion progress by helping people understand and navigate these critical challenges, providing rigorous analysis, trusted insight and expertise while fiercely guarding our independence. And our strategy as a Group is to ensure we can keep producing excellent editorial and information services long into the future, by maintaining sustainable top- and bottom-line growth while staying true to our values.

It is a strategy that has continued to deliver this year. Each of our four businesses has seen revenues grow, despite significant pressures on some of our clients' budgets. The Group has continued to invest in the editorial, technological and digital capabilities that will underpin our future success, which was reflected in our operating profit of £42.2m. And behind the headline figures, we've continued to bolster our core strengths as a business: the "red thread" of excellence that helps us win and retain valuable subscribers and clients, even when times are hard.

More analysis, through more channels, for more insight

That red thread runs through each of our businesses—*The Economist*, Economist Impact, Economist Intelligence and Economist Education. The business reviews on pages 20-37 describe how each business creates value and give details of its performance this year, but I would like to share some highlights here.

The Economist business has focused in recent years on strengthening its digital offerings, reducing subscriber churn, and winning and keeping long-term, high-value subscribers. It has made good progress: digital subscriptions made up 75% of new starts for the year, churn was down 11% on last year, *The Economist* now has 5.2m unique listeners across its suite of podcasts, and corporate and enterprise subscriptions grew substantially over the year. Overall subscriptions were flat for a second successive year, but revenues grew by 7%, helped by our first price rise in three years.

Economist Impact's revenues grew by 10%, despite being the most exposed of our businesses to market conditions. Very strong performance from our Events business, which has responded to demand for expertly curated in-person and hybrid events, delivered record revenues. This year we welcomed the return of an in-person EuroFinance International event for the first time since 2019, and the Events team's focus on expanding our geographical reach has highlighted the considerable opportunity in the Middle East and elsewhere. The Economist Impact Partnerships offering continues to resonate strongly with clients, and initiatives such as The Sustainability Project helped to deliver growth for the year. Sales of new business fell as some clients tightened their marketing budgets, and this is expected to have an impact on revenue in the next financial year.

Economist Intelligence, which brings together EIU, Corporate Network and Clearstate, delivered strong revenue growth of 14%, driven by improved sales of new subscriptions and excellent retention rates. Our investment in products and technology to support EIU has played an important role here: EIU's Viewpoint platform now has more than 1,000 daily users and was shortlisted in the BI Solution of the Year category at the British Data Awards 2023.

Economist Education continues to grow, launching its website in September 2022 and offering five executive-education courses. Over 3,000 people have now enrolled in courses, with a 94% satisfaction rate.

Investing in technology. Nurturing talent. Ensuring we act responsibly

One of the themes that links the strong performance of each of our businesses is our sustained focus on digital and technology. It is critical for our future, and we'll continue to explore new ways to bring new products and services to subscribers and clients, while also staying alert to the risks and opportunities presented by advances in artificial intelligence (AI).

The commitment and dedication of our colleagues is another common thread. We've continued to invest in making our workplaces more diverse and inclusive, and in building stronger frameworks in which colleagues can develop their careers, including through our Degreed training programme. Inclusion has been a strong focus this year, with our affinity groups, of which there are now six, expanding the channels in which we can exchange ideas and through which colleagues' voices can be heard.

We have undertaken a programme of modernising our offices and adapting them for hybrid working. In September we moved our London headquarters to the Adelphi building in central London, which was already home to the newspaper's editorial team. And in February we relocated our New York office to a far superior working environment, while making substantial cost savings.

While our biggest opportunity to make a positive impact will always be through our content and insights, we are also working to ensure the Group has a transparent and responsible approach to sustainability. We completed our first materiality assessment this year, reported our environmental data for the first time through the non-profit CDP, and enhanced our voluntary reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), described on pages 48-51. As Paul has already described, we've also created a new sustainability report to provide more detail on our progress.

Welcoming new faces to the leadership team

There were several changes to the leadership during the year. We were sorry to say goodbye to a number of our colleagues, some of whom had been with us for over 20 years, including Tim Pinnegar, head of our Asia Pacific business, and Robin Bew, head of the EIU, both of whom retired. And we welcomed to the team Michael Fleshman (chief technology officer), Liz Goulding (chief product officer), Jennifer Devereux (director of corporate development) and Ramsey Hashem (president and managing director, Economist Intelligence), as well as Charlotte Howard, *The Economist*'s executive editor.

Driven by purpose. Ready for opportunity

The future, like the present, is uncertain. We are not expecting a sudden upturn in market conditions, and there is no foreseeable let-up in the need to innovate and invest in order to stay competitive and grow.

I am confident in this forecast, however: the demand for insight will remain strong among our existing, loyal, high-value customers, and among millions of potential new ones, all over the world. By following our strategy and meeting that demand through our unique products and services, I believe we have a great opportunity to grow our business further and to fulfil our purpose of championing progress.

Lara Boro Chief executive

"One of the themes that links the strong performance of each of our businesses is our sustained focus on digital and technology. It is critical for our future, and we'll continue to explore new ways to bring new products and services to subscribers and clients."

Charting our progress

Our strategy is continuing to deliver progress, with all four businesses reporting revenue growth, underpinned by continued investment in our digital capability.

Revenue*

Operating profit*

Subscription volumes

Indicative share price**

Subscription revenue

***Economist* digital-only subscribers**

*The 2020 and 2021 revenue and operating-profit metrics are presented on a continuing basis, and in the case of operating profit, on an adjusted basis.

**Refer to page 142 for further information on our alternative performance measures.

In a year of dramatic geopolitical and technological shifts, *The Economist* makes sense of what matters.

Zanny Minton Beddoes Editor-in-chief

"At times like this *The Economist* should come into its own, offering our subscribers a trusted guide to the future. Our journalists rose to the challenge."

Historical turning-points are often obvious only with hindsight. This year is an exception. From the war in Ukraine to Sino-American tensions to the arrival of large language models (LLMs), it has been a year of dramatic geopolitical and technological shifts. Not long ago, the notion of a new cold war between the world's two biggest economies seemed far-fetched. Yet recent months have seen draconian American export restrictions on cutting-edge technology and the shooting down of a Chinese spy balloon. A year ago no one had heard of ChatGPT. Today more than 100m people have experimented with the chatbot, and its emergent capabilities have prompted frenzied debate about whether artificial intelligence (AI) poses an existential risk to humans. At times like this *The Economist* should come into its own, offering our subscribers a trusted guide to the future. Our journalists rose to the challenge.

Geopolitics dominated our coverage. Ukraine, of course, was top of mind. With deep expertise and the trust of key protagonists, our team produced unparalleled insights and analysis. Highlights included a remarkable triple set of interviews in December, with President Volodymyr Zelensky, General Oleksandr Syrsky, head of Ukraine's land forces, and General Valery Zaluzhny, head of Ukraine's armed forces. The latter attracted global attention and was shortly followed by an acceleration in the provision of Western weapons. In numerous cover stories we analysed the consequences of the war—from the reshaping of global energy markets (dramatic) to the impact on nuclear proliferation (not good).

If Russia's aggression is one force upending geopolitics, a second, even bigger one, is Xi Jinping's China. This was a year in which Mr Xi cemented his power and clarified his strategic ambition. China wants to shape a new world order, one more amenable to autocracies. Meanwhile, the Biden administration put in place a 21st-century containment strategy, bolstering military deterrence with alliance-building in Asia, employing an ever broader range of economic weaponry and spending massively on industrial policy at home. We devoted more than a dozen covers to analysing these shifts and their consequences. We looked at the future of globalisation in such a zero-sum world. And we explored the prospects for emerging players in this new geopolitical reality, from the Gulf states to Indonesia.

With double-digit inflation and the fastest rise in interest rates in 30 years, the global economy, too, has entered a new era. Our economics team did not pull its punches ("The Fed that failed" was a cover title in April) and was early to spot the financial stresses that such shifts would entail. Unsurprisingly, we were sceptical of governments' new-found love of industrial policy. We delivered clear-eyed reporting on climate, too, arguing that the world would miss its target to limit the rise in global temperatures to 1.5°C above pre-industrial levels. That uncomfortable truth, we wrote, makes it all the more urgent that leaders act, both to curb emissions and to adapt to the realities of a warming planet. But not everything was gloomy. We looked at the lessons of Texas's economic success, explained why this might be India's moment and argued that perennial gloom about the future of work is exaggerated. We heralded advances in weight-loss drugs, which have the potential to improve the health of billions and, in so doing, lower costs and boost productivity.

Even more striking were this year's advances in AI. We recognised the scale of the technology early, with a cover package in June 2022 on foundational AI, complete with cover art produced by an AI. As the hype and fear intensified, our science team produced podcasts, films and numerous articles to explain how the LLMs work and what the risks really are.

Britain played a disproportionate role in our journalism. We marked the death of the queen (poorly timed for a print edition) with a finely choreographed set of digital articles. In an ambitious series we analysed the reasons for Britain's poor growth performance. We lamented the slapstick nature of British politics, comparing Liz Truss's tenure with the shelf-life of a lettuce (an analogy that went viral) and putting a cartoon of Britannia with a pizza shield on our cover with the title "Welcome to Britaly" (a gag many of our Italian readers did not find funny).

Our growing digital capabilities (see Editorial review on page 14) mean we are now far more than a weekly newspaper. We meet our readers, listeners and viewers wherever they are, whether on our app or website (over half our subscribers are digital-only), or on Spotify, YouTube, Instagram and even TikTok. Bold investments, from expanding our China team to expanding our podcast ambitions, have paid off handsomely. We are, according to one industry-leading critic, making the "best news podcasts". Yet we are still much smaller than our competitors. Our edge is the excellence of our journalism. Last year, once again, it stood out. We intend to ensure that it does so this year, too.

Zanny Minton Beddoes Editor-in-chief

Our newsroom continued to innovate this year. In the digital era *The Economist* has become more experimental and agile, all the while producing the journalism for which we are known: with in-depth reporting, astute analysis, independent values and a global view.

The weekly edition remains the core of *The Economist*, but our newsroom now hums to a faster rhythm. Most stories from the newspaper are published online throughout the week. Our journalists respond rapidly to big news as it happens, delivering authoritative analysis and reporting at the time readers value it most. Expertise once confined to the printed newspaper now stretches far beyond it, be that on our website or app, in podcasts or films, digital events or newsletters.

There is no better example of this than our coverage of China. In 2022 our newly expanded team of correspondents delivered rigorous reporting and analysis of the big questions facing China and the world, from Xi Jinping's domestic ambitions to his plans for a new world order. We explored the vulnerabilities exposed by the pandemic, the power wielded in a deepening alliance with Russia, the threat of a war with Taiwan and the risks of a new, multipolar world. Just as notable, we did so in new formats.

For our first-ever limited podcast series, we produced "The Prince", on Mr Xi's rise and future. "The Prince" offered a rare view of the world's most powerful person: it blended history with future-looking analysis, deep reporting with personal storytelling. It was also perfectly timed, published in September ahead of China's Communist Party congress.

The result was an astonishing success. Among news podcasts in America, "The Prince" ranked second, a remarkable achievement in the world's biggest, most competitive media market. In places such as Canada and Hong Kong, it ranked first.

One might call it beginner's luck, if not for the extraordinary work of Sue-Lin Wong, our China correspondent, who hosted the podcast, as well as John Shields, the series's executive producer, and Claire Read, Sam Colbert and Barclay Bram, its producers. In February "The Prince" was nominated for best podcast by the American Society of Magazine Editors, the first such nomination for *The Economist*. For millions of people, "The Prince" was their introduction to *The Economist*; there was little overlap in unique listeners from our other shows. It was a fitting first impression of our journalism: authoritative, analytical and beautifully produced. By the end of March 2023, "The Prince" had been downloaded more than 8m times.

A live digital event on the war in Ukraine

But "The Prince" was just one piece of our digital coverage of China. We also launched "Drum Tower", a newsletter, and a weekly podcast of the same name. Hosted by David Rennie, our Chaguan columnist, and Alice Su, our senior China correspondent, the "Drum Tower" podcast became our first feature show to have its opening episode exceed 200,000 downloads. Each week listeners are transported within China's borders, be it to explore Beijing's ancient alleyways or understand Mr Xi's friendship with Vladimir Putin, Russia's president. Whether in the newspaper, in audio or a newsletter, *The Economist* illuminates the political and economic forces roiling China, and their implications beyond it.

The same can be said of our coverage of Ukraine and Russia. From the early, harrowing hours after Russia's invasion, our newsroom has covered the conflict with a clear-eyed view of the war's enormous risks—to Ukrainians, most obviously, but also to global food systems, energy markets, international institutions and Russia itself.

In the past year we continued to test ways to deliver our journalism on the war. From February 2022 to April 2023 we held 16 live digital events on Ukraine, exclusive to subscribers. The conversations shed light on the conflict, as well as our decisions on how to cover it. Hosted by Zanny Minton Beddoes and featuring Shashank Joshi, our defence editor, Arkady Ostrovsky, our Russia and eastern Europe editor, Edward Carr, our deputy editor, as well as others, the events regularly attracted a live audience of some 7,000 people, and often nearly twice that. Subscribers heard from our senior editors in real time and posed questions directly to them; digital events now offer a closer link between those who produce our journalism and those who rely on it.

We stretched beyond print in other ways, too. Our cover package on Ukraine in December included interviews with Volodymyr Zelensky, Ukraine's president, and Valery Zaluzhny, the head of its armed forces. Readers valued our extraordinary access to the leaders shaping Ukraine's future: the online transcript of our interview with Mr Zaluzhny had five times as many views as the average article that month and generated nine times as many subscriptions. Our coverage to mark the one-year anniversary of Russia's invasion exemplified the new normal for our journalists. We produced not just articles but a live digital event and our second podcast mini-series, "Next Year in Moscow" (see feature). Expertly reported by Arkady Ostrovsky, it offered a view of Russia that was epic and personal, transporting and sombre—and unique.

Our coverage of China and Ukraine—at a new cadence, in new media—is representative of changes across what we still call "the paper". Our digital events included conversations on video games, inflation and climate change. Our coverage of America's midterm elections spanned audio, newsletters, an online election hub and, of course, the newspaper. In a landscape defined by polarisation and hyperbole, readers valued our level-headed analysis and reporting from around the country. Our forecast model for the election was visited more than 700,000 times, making it one of the most visited pages on the site and app last year.

And when big news broke, our audience could turn to *The Economist* to make sense of it. Take the death of Queen Elizabeth II. Though her death was announced on Thursday September 8th, after our weekly edition had gone to press, we published a digital-only leader within an hour of the announcement. Silicon Valley Bank imploded on a Friday in March, one day after the newspaper had closed. But we published a story on the bank's collapse that day—and readers swarmed to it. The article drew more search traffic to the site than did our home page, the first time a single article has achieved this.

344m

podcast plays in 2023

Such reporting is complemented by an expanding array of digital features. Our By Invitation series publishes columns from prominent individuals and provocative thinkers around the world; it is fast becoming the most interesting opinion page in news. When the White House sought to defend its economic policies, President Joe Biden's top advisers penned a column for By Invitation. So did Recep Tayyip Erdogan, Turkey's president, to explain why he was blocking bids by Sweden and Finland to join NATO. Unlike the opinion pages of many newspapers in America or Europe, By Invitation looks far beyond the West. In February a pair of columns by Asiwaju Bola and Peter Obi, two Nigerian presidential candidates, showed what was at stake in that country's election. By Invitation benefits from our editors' keen judgment on the subjects and voices that will be of most value to our audience.

That judgment is at the heart of other digital formats, too. The World in Brief, the core of our Espresso app, is concise, global and analytical. It gives readers a quick look at the events that matter. The Economist Reads, launched in 2022, features recommendations from our journalists on the best books on a given topic, be it the history of Western capitalism or modern warfare. In August, just after The Economist Reads was launched, it generated the fourth-highest number of subscriptions of any section online. Both The World in Brief and The Economist Reads show the value that readers place in our ability not just to report information, but to curate it—our audience trust *The Economist* to tell them what they need to know.

From our podcast mini-series to our first summer issue, *The Economist* tested new ways to serve our existing audience and reach a broader one.

Newsletters offer a different form of curation, highlighting specific stories in the weekly edition and letting readers glimpse behind the scenes of our journalism. In the year to April we launched four newsletters just for subscribers: "The Bottom Line", on business and technology; "Drum Tower", on China; "Blighty", which explores the challenges facing Britain; and "Plot Twist", a weekly conversation about culture. Four existing newsletters became available only to subscribers, too.

While some newsletters enhanced the value of a subscription to *The Economist*, our free newsletters continued to draw new readers to our journalism. Overall, newsletters generated 23m referrals to economist.com in the 2022 calendar year, a 15% increase from 2021. "The Economist Today", a daily collection of our stories, proved the main lure. Across our menu of newsletters, subscribers see our breadth. As the debate over artificial intelligence intensified, "The Bottom Line" amassed 89,000 subscribers, the fastest growth of any subscriber-only newsletter. The Saturday edition of "The Economist This Week" featured topics as wide-ranging as big tech, sexual wellness and the impact of food on the body and mind.

Experiments continue. It is now possible to place video within the core app of *The Economist*, which will allow our films to be shown to subscribers, rather than simply on third-party platforms. The Films team is testing different formats and topics, to understand which videos resonate with subscribers. Our social editors are experimenting with video, too. *The Economist* launched a TikTok account in July. It has attracted more than 30m views, with most of our audience younger than 35. Our TikToks offer simple, concise explanations of tough questions, with clever graphics and clear narration. Top-performing videos include "Why is Ireland split in two?" and "What happens when we sleep?" But TikTok also offers a new venue for the irreverent wit that has long simmered in our pages. "Why did the chicken...get so big?" is *The Economist*'s most popular video on the platform, with 6.6m views to date.

23m

referrals from newsletters to our website

If a 58-second TikTok video is the quickest way to consume *The Economist*, our newsroom continued to test long-form journalism, too. For the first time, we published a special summer double issue, with a 64-page insert to showcase the exceptional work of *1843*. Published on July 30th, for the next two weeks articles from *1843* were our most widely-read stories online and generated the most subscriptions. From personal accounts of Ukrainian refugees to tales of love and lockdown from a Chinese therapist, the summer issue provided a complement to our usual fare.

But it was a long piece on Muhammad bin Salman, crown prince of Saudi Arabia, that was the issue's heart. Written by Nicolas Pelham, our long-time Middle East correspondent, *1843* offered a searing look at a ruthless prince and his kingdom—readers viewed it five times more than the average article. As we experiment with new forms of journalism, it underscored an enduring fact about the paper. Amid rapid change, readers turn to *The Economist* to understand the people and forces shaping the world.

FEATURE STORY

Making "Next Year in Moscow"

"I knew everything was about to change when I turned on the television," Arkady Ostrovsky explains, as fireworks and the voices of Russian propagandists boom in the background. So begins "Next Year in Moscow", *The Economist's* second podcast mini-series, released one year after Russia's world-shaking invasion of Ukraine. Arkady's opening line is fitting. "Next Year in Moscow" is a podcast about change, and the stories Russians tell about it. In the past 40 years, Arkady notes later in the series, Russia has swung from communism to democracy to imperialism. "The one thing that has been consistent," he says, "is that people who control the narrative have the power."

With this eight-part series, "Next Year in Moscow" presents the narrative of free-thinking Russians, both within Russia and beyond it. Through them Arkady explores Russia's past, present and future, juxtaposing its exiles' brave accounts with the lies of its dictator. Listeners are transported from a protest in Pushkin Square to the streets of Istanbul to the eerily silent foothills of the Georgian Caucasus, home to a Russian military base. The result is a vivid portrait of Russia as it is now and as it might be.

The series was born from an article about Russian exiles in Georgia, which Arkady wrote for *The Economist* in August 2022. After Mr Putin ordered troops into Ukraine, Russians had faced a choice: lie low, resist or flee. What followed was Russia's largest exodus since the Bolshevik revolution. Speaking to Russians in Georgia last summer, Arkady explains, "I realised that each of them has amazing stories to tell of being caught up in a vortex of history." So Arkady and John Shields, *The Economist's* director of podcasts, decided to give voice to those Russians to illuminate Russia itself.

That required choosing exiles to feature, then meeting them where they had dispersed: Istanbul, Tbilisi, Tel Aviv and Riga. Mikhail Khodorkovsky, Russia's richest oligarch before his arrest in 2003, recorded his interview in *The Economist's* offices in London. His personal translator joined remotely from rural Ontario—like Mr Khodorkovsky, he can't return to Russia.

There was other audio, too, recorded previously by Arkady but which proved essential: a visit with Volodymyr Zelensky, Ukraine's president, in Kiev in December 2022, as well as a recording from 2021 of Alexei Navalny, a leader of Russia's opposition, before he was imprisoned. All this was woven together with narration from Arkady and archival clips. The series's producers, Sam Colbert, Pete Naughton and Ksenia Barakovskaya, made each episode a compelling part of a broader arc. Sound engineering by Weidong Lin and music from Darren Ng carried listeners gracefully across decades and geographies. For Arkady, Ksenia and Lika Kremer, an independent journalist who assisted with the podcast from Tbilisi, the work was deeply personal. All had left Moscow at the start of the war.

Arkady himself was raised in Soviet Russia before finishing his schooling in Britain. When he returned to Moscow as a correspondent in 2003, he says, "Russia was becoming a normal country," or so he thought. "Next Year in Moscow" features other Russians who were similarly convinced that their country was changing for the better. An actress, Chulpan Khamatova—as a young woman "dreaming of colour, but forced to live in monochrome"—was allowed at last to live brightly. Well-intentioned Russian journalists downplayed Vladimir Putin's brutal war in Chechnya, preferring the tale that Russia was on a straight line of progress. Even after the Kremlin meddled in Russian parliamentary elections in 2011, the ability to protest suggested that Russia had changed nonetheless. When Mr Navalny bellowed at a rally that year, "we have a voice... do we exist?", thousands roared back, "We exist!"

> "Next Year in Moscow" helps listeners understand how today's Russia came to be—and the resolve of those seeking to change it.

More than a decade later, Russia's line of progress looks like a knot. The harsh choice of whether to stay or go resembles that posed to Russians more than a century ago. As Mr Putin continues his war in Ukraine, he has turned Russia into an isolated and repressive dictatorship, reminiscent of the darkest days of the Soviet Union. Within Russia, Mr Putin controls the narrative. Independent news outlets have been shuttered. Critics have been thrown in prison. In the run-up to the invasion Mr Putin closed Memorial, the country's oldest and most venerated human-rights organisation, the main chronicler of atrocities from the Soviet era.

But other, truthful narratives of Russia are not extinguished entirely. The series features émigré journalists reporting in Russian on Mr Putin's war and a young woman from Siberia studying at Harvard to prosecute war crimes. Arkady interviews brave Russians who continue to resist within Russia, too. Maria Eismont, a lawyer, defends political prisoners in Russia, at a considerable risk to her own freedom.

Mr Navalny is now in Russian prison, mainly in solitary confinement. His cell has neither hot water nor ventilation, its walls a texture on which a prisoner can neither scribble nor lean. He has less than 35 minutes each day to review legal papers or write. He faces a new sentence of up to 35 years. Yet he still speaks of a new Russia.

"It is in Russia's national interest to stop the war," Mr Navalny said in a recent statement, "withdraw troops from all of Ukraine's territory, use Russian oil and gas revenues to pay compensation to Ukraine and bring war criminals to justice." Russia's dissidents and exiles hope for a version of Russia which is for now fantastical. But "Next Year in Moscow" helps listeners understand how today's Russia came to be—and the resolve of those seeking to change it.

Read more

Alexei Navalny, a leader of opposition to Vladimir Putin *Photo: Getty Images*

Digital invention was at the heart of our work, from the website and our apps to podcasts, newsletters, films and subscriber events. Propelled by new formats and creative marketing, digital subscriptions grew by 13%, even as we continued to deliver the weekly newspaper to readers in 152 countries.

"We provide global news and analysis backed by rigour, authority and independence, and we do it across a range of user-first formats and platforms. That's a distinctive formula: digital innovation rooted in nearly two centuries of editorial tradition."

—

Bob Cohn
President/managing director, *The Economist*

The Economist at a glance

1,182,000
subscribers

£207.5m
revenue

75%
of new subscribers are digital-only

61.4m
social-media followers

86%
customer satisfaction

13%
growth in digital subscribers

What we offer

The Economist, via app, web and print

Espresso, our global briefing app

Podcasts, including "The Intelligence" and "The World in Brief"

Newsletters: 3 daily, 12 weekly

Economist Films

Regular webinars with our journalists

Corporate and enterprise subscriptions services

The Adelphi office, London

At a 180-year-old newspaper, change comes slowly and steadily—and then all at once. That's how it felt last year, as our teams marked substantial progress in two important areas of strategic focus: shifting the business to a digital footing, and building engagement and loyalty among subscribers. These twin obsessions, which have driven us for several years and are closely intertwined, are key to unlocking further growth.

Quickening the pace of digital invention

Digital invention was at the heart of our work and the top of our team road maps, from product and data to editorial and marketing. In every way, we became a more digital enterprise. The evidence is perhaps most clear in how we express our journalism through the newspaper, the website and the *Economist* app, of course, but now also through 15 newsletters, a growing slate of podcasts, near-weekly webinars and a wholesale upgrade of Espresso, our global news briefing app updated several times a day. The core content of the standalone Espresso app now does double-duty as the World in Brief module on the home screen of the *Economist* app and the home page of Economist.com, giving subscribers to *The Economist* easy access to the benefits of our fast-turnaround Espresso journalism.

We focused on making our products easier and more delightful for users. Articles load faster, audio content can be turned into a managed playlist, the *Economist* app now supports videos and Espresso is optimised for a tablet screen. The newsroom now routinely posts time-sensitive weekly content to the web, app and social feeds ahead of print deadlines while also publishing more digital-only articles.

All of this progress was the backbone of a marketing push to increase our digital customers. Midway through the year we introduced a new trial offer: first month free for subscribers buying a digital subscription. The uptake on that offer has been significant, and a high proportion of the trialists are converting to paying customers when their trial ends. Digital subscriptions grew 13% year-on-year.

As a result, we saw an acceleration of what has been a steady shift from print to digital subscribers. Three-quarters of new customers chose a digital-only package, up from less than half in 2020.

4.8

(out of 5)
customer rating for the *Economist* app in the Apple store

The focus on digital subscriptions is putting the business in a stronger position. Digital readers are less expensive to serve, given the costs of producing and distributing printed copies of the newspaper and the vagaries of supply chains and global postal services. A digital-first business aligns with our ambitious targets for reducing our carbon footprint and, of course, with organic consumer trends in the premium news space towards digital consumption. And, not incidentally, digital customers are more likely to create a habitual relationship with our products and are thus more likely to renew their subscriptions than their bundled print-digital counterparts.

Giving subscribers more reasons to renew

This brings us to the second obsession: engaging and retaining our base. Across a number of areas, we made a priority of driving up the value of an *Economist* subscription. We introduced four newsletters available exclusively to subscribers; now 12 of our 15 newsletters are subscriber-only. We expanded our webinar programme, presenting 34 subscriber-only events—about three per month—featuring our journalists talking about key developments around the world. The webinars were viewed, either live or delayed, by around 100,000 subscribers, and we now know that if you attend an event, you are more likely to renew. Buoyed by this success, the onboarding team is preparing to test video conversations to welcome and orient new customers.

We have likewise made strides improving the subscriber experience. The website and apps are vastly improved—slicker, faster to load, more intuitive. Our customer rating for the *Economist* app in the Apple store rose to 4.8 (out of 5). The focus on improving customer service has also paid off. Post-interaction surveys show that customer satisfaction has increased to 86%.

All this is good for driving subscriber habit and engagement. The portion of subscribers who engage with us digitally has risen from 42% in 2020 to 64% last year. One-quarter of subscribers open at least one newsletter per week. These trends have helped to fuel an impressive rise in renewals, with the portion of new customers continuing at the end of their first 12 months nearly doubling over the last three years. By the time a subscriber has been with us three years, they are 95% likely to renew.

86%

customer satisfaction

Growing our corporate subscription base

For all the focus on our large consumer business, the most dynamic growth area came in our more nascent B2B line. It's here, in corporate and enterprise subscriptions, that we are selling the core *Economist* product to groups—companies, NGOs and universities. Growth comes from landing new clients, of course, but also from driving readership and engagement in our enterprise accounts. Our 1,200 clients today include stalwarts like McKinsey, the United Nations and Harvard University, but also cross into big tech (Google), fintech (eToro), e-commerce (Shopify) and beyond. These are new muscles for us, and last year we began flexing, with subscribers and revenue increasing by about 60% apiece. Corporate subscriptions are ripe for further growth and we approach this with corresponding levels of investment and ambition.

More sustainable printing, more engaging podcasts, more satisfied customers

One of the most exciting areas of growth came in one of the newest journalistic forms: podcasting. Our latest weekly show, "Drum Tower", explores the complexities of modern China. We also introduced two limited series: "Next Year in Moscow", the story of Russian exiles in the time of Vladimir Putin, and "The Prince", on the rise of Chinese President Xi Jinping. Nominated for a National Magazine Award from the American Society of Magazine Editors, "The Prince" helped lift our podcast portfolio to five million monthly unique listeners and expand the ranks of *Economist* superfans.

Even as we focus on digital growth and audio innovation, print remains an anchor of the business. Nearly half a million subscribers in 152 countries take the print-digital bundle. Many of them are our most long-tenured and loyal customers. "Cover Story", the Saturday email showing how the design team put together the cover, is our most-opened newsletter. Newsstand sales have rebounded since the height of covid-19, growing 15% last year. That's still below pre-covid levels, and the data suggest a new normal plateauing at or slightly above that level.

Of course the print business, across subscriptions and retail, is an energy-intensive operation made more complicated by supply-chain and postal disruptions. We have a number of sustainability goals in this area—and last year we cut our use of plastic by 19%, substituting paper wraps for copies mailed to subscribers in a host of European countries.

Throughout the year, we tracked what customers say about us through surveys and focus groups. The exercise underscored our core appeal: we provide global news and analysis backed by rigour, authority and independence, and we do it across a range of user-first formats and platforms. That's a distinctive formula: digital innovation rooted in nearly two centuries of editorial tradition.

FEATURE

The Economist every day

The weekly newspaper is a cherished part of what we do. But on the web and in the app, and across audio, video, newsletters and live events, we deliver news and analysis for all the moments in your day.

06:00
Espresso

You wake up to capsule versions of the day's most important global stories from Espresso, *The Economist*'s sister app available to all subscribers.

07:30
"The Intelligence" podcast

During your commute you listen to "The Intelligence", *The Economist*'s daily current-affairs podcast, and browse through the range of weekly shows and limited series—downloading a few podcasts to listen to later.

344m
podcast plays
(+43m v 2022)

10:30
Subscriber-only newsletters

As you check email between meetings you receive the weekly edition of "Drum Tower", *The Economist*'s newsletter on China—one of the dozen regular subscriber-only newsletters.

13:00
Push alerts

During the morning you've noticed a few alerts that key stories have been posted. At lunch you click through to the *Economist* app to read a new piece—and save a related article to read later.

23m+
web visits driven by newsletters in calendar year 2022

17:30

Subscriber-only events

On your way home you log on to economist.com to catch up on the recording of today's live, subscriber-only webinar, where *The Economist's* correspondents discuss and answer subscribers' questions on the US midterms.

34

live subscriber-only webinars hosted in 2023

19:00

Print edition

The print copy of *The Economist* has arrived, but you'll have to wait your turn. Your partner is chortling as they read this week's management column, Bartleby.

21:00

YouTube documentary

You are catching up on some work when you get an alert from YouTube—and find yourself usefully distracted by *The Economist's* latest documentary, this one covering the future of crypto.

22:30

Audio article

You like to listen to something before bed, so you open up the app and play the audio version of the new cover story on artificial intelligence before drifting off.

3m

subscribers to *The Economist's* YouTube channel

Economist Education provides online courses to support the professional development of mid-career executives. Our programmes combine the best of our editorial values with a modern pedagogical framework that brings flexible, high-quality learning to participants around the world.

Expanding minds while expanding our offer

Economist Education at a glance

15
course presentations

1,941
students, up from 934 in the previous year

109
countries, up from 73 in the previous year

Business writing remains our best-selling course

We increased our focus on our business-writing course by running it five times a year, compared with four times previously. We also worked hard to promote the course to consumers, with increased spending on marketing and eye-catching advertising campaigns. This course continues to be our bestseller, bringing in more than 50% of sales.

In our second year of operations, Economist Education grew rapidly, thanks to new course launches, a push for enterprise customers and a recovery in consumer markets.

An enhanced portfolio, with new topic and skills courses

We now have five courses in our portfolio, two newly created this year.

We launched our fourth course, *Climate change and business: sustainability, risk and the push for net zero*, in September 2022. This is a highly distinctive and pragmatic six-week online course that helps executives understand the trade-offs involved in developing a net-zero strategy.

Our fifth programme of study, *Data storytelling and visualisation: communicating with numbers to inform, persuade and decide*, was created by *The Economist's* senior data journalists. Launched in June 2023, its new, two-week format gives busy executives clear and compact instruction in skills that are central to the modern workplace. This will build on the great success of our other skills course, a popular six-week programme on business writing.

Expansion into the enterprise market

This year we built a new capability to bring our courses to corporate customers, to enable teams from a single company or department to build their knowledge and skills together to the benefit of their organisation. So far, our enterprise clients include Boston Scientific, Capital One, Deloitte, the UK government and the United Nations.

94%
student satisfaction, up from 89% in the previous year

What our students say about us

Professional communication: business writing and storytelling

"This course has exceeded all my expectations. I started the course with the purpose of becoming a better writer. I came away with a wealth of tips and tools I can use for both business and personal writing. I feel like I have the secret recipe to Coca-Cola—the inside glimpse to how *The Economist*'s writers write. Could not recommend this course enough."

Anna Skigin CEO, Frank Porter

Climate change and business: sustainability, risk and the push for net zero

"The course was outstanding. I would wholeheartedly recommend this course for anyone who needs to get their bearings on the huge range of topics under the net-zero umbrella or who is already diving in. The course acknowledged the difficulties and conflicts and unknowns of net zero and at the same time included plenty of practical, action-oriented, relatable content you can put right to work."

Trika Harms zum Spreckel
Project manager, Cigarbox

Economist Impact offers a unique model for clients who want to lead on the issues that matter most, drawing on an unmatched portfolio of capabilities including policy research and insights, multimedia content, global events and advertising.

Economist Impact
Enabling leadership, catalysing change.

"Our focus continues to be on large, impactful, multi-year partnerships with companies, non-profits, foundations and government organisations that are positioned to lead in the critical areas of sustainability, health and new globalisation."

Claudia Malley
President/managing director, Economist Impact Partnerships

Economist Impact at a glance

£117.5m
revenue

+10%
increase in revenue v 2022

38%
share of sales from integrated business*

*Integrated business is where clients purchase our policy research and insights together with other Impact products/services.

What we offer

Policy research and insights

Data visualisation

Multimedia content

Scheduled and custom events

Media and advertising

Community and stakeholder engagement

[Insight + innovation + influence] = Impact

Economist Impact exists to help drive change—creating close relationships with clients and opening up possibilities for them through access to expertise from across The Economist Group, delivered through policy research, multimedia content and events.

It is an approach that is continuing to succeed. Not only have revenues grown by 10% for Economist Impact despite a very challenging trading environment, but we're seeing deep engagement with existing and potential clients, reinforcing our belief that our proposition is resonating, and delivering value across C-suite decision-makers.

Based on insight, delivering impact

These strong relationships with clients have helped Economist Impact deliver good financial results this year. Branded content, digital advertising and events (as Ian describes in the next section) performed particularly well. Some clients reduced or delayed their spend with us as they navigated an uncertain economic environment, and this is expected to affect Economist Impact revenue in the next financial year.

Our focus continues to be on large, impactful, multi-year partnerships with companies, non-profits, foundations and government organisations that are positioned to lead in the critical areas of sustainability, health and new globalisation. This year saw continued progress through our Impact programme on international trade, supported by DP World (see page 31), our new Health Inclusivity Index project with Haleon, and the further evolution of The Sustainability Project, a collaboration with our digital-innovation partner Infosys. This work is designed to broaden perspectives, enable leadership and create impact—but it is also gathering industry recognition. The Sustainability Project was nominated as a finalist in three categories at the World Media Group Awards 2022; the International Academy of Digital Arts & Sciences named it in May 2023 as a Webby People's Voice Winner in Websites and Mobile Sites—Best Writing (Editorial); while the Health Inclusivity Index was a Webby Winner in Websites and Mobile Sites—Best Data Visualisation.

38%

share of sales from integrated business

The multi-year Impact programme, supported by the Bill and Melinda Gates Foundation, is designed to inform the global childcare-policy debate

Read more

Webby Winner in Websites and Mobile Sites—Best Data Visualisation (The Health Inclusivity Index)

Webby People's Voice Winner in Websites and Mobile Sites—Best Writing (Editorial) (The Sustainability Project)

Read more

Trade in Transition

An Economist Impact programme supported by DP World.

These are uncertain times for global trade and supply chains, rich in potential opportunities but also fraught with risks. How should business leaders and policymakers respond?

The Economist Impact Trade in Transition programme, supported by DP World, explores how the business sector is adapting to mitigate risk and remain in step with regulatory changes, while taking care of the bottom line.

Unmatched research. Outstanding content. Events that make an impact

At the heart of the programme is our unmatched research, grounded in a literature review, a survey of 3,000 business executives and interviews with experts in trade and supply-chain issues—all underpinned by an analysis of the impact of current and future geopolitical shocks supported by our Global Trade Analysis Programme (a computable general equilibrium model). Economist Impact then brings that research to life through engaging content and media amplification, ensuring that insights are brought to a wide audience through media and high-quality events.

This year's Trade in Transition research was launched at a salon event and a roundtable at the World Economic Forum in Davos in January 2023, with the salon launch event receiving a net promoter score (NPS) of +88, compared with the industry benchmark of +11. The panel, which included the Brazilian secretary of foreign trade and economic affairs, the Unilever president of foods and refreshment and the chairman and CEO of DP World, debated an issue which is critical to whole economies, as well as to the businesses most closely involved—how to ensure that trade and supply chains are fit for purpose in a fast-changing world.

"With insights on regionalisation, diversification and the increasing use of services in supply chains, the Trade in Transition research has engaged business leaders and policymakers in this critical discussion."

John Ferguson Practice lead for New Globalisation at Economist Impact

Read more

"The report is tangible evidence of how globalisation is changing as companies are forced to adapt to new challenges. By bringing production closer to the final customer, firms can reduce the number of touchpoints involved in the supply chain and build greater resilience into the flow of cargo around the world."

Sultan Ahmed bin Sulayem Chairman and CEO, DP World Group

3,000

business executives surveyed

2m

Twitter impressions during the three-day event

24

countries represented through registrations

Supported by

Economist Impact Events
World-class content, carefully curated.

"Convening the best speakers, curating outstanding content and enabling targeted networking are what make or break an event—and we've spent this year continuing to reinforce our status as a market leader in these areas."

—

Ian Hemming
Managing director, Economist Impact Events

207
events

552
sponsorships

What we offer

We create actionable insights for clients in three main ways:

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

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

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

A second consecutive record year highlights the strength of demand for high-quality content and actionable insights, and underlines the importance of focusing on generating best-in-class events.

Our clients and sponsors want two things above all—world-class quality, and choice. Convening the best speakers, curating outstanding content and enabling targeted networking are what make or break an event—and we've spent this year continuing to reinforce our status as a market leader in these areas. Feedback across our events remains very strong. Our average net promoter score (NPS)—a standard measure that ranks events from -100 to +100—was +61, compared with the industry benchmark of +11.

At the same time, a choice of platforms is now central to our business model—clients can choose in-person events, virtual events or the increasingly popular hybrid version, which gives clients greater flexibility and gives events more geographical reach, while making it easier for attendees to "snack" on the content that's most relevant to them.

This combination of quality and choice has helped us deliver record revenues this year. And while we've seen costs rising sharply across our sector, judicious management has meant that it has been a strong year for profits, too.

A resilient model, focused on critical content

We focus on three main offers—scheduled events, custom events, and our specialist EuroFinance events, which this year returned to an in-person format for the first time since 2019. And we've increasingly specialised in subject areas that are particularly important to our clients: sustainability; trade, technology and industry; health; financial services; and global treasury—areas that will remain relevant whatever the economic weather, which gives us confidence that our model will stay resilient through harder times.

We take an integrated approach—every event draws on the resources and strengths of The Economist Group as a whole, and we're increasingly tying events into the wider offer provided by Economist Impact.

Among 207 events this year, there have been many highlights—as well as more than 2,000 attendees at the EuroFinance International Treasury Management event in Vienna, we held a highly successful eighth annual Sustainability Week with more than 6,000 attendees, and launched a new event, Commercialising Quantum, which reached more than 2,000 attendees in a hybrid format.

67,000

attendees at our events

We give our clients insight into the forces shaping their world today—and generate forecasts for tomorrow.

Economist Intelligence
Clarifying uncertainty through rigorous analysis.

"In a turbulent global landscape, economic intelligence and rigorous analysis are paramount. We help shape informed decisions and resilient outcomes for governments, financial-services firms, multinational corporations and academic institutions around the world."

—

Ramsey Hashem
President/managing director, Economist Intelligence

Economist Intelligence at a glance

£51.7m
revenue

95%
retention rate in EIU subscriptions

8%
increase in EIU subscriber base

200
geographies covered by in-depth analyses

2,000+
members of the Economist Intelligence Corporate Network

What we do

Three key products make up Economist Intelligence—EIU, Corporate Network and Clearstate. Through rich data, deep analysis and global insight, we help clients understand their operating environment, navigate risks and opportunities, and move their organisations forward. Sharing *The Economist*'s strict stance on editorial independence, we produce analysis our clients can trust—and our reputation for analytical excellence is second to none.

What we offer

Global economic forecasts

Holistic country analysis, incorporating economics, politics, policy, industry and the business environment

Medium-term forecasts for 200 geographies

Industry and commodity forecasts and trend analysis

Comprehensive macroeconomic datasets

A rich database of proprietary risk ratings and rankings, quantifying hard-to-measure subjective issues

Speaker Bureau services

Market intelligence for medtech

C-suite networking

Our sustained investment in new digital products and greater engagement with our clients has helped deliver a year of strong performance, with growth in both our revenues and customer base. All three parts of Economist Intelligence have contributed to our success this year.

EIU: helping clients make sense of a fast-changing world

EIU specialises in identifying opportunities, trends and risks on global and national levels, and offering deep insights into complex economic and political developments, giving subscribers access to specialist content on more than 200 geographies in developed and emerging markets.

In volatile times, this analysis is particularly important. EIU reached a record number of subscribers over the turbulent course of 2022, with blue-chip clients including governments, financial-services firms, multinational corporations and academic institutions. Retention rates were 95%, and we're able to serve those clients more comprehensively than ever, thanks to our continued investment in new and enhanced digital products and services.

Our EIU Viewpoint platform, which now has more than 10,000 users, added a range of new functions alongside enhanced service-delivery formats that help clients access and integrate our content more easily. Our re-engineered Operational Risk product, introduced in September 2022, helps clients monitor developments

CASE STUDY

Global analysis, personal delivery: EIU's Speaker Bureau

When the global outlook is in flux, organisations need to understand what the implications and opportunities are for them right now—and in the near and longer terms.

That means calling on expertise that understands both the bigger picture and the specific trends and issues that affect their region, their industry and their function—and which can deliver those insights in a tailored, compelling way.

The expert analysts in the EIU's Speaker Bureau service deliver in-person briefings to help clients' organisations understand what the issues mean to them through short, compelling, entertaining presentations.

It is a face-to-face service that brings The Economist Group's expertise into the boardroom, a client's team seminar, or a client's briefing to their own customers. As well as a distilled analysis of the issues that matter, Speaker Bureau clients get to engage with our subject-matter experts—and to explore what the forecasts mean for their organisation and their decision-making.

This year our Speaker Bureau experts were in the boardrooms of 50 organisations. Clients called on us to provide analysis on global and regional outlooks, as well as specific issues including digital transformation and sustainability—always with a focus on what they meant for our clients' sectors and organisations.

"Geo-political developments have always been something that C-suites would take into account—but now they've become front and centre. The depth of what Economist Intelligence does gives us additional insights that we can draw on when we engage with our clients. It helps us to help our clients think about the issues and solve the challenges they face—and that's of the greatest value."

Sridharan Nair Asia Pacific vice-chairman, markets, PwC in security, politics and business stability in 26 industry sectors across 180 markets. The new Custom View tool, meanwhile, enables clients to easily identify and access the content that is most critical to their needs. EIU Viewpoint won the DevOps Industry Awards in November 2022, and was shortlisted in the BI Solution of the Year category at the British Data Awards 2023.

EIU also offers the Speaker Bureau service, providing bespoke briefings and presentations at conferences and in boardrooms. Demand is high, driving a 250% increase in revenue this year.

Corporate Network: bringing leaders together, equipped with analysis

The Economist Intelligence Corporate Network is a forum of more than 2,000 individual members who hold influential positions in their regions' most successful corporations, supported by our analysis and forecasting services. It suffered a dip during the pandemic, when face-to-face meetings were rare or impossible, especially in its main markets in Asia, but has recovered this year, seeing growth in memberships and record renewal rates as roundtable meetings and discussions helped forum members network and share their understanding of trends in their region.

Clearstate: sharpening our focus on granular data

As the emphasis on covid-19 diminished this year, our medical-technology clients looked to discover new market opportunities, and they needed a detailed understanding of competitive dynamics in their markets. Clearstate has a specific focus on granular data for key market segments, including the IVD (in-vitro diagnostics) and surgical sectors, and customers are increasingly interested in this proprietary data. We've enhanced the ways they can access it, including through our new Company Insights Monitor. Revenues were up slightly on last year's exceptionally strong revenue growth. We see further potential in the data side of Clearstate's business, and will continue to explore ways to help clients visualise and access our datasets.

2,000+

members of the Economist Intelligence Corporate Network

CASE STUDY

Measuring what matters: the EIU's Democracy Index

When you need to know about something that is hard to measure and takes real understanding to assess, the true value of EIU's expertise becomes clear.

Democracy, for example, is fiendishly difficult to measure. Elections alone do not make a democracy—and democracy can express itself through non-electoral channels. The data can be confusing, but the truth really matters—which is why, in February 2023, we launched the 17th edition of EIU's flagship Democracy Index.

The annual index provides a snapshot of the state of democracy globally, based on five categories: electoral process and pluralism, functioning of government, political participation, political culture and civil liberties.

The 2022 index told a story of stagnation, with a halt in the decline in democracy that we'd been tracking over previous years, but no sign of significant progress. The situation in China and Russia, home to more than 20% of the world's population, took a decisive turn for the worse.

More than 100 EIU experts come together and apply their deep country knowledge to quantify democracy for the index. It epitomises an approach used widely across EIU: deploying our large team of expert analysts to quantify hard-to-measure issues and risks, and making the world easier to understand and navigate for our clients.

Read more

Sustainable progress.

Our purpose is to champion progress in everything we do. Through independent, evidence-based journalism and content, we help audiences address the systemic environmental and social challenges facing our world. At the same time, we must also lead when it comes to addressing our own impacts.

Sustainability at The Economist Group
Championing progress in everything we do.

"While our content is the first element of our approach to sustainable progress, we also weave sustainability into the fabric of our growth strategy and operations."

—

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

20%

reduction in annual GHG emissions since base year 2020, while growing our business

1,641

colleagues in 25 countries

Evolving our sustainability reporting

The Economist Group is uniquely placed to enable policymakers, business leaders and individuals to address key sustainability challenges, and our greatest impact will always be through the actionable insights that our content can provide. But while our content is the first element of our approach to sustainable progress, we also weave sustainability into the fabric of our growth strategy and operations across four further priorities—colleagues, communities, climate and environment, and governance.

In this section, we summarise key data and updates on our colleagues, and climate and environment, including our gender pay gap, carbon footprint, and progress towards our science-based emissions-reduction target. More detailed information is provided in our sustainability report on our Group website at www.economistgroup.com (or you can scan the QR code on page 40). We discuss governance on pages 58-75.

Our five key ESG priorities

Our content

Enable progress through the strength of our businesses—providing a guide to a changing world and empowering informed choices about critical social and environmental issues (see pages 12-19 and our separate sustainability report).

Our colleagues

Champion and foster diversity, equity and inclusion, and fairly provide colleagues with resources and opportunities to thrive (see pages 42-43 and our sustainability report).

Our communities

Enable access to information and critical-thinking skills, especially for disadvantaged young people (see our sustainability report).

Climate and environment

Take ambitious climate action and weave environmental sustainability into the fabric of our growth and operations (see pages 40-41, 44-47, and our sustainability report).

Governance

Operate in a clear and ethical context and in line with our guiding principles. Our approach to governance is described in our governance report (see pages 64-73).

Read more about our sustainability reporting

Our sustainability reporting

Our new online sustainability report provides greater depth and breadth of insight into:

- *The Economist*'s journalism and the work of the wider Group, including Economist Impact and Economist Intelligence, to enable decision-making on ESG issues
- Our continued pursuit of progress in our workplaces, our colleagues' careers and well-being, and our affinity group network
- Our support of local and global communities through The Economist Educational Foundation and The Economist Charitable Trust, both independent charities
- Our progress on managing our impacts on climate and nature.

CASE STUDY

Reducing our plastic usage by 19%

We're actively reducing the use of plastics across our supply chain for *The Economist* newspaper. In June 2021 we commissioned a plastics footprint and leakage analysis in accordance with the Guidelines for Corporate Plastic Accounting developed by 3RI and VERRA. The analysis found that our total plastics footprint was 58,000kg. The majority of our plastics footprint comes from subscriber poly-wraps, but also includes bundle and pallet wraps, and strapping.

We have now cut our plastics usage by 11,000kg, which is a 19% reduction in comparison with our 2021 assessment, and in some countries we have been able to remove the subscriber poly-wrap entirely. These new measures ensure that 73% of our weekly subscribers receive their print copy either paper-wrapped or without any packaging. In some markets, it is more challenging to remove plastic due to mailing requirements—but we continue to explore environmentally sustainable solutions.

73%

of subscribers receive their print copy either paper-wrapped or without packaging

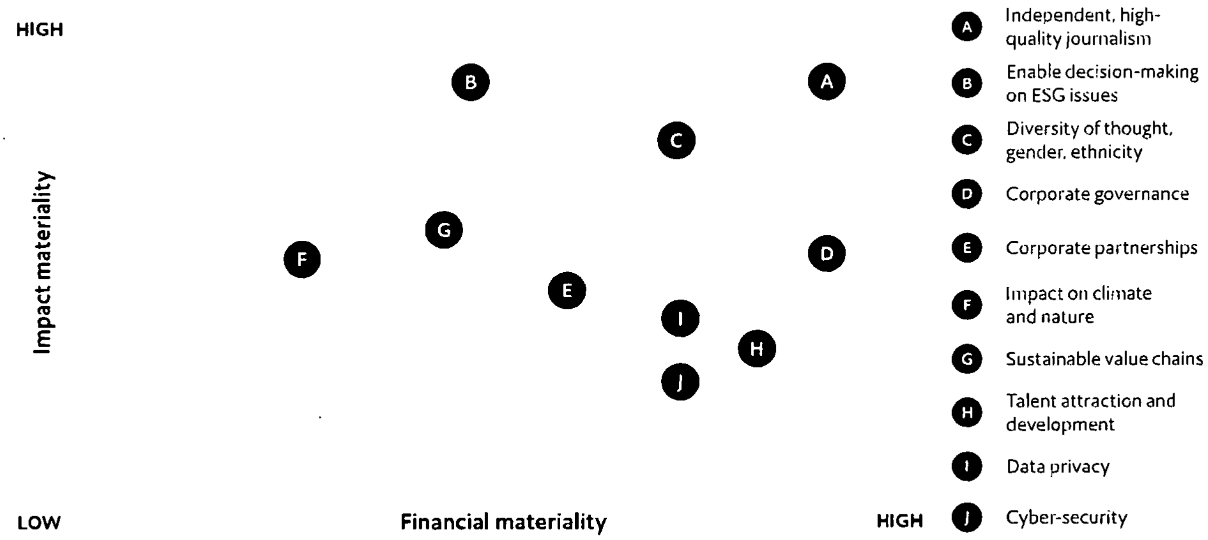
Wrapping by market		%
1 **Non-wrapped**	USA, Canada, Germany and Switzerland	**66.5**
2 **Paper-wrapped**	France, Belgium, Netherlands, Sweden and Norway	**6.6**
3 **Plastic-wrapped**	UK, Australia, Singapore, Hong Kong, India, Japan and others	**26.9**

Understanding our most material environmental, social and governance issues

This year, we carried out an assessment to understand which environmental, social and governance (ESG) issues are most material to The Economist Group. We conducted this assessment with the support of Carnstone, a specialist ESG consultancy. We applied the concept of double materiality, following the definitions of the Draft European Sustainability Reporting Standards 1 (ESRS) general requirements. We report on our material issues based on the two aspects of materiality: financial materiality, which includes issues that may drive risks and opportunities with a potential material impact on our financial situation; and impact materiality, which identifies issues that may have the most significant actual or potential impact on our stakeholders or the environment.

Our materiality assessment is based on a combination of desk-based research, internal workshops and interviews with internal and external stakeholders. We will use the assessment to define our sustainability priorities across ESG issues. For more information, please see our sustainability report on our website at www.economistgroup.com or scan the QR code on page 40.

The Economist Group's material ESG issues



Issues we are watching:

- Ethical AI
- Trust in institutions
- Freedom of expression
- Media literacy

"My key focus as a member of the Sustainability Group is the environmental impact of our printed publications, in terms of paper, production and distribution. I've led a life-cycle analysis of *The Economist* from three different sites to develop strategies to minimise this impact. I've also managed a plastics footprint analysis and worked on initiatives to deliver a 19% reduction in our plastic waste in the last 12 months."

Faye Jeacocke Director, global production and distribution operations

Our colleagues

"We've strengthened the development resources we offer colleagues at every stage of their careers, enhanced our hybrid-working policy in response to colleague feedback, and added greater depth and breadth to our work on inclusion."

—

Lauren Wartho
Interim chief talent officer

54%

of colleagues are women

48%

of colleagues are black, Asian, multi or diverse ethnicity

42%

of our global top pay quartile are women*

*Annual base salaries, adjusted for purchasing-power parity

The pursuit of progress drives everything we do—including progress for colleagues in their careers within an equitable, inclusive workplace.

Fostering excellence, enabling flexibility, and building diversity and inclusion

We've been working over several years to build a more diverse, inclusive workplace where colleagues have clear and rewarding career pathways that help them fulfil their potential and contribute to the "red thread" of excellence that runs through The Economist Group.

This year we built on that progress. We strengthened the development resources we offer colleagues at every stage of their careers, enhanced our hybrid-working policy in response to colleague feedback, and added greater depth and breadth to our work on inclusion, including through the creation of new affinity groups. We also saw encouraging progress in employee engagement, with colleagues telling us how much they value the autonomy and purpose that come with working at The Economist Group. There is still plenty to do, however: our progress on diversity has not been fast enough, and we have room to improve our gender pay gap.

We describe our work in all these areas in further detail in our new sustainability report.

1,641 colleagues in **25** countries support The Economist Group's purpose of enabling progress. This includes **303** colleagues in *The Economist*'s editorial team.

Our values

Independence

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

Integrity

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

Excellence

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

Inclusivity

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

Openness

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

Employee engagement

82% of colleagues took part in our Your Voice survey in 2023, with an average engagement score of 7.6 out of 10, which is at the benchmark for our sector.

More flexible working

Our hybrid-working policy is designed to give colleagues the freedom to work at their best, with most full-time colleagues expected to attend an office a minimum of two days a week, and able to work from abroad for up to five weeks a year. Editorial colleagues at *The Economist* have different flexibility given the nature of their work.

Gender pay gap

Our sixth gender pay gap report showed an improvement at the median pay gap (from 22.4% to 20.4%), but a deterioration at the mean (from 18.7% to 21.0%).

We publish our gender pay gap report on our website, www.economistgroup.com.

The Economist (editorial)

Gender and ethnicity of editorial colleagues
January 2023, % of total

Gender	%
1 Female	47.7
2 Male	52.3
3 Non-binary	nil
Ethnicity	
1 Asian	10.0
2 Black	1.9
3 Multiple ethnicity	3.2
4 Other/not disclosed	6.1
5 White, British	50.6
6 White, other	28.1

The Economist Group

Gender and ethnicity of non-editorial colleagues
January 2023, % of total

Gender	%
1 Female	55.4
2 Male	44.6
3 Non-binary	nil
Ethnicity	
1 Asian	40.6
2 Black	4.4
3 Multiple ethnicity	2.2
4 Other/not disclosed	6.8
5 White	46.0

[1]Includes employees on permanent and fixed-term contracts.

Climate and environment

"Environmental limitations, and social and economic needs, render a business-as-usual approach unsustainable. Ambitious climate action is critical. As are measures to adapt to the inevitable impacts of climate change."

—

Emily Jackson-Kessler
SVP sustainability

Climate change threatens progress everywhere—and while our businesses provide insights that will help individuals and organisations take action, we know that we must also play our part through our operations.

We've developed an environmental sustainability framework that outlines three steps to progress: manage, measure, mitigate.

Our environmental sustainability framework

Manage	Measure	Mitigate	Progress
Weave sustainability into the fabric of our growth and operations	**Build a plan and understanding based on data**	**Harness the passion and be an active leader**	**Results**
• Raise Group awareness of climate change • Accountability for the strategy rests with the Board and leadership team • The Economist Sustainability Group is our formalised internal network	• Measure greenhouse-gas (GHG) emissions across the full value chain • Life-cycle assessment • Plastics footprint • Automated carbon reporting • Climate-related risks and opportunities	• Science-based emissions-reduction target of 25% by 2025 • Plan for 50% reduction by 2030... • ...and net zero by 2045 • Invest in renewable energy • Support innovative climate solutions and technologies	• 9% year-on-year decarbonisation in line with a 1.5°C-aligned pathway • 20% emissions reduction from base year 2020 in line with validated science-based target • 19% reduction in the use of plastics in our supply chain • Accelerated digital-product growth

Manage
Our commitment to climate action

At The Economist Group, we are taking important steps towards our science-based 25% by 2025 near-term emissions-reduction target—aligned with the aim of the Paris agreement to limit global warming from pre-industrial levels to 1.5°C—by continuing to deliver on our commitment to reduce our carbon footprint. Our longer-term ambition is to halve our emissions by 2030, and reach net zero by 2045.

At the same time, we need to understand how climate change is affecting our business and adapt to its impacts. Climate-related extreme weather conditions in the US caused flooding at one of our print sites this year, disrupting our business and supply chain in North America, and we expect impacts to increase over time (see TCFD report, pages 48-51). Managing our carbon footprint and measuring climate-change risk is critical for our business—and our efforts in this area were recognised by CDP (formerly the Carbon Disclosure Project) with a B score for our climate-change disclosure in 2022.

Measure
Our environmental impact

We have now conducted our fifth annual GHG emissions inventory in accordance with the Corporate Standard of the Greenhouse Gas Protocol, considered the gold standard in emissions accounting and reporting. Our carbon-footprint measurement was conducted by CO2 AI, a carbon-management software platform developed by Boston Consulting Group.

We calculate The Economist Group's GHG emissions for the period 2022-23 as 42.24 kilotonnes of carbon dioxide equivalent (CO_2e), which is a 9% reduction on the previous reporting period. This takes us a step closer to achieving our 25% near-term emissions-reduction target validated by the Science Based Targets initiative (SBTi), a coalition for corporate climate action. We are signatories to the Business Ambition to 1.5°C and UNFCCC Race to Zero campaigns. Aligned with these commitments, our longer-term vision is to halve our emissions by 2030 and achieve science-based net zero by 2045 at the latest.

Our impact

Total Group CO_2 emissions footprint: **42.24kt CO_2e**

Year-on-year progress: **9% reduction from 2022**

25% to 2025 progress: **20% reduction from base year 2020**

Renewable energy attribute certificates (EACs): **2.08kt**

Mitigate
Our reduction strategy

To reduce the impact of our carbon footprint as part of our pathway to net zero, our reduction strategy has four pillars:

1 **Digital transition:** accelerate digital-product growth across our businesses
2 **Travel:** limit business travel, in particular flights
3 **Energy:** improve office energy efficiency and introduce renewable-energy certificates
4 **Value chain:** innovation

Engaging with our value chain is critical to achieving our ambition. Around 98% of The Economist Group's carbon footprint is from goods and services provided by partners to deliver our core products and services. There are some clear steps we can take:

- Improve supplier-specific emissions data collection
- Encourage key value-chain partners to set science-based emissions-reduction targets
- Collaborate and innovate with our suppliers

To support these steps, our Business Partner Code, launched in June 2023, outlines practices and standards we expect to see demonstrated across a wide range of issues, including climate and the environment (see our Business Partner Code on The Economist Group's website at www.economistgroup.com/esg/reports for more information).

Beyond value-chain mitigation

Our primary focus is on rapid emissions reduction, but we are also taking action to accelerate the net-zero transition by supporting innovative climate technologies and high-quality nature-based projects. Our contributions in this area are equivalent to 9,558 carbon credits, or nearly 5.9kt CO_2e (see our separate sustainability report). This is in line with the SBTi Net Zero Standard recommendation that companies invest in mitigation outside their value chains to contribute towards reaching the Intergovernmental Panel on Climate Change (IPCC) target of limiting global warming to 1.5°C above pre-industrial levels.

20%

our GHG emissions reduction since base year 2020

Emission scopes

	Total kt CO_2e emissions
1 Scope 1	0.38
2 Scope 2	0.64
3 Scope 3	41.22

Progress
Results

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

Category		Base year 2020 adjusted kt CO_2e	2022 adjusted kt CO_2e	2023 kt CO_2e	Year-on-year variance
Direct scope 1 emissions		0.22	0.33	**0.38**	15%
Indirect scope 2 emissions		1.80	0.48	**0.64**	33%
Indirect scope 3 emissions by category					
3.01	Purchased goods and services	36.99	35.26	**30.83**	-13%
3.02	Capital goods	2.34	1.92	**1.39**	-27%
3.03	Fuel- & energy-related activities	0.15	0.05	**0.06**	26%
3.04	Upstream transport and distribution	5.10	3.66	**3.15**	-14%
3.05	Waste generated in operations	0.08	0.02	**0.02**	-1%
3.06	Business travel	1.64	0.58	**1.56**	168%
3.07	Employee commuting	1.01	1.25	**1.24**	0%
3.08	Upstream leased assets	0.86	0.76	**1.05**	38%
3.09	Downstream transport and distribution	n/a	n/a	n/a	n/a
3.10	Processing of sold products	n/a	n/a	n/a	n/a
3.11	Use of sold products	0.07	0.45	**0.79**	75%
3.12	End-of-life treatment of sold products	1.92	1.26	**1.12**	-11%
3.13	Downstream leased assets	n/a	n/a	n/a	n/a
3.14	Franchises	n/a	n/a	n/a	n/a
3.15	Investments	n/a	n/a	n/a	n/a
Scope 3		50.17	45.21	**41.22**	-10%
Total kt CO_2e		52.19	46.03	**42.24**	-9%
Group GHG intensity/tonnes CO_2e per £m turnover (scopes 1, 2 and 3)		163	133	**112**	-16%

Notes on data

Scope 1 emissions are marginal, as The Economist Group does not directly operate vehicle fleets. Scope 2 emissions comprise all electricity consumed at Group offices worldwide, and emissions associated with the production and distribution of grid energy. We have reported market-based emissions for electricity. The increase in scopes 1 and 2 emissions can be attributed to a return to work following covid-19 restrictions from April 1st 2022. In addition, The Economist Group temporarily occupied several office buildings as it conducted renovations before moving to new office locations in both London and New York.

Indirect scope 3 emissions encompass all value-chain and product-portfolio emissions, and have been reported in line with the 15 standard GHG categories for scope 3 emissions. As we improve our data quality, we have made some methodological adjustments to the way we account for end-of-life treatment, which now distinguishes between recycled, incinerated and landfill waste, and draws upon the findings of the print life-cycle analysis conducted in 2022. Business-travel emissions are now calculated based on activity data rather than expenditure. The year-on-year increase in business travel reflects a full 12-month period without covid-19 restrictions on travel in most parts of the world. Reductions in scope 3 emissions reflect a reduction in print and production volumes of *The Economist* newspaper (included in 3.01) as customers increasingly choose digital over print, and an overall reduction in expenditure (reflected in 3.01, 3.02 and 3.04).

Energy Attribute Certificates (EACs): We occupy leased offices with few opportunities for onsite energy generation, and rely on green energy tariffs and EACs to purchase renewable energy equal to 100% of our global electricity consumption for offices and print sites. In 2023, we purchased 2.08kt CO_2e of EACs. We currently do not account for EACs as part of our total greenhouse-gas emissions, and await upcoming revised guidance from the Greenhouse Gas Protocol accounting standard on accounting rules.

UK Streamlined Energy and Carbon Reporting (SECR)

In line with the requirements set out in the UK Government's guidance on Streamlined Energy and Carbon Reporting, the table below represents The Economist Group's energy and GHG footprint from UK operations (from April 1st to March 31st), calculated in accordance with the Greenhouse Gas Protocol. The scope of this data includes four office sites located in London and Birmingham in the UK. In 2023 the UK accounted for 36% of our global scope 1 and 2 emissions, outlined in the table below.

UK operations	FY22	FY23
Natural gas (kWh)	1,286,470	**1,414,950**
Electricity (kWh)	348,800	**485,690**
Total UK energy (kWh)	1,635,270	**1,900,640**
Total UK scope 1 emissions (kt CO_2e)	0.27	**0.29**
UK scope 1 emissions (CO_2e) per £million turnover	1.10	**1.13**
Total UK scope 2 emissions (kt CO_2e)	0.10	**0.10**
UK scope 2 emissions (CO_2e) per £million turnover	0.30	**0.40**

Notes on data

Scope 1 emissions increased in comparison to 2022 by 0.02kt CO_2e in 2023. Scope 2 emissions increased in comparison to 2022 by 0.032kt CO_2e. The increase in both scopes can be attributed to a return to work following covid-19 restrictions from April 1st 2022. In addition, for a period of six months, The Economist Group temporarily occupied several buildings in London while it conducted renovations before moving its commercial operations from Canary Wharf to the Adelphi building in central London.

Progress towards our 25% by 2025 science-based target

Our near-term science-based target aims for a reduction of absolute scope 1 and 2 emissions of 68% by FY2025 from a FY2020 base year, and a 24% reduction of absolute scope 3 GHG emissions within the same timeframe. The Economist Group also commits to increase annual sourcing of renewable electricity from 0% in FY2020 to 100% by FY2025.

Target	2020 base year kt CO_2e	2023 kt CO_2e	Reduction from baseline (2023 v 2020)	2025 SBTi reduction target
Scope 1	0.22	**0.38**		
Scope 2	1.80	**0.64**		
Scope 1+2	2.02	**1.03**	-49%	-68%
Scope 3	50.06	**40.62**	-19%	-24%
Total	52.09	**41.65**	-20%	-25%

Notes on data

The figures for our progress towards our science-based target in this table and our total GHG emissions in the table on the previous page are slightly different. This is because, in line with the Greenhouse Gas Protocol Accounting Standard, the target for scope 3 emissions here excludes emissions from employee teleworking under category 3.07.

The Economist Group's TCFD disclosure

The following statement, which is in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), discloses the risks and opportunities of different climate scenarios on all aspects of our business—whether these are the impacts of transitioning to a lower-carbon world, or the adaptational impacts arising from a rapidly warming planet. For publicly listed and large private companies in the UK, this is mandatory. We are disclosing on a voluntary basis, supported by Carnstone, a specialist ESG consultancy. By strengthening our understanding of climate-related risks and opportunities, we can effectively adapt our business strategy in response to climate change. Our disclosure is consistent with the 11 recommended disclosures of the TCFD.

Scenario analysis

Understanding the risks and opportunities posed by climate change

The Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report (AR6) indicates that the window to prevent global temperatures from rising by more than 1.5°C above pre-industrial averages is rapidly closing. It may already be too late: in November, we wrote in *The Economist* that "there is no way Earth can now avoid a temperature rise of more than 1.5°C." Swift action is needed to limit warming and prevent severe climate extremes, which would require a comprehensive mitigation response to include power generation and energy efficiency, transport, buildings, urbanisation, agriculture and food security, forestry and consumer choices. Our scenario analysis holds to the three hypothetical climate states identified in our first disclosure in last year's annual report. These states are summarised in table 1, and are based on external sources, such as the International Energy Agency (IEA) and the IPCC. The most significant risks and opportunities in terms of likelihood and expected level of potential impact identified during the climate scenario analysis are summarised in table 2. Table 3 summarises the potential financial impacts of these risks and opportunities, which range from low to very high over the longer term. We are disclosing risk or opportunity categories in line with the TCFD's classifications. The time horizons are defined as follows: short term: <1 year; medium term: 1-3 years; long term: >3 years.

Climate-related extreme weather conditions in the US caused flooding at one of our print sites this year, disrupting our business and supply chain in North America. As we transition to a low-carbon world, it is inevitable that some areas of our business will face greater disruption than others. But our assessment indicates that as we deliver on our strategy of sustainable growth and progress, enabling individuals and organisations to make sense of the climate issues and chart a course through them, and developing a world-class portfolio of digital products, the Group will remain resilient across both the 1.5°C and 2°C scenarios assessed, with a negative impact in the 3°C scenario.

Table 1 Climate scenarios

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

Table 2 Task Force on Climate-related Financial Disclosures (TCFD) summary

TCFD element	Recommended disclosures	Current approach	Future approach	Read more
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	The audit and risk committee and the Board regularly review The Economist Group's environmental impact and mitigation measures. The committee meets twice a year and goes through the Group risk register at every meeting. Discussions include The Economist Group's environmental impact, mitigation measures and progress against reduction targets, and are reported to the Board. The outcomes of the TCFD disclosures are discussed with the audit and risk committee and at the Board meetings.	The outcomes of each annual disclosure are reviewed by the audit and risk committee and the Board.	Governance report, pages 65-73
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	The leadership team is responsible for the management of the Group's risks and opportunities. Climate-related risks and opportunities are overseen by the SVP sustainability and the head of ESG, with support from external advisers. Climate-related risks and opportunities are included in the Group risk register and reviewed by the risk-management team. Our 25% by 2025 emissions-reduction target is approved by our leadership team and Board, and included in our key performance indicators.		Strategic report, pages 38-47
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long terms.	See table 3 for a summary of the risks and opportunities identified through scenario analysis that could have a material financial impact on The Economist Group.		
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	See table 3 for a summary of the risks, opportunities and financial impact The Economist Group has identified through scenario analysis, and the potential positive and negative implications for key products and services over the short, medium and long terms.	Our assessment supports our strategy to accelerate digital-product innovation and growth across our portfolio, including expanding the digital ecosystem of our journalism, content, events and learning platforms. It also points to significant opportunities arising from growing demand for climate-related products and services, which The Economist Group is well-placed to capture. In summary, our analysis of climate-related risks and opportunities concludes that The Economist Group's business will remain resilient in both 1.5° and 2°C scenarios.	
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	See table 3 for a summary of the risks and opportunities The Economist Group has identified through scenario analysis. Our assessment indicates a net financial benefit for the Group as we deliver on our sustainable growth strategy—enabling individuals and organisations to navigate systemic environmental and social issues through our products and services—in the 1.5°C and 2°C scenarios, but a likely negative impact in the 3°C scenario.		

Table 2 Task Force on Climate-related Financial Disclosures (TCFD) summary *continued*

TCFD element	Recommended disclosures	Current approach	Future approach	Read more
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Climate-related risks were identified during the climate scenario analysis undertaken in March 2022. Members of the leadership team together with colleagues from across the business participated in the analysis. Environmental risk has been added to the overall Group risk register. Each business unit maintains its own risk register. The Economist Sustainability Group is a formalised internal network, led by the SVP sustainability, working on focus areas that include carbon-emissions management and supply chain.	Environmental risk will be added to the risk register of each business. The Economist Sustainability Group's task-force will continue to update climate scenarios and review climate-related risks and opportunities on an annual basis. The climate scenario analysis will continue to be updated formally on an annual basis, and reviewed by the audit and risk committee and the Board.	Climate and environment, pages 44-47 Risk management, pages 55-56
	b) Describe the organisation's processes for managing climate-related risks.	The SVP sustainability, together with the head of ESG, oversees the management of climate-related risks. Environmental risk is overseen by the SVP sustainability and updated formally twice a year. The Economist Sustainability Group has formed a task-force on climate-related risk. Each business unit risk register includes an assessment of unmitigated and mitigated risk. This is reviewed by the Group chief executive and Group chief financial officer. A summary is submitted to the audit and risk committee of the Board for review.	See (a) above.	Risk management, pages 55-56
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	The SVP sustainability co-ordinates the identification, assessment and management of climate-related risks and opportunities, and reports these to the head of ESG and the risk-management function of the leadership team for inclusion in the Group-wide risk process as described under (a) above.	See (a) above.	
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk-management process.	The Economist Group conducted scenario analyses in 2022, and has gathered internal and external data to quantify key transition and physical risks, and climate-related opportunities summarised in table 3. We collect and report our absolute GHG emissions across scopes 1, 2 and 3, emissions intensity, and progress on our validated science-based emissions-reduction target.	The Economist Group will continue to monitor and disclose climate-related metrics on an annual basis.	The Economist Group's global GHG emissions, page 46 Progress towards our 25% by 2025 science-based target, page 47
	b) Disclose scope 1, 2 and, if appropriate, 3 GHG emissions, and the related risks.	The Economist Group reports global scope 1, 2 and 3 GHG emissions in the climate and environment section of the annual report.	The Economist Group will continue to measure and report on our scope 1, 2 and 3 GHG emissions on an annual basis.	The Economist Group's GHG emissions inventory, pages 46-47
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Accountability for delivering against our sustainability strategy rests with the leadership team. Emissions-reduction targets are approved by our leadership team and Board, and included in our key performance indicators. Annual progress towards our science-based 25% by 2025 emissions-reduction target from base year 2020 is included in the long-term incentive plan of the leadership team.	We will progressively adjust our near-term reduction targets to remain on a 1.5°C trajectory, on the pathway to net-zero emissions.	The Economist Group's GHG emissions inventory, pages 46-47

Table 3 Summary of our most material climate-related risks and opportunities and their estimated impact

Financial-impact rating: L Low <£2m M Moderate £2m – £5m H High £5m – £10m V Very high >£10m

TCFD category	Climate-related trend	Potential financial impact	Potential materiality: 1.5°C by 2050	2°C by 2100	3°C by 2070	Strategic response and resilience
Physical: Chronic, long term	Climate-related supply chain	**Risk:** Increases in temperature, extreme weather events and tree disease prevalence may affect production and distribution processes of *The Economist* newspaper	L	H	V	Work with the most reliable and resilient suppliers Regional production and delivery model Leverage digital portfolio to ensure continuity of product delivery
Physical: Acute, short to medium term	Impact of extreme weather conditions on digital-product delivery	**Risk:** Increased regional disruption of travel networks, physical supply chains, digital infrastructure, data centres, energy supply leading to disruption of product delivery and increased costs of running events	L	M	M	Work with the most reliable and resilient suppliers Business continuity and resilience plans, including distributed models Maintain ability to transition to hybrid or virtual events Increase event budgets to absorb higher insurance premiums
Physical: Chronic, long term	Impact of extreme weather conditions in climate-sensitive areas	**Risk:** Falling productivity, systematic talent emigration, disruption to working patterns	L	L	M	Develop health and safety guidelines to include guidance on a reasonable range of indoor temperatures Select energy-efficient office facilities with suitable insulation, ventilation and cooling
Transition: Policy and legal, short to medium term	Increased cost of energy, carbon taxes, energy-security issues	**Risk:** Increase in operating costs for paper production, printing, logistics, business travel, data centres, customer service centres and office rental	L	L	M	The Economist Group has ambitious targets to reduce GHG emissions and energy use Supplier engagement, work with most GHG-efficient suppliers Continued investment in digital transformation
Transition: Market, long term	Climate-related inflation and rising cost of living	**Risk:** Increase in employee wages and salaries	L	L	L	Monitor climate-related supply chain disruptions, labour issues and production shortages to predict inflation trends and adjust budgets accordingly
Transition: Reputation, short to long term	Reputational risks to brand value	**Risk:** Reduced brand value of the Group as a progressive liberal news organisation in a climate-breakdown scenario leading to a 3°C warmer world	L	L	L	The Economist Group is committed to drawing attention to climate issues through its editorial coverage, and weaving sustainability into the fabric of its growth strategy and operations, to help ensure that a 3°C warmer world does not happen
Products and services, long term	Sustainability-related products and services	**Opportunity:** Growing demand for The Economist Group's established and growing portfolio of sustainability-related products and services	H	H	H	Build on a strong portfolio of climate-related products and services, including *The Economist*'s independent editorial coverage, Economist Impact's policy insights, marketing solutions and events, and Economist Intelligence's country, risk and ESG rating services
Resource efficiency, short term	Digital products	**Opportunity:** Increase in customer demand for lower-carbon products across the Group's product portfolio, less reliance on physical supply chains	V	V	V	Continued investment in digital transformation and world-class digital-product delivery
Products and services, short term	Talent attraction and retention	**Opportunity:** The Economist Group's liberal agenda, sustainability portfolio and commitments will become increasingly important considerations for attracting and retaining talent	L	L	L	Continue strengthening The Economist Group's sustainability agenda and progressive liberal coverage of climate issues, and showcase this in recruitment
Net impact for Group			+	+	–	Analysis indicates that the Group will remain resilient in the 1.5°C and 2°C scenarios through increasing demand for digital products, our portfolio of climate- and sustainability-related products, less reliance on physical supply chains, and the achievement of our strategic plans and climate-related commitments. The 3°C scenario would be likely to have a net negative impact on the business

Robust financial performance and a strengthened financial position.

Marcus Roy Group chief financial officer

"Revenue of £376.8m was up 9% on the prior year, and we continued to invest in foundational capabilities across technology and editorial."

The Group has reported a robust financial performance for the year.

Revenue growth of 9% at actual exchange rates and 2% at constant currency included a further increase in recurring subscription revenues in *The Economist* business and Economist Intelligence.

Operating profit of £42.2m was lower than the prior year, due to planned, continuing investments in digital capabilities. This year's profit also included one-off restructuring costs of £3.7m as we reorganised sales, delivery and finance functions. As a result, while operating expenses increased significantly for the year in total, the run-rate of operating expenses at the end of the financial year was in line with the prior year.

The Group's financial position strengthened this year. Good operating cashflow resulted in net cash before lease liabilities increasing to £17.6m. Capital expenditure was lower this year at £9.9m following the completion of the FCX platform last financial year. We contracted a new £80m revolving credit facility, securing committed funding for the Group to October 2026. And the deficit in our UK defined-benefit pension plan decreased further.

Reflecting the Group's financial performance during the year, the Board is proposing a final dividend of 80.0p per share, taking the full-year dividend to 120.0p per share. This represents dividend cover of 1.3 times, and a yield of 4.0% on the year-end indicative share price of £30.00.

Marcus Roy
Group chief financial officer

June 13th 2023

Financial review

Revenue

Revenue of £376.8m was up 9% on the prior year. The stronger US dollar to sterling exchange rate compared with the prior year increased revenue by £22m and so, on a constant-currency basis, revenue was 2% ahead. Revenue for *The Economist* increased by 7% and reflected the price rise introduced in the spring of 2022. At Economist Impact revenue from events increased significantly due to the return of in-person events and the success of hybrid events. Economist Intelligence reported revenue growth of 14%, driven by increased EIU subscription sales.

Operating profit

Operating profit of £42.2m was 9% lower than the prior year and 17% lower at constant currency. This reflects planned increases in operating expenditure, particularly in technology and editorial costs. Operating profit included £3.7m of one-off restructuring costs following the transition of finance operations to the Group's office in Gurugram, India, and a reduction in the number of roles, mainly in Economist Impact Partnerships.

Finance income and expense

Finance income this year included a gain on disposal of an interest rate hedging instrument. The increase in finance costs was mainly due to the amortisation of arrangement fees associated with the Group's banking facilities which were re-contracted this financial year, together with a higher lease interest charge following the Group's move to new premises in central London. The effect of higher interest rates on borrowings was largely mitigated through interest rate hedges.

Financial performance at a glance	Change on prior year
Revenue £376.8m	+9%
Operating profit £42.2m	-9%
Earnings per share 157.0p	-13%
Dividend 120.0p	-
Net cash before lease liabilities £17.6m	+£6.0m

Taxation

The taxation charge for the year is £8.5m (2022: £7.7m). The effective rate of taxation for the year is 21%, compared to last year's 18% which benefited from prior-year adjustments and a reduction in tax provisions.

Profit after tax and earnings per share

Profit after tax decreased by £4.7m to £31.2m. Basic earnings per share were 157.0p compared with 180.9p last year.

Balance sheet

The shareholders' deficit on the Group's balance sheet decreased by £8.5m in the year to £76.1m. The reduction in net liabilities is due to retained profits generated in the year, partially offset by the payment of dividends.

The Group entered into a property lease for its new London commercial headquarters and consequently, right-of-use assets and lease liabilities increased.

Pensions

The Group's defined-benefit pension scheme was in deficit of £8.8m at the year-end compared with a deficit last year of £12.8m. Scheme asset values decreased by £135.6m while scheme liabilities were £105.4m lower. The decrease in liabilities was driven by market movements giving rise to a higher discount rate, offset in part by an expectation of lower future CPI inflation. While these changes would in theory generate a surplus of £13.6m, the plan remains in deficit because IAS 19 only permits recognition of a surplus when the sponsor is entitled to a refund from the scheme. As this is not the case, a liability of £8.8m has been recognised, which represents the net present value of commitments made by the company to fund the actuarial deficit.

The most recent valuation of the UK defined-benefit pension scheme was undertaken as at January 1st 2021, which determined a deficit on a funding basis of £50m. The next actuarial valuation is due by January 1st 2024.

Dividend

Reflecting the Group's financial performance during the year, the Board is proposing a final dividend of 80.0p per share, taking the full-year dividend to 120.0p per share, which represents dividend cover of 1.3 times and an annual yield of 4.0% on the year-end indicative share price of £30.00.

Dividends for 2022 were 120.0p per share.

Financing

The Group has committed borrowing facilities of £80m via a syndicated multi-currency revolving credit facility which matures in October 2026. This facility was contracted during the financial year, replacing a previous £150m facility, and reflecting the Group's reduced leverage in recent years.

Net debt at the end of the year was £18.2m (2022: £16.1m). Excluding lease liabilities, the Group had net cash of £17.6m at the year-end (2022: net cash of £11.6m), comprising bank borrowings, net of issue costs of £16.4m (2022: £19.6m) and cash of £34.0m (2022: £31.2m).

Foreign exchange

The main currency exposure of business transactions relates to US dollar receipts from sales in the United States. The foreign-exchange risk on this and other smaller currency exposures is managed through the use of forward foreign-exchange contracts. This year, the US dollar averaged $1.21 against sterling (2022: $1.37) and closed at $1.24 (2022: $1.31). The stronger dollar has increased the translation of revenue and operating profit over the prior year by £22m and £4m respectively. Realised and unrealised losses from currency derivatives and translation of the balance sheet were £5.3m (2022: gains of £1.8m) and are reported in technology and central costs within the segmental information on page 96.

Cashflow

There was a cash inflow of £5.8m before debt financing during the year compared with a £13.9m inflow last year. Operating cashflow of £51.2m was £17.0m lower than reported last year, reflecting a high working capital inflow in the prior year.

Going concern

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

Financial projections including profit, cash, debt and balance-sheet commitments have been prepared covering short-, medium- and longer-term periods and stress-tested to ensure the Group has sufficient liquidity and available financing facilities in place. As at March 31st 2023 the Group had £34.0m of cash and £63.0m of undrawn credit facilities.

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

Section 172(1) statement

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

the likely consequences of any decision in the long term

the interests of our employees

the need to foster relationships with suppliers, customers and others

the impact of our operations on the community and the environment

the importance of maintaining our reputation for high standards of business conduct

the need to act fairly as between members of the company.

Our report on pages 70-73, which should be read in conjunction with the strategic and governance reports, sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Board's decision-making throughout 2023. When the Board takes decisions, it will always have in mind the views and interests of relevant stakeholders, which will sometimes be very different, and the need to balance these as a part of reaching a consensus in the long-term interests of the Group and its stakeholders; and these will be represented in Board papers and presentations prepared by the management team, as well as in Board discussions. The Board recognises implicitly that the interests of our stakeholders, and engaging with them, is part and parcel of ensuring the long-term success of the Group.

Monitoring and managing our risk.

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

Day-to-day management of risk is the responsibility of our leadership team, overseen by the Group chief executive. Certain categories of risk are overseen by specialists: for example, the chief technology officer oversees information-security risk, the chief legal officer oversees legal risk and data privacy, the chief financial officer oversees financial risk, and the head of ESG and the SVP sustainability oversee environmental and climate risk. They present regular reports to the audit and risk committee. Our risk-governance process is also discussed on pages 74-75.

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

We disclose the risks and opportunities of different climate scenarios on all aspects of our business in line with the recommendations of the Task Force on Climate-related Financial Disclosures on pages 48-51.

Our internal-audit function is outsourced to PwC, which enables access to broader and independent subject-matter expertise and allows efficient resource allocation.

The internal-audit plan agreed to by the audit and risk committee is driven by the Group's organisational objectives and priorities, and considers the risks that may prevent the Group from meeting those objectives. In developing the internal-audit plan, the internal auditor considers the audit universe: areas of the business subject to regulation; the risks and control environment associated with each area included in the audit universe; and the most significant risks faced by the organisation. Recent audits have looked at data privacy and cyber-maturity, as well as the effectiveness of our financial-control environment.

Our key risks and how we mitigate them

Risk	Description	Mitigation
Strategic		
Employing and retaining the best people	Labour-market competition could affect the Group's ability to attract and retain talent in key functional areas.	We have a hybrid-working policy, have taken actions to promote colleague well-being, and continue to benchmark our reward offer to ensure it remains competitive. We have invested in online training tools and established a career development framework to help retain talent.
Consumer demand for premium news	Wider availability of free, online news and journalism may limit the Group's ability to grow subscription volumes and revenues.	Our digital-product offer is constantly evolving to drive customer engagement and improve our users' experience. We monitor and analyse data relating to web traffic, marketing effectiveness and customer engagement.
Artificial intelligence/ language learning models	Generative artificial intelligence tools and technologies utilising our content without permission may impact our intellectual property.	We have established a working group focused on the risks and opportunities in this area, and are closely monitoring legal and regulatory developments.
Operational		
Data-privacy compliance	New and evolving legislative and regulatory requirements in respect of data privacy by key technology suppliers create complex compliance demands to ensure user and employee personal data are used and protected appropriately, and may affect certain revenue streams.	Our specialist data-privacy team monitors local and regulatory developments and briefs management regularly to help shape decision-making.
Availability of business-critical applications	Certain applications are based on old technology which, if compromised, could affect our ability to deliver business-critical services.	We have upgraded key editorial and product platforms and their supporting infrastructure, and have plans in place for remaining legacy infrastructure to be replaced or upgraded. Recovery and resilience capabilities in the event of failures are managed and monitored by an internal IT working group.
Safety of colleagues	*The Economist* is a high-profile publication and our colleagues travel to high-risk zones. There are high-profile attendees at our events.	Training is provided to journalists travelling to high-risk locations, and we monitor colleagues in such locations closely. Local government rules and health restrictions are followed, including restrictions on travel.
Defined-benefit pension plan	Plan assets and liabilities remain sensitive to market conditions, which could expose the Group to increased demands for funding.	The scheme is closed to future accrual. The company continues to work with the pension trustee to target scheme self-sufficiency and transition to risk-reducing, liability-matching assets.
External		
Economic uncertainties in our core markets	Lower growth rates and inflationary pressures in developed economies in which the Group operates may affect business and consumer confidence, resulting in lower demand for the Group's products and services.	We rigorously monitor our sales pipeline and conduct scenario-planning, including mitigation planning in response to potential revenue risks.
Operating restrictions in certain countries	Restrictions on overseas-based media organisations could limit our ability to operate.	We work with local advisers and provide our staff with clear operating guidelines. We have business continuity plans in place in case of disruptions. Activities and product launches are subject to legal review.
Cyber-security	A cyber-attack could jeopardise our applications, access customer information or product data, or compromise journalistic accuracy.	We operate a comprehensive cyber-security programme aligned to industry standards. This includes employing best-in-class detection and monitoring systems and establishing a vulnerability-management programme. We test our systems with regular penetration testing, and our colleagues through targeted phishing exercises and training.

By order of the Board

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

June 13th 2023

Governance report

Clear.
Transparent.
Independent.
A governance structure that reflects our values.

In this section

Introduction from the chair

For The Economist Group, with our commitment to championing progress, high standards of corporate governance are essential. That means ensuring that our values and sense of purpose are reflected in the robust governance of our business, and making sure we report to shareholders and other stakeholders in a clear and transparent way.

We aim to improve our communications with shareholders and other stakeholders each year, including through our annual report. Last year, for example, we voluntarily added climate-related financial-risk disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This year we have updated those disclosures in this report and included details of our first materiality assessment, while creating a new resource to inform stakeholders in more detail about our approach to, and progress in, social and environmental sustainability; our sustainability report is available on our website, www.economistgroup.com.

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

Paul Deighton Chair

Governance structure

Our governance structure at The Economist Group is unusual in that we have a group of Trustees who are separate from and independent of the board of directors, and of the shareholders. That's because The Economist Group's success is based on the reputation of *The Economist* for honesty, integrity and independence—so its journalism must remain free from the commercial pressures of the rest of the Group.

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

Trustees

Role
To ensure the continued independence and ownership of the company and the editorial independence of *The Economist*.

Specific rights
The Trustees have rights attaching to their shares to fulfil their role, which are set out in the company's articles of association. These are to:

- Approve the appointments of the editor-in-chief of *The Economist* and the chair of the Board.
- Approve transfers of "A" special and "B" special shares.
- Approve changes to fundamental provisions of the company's articles of association.

Restrictions
Apart from these rights, the Trustees have no others. They do not have the right to vote on most other matters, receive dividends or have any other economic interest in the company.

How Trustees are appointed
There are four Trustees (see page 59). When there is a vacancy, the remaining Trustees appoint their new colleague.

Board

Role
To promote the long-term success of *The Economist* and the company as a whole. The Board determines the long-term strategy of the Group, with the added responsibility of preserving its unique independent editorial voice.

How the Board is appointed
The Board may have up to 13 directors, seven of whom may be appointed by the holders of the "A" special shares (who are all individuals) and six by the holder of the "B" special shares (Exor). There are currently nine directors (see pages 60-61).

Non-executive Board appointments are reviewed every three years (six years in the case of the chair).

Leadership team

Role
To carry out the strategy approved by the Board, which delegates authority for day-to-day management to these executives (see pages 62-63). The team meets every two weeks and is led by the Group chief executive.

How the leadership team is appointed
The Group chief executive is appointed by the Board. The editor-in-chief is proposed by the Board and appointed by the Trustees. The other members of the leadership team are appointed by the Group chief executive, in consultation with the Board and, where appropriate, its committees.

Trustees, Board and leadership team

Trustees

Baroness Bottomley of Nettlestone PC, DL *Dame Alison Carnwath* *Tim Clark* *Lord O'Donnell CB, KCB, GCB, FBA*

Baroness Bottomley of Nettlestone PC, DL

Appointed: October 2005

Chairs Odgers Berndtson Board Practice. Member of the House of Commons (1984-2005). Environment minister in Margaret Thatcher's government. Served in John Major's cabinet as secretary of state for health (1992-95), and then as secretary of state for national heritage (1995-97). Appointed to the House of Lords in 2005. Non-executive director of AkzoNobel (2000-12), Bupa (2006-12) and Smith & Nephew (2012-21). Board member of the International Chamber of Commerce UK (2006-21). Member of the International Advisory Council, Chugai Pharmaceutical Co (2012-20). Chancellor of the University of Hull (2006-22). LSE emeritus governor and member of the Court of Governors (1985-2016).

Dame Alison Carnwath

Appointed: January 2019

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

Tim Clark

Appointed: December 2009

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

Lord O'Donnell CB, KCB, GCB, FBA

Appointed: October 2012

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

Board

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

The non-executive directors have a breadth of successful commercial and professional experience, and they exercise independent judgment. Lady Heywood is chief operating officer of Exor. Eli Goldstein was nominated by the Rothschilds who, through their own and related parties' holdings of "A" special and ordinary shares, control 26.7% of the issued share capital in the company. Details of directors' interests and, in relation to the executive directors only, their interests in the employee share ownership trust, are given in the directors' report on remuneration on pages 76-77.

The appointments of both the chair of the Board and the editor-in-chief of *The Economist* are subject to Trustee approval (discussed further on page 58).

Lord Deighton
Non-executive chair

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

Commitments: Chairman of Hakluyt, chair of Heathrow, director of Block, chair of the Governing Body of King's College School Wimbledon.

Previous roles: Leadership of organisations and projects in private and public sectors, partner at Goldman Sachs, CEO of the London Organising Committee of the Olympic and Paralympic Games, commercial secretary to the Treasury.

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

Lara Boro
Group chief executive

Appointed: September 2019

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

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

Zanny Minton Beddoes
Editor-in-chief

Appointed: February 2015

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

Previous roles: Joined *The Economist*'s editorial team in 1994.

Vindi Banga

Appointed: September 2020

Commitments: Partner at Clayton, Dubilier & Rice, chair at Marie Curie, senior independent director at Haleon plc, chair of UK Government Investments, board member at the International Chamber of Commerce UK.

Previous roles: Member of executive board at Unilever, president of Unilever Asia, chair and managing director of Hindustan Unilever. Member of India's Prime Minister's Council on Trade & Industry and of the board of governors of the Indian Institute of Management Ahmedabad. Non-executive director of the Confederation of British Industry and of Thomson Reuters Corporation. Senior independent director at GSK and Marks & Spencer, and chair of the supervisory board of Mauser Group, Kalle and Diversey.

Committees:
- Remuneration

Georgina Cadbury

Appointed: January 2023

Commitments: Co-founder partner of Platypus Partners, director of the LJC Fund, a benevolent company.

Previous roles: Director of fundraising and investor relations at Palmer Capital (subsidiary of Oakley Capital).

Committees:
- Audit and risk

Eli Goldstein

Appointed: October 2017

Commitments: Founder and managing partner of The Radcliff Companies, director of Chrome Hearts Holdings, Jet Linx Global, CrossCountry Mortgage, WatchBox and Ojos Locos Sports Cantina.

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

Committees:
- Audit and risk
- Nomination

Lady Heywood (Suzanne)

Appointed: October 2015

Commitments: Chief operating officer of Exor; chair of CNH Industrial, Iveco Group and Shang Xia; director of Christian Louboutin.

Previous roles: Civil servant in HM Treasury, senior partner (director) at McKinsey & Company.

Committees:
- Audit and risk (chair)
- Remuneration
- Nomination
- Technology investment

Diego Piacentini

Appointed: November 2019

Commitments: Chair of the board of Apolitical.co; board member of Endeavor Italy, Institute for Health Metrics and Evaluation (IHME), Voi Technology and DoorDash; mentor at Endeavor Global; adviser at Exor Ventures, KKR and several US and EU startups.

Previous roles: Italian government's high commissioner for digital transformation, senior vice-president of international consumer business at Amazon, general manager of EMEA at Apple.

Committees:
- Technology investment

Mustafa Suleyman

Appointed: June 2019

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

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

Committees:
- Technology investment

Departure in the year

Philip Mallinckrodt retired from the Board in October 2022.

Leadership team

Alongside **Lara Boro** and **Zanny Minton Beddoes**, our leadership team comprises:

Gareth Bridge
Transformation director

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

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

Bob Cohn
President/managing director, *The Economist*

Bob is responsible for all aspects of The Economist business, with a focus on growing and diversifying the subscriber base through digital-product innovation, brand extensions and attention to customer experience.

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

Jennifer Devereux
Director of corporate development

Jennifer leads corporate development strategy across the Group.

Joined the Group in November 2022. Jennifer has held senior in-house, private equity, and investment-banking roles in the media, data/information and technology sectors. Most recently, she served as corporate development director at Informa.

Michael Fleshman
Group chief technology officer

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

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

Liz Goulding
Chief product officer

Liz has responsibility for the design, development and customer experience of the digital-product portfolio for *The Economist* and Economist Impact.

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

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

Oscar leads the legal and business operations team, as well as having responsibility for ESG reporting and the company's Sustainability Group, whose mission is to drive sustainable practices and reduce emissions across the organisation.

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

Ramsey Hashem
President/managing director, Economist Intelligence

Ramsey leads our Economist Intelligence business.

Joined the Group in April 2023. Was previously CEO at Citeline, a global leader in pharma intelligence, and has held global leadership roles at General Electric, Clarivate, Wolters Kluwer and Informa.

Ian Hemming
Managing director, Economist Events

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

Joined the Group in July 2019. Has 30 years' experience in the commercial-events and B2B media industry, serving as CEO of the TMT division of Informa for 16 years and latterly as a media adviser to private-equity groups and events companies. Also non-executive director of Landmark Group Holdings.

Charlotte Howard
Executive editor, *The Economist*

Charlotte joined *The Economist* in 2004. She is the newspaper's New York bureau chief and co-host of the Checks and Balance podcast. She previously served as *The Economist*'s US business editor. In other beats she has covered the energy sector and climate policy, consumer goods and retail, the global health-care industry, and politics and policy in America's Midwest.

Claudia Malley
President/managing director, Economist Impact Partnerships

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

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

Marcus Roy
Group chief financial officer

Marcus is responsible for finance, data, research and procurement for the Group.

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

Lauren Wartho
Chief talent officer (interim)

Lauren leads the Group's HR, talent, leadership, learning, culture, and diversity, equity and inclusion initiatives.

Joined the Group in 2011. She has served in various roles, including most recently as head of HR business partnering and operations, and HR director (EMEA and Americas).

Departures in the year

Robin Bew retired in April 2022, after 26 years with the Group. Formerly managing director, Economist Intelligence.

Helen Hutchinson stepped down from her role as interim chief operating officer of Economist Intelligence in April 2023, to resume her role as finance director for Economist Intelligence.

Kim Miller resigned in September 2022. Formerly chief marketing officer.

Sacha Nauta rotated from her role on the leadership team as executive liaison between the newspaper and the business in October 2022. She is social-affairs editor at *The Economist*.

Richard Peers resigned in July 2022. Formerly chief information officer.

Tim Pinnegar retired in September 2022, after 21 years with the Group. Formerly publisher and managing director, Asia Pacific.

Karine Serfaty resigned in February 2023. Formerly chief data officer.

Gnosoulla Tsioupra-Lewis resigned in January 2023. Formerly chief talent officer.

Preserving independence. Promoting progress. Driving long-term success.

In an era of fake news and partisan reporting, the integrity of *The Economist*'s journalism has never been more important. Our governance structure is designed to preserve that independence while ensuring the commercial sustainability and success of the business as a whole. That means applying high standards of corporate governance that are appropriate for our size, our profile and the specific nature of our business. For many years we have published our guiding principles and explained how we comply with relevant codes of practice.

We consider the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council (FRC), to be the most relevant code to our business, and we confirm that we have applied these principles throughout the financial year ended March 31st 2023.

In this section we describe how we apply the Wates Principles and incorporate the requirements of reporting against Section 172(1) of the Companies Act 2006. The two overlap somewhat and so, having set out the Wates Principles, we go on to illustrate their application by describing how they apply in the context of our own guiding principles, along with some examples of what we have done during the year, and our plans for the year ahead. The strategic report shows many of these principles in action.

The Economist Group's guiding principles

Independence in our DNA

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

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

Guiding principles

The Group operates in a clear and ethical context, and the Board has approved a set of guiding principles which are as follows.

We value our customers

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

We are committed to independence, integrity and quality

Our commitment to independence, integrity and delivering high quality in everything we do governs our relationships with readers, audiences and clients, shareholders, colleagues, suppliers and the community at large.

We believe in conducting business with common decency

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

We are opposed to slavery and human trafficking

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

We abide by local laws and regulations

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

We follow a robust tax-governance and risk-management policy

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

We believe in charitable giving

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

We are committed to climate-change management

We respect environmental standards and comply with relevant local laws. We take environmental issues seriously. See our report on climate and environment on pages 44-47, our TCFD report on pages 48-51, and our separate sustainability report www.economistgroup.com.

We value our colleagues and treat each other fairly

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

We have a consultative culture

We recognise that it is essential to keep colleagues informed of the progress of the Group. We provide colleagues with information on the Group's activities and its financial performance through regular meetings and communication through our intranet. We have a strong consultative culture, and we follow legal and regulatory requirements to consult with colleagues on major issues affecting the company.

We are committed to increasing colleague diversity

We particularly focus on ensuring that we recruit from the widest possible pool of talent. Data about how our Group is composed by gender and ethnicity can be found on page 43. We are also keen that people feel comfortable and valued at work, regardless of their background.

We are committed to reducing the gender pay gap

The Group is committed to reducing the gender pay gap and achieving parity. Our 2022 gender pay gap report was published in April 2023. While our gender pay gap is now half what it was when we started reporting it in 2017, we will continue our efforts until the pay gap no longer exists.

The Wates Principles

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

Principle One

Purpose and leadership

The Economist Group's Board develops and promotes the purpose of the company and ensures that our values, strategy and culture align with that purpose. Our purpose is to champion progress by delivering the best journalism, business information, events and marketing services to our readers and clients. For more on this, please see the strategic report (pages 1-56) and our guiding principles (page 65).

We operate a hybrid-working model. Non-editorial colleagues are expected to work in the office at least two days a week, with exceptions for some roles where more days in the office are required (or fewer, particularly for software engineers). While we keep this model under review, our experience so far is that it has not affected productivity and has had an overall benefit in terms of colleague satisfaction and recruitment.

As we reported last year, Russia's continuing war on Ukraine has had some impact on the business, in terms of managing our (albeit small) workforce and business in the region; and of course we are not alone in seeing the wider impact on the economic environment, along with the pressures of inflation and potential recession in some important markets.

We have continued to manage our cost base carefully, investing for growth where it has the most impact while reducing expenditure where appropriate.

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

- financial and operational performance
- investments
- strategy
- technology
- product developments and new services
- business risks and opportunities
- people, including our values, diversity, the gender pay gap, colleague surveys, and the closely linked topics of pay, benefits, recruitment and retention; pay has been an area of particular focus this year, given the inflation-driven rising cost of living (see below)
- environmental sustainability, where the Group has ambitious goals, in terms of reducing the Group's greenhouse-gas emissions as well as other areas where we have an impact on the environment (see pages 44-47 and our separate sustainability report); and, in addition to our voluntary adoption of climate-related financial risk disclosures in line with the recommendations of the TCFD (see pages 48-50), the Board encouraged the company to undertake a materiality assessment, the results of which are reported on page 51, as well as obtain our first CDP (formerly Carbon Disclosure Project) score (see page 45 and our sustainability report on our website at www.economistgroup.com)
- charitable and other social initiatives (see below and our separate sustainability report)
- shareholder value.

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

The impact of global events on the business is discussed in more detail in the strategic report on pages 6-37; and our reporting on these events is highlighted on pages 15-19.

Principle Two

Board composition

Please see the governance structure of the Board and the details of directors set out on pages 60-61. The chair leads the Board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive discussion. The company's constitution safeguards the company's corporate and editorial independence through various safeguards, including the trust shares that are held by four Trustees, whose key rights and responsibilities are described on page 58. The idiosyncratic nature of the company's constitution, including the governance of appointments to the Board, has been in existence in some form since the early 20th century. Its purpose was—and continues to be—to ensure that The Economist Group (and *The Economist* newspaper in particular) remains independent from the control of another corporate entity or any single shareholder.

See below for details of the nomination committee (page 75).

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

Principle Three

Director responsibility

The Board, chaired by Lord Deighton, met for regular business six times in the 12 months to March 31st 2023. Five of these meetings were held in London, and one—given the size of our business in the US—in New York. The Board also convenes at other times on an ad hoc basis or in committee when necessary. The Board receives regular reports and presentations on a wide range of topics from the leadership team and other colleagues from across the Group's operations. In its six regular meetings this financial year the Board's priorities included:

- The Group's continuing digital transformation, combined with strong governance and close scrutiny of the performance of investment in this area. Major digital projects include investing in cyber-security, improving the *Economist* app and a new digital content management system for *The Economist*.
- The move to a new central-London commercial head office, on an eight-year lease, and the move to a new New York commercial and editorial office, on a four-year lease.
- Our sustainability strategy, including working towards our ambitious goals to reduce our greenhouse-gas emissions by 25% in 2025 and 50% by 2030 and reach net neutrality (as defined by the Science Based Targets initiative) by 2045 (see pages 44-47 and our sustainability report), which the Board keeps under review. In addition, the Board resolved to continue reporting in line with the recommendations of the TCFD on a voluntary basis, to obtain a CDP score, to conduct a materiality assessment and to publish—in digital format only—a separate sustainability report (see above, pages 48-51 and our sustainability report, which can be found on our website at www.economistgroup.com).
- Our colleagues. This year, the Board was particularly focused on a pay review, the clear communication of pay objectives and responding to the rising cost of living. The latter led to one-off payments to help lower-paid colleagues, and higher-than-usual (but benchmarked to the market) annual salary increases. Regretfully, we made 62 roles redundant, mostly in our Partnerships business, reflecting current market pressures and our overall strategic direction. In addition, we made 37 roles redundant as part of a reorganisation of the finance team, although we also created a similar number of new roles, mostly located in our office in Gurugram, India. See more on page 7 and pages 42-43.
- The Board, through the audit and risk committee, continued to engage constructively with the trustee of the UK defined-benefit pension plan, which is closed to new entrants and accrual (see also page 72).
- The past year saw the return to office-based work in all our offices as the last pandemic restrictions were lifted. Our hybrid-working policy, introduced last year based on colleague feedback, has been a success and we continue to monitor this (see Principle One: Purpose and leadership, above).
- As we reported last year, when Russia illegally invaded Ukraine we ceased trading with sanctioned individuals and entities and stopped selling subscriptions in Russia. Given the importance that we attach to giving our audiences access to fact-based, impartial and independent reporting, we have maintained our policy of lifting our paywall in both Ukraine and Russia.
- Continuing a policy of paying a sustainable level of dividends, having successfully maintained a strong balance sheet (see page 78).

The Board's responsibilities

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

Note: the company's articles of association require the approval of the Trustees for some actions (see page 58).

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

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

Key features of the Board

- Induction process for new directors
- Board-approved delineation of the roles of the chair and the Group chief executive
- Terms of reference for each of the Board's committees (see more on the Board's committees on pages 74-75).

Principle Four

Opportunity and risk

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

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

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

Our risk register lists strategic, operational and external risks and how we mitigate them. We update it formally twice a year and it is reviewed by the audit and risk committee, which then reports on key risks to the Board (see page 51 for our table of key risks and how we mitigate them; pages 48-50 for our TCFD report on climate-related risks and opportunities; and pages 74-75 on the work of the audit and risk committee).

Principle Five

Remuneration

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

Fairness of reward decisions, in line with colleagues' roles and contributions to the business, is a fundamental principle of The Economist Group, and audits are carried out to ensure equitable treatment across all colleague groups. We aim to align individual salary levels to the local, external marketplace for equivalent roles within similar organisations, based on factors such as industry, size and location.

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

We also aim to reward colleagues for personal excellence and the high performance of the business through variable pay such as bonuses and commissions.

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

During the year, the remuneration committee completed an in-depth review of pay, including salaries and bonus plans, across the Group. The aim was to ensure pay was consistent and fair, and was driving excellence. The committee also approved cost-of-living payments to our lower-paid colleagues, which were very well received; and it approved regionally adjusted annual salary increases to reflect the rising cost of living where our colleagues work.

For more details, including on the role and responsibilities of the remuneration committee and our remuneration policies, see the directors' report on remuneration on pages 76-77.

Principle Six

Stakeholders

Good relationships with our stakeholders—from our readers and clients to our colleagues, pensioners, shareholders, suppliers and communities—are essential for delivering excellence in everything that we do.

As we returned to the office on a hybrid-working basis following years of on/off pandemic lockdowns, our colleagues—through hard work, skill and perseverance—continued to deliver an exceptionally high standard of work, enabling us to post impressive results. We are also grateful to our loyal and supportive shareholders, clients, suppliers and audiences.

The Board continued its support for the Group's sustainability-related initiatives. We continued our drive to reduce the Group's carbon emissions by 25% by 2025, carried out projects to assess the impacts of Group operations on the climate and the environment more generally, and made contributions to a number of carbon-reduction and avoidance initiatives. Having resolved to adopt, on a voluntary basis, the climate-related disclosures recommended by the TCFD, the Board also supported our first-ever CDP (formerly the Carbon Disclosure Project) rating (see page 45). It also resolved to conduct a materiality assessment during the year, to help us identify and understand the relative importance of specific ESG and sustainability topics to the Group. This meant looking at a variety of factors through two lenses: the potential impact on the Group, and the importance of these areas to our stakeholders. The assessment involved in-depth interviews and discussions with a variety of stakeholders, including shareholders, directors, colleagues, clients and experts, which were facilitated by our sustainability team and our consultants, Carnstone. Our climate strategy and data are discussed in depth on pages 44-47 and in our separate sustainability report, which can be found on our website at www.economistgroup.com; our TCFD report can be found on pages 48-50; and the outcome of our materiality assessment is discussed on page 51.

We continued, primarily through the audit and risk committee, our constructive dialogue with the trustee of the UK defined-benefit pension plan, which represents an important group of stakeholders: current and former colleagues who are members of the plan (see also page 72). This dialogue helped the pension plan and the company navigate the challenges faced when economic uncertainties were compounded, in the autumn of 2022, by volatile UK gilt yields, which had potentially material consequences for the plan's funding levels and asset weightings.

We have in place numerous policies to protect our various stakeholders, including data-privacy and information-security policies, editorial codes, a modern-slavery statement, an anti-bribery policy, and a gifts and entertainment policy. We will also shortly publish codes of ethics for colleagues and suppliers, following extensive work in this area during the year.

We discuss our relationships with stakeholders in more detail below, by reference to the directors' duty under s172 of the Companies Act 2006.

Stakeholder engagement

Our report below, which should be read in conjunction with our report on the Wates Principles on pages 66-69 and more generally the strategic and governance reports, sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 (referenced in our Section 172(1) statement on page 54) and how the Board, in its decision-making throughout the year, considered stakeholders' interests.

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

- With the lifting of covid-19 lockdowns around the world, we successfully implemented a hybrid-working model, in response to demand from our colleagues (see pages 42-43, page 66 and below).
- Russia's continued war on Ukraine, increasing tension between superpowers and political instability have had marked effects in most regions where we operate (see pages 6-13 and below).
- Droughts, floods and heatwaves around the world.
- The rapid and unpredictable emergence of AI, which promises to be disruptive.
- Although we saw some easing of the difficulties that we faced last year in recruiting and retaining the talent needed to deliver our strategy, the pressures on the cost of living increased (see pages 67, 69 and below).
- The energy crisis, inflation and interest rate hikes in our key markets have affected many parts of the business.

Here we set out how the Board has responded against this backdrop.

Engaging with our shareholders

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

Exor owns a 43.4% stake in the company, including both ordinary shares and all the "B" special shares. There are over 100 holders of the "A" special shares; the holders of the more substantial parcels of shares include some of the long-standing families and former editors and CEOs. These include the Rothschilds' holdings, which total 26.7% of the company's issued share capital.

Some of our "A" special, "B" special and ordinary shareholders are represented on the Board. Currently they include the Rothschilds, whose nominee, Eli Goldstein, was appointed by the "A" special shareholders; Exor, through Lady Heywood; and Georgina Cadbury. In addition, the chair, other directors and members of the leadership team regularly speak to individual shareholders. Our AGM has always been an important opportunity to talk to our shareholders, and since 2021 the Board has hosted quarterly calls to which all shareholders are invited. These are an opportunity to give shareholders updates on the Group's performance, product developments, and editorial and other initiatives. They also provide a forum for shareholders to offer feedback and ask questions of the chair and senior executives. The feedback from shareholders continues to be that they greatly value these calls.

The Board recognises the importance of the dividend to most shareholders. This understandably turned into concern, for many, when the Board suspended the dividend in 2020-21 due to the level of debt on the balance sheet and the uncertainty caused by the covid-19 pandemic. Having successfully dealt with the level of debt the Group carried, as well as delivering strong results in spite of the pandemic, the Board was pleased to resume dividend payments in 2021-22. With the company's continued strong performance, the Board has recommended to shareholders the payment of a final dividend in respect of 2023, in addition to the interim dividend paid during the year.

Colleagues

Members of the leadership team and other colleagues in the business are regularly invited to present and discuss business matters with the Board, at Board meetings as well as informal settings. Once again, we held a Board meeting in New York in March, with opportunities for colleagues to meet our directors. Our Group chief executive, as well as other members of the leadership team, present regular updates to colleagues covering a wide range of topics, from strategy and business performance to product development, editorial initiatives, sustainability and diversity. These sessions are frank, open discussions and include time for questions and feedback.

Members of the Board also engage individually with colleagues in areas where they wish to learn more about the business or feel they can be of particular help. One area of particular value has been some of our Board members' experience in technology and e-commerce, and they have been exceptionally generous with the time and advice they have given us, both in sessions with colleagues and through their participation in our technology investment committee.

The Group conducts regular surveys—using an employee feedback platform, Your Voice, as well as through more targeted "pulse" surveys—whose results, along with recommended actions arising, are reported to and discussed with the Board. They are important sources of feedback and insight.

Given the favourable colleague feedback about being able to choose to work remotely at least some of the time, following the lifting of covid-19 lockdowns we implemented our hybrid-working policy, with most full-time colleagues expected to attend an office a minimum of two days a week. Editorial colleagues at *The Economist* have different flexible-working arrangements given the nature of their work. Our colleagues are also able to work from abroad for up to five weeks a year. Those who wish to be in the office more frequently are of course welcome.

While this flexibility was introduced primarily for the benefit of colleagues, we mentioned last year that this would have significant implications for our real-estate portfolio, given the reduced space requirements. This has enabled the Board to approve a number of office moves: as announced last year, in September 2022 we moved our commercial headquarters from Canary Wharf to the same building as the newspaper's editorial team in central London, occupying only slightly more than half the space we occupied in Canary Wharf; similarly, in February 2023 we moved our main office in the US, in New York, to a nearby location occupying less than half the previous space. We also reduced our space in Hong Kong, and we are making similar changes to many other offices. We have also closed a number of smaller offices and moved to shared, WeWork-style arrangements, where this makes sense.

These changes have resulted in a reduction in lease costs and, just as importantly, have been an opportunity to improve and adapt our offices to suit flexible, hybrid-working habits, which has been popular with colleagues.

The Board also responded to cost-of-living increases and inflation, which is discussed on page 69.

Unfortunately, we made a number of roles redundant during the year, following appropriate consultations with those affected (see pages 7 and 67).

Diversity and inclusion

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

We also have a number of affinity groups, each sponsored by a senior executive:

- TEG in Colour, a community for people with ethnically diverse identities, and their allies
- Minds of All Kinds, which brings awareness to mental health, well-being and neurodiversity
- WILDE, which champions the rights of LGBTQ+ people around the world, aligning with the Group's founding mission of supporting individual freedoms
- Women of TEG, which supports our company's goal to attract, develop and retain women at all stages of their careers
- VOICES, which focuses on increasing equitable opportunities and fostering a diverse and inclusive workplace in India, where Gurugram is home to our second-largest office worldwide
- The Sustainability Group, which weaves sustainable business practices into our strategic commitment to reduce our carbon emissions.

Our 2023 ethnicity and 2022 gender pay gap reports were published on our Group website in April 2023.

Changes in pension plans

The deficit in the Group's UK defined-benefit pension plan, which is closed to new entrants and to accrual, remains subject to some volatility. The most recent valuation was undertaken as at January 2021 and determined a deficit in the plan of £50m.

The Board continued to have an open dialogue with the plan's trustee, focusing on investment strategy and interest rate and inflation hedging, particularly in the context of volatility in UK gilt yields in the autumn of 2022; and changes to the composition of the pension trustee board. In considering these and other pension plan matters, the Board balances the interests of plan members (current and former colleagues); the strength of the company's covenant; the short-, medium- and long-term needs and prospects of the business; and the interests of shareholders, for whom continued investment behind sustainable growth and appropriate returns were also important.

Our communities and the environment

The Board is, as ever, very supportive of The Economist Educational Foundation, an independent charity that combines the journalistic expertise of *The Economist* newspaper with teaching know-how. The Foundation's mission is to change young people's lives by giving them the skills to think and speak for themselves about current affairs. It does this by enabling inspiring discussions about the news in classrooms and between schools in different communities, giving young people exciting experiences of engaging with the biggest issues of our time. The Group makes a financial contribution to the charity every year, as do—with our gratitude for their generosity—some of our shareholders, and many colleagues (current and past) contribute time and expertise to its projects. Last year, the Group contributed £148,000 to the Foundation (2022: £160,000) (see our sustainability report, which can be found on our website at www.economistgroup.com).

The Board also supports The Economist Charitable Trust, which matches charitable donations made by colleagues. It is a global programme overseen by a group of trustees who are all current or former colleagues. The trustees oversee the budget and ensure that the scheme is widely communicated in the organisation. Any budget that is not spent by the end of the financial year is donated to charities nominated by colleagues. The trustees review all proposals and select those most in line with The Economist Group's values where the money would make the most significant impact. The charitable trust can determine that a charitable cause may merit double-matching by colleagues.

In the year to March 31st 2023, the charitable trust was given a £108,000 budget by the company. In February 2023, the trust set up a double-matching campaign to support colleague donations to charities providing relief to those affected by the earthquakes that struck Turkey and Syria in February 2023. In total, colleagues donated over £5,500 to these charities, with the charitable trust donating a little over £11,000.

Colleagues are encouraged to undertake other work to support various communities.

The Board is committed to reducing carbon emissions and other environmental impacts of the Group's operations and, in addition to its decision in 2022 to report in accordance with the recommendations of the TCFD, resolved to seek a CDP rating and to conduct a materiality assessment. This is discussed on pages 44-47. This year, in response to shareholder feedback, the Board decided to publish a separate, digital-only report on social issues and sustainability (this is published on our website at www.economistgroup.com). To comply with applicable legislation and good practice, some sustainability-related reporting is contained in full, or at least summarised, in this annual report.

Readers and clients

We aim to deliver the best journalism, business information, events, educational and marketing services to our readers and clients, and our long-term success depends on this (see the strategic report on pages 20-37).

We solicit feedback from our readers and clients through many channels, including an extensive annual subscriber survey, and this is reported to the Board. During the year the Board has been closely involved in determining how best to allocate resources to launch new products, improve existing products and services, develop the platforms for their delivery and improve customer service, putting our clients and audiences at the heart of everything that we do.

Economist Impact was created in 2021 in direct response to feedback from key clients who felt we should make it easier for them to work with the various parts of the Group that provide customised research, marketing services, public-policy consulting services and events. You can read more about Economist Impact on pages 28-33.

As previously reported, we ceased trading with sanctioned individuals and entities following Russia's illegal invasion of Ukraine. We have continued with our policies in the region: we do not sell subscriptions in Russia; and, given the importance of access to independent, trusted news reporting and analysis, we have lifted the paywall on our website at economist.com to all those who visit the site from Ukraine and Russia and we are renewing Ukrainian and Russian subscribers' digital subscriptions without charge. This continues to deprive the Group of some revenue, but we feel it is justified in the circumstances. More on our editorial coverage can be found on pages 14-19.

Suppliers

The Board recognises the importance of the Group's supply chain and of maintaining good relations with suppliers. Major supplier contracts are subject to Board review and approval, and the Group has a supplier payment policy to ensure our suppliers are paid on time. The leadership team, often with the assistance of functional specialists, reports to the Board on supplier relationships as part of updates on the business. The Board's technology investment committee reviews and assesses the Group's relationships with technology suppliers in particular.

An important area of focus last year was the balance between external contractors and internal resources. Another area of increasing focus in supplier relationships is their own environmental policies and performance—not least because suppliers are responsible for 98% of our reported greenhouse-gas emissions (see pages 44-47 and our sustainability report on our website at www.economistgroup.com).

The Board and committees

The Board is supported by three permanent committees: audit and risk, remuneration and nomination. We set up other committees on an ad hoc basis when needed, and currently have a technology investment committee.

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

Audit and risk committee

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

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

Risk management

The Group has carried out a thorough risk assessment, as it does every year, which is summarised on pages 55-56.

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

- The Board reviews the Group's strategy, long-term plan and goals annually. In addition to this annual review, the strategies of individual businesses are reviewed as required.
- The Board approves an annual budget.
- Monthly results are reported against the annual budget and forecasts. Page 4 (Financial highlights) and the business review on pages 20-37 include some of the key performance indicators that are used to measure business performance. The company reports to shareholders formally twice a year through its interim and annual reports. There are also quarterly shareholder calls or meetings (one of which is the AGM) to which all shareholders are invited (see page 143).
- Treasury procedures cover banking arrangements, hedging instruments, investments of cash balances and borrowing procedures. These procedures include colleague responsibilities, segregation of duties and levels of delegated authority for treasury matters.
- PwC carries out an independent risk-based programme of internal-audit work in all parts of the Group.
- The company has a risk-management function that reviews the register of key business risks and mitigation actions and reports to the Board (see pages 55-56). This now includes climate-related risks and opportunities (see pages 48-51).

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

During the year the audit and risk committee reviewed:

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

Nomination committee

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

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

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

During the year, Philip Mallinckrodt retired from the Board, and Georgina Cadbury was appointed in his place by the holders of the "A" special shares.

Remuneration committee

The remuneration committee is made up of three non-executive directors. It is chaired by Lord Deighton, and the other members are Vindi Banga and Lady Heywood. The committee's role is described in the directors' report on remuneration on pages 76-77. See also page 69.

Technology investment committee

The technology investment committee comprises three non-executive directors: Lady Heywood, Mustafa Suleyman and Diego Piacentini. Its purpose is to advise on, oversee and track the performance of our investments in digital products and technology, reflecting the Board's recognition of the importance of strong governance in an area that is so critical to the Group.

Directors' report on remuneration

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

The committee

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

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

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

See page 69 for more on the remuneration committee's activities and the Group's remuneration policy.

Table 1 Directors' interests as at March 31st 2023

	March 31st 2023			March 31st 2022		
Beneficial holdings	Ordinary	"A" special	"B" special	Ordinary	"A" special	"B" special
Lord Deighton	–	3,300	–	–	3,300	–
Lara Boro	**12,950**	**500**	–	7,950	–	–
Zanny Minton Beddoes	**38,340**	–	–	28,340	–	–
Vindi Banga	–	–	–	–	–	–
Georgina Cadbury *(appointed January 2023)*	**47,416**	**14,446**	–	n/a	n/a	n/a
Eli Goldstein	–	–	–	–	–	–
Lady Heywood	–	–	–	–	–	–
Philip Mallinckrodt *(retired October 2022)*	**5,600**	**1,781**	–	5,600	1,781	–
Diego Piacentini	**17,288**	–	–	17,288	–	–
Mustafa Suleyman	–	–	–	–	–	–
Holdings as trustee						
Zanny Minton Beddoes[1]	**97,500**	–	–	97,500	–	–

The beneficial interests above include directors' personal holdings, holdings of their spouses and children and holdings through companies and trusts in which they have an interest.
1 Held as a joint trustee of the Marjorie Deane Journalism Foundation.

Lara Boro and Zanny Minton Beddoes have the right to acquire 45,000 ordinary shares (2022: 40,000) and 35,000 ordinary shares (2022: 35,000) respectively, under the restricted share scheme described in the next section. Lara Boro exercised 5,000 options and Zanny Minton Beddoes exercised 10,000 options in the year.

The executive directors of the company, together with all employees of the Group, are beneficiaries of the company's employee share ownership trust. As such, Lara Boro and Zanny Minton Beddoes are treated as interested in the 283,353 ordinary shares (2022: 305,293) held by the trustee of that trust.

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

(a) Annual bonus plans

Executive directors and colleagues participated in annual bonus incentives in which rewards were linked to Group and business-unit revenue and profit performance, personal performance and diversity targets.

(b) Executive long-term plans

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

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

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

(d) Restricted share scheme

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

Directors' remuneration

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

GOVERNANCE REPORT

Table 2 Remuneration for the year ended March 31st 2023

	Salary/Fees 2023 £000	Annual bonus 2023 £000	Long-term plan 2023 £000	Benefits 2023 £000	Total 2023 £000	Total 2022 £000
Lord Deighton	150				150	150
Lara Boro	621	653	858	17	2,149	1,214
Zanny Minton Beddoes	492	345	338	18	1,193	867
Vindi Banga	39				39	39
Georgina Cadbury *(appointed January 2023)*	9				9	–
Eli Goldstein	39				39	39
Lady Heywood[1]	39				39	39
Philip Mallinckrodt *(retired October 2022)*	23				23	46
Diego Piacentini	39				39	39
Mustafa Suleyman	39				39	39
Total	**1,490**	**998**	**1,196**	**35**	**3,719**	**2,474**

1 Paid to Exor

Table 3 Directors' accrued pensions

The pensions that would be paid annually on retirement at age 65 based on service with the company to March 31st 2023 are shown below. The table does not include any additional voluntary contributions or any resulting benefits.

	Age at March 31st 2023	Accrued pension at March 31st 2023	Accrued pension at March 31st 2022	Change
Zanny Minton Beddoes	55	£146,663	£134,830	£11,833

Directors' report

The directors present their report to shareholders, together with the audited consolidated financial statements, for the year ended March 31st 2023.

Developments and principal activities

The principal activities of the Group consist of publishing, the supply of business information and consulting services, conferences, marketing services and data design. More details about the activities, developments and likely future developments of the Group are on pages 2-37.

Information on the use of financial instruments can be found on page 121. Information on engagement with suppliers, employees and others can be found on pages 70-73.

Results and dividends

The profit after tax from continuing operations for the financial year to March 31st 2023 was £31.2m (2022: £35.9m). A final dividend of 80.0p per share (2022: 87.0p) is proposed for the year to March 31st 2023. Together with the interim dividend already paid, this makes a total proposed dividend for the year of 120.0p per share (2022: 120.0p).

Colleagues

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

Our policies and procedures have been developed to continue the spirit of open dialogue and to align to our purpose. We have employee assistance programmes and an anonymous hotline for any colleague who wishes to speak to a third party in confidence. We solicit feedback from all colleagues through regular colleague engagement surveys, in which we ask questions about purpose, working relationships, culture and working environment; we also conduct occasional "pulse" surveys during the year. Each year we select important drivers for organisational improvement based on colleague feedback and work collectively for improvement. See also the Our colleagues section on pages 42-43 and our sustainability report on our website at www.economistgroup.com.

Equal-opportunity employment

The Group is an equal-opportunities employer. Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of colleagues becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other colleagues. See also our guiding principles on page 65.

UK Streamlined Energy and Carbon Reporting (SECR)

SECR disclosures can be found on page 47.

Transactions with related parties

Details of transactions with related parties, which are to be reported under IAS 24, are set out in note 30 to the financial statements on page 127.

Directors

Profiles of the directors appear on pages 60-61. All executive directors have contracts of employment. All directors have served throughout the year and up to the date of signing, with the exception of Philip Mallinckrodt, who stepped down from the Board in October 2022 and Georgina Cadbury, who joined the Board in January 2023.

Directors' indemnities

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

Corporate information

The share capital of the company is divided into ordinary shares, "A" special shares, "B" special shares and trust shares. There are over 100 "A" special shareholders, and the "B" special shares are all held by Exor.

The trust shares are held by Trustees (who are described on pages 58-59), whose consent is needed for certain corporate activities. The rights attached to the trust shares provide for the continued independence of the ownership of the company and the editorial independence of *The Economist*. Apart from these rights, they do not include the right to vote on most other matters, receive dividends or have any other economic interest in the company. The appointments of the editor-in-chief of *The Economist* and of the chair of the company are subject to the approval of the Trustees, as are transfers of "A" special and "B" special shares.

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

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

Shares held in treasury

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

Corporate governance

Please refer to the report on corporate governance on pages 64-73.

Annual general meeting (AGM)

The notice convening the AGM, to be held at the British Academy of Film and Television Arts, 195 Piccadilly, London W1J 9LN on Tuesday July 11th 2023 at 12.15pm, can be found on page 143.

Independent auditor

A resolution to reappoint Deloitte LLP as auditor to the company, and another resolution to authorise the directors to fix their remuneration, will be proposed at the AGM.

Auditor independence

In line with prevailing good practice, the audit and risk committee has a policy defining those non-audit services that the independent auditor may or may not provide to the Group. The policy requires that the provision of these services be approved in advance by the audit and risk committee or, up to pre-approved limits, by the chief financial officer. A statement of the fees for audit and non-audit services is set out in note 4 to the consolidated financial statements on page 99.

Events after the balance-sheet date

There were no material events after the balance-sheet date.

Disclosure of information to the auditor

As far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditor, and each of the directors believes that all steps have been taken that ought to have been to make him or her aware of any relevant audit information, and to establish that the company's auditor has been made aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

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

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

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

This responsibility statement was approved by the board of directors on June 13th 2023 and is signed on its behalf by:

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

June 13th 2023

Financial statements

Championing progress through rigour, transparency and clarity.

In this section

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

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of The Economist Newspaper Limited (the "parent company") and its subsidiaries (the "Group") give a true and fair view of the state of the group's and of the parent company's affairs as at March 31st 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cashflow statement;
- the related notes 1 to 32; and
- the parent company notes 1 to 22.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and is applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

- We identified a risk of misstatement that could arise due to fraud in the advertising revenue stream due to the complexity of pricing arrangements and due to the occasional use of barter arrangements in the sector. In addressing this risk, we performed testing on the key controls in the advertising revenue cycle; we performed detailed testing through a sample of advertising campaigns that were ongoing at year-end and assessed whether revenue had been recognised in the appropriate period; and we made enquiries about the incidence of barter transactions to ensure they were appropriately recognised.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments 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 supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Jon Young (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

June 14th 2023

Consolidated income statement

Year ended March 31st 2023

	Note	2023 £000	2022 £000
Revenue	2, 3	**376,779**	346,343
Operating expenses	4	(334,532)	(299,954)
Operating profit	2	**42,247**	46,389
Finance income	6	845	7
Finance costs	7	(3,432)	(2,782)
Profit before tax	2	**39,660**	43,614
Tax	8	(8,462)	(7,744)
Profit for the year		**31,198**	35,870
Attributable to:			
Equity holders of the company		31,198	35,870
Earnings per share			
Basic (pence)	9	**157.0**	180.9
Diluted (pence)	9	155.9	179.8
Dividends per share on a cash basis (pence)	10	127.0	133.0
Dividends per share including proposed dividends (pence)	10	120.0	120.0

Consolidated statement of comprehensive income

Year ended March 31st 2023

	Note	2023 £000	2022 £000
Profit for the year		**31,198**	35,870
Items that may be reclassified subsequently to the income statement:			
Change in fair value of cashflow hedges	24	2,549	(2,885)
Attributable tax including effect of rate change	8	(637)	613
Change in value of interest rate hedges		393	589
Attributable tax including effect of rate change	8	41	(149)
Net exchange differences on translation of net investments in overseas subsidiary undertakings		(796)	(551)
Items that will not be reclassified to the income statement:			
Remeasurement of retirement benefit obligations	23	471	(3,852)
Attributable tax including effect of rate change	8	(812)	175
Current tax benefit on retirement benefit obligations	8	718	1,183
Other comprehensive income/(expense) for the year		1,927	(4,877)
Total comprehensive income for the year		**33,125**	30,993
Attributable to:			
Equity holders of the company		33,125	30,993

Consolidated balance sheet

As at March 31st 2023

	Note	2023 £000	2022 £000
Property, plant and equipment	12	5,129	5,405
Right-of-use assets	13	28,048	22,409
Intangible assets	14	48,501	46,769
Deferred tax assets	16	8,529	10,036
Derivative financial instruments	24	–	622
Non-current assets		**90,207**	85,241
Inventories	17	385	448
Trade and other receivables	18	59,977	64,638
Current tax assets		1,054	2,886
Derivative financial instruments	24	1,795	-
Cash and cash equivalents	19	34,042	31,222
Current assets		**97,253**	99,194
Total assets		**187,460**	184,435
Trade and other liabilities	20	(10,179)	(11,480)
Borrowings	21	(16,423)	(19,626)
Lease liabilities	22	(29,285)	(20,353)
Deferred tax liabilities	16	(2,261)	(2,039)
Retirement benefit obligations	23	(10,029)	(14,236)
Other liabilities		(160)	(208)
Non-current liabilities		**(68,337)**	(67,942)
Trade and other liabilities	20	(186,771)	(189,911)
Lease liabilities	22	(6,572)	(7,345)
Derivative financial instruments	24	–	(1,214)
Current tax liabilities		(1,861)	(2,646)
Current liabilities		**(195,204)**	(201,116)
Total liabilities		**(263,541)**	(269,058)
Net liabilities		**(76,081)**	(84,623)
Equity			
Share capital	27	1,260	1,260
ESOP shares	28	(4,606)	(5,248)
Treasury shares	29	(188,823)	(188,823)
Translation reserve		(16,764)	(18,517)
Retained earnings		132,852	126,705
Total equity		**(76,081)**	(84,623)

The consolidated financial statements were approved by the Board of directors and authorised for issue on June 13th 2023.

They were signed on its behalf by:

Paul Deighton **Lara Boro**
Directors

The Economist Newspaper Limited registered number 00236383

Consolidated statement of changes in equity

Year ended March 31st 2023

		Equity attributable to equity holders of the company					
Year ended March 31st 2023	Note	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2022		**1,260**	**(5,248)**	**(188,823)**	**(18,517)**	**126,705**	**(84,623)**
Profit for the year		–	–	–	–	31,198	31,198
Other comprehensive income		–	–	–	1,753	174	1,927
Total comprehensive income		–	–	–	1,753	31,372	33,125
Net sale of own shares	28	–	642	–	–	–	642
Dividends	10	–	–	–	–	(25,225)	(25,225)
At March 31st 2023		**1,260**	**(4,606)**	**(188,823)**	**(16,764)**	**132,852**	**(76,081)**

		Equity attributable to equity holders of the company					
Year ended March 31st 2022	Note	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2021		1,260	(6,472)	(188,823)	(15,081)	118,638	(90,478)
Profit for the year		–	–	–	–	35,870	35,870
Other comprehensive expense		–	–	–	(3,436)	(1,441)	(4,877)
Total comprehensive income		–	–	–	(3,436)	34,429	30,993
Net sale of own shares	28	–	1,224	–	–	–	1,224
Dividends	10	–	–	–	–	(26,362)	(26,362)
At March 31st 2022		1,260	(5,248)	(188,823)	(18,517)	126,705	(84,623)

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

Consolidated cashflow statement

Year ended March 31st 2023

	2023 £000	2022 £000
Cashflows from operating activities		
Operating profit	42,247	46,389
Depreciation, amortisation and impairment charges	14,675	15,539
Decrease in inventories	64	16
Decrease/(increase) in trade and other receivables	3,337	(7,516)
(Decrease)/increase in trade and other liabilities	(4,833)	20,310
(Decrease) in retirement benefit obligations	(4,000)	(6,475)
(Decrease) in provisions	(258)	-
Cash generated from operations	**51,232**	68,263
Taxes paid	(5,860)	(5,141)
Net cash generated from operating activities	**45,372**	63,122
Investing activities		
Interest received	242	7
Purchase of intangible assets	(7,148)	(14,115)
Purchase of property, plant and equipment	(2,774)	(1,197)
Net cash used in investing activities	**(9,680)**	(15,305)
Financing activities		
Dividends paid	(25,225)	(26,362)
Interest paid	(2,489)	(2,095)
Payment of lease liabilities	(8,508)	(6,976)
Lease incentive receipts	4,000	-
Sale of interest rate derivative	1,076	-
Sale of own shares	112	524
Proceeds from borrowings	18,000	25,000
Repayment of borrowings	(21,000)	(40,000)
Net cash used in financing activities	**(34,034)**	(49,909)
Effects of exchange rate changes on cash and cash equivalents	1,162	979
Net increase/(decrease) in cash and cash equivalents	2,820	(1,113)
Cash and cash equivalents at the beginning of the year	31,222	32,335
Cash and cash equivalents at the end of the year	**34,042**	31,222

	2023 £000	2022 £000
Net debt		
Net debt at beginning of the year	(16,102)	(29,820)
Net increase/(decrease) in cash and cash equivalents	2,820	(1,113)
Proceeds from borrowings	(18,000)	(25,000)
Payment of lease liabilities	8,508	6,976
Lease incentive receipts	(4,000)	-
Inception of new lease liabilities, net of disposals	(12,121)	(6,828)
Repayment of borrowings	21,000	40,000
Other non-cash changes	203	(225)
Effects of exchange rate changes on lease liabilities	(546)	(92)
Net debt at the end of the year	**(18,238)**	(16,102)
Net debt comprises:		
Cash at bank and in hand	34,042	31,222
Total cash and cash equivalents	34,042	31,222
Lease liabilities	(35,857)	(27,698)
Borrowings	(16,423)	(19,626)
Total net debt	**(18,238)**	(16,102)

Notes to the consolidated financial statements

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

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

These consolidated financial statements were approved for issue by the Board of directors on June 13th 2023.

NOTE 1 Accounting policies

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

a. Basis of preparation

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

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

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

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

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

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

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

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

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

From the year beginning April 1st 2023:

- IFRS 17 Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IFRS 12 Income Taxes; and
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors.

From the year beginning April 1st 2024:

- Amendments to IFRS 16 Leases; and
- Amendments to IAS 1 Presentation of Financial Statements.

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

3. *Critical accounting assumptions and judgments.*

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

- Intangible assets: Goodwill (notes 1e and 14);
- Intangible assets: Internally developed software (notes 1e and 14);
- Taxation (note 1l, 8 and 16); and
- Employee benefits: Pensions (notes 1m and 23).

b. Consolidation

1. Business combinations

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

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

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

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

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

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

2. Subsidiaries

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

c. Foreign-currency translation

1. Functional and presentation currency

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

2. Transactions and balances

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

3. Group companies

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

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

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

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

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

The principal overseas currency for the Group is the US dollar. The average rate for the year against sterling was $1.21 (2022: $1.37) and the year-end rate was $1.24 (2022: $1.31).

d. Property, plant and equipment

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance-sheet date.

The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

Notes to the consolidated financial statements

NOTE 1 Accounting policies continued

e. Intangible assets

1. Goodwill

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

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

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cashflows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance-sheet date was £20,522,000 (2022: £19,968,000). There have been no impairments to the value of goodwill. See note 14 for details of key assumptions, the tests for impairment and the sensitivity of the estimates used by the Group.

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

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

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

2. Acquired software

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

3. Internally developed software

Internal and external costs incurred during the preliminary stage of developing computer software for internal use are expensed as incurred. Internal and external costs incurred to develop computer software for internal use during the application development stage are capitalised if the Group expects economic benefits from the development. Capitalisation in the application development stage begins once the Group can reliably measure the expenditure attributable to the software development and has demonstrated its intention to complete and use the software. Internally developed software is amortised on a straight-line basis over its estimated useful life of between three and ten years.

4. Acquired intangible assets

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

f. Other financial assets

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

g. Inventories

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

h. Cash and cash equivalents

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

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

i. Share capital

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

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

j. Borrowings

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

k. Derivative financial instruments

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

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

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

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

l. Taxation

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 income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income 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 income tax liability is settled.

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

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

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly to equity or other comprehensive income, in which case the tax is also recognised in equity or other comprehensive income.

Current and deferred tax are recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense, except for deferred tax arising on the initial recognition of a business combination which is recognised via goodwill.

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax-audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities require management judgment in determining the amounts to be recognised. In particular, significant judgment 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 together with any future tax-planning strategies.

Notes to the consolidated financial statements

NOTE 1 Accounting policies continued

m. Employee benefits

1. Pensions

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

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

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

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

Determining the value of pension liabilities at the balance-sheet date requires a number of key variables, including inflation, longevity, salary growth and the discount rate to be estimated by the Group. These estimates have a material impact on the valuation of the pension liability. See note 23 for details of the pension liability valuation and the sensitivity of the assumptions used by the Group.

2. Other post-retirement obligations

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

3. Share-based payments

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

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

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

n. Provisions

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

The Group recognises a provision for contingent consideration at fair value. Where this is contingent on future performance or a future event, judgment is exercised in establishing the fair value.

The Group recognises a provision for onerous lease contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. The provision is based on the present value of future payments for surplus leased properties under non-cancellable operating leases, net of estimated subleasing income.

o. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of circulation, subscriptions, advertising, sponsorship, research, marketing services and delegate fees net of sales tax, rebates and discounts and after eliminating sales within the Group.

Circulation and advertising revenue relating to a newspaper or other publication is recognised on the date of publication, or, in the case of free publications, the date of dispatch. Subscription revenue, whether from print circulation, digital or online, is recognised in the income statement over the period of the subscription. Sponsorship and delegate revenue arising in the year relating to future events is deferred until those events have taken place.

Research revenue is derived from sales of economic, industry and management research products to clients. This revenue is accrued or deferred and recognised over the contract term in line with milestones or on delivery of the final product, in accordance with the contract.

Where a contractual arrangement consists of two or more separate elements that can be provided to customers either on a stand-alone basis or as an optional extra, such as the provision of supplementary materials or online access, revenue is recognised for each element as if it were an individual contractual arrangement.

Revenue from multi-year contractual arrangements, such as licensing and second rights contracts or access to business information, is recognised as performance occurs. The assumptions, risks and uncertainties inherent in long-term contract accounting can affect the amounts and timing of revenue and related expenses reported. Certain of these arrangements, either as a result of a single service spanning more than one reporting period or where the contract requires the provision of a number of services that together constitute a single project, are treated as long-term contracts with revenue recognised on a percentage of completion basis.

Percentage of completion is calculated in line with contract terms. Losses on contracts are recognised in the period in which the loss first becomes foreseeable. Contract losses are determined to be the amount by which estimated total costs of the contract exceed the estimated total revenue that will be generated by the contract.

On certain contracts for the sale of digital editions of *The Economist*, where the Group acts as agent, only commission and fees receivable for services rendered are recognised as revenue. Any third-party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are not included in revenue.

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

p. Dividends

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

Trade receivables are stated at fair value after provision for bad and doubtful debts and anticipated future sales returns.

q. Assets held for sale and discontinued operations

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

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

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

r. Leases

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

The Group as a lessee

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

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

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

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

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

s. Alternative performance measures

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

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

Alternative performance measures are non-GAAP (Generally Accepted Accounting Practice) measures and provide supplementary information to assist with the understanding of the Group's financial results and with the evaluation of operating performance for all the periods presented. Alternative performance measures, however, are not a measure of financial performance under International Financial Reporting Standards (IFRS) as adopted by the European Union and should not be considered as a substitute for measures determined in accordance with IFRS. As the Group's alternative performance measures are not defined terms under IFRS, they may therefore not be comparable with similarly titled measures reported by other companies. Refer to page 142 for further information on our alternative performance measures.

Notes to the consolidated financial statements

NOTE 2 Segment information

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

	Revenue		Operating profit	
Analysis by business	**2023 £000**	2022 £000	**2023 £000**	2022 £000
The Economist	**207,515**	194,303	**79,855**	72,853
Economist Impact	**117,524**	106,511	**31,329**	30,604
Economist Intelligence	**51,740**	45,529	**12,795**	10,383
Technology and central costs	**–**	–	**(81,732)**	(67,451)
Revenue/Operating profit	**376,779**	346,343	**42,247**	46,389

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

	Revenue		Profit/(loss) before tax		Net (liabilities)/assets	
Analysis by origin of legal entity	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
United Kingdom	**260,077**	242,822	**31,716**	30,652	**(18,307)**	(24,620)
Europe	**290**	395	**(159)**	433	**2,195**	2,103
North America	**102,214**	90,781	**5,649**	6,807	**(87,090)**	(86,533)
Asia	**13,999**	12,334	**3,009**	6,094	**28,987**	25,775
Other	**199**	11	**(555)**	(372)	**(1,866)**	(1,348)
	376,779	346,343	**39,660**	43,614	**(76,081)**	(84,623)

Revenue by customer location	**2023 £000**	2022 £000
United Kingdom	**70,152**	73,834
Europe	**79,475**	70,003
North America	**147,075**	132,037
Asia	**61,734**	56,688
Other	**18,343**	13,781
	376,779	346,343

NOTE 3 Revenue from contracts with customers

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

The Economist

Circulation and subscriptions

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

Subscription revenue is derived from the sale of print and digital editions of publications, and revenue is recognised in the income statement on a straight-line basis over the subscription period. The subscription period is based on the number of weeks purchased. Digital subscriptions may be sold separately or purchased together in bundled packages with print. Subscriptions included in bundled arrangements are considered distinct performance obligations. The performance obligation which is based on the number of weeks is the same for both a print and digital subscription. Payment for subscriptions generally occurs at the start of the subscription period.

Revenues generated from licensing the Group's content and sale of second rights contracts are generally recognised over time, as contracts permit customers to access content throughout the contract period.

Economist Impact

Marketing and consulting services

Consulting revenues are derived from the sale of non-client-branded research and analysis services to clients aiming to understand issues affecting public policy, their business, products or industry. Consulting revenues are recognised over the period of the contract, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Consulting services sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative stand-alone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing, with invoicing scheduled around the timing of delivery of milestones.

Marketing services includes revenue derived from client-branded thought leadership, design consultancy and films. Revenue is recognised for marketing services over the period the services are provided, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Marketing services sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative stand-alone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Advertising

Advertising revenue is generated from customers through the sale of printed pages and digital display adverts in the Group's publications. Advertising is also generated from the sale of online advertising campaigns on the Group's websites or on third-party networks and platforms. Advertising sold into a specific edition is recognised at a point in time when the performance obligation is fulfilled, which is the date of publication. Advertising sold as part of a prolonged campaign is recognised over time, reflecting the pattern in which the performance obligation is fulfilled. Advertising may be sold separately or purchased together in bundled packages. Advertising sold as part of a bundled arrangement along with the Group's other product offerings is considered to be a distinct performance obligation. The transaction price is allocated between distinct performance obligations on the basis of their relative stand-alone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Events

Revenues relate to event sponsorship and delegate attendance fees. Sponsorship revenue is recognised at a point in time when the event has taken place. Sponsorships sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing and are often invoiced in advance of delivery. Revenues generated from delegates relate to fees charged for attendance at the Group's events and are recognised at a point in time when the event has taken place. Customer payments are generally received prior to the event taking place.

Notes to the consolidated financial statements

NOTE 3 Revenue from contracts with customers continued

Economist Intelligence

Research

Revenue is derived from the sale of subscriptions by the EIU, which provides economic, political and business analysis and forecasts for over 200 countries. Revenue is recognised in the income statement on a straight-line basis over the subscription period. The subscription period is generally 12 months, though there are some instances of multi-year deals. In determining the transaction price, variable consideration exists in the form of discounts. Discounts reduce the transaction price on a given transaction. Subscriptions may be sold separately or purchased together in bundled packages. Subscriptions included in bundled arrangements are considered distinct performance obligations. Customer payments are generally defined in the contract as occurring shortly after invoicing, though credit terms may vary between markets.

Sponsorship revenues relate to the sponsorship of the Corporate Network and Executive Briefings and are recognised at a point in time when a meeting has taken place. Customer payments are generally defined in the contract as occurring shortly after invoicing. Revenues generated from memberships relate to fees charged to members of the Corporate Network, and membership fees are recognised over time in accordance with the membership period set out in the contract. Revenue generated from the sale of second rights to content is generally recognised over time, as contracts permit customers to access content throughout the contract period.

Consulting

Consulting revenues relate to the sale of specialised market intelligence and business consulting services and provision of industry and country data insight in health-care markets. Revenue is recognised for consulting services over the period of the contract, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Consulting services sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative stand-alone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing, with invoicing scheduled around the timing of delivery of milestones.

Contract balances

Transactions within circulation and subscription revenue streams generally entail customer billings at or near the contract's inception, and accordingly deferred income balances are primarily related to subscription performance obligations to be delivered over time.

Transactions within marketing-services and consulting-services revenue streams generally entail contractually agreed billing schedules, sometimes based on progress towards milestones. As the performance obligations within these arrangements are delivered at a point in time, the extent of accrued income or deferred income will depend upon the difference between revenue recognised and billings to date. Refer to note 18 for opening and closing balances of accrued income. Refer to note 20 for opening and closing balances of deferred income.

NOTE 4 Operating expenses

By function	Note	2023 £000	2022 £000
Promotional costs		**28,822**	35,249
Employee benefit costs	5	**158,878**	131,141
Employee-related expense		**6,997**	5,650
Contract labour		**22,630**	26,610
Distribution and fulfilment		**39,806**	37,126
Other product costs		**24,963**	18,901
Depreciation of property, plant and equipment	12	**2,727**	2,233
Depreciation of right-of-use assets	13	**7,476**	7,530
Amortisation of acquired intangible assets	14	**130**	359
Amortisation of software and other intangibles	14	**4,342**	4,927
Property and facilities		**15,170**	13,081
Technology and communications		**3,347**	4,295
Professional and outsourced services		**10,426**	12,231
Other general and administrative costs		**1,704**	1,437
Operating lease charges		**272**	289
Foreign-exchange losses/(gains)		**5,286**	(1,830)
Loss allowance on trade receivables and other losses		**1,556**	725
Total costs		**334,532**	299,954

During the year the Group obtained the following services from the Group's auditor	2023 £000	2022 £000
The audit of parent company and consolidated financial statements	**391**	363
The audit of the company's subsidiaries	**225**	208
Total audit fees	**616**	571
Other assurance services	**–**	11
Tax compliance services	**155**	23
Tax advisory services	**79**	284
Other services	**–**	112
Total non-audit services	**234**	430
Total Group auditor's remuneration	**850**	1,001

Notes to the consolidated financial statements

NOTE 5 Employee information

The year-end and monthly average number of employees, including executive directors, was as follows:

	2023		2022	
Analysis by business	Monthly average	Year-end	Monthly average	Year-end
The Economist	**429**	**438**	380	406
Economist Impact	**413**	**384**	379	419
Economist Intelligence	**381**	**376**	323	381
Technology and central	**409**	**443**	360	372
	1,632	**1,641**	1,442	1,578

The details of directors' emoluments are shown in table 2, page 77, within the directors' report on remuneration.

Employee benefit costs including directors' emoluments	2023 £000	2022 £000
Wages and salaries	**134,158**	109,917
Social security costs	**13,645**	11,223
Share-based payment costs	**1,873**	2,378
Retirement benefits – defined-benefit plans	**350**	350
Retirement benefits – defined-contribution plans	**8,852**	7,273
	158,878	131,141

Wages and salaries include £3,748,000 (2022: £683,000) of restructuring-related costs following the transition of finance operations to the group's office in Gurugram, India, and a reduction in the number of roles in Economist Impact Partnerships and Economist Intelligence Clearstate.

NOTE 6 Finance income

	2023 £000	2022 £000
Interest receivable on bank deposits	**242**	7
Income from sale of interest rate derivative	**603**	–
	845	7

NOTE 7 Finance costs

	2023 £000	2022 £000
Interest payable on bank loans and overdrafts	**987**	1,007
Amortisation of debt issue costs	**458**	225
Interest on lease liabilities	**913**	739
Net finance costs in respect of retirement benefits	**359**	287
Other finance charges	**715**	524
	3,432	2,782

NOTE 8 Tax

Current tax expense	2023 £000	2022 £000
UK corporation tax expense	**6,586**	5,461
Foreign tax expense	**746**	5,558
Adjustment in respect of prior years	**594**	288
	7,926	11,307
Deferred tax expense		
Current year	**1,048**	(2,735)
Effect of change in tax rates	**–**	(197)
Adjustments in respect of prior years	**(512)**	(631)
	536	(3,563)
Total tax expense in income statement	**8,462**	7,744
Effective tax rate	**21%**	18%

The UK main corporation tax rate for the year is 19% (2022: 19%). The tax on the Group's profit before tax differs from the theoretical amount that would arise using the UK tax rate for the reasons set out in the following reconciliation:

	2023 £000	2022 £000
Profit before tax	**39,660**	43,614
Tax calculated at UK tax rate of 19% (2022: 19%)	**7,535**	8,287
Factors affecting the tax charge:		
Disallowed expenditure	**310**	381
Non-taxable foreign-exchange gain/(loss)	**369**	(160)
Different tax rates of subsidiaries operating in overseas jurisdictions	**664**	638
US state taxes	**(57)**	(110)
Movement on uncertain tax provisions	**(289)**	(707)
Other	**–**	(45)
Adjustments in respect of prior years	**82**	(343)
Effect of change in tax rates on deferred tax	**(152)**	(197)
Total tax expense for the year	**8,462**	7,744
UK	**5,795**	4,253
Overseas	**2,667**	3,491
Total tax expense	**8,462**	7,744

In addition to the amount charged to the income statement, the following amounts relating to tax have been directly recognised in other comprehensive income:

	2023 £000	2022 £000
Current tax	**718**	1,183
Deferred tax (note 16)	**(1,408)**	639
	(690)	1,822

Notes to the consolidated financial statements

NOTE 9 Earnings per share

Basic

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

Diluted

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

	2023 £000	2022 £000
Profit for the year	**31,198**	35,870

	000s	000s
Weighted average number of shares	**19,871**	19,832
Effect of dilutive share options (restricted share scheme units)	**136**	123
Weighted average number of shares for diluted earnings	**20,007**	19,955

Earnings per share	2023 Pence	2022 Pence
Basic	**157.0**	180.9
Diluted	**155.9**	179.8

NOTE 10 Dividends

Cash dividends paid	2023 £000	2022 £000
Final dividend paid 87.0p per share (2022: 100.0p)	**17,274**	19,807
Interim paid 40.0p per share (2022: 33.0p)	**7,951**	6,543
	25,225	26,350

All shareholders other than holders of trust and treasury shares (see notes 27 and 29) receive the above dividend per share. Dividends amounting to £378,000 (2022: £460,000) in respect of the company's shares held by the ESOP (note 28) have been deducted in arriving at the aggregate of dividends paid.

Dividends proposed in respect of the year	2023 £000	2022 £000
Interim dividend paid of 40.0p per share (2022: 33.0p)	**7,951**	6,543
Final dividend proposed of 80.0p per share (2022: 87.0p per share)	**15,901**	17,274
	23,852	23,817

The directors are proposing a final dividend in respect of the financial year ended March 31st 2023 of 80.0p. Dividends amounting to £340,000 in respect of the company's shares held by the ESOP have been deducted in arriving at the total dividend proposed of £23,852,000. The proposed final dividend is subject to approval by shareholders and has not been recognised as a liability in these financial statements.

NOTE 11 Share-based payments

The Group's total charge recognised with respect to share-based payment transactions amounted to £1,873,000 (2022: £2,378,000).

The total carrying value of share-based payment transactions is £3,389,000 (2022: £2,593,000), analysed as:

	2023 £000	2022 £000
Current liabilities	**1,972**	1,308
Non-current liabilities	**1,417**	1,285
	3,389	2,593

The Group operates a restricted share scheme (RSS). This scheme is for key employees who have been awarded a right to acquire ordinary shares at a nominal price between two and four years after the date of the award. The Group has the discretion to pay out shares or cash on exercise. The vesting of restricted shares is dependent on continuing service over a two- to four-year period. The fair value of the shares granted under the RSS is determined using the share price at the date of grant. Participants are entitled to dividends during the vesting period and therefore the share price is not discounted.

	2023		2022	
Restricted share scheme	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at April 1st	**123,000**	**29.63**	147,062	26.26
Granted during the year	**45,500**	**31.02**	51,500	29.06
Forfeited during the year	**–**	**–**	(18,000)	(29.06)
Exercised during the year	**(32,250)**	**(32.32)**	(57,562)	(27.87)
Outstanding at March 31st	**136,250**	**33.01**	123,000	29.63
Exercisable at March 31st	**5,500**	**37.34**	37,750	30.50

The weighted average remaining contractual life for outstanding options at March 31st 2023 was 14 months (2022: 15 months).

Notes to the consolidated financial statements

NOTE 12 Property, plant and equipment

Cost	Short-leasehold buildings £000	Equipment £000	Total £000
At April 1st 2021	10,553	30,502	41,055
Additions	134	989	1,123
Disposals	(1,405)	(12)	(1,417)
Exchange differences	100	246	346
At March 31st 2022	9,382	31,725	41,107
Additions	1,472	1,269	2,741
Disposals	(4,066)	(27,782)	(31,848)
Exchange differences	146	406	552
At March 31st 2023	**6,934**	**5,618**	**12,552**

Accumulated depreciation	Short-leasehold buildings £000	Equipment £000	Total £000
At April 1st 2021	5,760	28,279	34,039
Charge for the year	1,131	1,102	2,233
Disposals	(898)	(12)	(910)
Exchange differences	100	240	340
At March 31st 2022	6,093	29,609	35,702
Charge for the year	876	1,851	2,727
Disposals	(3,766)	(27,733)	(31,499)
Exchange differences	143	350	493
At March 31st 2023	**3,346**	**4,077**	**7,423**
Carrying amounts			
At April 1st 2021	4,793	2,223	7,016
At March 31st 2022	3,289	2,116	5,405
At March 31st 2023	**3,588**	**1,541**	**5,129**

NOTE 13 Right-of-use assets

Cost	Leasehold buildings £000
At April 1st 2021	34,277
Additions	7,027
Disposals	(4,832)
Exchange differences	424
At March 31st 2022	36,896
Additions	12,920
Disposals	(10,048)
Exchange differences	402
At March 31st 2023	**40,170**

Accumulated depreciation	Leasehold buildings £000
At April 1st 2021	11,433
Charge for the year	7,530
Disposals	(4,657)
Exchange differences	181
At March 31st 2022	14,487
Charge for the year	7,476
Disposals	(10,020)
Exchange differences	179
At March 31st 2023	**12,122**

Carrying amounts	
At April 1st 2021	22,844
At March 31st 2022	22,409
At March 31st 2023	**28,048**

The Group leases several buildings. The average lease term is 21 months (2022: 23 months).

The maturity analysis of lease liabilities is presented in note 22.

The Group's consolidated income statement includes the following amounts relating to leases:

Year ended March 31st	2023 £000	2022 £000
Depreciation expense on right-of-use assets	**7,476**	7,530
Interest expense on lease liabilities	**913**	739

The total cash outflow for leases in the year ended March 31st 2023 was £9,421,000 (2022: £7,715,000). The total cash inflow for leases in the year ended March 31st 2023 was £4,000,000 (2022: £nil) arising from an incentive receipt upon moving to a new office in the UK.

Notes to the consolidated financial statements

NOTE 14 Intangible assets

Cost	Goodwill	Acquired technology & databases £000	Acquired customer relationships £000	Trademarks, licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2021	29,945	1,474	1,200	41,448	6,515	80,582
Additions	–	–	–	9,810	3,367	13,177
Transfers	–	–	–	3,518	(3,518)	–
Exchange differences	295	–	–	50	–	345
At March 31st 2022	30,240	1,474	1,200	54,826	6,364	94,104
Additions	–	–	–	1,412	4,697	6,109
Disposals	–	–	–	(15,810)	–	(15,810)
Transfers	–	–	–	6,364	(6,364)	–
Exchange differences	615	–	–	59	–	674
At March 31st 2023	**30,855**	**1,474**	**1,200**	**46,851**	**4,697**	**85,077**

Accumulated amortisation	Goodwill	Acquired technology & databases £000	Acquired customer relationships £000	Trademarks, licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2021	10,242	760	1,175	29,542	263	41,982
Charge for the year	–	334	25	4,927	–	5,286
Exchange differences	30	–	–	37	–	67
At March 31st 2022	10,272	1,094	1,200	34,506	263	47,335
Charge for the year	–	130	–	4,342	–	4,472
Disposals	–	–	–	(15,346)	–	(15,346)
Exchange differences	61	–	–	54	–	115
At March 31st 2023	**10,333**	**1,224**	**1,200**	**23,556**	**263**	**36,576**
Carrying amounts						
At April 1st 2021	19,703	714	25	11,906	6,252	38,600
At March 31st 2022	19,968	380	–	20,320	6,101	46,769
At March 31st 2023	**20,522**	**250**	**–**	**23,295**	**4,434**	**48,501**

Intangible assets in development and licenses and software are largely internally generated assets which include integration of purchased licences and software.

NOTE 14 Intangible assets continued

Goodwill

The goodwill carrying value of £20,522,000 relates to acquisitions completed after January 1st 1998. Prior to January 1st 1998, all goodwill was written off to reserves on the date of acquisition. For acquisitions completed between January 1st 1998 and March 31st 2014, no value was ascribed to intangibles other than goodwill, and goodwill on each acquisition was amortised over a period of up to 20 years. On adoption of IFRS on April 1st 2014, the Group chose not to restate the goodwill balance, and at that date the balance was frozen (amortisation ceased) and the useful life of goodwill became indefinite. If goodwill had been restated then a significant value would have been ascribed to other intangible assets, which would be subject to amortisation, and the carrying value of goodwill would be significantly lower. For acquisitions completed after April 1st 2014, value has been ascribed to other intangible assets which are amortised.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that acquisition. During the year, goodwill was tested for impairment in accordance with IAS 36 Impairment of Assets. The methodology applied to the value in use calculations included:

- cashflow projections based on financial plans approved by management covering a five-year period;
- cashflows for the final year of the plan, increased in line with growth expectations of the applicable businesses;
- pre-tax discount rates of 10.5%, 2 percentage points higher than the company's derived weighted average cost of capital (WACC) of 8.5%;
- long-term nominal growth of between 0% and 2.5%, depending on the maturity of the business.

Following the impairment review, there are no impairment losses (2022: £nil).

Further disclosures in accordance with IAS 36 are provided where the Group holds an individual goodwill item relating to a CGU that is significant, which the Group considers to be 15% of the total net book value, in comparison with the Group's total carrying value of goodwill. The following CGUs fall within this definition of significant: EuroFinance Conferences and Healthcare.

EuroFinance Conferences has a long-term growth rate of nil, a carrying value of £7,526,000 and a recoverable amount of £20,789,000, which equates to a surplus of £13,263,000. A discount rate of 27.2% would need to be applied for the recoverable amount to fall below the carrying value. Healthcare has a long-term growth rate of 2.5%, a carrying value of £12,996,000 and a recoverable amount of £33,481,000, which equates to a surplus of £20,485,000. A discount rate of 22.2% would need to be applied for the recoverable amount to fall below the carrying value.

The cumulative goodwill written off to reserves by the Group is £17,943,000 (2022: £17,943,000).

Other intangible assets

Other intangibles include licenses, software developed internally, acquired customer relationships and acquired software and databases.

Acquired intangible assets are valued separately for each acquisition and the primary method of valuation is the discounted cashflow method, and they are amortised over their expected useful lives at the rates set out in the accounting policies in note 1 of these financial statements.

NOTE 15 Investments

Investments now solely includes a 5% equity interest in Parable Ventures Limited, a startup virtual-reality business. Its registered address is 64 New Cavendish Street, London, W1G 8TB, United Kingdom. The cost of investment of £100,000 has been fair valued at £nil in 2023 (2022: £nil).

Notes to the consolidated financial statements

NOTE 16 Deferred tax

	2023 £000	2022 £000
Deferred tax assets	**8,529**	10,036
Deferred tax liabilities	**(2,261)**	(2,039)
	6,268	7,997

Substantially all of the deferred tax assets are expected to be recovered after more than one year.

Deferred tax assets and liabilities may be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. At March 31st 2023, the Group had unrecognised deferred tax assets of £36,000 (2022: £66,000) in respect of non-trading losses.

The recognition of the deferred tax assets is supported by management's forecasts of the future profitability of the relevant businesses.

The movement on the deferred tax account is as follows:

	2023 £000	2022 £000
At April 1st	**7,997**	3,721
Exchange differences	**215**	74
(Charge)/credit to income statement	**(536)**	3,366
(Charge)/credit to other comprehensive income	**(1,408)**	639
Effect of change in tax rates	**–**	197
At March 31st	**6,268**	7,997

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets	Trading losses £000	Retirement benefit obligations £000	Other £000	Total £000
At April 1st 2021	175	3,195	2,626	5,996
Exchange differences	9	–	106	115
(Charge)/credit to income statement	(7)	–	2,596	2,589
Credit to other comprehensive income	–	175	464	639
Other transfers	–	1	282	283
Effect of change in tax rates	–	–	414	414
At March 31st 2022	177	3,371	6,488	10,036
Exchange differences	11	–	212	223
Credit/(charge) to income statement	186	–	(506)	(320)
(Charge) to other comprehensive income	–	(812)	(596)	(1,408)
Effect of change in tax rates	–	–	(2)	(2)
At March 31st 2023	**374**	**2,559**	**5,596**	**8,529**

Other deferred income tax assets include temporary differences on share-based payments of £2,198,000 (2022: £1,605,000); IFRS 16 lease liability of £965,000 (2022: £1,263,000); general provisions of £2,256,000 (2022: £1,395,000); liability for legal claim settlement of £nil (2022: £1,824,000); disallowed interest of £470,000 (2022: £nil) and other differences. At March 31st 2023 the Group has recognised deferred income tax assets of £188,000 (2022: £177,000) in respect of capital losses and £186,000 (2022: £nil) in respect of trading losses.

NOTE 16 Deferred tax continued

Deferred tax liabilities	Other £000	Total £000
At April 1st 2021	(2,275)	(2,275)
Exchange differences	(41)	(41)
Credit to income statement	777	777
Other transfers	(283)	(283)
Effect of change in tax rates	(217)	(217)
At March 31st 2022	(2,039)	(2,039)
Exchange differences	(8)	(8)
(Charge) to income statement	(216)	(216)
Effect of change in tax rates	2	2
At March 31st 2023	**(2,261)**	**(2,261)**

Other deferred income tax liabilities include temporary differences in respect of accelerated capital allowances and intangible assets of £1,148,000 (2022: £624,000); IFRS 16 right-of-use lease assets of £929,000 (2022: £1,246,000); and other differences.

Changes to the legislation to set the UK main corporation tax rate at 19% for the financial year beginning April 1st 2022, increasing to 25% for the financial year beginning April 1st 2023, were substantively enacted on May 24th 2021. The relevant UK deferred tax balances have been measured at the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the balance-sheet date.

No deferred tax liability is recognised on temporary differences of £9,829,000 (2022: £8,426,000) relating to the unremitted earnings of certain overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at March 31st 2023 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may result in a tax liability as a result of taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

NOTE 17 Inventories

	2023 £000	2022 £000
Raw materials	**314**	335
Work-in-progress	**34**	18
Finished goods	**37**	95
	385	448

No inventories are pledged as security. The cost of inventory recognised as an expense in the year is £6,805,000 (2022: £5,938,000).

Notes to the consolidated financial statements

NOTE 18 Trade and other receivables

Current	2023 £000	2022 £000
Trade receivables	**37,269**	35,345
Other receivables	**2,676**	9,715
Prepayments	**9,207**	10,366
Accrued income	**10,825**	9,212
	59,977	64,638

Trade receivables are stated net of provision for expected bad and doubtful debts and trade sales returns. Trade sales return provisions were £1,507,000 at March 31st 2023 (2022: £1,100,000). Accrued income represents contract assets, which are unbilled amounts generally from marketing services and consulting revenue streams where revenue to be recognised over time has been recognised in excess of customer billings to date. The carrying value of the Group's trade and other receivables approximates its fair value.

The movements in the provision for expected credit losses are as follows:

	2023 £000	2022 £000
At April 1st	**2,594**	2,049
Income statement movements	**(1,157)**	(994)
Utilised	**1,983**	1,435
Exchange differences	**23**	104
At March 31st	**3,443**	2,594

The Group reviews its expected credit-loss provisions at least twice a year following a detailed review of receivable balances and historical payment profiles. Management believes all the remaining receivable balances are fully recoverable.

The ageing of the Group's trade receivables is as follows:

	2023 £000	2022 £000
Within the due date	**21,644**	23,031
Past due less than a month	**9,394**	7,088
Past due more than a month but less than two months	**4,536**	3,478
Past due more than two months but less than three months	**1,695**	1,319
Past due more than three months	**–**	429
Total trade receivables	**37,269**	35,345

The concentration of credit risk is limited due to the customer base being large and unrelated.

NOTE 19 Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	**17,943**	20,464
Short-term bank deposits	**16,099**	10,758
	34,042	31,222

Short-term bank deposits are invested with banks and earn interest at the prevailing short-term deposit rates.

At the end of the year, the currency split of cash and cash equivalents was US dollar 34% (2022: 58%), sterling 44% (2022: 27%), euro 4% (2022: 6%) and other 18% (2022: 9%).

Cash and cash equivalents have fair values that approximate to their carrying value due to their short-term nature.

NOTE 20 Trade and other liabilities

Current	2023 £000	2022 £000
Trade payables	**12,051**	13,446
Social security and other taxes	**2,780**	1,290
Accruals	**24,283**	28,577
Liability for share-based payments	**1,972**	1,308
Deferred income	**124,343**	121,563
Other liabilities	**21,342**	23,727
	186,771	189,911
Non-current		
Liability for share-based payments	**1,417**	1,285
Deferred income	**6,544**	6,521
Other liabilities	**2,218**	3,674
	10,179	11,480
Total	**196,950**	201,391

The carrying value of the Group's trade and other liabilities approximates fair value.

The deferred income balance comprises the unexpired portion of subscriptions for *The Economist* and the Economist Intelligence products and services, and revenue billed in advance for future events, research and consultancy projects not yet delivered.

Notes to the consolidated financial statements

NOTE 21 Financial liabilities—borrowings

The Group's borrowings, which are all non-current and all denominated in sterling, are as follows:

Non-current	2023 £000	2022 £000
Bank loans – maturing between one and two years	–	19,626
Bank loans – maturing between two and five years	**16,423**	–

More detail on the Group's accounting for financial instruments is included in the Group's accounting policies. The Group's approach to managing risks in relation to financial instruments is described in note 26.

The market values stated below are based on clean market prices at the year-end. The effective interest rates relate to the underlying debt instruments.

	2023			2022	
	Effective interest rate %	Carrying value £000	Market value £000	Carrying value £000	Market value £000
Bank loans	**3.50**	**16,423**	**17,000**	19,626	20,000

The Group has the following undrawn capacity on its committed borrowing facilities as at March 31st:

	2023 £000	2022 £000
Floating rate—expiring beyond one year	**63,000**	130,000

The Group has committed borrowing facilities of £80m via a syndicated multi-currency revolving credit facility which matures in October 2026. This facility was contracted during the financial year, replacing a previous £150m facility.

NOTE 22 Lease liabilities

Maturity analysis:	2023 £000	2022 £000
Not later than one year	**6,572**	7,345
Later than one year and not later than five years	**16,778**	10,341
Later than five years	**12,507**	10,012
	35,857	27,698
Analysed as:		
Non-current	**29,285**	20,353
Current	**6,572**	7,345
	35,857	27,698

The net increase in lease liabilities during the year ended March 31st 2023 was £8,159,000 (2022: £56,000) which includes foreign-exchange losses on lease liabilities of £546,000 (2022: losses of £92,000).

The Group does not face a significant liquidity risk with regard to its lease liabilities.

NOTE 23 Retirement benefit and other post-retirement obligations

A reconciliation of the net retirement benefit obligation reported in the balance sheet is shown in the following table:

	2023 £000	2022 £000
UK Group scheme	**8,828**	12,794
Post-retirement medical benefits	**1,201**	1,442
	10,029	14,236

The Group operates pension schemes for most of its employees throughout the world, which are funded by the Group. The main scheme for UK staff who joined before 2003 (the UK Group scheme) provided funded defined benefits. It was closed to new members on December 31st 2002 and closed to remaining employees on March 31st 2020. The scheme had a defined-contribution underpin and provided for those employees who joined before 2003, for the better of defined-benefit and defined-contribution benefits. Defined-contribution schemes are operated for UK and non-UK staff. In compliance with legislation the Group operates a defined-contribution plan, The Economist Group Pension Plan, into which relevant employees are automatically enrolled. The assets of each scheme are held in separate trustee-administered funds with independent qualified actuaries or other professionals acting as advisers. Actuarial valuations are undertaken at regular intervals. The Group also has a post-retirement medical benefit plan (PRMB) which is unfunded but is accounted for and valued similarly to defined-benefit pension plans.

The most recent full actuarial valuation of the UK Group scheme was at January 1st 2021. This showed the market value of assets of the UK Group scheme to be £385.0m. The actuarial valuation of pension liabilities was £480.9m leaving a technical provisions deficit of £95.9m. The actuarial method used for the valuation was the projected unit method. The foregoing liabilities represent the Scheme Specific Funding (SSF) Technical Provisions as agreed by the Group and the trustees. The SSF level was 80%. The January 2021 valuation was used as a basis for determining the ongoing company funding rate, effective January 1st 2021.

The Group and the trustees agreed to allow for post-valuation experience to determine the Recovery Plan and therefore it is based on a funding shortfall of £50.0m at January 1st 2022. The Group agreed that the funding shortfall will be eliminated by April 30th 2026 and will contribute £3,000,000 per annum until April 2026 and an additional £1,000,000 in the current year. In the year ended March 31st 2023, the Group contributed £4,350,000 (2022: £6,683,000) towards the funding shortfall. Following the closure of the scheme to future accrual of benefits for active participants, there are no further regular contributions due to the scheme.

The main overseas schemes and one UK scheme are based on defined contributions; amounts totalling £9,000 were accrued (2022: £178,000 accrued) in respect of these schemes at the year-end.

The majority of the benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due. Plan assets held in the UK Group scheme are governed by local regulations and practice in the UK, as is the nature of the relationship between the Group and the trustees and their composition. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the board of trustees. The board of trustees must be composed of representatives of the company and plan participants in accordance with the plan's resolutions.

UK Group scheme

The valuation of the UK Group scheme has been updated by independent actuaries to March 31st 2023. The major assumptions used to determine this valuation are as follows:

	2023 %	2022 %
CPI inflation	**2.75**	3.20
Increase in pensionable salaries	**n/a**	n/a
Increase in pensions in payment	**2.75**	3.10
Increase in deferred pensions	**2.75**	3.10
Discount rate for scheme liabilities	**4.80**	2.80

The discount rate is derived from the corporate bond yield curve applied to the expected future cashflows from the scheme. The CPI inflation assumption takes into account the UK government's long-term CPI inflation target (expected from 2030 onwards), and expectations of CPI inflation before then.

As the UK Group scheme is closed to future accrual of active entitlement, there is no future increase in pensionable salaries.

Notes to the consolidated financial statements

NOTE 23 Retirement benefit and other post-retirement obligations continued

The mortality assumptions used in the valuation of the scheme are summarised in the table below, and have been selected to reflect the characteristics and the experience of the membership of the plan. This has been done by using SAPS3 light tables with an external reduction to liabilities of 0.75% with longevity projection based on CMI 2021 and the year in which the member was born, with a 1%-per-year underpin to future improvements and Parameter A of 0.25% p.a. (2022: SAPS3 light tables, CMI 2021, year of birth, 1% underpin, Parameter A of 0.25%).

	2023 years	2022 years
Longevity at age 65 for current retirees		
– Men	**88.3**	88.2
– Women	**89.8**	89.8
Longevity at age 65 for future retirees, current age 45		
– Men	**89.2**	89.2
– Women	**90.9**	90.9

The assets of the UK Group scheme and the deficit are as follows:

	2023 £000	2022 £000
Equities	**109,695**	168,013
Government and corporate bonds	**21,086**	38,642
Property	**37,836**	19,363
Multi-asset credit fund	**–**	48,873
LDI	**86,948**	76,449
Absolute return credit	**1,051**	34,305
Other	**22,806**	29,334
Fair value of scheme assets	**279,422**	414,979
Present value of scheme liabilities	**(265,775)**	(371,145)
Scheme surplus	**13,647**	43,834
Asset ceiling adjustment (IAS 19)	**(22,475)**	(56,628)
Net defined benefit obligation	**(8,828)**	(12,794)

The table below further disaggregates the UK Group scheme assets into additional categories and those assets which have a quoted market price in an active market and those that do not:

	2023		2022	
	Quoted market price £000	No quoted market price £000	Quoted market price £000	No quoted market price £000
UK equities	**21,880**	**–**	41,718	–
Non-UK equities	**87,815**	**–**	126,022	–
Private equity	**–**	**158**	–	273
UK corporate bonds	**21,086**	**–**	38,642	–
Multi-asset credit fund	**–**	**–**	48,873	–
Property	**–**	**37,836**	–	19,363
LDI	**86,948**	**–**	76,449	–
Other	**23,699**	**–**	63,425	214
	241,428	**37,994**	395,129	19,850

NOTE 23 Retirement benefit and other post-retirement obligations continued

The liquidity profile of the UK Group scheme assets is as follows:

	2023 £000	2022 £000
Liquid – call less than 1 month	**233,943**	343,540
Less liquid – call 1-3 months	**–**	49,165
Illiquid – call greater than 3 months	**45,479**	19,754

Invested assets include money-purchase AVCs and transferred-in benefits that are notionally held within assets but which are not included in balance-sheet assets or liabilities.

The assets do not include any of the Group's own financial instruments nor any property occupied by, or other assets used by, the Group. The actual return on scheme assets was a loss of £128,424,000 (2022: £34,037,000 gain).

Fair value of scheme assets	2023 £000	2022 £000
At April 1st	**414,979**	383,861
Interest income	**11,506**	8,222
Return on scheme assets excluding interest income	**(139,930)**	25,815
Employer contributions	**4,350**	6,683
Administration expenses	**(350)**	(350)
Payments from the scheme	**(11,133)**	(9,252)
At March 31st	**279,422**	414,979

Present value of scheme liabilities	2023 £000	2022 £000
At April 1st	**371,145**	354,293
Interest expense	**10,237**	7,518
Gains from experience	**16,821**	(426)
(Gains)/losses from changes in financial assumptions	**(121,295)**	19,012
Payments from the scheme—benefit payments	**(11,133)**	(9,252)
At March 31st	**265,775**	371,145

The weighted average duration of the defined-benefit obligation is 17 years (2022: 18 years).

Notes to the consolidated financial statements

NOTE 23 Retirement benefit and other post-retirement obligations continued

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used is set out below:

	Change in assumption by %	Impact on scheme liabilities %
Inflation	**+/-0.5**	**+/-6.5**
Pensions in payment	**+/-0.5**	**+/-5.5**
Revaluation rate of deferred pensions	**+/-0.5**	**+/-1.5**
Discount rate	**+/-0.5**	**-/+7.5**

If the average expected age of death of pensioners lengthened by one year, the liabilities of the scheme would increase by 2.5% (2022: 3.5%).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

Post-retirement medical benefit scheme (PRMB)

The Group provides post-retirement medical benefits to certain former employees. At March 31st 2023, 34 retired and former employees (2022: 34) were eligible to receive benefits. The liability was remeasured at the year-end by a qualified independent actuary as follows:

Assumptions	2023 %	2022 %
Healthcare premium inflation	**8.00**	6.00
Discount rate for scheme liabilities	**4.80**	2.80

Present value of scheme liabilities	2023 £000	2022 £000
At April 1st	**1,442**	1,617
Employer contributions	**(134)**	(182)
Interest expense	**39**	33
(Gains)/losses from experience	**(131)**	29
(Gains) from changes in financial assumptions	**(6)**	(77)
(Gains)/losses from changes in demographic assumptions	**(9)**	22
At March 31st	**1,201**	1,442

NOTE 23 Retirement benefit and other post-retirement obligations continued

Income statement

The amounts recognised in the income statement are as follows:

2023	UK Group Scheme £000	PRMB £000	Defined contribution £000	Total £000
Current service cost	–	–	**8,852**	**8,852**
Administration expenses	**350**	–	–	**350**
Total operating expense	**350**	–	**8,852**	**9,202**
Interest on scheme assets	**(11,506)**	–	–	**(11,506)**
Interest on scheme liabilities	**10,237**	**39**	–	**10,276**
Interest adjustment due to asset ceiling	**1,589**	–	–	**1,589**
Net finance expense	**320**	**39**	–	**359**
Net income statement charge	**670**	**39**	**8,852**	**9,561**

2022	UK Group Scheme £000	PRMB £000	Defined contribution £000	Total £000
Current service cost	–	–	7,273	7,273
Administration expenses	350	–	–	350
Total operating expense	350	–	7,273	7,623
Interest on scheme assets	(8,222)	–	–	(8,222)
Interest on scheme liabilities	7,518	33	–	7,551
Interest adjustment due to asset ceiling	958	–	–	958
Net finance expense	254	33	–	287
Net income statement charge	604	33	7,273	7,910

Notes to the consolidated financial statements

NOTE 23 Retirement benefit and other post-retirement obligations continued

Other comprehensive income

The following gains/(losses) have been recognised in other comprehensive income:

	2023 £000	2022 £000
UK Group scheme	**283**	(3,878)
Post-retirement medical benefits	**146**	26
Unfunded retirement benefits	**42**	–
Total losses recognised in year	**471**	(3,852)

Through the UK Group scheme the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme holds growth assets, whose returns may not be well correlated with the movement of the liabilities. As such, the deficit in the scheme may increase as a result of asset volatility. The latest investment strategy targets a portfolio where the assets will match 70% of a change in the liabilities resulting from interest rate or inflation rate movements. To mitigate investment risk, the trustees continually monitor the scheme's investment strategy and have a regular and open dialogue with the company.

Inflation risk

The majority of benefits are linked to CPI inflation, and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

Longevity risk

Increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the scheme's bond asset holdings.

Salary risk

Following closure of the scheme to future accrual for active participation, there is no longer any salary risk.

NOTE 24 Derivative financial instruments

			2023
Current contracts in a fair value hedge relationship	**Gross notional amounts £000**	**Assets £000**	**Liabilities £000**
Forward foreign US dollar exchange contracts	**49,980**	**1,335**	**–**
Interest rate cap	**264**	**460**	**–**
Total contracts in a fair value hedge relationship	**50,244**	**1,795**	**–**

			2022
Current contracts in a fair value hedge relationship	Gross notional amounts £000	Assets £000	Liabilities £000
Forward foreign US dollar exchange contracts	32,845	–	(1,214)
Non-current contracts in a fair value hedge relationship			
Interest rate cap	792	622	–
Total contracts in a fair value hedge relationship	33,637	622	(1,214)

The carrying value of the above derivative financial instruments equals their fair value. Fair values are determined by using market data and established estimation techniques such as discounted cashflow and option valuation models.

The Group's portfolio of exchange contract derivatives includes foreign-exchange forwards and is diversified by maturity and counterparty. The Group has designated these forwards as hedges, which reduces the risk of volatility in the income statement from movements in the US dollar. Counterparty exposure from all derivatives is managed, together with that from deposits and bank-account balances, within credit limits that reflect published credit ratings to ensure that there is no significant risk to any one counterparty.

At March 31st 2023, an interest rate hedge was in place to cap the Group's cashflow exposure on variable interest rates on the first £25m of borrowings drawn down under revolving credit facilities at 2% until November 2023.

No significant derivative transaction had a market value (positive or negative) at the balance-sheet date that exceeded 3% of the Group's consolidated total equity.

The Group has reviewed all of its material contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements, and has concluded that there are no material embedded derivatives.

Notes to the consolidated financial statements

NOTE 25 Classification of financial instruments

The accounting classification of each class of the Group's financial assets and financial liabilities, together with their carrying values and market values, is as follows:

2023	Fair value			Amortised cost			
	FVTPL £000	Fair value hedging instrument £000	FVOCI £000	Financial assets £000	Other financial liabilities £000	Total carrying value £000	Total market value £000
Cash and cash equivalents	–	–	–	34,042	–	34,042	34,042
Trade receivables	–	–	–	37,269	–	37,269	37,269
Derivative financial instruments	–	1,795	–	–	–	1,795	1,795
Total financial assets	–	1,795	–	71,311	–	73,106	73,106
Trade payables	–	–	–	–	(12,051)	(12,051)	(12,051)
Bank loans	–	–	–	–	(16,423)	(16,423)	(17,000)
Lease liabilities	–	–	–	–	(35,857)	(35,857)	(35,857)
Total financial liabilities	–	–	–	–	(64,331)	(64,331)	(64,908)

2022	Fair value			Amortised cost			
	FVTPL £000	Fair value hedging instrument £000	FVOCI £000	Financial assets £000	Other financial liabilities £000	Total carrying value £000	Total market value £000
Cash and cash equivalents	–	–	–	31,222	–	31,222	31,222
Trade receivables	–	–	–	35,345	–	35,345	35,345
Derivative financial instruments	–	622	–	–	–	622	622
Total financial assets	–	622	–	66,567	–	67,189	67,189
Trade payables	–	–	–	–	(13,446)	(13,446)	(13,446)
Bank loans	–	–	–	–	(19,626)	(19,626)	(20,000)
Lease liabilities	–	–	–	–	(27,698)	(27,698)	(27,698)
Derivative financial instruments	–	(1,214)	–	–	–	(1,214)	(1,214)
Total financial liabilities	–	(1,214)	–	–	(60,770)	(61,984)	(62,358)

Transactions in derivative financial instruments are only undertaken to manage risks arising from underlying business activity, in accordance with the Group's treasury policy as described in note 26.

The Group designates certain qualifying financial instruments as hedges of the fair value of its US dollar cashflows and interest rate caps (cashflow hedges). Changes in the fair value of these derivative financial instruments (to the extent they are effective) are recorded in other comprehensive income, together with any change in the fair value of the hedged asset attributable to the hedged risk.

None of the Group's financial assets or liabilities is designated at fair value through the income statement upon initial recognition.

More detail on the Group's accounting for financial instruments is included in the Group's accounting policies. The Group's approach to managing risks in relation to financial instruments is described in note 26.

NOTE 26 Financial risk management

The Group's approach to the management of financial risks together with sensitivity analysis of its financial instruments is set out below:

Treasury policy

The Group's treasury policies are directed to giving greater certainty of future revenues and costs and ensuring that the Group has adequate liquidity.

The Group holds financial instruments to finance its operations and to manage the interest rate and currency risks arising from its operations and its sources of finance. The Group finances its operations by a mixture of cashflows from operations, leases on its properties and longer-term facilities from banks. The Group borrows principally in sterling at floating rates of interest, using derivative financial instruments (derivatives), where appropriate, to generate the desired currency profile and interest rate basis. The derivatives used for this purpose are principally rate swaps, rate caps and collars, forward and option foreign-exchange contracts. The main risks arising from the Group's financial instruments are interest rate risk, liquidity and refinancing risk, counterparty risk and foreign-currency risk. These risks are managed by the treasury committee under policies approved by the Board, which are summarised in this note. All the treasury policies remained unchanged throughout the year.

The audit committee receives regular reports on the Group's treasury activities, policies and procedures. The treasury department is not a profit centre and its activities are subject to regular review by the treasury committee.

Interest rate risk management

The Group's bank borrowings are in sterling, with the interest rate on these borrowings tied to SONIA. The Group's exposure to interest rate fluctuations on its borrowings is managed by borrowing on a floating-rate basis and by hedging interest rate exposures where appropriate.

At March 31st 2023, there were hedges of interest rate exposures in place (see note 24). The fair value of the interest rate hedges at March 31st 2023 was £460,000 (2022: £622,000).

Liquidity and refinancing risk management

The maturities of contracted cashflows associated with the Group's financial liabilities are shown in the table on page 122. This table has been drawn up based on the undiscounted contractual cashflows of the financial liabilities including both interest and principal cashflows. Any cashflows based on a floating rate are calculated using interest rates as set at the date of the last rate reset. The contractual maturity is based on the earliest date on which the Group may be required to settle. All derivative amounts are shown gross, although the Group net settles these amounts wherever possible.

Any amounts drawn under revolving credit facilities are assumed to mature at the maturity date of the relevant facility, with interest calculated as payable in each calendar year up to and including the date of maturity of the facility.

Notes to the consolidated financial statements

NOTE 26 Financial risk management continued

				2023
Maturity analysis:	**GBP £000**	**USD £000**	**Other £000**	**Total £000**
Not later than one year	**35,222**	**(50,161)**	**(3,269)**	**(18,208)**
Later than one year and not later than five years	**(33,350)**	**(2,299)**	**(542)**	**(36,191)**
Later than five years	**(12,507)**	**–**	**–**	**(12,507)**
	(10,635)	**(52,460)**	**(3,811)**	**(66,906)**
Analysed as:				
Derivative financial instruments—inflows	**49,980**	**–**	**–**	**49,980**
Derivative financial instruments—outflows	**–**	**(48,600)**	**–**	**(48,600)**
Trade payables	**(10,335)**	**(1,145)**	**(571)**	**(12,051)**
Lease liabilities	**(29,902)**	**(2,715)**	**(3,240)**	**(35,857)**
Bank loans and overdrafts	**(20,378)**	**–**	**–**	**(20,378)**
	(10,635)	**(52,460)**	**(3,811)**	**(66,906)**

				2022
Maturity analysis:	GBP £000	USD £000	Other £000	Total £000
Not later than one year	20,565	(37,207)	(5,436)	(22,078)
Later than one year and not later than five years	(26,935)	(743)	(2,713)	(30,391)
Later than five years	(9,865)	(148)	–	(10,013)
	(16,235)	(38,098)	(8,149)	(62,482)
Analysed as:				
Derivative financial instruments—inflows	32,845	–	–	32,845
Derivative financial instruments—outflows	–	(34,059)	–	(34,059)
Trade payables	(8,979)	(1,875)	(2,592)	(13,446)
Lease liabilities	(19,977)	(2,164)	(5,557)	(27,698)
Bank loans and overdrafts	(20,124)	–	–	(20,124)
	(16,235)	(38,098)	(8,149)	(62,482)

NOTE 26 Financial risk management continued

The following table details the Group's remaining contractual maturity for its non-derivative financial assets. This table has been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, except where the Group anticipates that the cashflow will occur in a different period.

				2023
Maturity analysis:	GBP £000	USD £000	Other £000	Total £000
Not later than one year	**25,886**	**35,673**	**9,752**	**71,311**
	25,886	**35,673**	**9,752**	**71,311**
Analysed as:				
Cash and cash equivalents	**15,092**	**11,547**	**7,403**	**34,042**
Trade receivables	**10,794**	**24,126**	**2,349**	**37,269**
	25,886	**35,673**	**9,752**	**71,311**

				2022
Maturity analysis:	GBP £000	USD £000	Other £000	Total £000
Not later than one year	15,692	44,364	6,510	66,567
	15,692	44,364	6,510	66,567
Analysed as:				
Cash and cash equivalents	8,351	18,001	4,870	31,222
Trade receivables	7,341	26,363	1,640	35,345
	15,692	44,364	6,510	66,567

The Group's debt facilities require it to meet certain covenants based on interest cover, net debt and profits adjusted for certain non-cash items and the impact of foreign exchange. Breaching the covenants would result in the Group being in default of the facilities, potentially resulting in the facilities being withdrawn. Management regularly monitors the covenants and prepares detailed cashflow forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. At March 31st 2023, the Group's net debt to EBITDA measured before the impact of IFRS 16 and before exceptional items was (0.45) times (2022: (0.33) times).

The Group also maintains undrawn committed borrowing facilities. At March 31st 2023, the committed undrawn facilities amounted to £63,000,000 (2022: £130,000,000) and their weighted average maturity was 42 months (2022: 21 months).

Financial counterparty risk management

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the Group's total aggregate exposure to a single financial institution. The limits applicable to published credit-ratings bands are approved by the treasury committee within guidelines approved by the Board. Exposures and limits applicable to each financial institution are reviewed regularly.

The Group also has counterparty risk with respect to trade and other receivables. The concentration of this risk is limited due to the Group's large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Allowance is made for expected credit losses based on management's assessment of the risk of non-payment, taking into account the ageing profile and circumstance.

Foreign-currency risk management

The Group's principal foreign-exchange exposure is to the US dollar. The Group's businesses generated approximately 57% of its revenues in US dollars, including approximately 33% of the revenues of its UK-based businesses, and approximately 77% of its operating profits are US dollar-denominated. The Group is therefore exposed to foreign-exchange risk on the US dollar incomes in its UK businesses, and the translation of results of foreign subsidiaries and of loans to and from foreign operations within the Group where the denomination of the loan is not in the functional currency of the lender/borrower.

Notes to the consolidated financial statements

NOTE 26 Financial risk management continued

The carrying amounts of the Group's US dollar-denominated monetary assets and liabilities at March 31st are as follows:

	Assets		Liabilities	
	2023 £000	2022 £000	**2023 £000**	2022 £000
US dollar	**35,673**	43,450	**(3,860)**	(4,037)

A series of US dollar contracts is put in place each month to sell forward surplus US dollars so as to hedge up to 75% of the company's UK-based US dollar cashflows for the coming 12 months. The value of these forward contracts is based on management's estimate of its future US dollar cashflows over a 12-month period. If management materially underestimates the company's future US dollar cashflows, this would lead to too few forward contracts being in place and the company being more exposed to swings in US dollar to sterling exchange rates. An overestimate of the company's US dollar-denominated cashflows would lead to associated costs in unwinding ineffective and excess forward contracts. Forward exchange contracts are gross settled at maturity. Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations. Each subsidiary is encouraged to invoice sales in its local functional currency where possible.

Cashflow hedges—maturing in less than one year	2023	2022
Average exchange rate	**$1.20**	$1.36
Foreign currency ($000)	**60,044**	44,735
Contract value (£000)	**49,980**	32,845
Fair value (£000)	**1,335**	(1,214)

As at March 31st 2023, the aggregate amount of unrealised gains/losses under forward foreign-exchange contracts deferred in the fair value reserve relating to future income transactions is £1,335,000 gains (2022: unrealised losses of £1,214,000). It is anticipated that the transactions will take place over the next 12 months, at which stage the amount deferred in equity will be released to the income statement. Prior-year losses of £1,214,000 were recycled from other comprehensive income into the income statement during the year.

As at March 31st 2023, the fair value of interest-rate caps is £460,000 (2022: £622,000). The interest rate cap is in place until November 2023.

There were no ineffective cashflow hedges in place at the year-end.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

Level 1—the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Level 2—foreign-currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate caps are measured using dealer quotes. The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cashflow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 3—fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31st 2023 and the prior years, all the resulting fair value estimates have been included in level 2, apart from investments in unlisted securities, which are classified as level 3. Movements in level 3 fair value measurements are shown in note 15.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes cash deposits (note 19), bank borrowings (note 21) including lease liabilities (note 22) and equity attributable to equity holders comprising share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Other financial instruments not recorded at fair value

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values. Such financial assets and liabilities include cash and cash equivalents, loans and trade receivables, trade payables and bank loans.

Financial instruments—sensitivity analysis

As at March 31st 2023, the sensitivity of the carrying value of the Group's financial instruments to fluctuations in interest rates and exchange rates is as follows:

		Impact of 1%		Impact of 10%	
	Carrying value £000	increase in interest rates £000	decrease in interest rates £000	stronger US dollar £000	weaker US dollar £000
Cash and cash equivalents	**34,042**	–	–	**1,283**	**(1,050)**
Other net financial assets	**25,218**	–	–	**2,067**	**(1,691)**
Derivative financial instruments	**1,795**	–	–	**(5,131)**	**4,198**
Lease liabilities	**(35,857)**	–	–	**(244)**	**200**
Bank loans	**(16,423)**	–	–	–	–
	8,775	–	–	**(2,025)**	**1,657**

The table shows the sensitivities of fair values of each class of financial instruments to an isolated change in either interest or foreign-exchange rates. Other net financial assets comprise trade receivables less trade payables.

The sensitivities of derivative instruments are calculated using established estimation techniques such as discounted cashflows. A large proportion of the movements shown above would affect equity rather than the income statement, due to the location and functional currency of the entities in which they arise and the availability of net investment hedge treatments.

Notes to the consolidated financial statements

NOTE 27 Share capital

	No. of shares	Share capital £000
At March 31st 2023 and 2022	**25,200,000**	**1,260**

	At March 31st 2023 and 2022	
Issued, fully paid shares	Number	£000
"A" special shares of 5p each	**1,260,000**	**63**
"B" special shares of 5p each	**1,260,000**	**63**
Ordinary shares of 5p each	**22,680,000**	**1,134**
Trust shares of 5p each	**100**	**-**
	25,200,100	**1,260**

The authorised share capital amounts to 40,000,100 and is unchanged in the year. The nominal value of authorised shared capital is £2,000,005.

A summary of the rights of each class of shares is included in the directors' report on page 79. The trust shares participate in a distribution of capital only to a limited extent and accordingly are not treated as equity share capital.

The company holds 5,040,000 of its own ordinary shares in treasury; these shares carry no rights.

NOTE 28 Employee Share Ownership Plan (ESOP)

	No. of shares	£000
At April 1st 2021	352,948	6,472
Purchase of ESOP shares	11,154	290
Sale of ESOP shares	(58,809)	(1,514)
At March 31st 2022	305,293	5,248
Purchase of ESOP shares	10,964	324
Sale of ESOP shares	(32,904)	(966)
At March 31st 2023	**283,353**	**4,606**

The nominal value of the ESOP shares, which have a par value of 5p each, amounted to £14,168 (2022: £15,265). The ESOP provides a limited market for ordinary shares of The Economist Newspaper Limited to be bought and sold. Employees of the Group can apply to buy shares from the ESOP twice a year at the latest indicative share valuation, and all other shareholders can offer to sell their shares to the ESOP. A subsidiary company, The Economist Group Trustee Company Limited, acts as trustee of the ESOP and handles all share transactions. The ESOP has not waived its entitlement to dividends on these shares. At March 31st 2023, 136,250 (2022: 123,000) of the shares are under option to employees and have been conditionally granted to them.

NOTE 29 Treasury shares

	No. of shares	£000
At March 31st 2023 and 2022	**5,040,000**	**188,823**

The treasury shares have a par value of 5p per share and their nominal value amounts to £252,000 (2022: £252,000). These shares do not attach any voting rights or rights to dividends. The shares represent 20% of called-up share capital (2022: 20%).

NOTE 30 Related party transactions

The Group has taken advantage of the exemption allowed under IAS 24 Related Party Disclosures not to disclose transactions and balances between Group companies that have been eliminated on consolidation.

The key management personnel are deemed to be members of the company's Board and the Group leadership team (see pages 60-63). Key management compensation paid or payable, including the value of awards made under the restricted share scheme, is set out below:

	2023 £000	2022 £000
Salaries and short-term employment benefits	**7,445**	7,661
Retirement benefits	**84**	74
Long-term incentives	**3,301**	2,913
	10,830	10,648
Of which:		
Executive directors	**4,322**	4,097
Non-executive directors	**402**	393
Other members of the Leadership team	**6,106**	6,158
	10,830	10,648

The directors who served during the year received dividends of £88,000 (2022: £13,000) in respect of shares held in the company.

NOTE 31 Financial commitments

There are contingent Group liabilities that arise in the normal course of business in respect of legal claims, indemnities, warranties and guarantees in relation to former subsidiaries. None of these claims is expected to result in a material gain or loss to the Group.

NOTE 32 Events after the balance-sheet date

There were no material events after the balance-sheet date.

Company balance sheet

As at March 31st 2023

	Note	2023 £000	2022 £000
Investments in subsidiaries	4	**552,077**	552,077
Intangible assets	5	**23,690**	22,630
Property, plant and equipment	6	**4,331**	4,524
Right-of-use assets	7	**22,919**	15,410
Amounts due from subsidiaries		**152,343**	135,374
Deferred tax assets	8	**3,505**	4,415
Derivative financial instruments	16	**–**	622
Non-current assets		**758,865**	735,052
Amounts due from subsidiaries		**5,426**	9,494
Inventories	9	**369**	433
Trade and other receivables	10	**17,859**	18,122
Derivative financial instruments	16	**1,795**	–
Current tax assets		**–**	6
Cash and cash equivalents	11	**17,578**	12,201
Current assets		**43,027**	40,256
Total assets		**801,892**	775,308
Trade and other liabilities	12	**(3,072)**	(3,155)
Deferred tax liabilities	8	**(1,323)**	(956)
Retirement benefit obligations	13	**(7,875)**	(11,211)
Lease liabilities	14	**(26,460)**	(16,851)
Borrowings	15	**(16,423)**	(19,626)
Other liabilities		**(161)**	(208)
Non-current liabilities		**(55,314)**	(52,007)
Amounts due to subsidiaries		**(268,119)**	(224,152)
Trade and other liabilities	12	**(72,349)**	(74,849)
Lease liabilities	14	**(3,516)**	(3,346)
Current tax liabilities		**(480)**	–
Derivative financial instruments	16	**–**	(1,214)
Current liabilities		**(344,464)**	(303,561)
Total liabilities		**(399,778)**	(355,568)
Net assets		**402,114**	419,740
Share capital	17	**1,260**	1,260
ESOP shares	18	**(4,606)**	(5,248)
Treasury shares	19	**(188,823)**	(188,823)
Translation reserve		**(2,445)**	(4,994)
Retained earnings		**596,728**	617,545
Total equity		**402,114**	419,740

The profit for the year is £4,311,000 (2022: £27,179,000).

These financial statements were approved by the Board of directors and authorised for issue on June 13th 2023.
They were signed on its behalf by:

Paul Deighton **Lara Boro**
Directors

The Economist Newspaper Limited registered number 00236383

Company statement of changes in equity

Year ended March 31st 2023

		Equity attributable to equity holders of the company					
Year ended March 31st 2023	Note	**Share capital £000**	**ESOP shares £000**	**Treasury shares £000**	**Translation reserve £000**	**Retained earnings £000**	**Total equity £000**
At April 1st 2022		**1,260**	**(5,248)**	**(188,823)**	**(4,994)**	**617,545**	**419,740**
Profit for the year		–	–	–	–	**4,311**	**4,311**
Other comprehensive income		–	–	–	**2,549**	**97**	**2,646**
Total comprehensive income		–	–	–	**2,549**	**4,408**	**6,957**
Net purchase of own shares	18	–	**642**	–	–	–	**642**
Dividends		–	–	–	–	**(25,225)**	**(25,225)**
At March 31st 2023		**1,260**	**(4,606)**	**(188,823)**	**(2,445)**	**596,728**	**402,114**

		Equity attributable to equity holders of the company					
Year ended March 31st 2022	Note	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2021		1,260	(6,472)	(188,823)	(2,313)	617,681	421,333
Profit for the year		–	–	–	–	27,179	27,179
Other comprehensive expense		–	–	–	(2,681)	(953)	(3,634)
Total comprehensive expense		–	–	–	(2,681)	26,226	23,545
Net purchase of own shares	18	–	1,224	–	–	–	1,224
Dividends		–	–	–	–	(26,362)	(26,362)
At March 31st 2022		1,260	(5,248)	(188,823)	(4,994)	617,545	419,740

Notes to the company financial statements

NOTE 1 Accounting policies

The financial statements of The Economist Newspaper Limited (the company) are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101.

Accounting policies are detailed in note 1 to the consolidated financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cashflow statement, standards not yet effective and related party transactions.

As permitted by Section 408 of the Companies Act 2006, the company has elected not to present its own income statement for the financial year.

The financial statements are prepared on a going-concern basis under the historical-cost convention, with the exception of derivatives which are recognised at fair value.

The accounting policies applied in the preparation of these company financial statements have been consistently applied to the periods presented unless otherwise stated and are the same as those set out in note 1 to the consolidated financial statements, with the addition of the following:

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

NOTE 2 Employee information

The year-end and monthly average number of employees, including executive directors, was as follows:

	2023		2022	
	Monthly average	Year-end	Monthly average Restated	Year-end Restated
The Economist	**350**	**365**	337	356
Economist Impact	**110**	**101**	111	118
Technology and central	**276**	**300**	216	229
Total employees	**736**	**766**	664	703

2022 monthly average and year-end headcount allocations have been restated to reflect an update to the methodology for allocating Editorial colleagues to businesses.

The details of directors' emoluments are shown in table 2, page 77, within the directors' report on remuneration.

Employee benefit costs including directors' emoluments	2023 £000	2022 £000
Wages and salaries	**71,311**	60,919
Social security costs	**8,974**	7,516
Share-based payment costs	**1,664**	1,377
Retirement benefits – defined-benefit plans	**280**	280
Retirement benefits – defined-contribution plans	**5,264**	4,360
	87,493	74,452

Wages and salaries include £1,609,000 (2022: £169,000) of restructuring-related costs.

NOTE 3 Share-based payments

The company's total charge recognised with respect to share-based payment transactions comprised:

	2023 £000	2022 £000
Restricted share scheme (cash or share settled)	**1,664**	1,377

Total carrying value of share-based payment transactions	2023 £000	2022 £000
Restricted share scheme (cash or share settled)	**2,820**	2,185

Analysed as:	2023 £000	2022 £000
Current liabilities	**1,654**	983
Non-current liabilities	**1,166**	1,202
	2,820	2,185

Details of share-based payment incentive schemes operated by the company and inputs to the valuation models are shown in note 11 of the consolidated financial statements.

	2023		2022	
Restricted share scheme	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at April 1st	**107,000**	**29.52**	131,312	26.06
Granted during the year	**37,500**	**31.02**	47,500	29.06
Forfeited during the year	**-**	**-**	(18,000)	(29.06)
Exercised during the year	**(27,750)**	**(32.21)**	(53,812)	(27.75)
Outstanding at March 31st	**116,750**	**32.89**	107,000	29.52
Exercisable at March 31st	**500**	**36.64**	28,250	30.23

The weighted average remaining contractual life for outstanding options at March 31st 2023 was 14 months (2022: 16 months).

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Notes to the company financial statements

NOTE 4 Investments in subsidiaries

	2023 £000	2022 £000
At April 1st and March 31st	**552,077**	552,077

The directors believe that the carrying value of the investments is supported by their underlying net assets.

NOTE 5 Intangible assets

Cost	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2021	38,419	5,239	43,658
Additions	6,788	4,558	11,346
Transfer	3,518	(3,518)	–
At March 31st 2022	48,725	6,279	55,004
Additions	766	4,290	5,056
Disposals	(12,941)	–	(12,941)
Transfer	6,279	(6,279)	–
At March 31st 2023	**42,829**	**4,290**	**47,119**

Amortisation	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2021	28,095	263	28,358
Charge for the year	4,016	–	4,016
At March 31st 2022	32,111	263	32,374
Charge for the year	3,692	–	3,692
Disposals	(12,637)	–	(12,637)
At March 31st 2023	**23,166**	**263**	**23,429**
Carrying amounts			
At April 1st 2021	10,324	4,976	15,300
At March 31st 2022	16,614	6,016	22,630
At March 31st 2023	**19,663**	**4,027**	**23,690**

NOTE 6 Property, plant and equipment

Cost	Leasehold buildings: short £000	Equipment £000	Total £000
At April 1st 2021	7,519	21,831	29,350
Additions	–	441	441
Transfers	–	(5)	(5)
Disposals	(1,388)	–	(1,388)
At March 31st 2022	6,131	22,267	28,398
Additions	709	1,614	2,323
Disposals	(1,628)	(19,981)	(21,609)
At March 31st 2023	**5,212**	**3,900**	**9,112**

Depreciation	Leasehold buildings: short £000	Equipment £000	Total £000
At April 1st 2021	2,782	20,230	23,012
Charge for the year	1,083	660	1,743
Disposals	(881)	–	(881)
At March 31st 2022	2,984	20,890	23,874
Charge for the year	684	1,832	2,516
Disposals	(1,628)	(19,981)	(21,609)
At March 31st 2023	**2,040**	**2,741**	**4,781**
Carrying amounts			
At April 1st 2021	4,737	1,601	6,338
At March 31st 2022	3,147	1,377	4,524
At March 31st 2023	**3,172**	**1,159**	**4,331**

Notes to the company financial statements

NOTE 7 Right-of-use assets

Cost	Leasehold buildings £000
At April 1st 2021	22,655
Additions	2,192
Disposals	(205)
At March 31st 2022	24,642
Additions	10,776
Disposals	(5,476)
At March 31st 2023	**29,942**

Accumulated depreciation	Leasehold buildings £000
At April 1st 2021	5,365
Charge for the year	4,082
Disposals	(215)
At March 31st 2022	9,232
Charge for the year	3,235
Disposals	(5,444)
At March 31st 2023	**7,023**
Carrying amounts	
At April 1st 2021	17,290
At March 31st 2022	15,410
At March 31st 2023	**22,919**

The company leases several assets including buildings and IT equipment. The average lease term is 30 months (2022: 21 months).

The maturity analysis of lease liabilities is presented in note 14.

The interest expense relating to right of use assets was £744,000 (2022: £565,000).

NOTE 8 Deferred tax

	2023 £000	2022 £000
Deferred tax assets	**3,505**	4,415
Deferred tax liabilities	**(1,323)**	(956)
	2,182	3,459

Substantially all of the deferred tax assets are expected to be recovered after more than one year.

Deferred tax assets and liabilities may be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The recognition of the deferred tax assets is supported by management's forecasts of the future profitability of the relevant businesses.

The movement on the deferred tax account is as follows:

	2023 £000	2022 £000
At April 1st	**3,459**	1,725
(Charge)/credit to income statement	**(38)**	978
(Charge)/credit to other comprehensive income	**(1,239)**	600
Effect of change in tax rates	**–**	156
At March 31st	**2,182**	3,459

The movement in deferred tax assets during the year is as follows:

Deferred tax assets	Retirement benefit obligations £000	Other £000	Total £000
At April 1st 2021	2,527	267	2,794
Credit to income statement	–	636	636
Credit to other comprehensive income	136	464	600
Effect of change in tax rates	–	385	385
At March 31st 2022	2,663	1,752	4,415
Credit to income statement	–	329	329
Charge to other comprehensive income	(642)	(597)	(1,239)
At March 31st 2023	**2,021**	**1,484**	**3,505**

Other deferred income tax assets include temporary differences on share-based payments of £1,378,000 (2022: £1,039,000); general provisions of £533,000 (2022: £550,000); and other differences.

Deferred tax liabilities	Capital allowances and intangibles £000	Total £000
At April 1st 2021	(1,069)	(1,069)
Credit to income statement	342	342
Effect of change in tax rates	(229)	(229)
At March 31st 2022	(956)	(956)
Charge to income statement	(367)	(367)
Effect of change in tax rates	–	–
At March 31st 2023	**(1,323)**	**(1,323)**

Changes to the legislation to set the UK main corporation tax rate at 19% for the financial year beginning April 1st 2022 increasing to 25% for the financial year beginning April 1st 2023 were substantively enacted on May 24th 2021. The relevant UK deferred tax balances have been measured at the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the balance-sheet date.

Notes to the company financial statements

NOTE 9 Inventories

	2023 £000	2022 £000
Raw materials	**369**	433
	369	433

No inventories are pledged as security.

NOTE 10 Trade and other receivables

Current	2023 £000	2022 £000
Trade receivables	**10,111**	9,230
Other receivables	**615**	918
Prepayments	**5,748**	6,741
Accrued income	**1,385**	1,233
	17,859	18,122

Trade receivables are stated at fair value, net of provisions for expected credit losses and anticipated future sales returns. The movements on the provision for bad and doubtful debts are as follows:

	2023 £000	2022 £000
At April 1st	**844**	677
Income statement movements	**(533)**	(275)
Utilised	**1,059**	442
At March 31st	1,370	844

The ageing of the company's trade receivables which are not impaired is as follows:

	2023 £000	2022 £000
Within the due date	**6,606**	6,806
Past due less than a month	**1,974**	1,075
Past due more than a month but less than two months	**1,531**	645
Past due more than two months but less than three months	**-**	414
Past due more than three months	**-**	290
Total trade receivables	10,111	9,230

NOTE 11 Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	**1,532**	1,533
Short-term bank deposits	**16,046**	10,668
	17,578	12,201

Short-term bank deposits are invested with banks and earn interest at the prevailing short-term deposit rates.

NOTE 12 Trade and other liabilities

Current	2023 £000	2022 £000
Trade payables	**9,297**	10,828
Social security and other taxes	**889**	-
Accruals	**24,944**	25,188
Liability for share-based payments	**1,654**	983
Deferred income	**33,103**	34,684
Other liabilities	**2,462**	3,166
	72,349	74,849
Non-current		
Liability for share-based payments	**1,166**	1,202
Deferred income	**1,906**	1,953
	3,072	3,155
Total	**75,421**	78,004

The carrying value of the Group's trade and other liabilities approximates fair value.

The deferred income balance comprises the unexpired portion of subscriptions for *The Economist* and revenue billed in advance for advertising not yet delivered.

Notes to the company financial statements

NOTE 13 Retirement benefit and other post-retirement obligations

A reconciliation of the net retirement benefit obligation reported in the balance sheet is shown in the following table:

	2023 £000	2022 £000
UK Group scheme	**7,062**	10,235
Post-retirement medical benefits	**813**	976
	7,875	11,211

The company is a member of The Economist Group Pension Scheme (UK Group Scheme), which provided funded defined benefits. Details about the assets and liabilities of the scheme, the major assumptions used by the actuaries to value the deficit, the funding of the deficit in the scheme and the risks the company is exposed to through the scheme are included in note 23 to the consolidated financial statements. The company accounts for its share of the underlying assets and liabilities of the scheme. The company's share of the total scheme deficit was assessed at 80% by an independent actuary. The calculation of the liability for the company is based on membership records of retirees, deferred and active members.

The company also operates a defined-contribution scheme.

The company provides post-retirement medical benefits to certain former employees. At March 31st 2023, 23 retired and former employees (2022: 23) were eligible to receive benefits. The movement in the liability was as follows:

Present value of scheme liabilities	2023 £000	2022 £000
At April 1st	**976**	1,094
Employer contributions	**(90)**	(123)
Interest expense	**26**	22
Net gains from experience and change in financial assumptions	**(99)**	(17)
At March 31st	**813**	976

Further information on the assumptions used to calculate the liability is given in note 23 to the consolidated financial statements.

NOTE 14 Lease liabilities

Maturity analysis:	2023 £000	2022 £000
Not later than one year	**3,516**	3,346
Later than one year and not later than five years	**13,954**	6,988
Later than five years	**12,506**	9,863
	29,976	20,197
Analysed as:		
Non-current	**26,460**	16,851
Current	**3,516**	3,346
	29,976	20,197

NOTE 15 Borrowings

Details of the Group's borrowings, which are also those of the company, can be found in note 21 to the consolidated financial statements.

NOTE 16 Derivative financial instruments

Details of the Group's derivative financial instruments, which are also those of the company, can be found in note 24 to the consolidated financial statements.

NOTE 17 Share capital

Details of the company's share capital can be found in note 27 to the consolidated financial statements.

NOTE 18 Employee Share Ownership Plan (ESOP)

Details of the ESOP are presented in note 28 to the consolidated financial statements.

NOTE 19 Treasury shares

Note 29 to the consolidated financial statements provides information on the company's treasury shares.

NOTE 20 Related party transactions

Subsidiaries

The company transacts and has outstanding balances with its subsidiaries. Amounts due from subsidiaries and amounts due to subsidiaries are disclosed on the face of the company balance sheet.

Shareholders

There were no material related party transactions with any shareholders during the year. In the view of the directors, there is no controlling party of the company or the Group, by virtue of there being no single majority shareholder.

NOTE 21 Events after the balance-sheet date

There were no material events after the balance-sheet date.

Notes to the company financial statements

NOTE 22 Group companies

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the country of incorporation and the effective percentage of equity owned included in these financial statements at March 31st 2023 is disclosed below. The shares in these companies are included in the consolidation in the Group's financial statements using the equity method of accounting. Principal Group companies are identified in bold.

Company	Proportion of ordinary shares held	Principal activity and operation	Country of incorporation
Bazian Limited	100%	Healthcare consulting	United Kingdom
Clearstate (Pte.) Limited[1]	**100%**	**Healthcare consulting**	**Singapore**
data information intelligence GmbH[2]	100%	Information services	Germany
Economist (Shanghai) Management Consulting Company Limited[3†]	100%	Publishing, events and information services	China
Economist Digital Services Limited	100%	Digital service provider	United Kingdom
EIU (Delaware) LLC[4]	100%	Consulting services	US
EuroFinance Conferences Limited	**100%**	**Events and training**	**United Kingdom**
Ryder Street Properties (Management) Limited	100%	Dormant	United Kingdom
Ryder Street Properties Limited	100%	Dormant	United Kingdom
Signal & Noise Limited	100%	Data design agency	United Kingdom
TEG India Private Limited[5]	100%	Events and media services	India
TEG New Jersey, LLC[4]	100%	Dormant	US
The Economist Books Limited	100%	Dormant	United Kingdom
The Economist Editorial (Overseas) Company Limited	100%	Representative agent	United Kingdom
The Economist Group (Asia/Pacific) Limited[6]	**100%**	**Events and information services**	**Hong Kong**
The Economist Group (Brazil Holdings) Limited	100%	Investment holding company	United Kingdom
The Economist Group (Investments) Limited	100%	Investment holding company	United Kingdom
The Economist Group (Switzerland) SA[7]	100%	Media services	Switzerland
The Economist Group (US Holdings) Limited	100%	Dormant	United Kingdom
The Economist Group do Brasil Serviços de Informação sobre Negócios Ltda[8†]	100%	Business information	Brazil
The Economist Group France SARL[9]	100%	Media services	France
The Economist Group GmbH[10]	100%	Investment holding company	Austria
The Economist Group Limited	**100%**	**Business information**	**United Kingdom**
The Economist Group Operations Limited	100%	Investment holding company	United Kingdom
The Economist Group (Services) Limited	100%	Dormant	United Kingdom
The Economist Group Singapore Pte Limited[1]	100%	Investment holding company	Singapore
The Economist Group Trustee Company Limited	100%	Trustee services	United Kingdom
The Economist Intelligence Unit Canback SA Proprietary Limited[11†]	100%	Consulting services	South Africa
The Economist Intelligence Unit Limited	**100%**	**Information services and events**	**United Kingdom**
The Economist Intelligence Unit, NA, Incorporated[4]	**100%**	**Events and information services**	**US**
The Economist Newspaper (Asia/Pacific) Limited[6]	100%	Dormant	Hong Kong
The Economist Newspaper Group Incorporated[4]	100%	Publisher and management services	US
The Economist Newspaper (Holdings) Limited[*]	100%	Investment holding company	United Kingdom
The Economist Newspaper, NA, Incorporated[4]	**100%**	**Media services**	**US**
The Economist Overseas (Holdings) Limited	100%	Investment holding company	United Kingdom
The Television Consultancy Limited	**100%**	**Marketing services**	**United Kingdom**
TVC Group Limited	100%	Investment holding company	United Kingdom

Unless noted, the registered office is The Adelphi, 1-11 John Adam Street, London WC2N 6HT.

All companies are indirectly owned by The Economist Newspaper Limited except for those indicated *, which are directly owned.

† Year-end December 31st.

1 8 Cross Street, #23-01 Manulife Tower, Singapore 048424
2 Schwagrichenstrasse 8, 04107 Leipzig, Germany
3 Rm 2508B, 1909-1910 Rui Jin Building, No. 205 South Mao Ming Road, Huangpu District, Shanghai, China 200020
4 900 Third Avenue, New York, NY 10022, USA
5 17, Subhash Marg, Darya Ganj, New Delhi 110002, India
6 1301, 12 Taikoo Wan Road, Taikoo Shing, Hong Kong
7 Rue de la Rotisserie 11-1204, Geneva, Switzerland
8 Rua Joaquim Floriano 1052. cj. 81, CEP 04534-004, São Paulo, -SP, Brazil
9 11 Avenue Delcassé, 75008 Paris, France
10 Gonzagagasse 17, 1010 Wien, Austria
11 Inanda Greens Building 8, 54 Wierda Road, West Wierda Valley, Sandton, Gauteng, 2196, South Africa

For the year ended March 31st 2023, the following subsidiary undertakings of the Group were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006:

Company	Principal activity and operation	Company registration number
Ryder Street Properties (Management) Limited	Dormant	01985839
The Economist Books Limited	Dormant	01775942
The Economist Group (Brazil Holdings) Limited	Investment holding company	09164810
The Economist Group Trustee Company Limited	Trustee services	01775932
The Economist Group (US Holdings) Limited	Dormant	06771057
Bazian Limited*	Healthcare consulting	03724527
Economist Digital Services Limited*	Digital service provider	09282716
Eurofinance Conferences Limited*	Events and training	03015764
Ryder Street Properties Limited*	Dormant	00626084
Signal & Noise Limited*	Data design agency	05842108
The Economist Editorial (Overseas) Company Limited*	Representative agent	03312640
The Economist Group Limited*	Business information	02642807
The Economist Group (Services) Limited*	Dormant	10429178
The Economist Group (Investments) Limited*	Investment holding company	04319845
The Economist Newspaper (Holdings) Limited*	Investment holding company	10304105
The Economist Overseas (Holdings) Limited*	Investment holding company	02147173
The Television Consultancy Limited*	Marketing services	03588331
TVC Group Limited*	Investment holding company	06618821

*At the balance sheet date the outstanding liabilities of these subsidiaries have been guaranteed by The Economist Newspaper Limited pursuant to section 479A to section 479C of the Companies Act 2006.

Five-year summary

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
As reported in the year					
Revenue	**377**	346	310	326	333
Operating profit	**42**	46	42	31	31
Profit after tax	**31**	36	17	21	68
Basic earnings per share	**157.0p**	180.9p	83.8p	106.5p	343.0p
Continuing business*					
Revenue	**377**	346	310	320	324
Operating profit	**42**	46	42	53**	32
Profit after tax	**31**	36	17	42**	26
Continuing business—adjusted***					
Revenue	**377**	346	310	320	324
Adjusted operating profit	**42**	46	42	33	32
Adjusted operating profit to revenue	**11.2%**	13.4%	13.5%	10.3%	9.9%
Adjusted profit after tax	**31**	36	31	22	23
Adjusted earnings per share	**157.0p**	180.9p	155.3p	110.0p	115.5p
Balance Sheet					
Non-current assets	**90**	85	74	158	160
Net debt	**(18)**	(16)	(30)	(119)	(94)
Deferred income	**(131)**	(128)	(120)	(119)	(105)
Other assets and liabilities (net)	**(17)**	(26)	(15)	(18)	(16)
Net liabilities	**(76)**	(85)	(90)	(98)	(55)
Dividends and shares					
Interim and final dividend proposed per share	**120.0p**	120.0p	100.0p	40.0p	120.0p
Total dividend per share paid in the year	**127.0p**	133.0p	0.0p	115.0p	149.0p
Indicative share value***	**£30.00**	£30.00	£25.00	£23.00	£25.50
Dividend yield	**4.0%**	4.0%	4.0%	1.7%	4.7%

*Income statement restated to exclude TVG and Canback, closed in 2021 and CQ-Roll Call results, sold in 2019.
**Includes an exceptional defined-benefit pension scheme credit on the closure of the scheme to future accrual.
***Alternative performance measures. See below.

Alternative performance measures

The Group uses alternative performance measures in order to monitor the performance of the business. We present these as we believe they are useful to the users of the accounts; they include adjusted operating profit, indicative share value and adjusted earnings per share.

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

The indicative share price is calculated by our independent valuation adviser. Our adviser uses a number of criteria, including the Group's financial position and the performance of comparator companies to calculate an indicative share price and valuation. The indicative share price is used for the purpose of measuring the performance of the business and administering the ESOP and RSS schemes.

Notice of annual general meeting

Notice is hereby given that the annual general meeting (AGM) of The Economist Newspaper Limited will be held at the British Academy of Film and Television Arts, 195 Piccadilly, London W1J 9LN on Tuesday July 11th 2023 at 12.15pm, for the purposes set out below.

1. To receive the accounts and the reports of the directors and the auditor for the year ended March 31st 2023.
2. To declare a final dividend of 80.0 pence per share in respect of the year ended March 31st 2023 to all "A" Special, "B" Special and Ordinary shareholders on the company's register of members at the close of business on June 13th 2023.
3. To reappoint Deloitte LLP as the company's auditor to hold office until the conclusion of the next general meeting at which accounts are laid before the company.
4. To authorise the directors to fix the remuneration of the auditors.

By order of the Board

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

Registered in England and Wales 00236383

Registered Office
The Adelphi
1-11 John Adam Street
London WC2N 6HT

June 20th 2023

NOTES:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her.
2. A Form of Proxy is enclosed and the notes to the form set out the details of how to appoint a proxy.
3. To be valid, shareholders must complete the Proxy Form and submit it in accordance with the instructions printed on the form so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 48 hours before the meeting or, if the meeting is adjourned, no later than 48 hours before the adjourned meeting. Proxy appointments and voting instructions can now be submitted:
   - electronically, through www.investorcentre.co.uk/eproxy; or
   - in hard copy, by posting the duly completed and signed form proxy to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

Whether or not you intend to attend the AGM, please submit your form of proxy electronically or in hard copy as soon as possible.

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