UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2021

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _________ to _________**

Commission file number 001-38776

FOX CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	83-1825597
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1211 Avenue of the Americas
New York, New York 10036
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code (212) 852-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbols	Name of Each Exchange on Which Registered
Class A Common Stock, par value $0.01 per share	FOXA	The Nasdaq Global Select Market
Class B Common Stock, par value $0.01 per share	FOX	The Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
Emerging growth company	o		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

As of November 1, 2021, 320,346,625 shares of Class A Common Stock, par value $0.01 per share, and 249,239,510 shares of Class B Common Stock, par value $0.01 per share, were outstanding.

FOX CORPORATION

FORM 10-Q

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FOX CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	For the three months ended September 30, 2021	2020
Revenues	$ 3,045	$ 2,717
Operating expenses	(1,571)	(1,168)
Selling, general and administrative	(415)	(388)
Depreciation and amortization	(79)	(68)
Impairment and restructuring charges	—	(35)
Interest expense, net	(97)	(98)
Other, net	69	519
Income before income tax expense	952	1,479
Income tax expense	(244)	(362)
Net income	708	1,117
Less: Net income attributable to noncontrolling interests	(7)	(11)
Net income attributable to Fox Corporation stockholders	$ 701	$ 1,106
EARNINGS PER SHARE DATA		
Weighted average shares:		
Basic	575	603
Diluted	578	605
Net income attributable to Fox Corporation stockholders per share:		
Basic	$ 1.22	$ 1.83
Diluted	$ 1.21	$ 1.83

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

FOX CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN MILLIONS)

	For the three months ended September 30,	
	2021	2020
Net income	$ 708	$ 1,117
Other comprehensive income, net of tax:		
Benefit plan adjustments	6	9
Other comprehensive income, net of tax	6	9
Comprehensive income	714	1,126
Less: Net income attributable to noncontrolling interests[a]	(7)	(11)
Comprehensive income attributable to Fox Corporation stockholders	$ 707	$ 1,115

(a) Net income attributable to noncontrolling interests includes $(1) million and $4 million for the three months ended September 30, 2021 and 2020, respectively, relating to redeemable noncontrolling interests.

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

FOX CORPORATION

CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	As of September 30, 2021	As of June 30, 2021
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,411	$ 5,886
Receivables, net	2,192	2,029
Inventories, net	1,135	729
Other	137	105
Total current assets	8,875	8,749
Non-current assets		
Property, plant and equipment, net	1,656	1,708
Intangible assets, net	3,155	3,154
Goodwill	3,532	3,435
Deferred tax assets	3,653	3,822
Other non-current assets	2,290	2,058
Total assets	$ 23,161	$ 22,926
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	$ 750	$ 749
Accounts payable, accrued expenses and other current liabilities	2,119	2,253
Total current liabilities	2,869	3,002
Non-current liabilities		
Borrowings	7,203	7,202
Other liabilities	1,357	1,336
Redeemable noncontrolling interests	302	261
Commitments and contingencies		
Equity		
Class A common stock[(a)]	3	3
Class B common stock[(b)]	3	3
Additional paid-in capital	9,327	9,453
Retained earnings	2,409	1,982
Accumulated other comprehensive loss	(312)	(318)
Total Fox Corporation stockholders' equity	11,430	11,123
Noncontrolling interests	—	2
Total equity	11,430	11,125
Total liabilities and equity	$ 23,161	$ 22,926

(a) **Class A common stock**, $0.01 par value per share, 2,000,000,000 shares authorized, 320,894,401 shares and 324,361,864 shares issued and outstanding at par as of September 30, 2021 and June 30, 2021, respectively.

(b) **Class B common stock**, $0.01 par value per share, 1,000,000,000 shares authorized, 249,625,849 shares and 251,821,556 shares issued and outstanding at par as of September 30, 2021 and June 30, 2021, respectively.

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

FOX CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	For the three months ended September 30, 2021	2020
OPERATING ACTIVITIES		
Net income	$ 708	$ 1,117
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	79	68
Amortization of cable distribution investments	5	5
Impairment and restructuring charges	—	35
Equity-based compensation	15	31
Other, net	(69)	(519)
Deferred income taxes	168	391
Change in operating assets and liabilities, net of acquisitions and dispositions		
Receivables and other assets	(174)	(193)
Inventories net of program rights payable	(499)	(440)
Accounts payable and accrued expenses	(171)	(62)
Other changes, net	(33)	(166)
Net cash provided by operating activities	29	267
INVESTING ACTIVITIES		
Property, plant and equipment	(53)	(117)
Acquisitions, net of cash acquired	(75)	(1)
Proceeds from dispositions, net	82	—
Purchase of investments	(29)	(31)
Net cash used in investing activities	(75)	(149)
FINANCING ACTIVITIES		
Repurchase of shares	(250)	(267)
Non-operating cash flows from The Walt Disney Company	—	152
Settlement of Divestiture Tax Prepayment	—	462
Dividends paid and distributions	(150)	(15)
Other financing activities, net	(29)	(34)
Net cash (used in) provided by financing activities	(429)	298
Net (decrease) increase in cash and cash equivalents	(475)	416
Cash and cash equivalents, beginning of year	5,886	4,645
Cash and cash equivalents, end of period	$ 5,411	$ 5,061

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

FOX CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF EQUITY
(IN MILLIONS)

	Class A Common Stock		Class B Common Stock						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Fox Corporation Stockholders' Equity	Noncontrolling Interests[a]	Total Equity
Balance, June 30, 2021	324	$ 3	252	$ 3	$ 9,453	$ 1,982	$ (318)	$ 11,123	$ 2	$ 11,125
Net income	—	—	—	—	—	701	—	701	8	709
Other comprehensive income	—	—	—	—	—	—	6	6	—	6
Dividends	—	—	—	—	—	(138)	—	(138)	—	(138)
Shares repurchased	(5)	—	(2)	—	(114)	(136)	—	(250)	—	(250)
Other	2	—	—	—	(12)	—	—	(12)	(10)	(22)
Balance, September 30, 2021	321	$ 3	250	$ 3	$ 9,327	$ 2,409	$ (312)	$ 11,430	$ —	$ 11,430
Balance, June 30, 2020	344	$ 3	261	$ 3	$ 9,831	$ 674	$ (417)	$ 10,094	$ 17	$ 10,111
Net income	—	—	—	—	—	1,106	—	1,106	7	1,113
Other comprehensive income	—	—	—	—	—	—	9	9	—	9
Dividends	—	—	—	—	—	(138)	—	(138)	—	(138)
Shares repurchased	(7)	—	(3)	—	(161)	(109)	—	(270)	—	(270)
Other	1	—	—	—	(2)	(8)	—	(10)	(9)	(19)
Balance, September 30, 2020	338	$ 3	258	$ 3	$ 9,668	$ 1,525	$ (408)	$ 10,791	$ 15	$ 10,806

(a) Excludes Redeemable noncontrolling interests which are reflected in temporary equity (See Note 4—Fair Value under the heading “Redeemable Noncontrolling Interests”).

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Fox Corporation, a Delaware corporation ("FOX" or the "Company"), is a news, sports and entertainment company, which manages and reports its businesses in the following segments: Cable Network Programming, Television and Other, Corporate and Eliminations.

The accompanying Unaudited Consolidated Financial Statements of FOX have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these Unaudited Consolidated Financial Statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2022, due to, among other things, the impact of coronavirus disease 2019 ("COVID-19") on the Company's business.

The preparation of the Company's Unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Unaudited Consolidated Financial Statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

These interim Unaudited Consolidated Financial Statements and notes thereto should be read in conjunction with the audited consolidated and combined financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 as filed with the Securities and Exchange Commission on August 10, 2021 (the "2021 Form 10-K").

The Unaudited Consolidated Financial Statements include the accounts of FOX. All significant intercompany transactions and accounts within the Company's consolidated businesses have been eliminated. Investments in and advances to entities or joint ventures in which the Company has significant influence, but less than a controlling financial interest, are accounted for using the equity method. Significant influence generally exists when the Company owns an interest between 20% and 50%. In accordance with Accounting Standards Codification ("ASC") 321 "Investments—Equity Securities" ("ASC 321"), equity securities in which the Company has no significant influence (generally less than a 20% ownership interest) with readily determinable fair values are accounted for at fair value based on quoted market prices. Equity securities without readily determinable fair values are accounted for either at fair value or using the measurement alternative method, which is at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. All gains and losses on investments in equity securities are recognized in the Unaudited Consolidated Statements of Operations.

The Company's fiscal year ends on June 30 of each year. Certain fiscal 2021 amounts have been reclassified to conform to the fiscal 2022 presentation.

The unaudited and audited consolidated financial statements are referred to as the "Financial Statements" herein. The unaudited consolidated statements of operations are referred to as the "Statements of Operations" herein. The unaudited and audited consolidated balance sheets are referred to as the "Balance Sheets" herein.

Recently Adopted and Recently Issued Accounting Guidance

No recently adopted or issued accounting guidance materially impacted or are expected to impact the Company's Financial Statements.

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

The Company's acquisitions support the Company's strategy to strengthen its core brands and leverage its sports broadcasting rights and expand their reach beyond their traditional linear businesses. For the three months ended September 30, 2021, the Company's acquisitions were individually not material. For the fiscal

2021 acquisition disclosed in Note 3—Acquisitions, Disposals and Other Transactions in the 2021 Form 10-K under the heading "Acquisitions and Disposals," the accounting for the business combination, including consideration transferred, is based on provisional amounts and the allocation of the consideration transferred is not final. The amounts allocated to intangibles and goodwill, the estimates of useful lives and the related amortization expense are subject to changes pending the completion of the final valuation of certain assets and liabilities. A change in the allocation of consideration transferred and any estimates of useful lives could result in a change in the value allocated to the intangible assets that could impact future amortization expense.

NOTE 3. INVENTORIES, NET

The Company's inventories were comprised of the following:

	As of September 30, 2021	As of June 30, 2021
	(in millions)	
Sports programming rights	$ 988	$ 573
Entertainment programming rights	484	355
Total inventories, net	1,472	928
Less: current portion of inventories, net	(1,135)	(729)
Total non-current inventories, net	$ 337	$ 199

The aggregate amortization expense related to the programming rights was approximately $800 million and $670 million for the three months ended September 30, 2021 and 2020, respectively, which is included in Operating expenses in the Statements of Operations.

NOTE 4. FAIR VALUE

In accordance with ASC 820, "Fair Value Measurement," fair value measurements are required to be disclosed using a three-tiered fair value hierarchy which distinguishes market participant assumptions into the following categories: (i) inputs that are quoted prices in active markets ("Level 1"); (ii) inputs other than quoted prices included within Level 1 that are observable, including quoted prices for similar assets or liabilities ("Level 2"); and (iii) inputs that require the entity to use its own assumptions about market participant assumptions ("Level 3").

The following tables present information about financial assets and liabilities carried at fair value on a recurring basis:

	Fair value measurements			
	As of September 30, 2021			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Investments in equity securities	$ 857	$ 857 [(a)]	$ —	$ —
Redeemable noncontrolling interests	(302)	—	—	(302) [(b)]
Total	$ 555	$ 857	$ —	$ (302)

	Fair value measurements			
	As of June 30, 2021			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Investments in equity securities	$ 788	$ 788 [a]	$ —	$ —
Redeemable noncontrolling interests	(261)	—	—	(261) [b]
Total	$ 527	$ 788	$ —	$ (261)

(a) The investment categorized as Level 1 represents an investment in equity securities of Flutter Entertainment plc ("Flutter") with a readily determinable fair value (See Note 3—Acquisitions, Disposals and Other Transactions in the 2021 Form 10-K under the heading "Flutter" for additional information).

(b) The Company utilizes the market approach valuation technique for its Level 3 fair value measures. Inputs to such measures could include observable market data obtained from independent sources such as broker quotes and recent market transactions for similar assets. It is the Company's policy to maximize the use of observable inputs in the measurement of its Level 3 fair value measurements. To the extent observable inputs are not available, the Company utilizes unobservable inputs based upon the assumptions market participants would use in valuing the liability. Examples of utilized unobservable inputs are future cash flows and long-term growth rates.

Redeemable Noncontrolling Interests

The Company accounts for redeemable noncontrolling interests in accordance with ASC 480-10-S99-3A, "Distinguishing Liabilities from Equity," because their exercise is outside the control of the Company. The redeemable noncontrolling interests recorded are put rights held by minority shareholders in a majority-owned sports network, Credible Labs Inc. ("Credible") and an entertainment production company.

The changes in redeemable noncontrolling interests classified as Level 3 measurements were as follows:

	For the three months ended September 30,	
	2021	2020
	(in millions)	
Beginning of period	$ (261)	$ (305)
Acquisitions[a]	(45)	—
Net loss (income)	1	(4)
Distributions	3	6
Accretion and other	—	(7)
End of period	$ (302)	$ (310)

(a) The increase for the three months ended September 30, 2021, was due to the acquisition of an entertainment production company.

As of September 30, 2021, the final portion of the sports network minority shareholder's put right was exercisable. In October 2021, this portion of the minority shareholder's put right expired and, as a result, approximately $110 million will be reclassified into equity in the Financial Statements for the three months ending December 31, 2021. The put right held by the Credible minority shareholder will become exercisable in fiscal 2025. The put right held by the entertainment production company's minority shareholder will become exercisable in fiscal 2027.

Financial Instruments

The carrying value of the Company's financial instruments, such as cash and cash equivalents, receivables, payables and investments, accounted for using the measurement alternative method in accordance with ASC 321, approximates fair value.

	As of September 30, 2021	As of June 30, 2021
	(in millions)	
Borrowings		
Fair value	$ 9,460	$ 9,474
Carrying value	$ 7,953	$ 7,951

Fair value is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market (a Level 1 measurement).

Concentrations of Credit Risk

Cash and cash equivalents are maintained with several financial institutions. The Company has deposits held with banks that exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal credit risk.

Generally, the Company does not require collateral to secure receivables. As of September 30, 2021 and June 30, 2021, the Company had no customers that accounted for 10% or more of the Company's receivables.

NOTE 5. BORROWINGS

Senior Notes Issued

Borrowings include senior notes (See Note 9—Borrowings in the 2021 Form 10-K under the heading "Public Debt – Senior Notes Issued"). Senior notes of $750 million at 3.666% are due in January 2022. In addition, the Company is party to a credit agreement providing a $1.0 billion unsecured revolving credit facility with a sub-limit of $150 million available for the issuance of letters of credit and a maturity date of March 2024 (See Note 9—Borrowings in the 2021 Form 10-K under the heading "Revolving Credit Agreement"). As of September 30, 2021, there were no borrowings outstanding under the revolving credit agreement.

NOTE 6. STOCKHOLDERS' EQUITY

Stock Repurchase Program

The Company's Board of Directors (the "Board") has authorized a $4 billion stock repurchase program, under which the Company can repurchase Class A Common Stock (the "Class A Common Stock") and Class B Common Stock (the "Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"). The program has no time limit and may be modified, suspended or discontinued at any time.

The Company repurchased approximately 7 million shares of Common Stock for approximately $250 million during the three months ended September 30, 2021.

Repurchased shares are retired and reduce the number of shares issued and outstanding. The Company allocates the amount of the repurchase price over par value between additional paid-in capital and retained earnings.

As of September 30, 2021, the Company's remaining stock repurchase authorization was approximately $2.15 billion. Subsequent to September 30, 2021, the Company repurchased approximately 1.2 million shares of Common Stock for approximately $50 million.

Dividends

The following table summarizes the dividends declared per share on both the Company's Class A Common Stock and Class B Common Stock:

	For the three months ended September 30,	
	2021	2020
Cash dividend per share	$ 0.24	$ 0.23

The Company declared a semi-annual dividend of $0.24 per share on both the Class A Common Stock and the Class B Common Stock during the three months ended September 30, 2021, which was paid on September 29, 2021 to stockholders of record on September 1, 2021.

NOTE 7. EQUITY-BASED COMPENSATION

The Company has one equity plan, the Fox Corporation 2019 Shareholder Alignment Plan (See Note 12—Equity-Based Compensation in the 2021 Form 10-K).

The following table summarizes the Company's equity-based compensation:

	For the three months ended September 30,	
	2021	2020
	(in millions)	
Equity-based compensation	$ 15	$ 31
Intrinsic value of all settled equity-based awards	$ 76	$ 81
Tax benefit on settled equity-based awards	$ 17	$ 14

The Company's stock based awards are settled in Class A Common Stock. As of September 30, 2021, the Company's total estimated compensation cost, not yet recognized, related to non-vested equity awards held by the Company's employees was approximately $145 million and is expected to be recognized over a weighted average period between one and two years.

As of September 30, 2021 and 2020, the Company had approximately 6 million and 7 million stock options outstanding, respectively.

Awards Vested and Granted

Restricted Stock Units

During the three months ended September 30, 2021 and 2020, approximately 2.0 million and 3.1 million restricted stock units ("RSUs") vested and approximately 1.6 million and 1.9 million RSUs were granted, respectively. These RSUs generally vest in equal annual installments over a three-year period subject to the participants' continued employment with the Company.

Performance-Based Stock Options

During the three months ended September 30, 2021 and 2020, the Company granted approximately 4 million and 5 million performance-based stock options, respectively, which will vest in full at the end of a three-year performance period if the market condition is met, and have a term of seven years thereafter.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements (“firm commitments”) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of September 30, 2021 and June 30, 2021 were approximately $46 billion and $47 billion, respectively. The decrease from June 30, 2021 was primarily due to sports programming rights payments.

Contingencies

FOX News

The Company’s FOX News business and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination on the basis of sex and race. The Company has resolved many of these claims and is contesting other claims in litigation. The Company has also received regulatory and investigative inquiries relating to these matters. To date, none of the amounts paid in settlements or reserved for pending or future claims is material, individually or in the aggregate, to the Company. The amount of additional liability, if any, that may result from these or related matters cannot be estimated at this time. However, the Company does not currently anticipate that the ultimate resolution of any such pending matters will have a material adverse effect on its business, financial condition, results of operations or cash flows.

U.K. Newspaper Matters Indemnity

In connection with the separation of Twenty-First Century Fox, Inc. (now known as TFCF Corporation) ("21CF") and News Corporation in June 2013 (the “21CF News Corporation Separation”), 21CF agreed to indemnify News Corporation, on an after-tax basis, for payments made after the 21CF News Corporation Separation arising out of civil claims and investigations relating to phone hacking, illegal data access and inappropriate payments to public officials that occurred at subsidiaries of News Corporation before the 21CF News Corporation Separation, as well as legal and professional fees and expenses paid in connection with the related criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with News Corporation (the “U.K. Newspaper Matters Indemnity”). In accordance with the Separation Agreement (as defined in Note 1—Description of Business and Basis of Presentation in the 2021 Form 10-K under the heading “The Distribution”), the Company assumed certain costs and liabilities related to the U.K. Newspaper Matters Indemnity. The liability recorded in the Balance Sheets related to the indemnity was approximately $45 million and $55 million as of September 30, 2021 and June 30, 2021, respectively.

Defamation and Disparagement Claims

From time to time, the Company and its news businesses, including FOX News Media and the FOX Television Stations, and their employees are subject to lawsuits alleging defamation or disparagement. These include lawsuits filed by Smartmatic USA Corp. and certain of its affiliates (collectively, “Smartmatic”) in February 2021 and Dominion Voting Systems, Inc. and certain of its affiliates (collectively, “Dominion”) in March 2021. The Company believes these lawsuits, including the Smartmatic and Dominion matters, are without merit and intends to defend against them vigorously. To date, none of the amounts the Company has paid in settlements of defamation or disparagement claims or reserved for pending or future claims is material, individually or in the aggregate, to the Company. The amount of additional liability, if any, that may result from these or related matters cannot be estimated at this time. However, the Company does not currently anticipate that the ultimate resolution of any such pending matters will have a material adverse effect on its business, financial condition, results of operations or cash flows.

Other

The Company establishes an accrued liability for legal claims and indemnification claims when the Company determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company’s results of operations and financial condition. For the contingencies disclosed above for which there is at least a reasonable possibility that a loss may be incurred, other than the accrual provided, the Company was unable to estimate the amount of loss or range of loss.

The Company’s operations are subject to tax in various domestic jurisdictions and as a matter of course, the Company is regularly audited by federal and state tax authorities. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity. Each member of the 21CF consolidated group, which includes 21CF, the Company (prior to the Distribution (as defined in Note 1—Description of Business and Basis of Presentation in the 2021 Form 10-K under the heading “The Distribution”)) and 21CF’s other subsidiaries, is jointly and severally liable for the U.S. federal income and, in certain jurisdictions, state tax liabilities of each other member of the consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21CF consolidated group. The tax matters agreement entered into in connection with the Separation (as defined in Note 1—Description of Business and Basis of Presentation in the 2021 Form 10-K under the heading “The Distribution”) requires 21CF and/or The Walt Disney Company ("Disney") to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the Internal Revenue Service in amounts that the Company cannot quantify.

NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company participates in and/or sponsors various pension, savings and postretirement benefit plans. Pension plans and postretirement benefit plans are closed to new participants with the exception of a small group covered by collective bargaining agreements. The net periodic benefit cost was $14 million and $17 million for the three months ended September 30, 2021 and 2020, respectively.

NOTE 10. SEGMENT INFORMATION

The Company is a news, sports and entertainment company, which manages and reports its businesses in the following segments:

- **Cable Network Programming**, which principally consists of the production and licensing of news and sports content distributed primarily through traditional cable television systems, direct broadcast satellite operators and telecommunication companies (“traditional MVPDs”) and online multi-channel video programming distributors (“digital MVPDs”), primarily in the U.S.
- **Television**, which principally consists of the production, acquisition, marketing and distribution of broadcast network programming and free advertising-supported video-on-demand (“AVOD”) services under the FOX and Tubi brands, respectively, and the operation of 29 full power broadcast television stations, including 11 duopolies, in the U.S. Of these stations, 18 are affiliated with the FOX Network, 10 are affiliated with MyNetworkTV and one is an independent station.
- **Other, Corporate and Eliminations**, which principally consists of the FOX Studio Lot, Credible, corporate overhead costs and intracompany eliminations. The FOX Studio Lot, located in Los Angeles, California, provides television and film production services along with office space, studio operation services and includes all operations of the facility. Credible is a U.S. consumer finance marketplace.

The Company’s operating segments have been determined in accordance with the Company’s internal management structure, which is organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measure is segment operating income before depreciation and amortization, or Segment EBITDA. Due to the integrated nature of these operating segments, estimates and judgments are made in allocating certain assets, revenues and expenses.

Segment EBITDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment EBITDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Interest expense, net, Other, net and Income tax expense. Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources to the Company's businesses.

The following tables set forth the Company's Revenues and Segment EBITDA for the three months ended September 30, 2021 and 2020:

	For the three months ended September 30,	
	2021	2020
	(in millions)	
Revenues		
Cable Network Programming	$ 1,416	$ 1,325
Television	1,581	1,350
Other, Corporate and Eliminations	48	42
Total revenues	$ 3,045	$ 2,717
Segment EBITDA		
Cable Network Programming	$ 774	$ 781
Television	359	457
Other, Corporate and Eliminations	(69)	(72)
Amortization of cable distribution investments	(5)	(5)
Depreciation and amortization	(79)	(68)
Impairment and restructuring charges	—	(35)
Interest expense, net	(97)	(98)
Other, net	69	519
Income before income tax expense	952	1,479
Income tax expense	(244)	(362)
Net income	708	1,117
Less: Net income attributable to noncontrolling interests	(7)	(11)
Net income attributable to Fox Corporation stockholders	$ 701	$ 1,106

Revenues by Segment by Component

	For the three months ended September 30, 2021	2020
	(in millions)	
Cable Network Programming		
Affiliate fee	$ 1,026	$ 973
Advertising	311	299
Other	79	53
Total Cable Network Programming revenues	1,416	1,325
Television		
Advertising	819	670
Affiliate fee	641	560
Other	121	120
Total Television revenues	1,581	1,350
Other, Corporate and Eliminations	48	42
Total revenues	$ 3,045	$ 2,717

Future Performance Obligations

As of September 30, 2021, approximately $4.5 billion of revenues are expected to be recognized primarily over the next one to three years. The Company's most significant remaining performance obligations relate to affiliate contracts, sports advertising contracts and content licensing contracts with fixed fees. The amount disclosed does not include (i) revenues related to performance obligations that are part of a contract whose original expected duration is one year or less, (ii) revenues that are in the form of sales- or usage-based royalties and (iii) revenues related to performance obligations for which the Company elects to recognize revenue in the amount it has a right to invoice.

	For the three months ended September 30, 2021	2020
	(in millions)	
Depreciation and amortization		
Cable Network Programming	$ 10	$ 13
Television	26	25
Other, Corporate and Eliminations	43	30
Total depreciation and amortization	$ 79	$ 68

	As of September 30, 2021	As of June 30, 2021
	(in millions)	
Assets		
Cable Network Programming	$ 2,557	$ 2,577
Television	8,162	7,305
Other, Corporate and Eliminations	11,444	12,145
Investments	998	899
Total assets	$ 23,161	$ 22,926

NOTE 11. ADDITIONAL FINANCIAL INFORMATION

Other, net

The following table sets forth the components of Other, net included in the Statements of Operations:

	For the three months ended September 30,	
	2021	2020
	(in millions)	
Net gains on investments in equity securities[a]	$ 63	$ 121
Transaction costs[b]	(12)	451
Other	18	(53)
Total other, net	$ 69	$ 519

(a) Net gains on investments in equity securities for the three months ended September 30, 2021 and for three months ended September 30, 2020 included the gain related to the change in fair value of the Company's investment in Flutter (See Note 4—Fair Value).

(b) The transaction costs for the three months ended September 30, 2020 are primarily related to the substantially resolved settlement from Disney of $462 million related to the reimbursement of the Company's prepayment of its share of the Divestiture Tax (as defined in Note 1—Description of Business and Basis of Presentation in the 2021 Form 10-K).

Other Non-Current Assets

The following table sets forth the components of Other non-current assets included in the Balance Sheets:

	As of September 30, 2021	As of June 30, 2021
	(in millions)	
Investments[a]	$ 998	$ 899
Operating lease ROU assets	484	469
Inventories, net	337	199
Grantor Trust	298	304
Other	173	187
Total other non-current assets	$ 2,290	$ 2,058

(a) Included investments accounted for at fair value on a recurring basis of $857 million and $788 million as of September 30, 2021 and June 30, 2021, respectively (See Note 4—Fair Value).

Accounts Payable, Accrued Expenses and Other Current Liabilities

The following table sets forth the components of Accounts payable, accrued expenses and other current liabilities included in the Balance Sheets:

	As of September 30, 2021	As of June 30, 2021
	(in millions)	
Accrued expenses	$ 842	$ 1,077
Program rights payable	686	659
Deferred revenue	212	196
Operating lease liabilities	95	92
Other current liabilities	284	229
Total accounts payable, accrued expenses and other current liabilities	$ 2,119	$ 2,253

Other Liabilities

The following table sets forth the components of Other liabilities included in the Balance Sheets:

	As of September 30, 2021	As of June 30, 2021
	(in millions)	
Accrued non-current pension/postretirement liabilities	$ 574	$ 586
Non-current operating lease liabilities	423	409
Other non-current liabilities	360	341
Total other liabilities	$ 1,357	$ 1,336

Supplemental Information

	For the three months ended September 30,	
	2021	2020
	(in millions)	
Supplemental cash flows information		
Cash paid for interest	$ (168)	$ (169)
Cash paid for income taxes	$ (66)	$ (86)
Supplemental information on acquisitions		
Fair value of assets acquired, excluding cash	$ 120	$ —
Cash acquired	—	—
Liabilities assumed	—	—
Noncontrolling interests	(45)	—
Cash paid	(75)	—
Fair value of equity instruments consideration	$ —	$ —

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Readers should carefully review this document and the other documents filed by Fox Corporation ("FOX" or the "Company") with the Securities and Exchange Commission (the "SEC"). This section should be read together with the unaudited interim consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the Annual Report on Form 10-K for the fiscal year ended June 30, 2021 as filed with the SEC on August 10, 2021 (the "2021 Form 10-K"). The unaudited consolidated financial statements are referred to as the "Financial Statements" herein.

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations is intended to help provide an understanding of the Company's financial condition, changes in financial condition and results of operations. This discussion is organized as follows:

- ***Overview of the Company's Business***—This section provides a general description of the Company's businesses, as well as developments that occurred during the three months ended September 30, 2021 and 2020 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.
- ***Results of Operations***—This section provides an analysis of the Company's results of operations for the three months ended September 30, 2021 and 2020. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.
- ***Liquidity and Capital Resources***—This section provides an analysis of the Company's cash flows for the three months ended September 30, 2021 and 2020, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of September 30, 2021. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund the Company's future commitments and obligations, as well as a discussion of other financing arrangements.
- ***Caution Concerning Forward-Looking Statements***—This section provides a description of the use of forward-looking information appearing in this Quarterly Report on Form 10-Q, including in Management's Discussion and Analysis of Financial Condition and Results of Operations. Such information is based on management's current expectations about future events which are subject to change and to inherent risks and uncertainties. Refer to Part I., Item 1A, "Risk Factors" in the 2021 Form 10-K and Part II., Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q for a discussion of the risk factors applicable to the Company.

OVERVIEW OF THE COMPANY'S BUSINESS

The Company is a news, sports and entertainment company, which manages and reports its businesses in the following segments:

- **Cable Network Programming**, which principally consists of the production and licensing of news and sports content distributed primarily through traditional cable television systems, direct broadcast satellite operators and telecommunication companies ("traditional MVPDs") and online multi-channel video programming distributors ("digital MVPDs"), primarily in the U.S.
- **Television**, which principally consists of the production, acquisition, marketing and distribution of broadcast network programming and free advertising-supported video-on-demand ("AVOD") services under the FOX and Tubi brands, respectively, and the operation of 29 full power broadcast television stations, including 11 duopolies, in the U.S. Of these stations, 18 are affiliated with the FOX Network, 10 are affiliated with MyNetworkTV and one is an independent station.
- **Other, Corporate and Eliminations**, which principally consists of the FOX Studio Lot, Credible Labs Inc. ("Credible"), corporate overhead costs and intracompany eliminations. The FOX Studio Lot, located in Los Angeles, California, provides television and film production services along with office space, studio operation services and includes all operations of the facility. Credible is a U.S. consumer finance marketplace.

RESULTS OF OPERATIONS

Results of Operations—For the three months ended September 30, 2021 versus the three months ended September 30, 2020

The following table sets forth the Company's operating results for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020:

	For the three months ended September 30,			
(in millions, except %)	**2021**	**2020**	**Change**	**% Change**
				Better/(Worse)
Revenues				
Affiliate fee	$ 1,667	$ 1,533	$ 134	9 %
Advertising	1,130	969	161	17 %
Other	248	215	33	15 %
Total revenues	3,045	2,717	328	12 %
Operating expenses	(1,571)	(1,168)	(403)	(35)%
Selling, general and administrative	(415)	(388)	(27)	(7)%
Depreciation and amortization	(79)	(68)	(11)	(16)%
Impairment and restructuring charges	—	(35)	35	100 %
Interest expense, net	(97)	(98)	1	1 %
Other, net	69	519	(450)	(87)%
Income before income tax expense	952	1,479	(527)	(36)%
Income tax expense	(244)	(362)	118	33 %
Net income	708	1,117	(409)	(37)%
Less: Net income attributable to noncontrolling interests	(7)	(11)	4	36 %
Net income attributable to Fox Corporation stockholders	$ 701	$ 1,106	$ (405)	(37)%

Overview—The Company's revenues increased 12% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, due to higher affiliate fee, advertising and other revenues. The increase in affiliate fee revenue was primarily attributable to higher average rates per subscriber, led by contractual rate increases on existing affiliate agreements and from affiliate agreement renewals, partially offset by a lower average number of subscribers. The increase in advertising revenue was primarily due to growth at Tubi and the strength of the schedule of live events at FOX Sports and original scripted programming at FOX Entertainment as compared to the prior year quarter, which was impacted by coronavirus disease 2019 ("COVID-19"), partially offset by lower political advertising revenue at the FOX Television Stations due to the absence of the prior year presidential and congressional elections in the current quarter. The increase in other revenues was primarily due to higher sports sublicensing revenues related to college sports and higher revenues generated from Premier Boxing Champions ("PBC") pay-per-view events due to the impact of COVID-19 in the prior year quarter and higher FOX Nation subscription revenues, partially offset by the impact of the divestiture of the Company's sports marketing businesses.

Operating expenses increased 35% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, primarily due to higher sports and entertainment programming rights amortization as a result of a higher number of live events and more hours of original scripted programming as compared to the prior year quarter which was impacted by COVID-19. Also contributing to this increase was higher sports production costs and an increased digital investment in Tubi.

Selling, general and administrative expenses increased 7% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, primarily due to higher digital marketing initiatives at FOX News Media including costs associated with the launch of FOX Weather.

Depreciation and amortization—Depreciation and amortization expense increased 16% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, primarily due to assets placed into service for the Company's new standalone broadcast technical facilities.

Other, net—See Note 11—Additional Financial Information to the accompanying Financial Statements under the heading “Other, net.”

Income tax expense—The Company’s tax provision and related effective tax rate of 26% for the three months ended September 30, 2021 was higher than the statutory rate of 21% primarily due to state taxes and other permanent items.

The Company’s tax provision and related effective tax rate of 24% for the three months ended September 30, 2020 was higher than the statutory rate of 21% primarily due to state taxes, partially offset by a benefit from the reduction of uncertain tax positions for state tax audits.

Net income—Net income decreased 37% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, primarily due to the substantially resolved settlement from The Walt Disney Company ("Disney") of $462 million related to the reimbursement of the Company’s prepayment of its share of the Divestiture Tax (See Note 11—Additional Financial Information to the accompanying Financial Statements under the heading “Other, net.”).

Segment Analysis

The Company’s operating segments have been determined in accordance with the Company’s internal management structure, which is organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measure is segment operating income before depreciation and amortization, or Segment EBITDA. Due to the integrated nature of these operating segments, estimates and judgments are made in allocating certain assets, revenues and expenses.

Segment EBITDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment EBITDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Interest expense, net, Other, net and Income tax expense. Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company’s business segments because it is the primary measure used by the Company’s chief operating decision maker to evaluate the performance of and allocate resources to the Company’s businesses.

The following tables set forth the Company’s Revenues and Segment EBITDA for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020:

	For the three months ended September 30,			
	2021	2020	Change	% Change
(in millions, except %)				**Better/(Worse)**
Revenues				
Cable Network Programming	$ 1,416	$ 1,325	$ 91	7 %
Television	1,581	1,350	231	17 %
Other, Corporate and Eliminations	48	42	6	14 %
Total revenues	$ 3,045	$ 2,717	$ 328	12 %

	For the three months ended September 30,			
	2021	2020	Change	% Change
(in millions, except %)				**Better/(Worse)**
Segment EBITDA				
Cable Network Programming	$ 774	$ 781	$ (7)	(1)%
Television	359	457	(98)	(21)%
Other, Corporate and Eliminations	(69)	(72)	3	4 %
Adjusted EBITDA[(a)]	$ 1,064	$ 1,166	$ (102)	(9)%

(a) For a discussion of Adjusted EBITDA and a reconciliation of Net income to Adjusted EBITDA, see “Non-GAAP Financial Measures” below.

Cable Network Programming (47% and 49% of the Company's revenues for the first three months of fiscal 2022 and 2021, respectively)

	For the three months ended September 30,			
	2021	2020	Change	% Change
(in millions, except %)			Better/(Worse)	
Revenues				
Affiliate fee	$ 1,026	$ 973	$ 53	5 %
Advertising	311	299	12	4 %
Other	79	53	26	49 %
Total revenues	1,416	1,325	91	7 %
Operating expenses	(523)	(434)	(89)	(21)%
Selling, general and administrative	(124)	(115)	(9)	(8)%
Amortization of cable distribution investments	5	5	—	— %
Segment EBITDA	$ 774	$ 781	$ (7)	(1)%

Revenues at the Cable Network Programming segment increased 7% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, due to higher affiliate fee, advertising and other revenues. The increase in affiliate fee revenue was primarily attributable to contractual rate increases on existing affiliate agreements and from affiliate agreement renewals, partially offset by a lower average number of subscribers. The decrease in the average number of subscribers was due to a reduction in traditional MVPD subscribers, partially offset by an increase in digital MVPD subscribers. The increase in advertising revenue was primarily due to a higher number of live sports events compared to the prior year quarter, including the return to a full college football schedule that was shortened due to COVID-19 in the prior year quarter and increased digital advertising revenue at FOX News Media, partially offset by lower political advertising revenue at FOX News Media due to the absence of the prior year presidential and congressional elections in the current year quarter. The increase in other revenues was primarily due to higher sports sublicensing revenues and revenues generated from PBC pay-per-view events that were canceled in the prior year quarter because of COVID-19, and higher FOX Nation subscription revenues, partially offset by the impact of the divestiture of the Company's sports marketing businesses.

Cable Network Programming Segment EBITDA decreased 1% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, as the revenue increases noted above were offset by higher expenses. Operating expenses increased for the three months ended September 30, 2021 primarily due to the return of a full college football schedule, as the 2020 season was impacted by COVID-19, partially offset by the absence of events that were shifted into the prior year quarter, including National Association of Stock Car Auto Racing ("NASCAR") Cup Series races and additional Major League Baseball ("MLB") regular season games, as a result of COVID-19 rescheduling. Selling, general and administrative expenses increased for three months ended September 30, 2021 principally due to higher investment in digital growth initiatives at FOX News Media, including costs associated with the launch of FOX Weather.

Television (52% and 50% of the Company's revenues for the first three months of fiscal 2022 and 2021, respectively)

(in millions, except %)	For the three months ended September 30, 2021	2020	Change	% Change Better/(Worse)
Revenues				
Advertising	$ 819	$ 670	$ 149	22 %
Affiliate fee	641	560	81	14 %
Other	121	120	1	1 %
Total revenues	1,581	1,350	231	17 %
Operating expenses	(1,026)	(714)	(312)	(44) %
Selling, general and administrative	(196)	(179)	(17)	(9) %
Segment EBITDA	$ 359	$ 457	$ (98)	(21) %

Revenues at the Television segment increased 17% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, due to higher advertising, affiliate fee, and other revenues. The increase in advertising revenue was primarily attributable to growth at Tubi, the return of a full schedule of college football and the MLB All-Star Game and more original scripted programming at FOX Entertainment due to the impact of COVID-19 in the prior year quarter. Partially offsetting the increase in advertising revenue was lower political advertising revenue at the FOX Television Stations due to the absence of the prior year presidential and congressional elections. The increase in affiliate fee revenue was primarily due to higher fees received from television stations that are affiliated with the FOX Network, and higher average rates per subscriber, partially offset by a lower average number of subscribers, at the Company's owned and operated television stations.

Television Segment EBITDA decreased 21% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, as the revenue increases noted above were more than offset by higher expenses. Operating expenses increased primarily due to higher sports programming rights amortization and production costs, including a higher number of live events, increased digital investment at Tubi, and higher entertainment programming rights amortization and marketing costs due to more hours of original scripted programming as compared to the prior year quarter which was impacted by COVID-19.

Other, Corporate and Eliminations (1% of the Company's revenues for the first three months of fiscal 2022 and 2021)

(in millions, except %)	For the three months ended September 30, 2021	2020	Change	% Change Better/(Worse)
Revenues	$ 48	$ 42	$ 6	14 %
Operating expenses	(22)	(20)	(2)	(10) %
Selling, general and administrative	(95)	(94)	(1)	(1) %
Segment EBITDA	$ (69)	$ (72)	$ 3	4 %

Revenues at the Other, Corporate and Eliminations segment increased 14% for the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, due to higher revenues from operating the FOX Studio Lot as compared to the prior year quarter which was impacted by COVID-19 and growth at Credible. Operating expenses increased primarily due to growth at Credible.

Non-GAAP Financial Measures

Adjusted EBITDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Adjusted EBITDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Interest expense, net, Other, net and Income tax expense.

Management believes that information about Adjusted EBITDA assists all users of the Company’s Financial Statements by allowing them to evaluate changes in the operating results of the Company’s portfolio of businesses separate from non-operational factors that affect Net income, thus providing insight into both operations and the other factors that affect reported results. Adjusted EBITDA provides management, investors and equity analysts a measure to analyze the operating performance of the Company’s business and its enterprise value against historical data and competitors’ data, although historical results, including Adjusted EBITDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences and the impact of COVID-19 and other widespread health emergencies or pandemics and measures to contain their spread).

Adjusted EBITDA is considered a non-GAAP financial measure and should be considered in addition to, not as a substitute for, net income, cash flow and other measures of financial performance reported in accordance with U.S. generally accepted accounting principles (“GAAP”). In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment charges, which are significant components in assessing the Company’s financial performance. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table reconciles Net income to Adjusted EBITDA for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020:

	For the three months ended September 30,	
	2021	2020
	(in millions)	
Net income	$ 708	$ 1,117
Add		
Amortization of cable distribution investments	5	5
Depreciation and amortization	79	68
Impairment and restructuring charges	—	35
Interest expense, net	97	98
Other, net	(69)	(519)
Income tax expense	244	362
Adjusted EBITDA	$ 1,064	$ 1,166

The following table sets forth the computation of Adjusted EBITDA for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020.

	For the three months ended September 30,	
	2021	2020
	(in millions)	
Revenues	$ 3,045	$ 2,717
Operating expenses	(1,571)	(1,168)
Selling, general and administrative	(415)	(388)
Amortization of cable distribution investments	5	5
Adjusted EBITDA	$ 1,064	$ 1,166

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company has approximately $5.4 billion of cash and cash equivalents as of September 30, 2021 and an unused five-year $1.0 billion unsecured revolving credit facility (See Note 5—Borrowings to the accompanying Financial Statements). The Company also has access to the worldwide capital markets, subject to market conditions. As of September 30, 2021, the Company was in compliance with all of the covenants under the revolving credit facility, and it does not anticipate any noncompliance with such covenants.

The principal uses of cash that affect the Company’s liquidity position include the following: the acquisition of rights and related payments for entertainment and sports programming; operational expenditures including production costs; marketing and promotional expenses; expenses related to broadcasting the Company’s programming; employee and facility costs; capital expenditures; acquisitions; interest and dividend payments; debt repayments; and stock repurchases.

In addition to the acquisitions, sales and possible acquisitions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate, possible acquisitions and dispositions of certain businesses and assets. Such transactions may be material and may involve cash, the Company’s securities or the assumption of additional indebtedness.

Sources and Uses of Cash

Net cash provided by operating activities for the three months ended September 30, 2021 and 2020 was as follows (in millions):

For the three months ended September 30,	2021	2020
Net cash provided by operating activities	$ 29	$ 267

The decrease in net cash provided by operating activities during the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, was primarily due to lower Segment EBITDA, as well as higher sports and entertainment programming payments as a result of the prior year impact of COVID-19.

Net cash used in investing activities for the three months ended September 30, 2021 and 2020 was as follows (in millions):

For the three months ended September 30,	2021	2020
Net cash used in investing activities	$ (75)	$ (149)

The decrease in net cash used in investing activities during the three months ended September 30, 2021, as compared to the corresponding period of fiscal 2021, was primarily due to proceeds from the disposition of property, plant and equipment and the absence of payments related to the Company's new standalone broadcast technical facilities, which were placed into service in fiscal 2021, partially offset by fiscal 2022 acquisitions and investments.

Net cash (used in) provided by financing activities for three months ended September 30, 2021 and 2020 was as follows (in millions):

For the three months ended September 30,	2021	2020
Net cash (used in) provided by financing activities	$ (429)	$ 298

The change in net cash (used in) provided by financing activities during the three months ended September 30, 2021, as compared to the corresponding prior year period of fiscal 2021, was primarily due to the absence of the $462 million reimbursement from Disney related to the Divestiture Tax in fiscal 2021 and the timing of dividends paid to the Company’s stockholders in fiscal 2022.

Stock Repurchase Program

See Note 6—Stockholders’ Equity to the accompanying Financial Statements under the heading “Stock Repurchase Program.”

Dividends

The Company declared a semi-annual dividend of $0.24 per share on both the Class A Common Stock and the Class B Common Stock during the three months ended September 30, 2021, which was paid in September 29, 2021 to stockholders of record on September 1, 2021.

Debt Instruments

Borrowings include senior notes (See Note 9—Borrowings in the 2021 Form 10-K under the heading “Public Debt – Senior Notes Issued”).

Ratings of the senior notes

The following table summarizes the Company’s credit ratings as of September 30, 2021:

Rating Agency	Senior Debt	Outlook
Moody's	Baa2	Stable
Standard & Poor's	BBB	Stable

Revolving Credit Agreement

The Company has an unused five-year $1.0 billion unsecured revolving credit facility with a maturity date of March 2024 (See Note 5—Borrowings to the accompanying Financial Statements).

Commitments and Contingencies

See Note 8—Commitments and Contingencies to the accompanying Financial Statements.

Recent Accounting Pronouncements

See Note 1—Description of Business and Basis of Presentation to the accompanying Financial Statements under the heading “Recently Adopted and Recently Issued Accounting Guidance.”

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical or current fact are “forward-looking statements” for purposes of federal and state securities laws, including any statements regarding (i) future earnings, revenues or other measures of the Company’s financial performance; (ii) the Company’s plans, strategies and objectives for future operations; (iii) proposed new programming or other offerings; (iv) future economic conditions or performance; and (v) assumptions underlying any of the foregoing. Forward-looking statements may include, among others, the words “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “outlook” or any other similar words.

Although the Company’s management believes that the expectations reflected in any of the Company’s forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any forward-looking statements. The Company’s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the SEC. Important factors that could cause the Company’s actual results, performance and achievements to differ materially from those estimates or projections contained in the Company’s forward-looking statements include, but are not limited to, government regulation, economic, strategic, political and social conditions and the following factors:

- the impact of COVID-19 and other widespread health emergencies or pandemics and measures to contain their spread and related weak macroeconomic conditions and increased market volatility;
- the impact of COVID-19 specifically on the Company, including content disruptions that negatively affect the timing, volume or popularity of the Company’s programming, particularly sports programming, and potential non-cash impairment charges resulting from significant declines in the Company’s estimated revenues or the expected popularity of the Company’s programming;
- evolving technologies and distribution platforms and changes in consumer behavior as consumers seek more control over when, where and how they consume content, and related impacts on advertisers and traditional MVPDs;
- declines in advertising expenditures due to various factors such as the economic prospects of advertisers or the economy, major sports events and elections cycles, evolving technologies and

distribution platforms and related changes in consumer behavior and shifts in advertisers' expenditures, the evolving market for AVOD advertising campaigns, and audience measurement methodologies' ability to accurately reflect actual viewership levels;

- further declines in the number of subscribers to traditional MVPD services;
- the failure to enter into or renew on favorable terms, or at all, affiliation or carriage agreements or arrangements through which the Company makes its content available for viewing through online video platforms;
- the highly competitive nature of the industry in which the Company's businesses operate;
- the popularity of the Company's content, including special sports events; and the continued popularity of the sports franchises, leagues and teams for which the Company has acquired programming rights;
- the Company's ability to renew programming rights, particularly sports programming rights, on sufficiently favorable terms, or at all;
- damage to the Company's brands or reputation;
- the inability to realize the anticipated benefits of the Company's strategic investments and acquisitions;
- the loss of key personnel;
- labor disputes, including labor disputes involving professional sports leagues whose games or events the Company has the right to broadcast;
- lower than expected valuations associated with one of the Company's reporting units, indefinite-lived intangible assets, investments or long-lived assets;
- a degradation, failure or misuse of the Company's network and information systems and other technology relied on by the Company that causes a disruption of services or improper disclosure of personal data or other confidential information;
- content piracy and signal theft and the Company's ability to protect its intellectual property rights;
- the failure to comply with laws, regulations, rules, industry standards or contractual obligations relating to privacy and personal data protection;
- changes in tax, federal communications or other laws, regulations, practices or the interpretations thereof (including changes in legislation currently being considered);
- the impact of any investigations or fines from governmental authorities, including Federal Communications Commission ("FCC") rules and policies and FCC decisions regarding revocation, renewal or grant of station licenses, waivers and other matters;
- the failure or destruction of satellites or transmitter facilities the Company depends on to distribute its programming;
- unfavorable litigation or investigation results that require the Company to pay significant amounts or lead to onerous operating procedures;
- changes in GAAP or other applicable accounting standards and policies;
- the Company's ability to achieve the benefits it expects to achieve as a standalone, publicly traded company;
- the Company's ability to secure additional capital on acceptable terms;
- the impact of any payments the Company is required to make or liabilities it is required to assume under the Separation Agreement (as defined in Note 1—Description of Business and Basis of Presentation in the 2021 Form 10-K) and the indemnification arrangements entered into in connection with the Separation and the Distribution (as defined in Note 1—Description of Business and Basis of Presentation in the 2021 Form 10-K); and
- the other risks and uncertainties detailed in Part I., Item 1A. "Risk Factors" in the 2021 Form 10-K and Part II., Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q.

Forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date hereof, and forward-looking statements in documents that are incorporated by reference hereto speak only as of the date of those documents. The Company does not undertake any obligation to update or release any revisions to any forward-looking statement made herein or to report any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or to conform such statements to actual results or changes in our expectations, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the market risks reported in the 2021 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

During the first quarter of fiscal 2022, the Company implemented new general ledger and procure-to-pay systems. This company-wide implementation involved migrating multiple legacy systems, some of which were subject to a Twenty-First Century Fox, Inc. transition services agreement, to a common platform. In connection with this implementation, the Company has implemented updates and changes to its processes and related control activities.

Other than as stated in the previous paragraph, there were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's first quarter of fiscal 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Due to the COVID-19 pandemic, most of the Company's employees continue to work remotely, and the Company has strived to minimize the impact of this on the design and effectiveness of the Company's internal control over financial reporting. The Company is continually monitoring and assessing its internal control over financial reporting and has not experienced any material impact to its internal control over financial reporting due to the COVID-19 pandemic.

PART II

ITEM 1. LEGAL PROCEEDINGS

See Note 8—Commitments and Contingencies to the accompanying Unaudited Consolidated Financial Statements of FOX under the heading “Contingencies” for a discussion of the Company’s legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors described in the section titled “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2021 as filed with the Securities and Exchange Commission on August 10, 2021, except as set forth below:

Technological developments may increase the threat of content piracy and signal theft and limit the Company’s ability to protect its intellectual property rights.

Content piracy and signal theft present a threat to the Company’s revenues from products and services, including television shows, cable and other programming. The Company seeks to limit the threat of content piracy as well as cable and direct broadcast satellite programming signal theft; however, policing unauthorized use of the Company’s products and services and related intellectual property is often difficult and the steps taken by the Company may not in every case prevent infringement. Although no content theft has been material to the Company’s businesses to date, we expect to continue to be subject to content threats and there can be no assurance that we will not experience a material incident. Developments in technology, including digital copying, file compression technology, growing penetration of high-bandwidth Internet connections, increased availability and speed of mobile data networks, and new devices and applications that enable unauthorized access to content, increase the threat of content piracy by making it easier to access, duplicate, widely distribute and store high-quality pirated material. In addition, developments in software or devices that circumvent encryption technology and the falling prices of devices incorporating such technologies increase the threat of unauthorized use and distribution of direct broadcast satellite programming signals and the proliferation of user-generated content sites and live and stored video streaming sites, which deliver unauthorized copies of copyrighted content, including those emanating from other countries in various languages, may adversely impact the Company’s businesses. The proliferation of unauthorized distribution and use of the Company’s content could have an adverse effect on the Company’s businesses and profitability because it reduces the revenue that the Company could potentially receive from the legitimate sale and distribution of its products and services.

The Company takes a variety of actions to combat piracy and signal theft, both individually and, in some instances, together with industry associations, but the protection of the Company’s intellectual property rights depends on the scope and duration of the Company’s rights as defined by applicable laws in the U.S. and abroad and how those laws are construed. If those laws are interpreted in ways that limit the extent or duration of the Company’s rights or if existing laws are changed, the Company’s ability to generate revenue from intellectual property may decrease or the cost of obtaining and enforcing our rights may increase. A change in the laws of one jurisdiction may also have an impact on the Company’s overall ability to protect its intellectual property rights across other jurisdictions. The Company’s efforts to enforce its rights and protect its products, services and intellectual property may not be successful in preventing content piracy or signal theft. Further, while piracy and the proliferation of piracy-enabling technology tools continue to escalate, if any laws intended to combat piracy and protect intellectual property are repealed, weakened or not adequately enforced, or if the applicable legal systems fail to evolve and adapt to new technologies that facilitate piracy, we may be unable to effectively protect our rights and the value of our intellectual property may be negatively impacted, and our costs of enforcing our rights could increase.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Below is a summary of the Company’s repurchases of its Class A Common Stock, par value $0.01 per share (the “Class A Common Stock”), and Class B Common Stock, par value $0.01 per share (the “Class B Common Stock” and, together with the Class A Common Stock, the “Common Stock”), during the three months ended September 30, 2021:

	Total number of shares purchased[a]	Average price paid per share[b]	Approximate dollar value of shares that may yet be purchased under the program[b][c]
			(in millions)
July 1, 2021 – July 31, 2021			
Class A common stock	968,421	$ 36.14	
Class B common stock	440,273	34.07	
August 1, 2021 – August 31, 2021			
Class A common stock	1,728,556	37.00	
Class B common stock	935,236	34.19	
September 1, 2021 – September 30, 2021			
Class A common stock	2,043,556	37.22	
Class B common stock	820,198	34.17	
Total			
Class A common stock	4,740,533	36.92	
Class B common stock	2,195,707	34.16	
	6,936,240		$ 2,150

(a) The Company has not made any purchases of Common Stock other than in connection with the publicly announced stock repurchase program described below.

(b) These amounts exclude any fees, commissions or other costs associated with the share repurchases.

(c) The Company's Board of Directors (the "Board") has authorized a $4 billion stock repurchase program, under which the Company can repurchase Common Stock. The program has no time limit and may be modified, suspended or discontinued at any time.

In total, the Company repurchased approximately 7 million shares of Common Stock for approximately $250 million during the three months ended September 30, 2021.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS

(a) Exhibits.

31.1	Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
31.2	Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Unaudited Consolidated Statements of Operations for the three months ended September 30, 2021 and 2020; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three months ended September 30, 2021 and 2020; (iii) Consolidated Balance Sheets as of September 30, 2021 (unaudited) and June 30, 2021 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the three months ended September 30, 2021 and 2020; (v) Unaudited Consolidated Statements of Equity for the three months ended September 30, 2021 and 2020; and (vi) Notes to the Unaudited Consolidated Financial Statements.*
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

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* Filed herewith.

** Furnished herewith.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Fox Corporation
(Registrant)

By: /s/ Steven Tomsic
Steven Tomsic
Chief Financial Officer

Date: November 3, 2021

Exhibit 31.1

Chief Executive Officer Certification
Required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended

I, Lachlan K. Murdoch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fox Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2021

By: /s/ Lachlan K. Murdoch
Lachlan K. Murdoch
Chief Executive Officer

Exhibit 31.2

Chief Financial Officer Certification
Required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended

I, Steven Tomsic, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fox Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2021

By: /s/ Steven Tomsic
Steven Tomsic
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Fox Corporation on Form 10-Q for the fiscal quarter ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, the undersigned officers of Fox Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Fox Corporation.

November 3, 2021

By: /s/ Lachlan K. Murdoch
Lachlan K. Murdoch
Chief Executive Officer

By: /s/ Steven Tomsic
Steven Tomsic
Chief Financial Officer