

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **March 31, 2022**

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

(State or Other Jurisdiction
of Incorporation or Organization)

83-1825597

(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:

<u>Title of Each Class</u>	<u>Trading Symbols</u>	<u>Name of Each Exchange on Which Registered</u>
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 No

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 No

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

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

As of May 6, 2022, 311,683,994 shares of Class A Common Stock, par value \$0.01 per share, and 245,065,381 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 March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
Revenues	\$ 3,455	\$ 3,215	\$ 10,941	\$ 10,019
Operating expenses	(2,164)	(1,885)	(7,402)	(6,399)
Selling, general and administrative	(485)	(437)	(1,368)	(1,267)
Depreciation and amortization	(92)	(78)	(264)	(216)
Impairment and restructuring charges	—	—	—	(35)
Interest expense, net	(91)	(98)	(285)	(293)
Other, net	(233)	61	(375)	752
Income before income tax expense	390	778	1,247	2,561
Income tax expense	(100)	(196)	(322)	(632)
Net income	290	582	925	1,929
Less: Net income attributable to noncontrolling interests	(7)	(15)	(26)	(32)
Net income attributable to Fox Corporation stockholders	\$ 283	\$ 567	\$ 899	\$ 1,897

EARNINGS PER SHARE DATA

Weighted average shares:

Basic	563	589	569	595
Diluted	567	593	573	598

Net income attributable to Fox Corporation stockholders per share:

Basic	\$ 0.50	\$ 0.96	\$ 1.58	\$ 3.19
Diluted	\$ 0.50	\$ 0.96	\$ 1.57	\$ 3.17

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 March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
Net income	\$ 290	\$ 582	\$ 925	\$ 1,929
Other comprehensive income, net of tax:				
Benefit plan adjustments and other	3	9	17	25
Other comprehensive income, net of tax	3	9	17	25
Comprehensive income	293	591	942	1,954
Less: Net income attributable to noncontrolling interests ^(a)	(7)	(15)	(26)	(32)
Comprehensive income attributable to Fox Corporation stockholders	\$ 286	\$ 576	\$ 916	\$ 1,922

^(a) Net income attributable to noncontrolling interests includes \$(5) million and \$5 million for the three months ended March 31, 2022 and 2021, respectively, and \$(9) million and \$13 million for the nine months ended March 31, 2022 and 2021, 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 March 31, 2022 (unaudited)	As of June 30, 2021 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,634	\$ 5,886
Receivables, net	2,338	2,029
Inventories, net	786	729
Other	158	105
Total current assets	<u>7,916</u>	<u>8,749</u>
Non-current assets		
Property, plant and equipment, net	1,646	1,708
Intangible assets, net	3,176	3,154
Goodwill	3,560	3,435
Deferred tax assets	3,619	3,822
Other non-current assets	2,099	2,058
Total assets	<u>\$ 22,016</u>	<u>\$ 22,926</u>
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	\$ —	\$ 749
Accounts payable, accrued expenses and other current liabilities	2,121	2,253
Total current liabilities	<u>2,121</u>	<u>3,002</u>
Non-current liabilities		
Borrowings	7,205	7,202
Other liabilities	1,297	1,336
Redeemable noncontrolling interests	175	261
Commitments and contingencies		
Equity		
Class A common stock ^(a)	3	3
Class B common stock ^(b)	3	3
Additional paid-in capital	9,195	9,453
Retained earnings	2,300	1,982
Accumulated other comprehensive loss	(301)	(318)
Total Fox Corporation stockholders' equity	<u>11,200</u>	<u>11,123</u>
Noncontrolling interests	18	2
Total equity	<u>11,218</u>	<u>11,125</u>
Total liabilities and equity	<u>\$ 22,016</u>	<u>\$ 22,926</u>

^(a) **Class A common stock**, \$0.01 par value per share, 2,000,000,000 shares authorized, 312,586,563 shares and 324,361,864 shares issued and outstanding at par as of March 31, 2022 and June 30, 2021, respectively.

^(b) **Class B common stock**, \$0.01 par value per share, 1,000,000,000 shares authorized, 245,544,417 shares and 251,821,556 shares issued and outstanding at par as of March 31, 2022 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 nine months ended March 31,	
	2022	2021
OPERATING ACTIVITIES		
Net income	\$ 925	\$ 1,929
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	264	216
Amortization of cable distribution investments	14	17
Impairment and restructuring charges	—	35
Equity-based compensation	75	112
Other, net	375	(752)
Deferred income taxes	195	528
Change in operating assets and liabilities, net of acquisitions and dispositions		
Receivables and other assets	(309)	(382)
Inventories net of program rights payable	(156)	257
Accounts payable and accrued expenses	(205)	88
Other changes, net	(227)	(182)
Net cash provided by operating activities	<u>951</u>	<u>1,866</u>
INVESTING ACTIVITIES		
Property, plant and equipment	(191)	(333)
Acquisitions, net of cash acquired	(243)	—
Proceeds from dispositions, net	82	93
Purchase of investments	(28)	(86)
Other investing activities, net	(6)	(3)
Net cash used in investing activities	<u>(386)</u>	<u>(329)</u>
FINANCING ACTIVITIES		
Repayment of borrowings	(750)	—
Repurchase of shares	(748)	(713)
Non-operating cash flows from The Walt Disney Company	—	113
Settlement of Divestiture Tax Prepayment	—	462
Dividends paid and distributions	(295)	(182)
Purchase of subsidiary noncontrolling interest	—	(67)
Other financing activities, net	(24)	(30)
Net cash used in financing activities	<u>(1,817)</u>	<u>(417)</u>
Net (decrease) increase in cash and cash equivalents	(1,252)	1,120
Cash and cash equivalents, beginning of year	5,886	4,645
Cash and cash equivalents, end of period	<u>\$ 4,634</u>	<u>\$ 5,765</u>

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

FOX CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF EQUITY
(IN MILLIONS)

	Class A		Class B		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Fox Corporation Stockholders' Equity	Noncontrolling Interests ^(a)	Total Equity
	Common Stock		Common Stock							
	Shares	Amount	Shares	Amount						
Balance, December 31, 2021	317	\$ 3	248	\$ 3	\$ 9,265	\$ 2,308	\$ (304)	\$ 11,275	\$ 15	\$ 11,290
Net income	—	—	—	—	—	283	—	283	12	295
Other comprehensive income	—	—	—	—	—	—	3	3	—	3
Dividends	—	—	—	—	—	(135)	—	(135)	—	(135)
Shares repurchased	(4)	—	(2)	—	(104)	(147)	—	(251)	—	(251)
Other	—	—	—	—	34	(9)	—	25	(9)	16
Balance, March 31, 2022	313	\$ 3	246	\$ 3	\$ 9,195	\$ 2,300	\$ (301)	\$ 11,200	\$ 18	\$ 11,218
Balance, December 31, 2020	335	\$ 3	257	\$ 3	\$ 9,655	\$ 1,657	\$ (401)	\$ 10,917	\$ 4	\$ 10,921
Net income	—	—	—	—	—	567	—	567	10	577
Other comprehensive income	—	—	—	—	—	—	9	9	—	9
Dividends	—	—	—	—	—	(134)	—	(134)	—	(134)
Shares repurchased	(6)	—	(3)	—	(146)	(160)	—	(306)	—	(306)
Other	—	—	—	—	46	(18)	—	28	(11)	17
Balance, March 31, 2021	329	\$ 3	254	\$ 3	\$ 9,555	\$ 1,912	\$ (392)	\$ 11,081	\$ 3	\$ 11,084
Balance, June 30, 2021	324	\$ 3	252	\$ 3	\$ 9,453	\$ 1,982	\$ (318)	\$ 11,123	\$ 2	\$ 11,125
Net income	—	—	—	—	—	899	—	899	35	934
Other comprehensive income	—	—	—	—	—	—	17	17	—	17
Dividends	—	—	—	—	—	(273)	—	(273)	—	(273)
Shares repurchased	(14)	—	(6)	—	(326)	(422)	—	(748)	—	(748)
Other	3	—	—	—	68	114	—	182	(19)	163
Balance, March 31, 2022	313	\$ 3	246	\$ 3	\$ 9,195	\$ 2,300	\$ (301)	\$ 11,200	\$ 18	\$ 11,218
Balance, June 30, 2020	344	\$ 3	261	\$ 3	\$ 9,831	\$ 674	\$ (417)	\$ 10,094	\$ 17	\$ 10,111
Net income	—	—	—	—	—	1,897	—	1,897	19	1,916
Other comprehensive income	—	—	—	—	—	—	25	25	—	25
Dividends	—	—	—	—	—	(272)	—	(272)	—	(272)
Shares repurchased	(17)	—	(7)	—	(393)	(332)	—	(725)	—	(725)
Other	2	—	—	—	117	(55)	—	62	(33)	29
Balance, March 31, 2021	329	\$ 3	254	\$ 3	\$ 9,555	\$ 1,912	\$ (392)	\$ 11,081	\$ 3	\$ 11,084

^(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.

FOX CORPORATION
NOTES TO THE 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 to selectively enhance production capabilities for its digital and linear platforms. During the nine months ended March 31, 2022 the Company made acquisitions, primarily consisting of three entertainment production

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

companies, for total cash consideration of approximately \$240 million. The revenues and Segment EBITDA (as defined in Note 10—Segment Information) included within the Company's consolidated results of operations associated with the fiscal 2022 and 2021 transactions (disclosed in Note 3—Acquisitions, Disposals and Other Transactions in the 2021 Form 10-K under the heading “Acquisitions and Disposals”) were not material individually or in the aggregate. For the fiscal 2021 acquisition, 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 March 31, 2022	As of June 30, 2021
	(in millions)	
Sports programming rights	\$ 567	\$ 573
Entertainment programming rights	706	355
Total inventories, net	1,273	928
Less: current portion of inventories, net	(786)	(729)
Total non-current inventories, net	\$ 487	\$ 199

The aggregate amortization expense related to the programming rights was approximately \$1.2 billion and \$1.0 billion for the three months ended March 31, 2022 and 2021, respectively, and approximately \$4.6 billion and \$4.0 billion for the nine months ended March 31, 2022 and 2021, respectively, which is included in Operating expenses in the Statements of Operations.

The Company evaluates the recoverability of unamortized programming and production costs, included within Inventories, net in the Balance Sheets, using expected future cash flows. As a result of COVID-19 related costs and production delays, the Company determined that its unamortized production costs related to a television series were not recoverable and therefore recognized a write-down of approximately \$30 million at the Television segment, which was recorded in Operating expenses in the Statements of Operations for the three and nine months ended March 31, 2022.

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”).

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

Fair value measurements				
As of March 31, 2022				
Total	Level 1	Level 2	Level 3	
(in millions)				
Assets				
Investments in equity securities	\$ 506	\$ 506 ^(a)	\$ —	\$ —
Redeemable noncontrolling interests	(175)	—	—	(175) ^(b)
Total	\$ 331	\$ 506	\$ —	\$ (175)

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 both the market and income approach valuation techniques 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 Credible Labs Inc. (“Credible”) and an entertainment production company.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
	(in millions)			
Beginning of period	\$ (172)	\$ (202)	\$ (261)	\$ (305)
Acquisitions ^(a)	—	—	(58)	—
Net loss (income)	5	(5)	9	(13)
Redemption of noncontrolling interests ^(b)	—	—	—	135
Distributions	—	1	3	12
Accretion and other ^(c)	(8)	(19)	132	(54)
End of period	\$ (175)	\$ (225)	\$ (175)	\$ (225)

^(a) The increase for the nine months ended March 31, 2022 was primarily due to the acquisition of an entertainment production company.

^(b) As a result of the exercise of a portion of the put rights held by the sports network minority shareholder during the nine months ended March 31, 2021, approximately \$135 million was reclassified out of Redeemable noncontrolling interests. At closing, the Company paid half of the purchase price in cash and delivered a three-year promissory note for the remaining balance, which was recorded in Non-current liabilities on the Balance Sheet.

^(c) As a result of the expiration of the sports network minority shareholder's final put right during the nine months ended March 31, 2022, approximately \$110 million was reclassified into equity.

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 March 31, 2022	As of June 30, 2021
		(in millions)
Borrowings		
Fair value	\$ 7,852	\$ 9,474
Carrying value	\$ 7,205	\$ 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 March 31, 2022 and June 30, 2021, the Company had no customers that accounted for 10% or more of the Company's receivables.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. BORROWINGS

Borrowings include senior notes (See Note 9—Borrowings in the 2021 Form 10-K under the heading “Public Debt – Senior Notes Issued”). 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 March 31, 2022, there were no borrowings outstanding under the revolving credit agreement. In January 2022, \$750 million of 3.666% senior notes matured and were repaid in full.

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 20 million shares of Common Stock for approximately \$748 million during the nine months ended March 31, 2022.

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 March 31, 2022, the Company's remaining stock repurchase authorization was approximately \$1.65 billion. Subsequent to March 31, 2022, the Company repurchased approximately 1.4 million shares of Common Stock for \$52 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 March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
Cash dividend per share	\$ 0.24	\$ 0.23	\$ 0.48	\$ 0.46

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 March 31, 2022, which was paid on March 30, 2022 to stockholders of record on March 2, 2022.

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 March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
	(in millions)			
Equity-based compensation	\$ 28	\$ 37	\$ 75	\$ 112
Intrinsic value of all settled equity-based awards	\$ 2	\$ 4	\$ 96	\$ 95
Tax benefit on settled equity-based awards	\$ —	\$ 1	\$ 21	\$ 17

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company's equity-based awards are settled in Class A Common Stock. As of March 31, 2022, the Company's total estimated compensation cost, not yet recognized, related to non-vested equity awards held by the Company's employees was approximately \$80 million and is expected to be recognized over a weighted average period between one and two years.

As of March 31, 2022 and 2021, the Company had approximately 6 million stock options outstanding.

Awards Vested and Granted

Restricted Stock Units

During the nine months ended March 31, 2022 and 2021, approximately 2.4 million and 3.5 million restricted stock units ("RSUs") vested and approximately 1.7 million and 2.0 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 nine months ended March 31, 2022 and 2021, the Company granted approximately 4.0 million and 5.0 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 March 31, 2022 and June 30, 2021 were approximately \$43 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

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Indemnity. The liability recorded in the Balance Sheets related to the indemnity was approximately \$65 million and \$55 million as of March 31, 2022 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 March 31, 2022 and 2021, respectively, and \$41 million and \$51 million for the nine months ended March 31, 2022 and 2021, respectively.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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.

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following tables set forth the Company's Revenues and Segment EBITDA for the three and nine months ended March 31, 2022 and 2021:

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
	(in millions)			
Revenues				
Cable Network Programming	\$ 1,583	\$ 1,471	\$ 4,637	\$ 4,284
Television	1,820	1,695	6,160	5,601
Other, Corporate and Eliminations	52	49	144	134
Total revenues	\$ 3,455	\$ 3,215	\$ 10,941	\$ 10,019
Segment EBITDA				
Cable Network Programming	\$ 864	\$ 850	\$ 2,306	\$ 2,202
Television	35	135	121	407
Other, Corporate and Eliminations	(88)	(86)	(242)	(239)
Amortization of cable distribution investments	(5)	(6)	(14)	(17)
Depreciation and amortization	(92)	(78)	(264)	(216)
Impairment and restructuring charges	—	—	—	(35)
Interest expense, net	(91)	(98)	(285)	(293)
Other, net	(233)	61	(375)	752
Income before income tax expense	390	778	1,247	2,561
Income tax expense	(100)	(196)	(322)	(632)
Net income	290	582	925	1,929
Less: Net income attributable to noncontrolling interests	(7)	(15)	(26)	(32)
Net income attributable to Fox Corporation stockholders	\$ 283	\$ 567	\$ 899	\$ 1,897

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Revenues by Segment by Component

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
(in millions)				
Cable Network Programming				
Affiliate fee	\$ 1,097	\$ 1,068	\$ 3,162	\$ 2,969
Advertising	339	283	1,104	1,023
Other	147	120	371	292
Total Cable Network Programming revenues	1,583	1,471	4,637	4,284
Television				
Advertising	969	915	3,742	3,426
Affiliate fee	700	651	1,990	1,801
Other	151	129	428	374
Total Television revenues	1,820	1,695	6,160	5,601
Other, Corporate and Eliminations	52	49	144	134
Total revenues	\$ 3,455	\$ 3,215	\$ 10,941	\$ 10,019

Future Performance Obligations

As of March 31, 2022, approximately \$3.3 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 March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
(in millions)				
Depreciation and amortization				
Cable Network Programming	\$ 16	\$ 16	\$ 43	\$ 41
Television	28	26	82	77
Other, Corporate and Eliminations	48	36	139	98
Total depreciation and amortization	\$ 92	\$ 78	\$ 264	\$ 216

	As of March 31, 2022	As of June 30, 2021
	(in millions)	
Assets		
Cable Network Programming	\$ 2,638	\$ 2,577
Television	8,111	7,305
Other, Corporate and Eliminations	10,619	12,145
Investments	648	899
Total assets	\$ 22,016	\$ 22,926

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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 March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
	(in millions)			
Net (losses) gains on investments in equity securities ^(a)	\$ (191)	\$ 43	\$ (293)	\$ 384
U.K Newspaper Matters Indemnity ^(b)	(22)	(15)	(71)	(43)
Transaction Costs ^(c)	(17)	(2)	(41)	431
Other	(3)	35	30	(20)
Total other, net	\$ (233)	\$ 61	\$ (375)	\$ 752

^(a) Net (losses) gains on investments in equity securities for the three and nine months ended March 31, 2022 and 2021 included the (losses) gains related to the change in fair value of the Company's investment in Flutter (See Note 4—Fair Value).

^(b) See Note 8—Commitments and Contingencies under the heading "U.K. Newspaper Matters Indemnity."

^(c) The transaction costs for the nine months ended March 31, 2021 are primarily related to the reimbursement from Disney of \$462 million related to the substantial settlement 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 March 31, 2022	As of June 30, 2021
	(in millions)	
Investments ^(a)	\$ 648	\$ 899
Operating lease ROU assets	454	469
Inventories, net	487	199
Grantor Trust	293	304
Other	217	187
Total other non-current assets	\$ 2,099	\$ 2,058

^(a) Includes investments accounted for at fair value on a recurring basis of \$506 million and \$788 million as of March 31, 2022 and June 30, 2021, respectively (See Note 4—Fair Value).

FOX CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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 March 31, 2022	As of June 30, 2021
	(in millions)	
Accrued expenses	\$ 862	\$ 1,077
Program rights payable	766	659
Deferred revenue	165	196
Operating lease liabilities	107	92
Other current liabilities	221	229
Total accounts payable, accrued expenses and other current liabilities	<u>\$ 2,121</u>	<u>\$ 2,253</u>

Other Liabilities

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

	As of March 31, 2022	As of June 30, 2021
	(in millions)	
Accrued non-current pension/postretirement liabilities	\$ 544	\$ 586
Non-current operating lease liabilities	382	409
Other non-current liabilities	371	341
Total other liabilities	<u>\$ 1,297</u>	<u>\$ 1,336</u>

Supplemental Information

	For the nine months ended March 31,	
	2022	2021
	(in millions)	
Supplemental cash flows information		
Cash paid for interest	\$ 363	\$ 370
Cash paid for income taxes	\$ (204)	\$ (132)

Supplemental information on acquisitions

Fair value of assets acquired, excluding cash	\$ 348	\$ —
Cash acquired	7	—
Liabilities assumed	(47)	—
Redeemable noncontrolling interests issued	(5)	—
Cash paid	(250)	—
Fair value of equity instruments issued as consideration to third parties ^(a)	53	—
Issuance of subsidiary common units	(53)	—
Fair value of equity instruments consideration	<u>\$ —</u>	<u>\$ —</u>

^(a) Includes Redeemable noncontrolling interests.

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 and nine months ended March 31, 2022 and 2021 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 and nine months ended March 31, 2022 and 2021. 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 nine months ended March 31, 2022 and 2021, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of March 31, 2022. 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 the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021, as filed with the SEC on November 3, 2021 (the "Q1 2022 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 and nine months ended March 31, 2022 versus the three and nine months ended March 31, 2021.

The following table sets forth the Company's operating results for the three and nine months ended March 31, 2022, as compared to the three and nine months ended March 31, 2021:

(in millions, except %)	For the three months ended March 31,				For the nine months ended March 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
			Better/(Worse)				Better/(Worse)	
Revenues								
Affiliate fee	\$ 1,797	\$ 1,719	\$ 78	5 %	\$ 5,152	\$ 4,770	\$ 382	8 %
Advertising	1,307	1,198	109	9 %	4,845	4,449	396	9 %
Other	351	298	53	18 %	944	800	144	18 %
Total revenues	3,455	3,215	240	7 %	10,941	10,019	922	9 %
Operating expenses	(2,164)	(1,885)	(279)	(15)%	(7,402)	(6,399)	(1,003)	(16)%
Selling, general and administrative	(485)	(437)	(48)	(11)%	(1,368)	(1,267)	(101)	(8)%
Depreciation and amortization	(92)	(78)	(14)	(18)%	(264)	(216)	(48)	(22)%
Impairment and restructuring charges	—	—	—	— %	—	(35)	35	100 %
Interest expense, net	(91)	(98)	7	7 %	(285)	(293)	8	3 %
Other, net	(233)	61	(294)	**	(375)	752	(1,127)	**
Income before income tax expense	390	778	(388)	(50)%	1,247	2,561	(1,314)	(51)%
Income tax expense	(100)	(196)	96	49 %	(322)	(632)	310	49 %
Net income	290	582	(292)	(50)%	925	1,929	(1,004)	(52)%
Less: Net income attributable to noncontrolling interests	(7)	(15)	8	53 %	(26)	(32)	6	19 %
Net income attributable to Fox Corporation stockholders	<u>\$ 283</u>	<u>\$ 567</u>	<u>\$ (284)</u>	(50)%	<u>\$ 899</u>	<u>\$ 1,897</u>	<u>\$ (998)</u>	(53)%

** not meaningful

Overview

For the three months ended March 31, 2022 and 2021

The Company's revenues increased 7% for the three months ended March 31, 2022, 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 due to higher average rates per subscriber, led by contractual rate increases on existing affiliate agreements, partially offset by a lower average number of subscribers. The increase in advertising revenue was primarily attributable to higher pricing and ratings at FOX News Media, growth at Tubi, and higher sports ratings and pricing partially offset by lower entertainment ratings at the FOX Network. The increase in other revenues was primarily attributable to higher sports sublicensing revenues due to the impact of coronavirus disease 2019 ("COVID-19") in the prior year quarter, the current year quarter impact of acquisitions of entertainment production companies, and higher FOX Nation subscription revenues, partially offset by the

impact of the divestiture of the Company's sports marketing businesses (See Note 3—Acquisitions, Disposals and Other Transactions in the 2021 Form 10-K under the heading “Acquisitions and Disposals”).

Operating expenses increased 15% for the three months ended March 31, 2022, as compared to the corresponding period of fiscal 2021, primarily due to higher sports programming rights amortization and production costs primarily related to National Football League (“NFL”) and college basketball content, which was impacted by COVID-19 in the prior year quarter. Also contributing to this increase was increased digital investment at Tubi and FOX News Media, and higher entertainment programming rights amortization principally due to the recognition of an approximately \$30 million write-down of unamortized production costs related to a television series as a result of COVID-19 related costs and production delays.

For the nine months ended March 31, 2022 and 2021

The Company's revenues increased 9% for the nine months ended March 31, 2022, 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 due 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. Also impacting the increase was the absence of prior year affiliate fee credits as a result of the COVID-19 related under-delivery of college football games. The increase in advertising revenue was primarily due to higher pricing at the FOX Network and FOX News Media, growth at Tubi, and a higher number of live events at the national sports networks due to the impact of COVID-19 in the prior year period. Partially offsetting this increase 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 other revenues was primarily due to higher sports sublicensing revenues which were impacted by COVID-19 in the prior year period, the current year period impact of acquisitions of entertainment production companies, and higher FOX Nation subscription revenues, partially offset by the impact of the divestiture of the Company's sports marketing businesses.

Operating expenses increased 16% for the nine months ended March 31, 2022, as compared to the corresponding period of fiscal 2021, primarily due to higher sports programming rights amortization and production costs related to NFL, Major League Baseball (“MLB”) and college football content including a higher number of live events due to the impact of COVID-19 in the prior year period, 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 period, which was impacted by COVID-19. This increase was partially offset by the absence of events that were shifted into the prior year period as a result of COVID-19 rescheduling, including National Association of Stock Car Auto Racing (“NASCAR”) Cup Series races and additional MLB regular season games, and the impact of the divestiture of the Company's sports marketing businesses.

Selling, general and administrative—Selling, general and administrative expenses increased 11% and 8% for the three and nine months ended March 31, 2022, respectively, as compared to the corresponding periods of fiscal 2021, primarily due to higher technology costs related to the Company's digital initiatives and higher marketing expenses at FOX News Media, partially offset by the impact of the divestiture of the Company's sports marketing businesses.

Depreciation and amortization—Depreciation and amortization expense increased 18% and 22% for the three and nine months ended March 31, 2022, respectively, as compared to the corresponding periods of fiscal 2021, primarily due to assets placed into service during the fourth quarter of fiscal 2021 for the Company's 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 and nine months ended March 31, 2022 was higher than the statutory rate of 21% primarily due to state taxes.

The Company's tax provision and related effective tax rate of 25% for the three and nine months ended March 31, 2021 was higher than the statutory rate of 21% primarily due to state taxes and, for the nine months ended March 31, 2021, was partially offset by a benefit from the reduction of uncertain tax positions for state tax audits.

Net income—Net income decreased 50% and 52% for the three and nine months ended March 31, 2022, respectively, as compared to the corresponding periods of fiscal 2021, primarily due to the change in fair value

of the Company's investment in Flutter Entertainment plc and lower Segment EBITDA (as defined below) at the Television segment. Also contributing to the decrease for the nine months ended March 31, 2022 was the absence of the reimbursement from The Walt Disney Company ("Disney") of \$462 million related to the substantial settlement of the Company's prepayment of its share of the Divestiture Tax, which occurred during the nine months ended March 31, 2021 (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 and nine months ended March 31, 2022, as compared to the three and nine months ended March 31, 2021:

(in millions, except %)	For the three months ended March 31,				For the nine months ended March 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
			Better/(Worse)				Better/(Worse)	
Revenues								
Cable Network Programming	\$ 1,583	\$ 1,471	\$ 112	8 %	\$ 4,637	\$ 4,284	\$ 353	8 %
Television	1,820	1,695	125	7 %	6,160	5,601	559	10 %
Other, Corporate and Eliminations	52	49	3	6 %	144	134	10	7 %
Total revenues	\$ 3,455	\$ 3,215	\$ 240	7 %	\$ 10,941	\$ 10,019	\$ 922	9 %

(in millions, except %)	For the three months ended March 31,				For the nine months ended March 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
	Better/(Worse)				Better/(Worse)			
Segment EBITDA								
Cable Network Programming	\$ 864	\$ 850	\$ 14	2 %	\$ 2,306	\$ 2,202	\$ 104	5 %
Television	35	135	(100)	(74)%	121	407	(286)	(70)%
Other, Corporate and Eliminations	(88)	(86)	(2)	(2)%	(242)	(239)	(3)	(1)%
Adjusted EBITDA ^(a)	<u>\$ 811</u>	<u>\$ 899</u>	<u>\$ (88)</u>	<u>(10)%</u>	<u>\$ 2,185</u>	<u>\$ 2,370</u>	<u>\$ (185)</u>	<u>(8)%</u>

(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 (43% of the Company’s revenues for the first nine months of fiscal 2022 and 2021)

(in millions, except %)	For the three months ended March 31,				For the nine months ended March 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
	Better/(Worse)				Better/(Worse)			
Revenues								
Affiliate fee	\$ 1,097	\$ 1,068	\$ 29	3 %	\$ 3,162	\$ 2,969	\$ 193	7 %
Advertising	339	283	56	20 %	1,104	1,023	81	8 %
Other	147	120	27	23 %	371	292	79	27 %
Total revenues	1,583	1,471	112	8 %	4,637	4,284	353	8 %
Operating expenses	(580)	(505)	(75)	(15)%	(1,940)	(1,725)	(215)	(12)%
Selling, general and administrative	(144)	(122)	(22)	(18)%	(405)	(374)	(31)	(8)%
Amortization of cable distribution investments	5	6	(1)	(17)%	14	17	(3)	(18)%
Segment EBITDA	<u>\$ 864</u>	<u>\$ 850</u>	<u>\$ 14</u>	<u>2 %</u>	<u>\$ 2,306</u>	<u>\$ 2,202</u>	<u>\$ 104</u>	<u>5 %</u>

For the three months ended March 31, 2022 and 2021

Revenues at the Cable Network Programming segment increased 8% for the three months ended March 31, 2022, 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 due to contractual rate increases on existing affiliate agreements, 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 higher pricing and ratings, partially offset by the effect of higher preemptions associated with breaking news coverage at FOX News Media. The increase in other revenues was primarily due to higher sports sublicensing revenues, which were impacted by 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.

Cable Network Programming Segment EBITDA increased 2% for the three months ended March 31, 2022, as compared to the corresponding period of fiscal 2021, primarily due to the revenue increases noted above, partially offset by higher expenses. Operating expenses increased primarily due to higher sports programming rights amortization and production costs principally related to college basketball content, which was impacted by COVID-19 in the prior year quarter, and higher investment in digital growth initiatives at FOX News Media. Selling, general and administrative expenses increased principally due to higher marketing

expenses at FOX News Media, partially offset by the impact of the divestiture of the Company's sports marketing businesses.

For the nine months ended March 31, 2022 and 2021

Revenues at the Cable Network Programming segment increased 8% for the nine months ended March 31, 2022, 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 due to contractual rate increases on existing affiliate agreements and from affiliate agreement renewals, partially offset by a lower average number of subscribers. Also impacting the increase was the absence of prior year affiliate fee credits as a result of the COVID-19 related under-delivery of college football games. 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 the impact of a higher number of live events at the national sports networks, primarily the result of additional MLB postseason games and the return of a full college football schedule that was shortened due to COVID-19 in the prior year period. Also contributing to this increase was higher MLB and FOX News Media pricing, partially offset by lower political advertising revenue due to the absence of the prior year presidential elections. The increase in other revenues was primarily due to higher sports sublicensing revenues, which were impacted by COVID-19 in the prior year, 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 increased 5% for the nine months ended March 31, 2022, as compared to the corresponding period of fiscal 2021, primarily due to the revenue increases noted above, partially offset by higher expenses. Operating expenses increased due to higher sports programming rights amortization and production costs primarily related to the return of a full college football and basketball season as a result of the impact of COVID-19 in the prior year period and higher investment in digital growth initiatives at FOX News Media. This increase was partially offset by the absence of events in the current year period that were shifted into the prior year period as a result of COVID-19 rescheduling, including NASCAR Cup Series races and additional MLB regular season games, and the impact of the divestiture of the Company's sports marketing businesses. Selling, general and administrative expenses increased principally due to higher marketing expenses at FOX News Media, partially offset by the impact of the divestiture of the Company's sports marketing businesses.

Television (56% of the Company's revenues for the first nine months of fiscal 2022 and 2021)

(in millions, except %)	For the three months ended March 31,				For the nine months ended March 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
			Better/(Worse)				Better/(Worse)	
Revenues								
Advertising	\$ 969	\$ 915	\$ 54	6 %	\$ 3,742	\$ 3,426	\$ 316	9 %
Affiliate fee	700	651	49	8 %	1,990	1,801	189	10 %
Other	151	129	22	17 %	428	374	54	14 %
Total revenues	1,820	1,695	125	7 %	6,160	5,601	559	10 %
Operating expenses	(1,557)	(1,359)	(198)	(15)%	(5,392)	(4,613)	(779)	(17)%
Selling, general and administrative	(228)	(201)	(27)	(13)%	(647)	(581)	(66)	(11)%
Segment EBITDA	\$ 35	\$ 135	\$ (100)	(74)%	\$ 121	\$ 407	\$ (286)	(70)%

For the three months ended March 31, 2022 and 2021

Revenues at the Television segment increased 7% for the three months ended March 31, 2022, 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, one additional week of NFL regular season games as a result of the NFL schedule expansion, and higher sports ratings and pricing at the FOX Network, partially offset by the absence of the rotating NFL Divisional playoff game in the current year quarter and lower entertainment ratings at the FOX Network. 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. The increase in other revenues was primarily due to the current year quarter impact of acquisitions of entertainment production companies.

Television Segment EBITDA decreased 74% for the three months ended March 31, 2022, 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 increased digital investment at Tubi, higher sports programming rights amortization and production costs primarily related to NFL content, and higher entertainment programming rights amortization principally due to the recognition of an approximately \$30 million write-down of unamortized production costs related to a television series as a result of COVID-19 related costs and production delays. Selling, general and administrative expenses increased primarily due to the current year impact of acquisitions of entertainment production companies and higher technology costs related to the Company's digital initiatives.

For the nine months ended March 31, 2022 and 2021

Revenues at the Television segment increased 10% for the nine months ended March 31, 2022, 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 higher sports ratings and pricing as well as the return of a full schedule of college football in the current year period at the FOX Network and growth at Tubi, partially offset by 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. The increase in other revenues was primarily due to the current year period impact of acquisitions of entertainment production companies and higher content revenues at FOX Entertainment.

Television Segment EBITDA decreased 70% for the nine months ended March 31, 2022, 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 increased digital investment at Tubi, higher sports programming rights amortization and production costs primarily related to NFL, MLB and college football content including a higher number of live events as compared to the COVID-19 impacted prior year period, and higher entertainment programming rights amortization and marketing costs due to more hours of original scripted programming as compared to the prior year period, which was impacted by COVID-19. Selling, general and administrative expenses increased primarily due to higher technology costs related to the Company's digital initiatives.

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

(in millions, except %)	For the three months ended March 31,				For the nine months ended March 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
			Better/(Worse)				Better/(Worse)	
Revenues	\$ 52	\$ 49	\$ 3	6 %	\$ 144	\$ 134	\$ 10	7 %
Operating expenses	(27)	(21)	(6)	(29)%	(70)	(61)	(9)	(15)%
Selling, general and administrative	(113)	(114)	1	1 %	(316)	(312)	(4)	(1)%
Segment EBITDA	<u>\$ (88)</u>	<u>\$ (86)</u>	<u>\$ (2)</u>	(2)%	<u>\$ (242)</u>	<u>\$ (239)</u>	<u>\$ (3)</u>	(1)%

For the three and nine months ended March 31, 2022 and 2021

Revenues at the Other, Corporate and Eliminations segment for the three and nine months ended March 31, 2022 and 2021 include revenues generated by Credible and the operation of the FOX Studios lot for third parties. Operating expenses for the three and nine months ended March 31, 2022 and 2021 include advertising and promotional expenses at Credible and the costs of operating the FOX Studios lot for third parties. Selling, general and administrative expenses for the three and nine months ended March 31, 2022 and 2021 primarily relate to employee costs and professional fees, the costs of operating the FOX Studios lot for third parties and advertising and promotional expenses 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 and nine months ended March 31, 2022, as compared to the three and nine months ended March 31, 2021:

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
	(in millions)			
Net income	\$ 290	\$ 582	\$ 925	\$ 1,929
Add				
Amortization of cable distribution investments	5	6	14	17
Depreciation and amortization	92	78	264	216
Impairment and restructuring charges	—	—	—	35
Interest expense, net	91	98	285	293
Other, net	233	(61)	375	(752)
Income tax expense	100	196	322	632
Adjusted EBITDA	<u>\$ 811</u>	<u>\$ 899</u>	<u>\$ 2,185</u>	<u>\$ 2,370</u>

The following table sets forth the computation of Adjusted EBITDA for the three and nine months ended March 31, 2022, as compared to the three and nine months ended March 31, 2021.

	For the three months ended March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
	(in millions)			
Revenues	\$ 3,455	\$ 3,215	\$ 10,941	\$ 10,019
Operating expenses	(2,164)	(1,885)	(7,402)	(6,399)
Selling, general and administrative	(485)	(437)	(1,368)	(1,267)
Amortization of cable distribution investments	5	6	14	17
Adjusted EBITDA	<u>\$ 811</u>	<u>\$ 899</u>	<u>\$ 2,185</u>	<u>\$ 2,370</u>

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company has approximately \$4.6 billion of cash and cash equivalents as of March 31, 2022 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 March 31, 2022, 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 nine months ended March 31, 2022 and 2021 was as follows (in millions):

For the nine months ended March 31,	2022	2021
Net cash provided by operating activities	\$ 951	\$ 1,866

The decrease in net cash provided by operating activities during the nine months ended March 31, 2022, as compared to the corresponding period of fiscal 2021, was primarily due to higher sports and entertainment programming payments, investments in our AVOD and other digital platforms, as well as lower Adjusted EBITDA and higher tax payments.

Net cash used in investing activities for the nine months ended March 31, 2022 and 2021 was as follows (in millions):

For the nine months ended March 31,	2022	2021
Net cash used in investing activities	\$ (386)	\$ (329)

The increase in net cash used in investing activities during the nine months ended March 31, 2022, as compared to the corresponding period of fiscal 2021, was primarily due to the fiscal 2022 acquisitions (See Note 2—Acquisitions, Disposals, and Other Transactions to the accompanying Financial Statements), partially offset by lower capital expenditures as a result of the Company's new standalone broadcast technical facilities being placed into service in fiscal 2021.

Net cash used in financing activities for nine months ended March 31, 2022 and 2021 was as follows (in millions):

For the nine months ended March 31,	2022	2021
Net cash used in financing activities	\$ (1,817)	\$ (417)

The increase in net cash used in financing activities during the nine months ended March 31, 2022, as compared to the corresponding prior year period of fiscal 2021, was primarily due to the \$750 million repayment of senior notes that matured in January 2022 (See Note 5—Borrowings to the accompanying Financial Statements), the absence of cash received from Disney in fiscal 2021, including the \$462 million reimbursement related to the Divestiture Tax, and the timing of the 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 March 31, 2022, which was paid on March 30, 2022 with a record date for determining dividend entitlements of March 2, 2022.

Debt Instruments

Borrowings include senior notes (See Note 9—Borrowings in the 2021 Form 10-K under the heading "Public Debt – Senior Notes Issued"). In January 2022, \$750 million of 3.666% senior notes matured and were repaid in full (See Note 5—Borrowings to the accompanying Financial Statements).

Ratings of the senior notes

The following table summarizes the Company's credit ratings as of March 31, 2022:

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 the Q1 2022 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

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 third 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, and the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021, as filed with the Securities and Exchange Commission on November 3, 2021.

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 March 31, 2022:

	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)
January 1, 2022 – January 31, 2022			
Class A common stock	957,064	\$ 38.94	
Class B common stock	432,271	35.87	
February 1, 2022 – February 28, 2022			
Class A common stock	319,750	41.61	
Class B common stock	150,800	38.10	
March 1, 2022 – March 31, 2022			
Class A common stock	3,082,509	41.00	
Class B common stock	1,401,117	37.63	
Total			
Class A common stock	4,359,323	40.59	
Class B common stock	1,984,188	37.29	
	6,343,511		\$ 1,651

(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 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 20 million shares of Common Stock for \$748 million during the nine months ended March 31, 2022.

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 March 31, 2022 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Unaudited Consolidated Statements of Operations for the three and nine months ended March 31, 2022 and 2021; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three and nine months ended March 31, 2022 and 2021; (iii) Consolidated Balance Sheets as of March 31, 2022 (unaudited) and June 30, 2021 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the nine months ended March 31, 2022 and 2021; (v) Unaudited Consolidated Statements of Equity for the three and nine months ended March 31, 2022 and 2021; and (vi) Notes to the Unaudited Consolidated Financial Statements.*

104 Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

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.

May 10, 2022

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

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.

May 10, 2022

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

**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 March 31, 2022, 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.

May 10, 2022

By: /s/ Lachlan K. Murdoch

Lachlan K. Murdoch
Chief Executive Officer

By: /s/ Steven Tomsic

Steven Tomsic
Chief Financial Officer