

REFINITIV

DELTA REPORT

10-Q

NWS - NEWS CORP

10-Q - DECEMBER 31, 2022 COMPARED TO 10-Q - SEPTEMBER 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 1085

CHANGES	311
DELETIONS	330
ADDITIONS	444

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

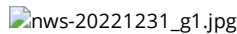
(Mark One)

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2022** **December 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 001-35769



NEWS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1211 Avenue of the Americas, New York, New York

(Address of principal executive offices)

46-2950970

(I.R.S. Employer Identification No.)

10036

(Zip Code)

(212) 416-3400

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$0.01 per share	NWSA	The Nasdaq Global Select Market
Class B Common Stock, par value \$0.01 per share	NWS	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, a 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 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 Exchange Act). Yes ☐ No ☐

As of **November 4, 2022** **February 3, 2023** **382,351,488** **382,362,812** shares of Class A Common Stock and **193,276,309** **193,242,506** shares of Class B Common Stock were outstanding.

NEWS CORPORATION

FORM 10-Q
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PART I

ITEM 1. FINANCIAL STATEMENTS

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; millions, except per share amounts)

	(in millions; except per share amounts)								
	For the three months ended					For the three months ended		For the six months ended	
			September 30,			December 31,		December 31,	
	Notes	2022	2021		Notes	2022	2021	2022	2021
Revenues:	Revenues:			Revenues:					
Circulation and subscription	Circulation and subscription	\$ 1,111	\$ 1,077	Circulation and subscription	\$ 1,085	\$ 1,072	\$ 2,196	\$ 2,149	
Advertising	Advertising	406	405	Advertising	464	519	870	924	
Consumer	Consumer	467	524	Consumer	512	594	979	1,118	
Real estate	Real estate	323	320	Real estate	301	352	624	672	
Other	Other	171	176	Other	159	180	330	356	
Total Revenues	Total Revenues 2	2,478	2,502	Total Revenues 2	2,521	2,717	4,999	5,219	
Operating expenses	Operating expenses	(1,273)	(1,244)	Operating expenses	(1,294)	(1,279)	(2,567)	(2,523)	
Selling, general and administrative	Selling, general and administrative	(855)	(848)	Selling, general and administrative	(818)	(852)	(1,673)	(1,700)	

Depreciation and amortization	Depreciation and amortization	(179)	(165)	Depreciation and amortization	(174)	(168)	(353)	(333)		
Impairment and restructuring charges	Impairment and restructuring charges	4	(21)	(22)	4	(19)	(23)	(40)	(45)	
Equity losses of affiliates	Equity losses of affiliates	5	(4)	—	5	(29)	(6)	(33)	(6)	
Interest expense, net	Interest expense, net		(27)	(22)		(26)	(21)	(53)	(43)	
Other, net	Other, net	13	(18)	137	13	(6)	(7)	(24)	130	
Income before income tax expense	Income before income tax expense		101	338	Income before income tax expense	155	361	256	699	
Income tax expense	Income tax expense	11	(35)	(71)	Income tax expense	11	(61)	(99)	(96)	(170)
Net income	Net income		66	267	Net income	94	262	160	529	
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests		(26)	(71)	Less: Net income attributable to noncontrolling interests	(27)	(27)	(53)	(98)	
Net income attributable to News Corporation stockholders	Net income attributable to News Corporation stockholders		\$ 40	\$ 196	Net income attributable to News Corporation stockholders	\$ 67	\$ 235	\$ 107	\$ 431	
Net income attributable to News Corporation stockholders per share, basic and diluted		9	\$ 0.07	\$ 0.33						
Net income attributable to News Corporation stockholders per share:						Net income attributable to News Corporation stockholders per share:	9			
Basic						Basic	\$ 0.12	\$ 0.40	\$ 0.18	\$ 0.73
Diluted						Diluted	\$ 0.12	\$ 0.40	\$ 0.18	\$ 0.72

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited; millions)

		For the three months ended			For the three months ended			For the six months ended	
		September 30,			December 31,			December 31,	
		2022	2021		2022	2021		2022	2021
Net income	Net income	\$ 66	\$ 267	Net income	\$ 94	\$ 262		\$ 160	\$ 529
Other comprehensive loss:									
Other comprehensive income (loss):						Other comprehensive income (loss):			
Foreign currency translation adjustments	Foreign currency translation adjustments	(280)	(164)	Foreign currency translation adjustments	279	(36)		(1)	(200)

Net change in the fair value of cash flow hedges ^(a)	Net change in the fair value of cash flow hedges ^(a)	17	1	Net change in the fair value of cash flow hedges ^(a)	(4)	1	13	2
Benefit plan adjustments, net ^(b)	Benefit plan adjustments, net ^(b)	12	5	Benefit plan adjustments, net ^(b)	(6)	7	6	12
Other comprehensive loss		(251)	(158)					
Comprehensive (loss) income		(185)	109					
Other comprehensive income (loss)				Other comprehensive income (loss)			269	(28)
Comprehensive income				Comprehensive income			363	234
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	(26)	(71)	Less: Net income attributable to noncontrolling interests	(27)	(27)	(53)	(98)
Less: Other comprehensive loss attributable to noncontrolling interests ^(c)		56	38					
Comprehensive (loss) income attributable to News Corporation stockholders		\$ (155)	\$ 76					
Less: Other comprehensive (income) loss attributable to noncontrolling interests ^(c)				Less: Other comprehensive (income) loss attributable to noncontrolling interests ^(c)			(59)	—
Comprehensive income attributable to News Corporation stockholders				Comprehensive income attributable to News Corporation stockholders			\$ 277	\$ 207

(a) Net of income tax (benefit) expense of \$6 million (\$2) million and nil \$1 million for the three months ended September 30, 2022 December 31, 2022 and 2021, respectively, and income tax expense of \$4 million and \$1 million for the six months ended December 31, 2022 and 2021, respectively.

(b) Net of income tax (benefit) expense of \$4 million (\$3) million and \$2 million for the three months ended September 30, 2022 December 31, 2022 and 2021, respectively, and income tax expense of \$1 million and \$4 million for the six months ended December 31, 2022 and 2021, respectively.

(c) Primarily consists of foreign currency translation adjustment.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION

CONSOLIDATED BALANCE SHEETS

(Millions, except share and per share amounts)

	Notes	As of September 30, 2022 (unaudited)	As of June 30, 2022 (audited)		Notes	As of December 31, 2022 (unaudited)	As of June 30, 2022 (audited)
Assets:	Assets:			Assets:			
Current assets:	Current assets:			Current assets:			
Cash and cash equivalents	Cash and cash equivalents	\$ 1,458	\$ 1,822	Cash and cash equivalents	\$ 1,328	\$ 1,822	
Receivables, net	Receivables, net	13 1,473	1,502	Receivables, net	13 1,636	1,502	
Inventory, net	Inventory, net	373	311	Inventory, net	328	311	

Other current assets	Other current assets		450	458	Other current assets		471	458
Total current assets	Total current assets		3,754	4,093	Total current assets		3,763	4,093
Non-current assets:	Non-current assets:				Non-current assets:			
Investments	Investments	5	470	488	Investments	5	524	488
Property, plant and equipment, net	Property, plant and equipment, net		1,971	2,103	Property, plant and equipment, net		2,045	2,103
Operating lease right-of-use assets	Operating lease right-of-use assets		841	891	Operating lease right-of-use assets		1,021	891
Intangible assets, net	Intangible assets, net		2,563	2,671	Intangible assets, net		2,585	2,671
Goodwill	Goodwill		5,041	5,169	Goodwill		5,167	5,169
Deferred income tax assets	Deferred income tax assets	11	390	422	Deferred income tax assets	11	386	422
Other non-current assets	Other non-current assets	13	1,357	1,384	Other non-current assets	13	1,400	1,384
Total assets	Total assets		\$ 16,387	\$ 17,221	Total assets		\$ 16,891	\$ 17,221
Liabilities and Equity:	Liabilities and Equity:				Liabilities and Equity:			
Current liabilities:	Current liabilities:				Current liabilities:			
Accounts payable	Accounts payable		\$ 348	\$ 411	Accounts payable		\$ 308	\$ 411
Accrued expenses	Accrued expenses		1,101	1,236	Accrued expenses		1,052	1,236
Deferred revenue	Deferred revenue	2	592	604	Deferred revenue	2	591	604
Current borrowings	Current borrowings	6	23	293	Current borrowings	6	27	293
Other current liabilities	Other current liabilities	13	949	975	Other current liabilities	13	961	975
Total current liabilities	Total current liabilities		3,013	3,519	Total current liabilities		2,939	3,519
Non-current liabilities:	Non-current liabilities:				Non-current liabilities:			
Borrowings	Borrowings	6	2,977	2,776	Borrowings	6	2,998	2,776
Retirement benefit obligations	Retirement benefit obligations		152	155	Retirement benefit obligations		156	155
Deferred income tax liabilities	Deferred income tax liabilities	11	167	198	Deferred income tax liabilities	11	179	198
Operating lease liabilities	Operating lease liabilities		888	947	Operating lease liabilities		1,092	947
Other non-current liabilities	Other non-current liabilities		462	483	Other non-current liabilities		471	483
Commitments and contingencies	Commitments and contingencies	10			Commitments and contingencies	10		
Class A common stock ^(a)	Class A common stock ^(a)		4	4	Class A common stock ^(a)		4	4
Class B common stock ^(b)	Class B common stock ^(b)		2	2	Class B common stock ^(b)		2	2
Additional paid-in capital	Additional paid-in capital		11,584	11,779	Additional paid-in capital		11,550	11,779
Accumulated deficit	Accumulated deficit		(2,253)	(2,293)	Accumulated deficit		(2,186)	(2,293)
Accumulated other comprehensive loss	Accumulated other comprehensive loss		(1,465)	(1,270)	Accumulated other comprehensive loss		(1,255)	(1,270)
Total News Corporation stockholders' equity	Total News Corporation stockholders' equity		7,872	8,222	Total News Corporation stockholders' equity		8,115	8,222
Noncontrolling interests	Noncontrolling interests		856	921	Noncontrolling interests		941	921

Total equity	Total equity	7	8,728	9,143	Total equity	7	9,056	9,143
Total liabilities and equity	Total liabilities and equity		\$ 16,387	\$ 17,221	Total liabilities and equity		\$ 16,891	\$ 17,221

- (a) **Class A common stock**, \$0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 384,404,733 and 382,348,920 and 387,561,850 shares issued and outstanding, net of 27,368,413 treasury shares at par at September 30, 2022 December 31, 2022 and June 30, 2022, respectively.
- (b) **Class B common stock**, \$0.01 par value per share ("Class B Common Stock"), 750,000,000 shares authorized, 194,304,974 193,242,506 and 196,808,833 shares issued and outstanding, net of 78,430,424 treasury shares at par at September 30, 2022 December 31, 2022 and June 30, 2022, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; millions)

		For the three months ended September 30,			For the six months ended December 31,		
	Notes	2022	2021	Notes	2022	2021	
Operating activities:	Operating activities:			Operating activities:			
Net income	Net income	\$ 66	\$ 267	Net income	\$ 160	\$ 529	
Adjustments to reconcile net income to net cash (used in) provided by operating activities:							
Adjustments to reconcile net income to net cash provided by operating activities:				Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	Depreciation and amortization	179	165	Depreciation and amortization	353	333	
Operating lease expense	Operating lease expense	30	32	Operating lease expense	57	64	
Equity losses of affiliates	Equity losses of affiliates 5	4	—	Equity losses of affiliates 5	33	6	
Cash distributions received from affiliates	Cash distributions received from affiliates	1	4	Cash distributions received from affiliates	5	7	
Other, net	Other, net 13	18	(137)	Other, net 13	24	(130)	
Deferred income taxes and taxes payable	Deferred income taxes and taxes payable 11	(4)	27	Deferred income taxes and taxes payable 11	17	79	
Change in operating assets and liabilities, net of acquisitions:	Change in operating assets and liabilities, net of acquisitions:			Change in operating assets and liabilities, net of acquisitions:			
Receivables and other assets	Receivables and other assets	(96)	9	Receivables and other assets	(351)	(222)	
Inventories, net	Inventories, net	(61)	(59)	Inventories, net	(11)	6	
Accounts payable and other liabilities	Accounts payable and other liabilities	(168)	(240)	Accounts payable and other liabilities	(126)	(242)	
Net cash (used in) provided by operating activities		(31)	68	Net cash provided by operating activities		161	430
Investing activities:	Investing activities:			Investing activities:			

Capital expenditures	Capital expenditures		(104)	(101)	Capital expenditures		(217)	(208)
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired		(3)	—	Acquisitions, net of cash acquired		(15)	(21)
Investments in equity affiliates and other	Investments in equity affiliates and other		(8)	(16)	Investments in equity affiliates and other		(92)	(46)
Proceeds from property, plant and equipment and other asset dispositions	Proceeds from property, plant and equipment and other asset dispositions		4	(2)	Proceeds from property, plant and equipment and other asset dispositions		8	(2)
Other, net	Other, net		(19)	24	Other, net		(21)	28
Net cash used in investing activities	Net cash used in investing activities		(130)	(95)	Net cash used in investing activities		(337)	(249)
Financing activities:	Financing activities:				Financing activities:			
Borrowings	Borrowings	6	328	378	Borrowings	6	407	495
Repayment of borrowings	Repayment of borrowings	6	(337)	(383)	Repayment of borrowings	6	(462)	(500)
Repurchase of shares	Repurchase of shares	7	(127)	—	Repurchase of shares	7	(178)	(43)
Dividends paid	Dividends paid		(31)	(27)	Dividends paid		(89)	(86)
Other, net	Other, net		18	(53)	Other, net		10	(64)
Net cash used in financing activities	Net cash used in financing activities		(149)	(85)	Net cash used in financing activities		(312)	(198)
Net change in cash and cash equivalents	Net change in cash and cash equivalents		(310)	(112)	Net change in cash and cash equivalents		(488)	(17)
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period		1,822	2,236	Cash and cash equivalents, beginning of period		1,822	2,236
Exchange movement on opening cash balance	Exchange movement on opening cash balance		(54)	(24)	Exchange movement on opening cash balance		(6)	(35)
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period		\$ 1,458	\$ 2,100	Cash and cash equivalents, end of period		\$ 1,328	\$ 2,184

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

News Corporation (together with its subsidiaries, "News Corporation," "News Corp," the "Company," "we" or "us") is a global diversified media and information services company comprised of businesses across a range of media, including: digital real estate services, subscription video services in Australia, news and information services and book publishing.

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company, which are referred to herein as the "Consolidated Financial Statements," have been prepared in accordance with generally accepted accounting principles in the United States of America ("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 Consolidated Financial Statements. Operating results for the interim period presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2023. The preparation of the Company's Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Consolidated Financial Statements and accompanying disclosures. Actual results could differ from those estimates.

Intercompany transactions and balances have been eliminated. Equity investments in which the Company exercises significant influence but does not exercise control and is not the primary beneficiary are accounted for using the equity method. Investments in which the Company is not able to exercise significant influence over the investee are measured

at fair value, if the fair value is readily determinable. If an investment's fair value is not readily determinable, the Company will measure the investment at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer.

The consolidated statements of operations are referred to herein as the "Statements of Operations." The consolidated balance sheets are referred to herein as the "Balance Sheets." The consolidated statements of cash flows are referred to herein as the "Statements of Cash Flows."

The accompanying Consolidated Financial Statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2022 as filed with the Securities and Exchange Commission (the "SEC") on August 12, 2022 (the "2022 Form 10-K").

The Company's fiscal year ends on the Sunday closest to June 30. Fiscal 2023 and fiscal 2022 include 52 and 53 weeks, respectively. All references to the three and six months ended September 30, 2022, December 31, 2022 and 2021 relate to the three and six months ended October 2, 2022, January 1, 2023 and September 26, 2021, December 26, 2021, respectively. For convenience purposes, the Company continues to date its Consolidated Financial Statements as of September 30, December 31.

NOTE 2. REVENUES

The following tables present the Company's disaggregated revenues by type and segment for the three and six months ended December 31, 2022 and 2021:

NEWS CORPORATION NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. REVENUES

NOTE 2: REVENUES

For the three months ended December 31, 2022								
	Digital Real Estate Services	Subscription Video Services	Dow Jones	Book Publishing	News Media	Other	Total Revenues	
	(in millions)							
Revenues:								
Circulation and subscription	\$ 3	\$ 405	\$ 417	\$ —	\$ 260	\$ —	\$	1,085
Advertising	33	47	131	—	253	—		464
Consumer	—	—	—	512	—	—		512
Real estate	301	—	—	—	—	—		301
Other	49	10	15	19	66	—		159
Total Revenues	<u>\$ 386</u>	<u>\$ 462</u>	<u>\$ 563</u>	<u>\$ 531</u>	<u>\$ 579</u>	<u>\$ —</u>	<u>\$</u>	<u>2,521</u>

For the three months ended December 31, 2021								
	Digital Real Estate Services	Subscription Video Services	Dow Jones	Book Publishing	News Media	Other	Total Revenues	
	(in millions)							
Revenues:								
Circulation and subscription	\$ 3	\$ 433	\$ 356	\$ —	\$ 280	\$ —	\$	1,072
Advertising	33	55	141	—	290	—		519
Consumer	—	—	—	594	—	—		594
Real estate	352	—	—	—	—	—		352
Other	68	10	11	23	68	—		180
Total Revenues	<u>\$ 456</u>	<u>\$ 498</u>	<u>\$ 508</u>	<u>\$ 617</u>	<u>\$ 638</u>	<u>\$ —</u>	<u>\$</u>	<u>2,717</u>

The following tables present the Company's disaggregated revenues by type and segment for the three months ended September 30, 2022 and 2021:

For the three months ended September 30, 2022							For the six months ended December 31, 2022						
Digital Real Estate Services	Subscription Video Services	Dow Jones	Book Publishing	News Media	Other	Total Revenues	Digital Real Estate Services	Subscription Video Services	Dow Jones	Book Publishing	News Media	Other	Total Revenues

		(in millions)							(in millions)							
Revenues:	Revenues:								Revenues:							
Circulation and subscription	Circulation and subscription	\$ 3	\$ 425	\$ 414	\$ —	\$ 269	\$ —	\$ 1,111	Circulation and subscription	\$ 6	\$ 830	\$ 831	\$ —	\$ 529	\$ —	\$ 2,196
Advertising	Advertising	35	64	94	—	213	—	406	Advertising	68	111	225	—	466	—	870
Consumer	Consumer	—	—	—	467	—	—	467	Consumer	—	—	—	979	—	—	979
Real estate	Real estate	323	—	—	—	—	—	323	Real estate	624	—	—	—	—	—	624
Other	Other	60	13	7	20	71	—	171	Other	109	23	22	39	137	—	330
Total Revenues	Total Revenues	\$ 421	\$ 502	\$ 515	\$ 487	\$ 553	\$ —	\$ 2,478	Total Revenues	\$ 807	\$ 964	\$ 1,078	\$ 1,018	\$ 1,132	\$ —	\$ 4,999
		For the three months ended September 30, 2021							For the six months ended December 31, 2021							
		Digital	Real	Subscription				Total	Digital	Real	Subscription				Total	
		Estate	Video	Dow	Book	News			Estate	Video	Dow	Book	News			
		Services	Services	Jones	Publishing	Media	Other	Revenues	Services	Services	Jones	Publishing	Media	Other	Revenues	
		(in millions)							(in millions)							
Revenues:	Revenues:								Revenues:							
Circulation and subscription	Circulation and subscription	\$ 3	\$ 440	\$ 349	\$ —	\$ 285	\$ —	\$ 1,077	Circulation and subscription	\$ 6	\$ 873	\$ 705	\$ —	\$ 565	\$ —	\$ 2,149
Advertising	Advertising	33	59	90	—	223	—	405	Advertising	66	114	231	—	513	—	924
Consumer	Consumer	—	—	—	524	—	—	524	Consumer	—	—	—	1,118	—	—	1,118
Real estate	Real estate	320	—	—	—	—	—	320	Real estate	672	—	—	—	—	—	672
Other	Other	70	11	5	22	68	—	176	Other	138	21	16	45	136	—	356
Total Revenues	Total Revenues	\$ 426	\$ 510	\$ 444	\$ 546	\$ 576	\$ —	\$ 2,502	Total Revenues	\$ 882	\$ 1,008	\$ 952	\$ 1,163	\$ 1,214	\$ —	\$ 5,219

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Contract liabilities and assets

The Company's deferred revenue balance primarily relates to amounts received from customers for subscriptions paid in advance of the services being provided. The following table presents changes in the deferred revenue balance for the three and six months ended September 30, 2022, December 31, 2022 and 2021:

		For the three months ended September 30,		For the three months ended December 31,		For the six months ended December 31,	
		2022	2021	2022	2021	2022	2021
		(in millions)		(in millions)			
Balance, beginning of period	Balance, beginning of period	\$ 604	\$ 473	\$ 592	\$ 467	\$ 604	\$ 473
Deferral of revenue	Deferral of revenue	897	815	893	859	1,790	1,674
Recognition of deferred revenue ^(a)	Recognition of deferred revenue ^(a)	(896)	(814)	(917)	(864)	(1,813)	(1,678)
Other	Other	(13)	(7)	23	—	10	(7)
Balance, end of period	Balance, end of period	\$ 592	\$ 467	\$ 591	\$ 462	\$ 591	\$ 462

- (a) For the three and six months ended September 30, 2022 and 2021, December 31, 2022, the Company recognized \$408 million \$320 million and \$298 million \$490 million, respectively, of revenue which was included in the opening deferred revenue balance. For the three and six months ended December 31, 2021, the Company recognized \$182 million and \$372 million, respectively, of revenue which was included in the opening deferred revenue balance.

Contract assets were immaterial for disclosure as of September 30, 2022, December 31, 2022 and 2021.

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Other revenue disclosures

The Company typically expenses sales commissions to obtain a customer contract as incurred as the amortization period is 12 months or less. These costs are recorded within Selling, general and administrative in the Statements of Operations. The Company also does not capitalize significant financing components when the transfer of the good or service is paid within 12 months or less, or the receipt of consideration is received within 12 months or less of the transfer of the good or service.

For the three and six months ended September 30, 2022 December 31, 2022, the Company recognized approximately \$98 million \$88 million and \$186 million, respectively in revenues related to performance obligations that were satisfied or partially satisfied in a prior reporting period. The remaining transaction price related to unsatisfied performance obligations as of September 30, 2022 December 31, 2022 was approximately \$1,169 million \$1,180 million, of which approximately \$320 million \$250 million is expected to be recognized over the remainder of fiscal 2023, approximately \$322 million \$361 million is expected to be recognized in fiscal 2024 and approximately \$165 million \$191 million is expected to be recognized in fiscal 2025, with the remainder to be recognized thereafter. These amounts do not include (i) contracts with an expected duration of one year or less, (ii) contracts for which variable consideration is determined based on the customer's subsequent sale or usage and (iii) variable consideration allocated to performance obligations accounted for under the series guidance that meets the allocation objective under Accounting Standards Codification ("ASC") 606, "Revenue From Contracts With Customers."

NOTE 3. ACQUISITIONS

OPIS

In February 2022, the Company acquired the Oil Price Information Service business and related assets ("OPIS") from S&P Global Inc. ("S&P") and IHS Markit Ltd. for \$1.15 billion in cash, subject to customary purchase price adjustments. OPIS is a global industry standard for benchmark and reference pricing and news and analytics for the oil, natural gas liquids and biofuels industries. The business also provides pricing and news and analytics for the coal, mining and metals end markets and insights and analytics in renewables and carbon pricing. The acquisition enables Dow Jones to become a leading provider of energy and renewables information and furthers its goal of building the leading global business news and information platform for professionals. OPIS is a subsidiary of Dow Jones, and its results are included in the Dow Jones segment.

The purchase price allocation has been prepared on a preliminary basis and changes to the preliminary purchase price allocations may occur as additional information concerning asset and liability valuations is finalized. As a result of the acquisition, the Company recorded net tangible liabilities of \$1 million primarily related to deferred revenue and accounts receivable and \$620 million of identifiable intangible assets, consisting primarily of \$528 million of customer relationships with

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a useful life of 20 years, \$54 million in tradenames, including \$48 million related to the OPIS tradename with an indefinite life, and \$38 million related to technology with a weighted average useful life of six years. In accordance with ASC 350, "Intangibles—Goodwill and Other" ("ASC 350"), the excess of the total consideration over the fair values of the net tangible and intangible assets of \$538 million was recorded as goodwill on the transaction.

Base Chemicals

In June 2022, the Company acquired the Base Chemicals (rebranded Chemical Market Analytics, "CMA") business from S&P for \$295 million in cash, subject to customary purchase price adjustments. CMA provides pricing data, insights, analysis and forecasting for key base chemicals through its leading Market Advisory and World Analysis services. The acquisition enables Dow Jones to become a leading provider of base chemicals information and furthers its goal of building the leading global business news and information platform for professionals. CMA is operated by Dow Jones, and its results are included in the Dow Jones segment.

The purchase price allocation has been prepared on a preliminary basis and changes to the preliminary purchase price allocations may occur as additional information concerning asset and liability valuations is finalized. As a result of the acquisition, the Company recorded net tangible liabilities of \$22 million primarily related to deferred revenue and accounts receivable and \$189 million of identifiable intangible assets, consisting primarily of \$145 million of customer relationships with a useful life of 20 years, \$31 million related to technology with a weighted average useful life of 14 years and \$13 million in tradenames with a useful life of 20 years. In accordance with ASC 350, the excess of the total consideration over the fair values of the net tangible and intangible assets of \$121 million was recorded as goodwill on the transaction.

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UpNest

In June 2022, the Company acquired UpNest, Inc. ("UpNest") for closing cash consideration of \$45 million, subject to customary purchase price adjustments, and up to \$15 million in future cash consideration based upon the achievement of certain performance objectives over the next two years. The Company recorded an \$8 million liability related to the contingent consideration, representing the estimated fair value. Included in the closing cash consideration is \$9 million that is being held back to satisfy post-closing claims. UpNest is a real estate agent marketplace that matches home sellers and buyers with top local agents who compete for their business. The UpNest acquisition helps Realtor.com® further

expand its services and support for home sellers and listing agents and brokers. UpNest is a subsidiary of Move, and its results are included within the Digital Real Estate Services segment.

The purchase price allocation has been prepared on a preliminary basis and changes to the preliminary purchase price allocations may occur as additional information concerning asset and liability valuations is finalized. As a result of the acquisition, the Company recorded \$16 million of identifiable intangible assets, consisting primarily of customer relationships and technology platforms. In accordance with ASC 350, the excess of the total consideration over the fair values of the net tangible and intangible assets of \$40 million was recorded as goodwill on the transaction.

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NOTE 4. RESTRUCTURING PROGRAMS

Fiscal 2023

During the three and six months ended September 30, 2022 and 2021, December 31, 2022, the Company recorded restructuring charges of \$21 million \$19 million and \$22 million \$40 million, respectively. The restructuring charges recorded in fiscal 2023 primarily related to employee termination benefits.

Fiscal 2022

During the three and six months ended December 31, 2021, the Company recorded restructuring charges of \$23 million and \$45 million, respectively, of which \$11 million \$12 million and \$12 million \$24 million, respectively, related to the News Media segment. The restructuring charges recorded in fiscal 2023 and 2022 primarily related to employee termination benefits.

Changes in restructuring program liabilities were as follows:

	For the three months ended December 31,					
	2022			2021		
	One time employee termination			One time employee termination		
	benefits	Other costs	Total	benefits	Other costs	Total
	(in millions)					
Balance, beginning of period	\$ 22	\$ 40	\$ 62	\$ 28	\$ 37	\$ 65
Additions	16	3	19	19	4	23
Payments	(12)	(2)	(14)	(24)	(5)	(29)
Other	(1)	—	(1)	—	—	—
Balance, end of period	\$ 25	\$ 41	\$ 66	\$ 23	\$ 36	\$ 59

		For the three months ended September 30,							For the six months ended December 31,																	
		2022			2021				2022			2021														
		One time employee termination benefits	Other costs	Total	One time employee termination benefits	Other costs	Total		One time employee termination benefits	Other costs	Total	One time employee termination benefits	Other costs	Total												
(in millions)						(in millions)																				
Balance, beginning of period	Balance, beginning of period	\$	25	\$	41	\$	66	\$	51	\$	35	\$	86	Balance, beginning of period	\$	25	\$	41	\$	66	\$	51	\$	35	\$	86
Additions	Additions		20		1		21		18		4		22	Additions		36		4		40		37		8		45
Payments	Payments		(22)		(2)		(24)		(41)		(2)		(43)	Payments		(34)		(4)		(38)		(65)		(7)		(72)
Other	Other		(1)		—		(1)		—		—		—	Other		(2)		—		(2)		—		—		—
Balance, end of period	Balance, end of period	\$	22	\$	40	\$	62	\$	28	\$	37	\$	65	Balance, end of period	\$	25	\$	41	\$	66	\$	23	\$	36	\$	59

As of September 30, 2022 December 31, 2022, restructuring liabilities of approximately \$38 million \$39 million were included in the Balance Sheet in Other current liabilities and \$24 million \$27 million were included in Other non-current liabilities.

NOTE 5. INVESTMENTS

The Company's investments were comprised of the following:

(a) Equity method investments are primarily comprised of REA Group's ownership interest in PropertyGuru Pte. Ltd. ("PropertyGuru").

(b) Equity securities are primarily comprised of Tremor, certain investments in China, and the Company's investment in HT&E Limited, which operates a portfolio of Australian radio and outdoor media assets, assets, and Dow Jones' investment in an artificial intelligence-focused data analytics company.

The Company has equity securities with quoted prices in active markets as well as equity securities without readily determinable fair market values. Equity securities without readily determinable fair market values are valued at cost, less any impairment, plus or minus changes in fair value resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. The components comprising total gains and losses on equity securities are set forth below:

Equity Losses of Affiliates

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NOTE 6. BORROWINGS

The Company's total borrowings consist of the following:

		Interest rate at September 30, 2022		Maturity at September 30, 2022	As of September 30, 2022	As of June 30, 2022		Interest rate at December 31, 2022		Maturity at December 31, 2022	As of December 31, 2022	As of June 30, 2022
					(in millions)						(in millions)	
News Corporation	News Corporation						News Corporation					
2022 Term loan A ^(a)	2022 Term loan A ^(a)	5.028	%	Mar 31, 2027	\$ 500	\$ 500	2022 Term loan A ^(a)	6.180	%	Mar 31, 2027	\$ 500	\$ 500
2022 Senior notes	2022 Senior notes	5.125	%	Feb 15, 2032	492	492	2022 Senior notes	5.125	%	Feb 15, 2032	492	492
2021 Senior notes	2021 Senior notes	3.875	%	May 15, 2029	988	987	2021 Senior notes	3.875	%	May 15, 2029	988	987
Foxtel Group ^(a)	Foxtel Group ^(a)						Foxtel Group ^(a)					
^(b)	^(b)						^(b)					
2019 Credit facility ^(b) ^(c)	2019 Credit facility ^(b) ^(c)	5.36	%	May 31, 2024	307	68	2019 Credit facility ^(b) ^(c)	5.56	%	May 31, 2024	344	68
2019 Term loan facility	2019 Term loan facility	6.25	%	Nov 22, 2024	160	171	2019 Term loan facility	6.25	%	Nov 22, 2024	170	171
2017 Working capital facility ^(b) ^(c)	2017 Working capital facility ^(b) ^(c)	5.36	%	May 31, 2024	—	—	2017 Working capital facility ^(b) ^(c)	5.56	%	May 31, 2024	—	—
Telstra facility	Telstra facility	9.95	%	Dec 22, 2027	91	90	Telstra facility	10.74	%	Dec 22, 2027	109	90
2012 US private placement — USD portion — tranche 2 ^(d)	2012 US private placement — USD portion — tranche 2 ^(d)	—	%	Jul 25, 2022	—	198	2012 US private placement — USD portion — tranche 2 ^(d)	—	%	Jul 25, 2022	—	198
2012 US private placement — USD portion — tranche 3 ^(d)	2012 US private placement — USD portion — tranche 3 ^(d)	4.42	%	Jul 25, 2024	143	147	2012 US private placement — USD portion — tranche 3 ^(d)	4.42	%	Jul 25, 2024	151	147
2012 US private placement — AUD portion	2012 US private placement — AUD portion	—	%	Jul 25, 2022	—	68	2012 US private placement — AUD portion	—	%	Jul 25, 2022	—	68
REA Group ^(a) ^(b)	REA Group ^(a) ^(b)						REA Group ^(a) ^(b)					
2022 Credit facility — tranche 1 ^(d) ^(e)	2022 Credit facility — tranche 1 ^(d) ^(e)	3.85	%	Sep 16, 2024	256	273	2022 Credit facility — tranche 1 ^(d) ^(e)	4.24	%	Sep 16, 2024	216	273
2022 Credit facility — tranche 2 ^(d) ^(e)	2022 Credit facility — tranche 2 ^(d) ^(e)	4.00	%	Sep 16, 2025	8	8	2022 Credit facility — tranche 2 ^(d) ^(e)	4.39	%	Sep 16, 2025	—	8
Finance lease liability	Finance lease liability				55	67	Finance lease liability				55	67

Total borrowings	Total borrowings	3,000	3,069	Total borrowings	3,025	3,069
Less: current portion ^(e) ^(f)	Less: current portion ^(e) ^(f)	(23)	(293)	Less: current portion ^(e) ^(f)	(27)	(293)
Long-term borrowings	Long-term borrowings	\$ 2,977	\$ 2,776	Long-term borrowings	\$ 2,998	\$ 2,776

- (a) The Company entered into an interest rate swap derivative to fix the floating rate interest component of its Term A Loans at 2.083%. For the three months ended December 31, 2022 the Company was paying interest at an effective interest rate of 3.583%. See Note 8—Financial Instruments and Fair Value Measurements.
- (b) These borrowings were incurred by certain subsidiaries of NXE Australia Pty Limited (the “Foxtel Group” and together with such subsidiaries, the “Foxtel Debt Group”) and REA Group and certain of its subsidiaries (REA Group and certain of its subsidiaries, the “REA Debt Group”), consolidated but non wholly-owned subsidiaries of News Corp, and are only

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guaranteed by the Foxtel Group and REA Group and their respective subsidiaries, as applicable, and are non-recourse to News Corp.

- (b) (c) As of September 30, 2022 December 31, 2022, the Foxtel Debt Group had total undrawn commitments of A\$159 134 million available under these facilities.
- (c) (d) The carrying values of the borrowings include any fair value adjustments related to the Company's fair value hedges. See Note 8—Financial Instruments and Fair Value Measurements.
- (d) (e) As of September 30, 2022 December 31, 2022, REA Group had total undrawn commitments of A\$187 281 million available under this facility.
- (e) (f) The Company classifies the current portion of long term debt as non-current liabilities on the Balance Sheets when it has the intent and ability to refinance the obligation on a long-term basis, in accordance with ASC 470-50 “Debt.” \$23 million \$27 million and \$27 million relates to the current portion of finance lease liabilities as of September 30, 2022 December 31, 2022 and June 30, 2022, respectively.

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Foxtel Group Borrowings

During the three six months ended September 30, 2022 December 31, 2022, the Foxtel Group repaid its U.S. private placement senior unsecured notes that matured in July 2022 using capacity under the 2019 Credit Facility.

Covenants

The Company's borrowings and those of its consolidated subsidiaries contain customary representations, covenants and events of default, including those discussed in the Company's 2022 Form 10-K. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the applicable debt agreements may be declared immediately due and payable. The Company was in compliance with all such covenants at September 30, 2022 December 31, 2022.

NOTE 7. EQUITY

The following tables summarize changes in equity for the three and six months ended September 30, 2022 December 31, 2022 and 2021:

	For the three months ended September 30, 2022									
	Class A Common		Class B Common		Additional	Accumulated	Accumulated	Total	Non-controlling	Total
	Stock		Stock							
	Shares	Amount	Shares	Amount	Capital	Deficit	Comprehensive	Corp	Interests	Equity
	Loss	Equity	Equity							
	(in millions)									
Balance, June 30, 2022	388	\$ 4	197	\$ 2	\$ 11,779	\$ (2,293)	\$ (1,270)	\$ 8,222	\$ 921	\$ 9,143
Net income	—	—	—	—	—	40	—	40	26	66
Other comprehensive loss	—	—	—	—	—	—	(195)	(195)	(56)	(251)
Dividends	—	—	—	—	(58)	—	—	(58)	(31)	(89)
Share repurchases	(5)	—	(3)	—	(127)	—	—	(127)	—	(127)
Other	1	—	—	—	(10)	—	—	(10)	(4)	(14)

Balance, September 30, 2022	384	\$ 4	194	\$ 2	\$ 11,584	\$ (2,253)	\$ (1,465)	\$ 7,872	\$ 856	\$ 8,728
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	For the three months ended December 31, 2022										
	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total News Corp Equity	Non-controlling Interests	Total Equity	
	Shares	Amount	Shares	Amount							
	(in millions)										
Balance, September 30, 2022	384	\$ 4	194	\$ 2	\$ 11,584	\$ (2,253)	\$ (1,465)	\$ 7,872	\$ 856	\$ 8,728	
Net income	—	—	—	—	—	67	—	67	27	94	
Other comprehensive income	—	—	—	—	—	—	210	210	59	269	
Dividends	—	—	—	—	—	—	—	—	—	—	
Share repurchases	(2)	—	(1)	—	(47)	—	—	(47)	—	(47)	
Other	—	—	—	—	13	—	—	13	(1)	12	
Balance, December 31, 2022	382	\$ 4	193	\$ 2	\$ 11,550	\$ (2,186)	\$ (1,255)	\$ 8,115	\$ 941	\$ 9,056	

	For the three months ended December 31, 2021										
	Class A Common		Class B Common		Additional	Accumulated	Accumulated	Other	Total	Non-controlling	Total
	Stock		Stock								
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss	Equity	Interests	Equity	
	(in millions)										
Balance, September 30, 2021	393	\$ 4	200	\$ 2	\$ 11,980	\$ (2,715)	\$ (1,061)	\$ 8,210	\$ 938	\$ 9,148	
Net income	—	—	—	—	—	235	—	235	27	262	
Other comprehensive loss	—	—	—	—	—	—	(28)	(28)	—	(28)	
Dividends	—	—	—	—	—	—	—	—	—	—	
Share repurchases	(1)	—	(1)	—	(44)	(2)	—	(46)	—	(46)	
Other	—	—	—	—	12	—	—	12	(1)	11	
Balance, December 31, 2021	392	\$ 4	199	\$ 2	\$ 11,948	\$ (2,482)	\$ (1,089)	\$ 8,383	\$ 964	\$ 9,347	

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	For the three months ended September 30, 2021											For the six months ended September 30, 2022							
	Class A				Class B		Additional Paid-in Capital	Accumulated Other Comprehensive Loss		Total News Corp Equity	Non-controlling Interests	Total	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	
	Common Stock		Common Stock		Shares	Amount		Shares	Amount				Shares	Amount	Shares	Amount			
	Shares	Amount	Shares	Amount			Capital			Deficit	Loss	Equity					Shares	Amount	Capital
	(in millions)											(in millions)							
Balance, June 30, 2021	391	\$ 4	200	\$ 2	\$ 12,057	\$ (2,911)	\$ (941)	\$ 8,211	\$ 935	\$ 9,146									
Balance, June 30, 2022											Balance, June 30, 2022	388	\$ 4	197	\$ 2	\$ 11,779	\$ (2,290)	\$ 9,489	
Net income	—	—	—	—	—	196	—	196	71	267	Net income	—	—	—	—	—	—	100	
Other comprehensive loss	—	—	—	—	—	—	(120)	(120)	(38)	(158)									
Other comprehensive income											Other comprehensive income	—	—	—	—	—	—	—	
Dividends	—	—	—	—	(59)	—	—	(59)	(27)	(86)	Dividends	—	—	—	—	(58)	—	—	
Share repurchases											Share repurchases	(7)	—	(4)	—	(174)	—	—	

Other	Other	2	—	—	—	(18)	—	—	(18)	(3)	(21)	Other	1	—	—	—	3	—
Balance, September 30, 2021		393	\$ 4	200	\$ 2	\$11,980	\$ (2,715)	\$ (1,061)	\$8,210	\$ 938	\$9,148							
Balance, December 31, 2022												Balance, December 31, 2022	382	\$ 4	193	\$2	\$11,550	\$ (2,18)

	For the six months ended December 31, 2021											
	Class A		Class B		Additional	Accumulated	Accumulated	Total	Non-controlling	Total		
	Common Stock		Common Stock								Other	News
	Shares	Amount	Shares	Amount							Comprehensive	Corp
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss	Equity	Interests	Equity		
	(in millions)											
Balance, June 30, 2021	391	\$ 4	200	\$ 2	\$ 12,057	\$ (2,911)	\$ (941)	\$ 8,211	\$ 935	\$ 9,146		
Net income	—	—	—	—	—	431	—	431	98	529		
Other comprehensive loss	—	—	—	—	—	—	(148)	(148)	(38)	(186)		
Dividends	—	—	—	—	(59)	—	—	(59)	(27)	(86)		
Share repurchases	(1)	—	(1)	—	(44)	(2)	—	(46)	—	(46)		
Other	2	—	—	—	(6)	—	—	(6)	(4)	(10)		
Balance, December 31, 2021	392	\$ 4	199	\$ 2	\$ 11,948	\$ (2,482)	\$ (1,089)	\$ 8,383	\$ 964	\$ 9,347		

Stock Repurchases

On September 22, 2021, the Company announced a new stock repurchase program authorizing the Company to purchase up to \$1 billion in the aggregate of its outstanding Class A Common Stock and Class B Common Stock (the "Repurchase Program"). The Repurchase Program replaces the Company's \$500 million Class A Common Stock repurchase program approved by the Company's Board of Directors (the "Board of Directors") in May 2013. The manner, timing, number and share price of any repurchases will be determined by the Company at its discretion and will depend upon such factors as the market price of the stock, general market conditions, applicable securities laws, alternative investment opportunities and other factors. The Repurchase Program has no time limit and may be modified, suspended or discontinued at any time. As of September 30, 2022, the remaining authorized amount under the Repurchase Program was approximately \$690 million.

Stock repurchases commenced on November 9, 2021. During the three and six months ended September 30, 2022, the Company repurchased and subsequently retired 5.0 million 1.9 million and 6.9 million shares, respectively, of Class A Common Stock for approximately \$31 million and \$115 million, respectively, and 1.0 million and 3.5 million shares, respectively, of Class B Common Stock for approximately \$16 million and \$59 million, respectively. During the three and six months ended December 31, 2021, the Company repurchased and subsequently retired 1.4 million shares of Class A Common Stock for approximately \$84 million and 0.7 million and 2.5 million shares of Class B Common Stock for approximately \$43 million. The Company did not purchase any of its Class A Common Stock or Class B Common Stock during the three months ended September 30, 2021 \$15 million.

Dividends

In August 2022, the Board of Directors declared a semi-annual cash dividend of \$0.10 per share for Class A Common Stock and Class B Common Stock. The dividend was paid on October 12, 2022 to stockholders of record as of September 14, 2022. The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Board of Directors. The Board of Directors' decisions regarding the payment of future dividends will depend on many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the Board of Directors deems relevant.

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NOTE 8. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

In accordance with ASC 820, "Fair Value Measurements" ("ASC 820") fair value measurements are required to be disclosed using a three-tiered fair value hierarchy which distinguishes market participant assumptions into the following categories:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1. The Company could value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. For the Company, this primarily includes the use of forecasted financial information and other valuation related assumptions such as discount rates and long term growth rates in the income approach as well as the market approach which utilizes certain market and transaction multiples.

Under ASC 820, certain assets and liabilities are required to be remeasured to fair value at the end of each reporting period.

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The following table summarizes those assets and liabilities measured at fair value on a recurring basis:

		As of September 30, 2022				As of June 30, 2022				As of December 31, 2022				As of June 30, 2022			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		(in millions)															
Assets:	Assets:																
Interest rate derivatives - cash flow hedges	Interest rate derivatives - cash flow hedges	\$ —	\$ 46	\$ —	\$ 46	\$ —	\$ 24	\$ —	\$ 24	\$ —	\$ 43	\$ —	\$ 43	\$ —	\$ 24	\$ —	\$ 24
Foreign currency derivatives - cash flow hedges	Foreign currency derivatives - cash flow hedges	—	2	—	2	—	1	—	1	—	1	—	1	—	1	—	1
Cross-currency interest rate derivatives - fair value hedges	Cross-currency interest rate derivatives - fair value hedges	—	8	—	8	—	19	—	19	—	8	—	8	—	19	—	19
Cross-currency interest rate derivatives	Cross-currency interest rate derivatives	—	34	—	34	—	79	—	79	—	34	—	34	—	79	—	79
Equity securities ^(a)	Equity securities ^(a)	104	—	104	208	109	—	103	212	98	—	132	230	109	—	103	212
Total assets	Total assets	\$ 104	\$ 90	\$ 104	\$ 298	\$ 109	\$ 123	\$ 103	\$ 335	\$ 98	\$ 86	\$ 132	\$ 316	\$ 109	\$ 123	\$ 103	\$ 335
Total liabilities	Total liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(a) See Note 5—Investments.

Equity securities

The fair values of equity securities with quoted prices in active markets are determined based on the closing price at the end of each reporting period. These securities are classified as Level 1 in the fair value hierarchy outlined above. The fair values of equity securities without readily determinable fair market values are determined based on cost, less any impairment, plus or minus changes in fair value resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. These securities are classified as Level 3 in the fair value hierarchy outlined above.

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A rollforward of the Company's equity securities classified as Level 3 is as follows:

For the three months ended September 30,		For the six months ended December 31,	
2022	2021	2022	2021

	(in millions)					(in millions)				
Balance - beginning of period	Balance - beginning of period	\$	103	\$	116	Balance - beginning of period	\$	103	\$	116
Additions (a)	Additions (a)		1		1	Additions (a)		30		15
Sales						Sales		(2)		—
Returns of capital	Returns of capital		—		(24)	Returns of capital		(1)		(33)
Measurement adjustments	Measurement adjustments		1		24	Measurement adjustments		1		28
Foreign exchange and other (a) (b)	Foreign exchange and other (a) (b)		(1)		(27)	Foreign exchange and other (a) (b)		1		(23)
Balance - end of period	Balance - end of period	\$	104	\$	90	Balance - end of period	\$	132	\$	103

(a) During Primarily relates to Dow Jones' investment in an artificial intelligence-focused data analytics company during the three months ended September 30, 2021 December 31, 2022.

(b) During the six months ended December 31, 2021, the Company reclassified its investment in an equity security from Level 3 to Level 1 within the fair value hierarchy as the investment became publicly traded in the first quarter of fiscal 2022.

Derivative Instruments

The Company is directly and indirectly affected by risks associated with changes in certain market conditions. When deemed appropriate, the Company uses derivative instruments to mitigate the potential impact of these market risks. The primary market risks managed by the Company through the use of derivative instruments include:

- foreign currency exchange rate risk: arising primarily through Foxtel Debt Group borrowings denominated in United States ("U.S.") dollars, payments for customer premise equipment and certain programming rights; and
- interest rate risk: arising from fixed and floating rate Foxtel Debt Group and News Corporation borrowings.

The Company formally designates qualifying derivatives as hedge relationships ("hedges") and applies hedge accounting when considered appropriate. The Company does not use derivative financial instruments for trading or speculative purposes.

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Derivatives are classified as current or non-current in the Balance Sheets based on their maturity dates. Refer to the table below for further details:

	Balance Sheet Location	As of September 30, 2022	As of June 30, 2022		Balance Sheet Location	As of December 31, 2022	As of June 30, 2022
		(in millions)				(in millions)	
Foreign currency derivatives - cash flow hedges	Foreign currency derivatives - cash flow hedges Other current assets	\$ 2	\$ 1	Foreign currency derivatives - cash flow hedges	Other current assets	\$ 1	\$ 1
Cross currency interest rate derivatives - fair value hedges	Cross currency interest rate derivatives - fair value hedges Other current assets	—	11	Cross currency interest rate derivatives - fair value hedges	Other current assets	—	11
Interest rate derivatives - cash flow hedges	Interest rate derivatives - cash flow hedges Other current assets	11	4	Interest rate derivatives - cash flow hedges	Other current assets	14	4
Cross currency interest rate derivatives	Cross currency interest rate derivatives Other current assets	—	46	Cross currency interest rate derivatives	Other current assets	—	46

Interest rate derivatives - cash flow hedges	Interest rate derivatives - cash flow hedges	Other non-current assets	35	20	Interest rate derivatives - cash flow hedges	Other non-current assets	29	20
Cross-currency interest rate derivatives - fair value hedges	Cross-currency interest rate derivatives - fair value hedges	Other non-current assets	8	8	Cross-currency interest rate derivatives - fair value hedges	Other non-current assets	8	8
Cross-currency interest rate derivatives	Cross-currency interest rate derivatives	Other non-current assets	34	33	Cross-currency interest rate derivatives	Other non-current assets	34	33

Cash flow hedges

The Company utilizes a combination of foreign currency derivatives and interest rate derivatives to mitigate currency exchange rate risk and interest rate risk in relation to future interest and principal payments and payments for customer premise equipment and certain programming rights.

The total notional value of foreign currency contract derivatives designated for hedging was \$31 million \$41 million as of September 30, 2022 December 31, 2022. The maximum hedged term over which the Company is hedging exposure to foreign currency fluctuations is less than

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one year. As of September 30, 2022 December 31, 2022, the Company estimates that approximately \$1 million nil of net derivative gains losses related to its foreign currency contract derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statements of Operations within the next 12 months.

The total notional value of interest rate swap derivatives designated for hedging was approximately A\$250 million and \$500 million as of September 30, 2022 December 31, 2022 for Foxtel Debt Group and News Corporation borrowings, respectively. The maximum hedged term over which the Company is hedging exposure to variability in interest payments is to March 2027. As of September 30, 2022 December 31, 2022, the Company estimates that approximately \$16 million \$19 million of net derivative gains related to its interest rate swap derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statements of Operations within the next 12 months.

Cash flow derivatives

The Company utilizes cross-currency interest rate derivatives to mitigate currency exchange and interest rate risk in relation to future interest and principal payments. The Company determined that these cash flow hedges no longer qualified as highly effective as of December 31, 2020 primarily due to changes in foreign exchange and interest rates. Amounts recognized in Accumulated other comprehensive loss during the periods the hedges were considered highly effective will continue to be reclassified out of Accumulated other comprehensive loss over the remaining term of the derivatives. Changes in the fair values of these derivatives will be recognized within Other, net in the Statements of Operations on a prospective basis.

The total notional value of cross-currency interest rate swaps for which the Company discontinued hedge accounting was approximately \$120 million as of September 30, 2022 December 31, 2022. The maximum hedged term over which the Company is hedging exposure to variability in interest and principal payments is to July 2024. As of September 30, 2022 December 31, 2022, the Company estimates that approximately \$1 million of net derivative gains related to its cross-currency interest rate swap derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statements of Operations within the next 12 months.

The following table presents tables present the impact that changes in the fair values had on Accumulated other comprehensive loss and the Statements of Operations during the three and six months ended September 30, 2022 December 31, 2022 and 2021 for both derivatives designated as cash

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flow hedges that continue to be highly effective and derivatives initially designated as cash flow hedges but for which hedge accounting was discontinued as of December 31, 2020:

	Gain (loss) recognized in Accumulated Other Comprehensive Loss for the three months ended December 31,		(Gain) loss reclassified from Accumulated Other Comprehensive Loss for the three months ended December 31,		Income statement location
	2022	2021	2022	2021	
	(in millions)				
Foreign currency derivatives - cash flow hedges	\$ (2)	\$ —	\$ 1	\$ —	Operating expenses
Cross-currency interest rate derivatives	—	—	(1)	(1)	Interest expense, net

Interest rate derivatives - cash flow hedges	(1)	4	(3)	(1)	Interest expense, net
Total	<u>\$ (3)</u>	<u>\$ 4</u>	<u>\$ (3)</u>	<u>\$ (2)</u>	

		Gain (loss) recognized in Accumulated Other Comprehensive Loss for the three months ended September 30,		(Gain) loss reclassified from Accumulated Other Comprehensive Loss for the three months ended September 30,		Income statement location		Gain (loss) recognized in Accumulated Other Comprehensive Loss for the six months ended December 31,		(Gain) loss reclassified from Accumulated Other Comprehensive Loss for the six months ended December 31,		Income statement location		
		2022	2021	2022	2021		2022	2021	2022	2021				
		(in millions)					(in millions)							
Foreign currency derivatives - cash flow hedges	Foreign currency derivatives - cash flow hedges	\$ 1	\$ 1	\$ (1)	\$ —	Operating expenses	Foreign currency derivatives - cash flow hedges	\$ (1)	\$ 1	\$ —	\$ —	Operating expenses		
Cross- currency interest rate derivatives	Cross- currency interest rate derivatives	—	—	—	(1)		Interest expense, net	Cross- currency interest rate derivatives	—	—	(1)		(2)	Interest expense, net
Interest rate derivatives - cash flow hedges	Interest rate derivatives - cash flow hedges	22	2	—	(1)		Interest expense, net	Interest rate derivatives - cash flow hedges	21	6	(3)		(2)	Interest expense, net
Total	Total	\$ 23	\$ 3	\$ (1)	\$ (2)	Total	\$ 20	\$ 7	\$ (4)	\$ (4)				

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The amounts recognized in Other, net in the Statements of Operations resulting from the changes in fair value of cross-currency interest rate derivatives that were discontinued as cash flow hedges due to hedge ineffectiveness as of December 31, 2020 were a loss of approximately \$1 million and a gain of approximately \$2 million for the three and six months ended December 31, 2022, respectively, and gains of approximately \$3 million \$8 million and \$9 million \$17 million for the three and six months ended September 30, 2022 and 2021, December 31, 2021, respectively.

Fair value hedges

Borrowings in Australia issued at fixed rates and in U.S. dollars expose the Company to fair value interest rate risk and currency exchange rate risk. The Company manages fair value interest rate risk and currency exchange rate risk through the use of cross-currency interest rate swaps under which the Company exchanges fixed interest payments equivalent to the interest payments on the U.S. dollar denominated debt for floating rate Australian dollar denominated interest payments. The changes in fair value of derivatives designated as fair value hedges and the offsetting changes in fair value of the hedged items are recognized in Other, net. For the three six months ended September 30, 2022 December 31, 2022, such adjustments decreased the carrying value of borrowings by nil.

The total notional value of the fair value hedges was approximately \$30 million as of September 30, 2022 December 31, 2022. The maximum hedged term over which the Company is hedging exposure to variability in interest payments is to July 2024.

During the three and six months ended September 30, 2022 December 31, 2022 and 2021, the amount recognized in the Statements of Operations on derivative instruments designated as fair value hedges related to the ineffective portion was nil and the Company excluded the currency basis from the changes in fair value of the derivative instruments from the assessment of hedge effectiveness.

The following sets forth the effect of fair value hedging relationships on hedged items in the Balance Sheets as of September 30, 2022 December 31, 2022 and June 30, 2022:

The following sets forth the effect of fair value hedging relationships on hedged items in the balance sheets as of September 30, 2022, December 31, 2022 and June 30, 2022:														
		As of		As of				As of		As of				
		September 30, 2022		June 30, 2022				December 31, 2022		June 30, 2022				
		(in millions)						(in millions)						
Borrowings:	Borrowings:							Borrowings:						
Carrying amount of hedged item	Carrying amount of hedged item	\$	27	\$	68			Carrying amount of hedged item	\$	28	\$	68		

Cumulative hedging adjustments included in the carrying amount	Cumulative hedging adjustments included in the carrying amount	—	2	Cumulative hedging adjustments included in the carrying amount	—	2
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Other Fair Value Measurements

As of [September 30, 2022](#) [December 31, 2022](#), the carrying value of the Company's outstanding borrowings approximates the fair value. The 2022 Senior Notes, 2021 Senior Notes and U.S. private placement borrowings are classified as Level 2 and the remaining borrowings are classified as Level 3 in the fair value hierarchy.

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NOTE 9. EARNINGS (LOSS) PER SHARE

The following tables set forth the computation of basic and diluted earnings (loss) per share under ASC 260, "Earnings per Share":

		For the three months ended September 30,			For the three months ended December 31,		For the six months ended December 31,	
		2022	2021		2022	2021	2022	2021
		(in millions, except per share amounts)			(in millions, except per share amounts)		(in millions, except per share amounts)	
Net income	Net income	\$ 66	\$ 267	Net income	\$ 94	\$ 262	\$ 160	\$ 529
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	(26)	(71)	Less: Net income attributable to noncontrolling interests	(27)	(27)	(53)	(98)
Net income attributable to News Corporation stockholders	Net income attributable to News Corporation stockholders	\$ 40	\$ 196	Net income attributable to News Corporation stockholders	\$ 67	\$ 235	\$ 107	\$ 431
Weighted- average number of shares of common stock outstanding - basic	Weighted- average number of shares of common stock outstanding - basic	581.3	591.7	Weighted- average number of shares of common stock outstanding - basic	576.0	592.1	578.7	591.9
Dilutive effect of equity awards	Dilutive effect of equity awards	1.9	2.7	Dilutive effect of equity awards	1.8	2.6	1.8	2.7
Weighted- average number of shares of common stock outstanding - diluted	Weighted- average number of shares of common stock outstanding - diluted	583.2	594.4	Weighted- average number of shares of common stock outstanding - diluted	577.8	594.7	580.5	594.6
Net income attributable to News Corporation stockholders per share - basic and diluted		\$ 0.07	\$ 0.33					
						Net income attributable to News Corporation stockholders per share - basic	\$ 0.12	\$ 0.40
							\$ 0.18	\$ 0.73

Net income attributable to News Corporation stockholders per share - diluted	Net income attributable to News Corporation stockholders per share - diluted	\$	0.12	\$	0.40	\$	0.18	\$	0.72
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NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the current and future rights to various assets and services to be used in the normal course of operations.

In December 2022, the Company extended the lease at 1211 Avenue of the Americas in New York, New York through fiscal 2042. The location houses the Company's corporate headquarters as well as the executive and editorial offices for Dow Jones and the *New York Post*. In connection with this extension, the Company will pay average rent of approximately \$33 million per year through the remaining term.

During September and December 2022, the Company amended and extended certain sports programming rights agreements. As a result, the Company has presented its commitments associated with its sports programming rights in the table below.

	As of December 31, 2022				
	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions)				
Sports programming rights	3,959	499	1,038	1,036	1,386

The Company's remaining commitments as of September 30, 2022 December 31, 2022 have not changed significantly from the disclosures included in the 2022 Form 10-K.

	As of September 30, 2022				
	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions)				
Sports programming rights	3,246	453	868	814	1,111

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

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The Company establishes an accrued liability for legal claims when it 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. Legal fees associated with litigation and similar proceedings are expensed as incurred. Except as otherwise provided below, for the contingencies disclosed for which there is at least a reasonable possibility that a loss may be incurred, the Company was unable to estimate the amount of loss or range of loss. The Company recognizes gain contingencies when the gain becomes realized or realizable.

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News America Marketing

In May 2020, the Company sold its News America Marketing business. In the transaction, the Company retained certain liabilities, including those arising from the legal proceedings with Insignia Systems, Inc. ("Insignia") and Valassis Communications, Inc. ("Valassis") described below.

Insignia Systems, Inc.

In July 2019, Insignia filed a complaint in the U.S. District Court for the District of Minnesota against News America Marketing FSI L.L.C. ("NAM FSI"), News America Marketing In-Store Services L.L.C. ("NAM In-Store") and News Corporation (together, the "NAM Parties") alleging violations of federal and state antitrust laws and common law business torts. The complaint sought treble damages, injunctive relief and attorneys' fees and costs. In July 2022, the parties agreed to settle the litigation and Insignia's claims were dismissed with prejudice.

Valassis Communications, Inc.

In November 2013, Valassis filed a complaint in the U.S. District Court for the Eastern District of Michigan against the NAM Parties and News America Incorporated, which was subsequently transferred to the U.S. District Court for the Southern District of New York (the "N.Y. District Court"). The complaint alleged violations of federal and state antitrust laws and common law business torts and sought treble damages, injunctive relief and attorneys' fees and costs. The trial began on June 29, 2021, and in July 2021, the parties agreed to settle the litigation and Valassis's claims were dismissed with prejudice.

HarperCollins

Beginning in February 2021, a number of purported class action complaints have been filed in the N.Y. District Court against Amazon.com, Inc. ("Amazon") and certain publishers, including the Company's subsidiary, HarperCollins Publishers, L.L.C. ("HarperCollins" and together with the other publishers, the "Publishers"), alleging violations of antitrust and competition laws. The complaints seek treble damages, injunctive relief and attorneys' fees and costs. In September 2022, the N.Y. District Court granted Amazon and the Publishers' motions to dismiss the complaints but gave the plaintiffs leave to amend. The plaintiffs filed amended complaints in both cases in November 2022, and in January 2023, Amazon and the Publishers filed motions to dismiss the amended complaints. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of these actions, HarperCollins believes it has been compliant with applicable laws and intends to defend itself vigorously.

U.K. Newspaper Matters

Civil claims have been brought against the Company with respect to, among other things, voicemail interception and inappropriate payments to public officials at the Company's former publication, *The News of the World*, and at *The Sun*, and related matters (the "U.K. Newspaper Matters"). The Company has admitted liability in many civil cases and has settled a number of cases. The Company also settled a number of claims through a private compensation scheme which was closed to new claims after April 8, 2013.

In connection with the separation of the Company from Twenty-First Century Fox, Inc. ("21st Century Fox") on June 28, 2013, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox would indemnify the Company for payments made after such date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the previously concluded criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. 21st Century Fox's indemnification obligations with respect to these matters are settled on an after-tax basis. In March 2019, as

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part of the separation of FOX Corporation ("FOX") from 21st Century Fox, the Company, News Corp Holdings UK & Ireland, 21st Century Fox and FOX entered into a Partial Assignment and Assumption Agreement, pursuant to which, among other things, 21st Century Fox assigned, conveyed and transferred to FOX all of its indemnification obligations with respect to the U.K. Newspaper Matters.

The net expense related to the U.K. Newspaper Matters in Selling, general and administrative was \$6 million \$3 million and \$2 million \$4 million for the three months ended September 30, 2022 December 31, 2022 and 2021, respectively, and \$9 million and \$6 million for the six months ended December 31, 2022 and 2021, respectively. As of September 30, 2022 December 31, 2022, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately \$116 million \$118 million. The amount to be indemnified by FOX of approximately \$113 million \$114 million was recorded as a receivable in Other current assets on the Balance Sheet as of September 30, 2022 December 31, 2022. It is not possible to

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estimate the liability or corresponding receivable for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision and corresponding receivable for such matters.

The Company is not able to predict the ultimate outcome or cost of the civil claims. It is possible that these proceedings and any adverse resolution thereof could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

Other

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable.

The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid; however, paid. However, these liabilities may need to be adjusted as new information becomes known and as tax examinations continue to progress, or as settlements or litigations occur.

NOTE 11. INCOME TAXES

At the end of each interim period, the Company estimates the annual effective tax rate and applies that rate to its ordinary quarterly earnings. The tax expense or benefit related to significant, unusual or extraordinary items that will be separately reported or reported net of their related tax effect are individually computed and recognized in the interim period in which those items occur. In addition, the effects of changes in enacted tax laws or rates or tax status are recognized in the interim period in which the change occurs.

For the three months ended September 30, 2022 December 31, 2022, the Company recorded income tax expense of \$35 million \$61 million on pre-tax income of \$101 million \$155 million, resulting in an effective tax rate that is was higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by valuation allowances recorded against tax benefits in certain businesses with operating losses, businesses.

For the three six months ended September 30, 2021 December 31, 2022, the Company recorded income tax expense of \$71 million \$96 million on pre-tax income of \$338 million \$256 million, resulting in an effective tax rate that was equal to higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by valuation allowances recorded against tax benefits in certain businesses with operating losses, businesses.

For the three months ended December 31, 2021, the Company recorded income tax expense of \$99 million on pre-tax income of \$361 million, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by changes in valuation allowances.

For the six months ended December 31, 2021, the Company recorded income tax expense of \$170 million on pre-tax income of \$699 million, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by changes in valuation allowances, offset by the lower tax impact related to the acquisition of an 18% interest in PropertyGuru.

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Management assesses available evidence to determine whether sufficient future taxable income will be generated to permit the use of existing deferred tax assets. Based on management's assessment of available evidence, it has been determined that it is more likely than not that deferred tax assets in certain foreign jurisdictions may not be realized and therefore, a valuation allowance has been established against those tax assets.

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company is currently undergoing tax examinations in various U.S. state and foreign jurisdictions. The Company is currently undergoing an audit with the Internal Revenue Service for the fiscal year ended June 30, 2018. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid. However, the Company may need to accrue additional income tax expense and its liability may need to be adjusted as new information becomes known and as these tax examinations continue to progress, or as settlements or litigations occur.

The Inflation Reduction Act ("IRA") was signed into law on August 16, 2022. The IRA implements a 15% corporate minimum tax on corporations with over \$1 billion of financial statement income, a 1% excise tax on stock repurchases and several tax incentives to promote clean energy. On December 27, 2022, the U.S. Treasury Department provided additional guidance on the corporate minimum tax and the excise tax on stock repurchases. The Company is not expected to be subject to the corporate minimum tax and it will be subject to the 1% excise tax on stock repurchases.

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting has agreed on a two-pillar approach to address tax challenges arising from the digitalization of the global economy by (1) allocating profits to market jurisdictions ("Pillar One") and (2) ensuring multinational enterprises pay a minimum level of tax regardless of where the headquarters are located or the jurisdictions in which the company operates ("Pillar Two"). Pillar One targets multinational groups with global revenue exceeding 20 billion Euros and a profit-to-revenue ratio of more than 10%. Companies subject to Pillar One will be required to allocate profits and pay taxes to market jurisdictions. Based on the current proposed revenue and profit thresholds, the Company does not expect to be subject to tax changes associated with Pillar One. Pillar Two establishes a global minimum effective tax rate of 15% for multinational groups with annual global revenue exceeding 750 million Euros. On December 15, 2022, EU Member States unanimously adopted a directive implementing the global minimum tax rules of Pillar Two requiring members to enact the directive into their national laws by the end of 2023. We are currently evaluating the expected potential impact of the IRA Pillar Two global minimum tax proposals on its our consolidated financial statements and related disclosures.

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The Company paid gross income taxes of \$40 million \$81 million and \$45 million \$92 million during the three six months ended September 30, 2022 December 31, 2022 and 2021, respectively, and received tax refunds of \$1 million in both periods, and \$1 million, respectively.

NOTE 12. SEGMENT INFORMATION

The Company manages and reports its businesses in the following six segments:

- **Digital Real Estate Services**—The Digital Real Estate Services segment consists of the Company's 61.4% interest in REA Group and 80% interest in Move. The remaining 20% interest in Move is held by REA Group. REA Group is a market-leading digital media business specializing in property and is listed on the Australian Securities Exchange ("ASX") (ASX: REA). REA Group advertises property and property-related services on its websites and mobile apps, including Australia's leading residential, commercial and share property websites, realestate.com.au, realcommercial.com.au and Flatmates.com.au, property.com.au and property portals in India.

In addition, REA Group provides property-related data to the financial sector and financial services through an end-to-end digital property search and financing experience and a mortgage broking offering.

Move is a leading provider of digital real estate services in the U.S. and primarily operates Realtor.com®, a premier real estate information, advertising and services platform. Move offers real estate advertising solutions to agents and brokers, including its ConnectionsSM Plus, Market VIPSM and AdvantageSM Pro products as well as its referral-based service, ReadyConnect ConciergeSM. Move also offers online tools and services to do-it-yourself landlords and tenants.

- **Subscription Video Services**—The Company's Subscription Video Services segment provides sports, entertainment and news services to pay-TV and streaming subscribers and other commercial licensees, primarily via cable, satellite and internet distribution, and consists of (i) the Company's 65% interest in the Foxtel Group (with

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(with the remaining 35% interest held by Telstra, an ASX-listed telecommunications company) and (ii) Australian News Channel ("ANC"). The Foxtel Group is the largest Australian-based subscription television provider. Its Foxtel pay-TV service provides approximately 200 live channels and video on demand covering sports, general entertainment, movies, documentaries, music, children's programming and news. Foxtel and the Group's Kayo Sports streaming service offer the leading sports programming content in Australia, with broadcast rights to live sporting events including: National Rugby League, Australian Football League, Cricket Australia and various motorsports programming. The Foxtel Group also operates Group's other streaming services include BINGE, its entertainment streaming service, and Foxtel Now, a streaming service that provides access across Foxtel's live and on-demand content, and Flash, its news aggregation streaming service, content.

ANC operates the SKY NEWS network, Australia's 24-hour multi-channel, multi-platform news service. ANC channels are distributed throughout Australia and New Zealand and available on Foxtel and Sky Network Television NZ. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including web, mobile and third party providers.

- **Dow Jones**—The Dow Jones segment consists of Dow Jones, a global provider of news and business information, which distributes its content and data through a variety of media channels including newspapers, newswires, websites, mobile apps, newsletters, magazines, proprietary databases, live journalism, video and podcasts. The Dow Jones segment's products, which target individual consumers and enterprise customers, include *The Wall Street Journal*, *Barron's*, *MarketWatch*, *Investor's Business Daily*, *Factiva*, *Dow Jones Risk & Compliance*, *Dow Jones Newswires* and *OPIS*.
- **Book Publishing**—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 17 countries and particular strengths in general fiction, nonfiction, children's and religious publishing. HarperCollins owns more than 120 branded publishing imprints, including Harper, William Morrow, Mariner, HarperCollins Children's Books, Avon, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, George Orwell, Agatha Christie and Zora Neale Hurston, as well as global author brands including J.R.R. Tolkien, C.S. Lewis, Daniel Silva, Karin Slaughter and Dr. Martin Luther King, Jr. It is also home to many beloved children's books and authors and a significant Christian publishing business.
- **News Media**—The News Media segment consists primarily of News Corp Australia, News UK and the *New York Post* and includes, among other publications, *The Australian*, *The Daily Telegraph*, *Herald Sun*, *The Courier Mail* and *The Advertiser* in Australia and *The Times*, *The Sunday Times*, *The Sun* and *The Sun on Sunday* in the U.K.

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This segment also includes Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., the Company's recently launched TalkTV and Storyful, a social media content agency.

- **Other**—The Other segment consists primarily of general corporate overhead expenses, costs related to the U.K. Newspaper Matters and expenses associated with the Company's cost reduction initiatives.

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: depreciation and amortization, impairment and restructuring charges, equity losses of affiliates, interest (expense) income, net, other, net and income tax (expense) benefit. Segment EBITDA may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of Segment EBITDA.

Segment EBITDA is the primary measure used by the Company's chief operating decision maker to evaluate the performance of, and allocate resources within, the Company's businesses. Segment EBITDA provides management, investors and equity analysts with a measure to analyze the operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Segment information is summarized as follows:

		For the three months ended			For the three months ended		For the six months ended December		
		September 30,			December 31,		31,		
		2022	2021		2022	2021	2022	2021	
		(in millions)			(in millions)				
Revenues:	Revenues:			Revenues:					
Digital Real Estate Services	Digital Real Estate Services	\$ 421	\$ 426	Digital Real Estate Services	\$ 386	\$ 456	\$ 807	\$ 882	
Subscription Video Services	Subscription Video Services	502	510	Subscription Video Services	462	498	964	1,008	
Dow Jones	Dow Jones	515	444	Dow Jones	563	508	1,078	952	
Book Publishing	Book Publishing	487	546	Book Publishing	531	617	1,018	1,163	
News Media	News Media	553	576	News Media	579	638	1,132	1,214	
Other	Other	—	—	Other	—	—	—	—	
Total revenues	Total revenues	\$ 2,478	\$ 2,502	Total revenues	\$ 2,521	\$ 2,717	\$ 4,999	\$ 5,219	
Segment EBITDA:	Segment EBITDA:			Segment EBITDA:					
Digital Real Estate Services	Digital Real Estate Services	\$ 119	\$ 138	Digital Real Estate Services	\$ 128	\$ 178	\$ 247	\$ 316	
Subscription Video Services	Subscription Video Services	111	114	Subscription Video Services	90	86	201	200	
Dow Jones	Dow Jones	113	95	Dow Jones	139	144	252	239	
Book Publishing	Book Publishing	39	85	Book Publishing	51	107	90	192	
News Media	News Media	18	34	News Media	59	111	77	145	
Other	Other	(50)	(56)	Other	(58)	(40)	(108)	(96)	
Depreciation and amortization	Depreciation and amortization	(179)	(165)	Depreciation and amortization	(174)	(168)	(353)	(333)	
Impairment and restructuring charges	Impairment and restructuring charges	(21)	(22)	Impairment and restructuring charges	(19)	(23)	(40)	(45)	
Equity losses of affiliates	Equity losses of affiliates	(4)	—	Equity losses of affiliates	(29)	(6)	(33)	(6)	
Interest expense, net	Interest expense, net	(27)	(22)	Interest expense, net	(26)	(21)	(53)	(43)	
Other, net	Other, net	(18)	137	Other, net	(6)	(7)	(24)	130	
Income before income tax expense	Income before income tax expense	101	338	Income before income tax expense	155	361	256	699	
Income tax expense	Income tax expense	(35)	(71)	Income tax expense	(61)	(99)	(96)	(170)	
Net income	Net income	\$ 66	\$ 267	Net income	\$ 94	\$ 262	\$ 160	\$ 529	

		As of		As of	
		December 31, 2022		June 30, 2022	
		(in millions)			
Total assets:					
Digital Real Estate Services		\$	2,888	\$	2,989
Subscription Video Services			2,883		3,082
Dow Jones			4,304		4,368
Book Publishing			2,765		2,651
News Media			2,132		2,115
Other ^(a)			1,395		1,528
Investments			524		488
Total assets		\$	16,891	\$	17,221

(a) The Other segment primarily includes Cash and cash equivalents.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	As of September 30, 2022	As of June 30, 2022
	(in millions)	
Total assets:		
Digital Real Estate Services	\$ 2,815	\$ 2,989
Subscription Video Services	2,798	3,082
Dow Jones	4,279	4,368
Book Publishing	2,628	2,651
News Media	2,042	2,115
Other ^(a)	1,355	1,528
Investments	470	488
Total assets	<u>\$ 16,387</u>	<u>\$ 17,221</u>

(a) The Other segment primarily includes Cash and cash equivalents.

	As of September 30, 2022	As of June 30, 2022		As of December 31, 2022	As of June 30, 2022
	(in millions)			(in millions)	
Goodwill and intangible assets, net:	Goodwill and intangible assets, net:		Goodwill and intangible assets, net:		
Digital Real Estate Services	\$ 1,764	\$ 1,823	Digital Real Estate Services	\$ 1,806	\$ 1,823
Subscription Video Services	1,296	1,394	Subscription Video Services	1,366	1,394
Dow Jones	3,336	3,346	Dow Jones	3,323	3,346
Book Publishing	927	973	Book Publishing	955	973
News Media	281	304	News Media	302	304
Total Goodwill and intangible assets, net	<u>\$ 7,604</u>	<u>\$ 7,840</u>	Total Goodwill and intangible assets, net	<u>\$ 7,752</u>	<u>\$ 7,840</u>

NOTE 13. ADDITIONAL FINANCIAL INFORMATION

Receivables, net

Receivables are presented net of allowances, which reflect the Company's expected credit losses based on historical experience as well as current and expected economic conditions.

Receivables, net consist of:

	As of September 30, 2022	As of June 30, 2022		As of December 31, 2022	As of June 30, 2022
	(in millions)			(in millions)	
Receivables	\$ 1,537	\$ 1,569	Receivables	\$ 1,693	\$ 1,569
Less: allowances	(64)	(67)	Less: allowances	(57)	(67)
Receivables, net	<u>\$ 1,473</u>	<u>\$ 1,502</u>	Receivables, net	<u>\$ 1,636</u>	<u>\$ 1,502</u>

Other Non-Current Assets

The following table sets forth the components of Other non-current assets:

	As of December 31, 2022	As of June 30, 2022
	(in millions)	
Royalty advances to authors	\$ 393	\$ 403

Retirement benefit assets	144	133
Inventory ^(a)	261	268
News America Marketing deferred consideration	149	142
Other	453	438
Total Other non-current assets	\$ 1,400	\$ 1,384

(a) Primarily consists of the non-current portion of programming rights.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Other Non-Current Assets

The following table sets forth the components of Other non-current assets:

	As of September 30, 2022	As of June 30, 2022
	(in millions)	
Royalty advances to authors	\$ 396	\$ 403
Retirement benefit assets	130	133
Inventory ^(a)	241	268
News America Marketing deferred consideration	146	142
Other	444	438
Total Other non-current assets	\$ 1,357	\$ 1,384

(a) Primarily consists of the non-current portion of programming rights.

Other Current Liabilities

The following table sets forth the components of Other current liabilities:

	As of September 30, 2022	As of June 30, 2022	As of December 31, 2022	As of June 30, 2022
	(in millions)		(in millions)	
Royalties and commissions payable	\$ 246	\$ 215	\$ 233	\$ 215
Current operating lease liabilities	131	139	111	139
Allowance for sales returns	158	173	165	173
Current tax payable	15	18	16	18
Other	399	430	436	430
Total Other current liabilities	\$ 949	\$ 975	\$ 961	\$ 975

Other, net

The following table sets forth the components of Other, net:

	For the three months ended September 30,		For the three months ended December 31,		For the six months ended December 31,	
	2022	2021	2022	2021	2022	2021
	(in millions)		(in millions)		(in millions)	
Remeasurement of equity securities	\$ (3)	\$ 28	\$ (11)	\$ (9)	\$ (14)	\$ 19

Dividends received from equity security investments	Dividends received from equity security investments	2	1	Dividends received from equity security investments	2	9	4	10
Gain on sale of businesses ^(a)		—	107					
(Loss) gain on sale of businesses ^(a)				(Loss) gain on sale of businesses ^(a)			—	(9) — 98
Gain on remeasurement of previously-held interest				Gain on remeasurement of previously-held interest			—	3 — 3
Other	Other	(17)	1	Other	3	(1)	(14)	—
Total Other, net	Total Other, net	\$ (18)	\$ 137	Total Other, net	\$ (6)	\$ (7)	\$ (24)	\$ 130

(a) During the three six months ended September 30, 2021 December 31, 2021, REA Group acquired an 18% interest in PropertyGuru in exchange for all shares of REA Group's entities in Malaysia and Thailand. The Company recognized a gain of \$107 million on the disposition of such entities.

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Cash Flow Information

The following table sets forth the Company's cash paid for taxes and interest:

		For the three months ended September 30,		For the six months ended December 31,	
		2022	2021	2022	2021
		(in millions)		(in millions)	
Cash paid for interest	Cash paid for interest	\$ 28	\$ 14	Cash paid for interest	\$ 54 \$ 49
Cash paid for taxes	Cash paid for taxes	\$ 40	\$ 45	Cash paid for taxes	\$ 81 \$ 92

NOTE 14. SUBSEQUENT EVENTS

Potential Disposition of Move

In January 2023, the Company announced that it was engaged in discussions with CoStar Group, Inc. regarding a potential sale of its subsidiary, Move, Inc. However, there is no assurance regarding the timing or completion of any transaction.

Dividend declaration

In February 2023, the Company's Board of Directors declared a semi-annual cash dividend of \$0.10 per share for Class A Common Stock and Class B Common Stock. The dividend is payable on April 12, 2023 to stockholders of record as of March 15, 2023.

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

This document, including the following discussion and analysis, contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended. All statements that are not statements of historical fact are forward-looking statements. The words "expect," "will," "estimate," "anticipate," "predict," "believe," "should" and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this discussion and analysis and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company's business, financial condition or results of operations, the Company's strategy and strategic initiatives, including potential acquisitions, investments and dispositions, the exploration of a potential combination with Fox Corporation and the outcome of contingencies such as litigation and investigations. Readers are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks and uncertainties and other important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth under the heading "Risk Factors" in Part I, Item 1A. in News Corporation's Annual Report on Form 10-K for the fiscal year ended June 30, 2022, as filed with the Securities and Exchange Commission (the "SEC") on August 12, 2022 (the "2022 Form 10-K"), and as may be updated in this and other subsequent Quarterly Reports on Form 10-Q. The Company does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by the Company with the SEC. This section

should be read together with the unaudited consolidated financial statements of News Corporation and related notes set forth elsewhere herein and the audited consolidated financial statements of News Corporation and related notes set forth in the 2022 Form 10-K.

INTRODUCTION

News Corporation (together with its subsidiaries, "News Corporation," "News Corp," the "Company," "we," or "us") is a global diversified media and information services company comprised of businesses across a range of media, including: digital real estate services, subscription video services in Australia, news and information services and book publishing.

The unaudited consolidated financial statements are referred to herein as the "Consolidated Financial Statements." The consolidated statements of operations are referred to herein as the "Statements of Operations." The consolidated balance sheets are referred to herein as the "Balance Sheets." The consolidated statements of cash flows are referred to herein as the "Statements of Cash Flows." The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP").

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 Businesses**—This section provides a general description of the Company's businesses, as well as developments that occurred to date during fiscal 2023 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 six months ended September 30, 2022 December 31, 2022 and 2021. This analysis is presented on both a consolidated basis and a segment basis. Supplemental revenue information is also included for reporting units within certain segments and is presented on a gross basis, before eliminations in consolidation. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.
- **Liquidity and Capital Resources**—This section provides an analysis of the Company's cash flows for the three six months ended September 30, 2022 December 31, 2022 and 2021, as well as a discussion of the Company's financial arrangements and outstanding commitments, both firm and contingent, that existed as of September 30, 2022 December 31, 2022.

OVERVIEW OF THE COMPANY'S BUSINESSES

The Company manages and reports its businesses in the following six segments:

- **Digital Real Estate Services**—The Digital Real Estate Services segment consists of the Company's 61.4% interest in REA Group and 80% interest in Move. The remaining 20% interest in Move is held by REA Group. REA

Group is a market-leading digital media business specializing in property and is listed on the Australian Securities

Exchange ("ASX") (ASX: REA). REA Group advertises property and property-related services on its websites and mobile apps, including Australia's leading residential, commercial and share property websites, realestate.com.au, realcommercial.com.au and Flatmates.com.au, property.com.au and property portals in India. In addition, REA Group provides property-related data to the financial sector and financial services through an end-to-end digital property search and financing experience and a mortgage broking offering.

Move is a leading provider of digital real estate services in the U.S. and primarily operates Realtor.com®, a premier real estate information, advertising and services platform. Move offers real estate advertising solutions to agents and brokers, including its ConnectionsSM Plus, Market VIPSM and AdvantageSM Pro products as well as its referral-based service, ReadyConnect ConciergeSM. Move also offers online tools and services to do-it-yourself landlords and tenants.

- **Subscription Video Services**—The Company's Subscription Video Services segment provides sports, entertainment and news services to pay-TV and streaming subscribers and other commercial licensees, primarily via cable, satellite and internet distribution, and consists of (i) the Company's 65% interest in the Foxtel Group (with the remaining 35% interest held by Telstra, an ASX-listed telecommunications company) and (ii) Australian News Channel ("ANC"). The Foxtel Group is the largest Australian-based subscription television provider. Its Foxtel pay-TV service provides approximately 200 live channels and video on demand covering sports, general entertainment, movies, documentaries, music, children's programming and news. Foxtel and the Group's Kayo Sports streaming service offer the leading sports programming content in Australia, with broadcast rights to live sporting events including: National Rugby League, Australian Football League, Cricket Australia and various motorsports programming. The Foxtel Group also operates Group's other streaming services include BINGE, its entertainment streaming service, and Foxtel Now, a streaming service that provides access across Foxtel's live and on-demand content, and Flash, its news aggregation streaming service. content.

ANC operates the SKY NEWS network, Australia's 24-hour multi-channel, multi-platform news service. ANC channels are distributed throughout Australia and New Zealand and available on Foxtel and Sky Network Television NZ. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including web, mobile and third party providers.

- **Dow Jones**—The Dow Jones segment consists of Dow Jones, a global provider of news and business information, which distributes its content and data through a variety of media channels including newspapers, newswires, websites, mobile apps, newsletters, magazines, proprietary databases, live journalism, video and podcasts. The Dow Jones segment's products, which target individual consumers and enterprise customers, include *The Wall Street Journal*, *Barron's*, *MarketWatch*, *Investor's Business Daily*, *Factiva*, *Dow Jones Risk & Compliance*, *Dow Jones Newswires* and *OPIS*.

- **Book Publishing**—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 17 countries and particular strengths in general fiction, nonfiction, children's and religious publishing. HarperCollins owns more than 120 branded publishing imprints, including Harper, William Morrow, Mariner, HarperCollins Children's Books, Avon, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, George Orwell, Agatha Christie and Zora Neale Hurston, as well as global author brands including J.R.R. Tolkien, C.S. Lewis, Daniel Silva, Karin Slaughter and Dr. Martin Luther King, Jr. It is also home to many beloved children's books and authors and a significant Christian publishing business.
- **News Media**—The News Media segment consists primarily of News Corp Australia, News UK and the *New York Post* and includes, among other publications, *The Australian*, *The Daily Telegraph*, *Herald Sun*, *The Courier Mail* and *The Advertiser* in Australia and *The Times*, *The Sunday Times*, *The Sun* and *The Sun on Sunday* in the U.K. This segment also includes Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., the Company's recently launched TalkTV and Storyful, a social media content agency.
- **Other**—The Other segment consists primarily of general corporate overhead expenses, costs related to the U.K. Newspaper Matters (as defined in Note 10—Commitments and Contingencies to the Consolidated Financial Statements) and expenses associated with the Company's cost reduction initiatives.

Other Business Developments

Acquisition of OPIS

In February 2022, the Company acquired the Oil Price Information Service business and related assets ("OPIS") from S&P Global Inc. ("S&P") and IHS Markit Ltd. for \$1.15 billion in cash, subject to customary purchase price adjustments. OPIS is a

global industry standard for benchmark and reference pricing and news and analytics for the oil, natural gas liquids and biofuels industries. The business also provides pricing and news and analytics for the coal, mining and metals end markets and insights and analytics in renewables and carbon pricing. The acquisition enables Dow Jones to become a leading provider of energy and renewables information and furthers its goal of building the leading global business news and information platform for professionals. OPIS is a subsidiary of Dow Jones, and its results are included in the Dow Jones segment.

Acquisition of Base Chemicals

In June 2022, the Company acquired the Base Chemicals (rebranded Chemical Market Analytics, "CMA") business from S&P for \$295 million in cash, subject to customary purchase price adjustments. CMA provides pricing data, insights, analysis and forecasting for key base chemicals through its leading Market Advisory and World Analysis services. The acquisition enables Dow Jones to become a leading provider of base chemicals information and furthers its goal of building the leading global business news and information platform for professionals. CMA is operated by Dow Jones, and its results are included in the Dow Jones segment.

Acquisition of UpNest

In June 2022, the Company acquired UpNest, Inc. ("UpNest") for closing cash consideration of \$45 million, subject to customary purchase price adjustments, and up to \$15 million in future cash consideration based upon the achievement of certain performance objectives over the next two years. UpNest is a real estate agent marketplace that matches home sellers and buyers with top local agents who compete for their business. The UpNest acquisition helps Realtor.com® further expand its services and support for home sellers and listing agents and brokers. UpNest is a subsidiary of Move, and its results are included within the Digital Real Estate Services segment.

Exploration of Potential Combination with FOX Corporation ("FOX")

In October 2022, the Company announced that its Board of Directors (the "Board of Directors"), following the receipt of letters from K. Rupert Murdoch and the Murdoch Family Trust, **has had** formed a special committee of independent and disinterested members of the Board of Directors (the "Special Committee") to begin exploring a potential combination with FOX (the "Potential Transaction"). **The letters indicated that In January 2023, the Board of Directors received a letter from Mr. Murdoch and withdrawing the Murdoch Family Trust will not vote in favor proposal to explore the Potential Transaction. As a result of a transaction unless it is both recommended by the letter, the Special Committee and approved by a majority vote has been dissolved.**

Potential Disposition of the shares held by non-affiliated stockholders entitled to vote. The Special Committee, in consultation with its independent financial and legal advisors, will evaluate the Potential Transaction. The Special Committee has not made any determination with respect to the Potential Transaction, and there can be no certainty that Move

In January 2023, the Company will engage announced that it was engaged in the Potential Transaction. Neither the Company nor the Special Committee intends to disclose further developments discussions with CoStar Group, Inc. regarding a potential sale of its subsidiary, Move, Inc. However, there is no assurance regarding the Special Committee's work until it deems such disclosure is appropriate timing or required. completion of any transaction.

Russian and Ukrainian conflict

The Company has taken steps to ensure the safety of its journalists and other personnel in Ukraine and Russia and will continue to monitor the situation in the region and provide support, as needed, to affected employees. The Company has extremely limited operations in, or direct exposure to, Russia or Ukraine, and the conflict has not had a material impact on its business, financial condition, or results of operations to date. However, the conflict has broadened inflationary pressures and a further escalation or expansion of its scope or the related economic disruption could impact the Company's supply chain, further exacerbate inflation and other macroeconomic trends and have an adverse effect on its results of operations.

Announced Headcount Reduction

In response to the macroeconomic challenges facing many of the Company's businesses, the Company expects to continue to implement cost savings initiatives, including an expected 5% headcount reduction or around 1,250 positions, this calendar year. While it is still evaluating the cost savings opportunity from this action, the Company expects this to generate an annualized cost savings of at least \$130 million. The Company expects the charges related to this action to pay back in a year.

See Note 3—Acquisitions in the accompanying Consolidated Financial Statements for further discussion of the acquisitions discussed above.

RESULTS OF OPERATIONS

Results of Operations—For the three and six months ended September 30, 2022 December 31, 2022 versus the three and six months ended September 30, 2021 December 31, 2021

The following table sets forth the Company's operating results for the three and six months ended September 30, 2022 December 31, 2022 as compared to the three and six months ended September 30, 2021 December 31, 2021.

		For the three months ended September 30,					For the three months ended December 31,								
							31,				For the six months ended December 31,				
		2022	2021	Change	% Change		2022	2021	Change	% Change	2022	2021	Change	% Change	
(in millions, except %)	(in millions, except %)				Better/(Worse)	(in millions, except %)				Better/(Worse)				Better/(Worse)	
Revenues:	Revenues:					Revenues:									
Circulation and subscription	Circulation and subscription	\$ 1,111	\$ 1,077	\$ 34	3 %	Circulation and subscription	\$ 1,085	\$ 1,072	\$ 13	1 %	\$ 2,196	\$ 2,149	\$ 47	2 %	
Advertising	Advertising	406	405	1	— %	Advertising	464	519	(55)	(11) %	870	924	(54)	(6) %	
Consumer	Consumer	467	524	(57)	(11) %	Consumer	512	594	(82)	(14) %	979	1,118	(139)	(12) %	
Real estate	Real estate	323	320	3	1 %	Real estate	301	352	(51)	(14) %	624	672	(48)	(7) %	
Other	Other	171	176	(5)	(3) %	Other	159	180	(21)	(12) %	330	356	(26)	(7) %	
Total Revenues	Total Revenues	2,478	2,502	(24)	(1) %	Total Revenues	2,521	2,717	(196)	(7) %	4,999	5,219	(220)	(4) %	
Operating expenses	Operating expenses	(1,273)	(1,244)	(29)	(2) %	Operating expenses	(1,294)	(1,279)	(15)	(1) %	(2,567)	(2,523)	(44)	(2) %	
Selling, general and administrative	Selling, general and administrative	(855)	(848)	(7)	(1) %	Selling, general and administrative	(818)	(852)	34	4 %	(1,673)	(1,700)	27	2 %	
Depreciation and amortization	Depreciation and amortization	(179)	(165)	(14)	(8) %	Depreciation and amortization	(174)	(168)	(6)	(4) %	(353)	(333)	(20)	(6) %	
Impairment and restructuring charges	Impairment and restructuring charges	(21)	(22)	1	5 %	Impairment and restructuring charges	(19)	(23)	4	17 %	(40)	(45)	5	11 %	
Equity losses of affiliates	Equity losses of affiliates	(4)	—	(4)	**	Equity losses of affiliates	(29)	(6)	(23)	**	(33)	(6)	(27)	**	
Interest expense, net	Interest expense, net	(27)	(22)	(5)	(23) %	Interest expense, net	(26)	(21)	(5)	(24) %	(53)	(43)	(10)	(23) %	
Other, net	Other, net	(18)	137	(155)	**	Other, net	(6)	(7)	1	14 %	(24)	130	(154)	**	
Income before income tax expense	Income before income tax expense	101	338	(237)	(70) %	Income before income tax expense	155	361	(206)	(57) %	256	699	(443)	(63) %	
Income tax expense	Income tax expense	(35)	(71)	36	51 %	Income tax expense	(61)	(99)	38	38 %	(96)	(170)	74	44 %	
Net income	Net income	66	267	(201)	(75) %	Net income	94	262	(168)	(64) %	160	529	(369)	(70) %	
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	(26)	(71)	45	63 %	Less: Net income attributable to noncontrolling interests	(27)	(27)	—	— %	(53)	(98)	45	46 %	

Net income attributable to News Corporation stockholders	Net income attributable to News Corporation stockholders					Net income attributable to News Corporation stockholders																				
		\$	40	\$	196	\$	(156)	(80)	%		\$	67	\$	235	\$	(168)	(71)	%	\$	107	\$	431	\$	(324)	(75)	%

** not meaningful

Revenues— Revenues decreased \$24 million, or 1%, and \$196 million, or 7%, for the three and six months ended September 30, 2022, respectively, as compared to the corresponding period periods of fiscal 2022.

The revenue decrease for the three months ended September 30, 2022, was primarily driven by decreases at the Book Publishing segment primarily due to lower physical print and digital book sales from Amazon's reset of its inventory levels in the U.S. market due to slowing consumer demand industry-wide, difficult frontlist comparisons and rightsizing of its warehouse footprint and some logistical constraints at Amazon, at the News Media Digital Real Estate Services segment due to lower real estate revenues at Move and REA Group, the negative impact of foreign currency fluctuations and lower financial services revenue at REA Group and at the News Media and Subscription Video Services segments primarily due to the negative impacts of foreign currency fluctuations. These decreases were partially offset by the increased revenue higher revenues at the Dow Jones segment primarily due to the acquisitions of OPIS and CMA. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$153 million, or 6%, for the three months ended September 30, 2022, as compared to the corresponding period of fiscal 2022.

The revenue decrease for the six months ended December 31, 2022, was driven by the decrease at the Book Publishing segment, primarily due to lower print and digital book sales in the U.S. market due to slowing consumer demand industry-wide, difficult frontlist comparisons and the impact of Amazon's reset of its inventory levels and rightsizing of its warehouse footprint, the negative impacts of foreign currency fluctuations at the News Media and Subscription Video Services segments and the decrease at the Digital Real Estate Services segment driven by the negative impact of foreign currency fluctuations, lower real estate revenues at Move and lower financial services revenue at REA Group. These decreases were partially offset by higher revenues at the Dow Jones segment primarily due to the acquisitions of OPIS and CMA. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$324 million, or 6%, for the six months ended December 31, 2022, as compared to the corresponding period of fiscal 2022.

The Company calculates the impact of foreign currency fluctuations for businesses reporting in currencies other than the U.S. dollar by multiplying the results for each quarter in the current period by the difference between the average exchange rate for that quarter and the average exchange rate in effect during the corresponding quarter of the prior year and totaling the impact for all quarters in the current period.

Operating expenses— Operating expenses increased \$29 million, or 1%, and \$15 million, or 1%, and \$44 million, or 2%, for the three and six months ended September 30, 2022, respectively, as compared to the corresponding period periods of fiscal 2022.

The increase in operating expenses for the three months ended September 30, 2022, was primarily driven by higher expenses at the Dow Jones segment due to the impact from recent acquisitions and higher employee costs. The increase was costs and at the News Media segment due to higher costs for TalkTV and other digital investments, primarily at News Corp Australia, and the \$21 million impact of higher pricing on newsprint costs, partially offset by modestly the positive impact of foreign currency fluctuations and cost savings initiatives. The increases were partially offset by lower operating expenses at the Subscription Video Services segment due to the positive impact of foreign currency fluctuations, partially offset by higher sports and entertainment programming rights costs, and at the Book Publishing segment primarily due to the positive impact of foreign currency fluctuations, as higher manufacturing, freight and distribution costs were largely offset by the impact of lower sales volumes. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense decrease of \$84 million, or 7%, for the three months ended December 31, 2022, as compared to the corresponding period of fiscal 2022.

The increase in operating expenses for the six months ended December 31, 2022, was primarily driven by higher expenses at the Dow Jones segment due to the impact from recent acquisitions and higher employee costs and at the News Media segment primarily due to higher costs for TalkTV and other digital investments, primarily at News Corp Australia, and the \$41 million impact of higher pricing on newsprint costs, partially offset by the positive impact of foreign currency fluctuations and cost savings initiatives. The increases were partially offset by lower operating expenses at the Subscription Video Services and Book Publishing segments driven by the positive impact of foreign currency fluctuations. That fluctuations and the impact of lower sales volumes at the Book Publishing segment. Those positive impact was impacts were partially offset by higher sports and entertainment programming rights costs at the Subscription Video Services segment higher costs for TalkTV and other digital investments and newsprint, production and distribution at the News Media segment and higher manufacturing, freight and freight distribution costs at the Book Publishing segment. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating

expense decrease of \$74 million, or 6%, for the three six months ended September 30, 2022, as compared to the corresponding period of fiscal 2022.

Selling, general and administrative— Selling, general and administrative increased \$7 million, or 1%, and \$34 million, or 4%, and \$27 million, or 2%, for the three and six months ended September 30, 2022, respectively, as compared to the corresponding period periods of fiscal 2022.

The increase decrease in selling, general and administrative for the three months ended September 30, 2022, was driven by lower expenses at the Digital Real Estate Services, Subscription Video Services, News Media and Book Publishing segments, primarily driven by the positive impacts of foreign currency fluctuations, partially offset by increased expenses at the Other segment due to higher equity-based compensation costs largely related to stock price performance and \$6 million of one-time costs related to the professional fees incurred by the Special Committee and the Company in connection with evaluating the proposal from the Murdoch Family Trust and at the Dow Jones segment

due to the impact of recent acquisitions and higher employee costs and at the Digital Real Estate Services segment due to higher employee and marketing costs, partially offset by the positive impact of foreign currency fluctuations at both segments. The increased expenses were partially offset by lower costs at the Book Publishing segment, driven by lower employee costs and the positive impact of foreign currency fluctuations, and at the News Media segment, also driven by the positive impact of foreign currency fluctuations, which more than offset higher employee costs. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative decrease of \$56 million \$57 million, or 6% 7%, for the three months ended September 30, 2022 December 31, 2022 as compared to the corresponding period of fiscal 2022.

The decrease in selling, general and administrative for the six months ended December 31, 2022 was driven by lower expenses at the Book Publishing segment due to lower employee costs and the positive impact of foreign currency fluctuations, and at the Subscription Video Services, News Media and Digital Real Estate Services segments, primarily due to the positive impacts of foreign currency fluctuations, partially offset by higher expenses at the Dow Jones segment due to the impact of recent acquisitions and higher employee costs and at the Other segment due to higher equity-based compensation costs largely related to stock price performance and \$6 million of one-time costs related to the professional fees incurred by the Special Committee and the Company in connection with evaluating the proposal from the Murdoch Family Trust. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative decrease of \$113 million, or 7%, for the six months ended December 31, 2022 as compared to the corresponding period of fiscal 2022.

Depreciation and amortization— Depreciation and amortization expense increased \$14 million \$6 million, or 8% 4%, and \$20 million, or 6%, for the three and six months ended September 30, 2022 December 31, 2022, respectively, as compared to the corresponding period periods of fiscal 2022, primarily driven by higher amortization expense resulting from the Company's recent acquisitions. The impact of foreign

currency fluctuations of the U.S. dollar against local currencies resulted in a depreciation and amortization expense decrease of \$9 million \$12 million, or 7%, and \$21 million, or 6%, for the three and six months ended September 30, 2022 December 31, 2022, respectively, as compared to the corresponding period periods of fiscal 2022.

Impairment and restructuring charges— During the three and six months ended September 30, 2022 and 2021, December 31, 2022, the Company recorded restructuring charges of \$21 million \$19 million and \$22 million \$40 million, respectively. During the three and six months ended December 31, 2021, the Company recorded restructuring charges of \$23 million and \$45 million, respectively. See Note 4—Restructuring Programs in the accompanying Consolidated Financial Statements.

Equity losses of affiliates— Equity losses of affiliates increased by \$4 million \$23 million and \$27 million for the three and six months ended September 30, 2022 December 31, 2022, respectively, as compared to the corresponding period periods of fiscal 2022, 2022, primarily due to losses from an investment in a newly launched Australian sports wagering venture. See Note 5—Investments in the accompanying Consolidated Financial Statements.

Interest expense, net— Interest expense, net increased by \$5 million, or 23%, and \$10 million for the three and six months ended September 30, 2022 December 31, 2022, respectively, as compared to the corresponding period periods of fiscal 2022, primarily driven by the issuance of \$500 million of senior notes due 2032 in the third quarter of fiscal 2022 (the "2022 Senior Notes") and the incurrence of \$500 million in loans under a new unsecured term loan A credit facility (the "Term A Facility" and the loans under the Term A Facility are collectively referred to as "Term A Loans") in March 2022. See Note 6—Borrowings in the accompanying Consolidated Financial Statements.

Other, net— Other, net improved by \$1 million, or 14%, and decreased by \$155 million \$154 million for the three and six months ended September 30, 2022 December 31, 2022, respectively, as compared to the corresponding period periods of fiscal 2022, 2022. The decline in the six month period was primarily due to the absence of REA Group's gain on disposition of its entities in Malaysia and Thailand. Thailand recognized in the first quarter of fiscal 2022. See Note 13—Additional Financial Information in the accompanying Consolidated Financial Statements.

Income tax expense— For the three months ended September 30, 2022 December 31, 2022, the Company recorded income tax expense of \$35 million \$61 million on pre-tax income of \$101 million \$155 million, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by valuation allowances recorded against tax benefits in certain businesses.

For the six months ended December 31, 2022, the Company recorded income tax expense of \$96 million on pre-tax income of \$256 million, resulting in an effective tax rate that is higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by valuation allowances recorded against tax benefits in certain businesses with operating losses, businesses.

For the three months ended September 30, 2021 December 31, 2021, the Company recorded income tax expense of \$71 million \$99 million on pre-tax income of \$338 million \$361 million, resulting in an effective tax rate that was equal to higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by changes in valuation allowances.

For the six months ended December 31, 2021, the Company recorded income tax expense of \$170 million on pre-tax income of \$699 million, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The tax rate was impacted by foreign operations which are subject to higher tax rates and by changes in valuation allowances, recorded against tax benefits in certain businesses with operating losses, offset by the lower tax impact related to the acquisition of an 18% interest in PropertyGuru.

Management assesses available evidence to determine whether sufficient future taxable income will be generated to permit the use of existing deferred tax assets. Based on management's assessment of available evidence, it has been determined that it is more likely than not that deferred tax assets in certain foreign jurisdictions may not be realized and therefore, a valuation allowance has been established against those tax assets. See Note 11—Income Taxes in the accompanying Consolidated Financial Statements.

Net income—Net income for the three and six months ended September 30, 2022 December 31, 2022 was \$66 million \$94 million and \$160 million, respectively, compared to net income of \$267 million \$262 million and \$529 million for the corresponding period periods of fiscal 2022.

Net income for the three months ended September 30, 2022 December 31, 2022 decreased by \$201 million \$168 million, or 75% 64%, as compared to the corresponding period of fiscal 2022, primarily driven by lower Total Segment EBITDA and higher losses from equity affiliates, partially offset by lower income tax expense.

Net income for the six months ended December 31, 2022 decreased by \$369 million, or 70%, as compared to the corresponding period of fiscal 2022, primarily driven by lower Total Segment EBITDA and Other, net and Total Segment EBITDA, higher losses from equity affiliates, partially offset by lower income tax expense.

Net income attributable to noncontrolling interests—Net income attributable to noncontrolling interests was flat and decreased by \$45 million, or 63% 46%, for the three and six months ended September 30, 2022 December 31, 2022, respectively, as compared to the corresponding period periods of fiscal 2022, 2022. The decrease in the six month period was primarily driven by lower earnings at REA Group due to the absence of the \$107 million gain from the disposition of its entities in Malaysia and Thailand recognized in the prior year period, first quarter of fiscal 2022.

Segment Analysis

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: depreciation and amortization, impairment and restructuring charges, equity losses of affiliates, interest (expense) income, net, other, net and income tax (expense) benefit. Segment EBITDA may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of Segment EBITDA.

Segment EBITDA is the primary measure used by the Company's chief operating decision maker to evaluate the performance of, and allocate resources within, the Company's businesses. Segment EBITDA provides management, investors and equity analysts with a measure to analyze the operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Total Segment EBITDA is a non-GAAP measure and should be considered in addition to, not as a substitute for, net income (loss), cash flow and other measures of financial performance reported in accordance with GAAP. In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment and restructuring charges, which are significant components in assessing the Company's financial performance. The Company believes that the presentation of Total Segment EBITDA provides useful information regarding the Company's operations and other factors that affect the Company's reported results. Specifically, the Company believes that by excluding certain one-time or non-cash items such as impairment and restructuring charges and depreciation and amortization, as well as potential distortions between periods caused by factors such as financing and capital structures and changes in tax positions or regimes, the Company provides users of its consolidated financial statements with insight into both its core operations as well as the factors that affect reported results between periods but which the Company believes are not representative of its core business. As a result, users of the Company's consolidated financial statements are better able to evaluate changes in the core operating results of the Company across different periods.

The following table reconciles Net income to Total Segment EBITDA for the three and six months ended September 30, 2022 December 31, 2022 and 2021:

	For the three months ended September 30,				For the three months ended December 31,		For the six months ended December 31,	
		2022	2021		2022	2021	2022	2021
(in millions)	(in millions)			(in millions)				
Net income	Net income	\$ 66	\$ 267	Net income	\$ 94	\$ 262	\$ 160	\$ 529
Add:	Add:			Add:				
Income tax expense	Income tax expense	35	71	Income tax expense	61	99	96	170
Other, net	Other, net	18	(137)	Other, net	6	7	24	(130)
Interest expense, net	Interest expense, net	27	22	Interest expense, net	26	21	53	43
Equity losses of affiliates	Equity losses of affiliates	4	—	Equity losses of affiliates	29	6	33	6
Impairment and restructuring charges	Impairment and restructuring charges	21	22	Impairment and restructuring charges	19	23	40	45
Depreciation and amortization	Depreciation and amortization	179	165	Depreciation and amortization	174	168	353	333
Total Segment EBITDA	Total Segment EBITDA	\$ 350	\$ 410	Total Segment EBITDA	\$ 409	\$ 586	\$ 759	\$ 996

The following table sets forth the Company's Revenues and Segment EBITDA by reportable segment for the three and six months ended September 30, 2022, December 31, 2022 and 2021:

(in millions)	For the three months ended December 31,			
	2022		2021	
	Segment		Segment	
	Revenues	EBITDA	Revenues	EBITDA
Digital Real Estate Services	\$ 386	\$ 128	\$ 456	\$ 178
Subscription Video Services	462	90	498	86
Dow Jones	563	139	508	144
Book Publishing	531	51	617	107
News Media	579	59	638	111
Other	—	(58)	—	(40)
Total	\$ 2,521	\$ 409	\$ 2,717	\$ 586

	For the three months ended September 30,						For the six months ended December 31,				
	2022		2021				2022		2021		
		Segment		Segment				Segment		Segment	
(in millions)	(in millions)	Revenues	EBITDA	Revenues	EBITDA	(in millions)	Revenues	EBITDA	Revenues	EBITDA	
Digital Real Estate	Digital Real Estate					Digital Real Estate					
Services	Services	\$ 421	\$ 119	\$ 426	\$ 138	Services	\$ 807	\$ 247	\$ 882	\$ 316	
Subscription	Subscription					Subscription					
Video Services	Video Services	502	111	510	114	Video Services	964	201	1,008	200	
Dow Jones	Dow Jones	515	113	444	95	Dow Jones	1,078	252	952	239	
Book	Book					Book					
Publishing	Publishing	487	39	546	85	Publishing	1,018	90	1,163	192	
News Media	News Media	553	18	576	34	News Media	1,132	77	1,214	145	
Other	Other	—	(50)	—	(56)	Other	—	(108)	—	(96)	
Total	Total	\$ 2,478	\$ 350	\$ 2,502	\$ 410	Total	\$ 4,999	\$ 759	\$ 5,219	\$ 996	

Digital Real Estate Services (17% (16% and 17% of the Company's consolidated revenues in both the three six months ended September 30, 2022, December 31, 2022 and 2021), respectively)

		For the three months ended September 30,						For the three months ended December 31,					For the six months ended December 31,				
						%						%					
		2022	2021	Change	Change			2022	2021	Change	Change		2022	2021	Change	Change	
(in millions, except %)	(in millions, except %)						(in millions, except %)										
						Better/(Worse)						Better/(Worse)				Better/(Worse)	
Revenues:	Revenues:						Revenues:										
Circulation and subscription	Circulation and subscription	\$ 3	\$ 3	\$ —	—	%	Circulation and subscription	\$ 3	\$ 3	\$ —	—	%	\$ 6	\$ 6	\$ —	—	%
Advertising	Advertising	35	33	2	6	%	Advertising	33	33	—	—	%	68	66	2	3	%
Real estate	Real estate	323	320	3	1	%	Real estate	301	352	(51)	(14)	%	624	672	(48)	(7)	%
Other	Other	60	70	(10)	(14)	%	Other	49	68	(19)	(28)	%	109	138	(29)	(21)	%
Total Revenues	Total Revenues	421	426	(5)	(1)	%	Total Revenues	386	456	(70)	(15)	%	807	882	(75)	(9)	%
Operating expenses	Operating expenses	(57)	(56)	(1)	(2)	%	Operating expenses	(51)	(51)	—	—	%	(108)	(107)	(1)	(1)	%
Selling, general and administrative	Selling, general and administrative	(245)	(232)	(13)	(6)	%	Selling, general and administrative	(207)	(227)	20	9	%	(452)	(459)	7	2	%
Segment EBITDA	Segment EBITDA	\$ 119	\$ 138	\$ (19)	(14)	%	Segment EBITDA	\$ 128	\$ 178	\$ (50)	(28)	%	\$ 247	\$ 316	\$ (69)	(22)	%

For the three months ended **September 30, 2022** December 31, 2022, revenues at the Digital Real Estate Services segment decreased **\$5 million** \$70 million, or **1%** 15%, as compared to the corresponding period of fiscal 2022. Revenues at MoveAt REA Group, revenues decreased **\$11 million** \$47 million, or **6%** 16%, to **\$169 million** \$240 million for the three months ended **September 30, 2022** December 31, 2022 from **\$180 million** \$287 million in the corresponding period of fiscal 2022, primarily due to the \$26 million negative impact of foreign currency fluctuations, lower financial services revenue driven by lower settlements and lower Australian residential revenues due to a decrease in national listings. The decreases were partially offset by price increases, increased depth penetration for Australian residential and commercial products, increased penetration of Premiere Plus and higher revenues at REA India. Revenues at Move decreased \$23 million, or 14%, to \$146 million for the three months ended December 31, 2022 from \$169 million in the corresponding period of fiscal 2022, primarily driven by the impact of the macroeconomic environment on the housing market, including higher interest rates, on the housing market. rates. The market downturn resulted in lower lead volumes, which decreased **32%** 37%, and lower transaction volumes. Revenues from the traditional lead generation product and the referral model, which includes the ReadyConnect ConciergeSM product, and the traditional lead generation product decreased due to these factors, partially offset by continued improvements in yield at ConnectionsSM Plus and higher home prices factors.

Revenues from the referral model generated approximately 27% of total Move revenues for the three months ended **September 30, 2022** December 31, 2022 as compared to approximately 32% for the corresponding period of fiscal 2022.

For the three months ended December 31, 2022, Segment EBITDA at the Digital Real Estate Services segment decreased \$50 million, or 28%, as compared to the corresponding period of fiscal 2022, mainly driven by the lower revenues discussed above and the \$13 million, or 7%, negative impact of foreign currency fluctuations, partially offset by lower broker commissions at REA Group.

For the six months ended December 31, 2022, revenues at the Digital Real Estate Services segment decreased \$75 million, or 9%, as compared to the corresponding period of fiscal 2022. The decline was also Revenues at REA Group decreased \$41 million, or 8%, to \$492 million for the six months ended December 31, 2022 from \$533 million in the corresponding period of fiscal 2022 due to the \$46 million negative impact of foreign currency fluctuations. Higher revenues due to price increases, increased depth penetration for Australian residential and commercial products and increased penetration of Premiere Plus and higher revenues at REA India were partially offset by the impact of lower national listings on residential products and a decrease in financial services revenue driven by lower settlements. Revenues at Move decreased \$34 million, or 10%, to \$315 million for the six months ended December 31, 2022 from \$349 million in the corresponding period of fiscal 2022, primarily driven by the impact of the macroeconomic environment on the housing market, including higher revenues interest rates. The market downturn resulted in lower lead volumes, which decreased 34%, and lower transaction volumes. Revenues from Market VIPSM, a hybrid the referral model, which includes the ReadyConnect ConciergeSM product, offering, and the traditional lead generation product decreased due to improved sell-through. these factors. Revenues from the referral model generated approximately **30%** 29% of total Move revenues for the six months ended December 31, 2022 as compared to approximately 32% in the corresponding period of fiscal 2022. Revenues at REA Group increased \$6 million, or 2%, to \$252 million for the three months ended September 30, 2022 from \$246 million in the corresponding period of fiscal 2022, primarily driven by higher Australian residential revenues due to price increases, the contribution from Premiere Plus, increased depth penetration and growth in national listings, partially offset by the \$20 million negative impact of foreign currency fluctuations and a decrease in financial services revenue driven by lower settlements.

For the **three six** months ended **September 30, 2022** December 31, 2022, Segment EBITDA at the Digital Real Estate Services segment decreased **\$19 million** \$69 million, or **14%** 22%, as compared to the corresponding period of fiscal 2022, primarily due to the **\$9 million** lower revenues discussed above, the \$22 million, or 7%, negative impact of foreign currency fluctuations and higher employee and marketing costs related to strategic investments at both Move and REA Group, partially offset by lower broker commissions at REA Group.

Subscription Video Services **20%** 19% of the Company's consolidated revenues in both the **three six** months ended **September 30, 2022** December 31, 2022 and 2021)

		For the three months ended September 30,					For the three months ended December 31,				For the six months ended December 31,			
				%					%				%	
		2022	2021	Change	Change		2022	2021	Change	Change	2022	2021	Change	Change
(in millions, except %)	(in millions, except %)	Better/(Worse)				(in millions, except %)	Better/(Worse)				Better/(Worse)			
Revenues:	Revenues:					Revenues:								
Circulation and subscription	Circulation and subscription	\$ 425	\$ 440	\$ (15)	(3) %	Circulation and subscription	\$ 405	\$ 433	\$ (28)	(6) %	\$ 830	\$ 873	\$ (43)	(5) %
Advertising	Advertising	64	59	5	8 %	Advertising	47	55	(8)	(15) %	111	114	(3)	(3) %
Other	Other	13	11	2	18 %	Other	10	10	—	— %	23	21	2	10 %
Total Revenues	Total Revenues	502	510	(8)	(2) %	Total Revenues	462	498	(36)	(7) %	964	1,008	(44)	(4) %
Operating expenses	Operating expenses	(306)	(309)	3	1 %	Operating expenses	(292)	(312)	20	6 %	(598)	(621)	23	4 %
Selling, general and administrative	Selling, general and administrative	(85)	(87)	2	2 %	Selling, general and administrative	(80)	(100)	20	20 %	(165)	(187)	22	12 %

Segment	Segment					Segment								
EBITDA	EBITDA	\$ 111	\$ 114	\$ (3)	(3) %	EBITDA	\$ 90	\$ 86	\$ 4	5 %	\$ 201	\$ 200	\$ 1	1 %

For the three months ended **September 30, 2022** December 31, 2022, revenues at the Subscription Video Services segment decreased **\$8 million** \$36 million, or **2%** 7%, as compared to the corresponding period of fiscal 2022 due to the negative impact of foreign currency **fluctuations**, as the **\$31 million** fluctuations. The \$32 million increase in streaming revenues, primarily **from due to increased volume and pricing at Kayo and BINGE**, and the **\$14 million** \$9 million increase in commercial subscription revenues due to the absence of COVID-19 related restrictions imposed in fiscal 2022 **and higher advertising revenues** more than offset lower residential subscription revenues resulting from fewer residential broadcast **subscribers** subscribers and lower advertising revenues. Foxtel Group streaming subscription revenues represented approximately **25%** 26% of total circulation and subscription revenues for the three months ended **September 30, 2022** December 31, 2022 as compared to 19% in the corresponding period of fiscal 2022. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of **\$40 million** \$52 million, or **8%** 10%, for the three months ended **September 30, 2022** December 31, 2022 as compared to the corresponding period of fiscal 2022.

For the three months ended **September 30, 2022** December 31, 2022, Segment EBITDA **decreased \$3 million** increased \$4 million, or **3%** 5%, as compared to the corresponding period of fiscal 2022, including the \$10 million, or 11%, negative impact of foreign currency fluctuations. The revenue drivers discussed above and lower transmission and marketing costs were partially offset by higher sports

programming rights and production costs due to contractual increases and enhanced digital rights and higher entertainment programming rights costs due to the availability of content.

For the six months ended December 31, 2022, revenues at the Subscription Video Services segment decreased \$44 million, or 4%, as compared to the corresponding period of fiscal 2022 due to the negative impact of foreign currency fluctuations. The \$63 million increase in streaming revenues, primarily **driven** due to increased volume and pricing at Kayo and **BINGE**, and the \$23 million increase in commercial subscription revenues due to the absence of COVID-19 related restrictions imposed in fiscal 2022 more than offset lower residential subscription revenues resulting from fewer residential broadcast subscribers. Foxtel Group streaming subscription revenues represented approximately 26% of total circulation and subscription revenues for the six months ended December 31, 2022 as compared to 19% in the corresponding period of fiscal 2022. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$92 million, or 9%, for the six months ended December 31, 2022 as compared to the corresponding period of fiscal 2022.

For the six months ended December 31, 2022, Segment EBITDA increased \$1 million, or 1%, as compared to the corresponding period of fiscal 2022, including the \$19 million, or 9%, negative impact of foreign currency fluctuations. The revenue drivers discussed above and lower transmission costs were partially offset by higher sports programming rights and production costs due to contractual increases, enhanced digital rights and the timing of sporting events, primarily motorsports, and **contractual increases, increased marketing expense at BINGE and higher entertainment programming rights costs due to the \$9 million, or 8%, negative impact** availability of **foreign currency fluctuations**.content.

The following tables provide information regarding certain key performance indicators for the Foxtel Group, the primary reporting unit within the Subscription Video Services segment, as of and for the three and six months ended **September 30, 2022** December 31, 2022 and 2021 (see the Company's 2022 Form 10-K for further detail regarding these performance indicators):

		As of September 30,		As of December 31,	
		2022	2021	2022	2021
		(in 000's)		(in 000's)	
Broadcast Subscribers	Broadcast Subscribers			Broadcast Subscribers	
Residential ^(a)	Residential ^(a)	1,439	1,605	Residential ^(a)	1,401
Commercial ^(b)	Commercial ^(b)	219	162	Commercial ^(b)	230
Streaming Subscribers	Streaming Subscribers			Streaming Subscribers	
(Total (Paid)) ^(c)	(Total (Paid)) ^(c)			(Total (Paid)) ^(c)	
Kayo	Kayo	1,270 (1,259 paid)	1,079 (1,058 paid)	Kayo	1,136 (1,126 paid)
BINGE	BINGE	1,451 (1,342 paid)	885 (802 paid)	BINGE	1,439 (1,375 paid)
Foxtel Now	Foxtel Now	197 (191 paid)	239 (227 paid)	Foxtel Now	183 (177 paid)
Total Subscribers (Total (Paid)) ^(d)	Total Subscribers (Total (Paid)) ^(d)	4,605 (4,465 paid)	3,970 (3,854 paid)	Total Subscribers (Total (Paid)) ^(d)	4,414 (4,329 paid)
		For the three months ended September 30,		For the three months ended December 31,	
		2022	2021	2022	2021
Broadcast ARPU ^(e)	Broadcast ARPU ^(e)	A\$83 (US\$57)	A\$82 (US\$60)	Broadcast ARPU ^(e)	A\$83 (US\$55)
Broadcast Subscriber Churn ^(f)	Broadcast Subscriber Churn ^(f)	14.2%	14.0%	Broadcast Subscriber Churn ^(f)	A\$82 (US\$60)
		For the six months ended December 31,		For the six months ended December 31,	
		2022	2021	2022	2021
Broadcast ARPU ^(e)	Broadcast ARPU ^(e)	A\$83 (US\$56)	A\$82 (US\$60)	Broadcast ARPU ^(e)	A\$83 (US\$55)
Broadcast Subscriber Churn ^(f)	Broadcast Subscriber Churn ^(f)	13.6%	13.5%	Broadcast Subscriber Churn ^(f)	A\$82 (US\$60)

(a) Subscribing households throughout Australia as of **September 30, 2022** December 31, 2022 and 2021.

- (b) Commercial subscribers throughout Australia as of **September 30, 2022** **December 31, 2022** and 2021. Commercial subscribers are calculated as residential equivalent business units and are derived by dividing total recurring revenue from these subscribers by an estimated average Broadcast ARPU which is held constant through the year.
- (c) Total and Paid subscribers for the applicable streaming service as of **September 30, 2022** **December 31, 2022** and 2021. Paid subscribers excludes customers receiving service for no charge under certain new subscriber promotions.
- (d) Total subscribers consists of **Foxtel's Foxtel Group's** broadcast and streaming services listed above and **as of September 30, 2022, Flash**, its news aggregation streaming service.
- (e) Average monthly broadcast residential subscription revenue per user (excluding Optus) (Broadcast ARPU) for the three and six months ended **September 30, 2022** **December 31, 2022** and 2021.
- (f) Broadcast residential subscriber churn rate (excluding Optus) (Broadcast Subscriber Churn) for the three and six months ended **September 30, 2022** **December 31, 2022** and 2021. Broadcast subscriber churn represents the number of residential subscribers whose service is disconnected, expressed as a percentage of the average total number of residential subscribers, presented on an annual basis.

Dow Jones (21% 22% and 18% of the Company's consolidated revenues in the **three six** months ended **September 30, 2022** **December 31, 2022** and 2021, respectively)

		For the three months ended September 30,					For the three months ended December 31,				For the six months ended December 31,			
					%				%				%	
		2022	2021	Change	Change		2022	2021	Change	Change	2022	2021	Change	Change
(in millions, except %)	(in millions, except %)					(in millions, except %)								
					Better/(Worse)									Better/(Worse)
Revenues:	Revenues:					Revenues:								
Circulation and subscription	Circulation and subscription	\$ 414	\$ 349	\$ 65	19 %	Circulation and subscription	\$ 417	\$ 356	\$ 61	17 %	\$ 831	\$ 705	\$ 126	18 %
Advertising	Advertising	94	90	4	4 %	Advertising	131	141	(10)	(7) %	225	231	(6)	(3) %
Other	Other	7	5	2	40 %	Other	15	11	4	36 %	22	16	6	38 %
Total Revenues	Total Revenues	515	444	71	16 %	Total Revenues	563	508	55	11 %	1,078	952	126	13 %
Operating expenses	Operating expenses	(230)	(196)	(34)	(17) %	Operating expenses	(240)	(196)	(44)	(22) %	(470)	(392)	(78)	(20) %
Selling, general and administrative	Selling, general and administrative	(172)	(153)	(19)	(12) %	Selling, general and administrative	(184)	(168)	(16)	(10) %	(356)	(321)	(35)	(11) %
Segment EBITDA	Segment EBITDA	\$ 113	\$ 95	\$ 18	19 %	Segment EBITDA	\$ 139	\$ 144	\$ (5)	(3) %	\$ 252	\$ 239	\$ 13	5 %

For the three months ended **September 30, 2022** **December 31, 2022**, revenues at the Dow Jones segment increased **\$71 million** **\$55 million**, or **16%** **11%**, as compared to the corresponding period of fiscal 2022, primarily due to higher circulation and subscription revenues driven by the **\$34 million** **\$36 million** and **\$18 million** impacts from the acquisitions of OPIS and CMA in the third and fourth quarters of fiscal 2022, respectively, and the increases in digital circulation and advertising revenues, respectively. Digital revenues at the Dow Jones segment represented **79%** **76%** of total revenues for the three months ended **September 30, 2022** **December 31, 2022**, as compared to **75%** **72%** in the corresponding period of fiscal 2022. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of **\$9 million** **\$6 million**, or **2%** **1%**, for the three months ended **September 30, 2022** **December 31, 2022** as compared to the corresponding period of fiscal 2022.

For the six months ended **December 31, 2022**, revenues at the Dow Jones segment increased **\$126 million**, or **13%**, as compared to the corresponding period of fiscal 2022, primarily due to higher circulation and subscription revenues mainly driven by the **\$70 million** and **\$36 million** impacts from the acquisitions of OPIS and CMA in the third and fourth quarters of fiscal 2022, respectively. Digital revenues at the Dow Jones segment represented **77%** of total revenues for the six months ended **December 31, 2022**, as compared to **73%** in the corresponding period of fiscal 2022. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of **\$15 million**, or **2%**, for the six months ended **December 31, 2022** as compared to the corresponding period of fiscal 2022.

Circulation and subscription revenues

		For the three months ended September 30,					For the three months ended December 31,				For the six months ended December 31,			
		2022	2021	Change	% Change		2022	2021	Change	% Change	2022	2021	Change	% Change
(in millions, except %)	(in millions, except %)	Better/(Worse)				(in millions, except %)	Better/(Worse)				Better/(Worse)			
Circulation and subscription revenues:	Circulation and subscription revenues:					Circulation and subscription revenues:								

Circulation and other	Circulation and other	\$ 235	\$ 221	\$ 14	6	%	Circulation and other	\$ 231	\$ 228	\$ 3	1	%	\$ 466	\$ 449	\$ 17	4	%
Professional information business	Professional information business	179	128	51	40	%	Professional information business	186	128	58	45	%	365	256	109	43	%
Total circulation and subscription revenues	Total circulation and subscription revenues	\$ 414	\$ 349	\$ 65	19	%	Total circulation and subscription revenues	\$ 417	\$ 356	\$ 61	17	%	\$ 831	\$ 705	\$ 126	18	%

Circulation and subscription revenues increased \$65 million \$61 million, or 19% 17%, during the three months ended September 30, 2022 December 31, 2022 as compared to the corresponding period of fiscal 2022. Professional information business revenues increased \$51 million \$58 million, or 40% 45%, primarily driven by the acquisitions of OPIS and CMA, CMA and the \$7 million increase in Risk & Compliance revenues. Circulation and other revenues increased \$14 million \$3 million, or 6% 1%, primarily driven by growth in digital-only subscriptions, primarily at *The Wall Street Journal*, partially offset by print circulation declines. Digital revenues represented 69% of circulation revenue for the three months ended December 31, 2022, as compared to 67% in the corresponding period of fiscal 2022.

Circulation and subscription revenues increased \$126 million, or 18%, during the six months ended December 31, 2022 as compared to the corresponding period of fiscal 2022. Professional information business revenues increased \$109 million, or 43%, primarily driven by the acquisitions of OPIS and CMA and the \$10 million increase in Risk & Compliance revenues. Circulation and other revenues increased \$17 million, or 4%, driven by growth in digital-only subscriptions, primarily at *The*

Wall Street Journal, partially offset by print circulation declines. Digital revenues represented 68% of circulation revenue for the three six months ended September 30, 2022 December 31, 2022, as compared to 66% 67% in the corresponding period of fiscal 2022.

The following table summarizes average daily consumer subscriptions during the three months ended September 30, 2022 December 31, 2022 and 2021 for select publications and for all consumer subscription products.^(a)

		For the three months ended September 30 ^(b)						For the three months ended December 31 ^(b)					
		2022	2021	Change	% Change			2022	2021	Change	% Change		
(in thousands, except %)	(in thousands, except %)												
<i>The Wall Street Journal</i>	<i>The Wall Street Journal</i>												
Digital-only subscriptions ^(c)	Digital-only subscriptions ^(c)	3,157	2,803	354	13	%	Digital-only subscriptions ^(c)	3,167	2,918	249	9	%	
Total subscriptions	Total subscriptions	3,778	3,509	269	8	%	Total subscriptions	3,780	3,618	162	4	%	
Barron's Group ^(d)	Barron's Group ^(d)						Barron's Group ^(d)						
Digital-only subscriptions ^(c)	Digital-only subscriptions ^(c)	862	723	139	19	%	Digital-only subscriptions ^(c)	894	757	137	18	%	
Total subscriptions	Total subscriptions	1,040	935	105	11	%	Total subscriptions	1,062	963	99	10	%	
Total Consumer^(e)	Total Consumer^(e)						Total Consumer^(e)						
Digital-only subscriptions ^(c)	Digital-only subscriptions ^(c)	4,099	3,626	473	13	%	Digital-only subscriptions ^(c)	4,139	3,774	365	10	%	
Total subscriptions	Total subscriptions	4,922	4,572	350	8	%	Total subscriptions	4,943	4,707	236	5	%	

- (a) Based on internal data for the periods from July 4, 2022 October 3, 2022 through October 2, 2022 January 1, 2023 and June 28, 2021 September 27, 2021 through September 26, 2021 December 26, 2021, respectively, with independent verification procedures performed by PricewaterhouseCoopers LLP UK.
- (b) Subscriptions include individual consumer subscriptions, as well as subscriptions purchased by companies, schools, businesses and associations for use by their respective employees, students, customers or members. Subscriptions exclude single-copy sales and copies purchased by hotels, airlines and other businesses for limited distribution or access to customers.
- (c) For some publications, including *The Wall Street Journal* and Barron's, Dow Jones sells bundled print and digital products. For bundles that provide access to both print and digital products every day of the week, only one unit is reported each day and is designated as a print subscription. For bundled products that provide access to the print

product only on specified days and full digital access, one print subscription is reported for each day that a print copy is served and one digital subscription is reported for each remaining day of the week.

- (d) Barron's Group consists of *Barron's*, *MarketWatch*, *Financial News* and *Private Equity News*.
(e) Total Consumer consists of *The Wall Street Journal*, Barron's Group and Investor's Business Daily.

Advertising revenues

Advertising revenues increased \$4 million decreased \$10 million, or 4% 7%, during the three months ended September 30, 2022 December 31, 2022 as compared to the corresponding period of fiscal 2022, primarily mainly driven by the \$8 million decrease in print advertising revenues primarily at *The Wall Street Journal* due to lower advertising spend within the technology and finance sectors. Digital advertising represented 59% of advertising revenue for the three months ended December 31, 2022, as compared to 56% in the corresponding period of fiscal 2022.

Advertising revenues decreased \$6 million, or 3%, during the six months ended December 31, 2022 as compared to the corresponding period of fiscal 2022, driven by the \$10 million decrease in print advertising revenues primarily at *The Wall Street Journal* due to lower advertising spend within the technology and finance sectors, partially offset by the \$4 million increase in digital advertising revenues due to higher average yields, partially offset by the \$2 million decrease in print advertising yields. Digital advertising represented 65% 61% of advertising revenue for the three six months ended September 30, 2022 December 31, 2022, as compared to 61% 58% in the corresponding period of fiscal 2022.

Segment EBITDA

For the three months ended September 30, 2022 December 31, 2022, Segment EBITDA at the Dow Jones segment increased \$18 million decreased \$5 million, or 19% 3%, as compared to the corresponding period of fiscal 2022, including \$12 million and \$7 million \$6 million contributions from the acquisitions of OPIS and CMA, respectively, primarily due to increased employee and marketing costs, partially offset by the increased revenues discussed above.

For the six months ended December 31, 2022, Segment EBITDA at the Dow Jones segment increased \$13 million, or 5%, as compared to the corresponding period of fiscal 2022, including \$24 million and \$13 million contributions from the acquisitions

of OPIS and CMA, respectively, primarily due to the increase in revenues discussed above, partially offset by increased employee and marketing costs.

Book Publishing (20% and 22% of the Company's consolidated revenues in the three six months ended September 30, 2022 December 31, 2022 and 2021, respectively)

		For the three months ended September 30,					For the three months ended December 31,				For the six months ended December 31,			
									%					
		2022	2021	Change	% Change		2022	2021	Change	Change	2022	2021	Change	% Change
(in millions, except %)	(in millions, except %)					(in millions, except %)								
				Better/(Worse)					Better/(Worse)				Better/(Worse)	
Revenues:	Revenues:					Revenues:								
Consumer	Consumer	\$ 467	\$ 524	\$ (57)	(11) %	Consumer	\$ 512	\$ 594	\$ (82)	(14) %	\$ 979	\$ 1,118	\$ (139)	(12) %
Other	Other	20	22	(2)	(9) %	Other	19	23	(4)	(17) %	39	45	(6)	(13) %
Total Revenues	Total Revenues	487	546	(59)	(11) %	Total Revenues	531	617	(86)	(14) %	1,018	1,163	(145)	(12) %
Operating expenses	Operating expenses	(366)	(367)	1	— %	Operating expenses	(392)	(411)	19	5 %	(758)	(778)	20	3 %
Selling, general and administrative	Selling, general and administrative	(82)	(94)	12	13 %	Selling, general and administrative	(88)	(99)	11	11 %	(170)	(193)	23	12 %
Segment EBITDA	Segment EBITDA	\$ 39	\$ 85	\$ (46)	(54) %	Segment EBITDA	\$ 51	\$ 107	\$ (56)	(52) %	\$ 90	\$ 192	\$ (102)	(53) %

For the three months ended September 30, 2022 December 31, 2022, revenues at the Book Publishing segment decreased \$59 million \$86 million, or 11% 14%, as compared to the corresponding period of fiscal 2022, primarily driven by the decrease in physical lower print and digital book sales primarily in the U.S. and market due to slowing consumer demand industry-wide, difficult frontlist comparisons, the negative impact from of foreign currency fluctuations. The decrease fluctuations and some logistical constraints at Amazon. Softness in physical book sales resulted from Amazon's reset of its inventory levels and rightsizing of its warehouse footprint, which resulted consumer demand is expected to continue in lower order volume and higher returns, despite consumer sales data remaining consistent with prior quarters, the near-term. Digital sales increased decreased by 1% 7% as compared to the corresponding period of fiscal 2022 due to growth in downloadable audiobooks, partially offset driven by lower sales of e-books, e-book sales. Digital sales represented approximately 23% 19% of consumer revenues, as compared to 21% 17% in the corresponding period of fiscal 2022, and backlist sales represented approximately 65% 57% of total revenues during the three months ended September 30, 2022 December 31, 2022. The impact of foreign currency fluctuations of the U.S. dollar against local

currencies resulted in a revenue decrease of \$22 million, or 4%, for the three months ended **September 30, 2022** **December 31, 2022** as compared to the corresponding period of fiscal 2022.

For the three months ended **September 30, 2022** **December 31, 2022**, Segment EBITDA at the Book Publishing segment decreased **\$46 million** **\$56 million**, or **54%** **52%**, as compared to the corresponding period of fiscal 2022, primarily due to the lower revenues discussed above and higher manufacturing, freight and freight distribution costs due related to ongoing supply chain, inventory and inflationary pressures, partially offset by lower costs due to lower sales volumes and lower employee costs. The These supply chain, inventory and inflationary pressures are expected to continue to impact the business in the near term, though at a more moderate rate. term. To mitigate these pressures, the Company has implemented price increases, will reduce headcount and continue to evaluate its cost base.

News Media (22% and 23% of For the Company's consolidated revenues in the three six months ended **September 30, 2022** and 2021, respectively)

	For the three months ended September 30,			
	2022	2021	Change	% Change
(in millions, except %)	Better/(Worse)			
Revenues:				
Circulation and subscription	\$ 269	\$ 285	\$ (16)	(6) %
Advertising	213	223	(10)	(4) %
Other	71	68	3	4 %
Total Revenues	553	576	(23)	(4)%
Operating expenses	(314)	(316)	2	1 %
Selling, general and administrative	(221)	(226)	5	2 %
Segment EBITDA	\$ 18	\$ 34	\$ (16)	(47)%

Revenues **December 31, 2022**, revenues at the **News Media** **Book Publishing** segment decreased **\$23 million** **\$145 million**, or **4%** **12%**, for the three months ended **September 30, 2022** as compared to the corresponding period of fiscal 2022. Circulation and subscription revenues decreased **\$16 million** as compared to the corresponding period of fiscal 2022, primarily driven by lower print and digital book sales primarily in the **\$32 million** U.S. market due to slowing consumer demand industry-wide, difficult frontlist comparisons, Amazon's reset of its inventory levels and rightsizing of its warehouse footprint, which negatively impacted print book sales, and the negative impact of foreign currency fluctuations and print volume declines, partially offset fluctuations. Digital sales decreased by cover price increases, higher content licensing revenues, primarily at News Corp Australia, and digital subscriber growth across key mastheads. Advertising revenues decreased **\$10 million** **3%** as compared to the corresponding period of fiscal 2022 driven by the **\$22 million** negative impact of foreign currency fluctuations, the decline in print advertising at News UK and lower revenues at Wireless Group partly due to the absence of **EURO 2020** which occurred in the prior year period, lower e-book sales, partially offset by digital advertising growth primarily at News UK, in downloadable audiobooks. Digital sales represented approximately 21% of consumer revenues, as compared to 19% in the corresponding period of fiscal 2022, and print advertising growth at News Corp Australia, backlist sales represented approximately 61% of total revenues during the six months ended **December 31, 2022**. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue

decrease of **\$62 million** **\$44 million**, or **11%** **3%**, for the **three** six months ended **September 30, 2022** **December 31, 2022** as compared to the corresponding period of fiscal 2022.

For the six months ended **December 31, 2022**, Segment EBITDA at the **News Media** **Book Publishing** segment decreased **by \$16 million** **\$102 million**, or **47%** **53%**, for the three months ended **September 30, 2022** as compared to the corresponding period of fiscal 2022, primarily due to the lower revenues discussed above over and higher manufacturing, freight and distribution costs related to ongoing supply chain, inventory and inflationary pressures, partially offset by lower costs due to lower sales volumes and lower employee costs.

News Media (23% and 24% of the Company's consolidated revenues in the six months ended **December 31, 2022** and 2021, respectively)

	For the three months ended December 31,				For the six months ended December 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
(in millions, except %)	Better/(Worse)				Better/(Worse)			
Revenues:								
Circulation and subscription	\$ 260	\$ 280	\$ (20)	(7) %	\$ 529	\$ 565	\$ (36)	(6) %
Advertising	253	290	(37)	(13) %	466	513	(47)	(9) %
Other	66	68	(2)	(3) %	137	136	1	1 %
Total Revenues	579	638	(59)	(9)%	1,132	1,214	(82)	(7)%
Operating expenses	(319)	(309)	(10)	(3) %	(633)	(625)	(8)	(1) %

Selling, general and administrative	(201)	(218)	17	8 %	(422)	(444)	22	5 %
Segment EBITDA	\$ 59	\$ 111	\$ (52)	(47)%	\$ 77	\$ 145	\$ (68)	(47)%

Revenues at the News Media segment decreased \$59 million, or 9%, for the three months ended December 31, 2022 as compared to the corresponding period of fiscal 2022. Advertising revenues decreased \$37 million as compared to the corresponding period of fiscal 2022, primarily driven by the \$27 million negative impact of foreign currency fluctuations and lower print advertising revenues, partially offset by digital advertising growth at News UK, mainly at *The Sun*, and Wireless Group. Circulation and subscription revenues decreased \$20 million as compared to the corresponding period of fiscal 2022, primarily driven by the \$31 million negative impact of foreign currency fluctuations, as the decline in print volumes was more than offset by cover price increases and digital subscriber growth across key mastheads. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$65 million, or 10%, for the three months ended December 31, 2022 as compared to the corresponding period of fiscal 2022.

Segment EBITDA at the News Media segment decreased by \$52 million, or 47%, for the three months ended December 31, 2022 as compared to the corresponding period of fiscal 2022, including the \$5 million, or 5%, negative impact of foreign currency fluctuations, primarily due to the lower revenues discussed above, approximately \$22 million of higher costs related to TalkTV and other digital investments, primarily at News Corp Australia, the \$21 million impact of higher pricing on newsprint production and distribution costs and increased higher employee and marketing costs, partially offset by cost saving savings initiatives. Newsprint, production and distribution costs are expected to be higher in fiscal 2023 than the prior year due to supply chain and inflationary pressures, partially offset by the Company's continued transition to digital products.

Revenues at the News Corp Australia

Revenues were \$255 million Media segment decreased \$82 million, or 7%, for the three six months ended September 30, 2022, an increase of \$2 million, or 1%, December 31, 2022 as compared to revenues of \$253 million in the corresponding period of fiscal 2022. Advertising revenues increased \$3 million, primarily due decreased \$47 million as compared to higher print advertising revenues, as the corresponding period of fiscal 2022, was impacted by COVID-19 related restrictions within certain states, and modest growth in digital advertising revenues. These increases were partially offset driven by the \$8 million \$49 million negative impact of foreign currency fluctuations. Digital advertising growth, primarily at News UK and Wireless Group, and print advertising growth at News Corp Australia were largely offset by the decline in print advertising at News UK. Circulation and subscription revenues decreased \$6 million, primarily \$36 million as compared to the corresponding period of fiscal 2022, driven by the \$9 million \$63 million negative impact of foreign currency fluctuations, as cover price increases, digital subscriber growth across key mastheads and print volume declines, partially offset by higher content licensing revenues, cover price increases and digital subscriber growth, primarily at News Corp Australia, were partially offset by print volume declines. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$20 million \$127 million, or 8% 11%, for the six months ended December 31, 2022 as compared to the corresponding period of fiscal 2022.

Segment EBITDA at the News Media segment decreased by \$68 million, or 47%, for the six months ended December 31, 2022 as compared to the corresponding period of fiscal 2022, including the \$7 million, or 5%, negative impact of foreign currency fluctuations, primarily due to the lower revenues discussed above, approximately \$50 million of higher costs related to TalkTV and other digital investments, primarily at News Corp Australia, the \$41 million impact of higher pricing on newsprint costs and higher employee and marketing costs, partially offset by cost savings initiatives.

News Corp Australia

Revenues were \$252 million for the three months ended December 31, 2022, a decrease of \$36 million, or 13%, compared to revenues of \$288 million in the corresponding period of fiscal 2022. Advertising revenues decreased \$18 million driven by the \$12 million negative impact of foreign currency fluctuations and lower print and digital advertising. Circulation and subscription revenues decreased \$10 million due to the \$11 million negative impact of foreign currency fluctuations and print volume declines, partially offset by cover price increases and digital subscriber growth. The impact of foreign currency

fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$26 million, or 10%, for the three months ended September 30, 2022 December 31, 2022 as compared to the corresponding period of fiscal 2022.

Revenues were \$507 million for the six months ended December 31, 2022, a decrease of \$34 million, or 6%, compared to revenues of \$541 million in the corresponding period of fiscal 2022. Circulation and subscription revenues decreased \$16 million due to the \$20 million negative impact of foreign currency fluctuations and print volume declines, partially offset by cover price increases, digital subscriber growth and higher content licensing revenues. Advertising revenues decreased \$15 million due to the \$20 million negative impact of foreign currency fluctuations, partially offset by higher print advertising revenues, as the first quarter of fiscal 2022 was impacted by COVID-19 related restrictions within certain states. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$46 million, or 8%, for the six months ended December 31, 2022 as compared to the corresponding period of fiscal 2022.

News UK

Revenues were \$221 \$238 million for the three months ended September 30, 2022 December 31, 2022, a decrease of \$23 \$25 million, or 10%, as compared to revenues of \$263 million in the corresponding period of fiscal 2022. Advertising revenues decreased \$12 million, primarily driven by the \$10 million negative impact of foreign currency fluctuations and lower print advertising revenues, partially offset by higher digital advertising revenues, mainly at *The Sun*. Circulation and subscription revenues decreased \$10 million due to the \$20 million negative impact of foreign currency fluctuations and print volume declines, partially offset by cover price increases and higher digital subscribers. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$33 million, or 13%, for the three months ended December 31, 2022 as compared to the corresponding period of fiscal 2022.

Revenues were \$459 million for the six months ended December 31, 2022, a decrease of \$48 million, or 9%, as compared to revenues of \$244 \$507 million in the corresponding period of fiscal 2022. Circulation and subscription revenues decreased \$11 \$21 million primarily driven by due to the \$23 million \$43 million negative impact of foreign currency fluctuations and print volume declines, partially offset by cover price increases. Advertising revenues decreased \$7 \$19 million primarily due to the \$9 million \$19 million negative impact of foreign currency fluctuations and lower print advertising revenues, partially offset by higher digital advertising revenues, mainly at *The Sun*. The impact of foreign

currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$37 million, \$70 million, or 15% 13%, for the three six months ended September 30, 2022 December 31, 2022 as compared to the corresponding period of fiscal 2022.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds and cash and cash equivalents on hand. As of September 30, 2022 December 31, 2022, the Company's cash and cash equivalents were \$1.5 billion \$1.3 billion. The Company also has available borrowing capacity under its new revolving credit facility (the "Revolving Facility") and certain other facilities, as described below, and expects to have access to the worldwide credit and capital markets, subject to market conditions, in order to issue additional debt if needed or desired. The Company currently expects these elements of liquidity will enable it to meet its liquidity needs for at least the next 12 months, including repayment of indebtedness. Although the Company believes that its cash on hand and future cash from operations, together with its access to the credit and capital markets, will provide adequate resources to fund its operating and financing needs for at least the next 12 months, its access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) the financial and operational performance of the Company and/or its operating subsidiaries, as applicable, (ii) the Company's credit ratings and/or the credit rating of its operating subsidiaries, as applicable, (iii) the provisions of any relevant debt instruments, credit agreements, indentures and similar or associated documents, (iv) the liquidity of the overall credit and capital markets and (v) the state of the economy. There can be no assurances that the Company will continue to have access to the credit and capital markets on acceptable terms.

As of September 30, 2022 December 31, 2022, the Company's consolidated assets included \$752 \$740 million in cash and cash equivalents that were held by its foreign subsidiaries. Of this amount, \$110 \$97 million is cash not readily accessible by the Company as it is held by REA Group, a majority owned but separately listed public company. REA Group must declare a dividend in order for the Company to have access to its share of REA Group's cash balance.

The principal uses of cash that affect the Company's liquidity position include the following: operational expenditures including employee costs, paper purchases and programming costs; capital expenditures; income tax payments; investments in associated entities; acquisitions; the repurchase of shares; dividends; and the repayment of debt and related interest. In addition to the acquisitions and dispositions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate,

possible future acquisitions and dispositions of certain businesses. Such transactions may be material and may involve cash, the issuance of the Company's securities or the assumption of indebtedness.

Issuer Purchases of Equity Securities

On September 22, 2021, the Company announced a new stock repurchase program authorizing the Company to purchase up to \$1 billion in the aggregate of its outstanding Class A Common Stock and Class B Common Stock (the "Repurchase Program"). The Repurchase Program replaces the Company's \$500 million Class A Common Stock repurchase program approved by the Board of Directors in May 2013. The manner, timing, number and share price of any repurchases will be determined by the Company at its discretion and will depend upon such factors as the market price of the stock, general market conditions, applicable securities laws, alternative investment opportunities and other factors. The Repurchase Program has no time limit and may be modified, suspended or discontinued at any time. As of September 30, 2022 December 31, 2022, the remaining authorized amount under the Repurchase Program was approximately \$690 \$643 million.

Stock repurchases commenced on November 9, 2021. During the three and six months ended September 30, 2022 December 31, 2022, the Company repurchased and subsequently retired 5.0 million 1.9 million and 6.9 million shares, respectively, of Class A Common Stock for approximately \$31 million and \$115 million, respectively, and 1.0 million and 3.5 million shares, respectively, of Class B Common Stock for approximately \$16 million and \$59 million, respectively. During the three and six months ended December 31, 2021, the Company repurchased and subsequently retired 1.4 million shares of Class A Common Stock for approximately \$84 \$31 million and 0.7 million and 2.5 million shares of Class B Common Stock for approximately \$43 million. The Company did not purchase any of its Class A Common Stock or Class B Common Stock during the three months ended September 30, 2021 \$15 million. See Note 7—Equity in the accompanying Consolidated Financial Statements.

Dividends

In August 2022, the Board of Directors declared a semi-annual cash dividend of \$0.10 per share for Class A Common Stock and Class B Common Stock. The dividend was paid on October 12, 2022 to stockholders of record as of September 14, 2022. The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Board of Directors. The Board of Directors' decisions regarding the payment of future dividends will depend on many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the Board of Directors deems relevant.

Sources and Uses of Cash—For the three six months ended September 30, 2022 December 31, 2022 versus the three six months ended September 30, 2021 December 31, 2021

Net cash (used in) provided by operating activities for the three six months ended September 30, 2022 December 31, 2022 and 2021 was as follows (in millions):

For the three months ended September 30,	2022	2021
Net cash (used in) provided by operating activities	\$ (31)	\$ 68

For the six months ended December 31,	2022	2021
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Net cash provided by operating activities	\$	161	\$	430
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Net cash (used in) provided by operating activities decreased by \$99 \$269 million for the three six months ended September 30, 2022 December 31, 2022 as compared to the three six months ended September 30, 2021 December 31, 2021. The decrease was primarily due to lower Total Segment EBITDA and higher working capital, and \$14 million in higher interest payments, partially offset by lower restructuring and tax payments.

Net cash used in investing activities for the three six months ended September 30, 2022 December 31, 2022 and 2021 was as follows (in millions):

For the three months ended				For the three months ended			
September 30,		2022		2021			
For the six months ended				For the six months ended			
December 31,				December 31,		2022	
						2021	
Net cash used in investing activities	Net cash used in investing activities	\$	(130)	\$	(95)	Net cash used in investing activities	\$
							(249)

Net cash used in investing activities increased by \$35 \$88 million for the three six months ended September 30, 2022 December 31, 2022, as compared to the three six months ended September 30, 2021 December 31, 2021. During the three six months ended September 30, 2022 December 31, 2022, the Company used \$104 \$217 million of cash for capital expenditures, of which \$40 \$84 million related to Foxtel. Foxtel, and \$107 million for investments and acquisitions. During the three six months ended September 30, 2021 December 31, 2021, the Company used \$101 \$208 million of cash for capital expenditures, of which \$48 \$89 million related to Foxtel. Foxtel, and \$67 million for investments and acquisitions.

Net cash used in financing activities for the three six months ended September 30, 2022 December 31, 2022 and 2021 was as follows (in millions):

For the three months ended					
September 30,		2022		2021	
For the six months ended				For the six months ended	
December 31,				December 31,	
				2022	
				2021	
Net cash used in financing activities	Net cash used in financing activities	\$	(149)	\$	(85)

Net cash used in financing activities increased by \$64 \$114 million for the three six months ended September 30, 2022 December 31, 2022, as compared to the three six months ended September 30, 2021 December 31, 2021. During the three six months ended September 30, 2022 December 31, 2022, the Company had \$337 \$462 million of borrowing repayments, primarily related to Foxtel's U.S. private placement senior unsecured notes that matured in July 2022, \$127

\$178 million of stock repurchases of outstanding Class A and Class B Common Stock under the Repurchase Program and dividend payments of \$31 \$89 million to News Corporation stockholders and REA Group minority stockholders. The net cash used in financing activities was partially offset by new borrowings of \$328 \$407 million related to Foxtel.

During the three six months ended September 30, 2021 December 31, 2021, the Company repaid \$383 million \$500 million of borrowings primarily related to REA Group's refinancing of its bridge facility, and made dividend payments of \$27 million \$86 million to News Corporation stockholders and REA Group minority stockholders. stockholders and used \$43 million to repurchase outstanding Class A and Class B Common Stock under the Repurchase Program. The net cash used in financing activities was partially offset by new borrowings of \$378 million \$495 million primarily related to REA Group.

Reconciliation of Free Cash Flow and Free Cash Flow Available to News Corporation

Free cash flow and free cash flow available to News Corporation are non-GAAP financial measures. Free cash flow is defined as net cash provided by operating activities, less capital expenditures, and free cash flow available to News Corporation is defined as free cash flow, less REA Group free cash flow, plus cash dividends received from REA Group. Free cash flow and free cash flow available to News Corporation should be considered in addition to, not as a substitute for, cash flows from operations and other measures of financial performance reported in accordance with GAAP. Free cash flow and free cash flow available to News Corporation may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of free cash flow.

The Company believes free cash flow provides useful information to management and investors about the Company's liquidity and cash flow trends. The Company believes free cash flow available to News Corporation, which adjusts free cash flow to exclude REA Group's free cash flow and include dividends received from REA Group, provides management and investors with a measure of the amount of cash flow that is readily available to the Company, as REA Group is a separately listed public company in Australia and must declare a dividend in order for the Company to have access to its share of REA Group's cash balance. The Company believes free cash flow available to News Corporation provides a more

conservative view of the Company's free cash flow because this presentation includes only that amount of cash the Company actually receives from REA Group, which has generally been lower than the Company's unadjusted free cash flow.

A limitation of both free cash flow and free cash flow available to News Corporation is that they do not represent the total increase or decrease in the cash balance for the period. Management compensates for the limitation of free cash flow and free cash flow available to News Corporation by also relying on the net change in cash and cash equivalents as presented in the Statements of Cash Flows prepared in accordance with GAAP which incorporate all cash movements during the period.

The following table presents a reconciliation of net cash (used in) provided by operating activities to free cash flow and free cash flow available to News Corporation:

		For the three months ended September 30,		For the six months ended December 31,	
		2022	2021	2022	2021
		(in millions)		(in millions)	
Net cash (used in) provided by operating activities		\$ (31)	\$ 68		
Net cash provided by operating activities				\$ 161	\$ 430
Less: Capital expenditures	Less: Capital expenditures	(104)	(101)	(217)	(208)
Free cash flow	Free cash flow	(135)	(33)	(56)	222
Less: REA Group free cash flow	Less: REA Group free cash flow	(37)	(35)	(96)	(121)
Plus: Cash dividends received from REA Group	Plus: Cash dividends received from REA Group	50	43	50	43
Free cash flow available to News Corporation	Free cash flow available to News Corporation	\$ (122)	\$ (25)	\$ (102)	\$ 144

Free cash flow in the **three six** months ended **September 30, 2022** **December 31, 2022** was **\$(135) \$(56)** million compared to **\$(33) \$222** million in the prior year. The decrease was primarily due to lower cash provided by operating activities, as discussed above.

Free cash flow available to News Corporation in the **three six** months ended **September 30, 2022** **December 31, 2022** was **\$(122) \$(102)** million compared to **\$(25) million \$144 million** in the prior year. The decline was primarily due to lower free cash flow as discussed above, partially offset by higher dividends received from REA Group.

Borrowings

As of **September 30, 2022** **December 31, 2022**, the Company, certain subsidiaries of NXE Australia Pty Limited (the "Foxtel Group" and together with such subsidiaries, the "Foxtel Debt Group") and REA Group and certain of its subsidiaries (REA Group and certain of its subsidiaries, the "REA Debt Group") had total borrowings of \$3.0 billion, including the current portion. Both the Foxtel Group and REA Group are consolidated but non wholly-owned subsidiaries of News Corp, and their indebtedness is only guaranteed by members of the Foxtel Debt Group and REA Debt Group, respectively, and is non-recourse to News Corp.

News Corp Borrowings

As of **September 30, 2022** **December 31, 2022**, the Company had (i) borrowings of \$1,980 million, consisting of its outstanding 2021 Senior Notes, 2022 Senior Notes and Term A Loans and (ii) \$750 million of undrawn commitments available under the Revolving Facility.

Foxtel Group Borrowings

As of **September 30, 2022** **December 31, 2022**, the Foxtel Debt Group had (i) borrowings of approximately **\$701 million \$774 million**, including the full drawdown of its 2019 Term Loan Facility, amounts outstanding under the 2019 Credit Facility and 2017 Working Capital Facility, its outstanding U.S. private placement senior unsecured notes and amounts outstanding under the Telstra Facility (described below) and (ii) total undrawn commitments of A\$**159 134** million available under the 2017 Working Capital Facility and 2019 Credit Facility.

During the three months ended September 30, 2022, the Foxtel Group repaid its U.S. private placement senior unsecured notes that matured in July 2022 using capacity under the 2019 Credit Facility.

In addition to third-party indebtedness, the Foxtel Debt Group has related party indebtedness, including A\$700 million of outstanding principal of shareholder loans and A\$200 million of available shareholder facilities from the Company. The shareholder loans bear interest at a variable rate of the Australian BBSY plus an applicable margin ranging from

6.30% to 7.75% and mature in December 2027. The shareholder revolving credit facility bears interest at a variable rate of the Australian BBSY plus an applicable margin ranging from 2.00% to 3.75%, depending on the Foxtel Debt Group's net leverage ratio, and matures in July 2024. Additionally, the Foxtel Debt Group has an A\$170 million subordinated shareholder loan facility with Telstra which can be used to finance cable transmission costs due to Telstra. The Telstra Facility bears interest at a variable rate of the Australian BBSY plus an applicable margin of 7.75% and matures in December 2027. The Company excludes the utilization of the Telstra Facility from the Statements of Cash Flows because it is non-cash.

REA Group Borrowings

As of September 30, 2022 December 31, 2022, REA Group had (i) borrowings of approximately \$264 million \$216 million, consisting of amounts outstanding under its 2022 Credit Facility and (ii) A\$187 281 million of undrawn commitments available under its 2022 Credit Facility.

All of the Company's borrowings contain customary representations, covenants and events of default. The Company was in compliance with all such covenants at September 30, 2022 December 31, 2022.

See Note 6—Borrowings in the accompanying Consolidated Financial Statements for further details regarding the Company's outstanding debt, including additional information about interest rates, maturities and covenants related to such debt arrangements.

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the current and future rights to various assets and services to be used in the normal course of operations.

In December 2022, the Company extended the lease at 1211 Avenue of the Americas in New York, New York through fiscal 2042. The location houses the Company's corporate headquarters as well as the executive and editorial offices for Dow Jones

and the New York Post. In connection with this extension, the Company will pay average rent of approximately \$33 million per year through the remaining term.

During September and December 2022, the Company amended and extended certain sports programming rights agreements. As a result, the Company has presented its commitments associated with its sports programming rights in the table below. The

	As of December 31, 2022				
	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions)				
Sports programming rights	3,959	499	1,038	1,036	1,386

The Company's remaining commitments as of September 30, 2022 December 31, 2022 have not changed significantly from the disclosures included in the 2022 Form 10-K.

	As of September 30, 2022				
	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions)				
Sports programming rights	3,246	453	868	814	1,111

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed in Note 10 to the Consolidated Financial Statements. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

The Company establishes an accrued liability for legal claims when it 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. Legal fees associated with litigation and similar proceedings are expensed as incurred. The Company recognizes gain contingencies when the gain becomes realized or realizable. See Note 10—Commitments and Contingencies in the accompanying Consolidated Financial Statements.

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid. However, these liabilities may need to be adjusted as new information becomes known and as tax examinations continue to progress, or as settlements or litigations occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the Company's assessment of its sensitivity to market risk since its presentation set forth in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in the Company's 2022 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 15(d)-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 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) Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the Company's first second quarter of fiscal 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

See Note 10—Commitments and Contingencies in the accompanying Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors described in the 2022 Form 10-K.

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

On September 22, 2021, the Company announced a new stock repurchase program authorizing the Company to purchase up to \$1 billion in the aggregate of its outstanding Class A Common Stock and Class B Common Stock (the "Repurchase Program"). The Repurchase Program replaces the Company's \$500 million Class A Common Stock repurchase program approved by the Company's Board of Directors in May 2013. The manner, timing, number and share price of any repurchases will be determined by the Company at its discretion and will depend upon such factors as the market price of the stock, general market conditions, applicable securities laws, alternative investment opportunities and other factors. The Repurchase Program has no time limit and may be modified, suspended or discontinued at any time.

The following table details the Company's monthly share repurchases during the three months ended September 30, 2022 December 31, 2022:

	Total Number of Shares Purchased - Class A(a)	Total Number of Shares Purchased - Class B(a)	Average Price Paid Per Share - Class A(b)	Average Price Paid Per Share - Class B(b)	Total Number of Shares Purchased as Part of Publicly Announced Program	Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Program(b)
(in millions, except per share amounts)						
July 4, 2022 - July 31, 2022	1.6	0.8	\$ 16.14	\$ 16.39	2.4	\$ 779
August 1, 2022 - September 4, 2022	1.9	0.9	\$ 17.68	\$ 17.96	2.8	\$ 728
September 5, 2022 - October 2, 2022	1.5	0.8	\$ 16.23	\$ 16.54	2.3	\$ 690
Total	5.0	2.5	\$ 16.75	\$ 17.03	7.5	

	Total Number of Shares Purchased - Class A(a)	Total Number of Shares Purchased - Class B(a)	Average Price Paid Per Share - Class A(b)	Average Price Paid Per Share - Class B(b)	Total Number of Shares Purchased as Part of Publicly Announced Program	Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Program(b)
(in millions, except per share amounts)						
October 3, 2022 - October 30, 2022	1.6	0.8	\$ 16.24	\$ 16.49	2.4	\$ 651
October 31, 2022 - December 4, 2022	0.3	0.2	\$ 16.82	\$ 17.00	0.5	\$ 643

December 5, 2022 - January 1, 2023	—	—	\$	—	\$	—	—	\$	643
Total	1.9	1.0	\$	16.32	\$	16.57	2.9		

- (a) The Company has not made any repurchases of Common Stock other than in connection with the publicly announced stock repurchase program described above.
(b) Amounts exclude fees, commissions or other costs associated with the repurchases.

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 the Sarbanes Oxley Act of 2002.**](#)
- 101 The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended **September 30, 2022** **December 31, 2022** formatted in Inline XBRL: (i) Consolidated Statements of Operations for the three and six months ended **September 30, 2022** **December 31, 2022** and 2021 (unaudited); (ii) Consolidated Statements of Comprehensive (Loss) Income for the three and six months ended **September 30, 2022** **December 31, 2022** and 2021 (unaudited); (iii) Consolidated Balance Sheets as of **September 30, 2022** **December 31, 2022** (unaudited) and June 30, 2022 (audited); (iv) Consolidated Statements of Cash Flows for the **three six** months ended **September 30, 2022** **December 31, 2022** and 2021 (unaudited); and (v) Notes to the Unaudited Consolidated Financial Statements.*
- 104 The cover page from News Corporation's Quarterly Report on Form 10-Q for the quarter ended **September 30, 2022** **December 31, 2022**, formatted in Inline XBRL (included as Exhibit 101).*

* Filed herewith.

** Furnished herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEWS CORPORATION
(Registrant)

By: /s/ Susan Panuccio
Susan Panuccio
Chief Financial Officer

Date: **November 9, 2022** **February 10, 2023**

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

I, Robert J. Thomson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2022 February 10, 2023

By: /s/ Robert J. Thomson

Robert J. Thomson
Chief Executive Officer and Director

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

I, Susan Panuccio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2022 February 10, 2023

By: /s/ Susan Panuccio
 Susan Panuccio
 Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of News Corporation on Form 10-Q for the fiscal quarter ended September 30, 2022 December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned officers of News 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 News Corporation.

November 9, 2022 February 10, 2023

By: /s/ Robert J. Thomson
 Robert J. Thomson
 Chief Executive Officer and Director

By: /s/ Susan Panuccio
 Susan Panuccio
 Chief Financial Officer

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