

Fox Corporation

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Bryan Kraft: Okay. Welcome, everyone. So, we're here with our second fireside chat of the day. So, I'm thrilled to introduce John Nallen, who's the Chief Operating Officer of FOX. John, welcome.

John Nallen: Thanks, Bryan. Thanks for having us.

Bryan Kraft: Maybe just to start off, kind of a high-level question. So, despite this being an off-cycle political year, FOX has continued to exhibit very strong results year-to-date. I'll remind people, FOX is on a fiscal year, so we're actually more than halfway through the year now. Revenue has been up versus last year. EBITDA is down a little, but still dramatically up from 2024. And perhaps maybe you could just start off by talking about some of the highlights over the last 12 months that have driven the strong fundamentals. And what are the key areas of focus in the back half of fiscal 2026 and as you head into fiscal 2027?

John Nallen: So, a lot to unpack there, but let me go high level and maybe we'll use it to dig down into some of the areas as we talk about. So, if I look back for the last 12 months briefly, it's been a very strong period for FOX. FOX News has had incredible rating gains during that period. FOX Sports has had record-breaking revenues, led by the NFL, college football, baseball. We launched FOX One, which was a big initiative by us. FOX Entertainment has launched three big shows that are new to the network that are really promising. And I guess Tubi, which I'm sure we'll talk about, has had great engagement and revenue gains during that period.

And the backdrop for that last 12 months has been a very, for us, a very healthy advertising market, and some constructive trends on subscribers. If I look forward, from a business perspective, we've got a dynamic news cycle that's- which attracts big audiences to FOX News. We've got the World Cup on FOX coming up this summer, which will be very, very exciting for us and a great platform for our advertisers. The continuance of the growth in Tubi and their growth in KPIs and contribution to EBITDA will be a theme as we look forward. And of course, the growth in FOX One is something that we're looking forward to in the next few years to reach the kind of levels we've talked about in the past.

I think the theme for us is that we've got confidence in the momentum that we've got right now. There's not really anything on the horizon that is a big speed bump for us as we look forward. And I think to wrap that up in a balance sheet and cash flow generation that's been super, right? I mean our balance sheet is an asset of the company. We use it judiciously. We're focused on capital allocation and really disciplined about it.

So, I think if you look both backward and forward at this point, it's about confidence and the momentum is really what we're focused on.

Bryan Kraft: Okay. All right. We're going to dig into several of those areas you mentioned. So, it was a good way to start off. So, on the affiliate side of the business, the rate of subscriber decline across your networks has continued to gradually improve. I think it was 6.3% decline in the December quarter, and that's without the contribution of FOX One. What are the factors that you think are driving this improvement? And where do you see that trend going from here?

John Nallen: Yes. So, as I said, the trends in subs are pretty constructive lately. And we've had 7 quarters in a row of improved trends around subscribers. And underscoring that, to your point, it's without the inclusion of FOX One, which makes those trends even better. We're holding off including FOX One in the trend line until we get through an annual cycle with FOX One to really understand the dynamics around that. But it's not -- it's interesting.

What's not driving it is some of the real innovations that are coming in the pay-TV world. So for example, skinny bundles are not -- have not really hit the market yet, only recently as YouTube announced theirs, DirecTV has put a couple out there, Charter, obviously, has a smaller package. But we haven't seen a dramatic improvement in the trend coming from skinny bundles, which is a positive because our expectation is those kind of innovations are going to contribute even more toward the trend line in subscriptions.

So, all in all, it's a good sign. We're still- look, we're still in a decline. Let's not forget that. But luckily, here at FOX, we've been able to outpace that decline with the pricing power of the channels that we have.

Bryan Kraft: Second derivatives, those are positive second derivatives.

John Nallen: Right.

Bryan Kraft: So, you've successfully renewed 25% of your affiliate base in fiscal '25, and you're in the process of renewing, I think, another 25% this year in fiscal '26. How are you positioned for the larger cycle in fiscal '27 and '28, where I think you've said you'll be breaking new ground with a new vintage of deals? And how do you expect pricing power to evolve in this landscape, particularly as those skinny bundles you mentioned proliferate?

John Nallen: So, for us, to your point, we had 25% of our "book" renewing in the fiscal '26 that we're in. We're basically done with that so we don't have any major renewals to finish out our fiscal year for June. And those were quiet. They were successful. There wasn't the kind of noise that some of the other channel providers had across their portfolio.

Beginning in '27, that steps up. We have a higher percentage increase renewing at that point in time. But to your point, it's a fresh vintage. The ones that we've completed up through this year were based on market rates that had been established on other deals. We're now coming into some new territory on rates and packaging around all these renewals that are coming up.

Look, we've got a very focused portfolio. We don't have a big tail of channels like we did in 2019. I think that helps. I think the investments that we're putting into our product, particularly in the journalism on FOX News, the sports on FOX Sports, the Entertainment product, as I referred to earlier, helps us in pricing. And in many ways, our pricing -- I don't want to say power, but our pricing power is pure in that we're not bringing along underperforming assets in the discussion. And given the strength of our channels, the discussion with the distributors has always have been about, these are must-have channels in any portfolio. Whether it's big or skinny, you're going to need FOX News, FOX Sports, FS1, all the other channels we have. So, look, these negotiations are always difficult, but the innovation, as I said earlier, that's coming into the market, I think, is a positive trend looking forward.

Bryan Kraft: As you mentioned, the company has really distinguished itself with live sports and news. And that's really insulated the company from the ratings declines that we've seen broadly in linear entertainment for the industry. But there's still this cord cutting, obviously, dynamic. So beyond

specific renewal terms, how do you think about the long-term evolution of FOX's business model in a world where the traditional pay-TV subscriber likely continues to shrink? And how does your portfolio strategy ensure that you'll be able to thrive and grow over the next, say, 5 to 10 years?

John Nallen: So, your question focuses on the business model, and the heart of FOX's business model is delivering content, primarily news and sports, to highly engaged scale audiences. And then taking that content and monetizing it through at, you know, 50% of our top line is advertising sales, 50% is distribution. It's a simple business and a simple business model. I don't see in the next 5 to 10 years on the content side, the channel development side, much change. That is, we'll continue to invest heavily in journalism and into sports and entertainment product to make- to continue to make the FOX channel stand out in a very complex world. But there will be, I think on the distribution side, there will be evolution. We've already seen it on our own business with the launch of FOX One as a digital distributor. And I know people talk about traditional distributors and digital distributors. And really, that is morphing into one. I mean what's YouTube TV? A digital distributor, a traditional distributor? What's Xfinity, are they digital or are they traditional? Most everything is going to be focused as a digital distributor and unleash the kind of innovation inside that product that you'll see. And FOX One will be our biggest near-term evolution in distribution to bring subscribers from the nonpay world into FOX One. And I think that's a vitally important point. We are not -- said differently, our top priority is our pay-TV universe, our pay-TV partners. And we don't take any actions that would look to cannibalize at all the relationship we have with them. So, I think the place you'll see evolution over the next 5 to 10 years is not in the content side, probably not so much in the advertising side, but on the distribution side, I think you'll see the business model changing a bit.

Bryan Kraft: Yes. Okay. Maybe we can get into news a little bit. Looking back, I think most people would have expected FOX News viewership to decline after the presidential election cycle. But the network has continued to deliver increasing audience and audience share. You've attracted hundreds of new advertisers, national advertisers over the last several quarters to FOX News. Do you think CPMs continue to grow? Based on the success, do you expect to see more advertisers joining the platform? And maybe as part of that, you could also discuss how much of a discount to broadcast TV, FOX News is at, at this point in time. And how much of that gap could actually be closed?

John Nallen: So, FOX News has continued to just gain market share in a very heavy news cycle. If you take, for example, the State of the Union, a couple of weeks ago, we had 9 million viewers that night, which was 70% of the cable news market share. And that's just indicative of the strength that FOX News has in that market. And to your point, in competing with broadcast news as well.

Right now, we underprice against broadcast about 50%. So that's the opportunity on pricing for FOX News to continue to move up in pricing. And we've seen that. We've seen high single-digit increases in national rates at FOX News. We've seen DR rates mid-single digits including - but you don't do it overnight. It's not- you're not going to achieve that kind of lift in pricing overnight. But to your point earlier, we've attracted more and more advertisers to FOX News, not only linear but digital as well. And that's because of the scale of their audience, more Democrats, more Independents, more Asian-Americans, more Hispanic-Americans on FOX News than any other channel. So, it's a it's a safe environment for big blue-chip advertisers to come in and to get to an audience that they otherwise wouldn't be getting to. So, we've had 7 quarters in a row of revenue growth at FOX News. I don't see what would- we've got an election cycle coming up. We've got, again, a big dynamic news cycle going on. So the prospects for FOX News continue to be as strong as ever.

Bryan Kraft: That 50% discount, I mean is that average of all broadcast? Or is that broadcast news? Or is it broadcast exports?

John Nallen: No, it's pretty well across the daypart, against the equal daypart for broadcast. But that, look that's -- our ad sales group knows that's the opportunity that they're to go after, but it's not one that you

get overnight. But it is that prospect of pricing power- pricing opportunity, I should say, that is a great outlook for FOX News.

Bryan Kraft: Okay. I think Lachlan mentioned on the last earnings call that you expect a robust political advertising cycle in the midterms this fall, which I don't think is too surprising for anyone. And FOX News is increasingly capturing a larger share though of that national political spend, which I think is a more recent dynamic. So, as we head into the '26 midterm election season, how are you positioning the entire FOX portfolio from the local stations to FOX News and even Tubi to kind of maximize your share of what should be a record-breaking political market?

John Nallen: It will be a record breaker. There's no question as we look out. Estimates I've seen put the market spend across all advertising media at \$11 billion and upwards of that, which is a record. There's spending everywhere, but there will be aggressive spending in certain key markets that we're in, like Georgia and Florida here have big- have gubernatorial and Senate races. California, you well know, has the big gubernatorial race. Michigan has got a trifecta, gubernatorial, Senate, House. And Pennsylvania has got really active House seats that's always competitive and a lot of money always spent in Pennsylvania, whether that be national or local.

So, we're clearly going to benefit at the local station level because that \$11 billion is across all media, but a heavy concentration will be amongst local station and local digital. So, the stations are positioned really well for the midterm.

Tubi just has to be a beneficiary of that because they hit a market that you can't get with linear. About 2/3 of their users and audience are cordless so they're not in the environment that people are spending the linear money to. So, Tubi had a great national election cycle last time. And from a local standpoint, it's got to- it just has to be- campaigns need to use Tubi.

The place where we don't get a tremendous amount and very, very little in midterm elections is FOX News because it's a national channel. But we get a second derivative benefit because there's a lot of viewing that comes out of these races and people understanding what it means to the rest of the country, and that ratings lift has a knock-on impact to advertising.

So, we get it in three ways. The principal stations, driven by the stations. Then by contribution that Tubi will have really for its first time in midterm election of size. And then FOX News through ratings.

Bryan Kraft: And do you know what the last presidential cycle was? I mean, if this, let's say, the \$11 billion is accurate? Do you remember what?

John Nallen: I don't.

Bryan Kraft: Okay. I was just wondering how much lift that was -- represents. But maybe we could just talk about the current ad market for a second. Can you just talk about what you're currently seeing in terms of ad trends across your networks and stations and Tubi, anything on category performance, which ones are better than others, and how is demand broadly across the market?

John Nallen: So, as I said in my opening comments, the advertising market for us at FOX is really healthy. And that's particularly true on the national side. I'll touch on local as well as we go through it. But we've had, again, 7 quarters in a row by coincidence of advertising growth. From a category standpoint, 9 of our top 10 categories are growing, led by finance, pharma and tech. The only one that's down is entertainment, and that's really just because of theatrical releases in movie schedules when they're going out.

The scatter pricing is up, the amount of options that are taken is quite low from cancellations, from advertisers, from the upfront. And if I look almost division by division, FOX News continues to be strong based on the comments I just mentioned and particularly strong, what's surprising, is the last 2 quarters on a comp basis because they were comping to heavy political spending a year ago,

yet revenue is up in FOX News. So that really talks to the strength of what we're seeing in FOX News.

FOX Sports right now, heavy bookings going on with motor sports. That's the season we're in. But a lot of attention and a lot of enthusiasm around the World Cup beginning in June on FOX.

Entertainment, as I said, we've got three new shows, *Memory of a Killer*, *Best Medicine*, and *Fear Factor* that are doing really well and attracting advertisers to entertainment, something we really don't talk about much because prime time entertainment is a relatively small business for us, but they're standing out during this time.

Local station is a bit more mixed. The Olympics has sucked a lot of money out of that market and put it into the NBC stations. So right now, it's a quieter market in local stations. I expect that to change really dramatically with the advent of the World Cup coming in our Q4 and Q1 upcoming.

And then the last one would be Tubi, where that is a really competitive market. Digital AVOD, incredibly competitive market from a price standpoint. But Tubi has continued to stand out as what we call premium AVOD during that period and has continued its growth, and I'm sure we'll talk about its KPIs. But it hasn't abated at all at the Tubi level. So, despite the really heavy competitive nature of the pricing, the volume and engagement we're getting at Tubi continues to see ad sales growth.

So overall, healthy advertising market. I don't see anything on the horizon that's really going to interrupt that. We're getting ready for the upfronts already. You think about when the cycle goes around, and we're getting into it very encouraged on our position.

Bryan Kraft:

Yes. Okay. Great. Maybe we can talk about FOX One, which you launched about 7 months ago just before the NFL and the college football season started. It sounds like it's performed well with sub growth pretty healthy relative to your expectations. Could you provide maybe some additional color on FOX One's performance? Now that the football season is over, what are you seeing in terms of seasonal churn among those customers?

John Nallen:

Yes. So, remember what FOX One is, FOX One is a digital platform that really just provides our channels in a really interactive way for users. It is not an SVOD platform. So, for the most part, what's on it is our linear content. Our subscriber growth has been better than we expected, really encouraged by it. And importantly, as I mentioned earlier, we see no tangible outcome of it taking subscribers from pay-TV. We just have it in the remits that we get from pay-TV and the conversations that we have with our pay-TV operators, it's attracting subscribers from the cordless community.

We made a quasi promise that we wouldn't go after pay-TV subscribers in our marketing. And you have yet to see and won't see advertisements for FOX One on the NFL and college football, on FOX Entertainment. They're all digitally sourced and all the subscribers are digitally sourced.

From a viewing standpoint, as you'd expect, during the sports season, particularly the NFL season, heavy concentration of viewing by those users on sports, 2/3 of the viewing in a week was on sports. But as the seasons were ending, both college football and NFL, we started to see more toward the users around our news product just to get them more enticed in the news product. And what we've seen now, which you'd say is almost obvious, but has now shifted where 2/3 of the viewing is news on a highly engaged audience.

Churn has been better than what we expected, but I think we're yet to see the full story on it. It just deals with how the monthly subscribers renew. And we're probably a couple of months away from understanding completely what the churn profile is. But from an investment standpoint, it continues to be right in line with what we expected. It's not a massive investment, and you think about what happened during the streaming launches of other companies and billions they put into it, that's not the level of investment we've had or will have in FOX One.

So, all in all, we're really encouraged, the ability of the subscribers to hit the levels we want, we remain encouraged by. And importantly, really importantly, the fact that it's accessing and not cannibalizing pay-TV and accessing cordless is an important element for us.

Bryan Kraft: Right. Okay. Great. Maybe you could talk about Tubi a little bit, turned profitable 2 quarters ago, which I think is earlier than was articulated in the outlook by management. What drove that outperformance? And as you look forward, what are the key drivers that are going to drive Tubi to that long-term 20% to 25% margin that you've talked about? And related, how do you balance reinvestment into growth with margin expansion at Tubi?

John Nallen: So, Tubi's numbers have been very good. Last quarter that we reported was a 19% top line growth in revenue and, I think it was 27%, 28% increase in TVT, which is the underpinning delivery.

Bryan Kraft: Engagement, yes.

John Nallen: Yes. And it was a contributor, not only a contributor to EBITDA, but the comp contribution from a year ago was dramatic. And you'll continue to see that now quarter-on-quarter because we were investing heavily into Tubi a year ago.

From a content standpoint, we continue to invest in what is the biggest library out there. But we're also experimenting more and more with original content that we know based on the algorithm will work with the users. For example, there's -- we have a host of Gen Z, female skewed content on there now, and we introduce it every month. And what we find is the median age of that content comes way down, 25 years old. And it's, again, attracting an audience that you generally can't get on the linear side.

As far as scaling the business and marching toward the 20% to 25% margins, which I still think is exactly where you go, what we're seeing is we don't need on a percentage growth basis to invest as much in content and marketing as the top line is growing. So, the top line is outpacing the growth of the cost, which is exactly what we thought would happen because the library is so big. It's not like as users grow, we need to add more and more and more content on top of the library, the investment there will grow at a more natural rate while top line will grow with engagement. So, I don't see anything in the way of -- Tubi hitting those margins in the near term.

Bryan Kraft: Okay. That's really interesting that you feel like you don't need to add content at this point.

John Nallen: Content dollars. Content dollars.

Bryan Kraft: Content dollars. Okay. So, it's almost like the -- it's like an accumulating habit where people are engaging more with it because they like it.

John Nallen: Yes. And not only they like it, we make them like it because the algorithm is there to just get people, they- Tubi has always used this phrase, "the rabbit hole," to just take them down the rabbit hole to different places and all of a sudden, they're locked in Tubi for a long time.

Bryan Kraft: Interesting. Okay. Maybe you could give us a more holistic view of the digital portfolio, how should investors think about the path to profitability for the entire group of digital investments? And at what point do you see this collection of assets going from a net investment to maybe a significant source of EBITDA and free cash flow growth for the company?

John Nallen: So, let me take that one as basically the investment spend that we have, and it captures your comments in there because it's just one leg of our capital allocation strategy, organic investment into the business. So, we said to the market at the beginning of the fiscal year that we expected to invest roughly \$350 million of EBITDA into growing initiatives. And quite frankly, they were led by 2: FOX One and FOX Latin America, which is principally Mexico, which is in our operation. Those are both doing better than we expected, and we would expect to invest less than the \$350 million by the end of the fiscal year because of the track that they're on.

A year ago, we invested \$300 million into EBITDA in fiscal '25, 90% of that was Tubi, and as you can see, just by demonstrating the investments that we've made over time, that's now flipped to an EBITDA contributor, no longer in the investment cycle. And we've got these two others: FOX Nation, FOX Weather, a few others are in that bucket as well.

We build businesses. You know that historically. So, you're always going to see some level of organic investment by FOX into a business to grow the business and grow the enterprise. We haven't used a lot of our capital for external inorganic M&A, but we have deployed it internally. So, our expectation of both of these new initiatives being contributors to EBITDA is in the near term, but they will turn around. But something else, we're going to be- we'll sit here a year from now and talk about the new investment we made into X. I'm not sure what X is yet. No, no, I mean, I should say Y, not X. But it's just in our DNA to invest into EBITDA. But overall, the investment spend that we targeted, we'll do better than, and the businesses that we're investing in are doing better than we expected.

Bryan Kraft: Okay. Okay. Great. maybe we can move to sports. So, there's obviously a lot of discussion right now in the market about the early reopening of media rights and negotiations with the NFL. How can you reassure investors that there won't be a significant transfer of value from FOX to the NFL in this process, which is a concern that clearly has been weighing on the stock lately?

John Nallen: So, you're right, there's been a lot of chatter about the NFL over the last month or so in the market. The one thing I would say at the beginning and I would say the end is we have a fantastic relationship with the NFL. It's 30 years, 31 years in the making. We produce their most complex set of games on Sunday. We provide an incredible promotional platform for them, not only on Sports Sunday, but in the entertainment network, on FOX News and increasingly, on Tubi and FOX One and, of course, at the local stations. So, it's an important relationship going both ways.

Factually, we have four years left on our contract fixed before this famous opt out year occurs in 2029. And look, we've been through this before. If there's an early discussion around lengthening, significantly lengthening our relationship with the NFL, then we'll want to understand what that means for FOX and for our shareholders and for our partners.

But we've done this five times, and every time I think I've sat with you at least once or twice around renewal time, the question is how do you monetize the step-up in rates. And the way it's been done historically is the way it will be done in the future, and that our top line ecosystem participates in this. For anyone to think that rights increases begin and end with the media rights holders is misguided. That's not the way the ecosystem has historically worked and will work.

So, we'll look forward to a discussion if there is to be one around early renewing or talking about the current deal. But like I said, I'll end with the fact that we've got just a super, super relationship with the NFL.

Bryan Kraft: Okay. World Cup. So, the FIFA Men's World Cup is going to be in the U.S. this summer. Maybe you could talk about your expectations for the event relative to what we've seen in prior years when you've had it, particularly around advertiser demand and just the ability of World Cup to maybe attract new subs to FOX One. It seems like there's an opportunity there as well.

John Nallen: Yes. So, it's wholly different now than any other cycle. We're in the U.S. principally, North America. For America250, it's just a big event. We've got -- it spans -- to remind you, it spans our fourth quarter and fiscal first quarter, June and July. We've got 40 more matches than we've ever had, and 70 of the total matches are going to be on broadcast TV on FOX. We will simulcast a couple of batches on Tubi early on, but that's a small piece of the activity.

But every indication from a viewer standpoint and certainly, from an advertiser standpoint is this is going to be a big event. And there's a lot of momentum going into it. We already see advertisers in market, particularly those that are FIFA partners, advertising the World Cup as part of their --

Coca-Cola is a great example, where a lot of their advertising right now is coupled with mentioning of FIFA.

So, we're getting a lot of promotion from a viewing standpoint through the advertisers who are talking up FIFA. So, I expect -- look, the next 2 cycles are outside the U.S. This will be a very big cycle. And of course, we knock on wood that the U.S. team goes far and long on this whole cycle.

Bryan Kraft: There will be a repeat of hockey, right?

John Nallen: Yes, that would be nice. That would be wonderful, great story to tell.

Bryan Kraft: It sounds like, I mean, it sounds like it's going to be much bigger than any past World Cup. I mean not only is it a year, but you've got the times as an advantage as well. I mean, could it be multiples of prior World Cups or?

John Nallen: Yes. I don't want to guess, but it's going to be big. There's no question. I mean, there's just been a lot of activity, a lot of discussion around it. There's more interest in the World Cup in America now than I've experienced on prior World Cups that are outside the country.

Bryan Kraft: Yes. I think '96 was our last one.

John Nallen: Yes. And that's a while ago.

Bryan Kraft: Yes. What about FOX One? I mean you think that will be big as well?

John Nallen: Yes, absolutely. There's -- if you look at the start of any sports season for us, whether it was college football, pro, even with motor sports that we're having now, we always see a lift coming out of it. There's no question. For two months, you basically have an NFL season over these 2 months. And our expectation, and we will be promoting heavily toward the World Cup for FOX One. is that we'll see a lift coming right out of that.

Now, the benefit coming out of it, too, is we will be in baseball following the World Cup, and then shortly after that into college football. So, the ability for us to hold on to those World Cup subscribers and to not have them churn right away is better than we'll say the period that we're in right now where there's a big gap between football and World Cup. But hopefully, the churn metrics will be as positive as we're seeing right now.

Bryan Kraft: Yes. Okay. Great. Maybe we could talk about capital allocation a bit. So FOX has been a, I would say, a very prudent allocator of capital ever since the divestment of assets to Disney. Balance sheet, as you mentioned before, remains conservative with significant cash. I think gross debt to EBITDA is under 2x. And you've got really seasonally strong free cash flow ahead in the March and June quarters.

So, what are your plans for capital allocation and cash deployment? Any appetite for M&A? I'd love to hear your thoughts on that.

John Nallen: Yes. So, I guess as I said in my opening, it's an asset, a real hallmark of the company going way back, but certainly since the spin in 2019, that we pay attention to our balance sheet and to the uses of our cash flow. Three principal areas of focus that we have is organic investment that I touched on, capital returns to shareholders and M&A or inorganic investment. But the place we've really leaned into since 2019 has been on the capital returns, it's over \$10 billion return to shareholders in buybacks and in dividends during that period of time. We've got still a healthy ceiling left on our buyback authorization to continue to do that. In fact, we just finished- we announced in September, I think it was \$1.5 billion ASR, which just last week, we completed and we're in the market buying stock now.

So capital returns has been the place we've been focused because we haven't found any M&A asset or enterprise that's been so attractive to us that we'd want to separately lean into that. Now my

desk is filled with every banker's pitch on every business out there, but none of them has risen to the point, given the discipline we have where we say, okay, that fundamentally will change the business of FOX and extend the business of FOX.

But we are, I should say, we are about growing the enterprise. It's not that we want to just be a buyback machine. We want to deploy our capital to grow the enterprise of FOX. So, we continue to look out there in the market and be focused on opportunities that are around. As I said, we did a small one several years ago in putting probably around \$500 million into buying Tubi, but that was really the largest initiative, acquisition initiative, that we had.

So more recently, we acquired Red Seat Ventures, focus on the podcast business, but that wasn't -- that didn't rise to the level of, say, the Tubi acquisition. And we'll continue to- and we've done that. We've augmented Red Seat, which is primarily focused on podcast with more and more acquisitions of podcasters as well as little businesses that are around the podcasting space, something that's below the radar for most discussions that we have. But clearly, it's an area that's got a great amount of growth ahead of it, and we're riding that on a smaller scale going forward.

Bryan Kraft: I mean, can you -- I mean, how bullish are you on that podcast opportunity? I mean we've seen other companies. It's obviously very big, right? It's become a big medium. There's big stars in it making real money. The advertising dollars have grown a lot. I wouldn't call them big, but they've grown a lot. It seems like enterprises though don't really make a lot of money on it. I mean, SiriusXM makes some money on it, I don't know if Spotify does. But do you think it could be a big moneymaker someday, or is it still to be determined?

John Nallen: It's all a question of scale, right? You're not -- you need to have a very big stable of clients, podcasters, in there to make money, make sizable money. We are profitable at Red Seat. And that's what we're focused on. We just did this Audiochuck deal, *Crime Junkies*, a few others that we were continuing to add to the stable of the Red Seat podcasters. And I think in volume, you'll see a sizable contribution. But is it going to be the size of Tubi or FOX One or one of those businesses in the near term? Probably not.

Bryan Kraft: Yes. Okay. And then maybe just lastly, we could talk about your nonconsolidated investments in FanDuel and Flutter. How should we think about the value of those, both financially and strategically? I think I know the answer to this, but I'll give you an opportunity to talk about it. Do you think the stock price reflects the full value of those assets? And are you concerned about the prediction market's impact on the sports betting business?

John Nallen: Let me take the last one first, because there's a whole number of ways you can go with the prediction markets. My view is with the prediction markets being nationally licensed that it actually put some pressure on the states to open up online sports gambling that haven't, the states that haven't, because the prediction markets can now be active in markets where heretofore, they said, no, there's no gambling in these markets.

So, for firms like FanDuel, Flutter, DraftKings, MGM, others, I think there's an opportunity that there will be an expansion of the TAM through markets opening up for them. The converse is, do the states get active against the prediction markets and try- there have been a couple of Nevada and a couple of other places have been- well, that's what -- and it works both ways, right, to the extent that you can expand the market. There's more money for the states to the extent the states can put their hands on the prediction markets, there's more money for the states.

So, I don't think there's a threat that the prediction markets are going to unseat the online sports gambling guys. I think they can cohabit among them.

Now, yes, you're right. My answer to your question within the question is we don't fully get the value for our sports betting assets that we deserve. We make that point at every conference and every meeting. So, I'll leave it to market pundits to do their work. But we've got the investment in Flutter, Topco and the 18.6% investment in FanDuel. We've got until 2030 to get licensed. We're

on track to get that all done. And gambling is a great adjacency, wagering, to what we do at FOX Sports.

And we are involved with the prediction markets, both Kalshi and Polymarket have talked to us about how can they interact with sports and news, which are two vital areas for what they do. So, I think it's -- I don't see the death knell of online sports betting as part of the prediction markets, and I still see great opportunity for the place we're invested in there.

Bryan Kraft: Okay. I agree with you that those assets aren't priced into your stock for what it's worth, so.

John Nallen: Keep telling the market, will you?

Bryan Kraft: All right. We'll wrap up there. We're just about out of time. So thanks so much, John, and thanks, everyone, for joining us.

John Nallen: Appreciate it. Thank you.