

Registration number: 02806093

talkSPORT Limited

Report and financial statements
for the year ended 2 July 2023



talkSPORT Limited

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talkSPORT Limited

Strategic Report for the year ended 2 July 2023

The directors present their Strategic Report and the financial statements of the company for the year ended 2 July 2023.

Principal activity

The principal activity of the company is that of national commercial radio broadcasting via AM, DAB/DAB+ and internet enabled devices as well as distribution of content through its digital and social platforms including talkSPORT.com, the talkSPORT app, the Times Radio app, talkRADIO.co.uk and virginradio.co.uk.

talkSPORT Limited forms part of News Corporation, which is a global diversified media and information services company focused on creating and distribution authoritative and engaging content and other products and services to consumers and businesses throughout the world. News Corporation comprises businesses across a range of media, including news and information services, radio broadcasting, subscription video services in Australia, book publishing and digital real estate services, that are distributed under some of the world's most recognisable and respected brands, including The Wall Street Journal, Dow Jones, The Australian, Herald Sun, The Sun, The Times, HarperCollins Publishers, Foxtel, FOX SPORTS Australia, realestate.com.au, realtor.com®, talkSPORT and many others.

Fair review of the business

The focus of the company this year has been on investing in content to grow audience and revenues across our national stations with notable further investment in talent across all stations, exclusive sports rights on talkSPORT including FIFA Men's World Cup and a new set of The Football Association Premier League (FAPL) rights and enhancing our video and digital audio offerings.

The company continued to leverage marketing and editorial support from other UK-based News Corporation brands - The Sun, The Times and The Sunday Times - as well as supporting these brands with national radio routes to market. The most significant development has been the on-going support to TalkTV which launched in April 2023 whereby TalkRadio provides the programming for weekday daytime and weekend by visualizing the radio output.

Considering talkSPORT, talkSPORT2, TalkRadio and Times Radio are speech stations, the content and production costs are significantly higher than music radio stations.

Within the UK Radio market, News Broadcasting ("the collective name given to the UK radio station operations") is the most digital of all UK radio groups with 84% of all listening hours delivered on a digital platform.

talkSPORT Network

The performance for the year benefited from the FIFA World Cup held in Qatar which ran from 20th November 2022 to 18th December 2022. The talkSPORT network was the only UK broadcaster to cover all 64 games with over 800 hours of output broadcast across the tournament. talkSPORT continued to remain the home of football that includes FAPL, FA Cup, Champions League and international games. talkSPORT network also covered broader sports rights including Cricket, Rugby Union, Golf, Tennis, Horse Racing and Boxing matches that drove record connected listening audience and video views on social channels. This was the first year of the new audio rights from FAPL for the next three seasons in the rights cycle. talkSPORT was successful in being awarded exclusive matches each season which includes the first games of each season and for the first time games on Monday night.

The talkSPORT schedule has sought to continue to retain its star names like Alan Brazil, Ally McCoist, Simon Jordan and Jim White whilst recruiting new voices like former Scottish football player and manager Graeme Souness. The station's average weekly audience remained strong during the 12 months averaging 3.0 million adults (2022 – 2.8 million adults), and delivering average weekly hours of 18.9 million (2022 – 16.9 million) during the period.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Fair review of the business (continued)

talkSPORT Network (continued)

talkSPORT continues to benefit from state of the art facilities in the News Building which have improved the quality of on-air output, facilitated greater visualisation of the stations and enabled further collaboration with other News UK companies to further growth of the talkSPORT audience. We now live stream around 12 hours per weekday on our social channels.

talkSPORT's internet-enabled listening inventory continued to be sold by Octave Audio, a digital audio advertising platform launched by News UK and Bauer Media. Octave Audio allows advertisers to target digital audio listeners based on behaviour, emotion, opinion and habits for a network of stations including Absolute Radio, Greatest Hits Radio, Hits Radio, Kiss, Magic, talkSPORT, TalkRadio, Virgin Radio and Times Radio.

Other National Digital Stations

The national digital stations consist of three digital radio stations which were launched in March 2016 via the Sound Digital multiplex (also known as D2) and the subsequent expansion of the Virgin Radio music network and launch of Times Radio.

On Virgin Radio, the Chris Evans Breakfast Show on weekdays and Graham Norton on weekends continues to attract world class guests and the best live bands broadcasting from the purpose built studios in the News Building. The show is the most listened to breakfast show on UK digital-only stations. We continued to invest in talent with the front man of the rock band Kaiser Chief, Ricky Wilson hosting the weekday drive time.

In June, Virgin Radio launched Virgin Radio Pride, a station specifically targeting the LGBTQ+ audience, with presenters from the community and documentaries commissioned specifically to challenge thinking, raise questions and celebrate the rich diversity. The station's average weekly audience remained strong during the 12 months averaging 2 million adults (2022 – 2 million adults), and delivering average weekly hours of 11.2 million (2022 – 11.6 million) during the period.

TalkRadio

TalkTV (not part of talkSPORT limited) was launched on 25th April 2022 which simulcast weekday evening and weekend TalkRadio shows on the TV. TalkRadio benefited from the launch of TV with the station's average weekly audience growing during the 12 months averaging 0.7 million adults (2022 – 0.6 million adults), and delivering average weekly hours of 0.48 million (2022 – 0.47 million) during the period.

Times Radio

Times Radio continued to invest in talent with leading broadcasters Jane Garvey and Fi Glover co-presenting a new live show from 3-5pm, Monday to Thursday, covering the day's news as well as their reflections on the day. The station's average weekly audience remained strong during the 12 months averaging 0.5 million adults (2022 – 0.5 million adults), and delivering average weekly hours of 3.5 million (2022 – 3 million) during the period.

Times Radio has continued visualization most of its shows which enabled videos on social and building an audience of 500k+ subscribers on YouTube. Times Radio continues to successfully contribute to a strong growth in digital subscriptions for The Times and Sunday Times.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Fair review of the business (continued)

The company's key financial and other performance indicators during the year were as follows:

| Financial KPIs | Unit | 2023 | 2022 |
|---|-------------|-------------|-------------|
| Turnover | £'000 | 80,992 | 78,317 |
| Operating profit from continuing operations | £'000 | 8,659 | 10,660 |
| EBITDA | £'000 | 11,468 | 13,008 |

The company's operating profit and EBITDA have decreased compared to the prior year, as the growth in revenue was offset by higher operating costs, including investment in sports rights and talent.

The key non-financial performance indicators are reach and total hours (taken from RAJAR quarterly reports). The reach is defined as the number of individuals listening to a station for at least 5 consecutive minutes in an average week and the total hours are the number of hours spent listening to a station in an average week.

The listening figures for talkSPORT have increased as of the new set of exclusive EPL rights and FIFA World cup.

| | 30 June 2023 | 30 June 2022 |
|--------------------|---------------------|---------------------|
| Reach | Number | Number |
| talkSPORT | 3,221,000 | 2,688,000 |
| talkSPORT2 | 406,000 | 461,000 |
| TalkRadio | 727,000 | 686,000 |
| Times Radio | 523,000 | 570,000 |
| Virgin Radio | 1,438,000 | 1,440,000 |
| Virgin Anthems | 317,000 | 270,000 |
| Virgin Chilled | 349,000 | 252,000 |
| Virgin Groove | 144,000 | 170,000 |
| | 30 June 2023 | 30 June 2022 |
| Total Hours | Number | Number |
| talkSPORT | 20,684,000 | 15,729,000 |
| talkSPORT2 | 1,101,000 | 1,025,000 |
| TalkRadio | 4,553,000 | 5,094,000 |
| Times Radio | 3,945,000 | 3,154,000 |
| Virgin Radio | 9,089,000 | 9,304,000 |
| Virgin Anthems | 1,136,000 | 1,085,000 |
| Virgin Chilled | 968,000 | 443,000 |
| Virgin Groove | 451,000 | 179,000 |

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Principal risks and uncertainties

The risk factors considered to be most significant to the company's operations, and where applicable an explanation of how these are managed or mitigated, are outlined below.

Economic conditions and impact on advertising revenue

The majority of the company's revenue stream is sourced as on-air advertising and, being a discretionary spend product, it is sensitive to economic conditions. A serious economic downturn would significantly impact the company's revenue which would be compounded by the reliance on on-air advertising. If this continued for a protracted period of time, it would present a major challenge to the basis and potentially the viability of the company's overall business model.

Management and mitigating factors:

- High quality programme content with strong branding and marketing will enable the company's market-leading stations to continue to be preferable to advertisers in difficult market conditions.
- Continued focus on growing revenue streams from digital platforms to reduce the reliance on on-air advertising.

Availability of sports broadcasting rights

Securing both exclusive and non-exclusive sports rights directly influences talkSPORT's audience. The pricing of rights determines the viability of broadcasting certain sports.

Management and mitigating factors:

- The sellers of sports rights recognise talkSPORT as a premium brand which they continue to wish to be associated with.
- The financial return from sports rights is subjected to considerable assessment at the time of negotiation and also at regular follow-ups.
- Other sports rights are identified as programme alternatives.

Key customers

The advertising market is dominated by a small number of global agencies. Specific large customers are critical to the stations and the loss of their business could result in a significant reduction in revenue.

Management and mitigating factors:

- Strong programme content and audience performance encourages brand owners and advertising agencies to be associated with the station.
- Considerable effort goes into developing good agency relationships which means concerns can be raised at an early stage.

Cyber-crime attacks on systems and data

An attack could cause loss of broadcast service to the audience and consequential loss of advertising revenue.

Management and mitigating factors:

- Response plans are in place to manage a sustained systems outage and related publicity consequences.
- Security policies, standards and procedures are established.
- Prevention infrastructure configurations are installed.

Continuity of broadcast operations

If an incident or event occurred that terminated or significantly disrupted broadcast output or IT services for a sustained period of time, this would result in the immediate loss of the ability of the affected business to earn revenue.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Principal risks and uncertainties (continued)

Continuity of broadcast operations (continued)

Management and mitigating factors:

- Incident management response plans are in place at all locations to quickly recover from an event which includes substitute locations and equipment sources being identified with an IT contingency plan.
- Physical location safety and preventative measures inspections are routinely undertaken.
- Regular maintenance undertaken of essential broadcasting equipment and IT systems. Modernisation programme established for the replacement of legacy systems and equipment.

People

A combination of vision, leadership and innovation is essential for senior roles in the managerial team and failure to secure and retain the right people for senior and business critical roles, or plan for the natural succession for these positions, could lead to untimely loss of critical knowledge, experience and competitive advantage. The appeal of our broadcasting talent supported by skilled and creative staff is a fundamental component of our business and failure to secure and retain talented people for these roles could impact the ability to maintain audience volume, performance and deliver growth.

Management and mitigating factors:

- The company continues to review the business to create a fit for purpose organisation.
- The company remains committed to the recruitment, engagement, retention and reward of experienced, quality management and talent.

Financial instruments

The company's principal financial instruments comprise funding from group undertakings and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the company's financial instruments are credit and liquidity risk. The company has minimal transactions in foreign currencies and is not therefore exposed to foreign currency risk. Interest rate risks arising from financial instruments are managed by the company's ultimate parent company on a group basis.

Credit risk

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. Other financial assets of the company comprise cash and cash equivalents which are subject to minimal credit risk given the wider group's treasury policy of only investing funds with financial institutions with a high credit rating. Since the company trades only with recognised third parties there is no requirement for collateral.

Liquidity risk and going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out above. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, intercompany funding and operating leases. Funding is reviewed in line with operational cash flow requirements. The company's liquidity risk is managed as part of the wider group's treasury function.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Financial instruments (continued)

Liquidity risk and going concern (continued)

The financial statements have been prepared on the going concern basis which assumes that the company will be able to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due. In preparing the financial statements, the directors have taken into account both the company's future trading and cash flows and support from its parent undertaking and believe that it is appropriate to prepare the financial statements on the going concern basis.

Report on compliance with section 172 of Companies Act 2006

Section 172 of the Companies Act 2006 requires company directors to act in a way which promotes the long term success of the company and in doing so to consider the interests of the company stakeholders.

The board for the News UK Group (including Wireless) is situated within News Corp UK & Ireland Limited as this is the highest level trading company within the News UK Group structure. The News Corp UK & Ireland Limited Board ("the Board") has oversight of the following trading News UK group companies: News Group Newspapers Limited; Times Newspapers Limited; News UK & Ireland Limited; talkSPORT Limited; Newsprinters Limited; and Newsprinters (Broxbourne) Limited ("the News UK Group").

During Financial Year 2023, the Board undertook a variety of activities to engage with stakeholders on behalf of the News UK Group and ensured that their status was recognised in the Boardroom.

This section of the report describes the impact of this engagement for the News UK Group and confirms that the Board has at all times during the year under review (and at all other times) acted in the way that they considered, in good faith, would be most likely to promote the success of the News UK Group for the benefit of its members as a whole, and in doing so had regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of employees;
- The need to foster business relationships with suppliers, customers and others;
- The impact of operations on the community and the environment;
- The desirability of maintaining a reputation for high standard of business conduct; and
- The need to act fairly as between members.

Engagement with and interests of employees

The Board promotes colleagues' voices to be heard in the Boardroom through a variety of different channels.

Engaging employees

Annually, News UK & Ireland Limited ("News UK") runs an employee engagement survey across the News UK Group to enable it to better understand its colleagues' views on what it is like to work for the company. The results are shared with the Board and business leaders and result in a series of departmental plans being drawn up with the objective of continuing to improve engagement across the business. For the survey conducted in this period we saw improvements in overall completion rate and across the core questions driving overall colleague engagement. 'This company builds teams that are diverse' saw the greatest improvement score year-on-year, along with 'alignment & involvement'.

In addition, News UK also encourages potential, current and outgoing employees of the News UK Group to complete experience surveys to ensure that colleagues' opinions are shared throughout their lifecycle with the business. These take the form of recruitment surveys at the point of interview (whether successful or not), onboarding surveys, as well as 360 degree and team effectiveness surveys. News UK also invites colleagues to take part in an exit interview prior to leaving the company both in person and via a survey.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Report on compliance with section 172 of Companies Act 2006 (continued)

Engagement with and interest of employees (continued)

Equity, Diversity and Inclusion

The Board is proud to be building an inclusive business which is a welcoming place for all colleagues to work. Our diversity strategy remains clear as do our targets on representation - 50:50 on gender and 20% on minority ethnic employment. We have 11 well established employee networks which run across the business including News for Parent & Carers; GenZ; Christian Fellowship; Disability Network and many more. A now-well established internship and apprenticeship scheme is in place with a focus on bringing in and developing diverse talent, along with a number of work experience programmes. We launched Britain's first-ever forum and conference aimed at improving representation of disabled staff in newsrooms across the UK and alongside this we invested in accessibility programmes to support our current colleagues and those of the future. We have fostered a number of successful outreach programmes partnering with a range of well-respected organisations including Brixton Finishing School and the Raheem Sterling Foundation. We have also created a number of internally designed and delivered programmes including an Executive Sponsorship scheme and mentoring & coaching programmes.

Health and Wellbeing

The Board considers that wellbeing is the foundation stone of what each of us are able to achieve and has highlighted to employees that it's important to News UK that all colleagues have the support they need to build a strong sense of all round wellbeing.

The Board continues to support, organise and promote talks, competitions and activities, designed to help employees with their wellbeing, and to help employees to help others.

A broad and varied range of support services are available to colleagues including gym membership, health assessment, private medical & mental health support services (via AXA) and an expert in-house occupational health team. Alongside these we have trained a number of colleagues as Mental Health Practitioners and have a very established and engaged network of Mental Health First Aiders. We are proud to have Executive/Board sponsors for each strand of our wellbeing strategy and they help engage and inform our colleagues of all the support and resources available to them as well as encourage them to speak up if they need support and share new thinking, ideas and inspiration. A number of free-to-all tools including Headspace, Peppy and EAP are all easily accessible via our benefits portal for ease of use.

Board Communication

The Board is active in communicating its messages to its employees across a range of formats, from in-person events to bi-annual all hands virtual strategic briefings. Each division holds regular Town Hall events to provide strategic updates, celebrate success and share information from other parts of the business. The Board also shares information directly to staff via email, the intranet and the regular News UK email newsletter, News United. Weekly virtual 'Huddle' events, often hosted by Board members, also provide ways for the company to come together to hear about a range of topics related to the business.

During the period the Board has updated colleagues on the News UK and News Corp approach to Generative AI. Updates have also covered: the detention of Evan Gershkovich; cyber security; compliance; realignment of business units; strategic priorities; the importance of journalism in Ukraine; several new HR and employee benefits initiatives; charity projects and fundraising; Gender Pay Gap reporting; and EDI strategy updates.

Colleagues continue to be able to report any concerns relating to wrongdoing or misconduct via their line managers; Legal or Compliance; or confidentially via Alertline, News Corporation's whistleblowing service.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Report on compliance with section 172 of the Companies Act 2006 (continued)

Fostering relationships with suppliers, customers and others in a business relationship with the company

Suppliers

All material suppliers have a contractual relationship with News UK for the benefit of the News UK Group.

The Board recognises the integral role that our suppliers play in ensuring the News UK Group delivers a reliable service. In recognition of this, News UK has a Supplier and Contributor Policy and Procurement Guidelines, which govern the News UK Group's engagement with third parties and are reviewed by the Board periodically. The purpose of these policies is to seek to ensure that the News UK Group only engages with third parties that comply with all applicable laws and regulations, and that meet News UK's standards for ethical conduct. It also helps to ensure that the News UK Group's third party database is proportionate to its size and product portfolio.

All third parties must be onboarded via News UK Group's third party risk management tool. This tool enables the News UK Group to better assess the risks of engaging with third parties and exists as part of the News UK Group's wider commitment to complete proportionate and risk-based due diligence on all third parties it engages with. The tool also governs the ongoing management of such third party engagements.

Moreover, certain members of the Board are also engaged each month in a procurement meeting to review relevant activity with third parties for that period. This review provides oversight on contractual relationships, tender activity, projects and financial status. All material approvals for commitments or transactions with third parties must comply with the News UK & Ireland Limited Approval Policy, which sets out thresholds for the levels of approvals required.

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Customers

Customers are at the heart of everything that the News UK Group does. During the year, the Board has received updates on consumer Key Performance Indicators (including, but not limited to, print sales, listeners, digital traffic and digital subscriptions) and the businesses' engagement with customers, content themes and improvements to overall customer experience. The Board has also received progress reports on customer service performance updates and on how any issues with customers are resolved, and has had the opportunity to review results and provide feedback on customer insights, analytics and other related data.

Community and Environment

The News UK Group is committed to minimising the impact of its activities on the environment and our sustainability strategy is aligned with the three key News Corp sustainability pillars of Reduce, Engage and Source Responsibly.

Sustainability was the theme of News UK's News Corp Giving scheme in FY22, with the Marine Conservation Society and Trees For Cities receiving a £50,000 donation each. News UK continued to build on the partnership with the Marine Conservation Society throughout FY23, carrying out four beach cleans across the country and collecting over 33 kg of marine litter.

The Board regularly hosts internal Huddle events, streamed to all staff, covering sustainability issues. In FY23, we held a week of events to mark Earth Day, which included a Huddle with musician-turned-campaigner Feargal Sharkey, talking about The Times' Clean It Up campaign, and a waste awareness event with our waste partner at The News Building, Recorra. These events are designed to increase engagement with sustainability and to embed a sustainability culture within the organisation.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Report on compliance with section 172 of the Companies Act 2006 (continued)

Fostering relationships with suppliers, customers and others in a business relationship with the company (continued)

Community and Environment (continued)

The News UK Group is committed to managing the wider social, environmental and economic impacts of its operations which includes the way it deals with its customers and manages sustainability issues in its supply chain. Refer to news.co.uk for further information on News Corp Group's Modern Slavery Statement and Standards of Business Conduct.

Shareholders

The Board provides regular updates to its parent company, News Corporation. The financial results of the News UK Group are reported to News Corporation on a quarterly basis.

For example, a CEO report is prepared for News Corporation each quarter, which provides information on each News UK Group entity, including updates on: revenues and KPIs; subscriptions; changes in senior resource; audience engagement; advertising; sales performance; projects; key legal and HR issues; and technology.

Other examples of communications shared with News Corporation throughout the year include Litigation Reports, Compliance Steering Committee updates and Corporate Audit updates.

Principal decisions of the Board

Realignment of Business Units

In March 2022, the Board made the decision to realign the responsibilities of the Executive team in order to focus on News UK's strategic priorities, namely to: drive digital advertising revenues; grow digital subscribers; accelerate connected listening; launch TV and grow video and CTV advertising revenues; negotiate new partnerships with the big technology platforms; and maximise print revenues.

The Board acknowledged that as a business of very strong consumer brands, each of the strategic priorities needed focus to have the best chance of succeeding. The Board therefore decided that The Sun, The Times & The Sunday Times, and its Broadcasting brands will each run as separate business units, with an executive having responsibility for each to manage all of the revenue and cost levers, giving them a more targeted focus and greater control.

A smaller number of departments continue to work as a centralised resource across the whole business, including Finance, HR, Corporate Affairs and Legal. Technology continues to have centralised oversight and resources, but some roles are dedicated to individual business units.

The Board reminded employees that its brands' readers, listeners and viewers must always be at the heart of everything News UK does. It also highlighted that the realignment would help commercial partners have the opportunity to buy premium advertising inventory across the whole portfolio of brands and formats, reaching those large and sought-after audiences at multiple touch points. The Board emphasised that as a data-led and technology-powered business, the realignment would assist News UK to continue to build audiences and offer ever greater value to its clients.

The realignment continued to take effect during the Financial Year 2023 and is now complete.

Launch of Talk TV

In April 2022, Talk TV was launched and for the first time, News UK produced and broadcast high quality, live news and current affairs programming.

The Board has been instrumental in shaping how Talk TV operates and has made it clear to all stakeholders that the investment in TV and video infrastructure is key to News UK's digital growth ambitions.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Report on compliance with section 172 of the Companies Act 2006 (continued)

Principal decisions of the Board (continued)

Launch of Talk TV (continued)

The Board attends quarterly meetings focused on Broadcasting where topics are discussed and questions are raised on areas such as: Operational KPIs; Broadcasting Goals; Financials; Commercial updates (e.g. Editorial & Social Media; Marketing & PR); Technology; Distribution; Diversity; Policy and Compliance.

In June 2022, the Board appointed Richard Wallace as Head of TV for News UK Broadcasting. The Head of TV has editorial oversight of all programming and overall responsibility for the budget and P&L, reporting to Scott Taunton, EVP, President of Broadcasting, News UK.

Talk TV has been broadcast fully from The News Building since April 2023, from state-of-the-art studio and gallery facilities, bringing production resources and staff under one roof. There has continued to be a growth in audience - as a channel, TalkTV has over one billion total digital views across all platforms since launch, and averages one million views a day of TalkTV content. The schedule continues to evolve around a presenter roster which includes Piers Morgan, Vanessa Feltz, Jeremy Kyle, Nicola Thorp, Mike Graham and Julia Hartley-Brewer.

The Board's vision is that all News UK's brands should be multi-format and that stories must be reported in the way that audiences want to consume them. The Board has made it clear to stakeholders that to succeed, News UK must be bold and experiment with new and creative ideas. Whilst News UK continues with the written word – through printed newspapers and online – the Board emphasises that audiences also want to listen and watch News UK's reporting, through audio and video, live and on-demand. Existing audiences and younger generations will discover News UK's brands on social media, online in various formats and through streaming platforms. Another example of this has been the growth of thesun.com in the US, a launch which has grown in short order to be the fastest growing new news website in the US.

The Board drives this vision purposefully in its quarterly meetings with the Executive team, which now contains a standalone update on Broadcasting and TV. A full Broadcasting update is also given as part of the News UK bi-annual Board meetings.

The Board has emphasised to stakeholders its part in building and developing other successful TV outputs such as Fox News, Sky News and Sky News Australia, demonstrating News UK's track record of trying new things and doing what it takes to get it right. The Board is confident that it is building infrastructure for the delivery of news and views (from showbiz and sport to politics and business) via streamed and online video that will benefit the whole of its business. The Board notes that advertising revenues for connected TV and for programmatic video are in double digit growth and that News UK is professionalising its output so that all of its brands are well positioned for that growth.

The Board is dedicated to setting out to grow new audiences and find new revenues in order to secure a sustainable future for all of News UK's journalism.

Response to Ukraine

This year, News UK's newsrooms have continued to deliver expert analysis on the war in Ukraine, as employees and all of its readers, listeners and viewers try to make sense of the conflict.

There have been so many examples of world-class reporting – from The Sun's first-hand accounts, vividly depicting the human cost of Putin's invasion, to The Times's brilliant maps and charts, showing the Russian advance – telling the world the truth about what's happening.

talkSPORT Limited

Strategic Report for the year ended 2 July 2023 (continued)

Report on compliance with section 172 of the Companies Act 2006 (continued)

Principal decisions of the Board (continued)

Response to Ukraine (continued)

Times Radio and Talk Radio are brilliantly covering every angle of this rapidly evolving situation, with contributions from newspaper reporters to our live radio reporting and podcasts. Amongst much industry recognition, The Sun's Defence Editor, Jerome Starkey won News Reporter of the Year at the Press Awards and Multimedia Journalist of the Year at the London Press Awards, having reported from the frontline in Ukraine since the invasion by Russia.

News UK and its brands have also continued to stand by imprisoned Wall Street Journal reporter Evan Gershkovich. Our brands have used key moments including the 100th day of his captivity to focus audience attention, and The Times and Times Radio recognise his continued detention on a daily basis.

The Board communicates this fantastic work to employees on an on-going basis and have been actively discussing matters as they arise in the titles and Broadcasting quarterly Board meetings; 1-1s with the Executive teams and on an ad-hoc basis as the situation develops. The Board is also regularly updated by the Health & Safety team on the welfare and security of any employees working in dangerous territories and of sanctions risks by the Compliance team.

Newsprint operations

During the year the group decided to explore options around its Newsprint operations and the long term viability of having 3 print sites given the decline in print volumes across the market. This led to an announcement that one site would potentially close in the following fiscal year.

Subsequent to this announcement News UK and DMG Media entered into discussions around creating and operating as a joint venture for its combined Newsprint and distribution operations across the existing print sites. The potential closure of a News UK print site was put on hold whilst further discussions with DMG Media progressed.

On 3 October it was announced that News UK and DMG Media intend to create a new joint venture for its newspaper production and logistics services. This would create a long term and sustainable future for printed newspapers within the UK.

The planned joint venture is subject to regulatory approval and therefore is not certain.

Engagement with Regulators

The Board receives regular updates on the status of any regulatory issues relating to the News UK Group. These updates are provided by the News UK General Counsel and the Managing Editors, and are discussed at Board meetings. In doing this, the Board monitors News UK Group's compliance with regulatory issues and the actions taken to maintain this such as the implementation of internal training and updates to policies and procedures.

In addition, the News UK Group's Legal team provides regular updates to News Corporation on regulatory and reputational issues, and contributes to a Compliance Steering Committee meeting held by News Corporation each quarter.

Approved and authorised by the Board on 21 November 2023 and signed on its behalf by:

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E. Humphreys
Director

talkSPORT Limited

Directors' Report for the year ended 2 July 2023

The directors present their report and the financial statements of the company for the year ended 2 July 2023.

Directors of the company

The directors who held office during the period were as follows:

C.C.S Longcroft (resigned 25 July 2022)

E. Humphreys (appointed 25 July 2022)

S.W. Taunton

Except as noted above, all directors served throughout the year and are still directors at the date of this report.

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

Directors' indemnity provision

News Corporation has indemnified all directors of the company against liability in respect of proceedings brought by third parties, except that, in accordance with the Companies Act 2006, no indemnity is provided against: any liability incurred by the director in defending civil proceedings brought by the company, or an associated company, in which the final judgement is given against the director; and liability of the director to pay a fine imposed by criminal proceedings; any liability incurred by the director in defending criminal proceedings in which the director is convicted; any liability of the director to pay a penalty sum to a regulatory authority in respect of non compliance with any requirement of a regulatory nature, howsoever arising; or any liability of the director in connection with an application for relief in which the court refuses to grant him relief. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Going Concern

The company is in a net current asset position as at 2nd July 2023 and has sufficient resources to settle its liabilities when they become due. The assets are dependent upon the recoverability of intercompany receivables that may require support of the parent.

The directors have considered the financial position and trading activities of the company, including forecasts, for the going concern assessment period to 31 December 2024 (the 'assessment period'). Given the utilisation of, and access to, the group facility indicated above, the ultimate parent undertaking, News Corporation (the 'Parent company') has provided a support letter indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due for the assessment period.

The Parent Company will continue to review group and company liquidity needs in light of the business and financial impacts it may face in light of economic factors such as higher rates of interest and inflation and any mitigating actions which may be required. The parent company also has available borrowing capacity under its undrawn \$750 million revolving credit facility.

After making due enquiries and considering the forecasts of the News UK group, incorporating the impact of global macroeconomic inflationary pressures, the general challenging market environment, access to funds through the group facility and the Parent Company support, the directors have a reasonable expectation that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for the going concern assessment period to 31 December 2024. These considerations include the company, as well as the wider News Corp group. Accordingly, the financial statements are prepared on the going concern basis.

talkSPORT Limited

Directors' Report for the year ended 2 July 2023 (continued)

Results and dividends

The profit for the year after taxation, amounted to £7,801,000 (2022 - £11,196,000).

No Dividends were paid during the year (2022 - £Nil). The directors do not recommend a final dividend (2022 - £Nil).

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

It is the policy of the company to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the company and the News UK group of which it is a member.

Communication meetings between management and employees are held both formally and informally, where matters of specific interest are discussed. Consultation with all employees occurs on a regular basis covering pensions and health and safety and their views are taken into consideration when making decisions. A range of training programmes are held for employees.

Streamlined energy and carbon report

A detailed report has been included within the financial statements of the company's immediate parent entity News Corp UK & Ireland Limited. The results cover the UK operations of the News UK group and cannot be allocated to individual companies.

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

talkSPORT Limited

Directors' Report for the year ended 2 July 2023 (continued)

Directors' responsibilities statement (continued)

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

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

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Auditor

The directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditor in the absence of a notice that the appointment is to be terminated.

Approved and authorised by the Board on 21 November 2023 and signed on its behalf by:

PP



E. Humphreys
Director

Independent Auditor's Report to the Members of talkSPORT Limited

Opinion

We have audited the financial statements of talkSPORT Limited (the 'company') for the year ended 2 July 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 July 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of the report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of talkSPORT Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report to the Members of talkSPORT Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal matters and compliance. We corroborated these enquiries through our review of policies and board meeting minutes. We reviewed management's entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through inquiry of management and those charged with governance as to established policies and procedures that exist. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored.
- Based on this understanding we designed our audit procedures to identify non compliance with such laws and regulations and to respond to the assessed risks. We determined there to be a risk of management override and a fraud risk over manual adjustments to revenue. To address the fraud risk on revenue, we used data analytics to identify the population of manual journal entries impacting revenue and selected a sample of specific transactions. We understood the transactions identified for testing and agreed them to source documentation. To address the risk of management override of controls we used data analytics to sample from the entire population of journal entries, identifying transactions which did not meet our expectations based on specific criteria, to investigate, gain an understanding and agree to source documentation. We determined there to be a fraud risk around revenue recognition around the period-end deferred and accrued revenue recorded. We selected a sample of revenue contracts and transactions recognised around the period-end date and performed detailed testing, including agreeing to source documentation to validate that the revenue had been recognised in the appropriate period. We performed analytical procedures to identify unusual transactions in this period around the period-end date. Additionally, we have associated the fraud risk on revenue to rebates and have obtained confirmations from the counterparty to assess the amounts recorded at year-end. Our procedures also included verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through inquiry with management and the Directors, reading of the board meeting minutes and correspondence with the relevant authorities with no indication of non-compliance identified. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of talkSPORT Limited (continued)

Use of our report

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

Ernst & Young LLP

.....
Luke Little (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor, Cambridge

Date: *24/11/2023*
.....

talkSPORT Limited**Profit and Loss Account for the year ended 2 July 2023**

| | Note | 2023 £ 000 | 2022 £ 000 |
|-------------------------------|-------------|-----------------------|-----------------------|
| Turnover | 3 | 80,992 | 78,317 |
| Cost of sales | | <u>(51,653)</u> | <u>(45,557)</u> |
| Gross profit | | 29,339 | 32,760 |
| Administrative expenses | | <u>(20,680)</u> | <u>(22,100)</u> |
| Operating profit | 4 | <u>8,659</u> | <u>10,660</u> |
| Profit before tax | | 8,659 | 10,660 |
| Tax on profit | 8 | <u>(858)</u> | <u>536</u> |
| Profit for the financial year | | <u><u>7,801</u></u> | <u><u>11,196</u></u> |

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Statement of Comprehensive Income for the year ended 2 July 2023

| | 2023 £ 000 | 2022 £ 000 |
|---|-----------------------|-----------------------|
| Profit for the financial year | <u>7,801</u> | <u>11,196</u> |
| Total comprehensive income for the financial year | <u><u>7,801</u></u> | <u><u>11,196</u></u> |

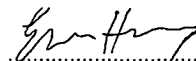
talkSPORT Limited

(Registration number: 02806093)
Balance Sheet as at 2 July 2023

| | Note | 2023 £ 000 | 2022 £ 000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 9 | 8,944 | 7,410 |
| Current assets | | | |
| Debtors | 10 | 99,569 | 89,256 |
| Cash at bank and in hand | 11 | 283 | 841 |
| | | 99,852 | 90,097 |
| Creditors: Amounts falling due within one year | 12 | (53,790) | (50,624) |
| Net current assets | | 46,062 | 39,473 |
| Total assets less current liabilities | | 55,006 | 46,883 |
| Deferred tax | 13 | (322) | - |
| Net assets | | 54,684 | 46,883 |
| Capital and reserves | | | |
| Called up share capital | 15 | 1 | 1 |
| Retained earnings | | 54,683 | 46,882 |
| Shareholders' funds | | 54,684 | 46,883 |

Approved and authorised by the Board on 21 November 2023 and signed on its behalf by:

PP



E. Humphreys
 Director

talkSPORT Limited**Statement of Changes in Equity for the year ended 2 July 2023**

| | Share capital | Retained | Total |
|---|----------------------|-----------------|--------------|
| | £ 000 | earnings | £ 000 |
| At 4 July 2022 | 1 | 46,882 | 46,883 |
| Profit for the financial year | - | 7,801 | 7,801 |
| Total comprehensive income for the financial year | - | 7,801 | 7,801 |
| At 2 July 2023 | 1 | 54,683 | 54,684 |

Statement of Changes in Equity for the year ended 3 July 2022

| | Share capital | Retained | Total |
|---|----------------------|-----------------|--------------|
| | £ 000 | earnings | £ 000 |
| At 28 June 2021 | 1 | 35,686 | 35,687 |
| Profit for the financial year | - | 11,196 | 11,196 |
| Total comprehensive income for the financial year | - | 11,196 | 11,196 |
| At 3 July 2022 | 1 | 46,882 | 46,883 |

The notes on pages 22 to 33 form an integral part of these financial statements.

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023

1 General information

The company is a private company limited by share capital, incorporated in England and Wales under the Companies Act.

The address of its registered office is:

1 London Bridge Street
London
SE1 9GF

These financial statements were authorised for issue by the Board on 21 November 2023.

The nature of the company's operations and its principal activities are set out in the Strategic Report on page 1.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements are made up to the Sunday closest to 30 June in each year. Consequently, the financial statements for the current period cover 52 weeks ended 2 July 2023 (prior period 53 weeks ended 3 July 2022). The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

Summary of disclosure exemptions

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation, the ultimate parent undertaking.

The company has taken advantage of the following exemptions:

- (a) From preparing a statement of cash flows and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- (b) From the financial instruments disclosures as required by FRS 102 paragraph 11.42 to 11.48A and paragraphs 12.26 to 12.27, 12.29 (a) & (b) and 12.29A, including:
- categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to and management of financial risks.
- (c) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Going Concern

The company is in a net current asset position as at 2nd July 2023 and has sufficient resources to settle its liabilities when they become due. The assets are dependent upon the recoverability of intercompany receivables that may require support of the parent.

The directors have considered the financial position and trading activities of the company, including forecasts, for the going concern assessment period to 31 December 2024 (the 'assessment period'). Given the utilisation of, and access to, the group facility indicated above, the ultimate parent undertaking, News Corporation (the 'Parent company') has provided a support letter indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due for the assessment period.

The Parent Company will continue to review group and company liquidity needs in light of the business and financial impacts it may face in light of economic factors such as higher rates of interest and inflation and any mitigating actions which may be required. The parent company also has available borrowing capacity under its undrawn \$750 million revolving credit facility.

After making due enquiries and considering the forecasts of the News UK group, incorporating the impact of global macroeconomic inflationary pressures, the general challenging market environment, access to funds through the group facility and the Parent Company support, the directors have a reasonable expectation that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for the going concern assessment period to 31 December 2024. These considerations include the company, as well as the wider News Corp group. Accordingly, the financial statements are prepared on the going concern basis.

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Judgements

No critical judgements in applying the company's accounting policies have been identified in the current or preceding period.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Contract discount and rebate provisions

The company enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level of agency spend over the contract period. These rebates can take the form of free advertising space, cash payments or both. The rebate provision is calculated using the forecast spend over the contract period and rebate entitlement set out in the trading agreement. Calculating the required provision therefore requires an estimate of the future period spend in determining what tier of spend the agencies may reach over the agreement. At the year end the company has contract discount and rebate provisions amounting to £Nil (2022 - £Nil) included in accruals and deferred income.

(b) Recoverability of deferred tax assets

The company makes estimates regarding the recoverability of deferred tax assets, based on forecasts of future taxable profits which are, by their nature, uncertain.

Revenue recognition

Revenue is measured at the fair value of the consideration received or recoverable, and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company, and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be recognised reliably; (d) the costs incurred or to be incurred in respect of the transaction can be measured reliably and (e) it is probable that future economic benefits will flow to the entity. Specific revenue recognition criteria also apply depending on the revenue stream, as described below:

Advertising income

Revenue from advertising is recognised to the extent that the company obtains the right to consideration in exchange for its performance through transmission of agreed advertising spots, net of any agency discounts or rebates.

Sponsorship income

Revenue from sponsorship is recognised to the extent that the company obtains the right to consideration in exchange for its performance evenly over the life of the contract or in accordance with specific contract terms.

Barter arrangements

Revenue includes barter arrangements which meet the requirements of FRS 102. Revenue is recognised at the fair value of the services received adjusted by the amount of any cash or cash equivalents transferred.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|-----------------------------------|---|
| Leasehold improvements | Shorter of the length of lease or 8 years |
| Motor vehicles | 4 years |
| Fixture and fittings | 4-8 years |
| Computer equipment | 4 years |
| Studio equipment and transmitters | 5-8 years |

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at present value of future payments, discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at the present value of amounts payable discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation, legal or constructive, as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Leases

Rentals payable under operating leases are charged on a straight line basis to the profit and loss account over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly recognised on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The company is part of a group defined contribution scheme which requires contributions to be made to a separately administered fund. Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable.

3 Turnover

All turnover arose wholly in the United Kingdom. The directors consider that the business of the company is all of one class.

The company enters into barter arrangements for the supply of certain services, and these are treated as turnover if they comply with FRS 102. During the period barter transactions recognised as revenue amounted to £4,391,000 (2022 - £2,237,000).

4 Operating profit

Arrived at after charging/(crediting)

| | 2023 | 2022 |
|--|--------------|--------------|
| | £ 000 | £ 000 |
| Depreciation expense (note 9) | 3,115 | 2,348 |
| Operating lease expense - property and equipment | <u>4,602</u> | <u>4,319</u> |

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

5 Staff costs

| | 2023 | 2022 |
|-----------------------|---------------|---------------|
| | £ 000 | £ 000 |
| Wages and salaries | 16,797 | 14,691 |
| Social security costs | 2,169 | 1,797 |
| Pension costs | 804 | 676 |
| | <u>19,770</u> | <u>17,164</u> |

The average number of persons employed by the company during the year, analysed by category was as follows:

| | 2023 | 2022 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Administration and support | 55 | 47 |
| Sales | 56 | 59 |
| Other departments | 129 | 109 |
| | <u>240</u> | <u>215</u> |

6 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2023 | 2022 |
|---|--------------|--------------|
| | £ 000 | £ 000 |
| Allocation of directors' qualifying services to the company | <u>552</u> | <u>683</u> |

The directors of this company provide services to this company and a number of other group companies. The amounts above relate to the share of qualifying services that have been allocated to this company.

No directors accrued benefits under company pension schemes (2022 - none).

During the period the number of directors who through participating in News Corporation's long term incentive plan were remunerated in News Corporation Common A stock were as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| | No. | No. |
| Received or were entitled to receive shares under long term incentive schemes | <u>2</u> | <u>2</u> |

In respect of the highest paid director, the proportion of their remuneration relating to services provided to this company is as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| | £ 000 | £ 000 |
| Allocation of directors qualifying services to the company | <u>450</u> | <u>472</u> |

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

7 Auditor's remuneration

| | 2023 | 2022 |
|-----------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Audit of the financial statements | <u>120</u> | <u>100</u> |

The auditor's remuneration is borne by another group undertaking without right of recharge.

8 Taxation

Tax charged/(credited) in the profit and loss account

| | 2023 | 2022 |
|--|--------------|--------------|
| | £ 000 | £ 000 |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | 744 | (536) |
| Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods | <u>114</u> | <u>-</u> |
| Total deferred taxation | <u>858</u> | <u>(536)</u> |

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 20.5% (2022 - 19%).

The differences are reconciled below:

| | 2023 | 2022 |
|---|--------------|----------------|
| | £ 000 | £ 000 |
| Profit before tax | <u>8,659</u> | <u>10,660</u> |
| Corporation tax at standard rate | 1,775 | 2,025 |
| Increase from effect of different UK tax rates on some earnings | 134 | 5 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 39 | 24 |
| Decrease from tax losses for which no deferred tax asset was recognised | - | (557) |
| Deferred tax expense from unrecognised temporary difference from a prior period | 114 | - |
| Tax decrease from effect of capital allowances and depreciation | (215) | - |
| Tax decrease arising from group relief | <u>(989)</u> | <u>(2,033)</u> |
| Total tax charge/(credit) | <u>858</u> | <u>(536)</u> |

The UK Corporation Tax rate increased mid-year from 19% to 25%. This was following an announcement of the rate increase in the March 2021 budget which received Royal Assent on 10 June 2021. The rate used in the financial statements is a blended rate consisting of 19% for the year to 31 March 2023 and 25% from 1 April onwards. This leads to a composite rate of 20.5% for the full year.

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

8 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

| | Asset £ 000 | Liability £ 000 |
|-------------------------------------|----------------|--------------------|
| 2023 | | |
| Fixed asset timing differences | - | (332) |
| Other short term timing differences | - | 10 |
| | <u>-</u> | <u>(322)</u> |
| | | |
| 2022 | | |
| Fixed asset timing differences | 471 | - |
| Other short term timing differences | 65 | - |
| | <u>536</u> | <u>-</u> |

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

9 Tangible assets

| | Leasehold improvements £ 000 | Furniture, fittings and equipment £ 000 | Assets under construction £ 000 | Transmission and studio equipment £ 000 | Total £ 000 |
|------------------------------|------------------------------------|--|---------------------------------------|--|----------------|
| Cost | | | | | |
| At 4 July 2022 | 413 | 8,145 | 1,910 | 3,591 | 14,059 |
| Additions | - | - | 3,836 | - | 3,836 |
| Transfers | - | 291 | (291) | - | - |
| Transfers to group companies | - | - | - | 814 | 814 |
| At 2 July 2023 | 413 | 8,436 | 5,455 | 4,405 | 18,709 |
| Depreciation | | | | | |
| At 4 July 2022 | 413 | 5,144 | - | 1,093 | 6,650 |
| Charge for the period | - | 2,028 | - | 1,087 | 3,115 |
| At 2 July 2023 | 413 | 7,172 | - | 2,180 | 9,765 |
| Carrying amount | | | | | |
| At 2 July 2023 | - | 1,264 | 5,455 | 2,225 | 8,944 |
| At 3 July 2022 | - | 3,001 | 1,910 | 2,499 | 7,410 |

Included within the net book value of land and buildings above is £Nil (2022 - £Nil) in respect of short leasehold land and buildings.

talkSPORT Limited**Notes to the Financial Statements for the year ended 2 July 2023 (continued)****10 Debtors**

| | | 2023 | 2022 |
|---------------------------------|-------------|---------------|---------------|
| | Note | £ 000 | £ 000 |
| Amounts owed by related parties | 16 | 86,223 | 80,459 |
| Accrued income | | 10,475 | 5,663 |
| Prepayments | | 2,869 | 1,897 |
| Other debtors | | 2 | 701 |
| Deferred tax assets | 8 | - | 536 |
| | | <u>99,569</u> | <u>89,256</u> |

All amounts owed by group undertakings relate to trading balances with no fixed repayment terms and no interest charged.

11 Cash and cash equivalents

| | 2023 | 2022 |
|--------------|--------------|--------------|
| | £ 000 | £ 000 |
| Cash at bank | <u>283</u> | <u>841</u> |

News Corp UK & Ireland operates a collective overdraft facility with its bankers, which allows individual companies in the News UK group to overdraw subject to an agreed limit of £20 million, not being exceeded in aggregate. The overdraft facility is also guaranteed by News Corporation.

12 Creditors

| | | 2023 | 2022 |
|---------------------------------|-------------|---------------|---------------|
| | Note | £ 000 | £ 000 |
| Due within one year | | | |
| Bank overdrafts | | - | 19 |
| Amounts due to related parties | 16 | 36,420 | 34,662 |
| Social security and other taxes | | - | 25 |
| Other payables | | 665 | 344 |
| Accruals and deferred income | | <u>16,705</u> | <u>15,574</u> |
| | | <u>53,790</u> | <u>50,624</u> |

All amounts due to group undertakings relate to trading balances with no fixed repayment terms and no interest charged.

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

13 Deferred tax

| | Deferred tax £ 000 |
|---|-----------------------|
| At 4 July 2022 | - |
| Arising from origination and reversal of timing differences through profit and loss account | 858 |
| Transfer from deferred tax asset | <u>(536)</u> |
| At 2 July 2023 | <u>322</u> |

14 Pension and other schemes

The company participates in an industry-wide defined contribution occupational scheme known as the Commercial Radio Staff Benefits Plan, which is a scheme shared by several independent radio companies and associated business. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £804,000 (2022 - £676,000).

15 Share capital

Allotted, called up and fully paid shares

| | 2023 | | 2022 | |
|-------------------------------|----------|----------|----------|----------|
| | No. 000 | £ 000 | No. 000 | £ 000 |
| Ordinary shares of £0.50 each | <u>2</u> | <u>1</u> | <u>2</u> | <u>1</u> |

16 Related party transactions

The company has taken advantage of the exemption under section 33 of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries. The following transactions are with fellow subsidiaries which are not wholly owned.

Transmission charges

| | 2023 £ 000 | 2022 £ 000 |
|-----------------------------------|---------------|---------------|
| Switchdigital (London) Limited | (63) | (58) |
| Switchdigital (Scotland) Limited | <u>(95)</u> | <u>(122)</u> |
| | <u>(158)</u> | <u>(180)</u> |
| Related Party paragraph narrative | | |

Debtors

| | 2023 £ 000 | 2022 £ 000 |
|----------------------------------|---------------|---------------|
| Switchdigital (Scotland) Limited | <u>1</u> | <u>269</u> |

talkSPORT Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

16 Related party transactions (continued)

| Creditors | 2023 | 2022 |
|--------------------------------|--------------|----------------|
| | £ 000 | £ 000 |
| Switchdigital (London) Limited | <u>(422)</u> | <u>(9,276)</u> |

17 Parent and ultimate parent undertaking

The company's immediate parent is The Wireless Group Holdings Limited, incorporated in England and Wales.

The ultimate parent is News Corporation, incorporated in Delaware in the United States.

The smallest and largest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The consolidated financial statements are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.