

Independent auditor's report

To the Department for Culture, Media and Sport on Channel Four Television Corporation

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Channel Four Television Corporation ('the Corporation') and its subsidiaries ('the Group') give a true and fair view of the state of the Group's and of the Corporation's affairs as at 31 December 2025 and of the Group's deficit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Corporation's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 (as if it were to apply to the Corporation).

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Corporation statements of changes in equity;
- the consolidated and Corporation balance sheets;
- the consolidated cash flow statement;
- the statements of Group and Corporation accounting policies; and
- the related notes 1 to 21 to the consolidated financial statements, and related notes 1 to 7 to the Corporation financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Corporation financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. 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.

We are independent of the Group and the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note 3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Corporation.

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: - Revenue recognition - Programme and film rights - Going Concern
Materiality	The materiality that we used for the Group financial statements was £12m which equates to 1.2% of revenue.
Scoping	We audited the Group as a single component, covering 100% of net assets, revenue and pre-tax deficit.
Significant changes in our approach	In the current year we identified Going Concern as a new key audit matter, due to its significance in our overall audit strategy.

4. Conclusions relating to going concern

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

Our evaluation of the members' assessment of the Group's and Corporation's ability to continue to adopt the going concern basis of accounting is discussed in section 5.3.

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 Group and Corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition

<i>Key audit matter description</i>	The Group recognised revenue of £1,027m (2024: £1,036m) predominately in relation to advertising revenue (2025: 90%, 2024: 91%). Linear revenue has reduced 9% year on year, while digital revenue has increased 13%, and non-advertising revenues increased by 10% year on year. The disaggregation of revenue is presented in note 1. The Group has several revenue streams including linear, digital and non-advertising revenues, and also recognises revenue from non-cash arrangements. We consider that revenue recognition represents a key audit matter due to the effort and resources allocated during the audit. The Group accounting policies sets out the policies for revenue recognition and a summary of revenue by type is included in note 1 to the consolidated financial statements.
<i>How the scope of our audit responded to the key audit matter</i>	We obtained an understanding of the revenue process for each key revenue stream through performing walkthroughs, including obtaining an understanding of relevant revenue controls. We designed our audit procedures to be specific to the nature of each revenue stream. Consequently, we performed the following audit procedures: - We reviewed management's accounting policies for each revenue stream and assessed compliance with IFRS 15 Revenue; - For linear revenue, we used a data-driven audit approach supported by analytics specialists and relying on key revenue business controls and core systems. This involved performing a full reconciliation of transactional data between campaign bookings, transmission, invoicing, cash and revenue recognition in the general ledger. We further analysed and understood populations which did not follow the normal flow of transactions and tested these populations to supporting evidence on a sample basis that was responsive to the risk identified. We worked with IT specialists to test the operating effectiveness of general IT controls over key systems within the revenue cycle, and also tested the operating effectiveness of key manual controls within the linear revenue process, which primarily relate to the reconciliation of data transfers between systems; - For digital revenue, we traced a sample of revenue transactions to third party supporting evidence, including contract, invoice, evidence of transmission and ultimately cash received. We also traced a sample of campaign transmission data to revenue recognised in the ledger; - For non-advertising revenue, including rights income, distribution, theatrical revenues, Channel 4 Ventures revenues, and subscription revenues, we disaggregated the balance by nature, and selected samples which were traced to contracts or invoices and cash received; - We reviewed contracts in relation to rebates and non-cash consideration, to assess the appropriateness of the accounting treatment applied; - We tested accrued and deferred income recognised by agreeing samples selected to supporting evidence, including contracts and evidence of occurrence, recalculating the accrual or deferral thereby validating that the revenue has been recognised in the correct period.
<i>Key observations</i>	We consider the revenue recognised across the Group to be appropriate and recognised in the correct period. We consider management's disclosures in relation to revenue to be appropriate.

Independent auditor's report cont.

5.2. Programme and film rights

<i>Key audit matter description</i>	Programme and film rights are highly material with £377m (2024: £355m) (see note 13) recognised as inventory as at 31 December 2025 and £640m recognised as content costs during the year (2024: £643m). Channel 4 accounts for such rights as inventories under IAS 2 Inventories. The amortisation of programme and film rights is disclosed as a critical accounting judgement in the Group accounting policies, and the Audit and Risk Committee report on page 122, as there is judgement in determining the profile over which to amortise programming, which includes an assessment of programme value to the Corporation. We consider that programme and film rights represents a key audit matter due to the significance in the value of the account, and the effort and resources allocated to the audit of this account and associated content costs recognised in the income statement.
<i>How the scope of our audit responded to the key audit matter</i>	We assessed the accounting policies for programme and film rights against the requirements of IAS 2 and industry practice. In respect of programme and film rights in the current year: - We reconciled the programme and film rights ledger to the financial statements, including opening inventory, additions, amortisation and closing inventory. We selected a sample of programming inventory, covering a range of programme genres and covering programmes and films in the course of production, programmes and films completed but not transmitted, and acquired programme and film rights. For each sample we obtained the contract or licence and agreed the total cost of the asset; - We tested additions in the year to invoices; - We tested the transmission cost recognised in the income statement through recalculation based on management's programming amortisation policy and the number of transmissions made during the year; - We tested the year end programming and film creditors and accruals; - We also tested a sample of programming impairments recognised and tested for the completeness of programming impairments. We challenged management's amortisation policy for both commissioned and acquired programme and film rights, by disaggregating the balance based on programming genres, assessing trends of revenue earned per transmission for each of those genres, and assessing the completeness and accuracy of the schedules used in this work, in order to validate that the amortisation policy represents the profile in which content is utilised to generate revenue.
<i>Key observations</i>	We are satisfied that the Group accounting policy for programme and film rights is in line with IAS 2. We are also satisfied with the value of programme and film rights recognised as at 31 December 2025 on the balance sheet and the content costs of transmission (amortisation) recognised in the income statement.

5.3. Going Concern

<i>Key audit matter description</i>	We identified the assessment of going concern as a key audit matter due to the significant judgement required by management in forecasting future cash flows, especially given the challenges in the UK linear advertising market during 2025 and the first quarter of 2026, the strategic transformation of the business and the impact of recent geopolitical events. The UK linear advertising market, which represents 56% of Group revenues, has continued to decline during 2025 and into 2026. Since the announcement of the 'Fast Forward' strategy in January 2024, management have focussed on accelerating the transition to a digital-first business model, and growing diversified non-advertising revenue streams, while implementing cost savings within the business. Management have adopted the going concern assumption in preparing the financial statements, supported by forecast cash flows covering the going concern period (up to May 2027). The going concern assessment involves judgement and estimation in the determination of material inputs, including pace of decline of the linear advertising market; growth rates for digital and diversified non-advertising revenues; content spend; achievable cost savings; and the successful execution of the Fast Forward strategy. Changes to these assumptions could result in a material change in the amount of liquidity headroom available. The Group has an existing Revolving Credit Facility (RCF) of £150m which in March 2026 was renewed for another 5 years. The Group has immediate access to £75m of the facility, with approval from the Department for Digital, Culture, Media and Sport (DCMS) necessary to draw the full £150m. If required, Management have a range of mitigating actions at their discretion to manage liquidity, including measures to manage the cost base, working capital and capital investment choices. The Members' assessment of going concern is included in the members' report on page 109, the Strategic and financial outlook for the Group is included on pages 98-99 and Going concern is included in the Group accounting policies note on page 147. Going concern was also a significant matter considered by the Audit and Risk Committee, as set out on page 122.
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5.3. Going Concern

<i>How the scope of our audit responded to the key audit matter</i>	We obtained an understanding of the Group's forecasting process and the preparation of management's going concern model, including relevant controls over the budgeting and forecasting process. We challenged management's assessment by: - Assessing and challenging the material inputs to the assessment in the base case scenario, principally the pace of decline of the linear advertising revenue and the growth rates for digital advertising revenues; growth plans for diversified and non-advertising revenues; content spend assumptions; and forecast savings across the operational cost base. We challenged these assumptions through reviewing industry data and reports, reviewing internal plans for growth of non-advertising revenues and operational cost savings, and by comparing future assumptions against historical trends; - Considering whether the downside sensitivities applied to the going concern model were reasonable, with reference to our evaluation of material inputs, and considering whether any potential mitigations were reasonable, realistic and within management's control; - Applying additional downside sensitivity analysis to the going concern model, which included modelling sustained declines in the advertising market; lower than forecast growth in non-advertising revenues; and partial achievement of operating cost saving plans. We considered the impact on liquidity headroom of these additional downsides; - Reviewing the renewed RCF, including confirming the removal of the Tangible Net Worth covenant, and reviewing correspondence with DCMS outlining conditions for the RCF renewal and conditions for drawdown of the full £150m facility; - Assessing the availability and impact of mitigations available to management, including actions within management's control to manage liquidity; - Evaluating the disclosures made in the financial statements against relevant guidance and the evidence obtained during the course of our audit.
<i>Key observations</i>	We concur with the directors' assessment that the Group is a going concern and that the disclosures in the financial statements are appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group and corporation financial statements

<i>Materiality</i>	£12.0 million (2024: £12.0 million) We have audited the Group including the Corporation as a single component, and applied the same materiality to the audits of both financial statements.
<i>Basis for determining materiality</i>	We determined materiality based on revenue and considering net assets as a secondary metric. The determined materiality equates to 1.2% of revenue (2024: 1.2%) and 2.8% of net assets (2024: 2.5%). The use of revenue as a primary metric is consistent with the prior year, while total assets was previously used as a secondary metric rather than net assets.
<i>Rationale for the benchmark applied</i>	We considered the use of several different measures including revenue and net assets, as these benchmarks consider both balance sheet and income statement metrics. Revenue provides a representation of the size of the business and is a key performance indicator. Since the Corporation's aim is to reinvest surpluses into original content and digital innovation, we also considered net assets to be a key metric of interest to the users of the financial statements.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Group and corporation financial statements

<i>Performance materiality</i>	Group and Corporation performance materiality was set at 70% of Group (and Corporation) materiality being £8.4 million (2024: 70%, £8.4 million).
<i>Basis and rationale for determining performance materiality</i>	In determining performance materiality, we considered the following factors: - Our risk assessment, including the quality of the control environment; and - Our experience of the audit, which has indicated a low number of corrected and uncorrected misstatements in prior periods.

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £600,000 (2024: £600,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor's report cont.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to risks of material misstatements was performed directly by the Group audit engagement team.

The Group maintains a single aggregated set of accounting records for all of its operations, and we therefore audited the entire Group as a single component, covering 100% of net assets, revenue and pre-tax deficit. For the audit of the Corporation, management deconsolidated the Group financial information to identify the relevant Corporation-only balances and transactions such as intercompany balances.

7.2. Our consideration of the control environment

In assessing the control environment of the Group, we obtained an understanding of the relevant IT controls associated with the Group's key accounting and reporting systems.

We tested the operating effectiveness of controls relevant to the recording, processing and reporting of linear revenue transactions, including general IT controls over key linear revenue and general ledger systems. We identified a small number of deficiencies which were either mitigated through the existence of other controls, or by performing alternative audit procedures including risk assessment. We adopted a controls reliant approach over linear revenue, consistent with the prior year.

We did not rely on internal controls in any other areas of our audit.

7.3. Our consideration of climate-related risks

Climate change has the potential to impact the Group as set out on pages 76 to 89 of the Annual Report. The Group remains committed to a transition to net zero, by setting and achieving both near-term and long-term science-based emission reduction targets to provide a pathway to net zero by 2050.

To inform our risk assessment, we sought to understand the Group's identification and assessment of the potential impacts of climate change, how these risks influence the Group's strategy and their implications on the financial statements.

We have not been engaged to provide assurance over the accuracy of climate change disclosures set out on pages 76 to 89 in the Annual Report. As part of our audit procedures, we are required to read these disclosures to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit. We did not identify any material inconsistencies as a result of these procedures.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

9. Responsibilities of members

As explained more fully in the Report of the Members, the members 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 members 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 members are responsible for assessing the Group's and the Corporation'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 members either intend to liquidate the Group or the Corporation or to cease operations, or have no realistic alternative but to do so.

10. Auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance, including the design of the group's remuneration policies, key drivers for directors' remuneration and performance targets;
- results of our enquiries of management and the members, Business Assurance and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, pensions, analytics, real estate and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Media Act 2024; the Broadcasting Act 1990; the Communications Act 2003; the UK Companies Act, Listing Rules and Corporate Governance Code 2024 (as if they were to apply to the Group); pensions legislation; and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included compliance with the Ofcom Broadcasting Code, Ofcom on-demand rules, and Advertising Standards Agency guidelines.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing Business Assurance reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor's report cont.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by our engagement letter

In our opinion the part of the members' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, as if that Act were to apply to the Corporation.

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

- the information given in the strategic report and the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the members' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Corporation and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members' report.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the members' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 109;
- the members' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 99;
- the members' statement on fair, balanced and understandable set out on page 111;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 118;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 90 to 97 and page 118; and
- the section describing the work of the Audit and Risk Committee set out on pages 120 to 123.

14. Adequacy of explanations received and accounting records

14.1. Adequacy of explanations received and accounting records

Under the terms of our engagement we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group's financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Members' remuneration

Under the terms of our engagement we are also required to report if in our opinion certain disclosures of members' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Secretary of State for Digital, Culture, Media and Sport on 10 August 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 31 December 2017 to 31 December 2025.

15.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Department for Culture, Media and Sport, in accordance with the Broadcasting Act 1990 and the terms of our engagement. Our audit work has been undertaken so that we might state to the Department for Culture, Media and Sport 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 Corporation and the Department for Culture, Media and Sport as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Barker FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor
London, United Kingdom
1 May 2026