WARNER BROS. DISCOVERY

1st Quarter 2023 Earnings Presentation

May 5, 2023

Important Information

Cautionary Statement Concerning Forward-Looking Statements

Information set forth in this communication contains certain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, forecasts, and assumptions that involve risks and uncertainties and on information available to Warner Bros. Discovery as of the date hereof. The Company's actual results could differ materially from those stated or implied due to risks and uncertainties associated with its business, which include the risk factors disclosed in the Company's filings with the U.S. Securities and Exchange Commission, including but not limited to the Company's most recent Annual Report on Form 10-K and reports on Form 10-Q and Form 8-K. Forward-looking statements include statements regarding the Company's expectations, beliefs, intentions or strategies regarding the future, and can be identified by forward-looking words such as "anticipate," "believe," "could," "continue," "estimate," "expect," "intend," "may," "should," "will" and "would" or similar words. Forward-looking statements include, without limitation, statements regarding future financial and operating results, the Company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Warner Bros. Discovery expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

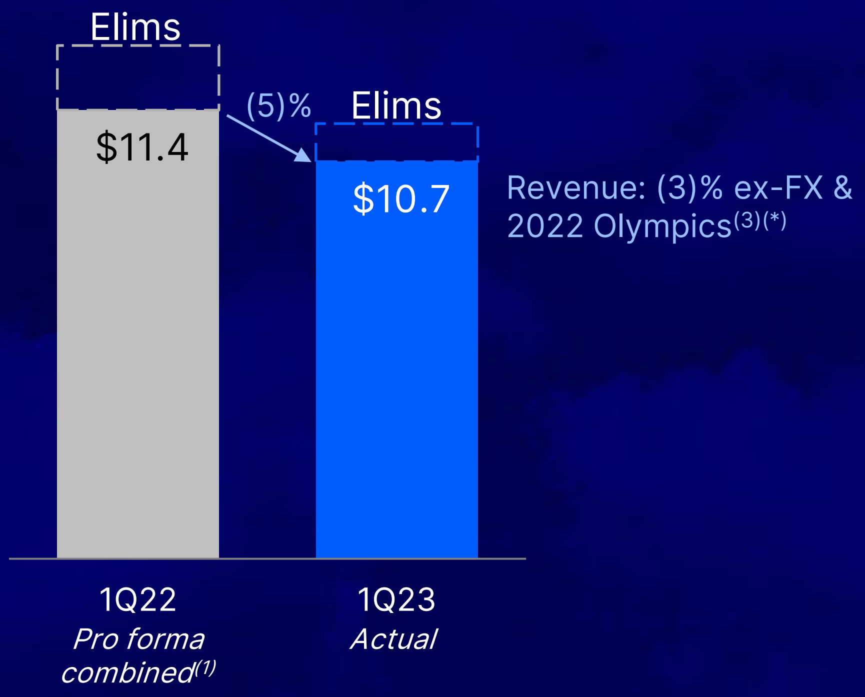
Non-GAAP Financial Measures:

In addition to financial measures prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), this communication may also contain certain non-GAAP financial measures, identified with an "(*)". Reconciliations between the non-GAAP financial measures and the closest GAAP financial measures are available in the financial schedules in this release and in the "Quarterly Results" section of the Warner Bros. Discovery, Inc. investor relations website at: https://ir.wbd.com.

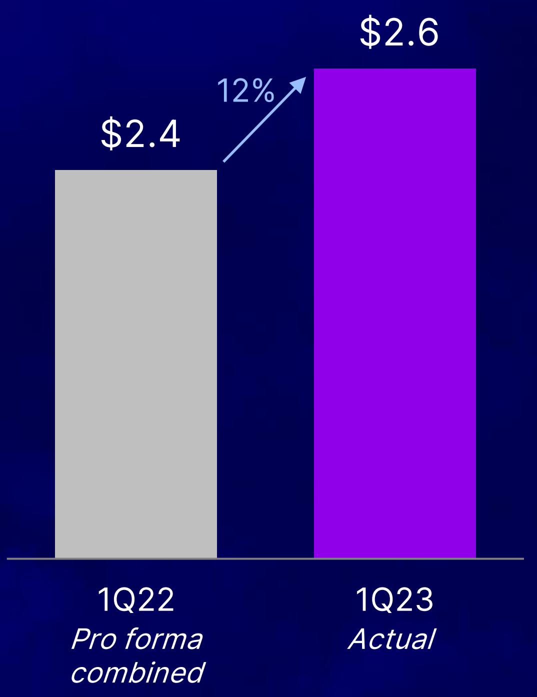
Adjusted EBITDA Improvement Driven by Operational and Transformation Initiatives

1st Quarter 2023 Financial Results (In Billions)

REVENUE



ADJ. EBITDA[2][*]

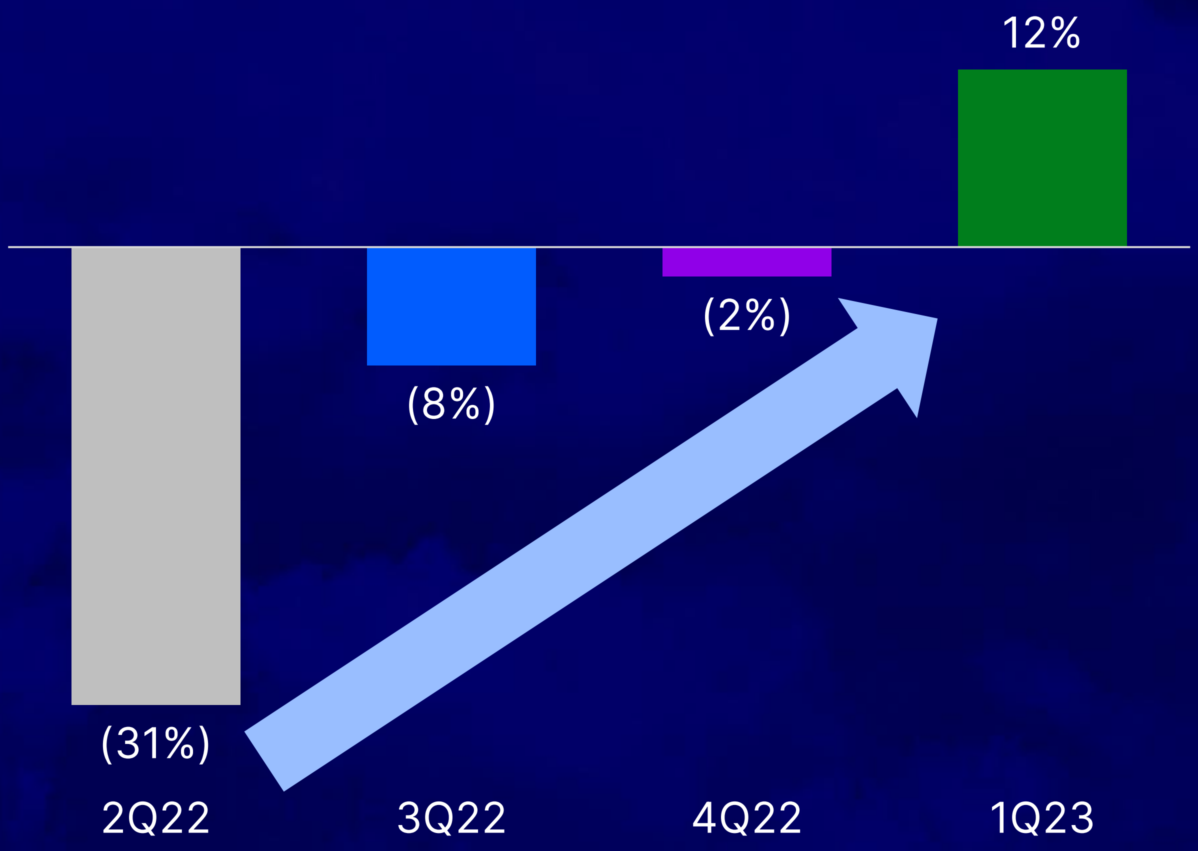


Note: $ shown incl. FX impact; growth rates shown on an ex-FX basis[4][*]
(1) (2) (3) (4) Refer to Notes in Appendix
(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

Continued Sequential Improvement in Y/Y Adjusted EBITDA Trends Despite Challenging Advertising Market Environment

Y/Y Ex-FX(*) Growth Rates



Note: $ shown incl. FX impact; growth rates shown on an ex-FX basis(*)
(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

Reported 1Q22 Discovery & 1Q23 WBD Free Cash Flow
(In Billions)

REPORTED FCF(5)(*)

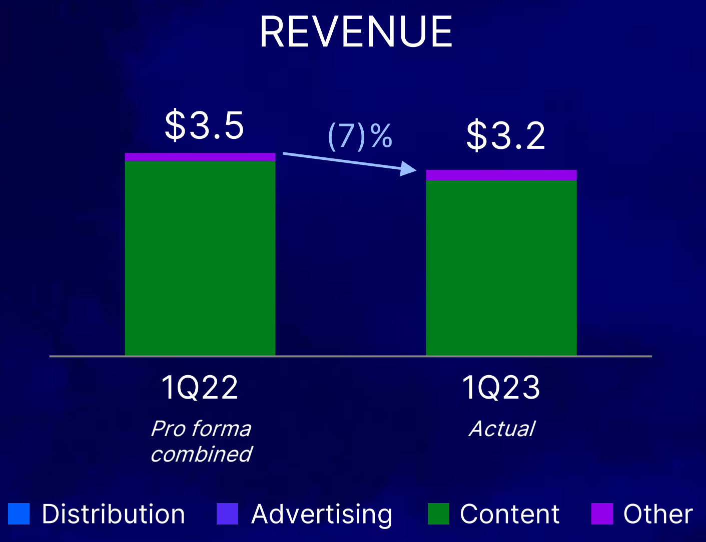
Factors impacting comparability:
- Negative standalone WarnerMedia FCF
- Merger bonds semi-annual interest payments
- Restructuring and integration expenses

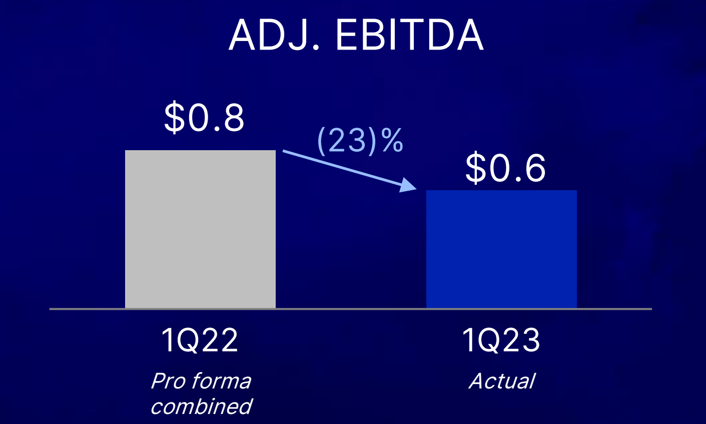
Note: $ shown incl. FX impact; growth rates shown on an ex-FX basis(*)
(5) Refer to Notes in Appendix
(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

Studios: *Hogwarts Legacy* Success Offset by Lower TV Licensing, Theatrical, and Home Entertainment

1st Quarter 2023 Financial Results (In Billions)





Revenues: (7)% vs. prior year quarter

- + Games – release of *Hogwarts Legacy*
- – TV licensing – comp from large TV licensing deals in prior year
- – Theatrical – comp vs *The Batman* success in prior year

Operating Expenses: (2)% vs. prior year quarter

- + Cost of revenue: (4)% due to lower TV licensing and theatrical content expense, partially offset by higher expense for games
- – SG&A: 6% largely due to higher games marketing spend to support *Hogwarts Legacy*, partially offset by lower theatrical marketing

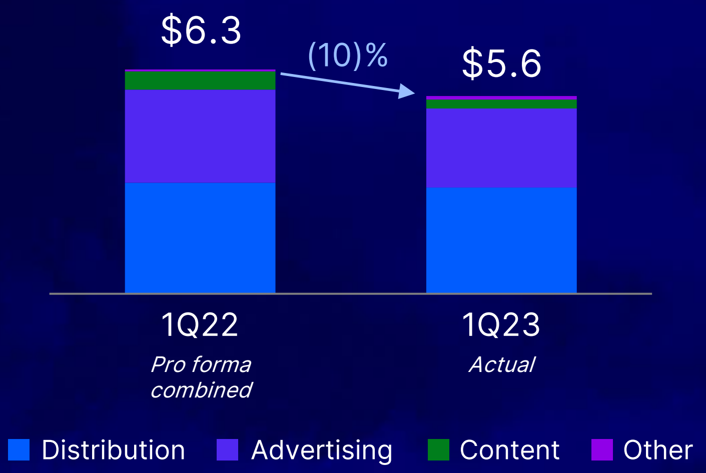
Note: $ shown incl. FX impact; growth rates shown on an ex-FX basis(*)
(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

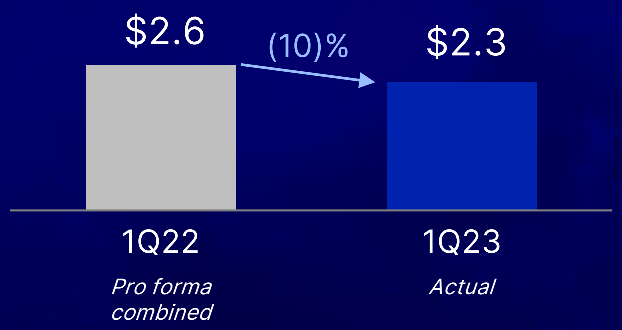
Networks: Impacted by Ongoing Macro Headwinds and Olympics Comp

1st Quarter 2023 Financial Results (In Billions)

REVENUE



ADJ. EBITDA



Revenues: (10)% or (7)% ex-Olympics(*) vs. prior year quarter

- − Distribution: (3)% vs. prior year quarter
  - + Rate increases in the U.S.
  - − Lower U.S. pay-TV subscribers
- − Advertising: (14)% or (13)% ex-Olympics(*) vs. prior year quarter
  - + Domestic sports advertising
  - − General entertainment audience declines in the U.S.
  - − Macro conditions in the U.S. & Int’l markets
- − Content: (51)% vs. prior year quarter due to Olympics sublicensing

Operating Expenses: (10)% vs. prior year quarter

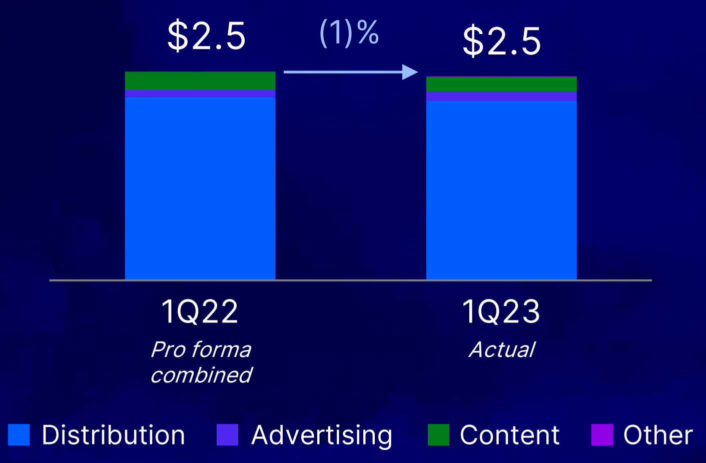
- + Cost of Revenue: (10)% due to Olympics in prior year and lower U.S. entertainment content expense, offset by U.S. sports rights
- + SG&A: (11)% due to lower marketing

Note: $ shown incl. FX impact; growth rates shown on an ex-FX basis(*)
(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

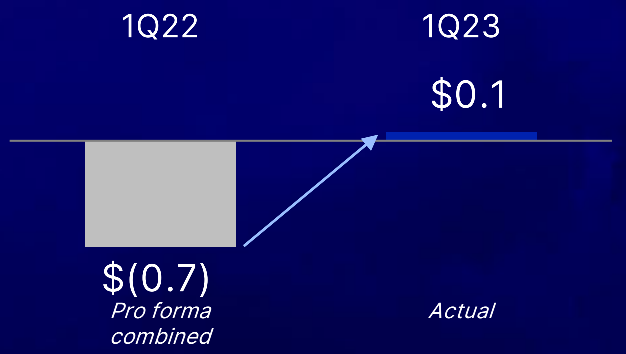
DTC: Swing to Profitability in Q1 & Expect U.S. Profitability for 2023

1st Quarter 2023 Financial Results (In Billions)

REVENUE



ADJ. EBITDA



Total DTC subscribers(6): 97.6M (+1.6M net adds vs. Q4 2022)

Revenues: (1)% vs. prior year quarter

- − Distribution: (1)% vs. prior year quarter
  - + Global HBO Max retail subscriber growth
  - − Wholesale revenue declines
- + Advertising: +29% vs. prior year quarter due to ad-tier subscriber growth

Operating Expenses: (24)% vs. prior year quarter

- + Cost of Revenue: (8)% due to lower content amortization and the shutdown of CNN+
- + SG&A: (50)% due to marketing efficiencies

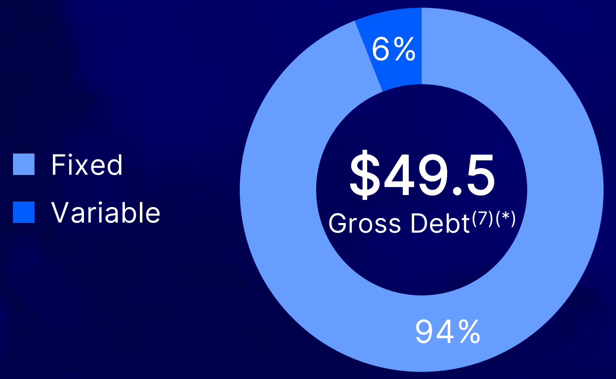
Note: $ shown incl. FX impact; growth rates shown on an ex-FX basis(*)
(6) Refers to Notes in Appendix
(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

Q1 Debt and Maturities

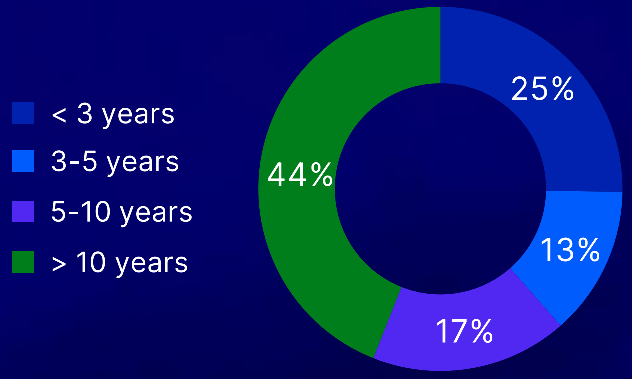
(As of March 31, 2023; In Billions)

DEBT STRUCTURE



Average cost of debt
4.6%

DEBT MATURITIES BY YEAR



Average maturity of
14+ years

Deleveraging Plans

- Net debt was $46.8B(8)(*) at the end of Q1 with total cash balance of $2.6B
- Planning for further debt reduction in Q2
- Expect full-year 2023 net leverage(9)(*) ratio to be comfortably below 4.0x
- Anticipate being within investment grade leverage range by mid-2024

Expect to achieve long-term gross leverage target of 2.5 – 3.0x(10)(*) by the end of 2024

(7) (8) (9) (10) Refer to Notes in Appendix
(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

Key Guidance & Financial Objectives

Adjusted EBITDA(*)	Free Cash Flow(*)	Synergy Capture	Leverage
Low to mid 20% Y/Y growth	1H23 cash neutral	$2B+ incremental in 2023	Comfortably below 4.0x net leverage(*) by end of 2023
&	&	&	&
U.S. DTC profitability in 2023	33 – 50% full-year 2023 conversion rate	Total synergy estimate of $4B+, with cost to achieve at higher end of $1.0 - 1.5 range	2.5 – 3.0x gross leverage(*) by the end of 2024
&	&		
$1B+ DTC profitability globally in 2025	60% conversion rate longer term		

(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

WARNER BROS. DISCOVERY

1st Quarter 2023 Earnings Presentation

May 5, 2023

Appendix

WARNER BROS.
DISCOVERY

Notes

Numbers presented in the following materials are on a rounded basis using actual amounts. Minor differences in totals and percentages may exist due to rounding.

(1) **Pro Forma Combined Financial Information**: The unaudited pro forma combined financial information in this press release presents the combined results of the Company and the WarnerMedia business as if the transaction whereby the Company acquired the WarnerMedia business (the "Merger") had been completed on January 1, 2021. Management believes reviewing our actual operating results in addition to pro forma combined results is useful in identifying trends in, or reaching conclusions regarding, the overall operating performance of our businesses. Our combined Networks, DTC, Studios, Corporate, and inter-segment eliminations pro forma combined financial information is based on the historical operating results of the respective segments and includes adjustments in accordance with Article 11 of Regulation S-X to illustrate the effects of the Merger as if it had occurred on January 1, 2021. The unaudited pro forma financial information is presented for informational purposes and is not indicative of the results of operations that would have been achieved if the Merger had occurred on January 1, 2021, nor is it indicative of future results. The unaudited pro forma combined financial information includes, where applicable, adjustments for (i) additional costs of revenues from the fair value step-up of film and television library, (ii) additional amortization expense related to acquired intangible assets, (iii) additional depreciation expense from the fair value of property and equipment, (iv) transaction costs and other one-time non-recurring costs, (v) additional interest expense for borrowings related to the Merger and amortization associated with fair value adjustments of debt assumed, (vi) changes to align accounting policies, (vii) elimination of intercompany activity, and (viii) associated tax-related impacts of adjustments. These pro forma adjustments are based on available information as of the date hereof and upon assumptions that the Company believes are reasonable to reflect the impact of the Merger with the WarnerMedia business on the Company's historical financial information on a supplemental pro forma basis.

Adjustments do not include costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined business.

We may refer to total company results (ex. Revenues, Adj. EBITDA) as "combined basis."

For historical pro forma financial information including segment level detail and reconciliations of non-GAAP metrics to their GAAP equivalent, please refer to the Trending Schedules and Non-GAAP Reconciliations posted in the "Quarterly Results" section of the Company's investor relations website (https://ir.wbd.com).

(2) **Adjusted EBITDA**: The Company evaluates the operating performance of its operating segments based on financial measures such as revenues and Adjusted EBITDA. Adjusted EBITDA is defined as operating income excluding: (i) employee share-based compensation, (ii) depreciation and amortization, (iii) restructuring and facility consolidation, (iv) certain impairment charges, (v) gains and losses on business and asset dispositions, (vi) certain inter-segment eliminations, (vii) third-party transaction and integration costs, (viii) amortization of purchase accounting fair value step-up for content, (ix) amortization of capitalized interest for content, and (x) other items impacting comparability.

The Company uses this measure to assess the operating results and performance of its segments, perform analytical comparisons, identify strategies to improve performance, and allocate resources to each segment. The Company believes Adjusted EBITDA is relevant to investors because it allows them to analyze the operating performance of each segment using the same metric management uses. The Company excludes employee share-based compensation, restructuring, certain impairment charges, gains and losses on business and asset dispositions, and transaction and integration costs from the calculation of Adjusted EBITDA due to their impact on comparability between periods.

The Company also excludes the depreciation of fixed assets and amortization of intangible assets, amortization of purchase accounting fair value step-up for content, and amortization of capitalized interest for content, as these amounts do not represent cash payments in the current reporting period. Certain corporate expenses and inter-segment eliminations related to production studios are excluded from segment results to enable executive management to evaluate segment performance based upon the decisions of segment executives. Adjusted EBITDA should be considered in addition to, but not a substitute for, operating income, net income, and other measures of financial performance reported in accordance with U.S. GAAP.

Notes – cont.

(3) **Revenues Excluding 2022 Winter Olympic Games**: The Company defines revenues excluding the 2022 Winter Olympic Games as total revenues less revenues from the 2022 Winter Olympic Games. The Company may exclude revenues from the 2022 Winter Olympic Games at the consolidated level, segment level, or both. The Company believes this measure is relevant to investors because it allows them to analyze our operating performance in years in which we have Olympic coverage to years in which we do not have Olympic coverage.

(4) **Foreign Exchange Impacting Comparability**: In addition to the Merger (as defined below), the impact of exchange rates on our business is an important factor in understanding period-to-period comparisons of our results. For example, our international revenues are favorably impacted as the U.S. dollar weakens relative to other foreign currencies, and unfavorably impacted as the U.S. dollar strengthens relative to other foreign currencies. We believe the presentation of results on a constant currency basis ("ex-FX"), in addition to results reported in accordance with U.S. GAAP provides useful information about our operating performance because the presentation ex-FX excludes the effects of foreign currency volatility and highlights our core operating results. The presentation of results on a constant currency basis should be considered in addition to, but not a substitute for, measures of financial performance reported in accordance with U.S. GAAP.

The ex-FX change represents the percentage change on a period-over-period basis adjusted for foreign currency impacts. The ex-FX change is calculated as the difference between the current year amounts translated at a baseline rate, which is a spot rate for each of our currencies determined early in the fiscal year as part of our forecasting process (the “2023 Baseline Rate”), and the prior year amounts translated at the same 2023 Baseline Rate. In addition, consistent with the assumption of a constant currency environment, our ex-FX results exclude the impact of our foreign currency hedging activities, as well as realized and unrealized foreign currency transaction gains and losses. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies.

(5) **Free cash flow**: The Company defines free cash flow as cash flow from operations less acquisitions of property and equipment. The Company believes free cash flow is an important indicator for management and investors of the Company’s liquidity, including its ability to reduce debt, make strategic investments, and return capital to stockholders.

For the three months ended March 31, 2022, reported free cash flow represents standalone Discovery, Inc. free cash flow and does not include the WarnerMedia business.

For the three months ended March 31, 2023, reported free cash flow represents Warner Bros. Discovery.

Notes – cont.

(6) **Direct-to-Consumer ("DTC") Subscriber:** The Company defines a "DTC Subscription" as: (i) a retail subscription to discovery+, HBO or HBO Max for which we have recognized subscription revenue, whether directly or through a third party, from a direct-to-consumer platform;(ii) a wholesale subscription to discovery+, HBO, or HBO Max for which we have recognized subscription revenue from a fixed-fee arrangement with a third party and where the individual user has activated their subscription; (iii) a wholesale subscription to discovery+, HBO or HBO Max for which we have recognized subscription revenue on a per subscriber basis; and (iv) users on free trials who convert to a subscription for which we have recognized subscription revenue within the first seven days of the calendar month immediately following the month in which their free trial expires.

We may refer to the aggregate number of DTC Subscriptions as "subscribers."

We define a Domestic subscriber as a subscription based either in the United States of America or Canada. We define an International subscriber as a subscription based outside of the United States of America or Canada.

The reported number of "subscribers" included herein and the definition of "DTC Subscription" as used herein excludes: (i) individuals who subscribe to DTC products, other than discovery+, HBO and HBO Max, that may be offered by us or by certain joint venture partners or affiliated parties from time to time; (ii) a limited number of international discovery+ subscribers that are part of non-strategic partnerships or short-term arrangements as may be identified by the Company from time to time; (iii) domestic and international Cinemax subscribers, and international basic HBO subscribers; and (iv) users on free trials except for those users on free trial that convert to a DTC Subscription within the first seven days of the next month as noted above.

(7) **Gross debt:** The Company defines gross debt of $49.5 billion as total debt of $49.2 billion, plus finance leases of $251 million. The Company believes this measure is relevant to investors as it is a financial measure frequently used in evaluating a company's financial condition.

(8) **Net debt:**. The Company defines net debt as the calculation where cash, cash equivalents, and restricted cash of $2.6 billion is subtracted from gross debt (as defined above). The Company believes this measure is relevant to investors as it is a financial measure frequently used in evaluating a company's financial condition.

(9) **Net Leverage Ratio:** The Company defines net leverage ratio as the calculation where net debt is divided by the sum of the most recent four quarters Adjusted EBITDA of $9,404 million. The Company uses net leverage ratio to monitor and evaluate the Company's overall liquidity, financial flexibility and leverage. The Company believes this measure is relevant to investors as it is a financial measure frequently used in evaluating a company's financial condition.

Please refer to the Trending Schedules and Non-GAAP Reconciliations posted in the "Quarterly Results" section of the Company's investor relations website (https://ir.wbd.com) for the full reconciliation of the net leverage ratio.

(10) **Gross Leverage Ratio**: The Company defines gross leverage ratio as the calculation where gross debt is divided by the sum of the most recent four quarters Adjusted EBITDA of $9,404 million. The Company uses net leverage ratio to monitor and evaluate the Company's overall liquidity, financial flexibility and leverage. The Company believes this measure is relevant to investors as it is a financial measure frequently used in evaluating a company's financial condition.

Please refer to the Trending Schedules and Non-GAAP Reconciliations posted in the "Quarterly Results" section of the Company's investor relations website (https://ir.wbd.com) for the full reconciliation of the gross leverage ratio.

Reconciliation of Revenues Excluding 2022 Winter Olympic Games

(2022 Pro forma figures, 2023 Actual; In Millions)

Combined Company Revenues	3 Months Ending		% Change	
	3/31/22	3/31/23	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)(*)
Total revenues	$11,441	$10,700	(6)%	(5)%
2022 Winter Olympic Games	238	-	NM	NM
Total revenues excluding 2022 Winter Olympic Games(*)	$11,203	$10,700	(4)%	(3)%

Total Networks Segment Revenues	3 Months Ending		% Change	
	3/31/22	3/31/23	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)(*)
Total revenues	$6,332	$5,581	(12)%	(10)%
2022 Winter Olympic Games	238	-	NM	NM
Total revenues excluding 2022 Winter Olympic Games(*)	$6,094	$5,581	(8)%	(7)%

Networks Advertising Revenues	3 Months Ending		% Change	
	3/31/22	3/31/23	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)(*)
Total revenues	$2,632	$2,237	(15)%	(14)%
2022 Winter Olympic Games	28	-	NM	NM
Total revenues excluding 2022 Winter Olympic Games(*)	$2,604	$2,237	(14)%	(13)%

(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

Reconciliation of Net Income to Adj. EBITDA – Q1 2022 & 2023

(2022 Pro forma figures, 2023 Actual; In Millions)

	3 Months Ending	
	Pro Forma	Actual
	3/31/22	3/31/23
Net (loss) available to Warner Bros. Discovery, Inc.	$(299)	$(1,069)
Net income attributable to noncontrolling interests	19	9
Net (loss)	(280)	(1,060)
Income tax (benefit)	(81)	(178)
Other (income) expense, net	(577)	110
Interest expense, net	598	571
Operating (loss)	(340)	(557)
Impairment and loss on disposition and disposal groups	-	31
Restructuring	4	95
Depreciation and amortization	1,942	2,058
Employee share-based compensation	113	106
Transaction and integration costs	305	47
Amortization of fair value step-up for content	357	831
Adjusted EBITDA(*)	$2,381	$2,611

(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

Reconciliation of Reported Free Cash Flow – Q1 2022 & 2023

(Reported figures; In Millions)

	3 Months Ending	
	3/31/22	3/31/23
Reported Free Cash Flow:		
Cash provided by (used for) operating activities	$323	$(631)
Less: Purchases of property and equipment	(85)	(299)
Reported Free Cash Flow(*)	$238	$(930)

The above free cash flow reconciliation shows "as reported" financials, which represent the combined Company's financial results since the closing of the Merger with the WarnerMedia business on April 8, 2022. Financials for the three months ended March 31, 2022 include Discovery, Inc. standalone results only, and do not include the WarnerMedia business.

(*) A non-GAAP financial measure; see Appendix for additional details and applicable GAAP to non-GAAP reconciliations

WARNER BROS. DISCOVERY

WARNER BROS. DISCOVERY

1st Quarter 2023 Earnings Presentation

May 5, 2023