WARNER BROS.
DISCOVERY

Andrew Slabin

EVP, Global Investor Strategy

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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 2021 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commissions (the "SEC") on February 24, 2022, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 filed with the SEC on April 26, 2022, its Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 which is expected to be filed with the SEC on or about August 4, 2022, and its subsequent filings made with the SEC.

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. Reconciliations between the non-GAAP financial measures and the closest GAAP financial measures are available in the financial schedules on the Warner Bros. Discovery, Inc. investor relations website at: https://ir.wbd.com.

David Zaslav

Chief Executive Officer

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JB Perrette

CEO and President,
Global Streaming and Games

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Content Business Model

Content

Movies

Theatrical → DVD → VOD/Rental → Pay TV → Broadcast → Licensing

TV

Broadcast → Pay TV → Syndication → VOD → DVD/EST → Licensing

Streaming Business Model

WBD Business Model…Strong & Diversified

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- **Theatrical**
- **Broadcast**
- **Streaming**
- **Pay TV**
- **Licensing**
- **VOD** (PVOD and EST)

Streaming Offerings: Something for Everyone

Focus for Today

Ad-Free

Ad-Lite

Future

FAST

Free **A**d-Supported **S**treaming **T**elevision

Strong Momentum

HBO max

"HBO Max, after barely two years in operation, has now emerged as TV's hottest streamer."
– *Vulture*

"While there are plenty of streaming services out there for you to choose from, HBO Max is one of the best."
– *CNET*

discovery+

"An insane amount of content."
– *IGN*

★★★★★
– *Apple App Store (4.9 stars)*

Unique & Complementary

HBO max

- Male Skew
- Scripted
- Lean In
- Appointment Viewing
- Home of “Fandoms”

discovery+

- Female Skew
- Unscripted
- Lean Back
- Comfort Viewing
- Home of “Genredoms”

Global Powerhouse

Brands

Franchises

Iconic Series and Characters

International

HBO max | discovery+

Drama


HBO ORIGINAL
insecure
HBO ORIGINAL
BARRY
F·R·I·E·N·D·S
max ORIGINAL
AND JUST LIKE THAT...
A NEW CHAPTER OF Sex and the City

Comedy

HBO max | discovery+

Documentaries

HBO max | discovery+

Factual

HBO max | discovery+

Lifestyle

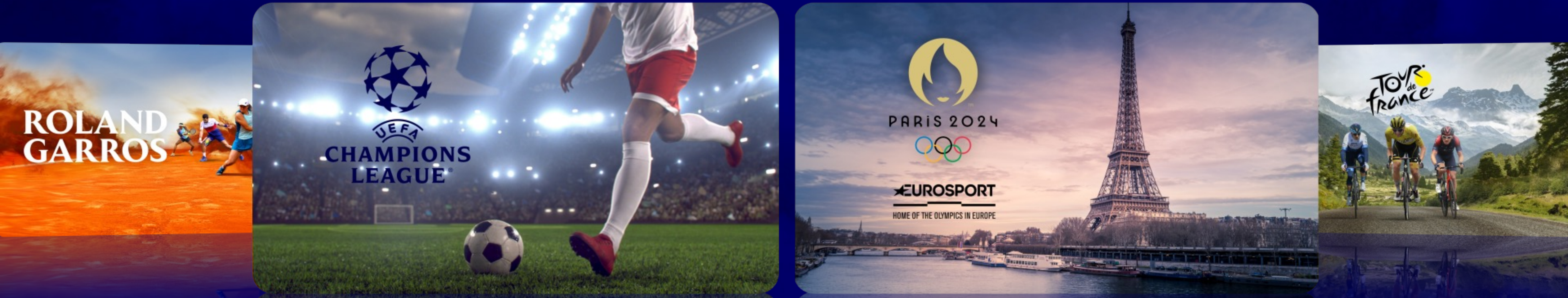
HBOmax | discovery+

Reality

HBO max | discovery+

International

HBO max | discovery+



Sports

LatAm and Europe

HBO max | discovery+

Movies

Leveraging WBD Portfolio Strength

Stronger Together

SHARK WEEK

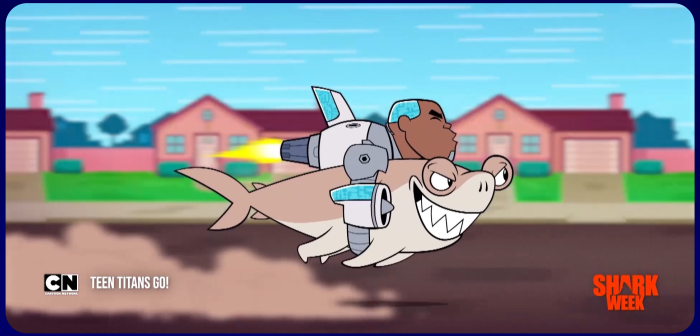
Shared Talent

Original Content

Cross-Channel Promotions

House of the Dragon
@HouseofDragon

Fire and blood.
Watch the Comic-Con Extended Trailer that just played in Hall H tomorrow during #SharkWeek on @Discovery beginning at 9PM ET. #HOTDSDCC



Global Product

HBO max | discovery+

- Single global brand
- Customer experience & quality first
- Common tech “best of both” platform
- Efficient, scalable, and resilient
- Scalable partner integrations
- Modular capabilities:
  - On-demand & live
  - Ad-free, ad-lite, and ad-only options
  - Multi-tier (sports) and transactional

Global Product Rollout

(Markets Added)

US	LatAm (39)	Europe (20)	APAC (7)	New Markets (4)
Summer 2023	Fall 2023	Early 2024	Mid 2024	Fall 2024

Key Streaming Financial Metrics & Assumptions

- Peak EBITDA loss in 2022
- U.S. to **break even by 2024**
- **+$1B EBITDA** for global DTC segment in 2025
  - Includes EBITDA drag from less mature markets and new market launches
- **130M global subscribers** by 2025
- **Healthy global ARPU growth** from nearly $8 base
- Long-term margin **potential of 20%+** with incremental margins of **~50%**

WBD's Definition of Streaming Business Success

Profitability	$1B in 2025…20%+ LT margins
ARPU	Premium & growing ARPU
Scale	Disciplined Global Scaling
Diversification	Full WBD portfolio monetization strategy

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Gunnar Wiedenfels

Chief Financial Officer

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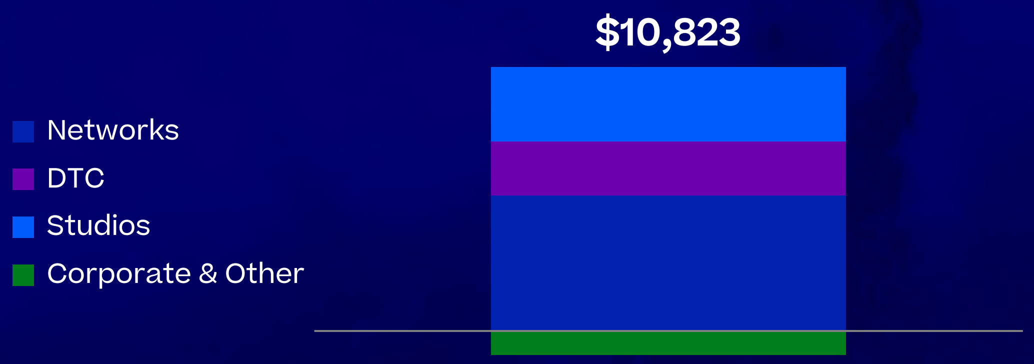
Warner Bros. Discovery Reporting Structure

(In Millions)

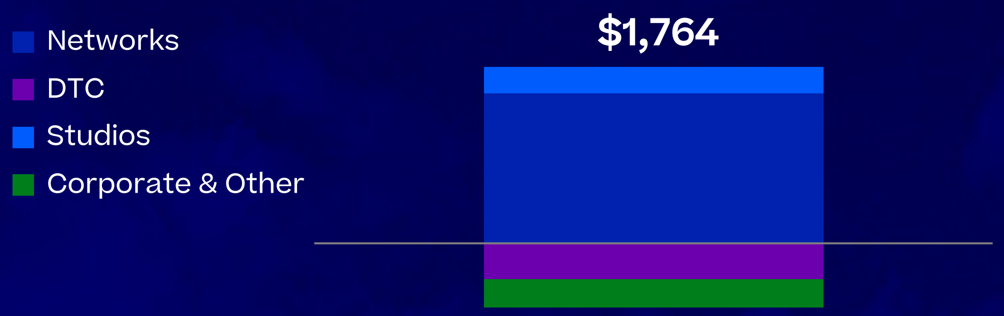
Studios	Networks	DTC
WB	HGTV	HBO
WARNER BROS. TELEVISION GROUP	TLC	HBO max
DC	food network	discovery+
NEW LINE CINEMA	CNN	
WAG	TNT	
	tbs	
	OWN	
	Discovery	
	MAGNOLIA NETWORK	
	EUROSPORT	
	tvn	

Corporate and Inter-Segment Eliminations

2Q22 REVENUES[1]



2Q22 EBITDA[2]



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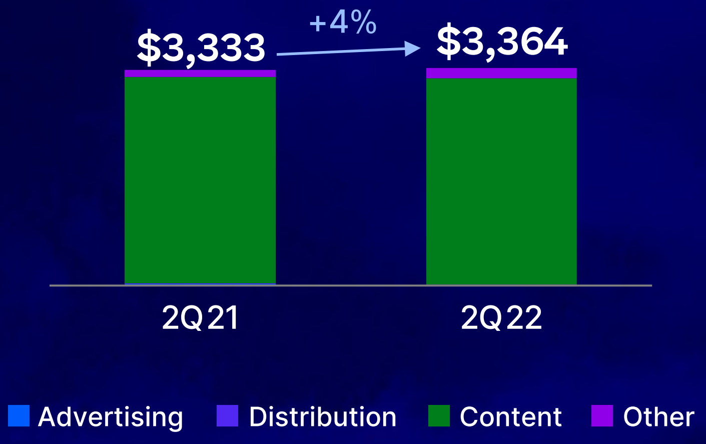
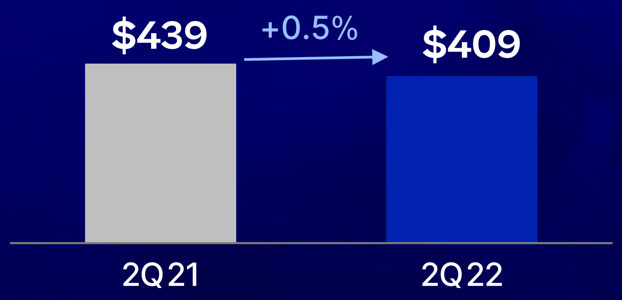
Studios: Solid Gaming and Licensing Revenue

2nd Quarter 2022 Financial Results (In Millions)

PRO FORMA REVENUE



PRO FORMA ADJ. EBITDA



Revenues: +4% vs. prior year quarter(3)

- ➕ Release of LEGO Star Wars – Skywalker Saga
- ➕ TV licensing – timing of new series availabilities
- ➕ Reopening of Warner Bros. Studio Tour London
- ➖ Timing of theatrical releases
- ➖ Home entertainment – difficult COVID-driven comp

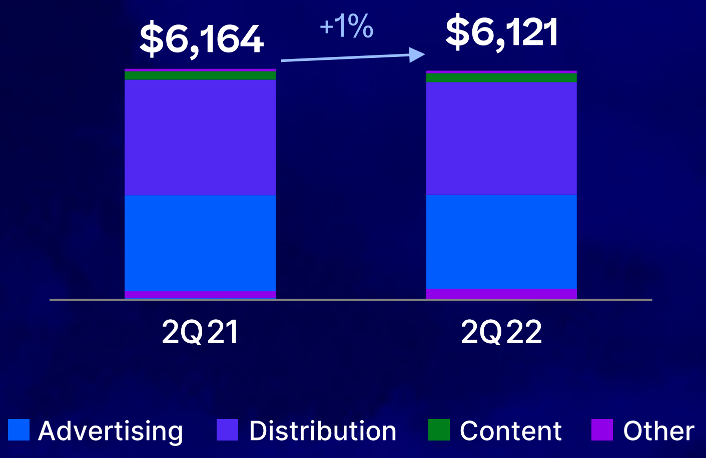
Operating Expenses: +4% vs. prior year quarter

- ➖ Cost of revenue: +6%
  - ➖ Higher games and theatrical content expense
  - ➕ TV production expense elevated in ‘21 due to COVID delays
- ➕ SG&A(4): (2)%
  - ➕ Lower marketing spend due to fewer releases

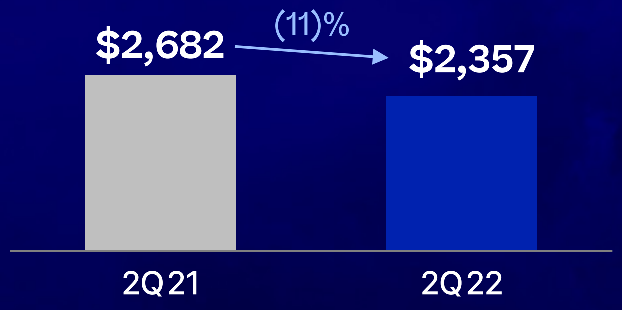
Networks: Stable Q2 Revenues Despite Underlying Macro Headwinds

2nd Quarter 2022 Financial Results (In Millions)

PRO FORMA REVENUE



PRO FORMA ADJ. EBITDA



Revenues: +1% vs. prior year quarter

- + Advertising: +2% vs. prior year quarter
  - + Strong sports demand and audience ratings
  - + LATAM growth excluding Chilevisión (sold in Q3 2021)
  - – Lower news, kids, and general entertainment in the U.S.
  - – Modest declines in EMEA
- – Distribution: (1)% primarily lower EMEA contractual affiliate rates

Operating Expenses: +11% vs. prior year quarter

- – Cost of Revenue: +14% due to higher sports rights cost
- – SG&A: flat
  - – Higher marketing
  - + Costs synergies

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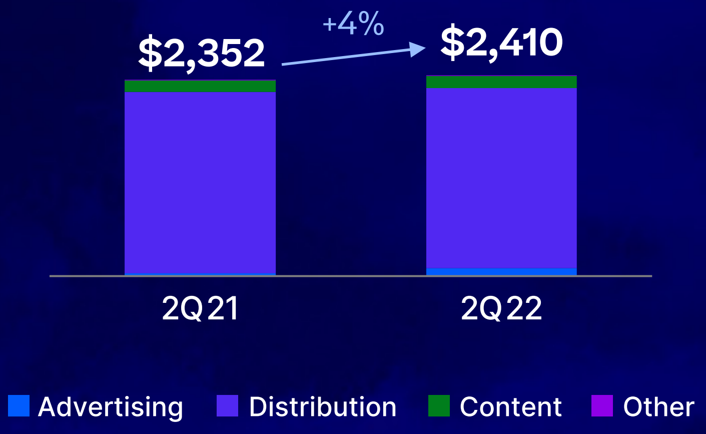
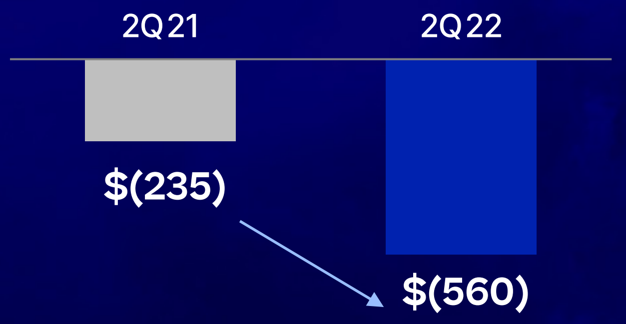
DTC: Investment Ramp-Up and Reduced B2B Distribution

2nd Quarter 2022 Financial Results (In Millions)

PRO FORMA REVENUE



PRO FORMA ADJ. EBITDA



Total DTC subscribers based on harmonized definition: 92.1M (+1.7M net adds vs. Q1 2022)

Revenues: +4% vs. prior year quarter

- − Distribution
  - − Amazon wholesale deal expiration in September 2021
  - + discovery+ and HBO Max international subscriber growth
- + Advertising: primarily HBO Max ad-supported tier launch in June 2021

Operating Expenses: +16% vs. prior year quarter

- − Cost of Revenue: +33% due to programming
- + SG&A: (10)% due to lower marketing spend

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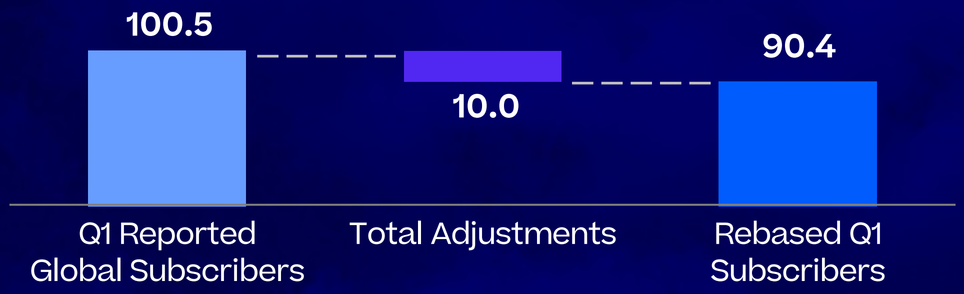
DTC: Sequential Subscriber Growth in Q2

(In Millions)

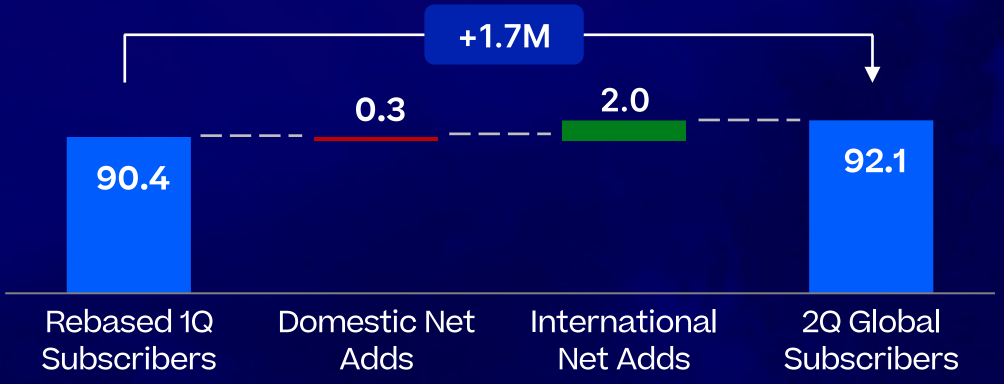
HARMONIZING OUR DTC SUBSCRIBER DEFINITION[5]



Excludes

- Unactivated AT&T Mobility subscribers
- Non-core DTC subscribers

SEQUENTIAL GROWTH



+ International retail and wholesale growth
− Domestic decline due to content seasonality

DTC Segment Reflects Revenues Generated By All Subscribers – Core and Non-Core Products

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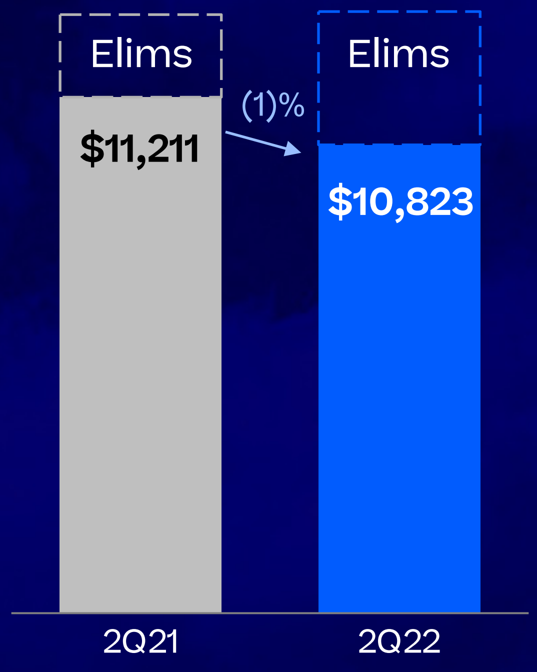
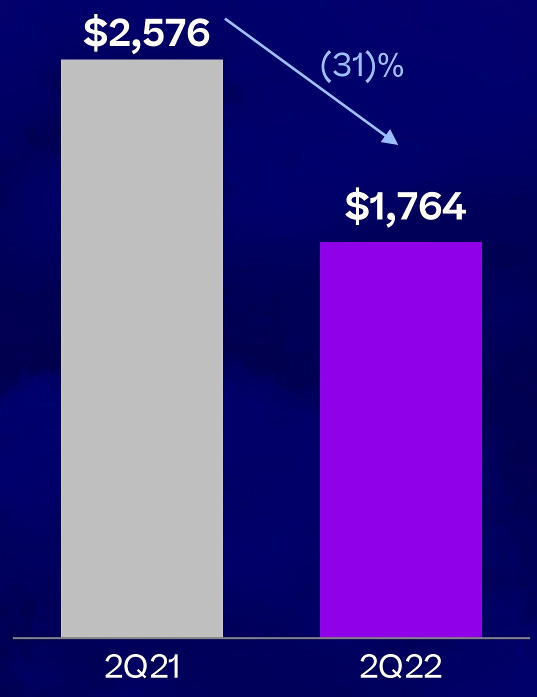
Consolidated: Results Reflect Legacy WarnerMedia's Full Focus on DTC

2nd Quarter 2022 Financial Results (In Millions)

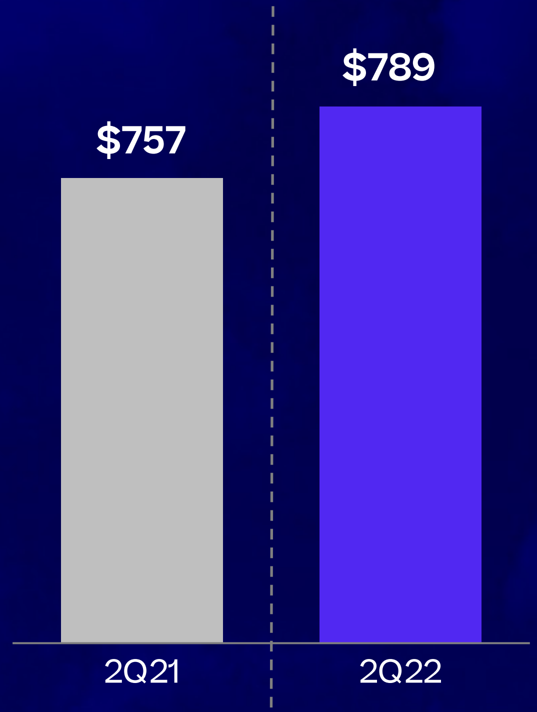
PRO FORMA REVENUE



PRO FORMA ADJUSTED EBITDA



REPORTED FCF[6]



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Post-Close Legacy WarnerMedia 2022 Budget Baseline Below Expectations

Foregone Revenue
Company-wide focus on content exclusivity to support HBO Max leading to reduced TV and Film licensing efforts coupled with a de-emphasis on HBO Max B2B distribution

Content and Project Investments
Approved additional spend on projects with unproven financial returns including Kids & Animation, CNN+, certain Turner originals, and select direct-to-HBO Max film releases

Corporate Expenses
Higher expenses in audited carve-out financials than in prior projections

Total
~$2B

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Course-Correction Measures Initiated

Shut-down of CNN+

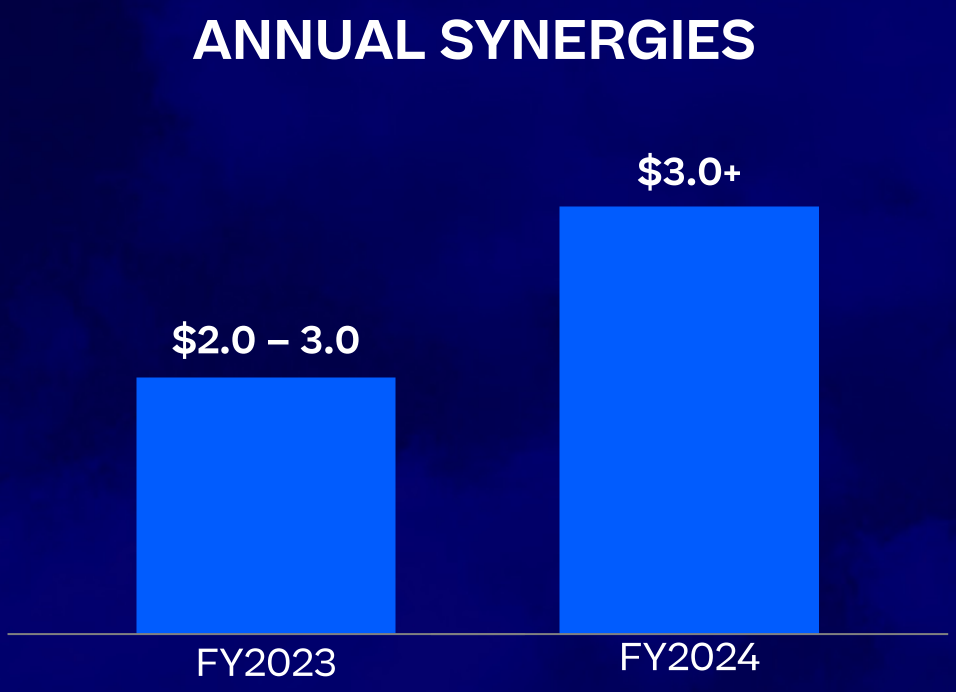
Restructuring of content portfolio for scripted linear, kids & animation, direct-to-HBO Max films, and International

More balanced approach to extend content licensing while protecting certain key properties

Implementing an HBO Max distribution strategy aimed at wider availability vs. retail-only

Greater accountability, alignment and communication across businesses

On Track Towards Substantial Synergy Capture
(In Billions)



- Initiatives implemented for $1B run-rate savings
- >1,000 initiatives staffed
- Key opportunities:
  - Marketing:
    - O&O portfolio
    - DTC combined product
  - DTC technology consolidation
  - Broadcast and enterprise technology standardization
  - Group operating model as “one company” drives overhead and procurement opportunity
  - Implementing agile workspace and consolidating real estate footprint

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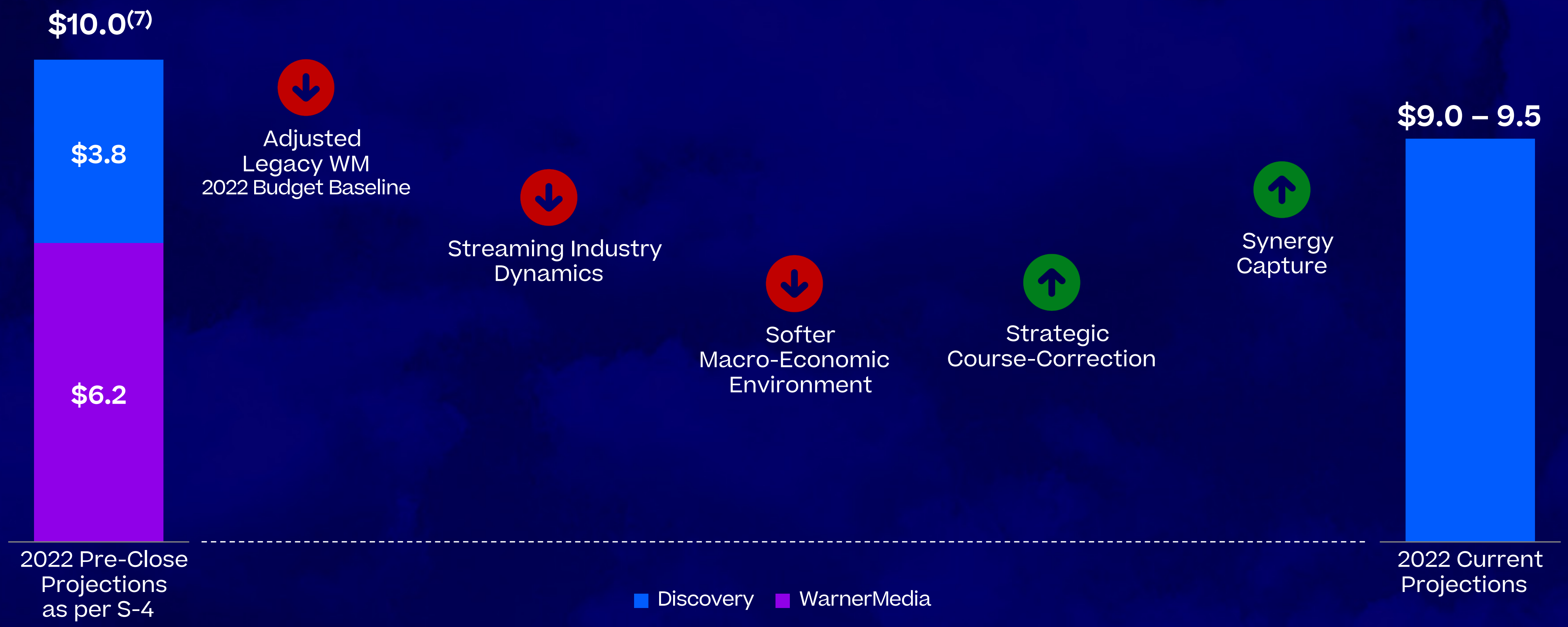
Targeting $9 – 9.5 Billion Pro Forma Adj. EBITDA in Transition Year

(In Billions)



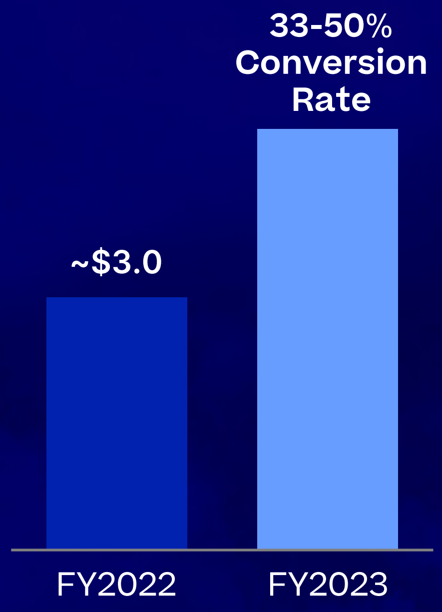
EBITDA and FCF Forecast: FY2023 vs. FY2022
(In Billions)

PRO FORMA EBITDA

- ➕ More normalized underlying operating trends
- ➕ Upfront tailwind
- ➕ Reduction in DTC losses
- ➕ Synergy capture

- ➖ Risks from macro headwinds

REPORTED FCF



- ➕ Beginning to normalize content spend
- ➕ De-leveraging
- ➕ Incremental synergy capture
- ➕ Working capital opportunities

- ➖ Timing of cash restructuring cost
- ➖ Integration-based CapEx projects

Long-Term Target Remains 60% Conversion Rate

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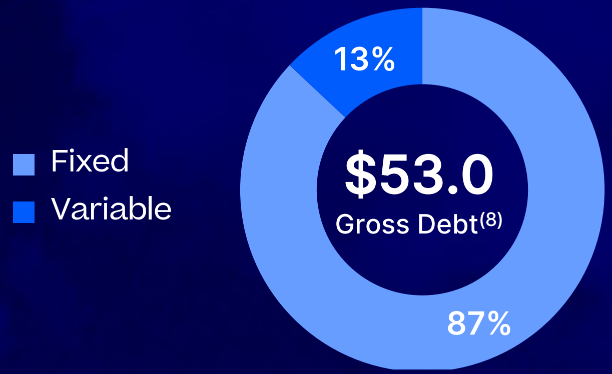
Supportive Balance Sheet to Drive Long-term Shareholder Value

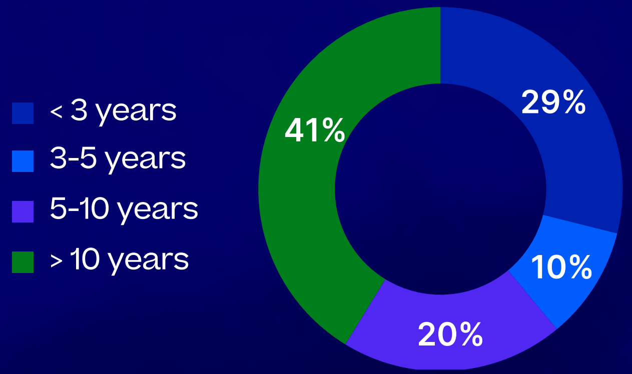
(As of June 30, 2022; In Billions)

DEBT STRUCTURE



Average cost of debt
4.3%

DEBT MATURITIES BY YEAR



Average maturity of
14+ years

Deleveraging Plans

- Net debt was $49.1B at the end of Q2 with cash of $3.9B
- Maintaining long-term gross leverage target of 2.5 – 3.0x[9]
- Expect to hit gross leverage target by end of 2024
- Within our current ratings category range by mid-2024 or earlier

Expect to Have Paid Down $6B Debt By End of August

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Future Powered By Three Strategic Priorities

Produce compelling and diverse content powered by the best storytellers

Maximize content value with broad monetization strategy

Operate as one company with one mission

Stronger Together

David Zaslav
CEO

JB Perrette
CEO & President, Global Streaming and Games

Gunnar Wiedenfels
Chief Financial Officer

Andrew Slabin
EVP, Global Investor Strategy

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Appendix

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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 presentation presents the combined results of the Company and the WarnerMedia business as if the transaction whereby the Company acquired the WarnerMedia business 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 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) adjustments for transaction costs and other one-time non-recurring costs, (v) changes to align accounting policies, and (vii) adjustments to eliminate intercompany activity. 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.

(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, facility consolidation, and other charges, (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 and other charges, 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, 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.

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Notes – cont.

(3) **Foreign Exchange Impacting Comparability**: In addition to the Merger with the WarnerMedia Business, 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 "2022 Baseline Rate"), and the prior year amounts translated at the same 2022 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.

(4) **SG&A expense:** SG&A expenses exclude employee share-based compensation and third-party transaction and integration costs.

(5) **Direct-to-Consumer ("DTC") Subscriber**: The Company defines a "Core Direct-to-Consumer ("DTC") Subscription" as: (i) a 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; and (iii) a wholesale subscription to discovery+, HBO or HBO Max for which we have recognized subscription revenue on a per subscriber basis.

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.

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

The reported number of "subscribers" included herein and the definition of "Core 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 (such subscribers may also be referred to as "non-core" subscribers); (iii) domestic Cinemax subscribers, international basic Cinemax subscribers, and international basic HBO subscribers; and (iv) users on free trials.

Notes – cont.

(6) **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 ending June 30, 2022 reported free cash represents results for Discovery for April 1 - June 30, 2022, and WarnerMedia April 9 - June 30, 2022.

(7) $10.0B pre-close expectations included $0.2B of stock-based compensation. While $9 – 9.5B guidance excludes stock-based compensation.

(8) **Gross debt**: The Company defines gross debt as total debt plus finance leases.

(9) **Gross Leverage ratio:** Leverage ratio is calculated by dividing gross debt by the sum of the most recent four quarters Adjusted EBITDA.

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