Creating Two Leading Media Companies: WBD Global Networks, WBD Streaming & Studios

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WARNER BROS.
DISCOVERY

Important cautionary note

Cautionary Language Regarding Forward-Looking Statements:

Information set forth in this communication contains certain “forward-looking statements.” Forward-looking statements include, without limitation, statements regarding Warner Bros. Discovery, Inc.’s (“WBD”) 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. These forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties and on information available to WBD as of the date hereof.

Forward-looking statements include, without limitation, statements about the benefits of the separation transaction, including future financial and operating results, the separate companies’ plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of WBD’s management and are subject to significant risks and uncertainties outside of our control. Among the risks and uncertainties that could cause actual results to differ from those described in the forward-looking statements are the following: the occurrence of any event, change or other circumstances that could give rise to the abandonment of the proposed separation transaction or pursuit of a different structure; risks that any of the conditions to the separation transaction may not be satisfied in a timely manner; risks that the anticipated tax treatment of the proposed transaction is not obtained; risks related to potential litigation brought in connection with the separation transaction; uncertainties as to the timing of the separation transaction; risks and costs related to the separation transaction, including risks relating to changes to the configuration of WBD’s existing businesses; the risk that implementing the separation transaction may be more difficult, time consuming or costly than expected; risks related to financial community and rating agency perceptions of each of the two companies and its business, operations, financial condition and the industry in which it operates; risks related to disruption of management time from ongoing business operations due to the separation transaction; failure to realize the benefits expected from the separation transaction; the final terms and conditions of the proposed transaction, including the terms of any ongoing commercial agreements and arrangements between WBD GN and WBD S&S following any such transaction; the relationship between the two companies following the proposed transaction; the nature and amount of any indebtedness incurred by WBD GN and WBD S&S; effects of the announcement, pendency or completion of the separation transaction on the ability of each company to retain customers and retain and hire key personnel and maintain relationships with their suppliers, and on their operating results and businesses generally; risks related to the potential impact of general economic, political and market factors on WBD as it implements the separation transaction; risks related to obtaining permanent financing to refinance the bridge facility on favorable terms in a timely manner or at all; and risks related to the tender offers and related consent solicitations, including that the conditions to completion of such tender offers and related consent solicitations, and funding under such bridge facility, are not satisfied.

WBD’s actual results could differ materially from those stated or implied, due to risks and uncertainties associated with its business, which include the risks related to the separation transaction, and the tender offers and related consent solicitations. Discussions of additional risks and uncertainties are contained in WBD’s filings with the Securities and Exchange Commission, including but not limited to WBD’s most recent Annual Report on Form 10-K and reports on Form 10-Q and Form 8-K. WBD is not under any obligation, and each expressly disclaims any obligation, to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise. Persons reading this communication are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.

Non-GAAP Financial Information:

This communication also contains certain forward-looking non-GAAP financial measures. WBD is not able to provide a reconciliation of the non-GAAP forward-looking commentary to comparable GAAP measures as, at this time, WBD cannot determine the occurrence or impact of the adjustments, such as the effect of future changes in foreign currency exchange rates or future acquisitions or divestitures that would be excluded from such GAAP measures. Accordingly, WBD is relying on the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K and Regulation G to exclude these reconciliations.

Creating two leading media companies to unlock value

WBD GLOBAL NETWORKS
(WBD GN)

Leading sports, news and entertainment content provider

WBD STREAMING & STUDIOS
(WBD S&S)

Prolific content producer with scaled and growing streaming platform

Since the 2022 merger, we have successfully achieved key milestones…

- ✓ Transformational integration of complementary assets to better capitalize on industry disruption
- ✓ Instituted a culture of disciplined management, greater accountability, and effective collaboration
- ✓ Repositioned Streaming as a global, profitable, and growing DTC business underpinned by a $3B+ Adj. EBITDA improvement vs. 2022
- ✓ Greatly improved operations and processes to position Studios on a trajectory towards a $3B+ Adj. EBITDA target
- ✓ Continued successful renewal of global affiliate deals, underpinning the value of our diverse content portfolio
- ✓ Repaid $19B of debt since closing, in line with pre-merger expectations
- ✓ Realized $5B+ of non-content synergies, meaningfully exceeding initial target by $2B+

...positioning WBD to unlock shareholder value through a separation.

- ✓ Enhances strategic focus to better position each company to maximize its potential
- ✓ Aligns investment priorities with each company's respective strategic and financial objectives
- ✓ Facilitates separate management teams to focus on objectives of each business, with incentive structures aligned with the long-term success of each company
- ✓ Provides each business with greater agility to capitalize on potential value-creating strategic options
- ✓ Allows WBD Global Networks and WBD Streaming & Studios to better target appropriate investors based on their distinct financial profiles

Transaction summary

Transaction Structure	‣ WBD to be separated into two publicly traded companies with WBD S&S distributed in transaction intended to be tax-free for U.S. federal income tax purposes ‣ WBD GN to hold up to a 20% retained stake in WBD S&S, which will be monetized over time in a tax-efficient manner, to enhance its de-leveraging path ‣ Arm's length TSA and commercial agreements to be implemented to facilitate transition and continued operational efficiencies
Capital Structure/ Financing	‣ Commenced tender offers and consent solicitations to enhance debt portfolio and respective capital structures, funded by a $17.5B committed secured bridge facility ‣ WBD GN and WBD S&S to be appropriately capitalized with a clear de-leveraging path
World-Class Leadership	‣ WBD S&S to be led by David Zaslav, the current President and CEO of Warner Bros. Discovery ‣ WBD GN to be led by Gunnar Wiedenfels, the current CFO of Warner Bros. Discovery
Timing and Closing Conditions	‣ Transaction expected to be completed by mid-2026, subject to closing and other conditions, including: • Final approval by the WBD Board • Receipt of tax opinions and/or rulings with respect to the tax-free nature of the transaction for U.S. federal income tax purposes • Market conditions

Two distinct companies designed to maximize shareholder value

WBD GLOBAL NETWORKS
(WBD GN)

Scaled portfolio of iconic global brands and a leader in live entertainment with valuable sports IP

- Unrivaled global scale with 1.1B unique viewers
- Aligned digital-first properties in streaming, sports, and news
- Best-in-class Adj. EBITDA margins and robust Adj. EBITDA to free cash flow conversion

WBD STREAMING & STUDIOS
(WBD S&S)

Renowned content production capabilities and irreplaceable library with highly recognizable IP and a growing global streaming platform

- Strong subscriber momentum fueled by high-quality global tentpoles along with local language content and sports
- Healthy financial momentum underpinned by a $3B+ Adj. EBITDA target for Studios and continued scaled profit growth at Streaming

WBD Global Networks: A leading sports, news, and entertainment content provider

Unrivaled global footprint spanning **200 countries** & **territories** with **content available** in **68 local languages**

Strong "live" presence with leading sports and news properties, and leading general entertainment brands

U.S. SPORTS	INTERNATIONAL SPORTS	NEWS

Top 3 total viewing share in **key European markets** and **leading** pay TV viewership **across Latin America**

Robust opportunity for digital platforms to enhance brand presence and engagement

discovery+	CNN	Bleacher Report	House of Highlights
Profitable streaming service	**#2 digital news brand** in the U.S. with ~100M MAUs and **#3 globally**	**#1 in Instagram engagement** in the sports vertical	**#1 YouTube views** & **#2 Instagram engagement** in the sports vertical

Operational excellence reflected in best-in-class Adj. EBITDA margins and robust free cash flow conversion

WBD Streaming & Studios: Prolific content producer with scaled and growing streaming platform

STREAMING

Globally scaled, profitable business on track to generate at least **$1.3B of Adj. EBITDA** in 2025(*)

- **Significant subscriber growth** underpinned by additional market launches and penetration gains
- **Substantial whitespace** with 40% of our TAM still to be reached including UK & Ireland, Germany and Italy
- **Meaningful monetization opportunities** including ad-lite, password sharing, and pricing
- **Focused content strategy** emphasizing global tentpoles augmented with investment in local content and sports

STUDIOS

Making significant progress toward its **$3B+ Adj. EBITDA** target (*)

Motion Pictures
Iconic and storied film studio leveraging world-class IP and franchises

TV
Prolific producer of original content with a vast and irreplaceable library

Games
Repositioned to focus on proven billion-dollar franchises

Experiences
Significant growth opportunity with high margins and ROI

Uniquely positioned public pure-play streaming and studio company

Tailored capital structures based on financial profiles

- WBD launched tender offers and consent solicitations across the existing capital structure to enhance debt portfolio
    - Tender offers and consent solicitations to be funded by a $17.5B committed secured bridge facility
- Prior to the consummation of the separation, the committed bridge facility is expected to be refinanced with secured debt raised at each of WBD GN and WBD S&S
- Both companies are expected to have strong liquidity through cash and revolver availability with a clear path to de-leveraging
    - WBD GN is expected to continue to produce significant free cash flow to reduce leverage, enhanced by the monetization of its retained stake in WBD S&S
    - WBD S&S is expected to generate dynamic top and bottom-line growth and associated free cash flow for de-leveraging
- WBD GN motivated to monetize its up to 20% retained WBD S&S stake tax-efficiently to generate incremental cash subject to market conditions

Tender offer and consent solicitations to enhance respective capital structures

Expect de-leveraging via healthy free cash flow

WBD GN to retain up to 20% stake in WBD S&S to enhance de-leveraging

Expected to unlock value for WBD shareholders

1. Two differentiated, leading independent companies with enhanced strategic and operational focus
2. Tailored capital allocation strategies based on distinct growth and free cash flow profiles
3. Dedicated management teams with incentives aligned to strategic priorities and KPIs
4. Allows shareholder alignment with respective growth prospects and financial profiles of each company
5. Provides each business with greater agility to capitalize on potential value-creating strategic options

Creates two standalone leaders that are well-positioned to compete in a dynamic media landscape