

Fellow Shareholders,

In 2025, Warner Bros. Discovery (WBD) has shown an exceptional ability to create breakthrough content and tell stories that capture the world's attention. Nowhere is this more evident than on Max, where our continued momentum stems from two factors working powerfully together: creating the world's most resonant stories and delivering them to global audiences. We believe this combination of creative excellence and worldwide distribution is both fueling operating success and creating long-term shareholder value.

Max continues to differentiate itself through its unwavering commitment to quality, curating premium storytelling that's not just watched but truly savored – delivering one of television's few “lean-in”, appointment-viewing experiences. The recently completed third season of *The White Lotus* is a strong example; each episode helped shape our cultural zeitgeist, while echoing loudly across global social media. In total, the season has thus far averaged more than 25 million global viewers per episode, pacing more than 40 percent ahead of season two.

Similarly, with *The Pitt*, Max seized a unique opportunity to break into a new category by delivering an elevated, efficiently produced, episodic medical drama. In its debut season, the show resonated with both audiences and critics alike, demonstrating week-over-week viewership growth. So far, the series has averaged over 12 million viewers worldwide across each of its 15 episodes. Because of its success, we were excited to greenlight a second season, which will begin filming shortly for viewers to enjoy starting in January 2026.

Our content's resonance combined with continued global expansion and subscriber growth are reflected in our financial performance. During the first quarter, our Streaming segment added over five million subscribers<sup>(1)</sup> and generated \$339 million of Adjusted EBITDA, positioning us firmly on track to deliver at least \$1.3 billion of Streaming Adjusted EBITDA in 2025. We remain confident in our path to surpass 150 million subscribers by the end of 2026 with strong corresponding Streaming revenue and EBITDA growth.

Momentum continues into the second quarter with the recent premiere of season two of *The Last of Us*, as well as season four of the Emmy-award winning *Hacks*. In the coming weeks, we will release new seasons of *The Gilded Age*, *Peacemaker*, and *And Just Like That*. As we continue to scale, combining these popular tentpole titles with locally relevant stories and premium local sports is further differentiating Max's offering in an increasingly crowded streaming marketplace.

At the same time, while our first quarter film slate underperformed expectations, more recently Warner Bros. Motion Pictures is demonstrating strong momentum. This success is being driven by the performance of both *A Minecraft Movie*, which has grossed nearly \$900 million in global box office sales, and *Sinners*, which opened to both commercial and critical success, with roughly \$250 million in current global box office proceeds. In the coming months, the full power of WBD will be on display across platforms in every market to drive awareness and anticipation for our next tentpole film, *Superman*, arriving July 11<sup>th</sup>. The eventual arrival of these three titles - *A Minecraft Movie*, *Sinners*, and *Superman* - exclusively on Max will only further enhance our streaming platform's immense value to subscribers.

Finally, given the challenging and uncertain environment, we remain focused on optimizing our Global Linear Networks' performance and maximizing cash flows through cost discipline and

prudent content investment. As part of this strategy, whether it's offering pay TV subscribers authenticated access to the Max ad-lite tier or providing incremental bundling and packaging flexibility, we are partnering with distributors to enhance the value of pay TV subscriptions.

## **PRIORITIES, PERFORMANCE HIGHLIGHTS & OUTLOOK**

### **STREAMING**

Q1 marked another period of strong growth for our global Streaming segment with a net gain of 5.3 million subscribers and 22.6 million net adds year-over-year, bringing our total subscriber base to 122.3 million at the quarter's end. Much of that subscriber growth originated from international markets, reflecting recent launches and growing penetration. We will drive progress towards our goal of surpassing 150 million global subscribers by the end of 2026 through the strength of our content pipeline, our continuously improving product, as well as the effectiveness of various distribution and marketing strategies.

As Max gains traction globally, we continue to test, learn, refine, and optimize our strategy to further hone our consumer experience and brand positioning in the market. This process of adaptation has provided a more pointed understanding of what viewers uniquely want out of Max. It has become increasingly clear that Max stands apart on quality. Its unique recipe for success blends HBO and Max original premium storytelling, locally produced series, premium local sports, and a breadth of blockbuster and distinctive movies — all delivered with a consistently high standard of quality that few can match. With a deep and growing slate of both breakthrough hits and iconic franchises, HBO has never been stronger at any point in its 50-plus year history, consistently reaffirming its place at the forefront of global entertainment.

Max's successful content strategy continues to bear fruit. For instance, based on strong audience response to *The Pitt*, we are in active development to produce other elevated procedural dramas for Max. Similarly, based on the success of shows such as *The Penguin* and *House of the Dragon*, we're also increasingly focused on unlocking the full value of our vast library of intellectual property to create new original stories that can only be found on Max. Upcoming examples include *It: Welcome to Derry*, *A Knight of the Seven Kingdoms*, as well as season two of *Peacemaker* and the new *Lanterns* series. And we are enormously excited for the new *Harry Potter* series, which is entering production and preliminarily scheduled to debut by early 2027. At the same time, we continue to invest in truly original stories, such as *Task* from Brad Inglesby, creator of *Mare of Easttown*, and two upcoming comedies, *The Chair Company* from Tim Robinson and an untitled new project from Rachel Sennott.

Local language content and premium sports effectively complement our global tentpole series and have become an important contributor to Max's overall offering. Some recent examples include:

- *Like Water for Chocolate* in Mexico, which has commanded the largest global audience for a non-English language original since launch.
- *Scars of Beauty* in Brazil, which drove more subscriber acquisitions than any non-English language original in Max history.

- *The Eastern Gate* in Poland and *When No One Sees Us* in Spain have drawn the largest global audience for EMEA originals since Max's launch and are Max's most watched European productions in the U.S. since *30 Coins*.
- UEFA Champions League soccer, which Max broadcasts in Mexico and Brazil, as well as on TNT Sports U.K.

Over the next few years, expanding Max's global footprint remains a key priority. Max recently launched in Australia and Turkey, two of the more than a dozen new markets targeted for 2025. By the end of this year, we anticipate Max to be available in over 85 markets globally. And as noted in the prior quarter, we are laying the groundwork for upcoming launches in the U.K. and Ireland, Italy and Germany in early 2026.

Beyond international launches, we are focused on multiple distribution levers to further drive scale. Max's strong value proposition allows us to drive both our retail business and utilize partnerships that offer the benefit of immediate access to existing subscriber bases to efficiently drive market penetration. Our strategic calculus is underpinned by balancing customer lifetime value and subscriber acquisition cost. A great example is our recent partnership with Charter Communications, which offers access to the ad-lite tier of Max as a value enhancement to linear cable subscribers, and we're encouraged by this offering's early traction. These partnerships offer attractive economics and typically exhibit lower churn than retail subscribers. And while they are in a nascent stage, we see even greater opportunity by driving upside with future advertising revenue.

Lastly, we recently introduced the Extra Member Add-On and Profile Transfer features to Max in the U.S. These new features enable subscribers to add a member to an existing subscription for \$7.99 monthly and allow these members to seamlessly migrate their existing Max profile. This also provides more customer options as password sharing controls get strengthened later this year and well into 2026.

## STUDIOS

We continue to implement both strategic and structural changes to better position our Studios for long-term growth with the goal of driving more consistent performance and greater profitability. We are very encouraged by our current trajectory and momentum, especially in TV and Film, as we advance towards our goal of at least \$3 billion of Studios Adjusted EBITDA.

Warner Bros. Television (WBTB) continues to raise the bar for high-quality TV production and remains a key content supplier across internal and external platforms. In the first quarter of the year, WBTB launched two instant hits, secured four new third-party series orders, earned nine series renewals, and greenlit three new animation titles. Additionally, WBTB has four new scripted series set to launch later this year. Noteworthy new and returning titles include:

- *The Pitt* and Mindy Kaling's *Running Point*, two of the top new shows of 2025, have already received renewal orders. *The Pitt*'s success on Max is described above, and *Running Point* ranked in Netflix's "Top 10" for four consecutive weeks, reaching #1 in 33 countries.
- *Abbott Elementary* and *Georgie & Mandy's First Marriage* remain two of network television's most popular comedies and have been renewed for new seasons. *Abbott Elementary*

currently ranks as ABC's #1 comedy with 18–49-year-olds for the 2024-25 broadcast season-to-date, and *Georgie & Mandy's First Marriage* ranks as the #1 network comedy among total viewers.

- *The Voice* is currently the #1 unscripted series on network television among total viewers.
- And WBTV's production pipeline includes a new season of *Ted Lasso* (Apple), *Stuart Falls to Save the Universe* (a *Big Bang Theory* spinoff exclusive for Max), a *Scooby-Doo* live action series (Netflix), *Mindy Kaling's Not Suitable for Work* (Hulu), and the *Harry Potter* television series for HBO.

In the first quarter, the Studios segment displayed a healthy year-over-year increase in profitability, despite a lighter theatrical slate compared to last year. Results also benefited from the easier comparison with last year's Games impairment.

Looking forward, based on the current momentum, we have greater conviction in our outlook for a strong year-over-year improvement in full-year Studios Adjusted EBITDA. During the second quarter, a large licensing renewal with the Streaming segment will also benefit the Studios segment, similar to the renewal in the fourth quarter of 2024.

Within Motion Pictures, *A Minecraft Movie* has become a global phenomenon and is the top grossing box office film of 2025 to date. The movie's strong performance has been supported by a successful marketing campaign, including our mutually beneficial partnership with McDonald's, which was their largest global campaign. McDonald's franchises in more than 100 markets participated in the promotion, helping drive excitement and awareness for the movie.

Additionally, *Sinners* has enjoyed both critical and commercial success, defying genre expectations. The film currently has both a 97 percent critics and audience approval rating on Rotten Tomatoes and is the first horror movie in more than 35 years to achieve an "A" CinemaScore. With its strong release, *Sinners* delivered the highest grossing opening weekend of any original, non-intellectual property-based film since the COVID pandemic.

As noted earlier, Q2 will see a significant ramp up in preparation for the premiere of *Superman*. Anticipation for *Superman*'s arrival has been building since its trailer debuted in December, which garnered more than 250 million views in its first week. We have further raised awareness by showcasing a five-minute trailer of *Superman* as part of *A Minecraft Movie* screenings. Over the coming weeks, we will be putting the full strength of WBD to work to support the movie's release.

## GLOBAL LINEAR NETWORKS

In the first quarter, our Global Linear Networks segment continued to demonstrate its value to our business through meaningful Adjusted EBITDA and free cash flow generation.

In advertising, we saw a five percent improvement in year-over-year growth during the first quarter of 2025 vs. year-over-year growth in the fourth quarter of 2024. This sequential improvement was thanks in large part to a robust domestic sports schedule, including viewership growth for March Madness, and ongoing healthy demand for sports inventory in the domestic advertising market. Note that in the second quarter, we expect the absence of the Final Four, partially offset by the carriage of the Stanley

Cup Finals this year, will result in a net two percent year-over-year headwind to second quarter advertising revenues.

International advertising markets continue to demonstrate greater resilience and have significantly outperformed domestic markets. This was most pronounced in several standout EMEA markets, such as Poland and Italy, the latter due to the continued strength of our free-to-air networks. EMEA now accounts for approximately 20 percent of our global linear advertising revenues.

On the distribution front, our recent distribution renewals resulted in two percent growth in domestic affiliate rates, though we confronted a nine percent decline in domestic pay TV subscribers. Internationally, our linear business continues to see pricing and subscriber pressure, albeit at differing paces across regions. That said, we have benefited from negotiating combined agreements for linear and streaming, resulting in positive total international distribution revenue growth in each of the last five quarters. EMEA has been a key contributor to this performance.

First quarter content revenues benefited from the timing of an international third-party licensing deal. As always, revenue recognition of content licensing will fluctuate as it is driven by the availability and delivery of content.

As it relates to our sports portfolio, as noted last quarter, we have proactively reinvested a portion of the anticipated savings from our NBA package into additional domestic sports rights. The French Open and NASCAR will debut on TNT Sports in the second quarter, temporarily leading to incremental sports rights costs and production expenses on top of the annual escalation for existing sports rights. This overlap is expected to be most pronounced in the second quarter and, as a result, we expect Global Linear Networks cost of revenues to be up year-over-year in the second quarter.

## **CORPORATE**

In Q1, we completed the corporate reorganization that we announced in late 2024. We have operationalized this structure and, as a result, we have renamed Networks to Global Linear Networks and Direct-to-Consumer to Streaming. We also provided supplemental financial data as two distinct operating divisions: Global Linear Networks and Streaming & Studios<sup>(2)</sup>. This supplemental data augments the reporting we continue to provide for our three reporting segments.

Importantly, the transparency fostered by this new structure will improve strategic optionality and flexibility to pursue potential opportunities as they arise. As we have noted in the past, we believe the existing ecosystem, including content producers and both networks and streaming distribution platforms, will undergo significant change. With added flexibility and expanded pathways to create shareholder value as a result of this new structure, our Board of Directors now has a greater number of tools at its disposal as it evaluates and enacts changes.

## **MACRO ENVIRONMENT**

While we have yet to see any material impact over the last month, numerous aspects of our business, most particularly advertising, are sensitive to overall macroeconomic conditions. Significant inflation or other factors that negatively influence consumer sentiment and expenditure could have material impacts. In the past, we have effectively managed our business through periods of

uncertainty, economic turbulence, and even recession, such as the COVID pandemic. As in those cases, we have again acted swiftly, though prudently, to control costs and are preparing for all ranges of scenarios over the months to come, while continuing to invest for future growth.

### **BALANCE SHEET**

We generated cash flow from operations of \$553 million and delivered \$302 million of free cash flow<sup>(3)(\*)</sup> in Q1, which is typically our seasonally lowest quarter. We finished Q1 with \$38.0 billion of gross debt<sup>(4)(\*)</sup> and a cash balance of \$4.0 billion, as we repaid \$2.2 billion of notes that matured during the quarter. Additionally, we opportunistically redeemed \$1.5 billion of notes maturing in 2026 with borrowings pursuant to a 364-day term loan due in 2026, taking advantage of the yield curve to capture cash interest savings and providing flexibility to prepay the debt throughout the year. At the end of Q1, our net leverage ratio<sup>(5)(\*)</sup> remained at 3.8x. We continue to target 2.5-3x gross leverage<sup>(6)(\*)</sup> and we will act on opportunities to make further progress towards that goal.

### **CONCLUSION**

With each passing quarter, our vision for the future of WBD comes closer into reach. In 2025, both our Streaming and Studios segments are on track to significantly grow their respective year-over-year profits. As Max achieves its subscriber and profitability milestones, both its value as an asset and as a long-term strategic enabler will become even more evident. At the same time, from *The Pitt*, *The White Lotus* and *The Last of Us* on television to *A Minecraft Movie* and *Sinners* in theaters, we believe our content is winning viewership, occupying cultural conversations, and will underpin strong future financial performance.

Likewise, our Global Linear Networks continue to prove highly profitable and cash generative, supporting our path to transform Warner Bros. Discovery, deliver outstanding long-term shareholder value, and position this iconic company to thrive for generations to come.

## **2025 Outlook**

Warner Bros. Discovery, Inc. ("Warner Bros. Discovery", "WBD", the "Company", "we", "us", or "our" ) may provide forward-looking commentary in connection with this communication. The Company is not able to provide a reconciliation of the non-GAAP forward-looking commentary to comparable GAAP measures as, at this time, the Company 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, the Company is relying on the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K to exclude these reconciliations.

## **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 Trending Schedules and "Quarterly Results" section of the Warner Bros. Discovery, Inc. investor relations website at: <https://ir.wbd.com>.

## **Definitions and Sources for Warner Bros. Discovery, Inc.**

**(1) Streaming Subscriber:** The Company defines a “Core Streaming Subscription” as: (i) a retail subscription to discovery+, HBO, HBO Max, Max, or a Premium Sports Product (defined below) for which we have recognized subscription revenue, whether directly or through a third party, from Streaming platform; (ii) a wholesale subscription to discovery+, HBO, HBO Max, Max, or a Premium Sports Product 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, HBO Max, Max, or a Premium Sports Product for which we have recognized subscription revenue on a per subscriber basis, including third-party services that host a branded environment of discovery+, HBO, HBO Max, Max, or a Premium Sports Product for which we have recognized subscription revenue on a per subscriber basis; (iv) a retail or wholesale subscription to an independently-branded, regional product sold on a stand-alone basis that includes discovery+, HBO, HBO Max, Max, and/or a Premium Sports Product, for which we have recognized subscription revenue (as per (i) –(iii) above); and (v) 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.

The Company defines a “Premium Sports Product” as a strategically prioritized, sports-focused product sold on a stand-alone basis and made available directly to consumers.

The current “independently-branded, regional products” referred to in (iv) above consist of TVN/Player and BluTV.

Subscribers to multiple WBD Streaming products (listed above) are counted as a paid subscriber for each individual WBD streaming product subscription.

We may refer to the aggregate number of Core Streaming Subscriptions as “subscribers”.

The reported number of “subscribers” included herein and the definition of “Streaming Subscription” as used herein excludes: (i) individuals who subscribe to Streaming products, other than discovery+, HBO, HBO Max, Max, a Premium Sports Product, and independently-branded, regional products (currently consisting of TVN/Player and BluTV), 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 Streaming Subscription within the first seven days of the next month as noted above.

**Domestic subscriber** - We define a Domestic subscriber as a subscription based either in the United States of America or Canada.

**International subscriber** - We define an International subscriber as a subscription based outside of the United States of America or Canada.

**(2) Streaming & Studios Division:** In December 2024, we announced that our board of directors had authorized the Company to implement a new corporate structure designed to enhance our strategic flexibility and create potential opportunities to unlock shareholder value. Under the new corporate structure, the Company will serve as the parent company for two distinct operating divisions: Streaming & Studios and Global Linear Networks. In the first quarter of 2025, we renamed our Direct-to-Consumer reportable segment to Streaming and our Networks reportable segment to Global Linear Networks. There were no changes to our reportable segments or the composition of our reportable segments as a result of these changes.

The Streaming & Studios division includes our Streaming and Studios reportable segments and eliminations between those two reportable segments. Additional divisional information and supplemental consolidating data can be found within the Management’s Discussion and Analysis section of our most recent Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC) and in the “Quarterly Results” section of the Warner Bros. Discovery, Inc. investor relations website at: <https://ir.wbd.com>.

**(3) 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.

<i>In millions</i>	Three Months Ended March 31, 2025
Cash provided by operating activities	\$553
Less: Purchases of property and equipment	(251)
Free Cash Flow <sup>(*)</sup>	\$302

**(4) Gross Debt:** The Company defines gross debt of \$38.0 billion as total debt of \$37.4 billion, plus finance leases of \$535 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.

**(5) Net Leverage Ratio:** The Company defines net leverage as the calculation where net debt (gross debt of \$38.0 billion, as defined above, less cash, cash equivalents, and restricted cash of \$3,974 million) is divided by the sum of the most recent four quarters Adjusted EBITDA of \$9,035 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.

**(6) Gross Leverage Ratio:** The Company defines net leverage as the calculation where gross debt, as defined above, is divided by the sum of the most recent four quarters Adjusted EBITDA. The Company believes this measure is relevant to investors as it is a financial measure frequently used in evaluating a company's financial condition.

## Warner Bros. Discovery Reports First-Quarter 2025 Results

	Three Months Ended March 31,			
	2025	2024	% Change	
			Reported	Ex-FX <sup>(*)</sup>
<i>\$ in millions</i>				
<b>Distribution</b>	\$ 4,886	\$ 4,985	(2)%	(1)%
<b>Advertising</b>	1,980	2,148	(8)%	(8)%
<b>Content</b>	1,866	2,558	(27)%	(25)%
<b>Other</b>	247	267	(7)%	(6)%
<b>Total revenues</b>	\$ 8,979	\$ 9,958	(10)%	(9)%
<b>Net income (loss) available to Warner Bros. Discovery, Inc.</b>	(453)	(966)	(53)%	NM
<b>Adjusted EBITDA<sup>(*)</sup></b>	2,105	2,102	— %	4 %
<b>Cash provided by operating activities</b>	553	585	(5)%	
<b>Free cash flow<sup>(*)</sup></b>	302	390	(23)%	

NM - Not Meaningful

(\*) A non-GAAP financial measure; see the section starting on page 13 titled Definitions & Sources for additional details.

### Q1 2025 Highlights

- Total revenues were \$9.0 billion, a 9% ex-FX<sup>(1)(\*)</sup> decrease compared to the prior year quarter.
  - Distribution revenues decreased 1% ex-FX, as growth in global streaming subscribers was more than offset by continued domestic linear pay TV subscriber declines.
  - Advertising revenues decreased 8% ex-FX, as ad-lite subscriber growth was more than offset by domestic linear audience declines.
  - Content revenues decreased 25% ex-FX, primarily driven by lower box office and home entertainment revenues due to the stronger performance of the 1Q24 theatrical releases and carryover from the 4Q23 releases, as well as no Games releases in the current year quarter.
- Net income available to Warner Bros. Discovery, Inc. was \$(0.5) billion, which includes \$1.6 billion of pre-tax acquisition-related amortization of intangibles, content fair value step-up, and restructuring expenses.
- Total Adjusted EBITDA<sup>(2)(\*)</sup> was \$2.1 billion, a 4% ex-FX increase compared to the prior year quarter, primarily due to growth in the Streaming and Studios segments.
- Cash provided by operating activities was \$0.6 billion. Free cash flow<sup>(3)(\*)</sup> was \$0.3 billion.
- The Company repaid \$2.2 billion of debt during Q1, ending the quarter with \$4.0 billion of cash on hand, \$38.0 billion of gross debt<sup>(4)(\*)</sup>, and 3.8x net leverage<sup>(5)(\*)</sup>
- The Company redeemed \$1.5 billion of notes due 2026 with a 364-day term loan due 2026, which we expect will result in net cash interest savings.
- The Company ended the quarter with 122.3 million streaming subscribers<sup>(6)</sup>, an increase of 5.3 million subscribers vs. Q4.

## Summary Segment Financial Information

### Revenues

	Three Months Ended March 31,			
	2025	2024	% Change	
			Reported	Ex-FX <sup>(*)</sup>
<i>\$ in millions</i>				
<b>Streaming</b>	\$ 2,656	\$ 2,460	8 %	9 %
<b>Studios</b>	2,314	2,821	(18)%	(16)%
<b>Streaming &amp; Studios eliminations</b>	(623)	(318)	NM	NM
<b>Streaming &amp; Studios<sup>(7)</sup></b>	4,347	4,963	(12)%	(11)%
<b>Global Linear Networks</b>	4,774	5,125	(7)%	(6)%
<b>Corporate</b>	—	1	NM	NM
<b>Other inter-segment eliminations</b>	(142)	(131)	NM	NM
<b>Total revenues</b>	\$ 8,979	\$ 9,958	(10)%	(9)%

(\*) A non-GAAP financial measure; see the section starting on page 13 titled Definitions & Sources for additional details.

### Adjusted EBITDA

	Three Months Ended March 31,			
	2025	2024	% Change	
			Reported	Ex-FX <sup>(*)</sup>
<i>\$ in millions</i>				
<b>Streaming</b>	\$ 339	\$ 86	NM	NM
<b>Studios</b>	259	184	41 %	63 %
<b>Streaming &amp; Studios eliminations</b>	(58)	49	NM	NM
<b>Streaming &amp; Studios<sup>(7)</sup></b>	540	319	69 %	95 %
<b>Global Linear Networks</b>	1,793	2,119	(15)%	(14)%
<b>Corporate</b>	(233)	(346)	(33)%	(33)%
<b>Other inter-segment eliminations</b>	5	10	NM	NM
<b>Total Adjusted EBITDA</b>	\$ 2,105	\$ 2,102	— %	4 %

(\*) A non-GAAP financial measure; see the section starting on page 13 titled Definitions & Sources for additional details.

## Streaming Segment

	Three Months Ended March 31,			
	2025	2024	% Change	
			Reported	Ex-FX <sup>(*)</sup>
<i>\$ in millions</i>				
<b>Distribution</b>	\$ 2,329	\$ 2,185	7 %	8 %
<b>Advertising</b>	237	175	35 %	35 %
<b>Subscriber-related revenues<sup>(*)</sup></b>	2,566	2,360	9 %	10 %
<b>Content</b>	88	99	(11)%	(7)%
<b>Other</b>	2	1	NM	NM
<b>Total revenues</b>	2,656	2,460	8 %	9 %
<b>Costs of revenues (excluding depreciation &amp; amortization)</b>	1,824	1,895	(4)%	(4)%
<b>Selling, general and administrative</b>	493	479	3 %	4 %
<b>Adjusted EBITDA</b>	\$ 339	\$ 86	NM	NM

<i>In millions</i>	Q1 2025	Q4 2024	Q1 2024	<i>ARPU in \$</i>	Q1 2025	Q4 2024	Q1 2024
<b>Domestic subscribers</b>	57.6	57.1	52.7	<b>Domestic ARPU</b>	\$ 11.15	\$ 11.77	\$ 11.72
<b>International subscribers</b>	64.6	59.8	46.9	<b>International ARPU</b>	\$ 3.63	\$ 3.74	\$ 3.75
<b>Global streaming subscribers</b>	122.3	116.9	99.6	<b>Global ARPU</b>	\$ 7.11	\$ 7.44	\$ 7.83

(\*) A non-GAAP financial measure; see the section starting on page 13 titled Definitions & Sources for additional details.

Domestic includes the U.S. and Canada. Subscriber counts in the above table are rounded and minor differences in totals may exist.

### Q1 2025 Highlights

- Global streaming subscribers<sup>(6)</sup> were 122.3 million, an increase of 5.3 million global subscribers vs. Q4.
- Streaming revenues increased 9% ex-FX to \$2,656 million compared to the prior year quarter. Subscriber-related revenues<sup>(8)(\*)</sup> increased 10% ex-FX compared to the prior year quarter.
  - Distribution revenue increased 8% ex-FX, as a result of a 23% increase in subscribers following the continued global expansion of Max, as well as new domestic distribution deals, partially offset by lower global distribution ARPU due to a mix shift in the subscriber base across distribution channels, geography, and product type.
  - Advertising revenue increased 35% ex-FX, primarily driven by an increase in ad-lite subscribers.
  - Global streaming ARPU<sup>(9)</sup> decreased 9% ex-FX to \$7.11, primarily attributable to growth in lower ARPU international markets and a 5% decrease in domestic streaming ARPU to \$11.15, primarily driven by a broader wholesale distribution of Max Basic with Ads.
  - Content revenue decreased 7% ex-FX, as the launch of Max in new international markets, including Australia in the current year quarter, resulted in lower third-party licensing.
- Streaming operating expenses decreased 2% ex-FX to \$2,317 million compared to the prior year quarter.
  - Costs of revenues decreased 4% ex-FX, primarily driven by the timing of programming releases, partially offset by higher international content costs to support Max launches.
  - SG&A increased 4% ex-FX, largely due to higher overhead costs, partially offset by timing of marketing costs.
- Streaming Adjusted EBITDA was \$339 million, a \$253 million increase compared to the prior year quarter.

## Studios Segment

	Three Months Ended March 31,			
	2025	2024	% Change	
			Reported	Ex-FX <sup>(*)</sup>
<i>\$ in millions</i>				
<b>Distribution</b>	\$ 1	\$ 5	(80)%	(80)%
<b>Advertising</b>	1	4	(75)%	(75)%
<b>Content</b>	2,139	2,623	(18)%	(17)%
<b>Other</b>	173	189	(8)%	(7)%
<b>Total revenues</b>	2,314	2,821	(18)%	(16)%
<b>Costs of revenues (excluding depreciation &amp; amortization)</b>	1,413	2,019	(30)%	(29)%
<b>Selling, general and administrative</b>	642	618	4 %	5 %
<b>Adjusted EBITDA</b>	\$ 259	\$ 184	41 %	63 %

(\*) A non-GAAP financial measure; see the section starting on page 13 titled *Definitions & Sources* for additional details.

### Q1 2025 Highlights

- Studios revenues decreased 16% ex-FX to \$2,314 million compared to the prior year quarter.
  - Content revenue decreased 17% ex-FX.
    - Theatrical revenue decreased 27% ex-FX, as a result of lower box office and home entertainment revenues, partially offset by higher intercompany content sales. The decrease in box office revenue was primarily due to the strong performance of *Dune: Part Two* and *Godzilla x Kong: The New Empire* as well as higher carryover from the fourth quarter 2023 theatrical releases in the prior year. The decrease in home entertainment revenue was primarily due to the robust performance of *Wonka* and *Aquaman and the Lost Kingdom* in the prior year.
    - Games revenue decreased 48% ex-FX, due to the prior year release of *Suicide Squad: Kill the Justice League* compared to no releases in the current year quarter, as well as higher carryover from *Hogwarts Legacy* and *Mortal Kombat 1* in the prior year.
    - TV revenue increased 4% ex-FX, primarily driven by higher intercompany content sales, partially offset by lower initial telecast revenue due to the timing of deliveries.
- Studios operating expenses decreased 21% ex-FX to \$2,055 million compared to the prior year quarter.
  - Costs of revenues decreased 29% ex-FX.
    - Theatrical content expense decreased 41% ex-FX due to lower revenues, as well as lower payments to partners and participants.
    - Games content expense decreased 66% ex-FX, primarily driven by the prior year quarter impairment related to *Suicide Squad: Kill the Justice League* and lower games revenue in the current quarter.
    - TV content expense was relatively unchanged.
  - SG&A increased 5% ex-FX, driven by higher overhead costs, partially offset by lower Games marketing costs.
- Studios Adjusted EBITDA increased 63% ex-FX to \$259 million compared to the prior year quarter.

## Global Linear Networks Segment

	Three Months Ended March 31,			
	2025	2024	% Change	
			Reported	Ex-FX <sup>(*)</sup>
<i>\$ in millions</i>				
<b>Distribution</b>	\$ 2,558	\$ 2,797	(9)%	(8)%
<b>Advertising</b>	1,758	1,987	(12)%	(11)%
<b>Content</b>	380	264	44 %	44 %
<b>Other</b>	78	77	1 %	1 %
<b>Total revenues</b>	4,774	5,125	(7)%	(6)%
<b>Costs of revenues (excluding depreciation &amp; amortization)</b>	2,327	2,372	(2)%	(2)%
<b>Selling, general and administrative</b>	654	634	3 %	3 %
<b>Adjusted EBITDA</b>	\$ 1,793	\$ 2,119	(15)%	(14)%

(\*) A non-GAAP financial measure; see the section starting on page 13 titled *Definitions & Sources* for additional details.

### Q1 2025 Highlights

- Global Linear Networks revenues decreased 6% ex-FX to \$4,774 million compared to the prior year quarter.
  - Distribution revenue decreased 8% ex-FX, driven by a 9% decrease in domestic linear pay TV subscribers, partially offset by a 2% increase in domestic affiliate rates. Additionally, distribution revenues were negatively impacted by lower international affiliate rates and international subscriber declines.
  - Advertising revenue decreased 11% ex-FX, primarily driven by domestic networks audience declines of 27%, partially offset by continued better trends in sports and international markets relative to domestic trends.
  - Content revenue increased 44% ex-FX, primarily due to the timing of third-party content licensing deals.
- Global Linear Networks operating expenses decreased 1% ex-FX to \$2,981 million compared to the prior year quarter.
  - Costs of revenues decreased 2% ex-FX, primarily driven by timing of content, production, and news-related spend.
  - SG&A increased 3% ex-FX, primarily driven by higher marketing costs.
- Global Linear Networks Adjusted EBITDA decreased 14% ex-FX to \$1,793 million compared to the prior year quarter.

## Corporate

	Three Months Ended March 31,			
	2025	2024	% Change	
			Reported	Ex-FX <sup>(*)</sup>
<i>\$ in millions</i>				
<b>Adjusted EBITDA</b>	\$ (233)	\$ (346)	33 %	33 %

(\*) A non-GAAP financial measure; see the section starting on page 13 titled Definitions & Sources for additional details.

- Corporate Adjusted EBITDA improved by \$113 million, primarily driven by the release of previously recorded non-income tax reserves, lower facility costs due to office consolidations and closures, and lower securitization expense.

## Inter-segment Eliminations

	Three Months Ended March 31,	
	2025	2024
<i>\$ in millions</i>		
<b>Total revenue eliminations</b>	\$ (765)	\$ (449)
<b>Total expense eliminations</b>	(712)	(508)
<b>Adjusted EBITDA</b>	\$ (53)	\$ 59

## Leverage and Liquidity

- Ended Q1 with \$4.0 billion of cash on hand, \$38.0 billion of gross debt<sup>(4)(\*)</sup>, and 3.8x net leverage<sup>(5)(\*)</sup>.
- The Company repaid \$2.2 billion of debt during Q1.
- The Company refinanced its \$1.5 billion of notes due 2026 with a 364-day term loan due 2026 during Q1, which we expect will result in net cash interest savings.
- As of March 31, 2025, the average maturity of the Company's outstanding debt was 13.9 years with an average cost of 4.7%.
- As of March 31, 2025, the Company's \$6.0 billion revolving credit facility was undrawn.

## Free Cash Flow

	Three Months Ended March 31,		
	2025	2024	% Change
<i>\$ in millions</i>			
<b>Cash provided by operating activities</b>	\$ 553	\$ 585	(5)%
<b>Purchases of property and equipment</b>	(251)	(195)	(29)%
<b>Free cash flow<sup>(*)</sup></b>	\$ 302	\$ 390	(23)%

(\*) A non-GAAP financial measure; see the section starting on page 13 titled Definitions & Sources for additional details.

- Q1 2025 cash provided by operating activities decreased to \$553 million from \$585 million in the prior year quarter. Free cash flow<sup>(3)(\*)</sup> decreased to \$302 million from \$390 million primarily driven by higher net content investment and higher capex as a result of studio expansion, partially offset by favorable working capital and lower cash restructuring costs.
- As of March 31, 2025, the Company had \$4,748 million drawn on its revolving receivables program, a \$111 million increase vs. Q4.

## Warner Bros. Discovery, Inc. Consolidated Statements of Operations

Unaudited; in millions, except per share amounts	Three Months Ended March 31,	
	2025	2024
Distribution	\$ 4,886	\$ 4,985
Advertising	1,980	2,148
Content	1,866	2,558
Other	247	267
<b>Total revenues</b>	<b>8,979</b>	<b>9,958</b>
Costs of revenues, excluding depreciation and amortization	5,131	6,058
Selling, general and administrative	2,194	2,232
Depreciation and amortization	1,547	1,888
Restructuring and other charges	54	35
Impairments and loss on dispositions	90	12
<b>Total costs and expenses</b>	<b>9,016</b>	<b>10,225</b>
Operating loss	(37)	(267)
Interest expense, net	(468)	(515)
(Loss) gain on extinguishment of debt	(4)	25
Loss from equity investees, net	(7)	(48)
Other income (expense), net	82	(14)
<b>Loss before income taxes</b>	<b>(434)</b>	<b>(819)</b>
Income tax expense	(15)	(136)
<b>Net loss</b>	<b>(449)</b>	<b>(955)</b>
Net income attributable to noncontrolling interests	(8)	(7)
Net loss (income) attributable to redeemable noncontrolling interests	4	(4)
<b>Net loss available to Warner Bros. Discovery, Inc.</b>	<b>\$ (453)</b>	<b>\$ (966)</b>
<b>Net loss per share available to Warner Bros. Discovery, Inc. Series A common stockholders:</b>		
Basic	\$ (0.18)	\$ (0.40)
Diluted	\$ (0.18)	\$ (0.40)
<b>Weighted average shares outstanding:</b>		
Basic	2,462	2,443
Diluted	2,462	2,443

## Warner Bros. Discovery, Inc. Consolidated Balance Sheets

Unaudited; in millions, except par value	March 31, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,868	\$ 5,312
Receivables, net	4,664	4,947
Prepaid expenses and other current assets	4,250	3,819
<b>Total current assets</b>	<b>12,782</b>	<b>14,078</b>
Film and television content rights and games	18,821	19,102
Property and equipment, net	6,211	6,087
Goodwill	25,746	25,667
Intangible assets, net	31,033	32,299
Other noncurrent assets	7,086	7,327
<b>Total assets</b>	<b>\$ 101,679</b>	<b>\$ 104,560</b>
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable	\$ 1,008	\$ 1,055
Accrued liabilities	9,899	10,438
Deferred revenues	1,600	1,569
Current portion of debt	2,779	2,748
<b>Total current liabilities</b>	<b>15,286</b>	<b>15,810</b>
Noncurrent portion of debt	34,647	36,757
Deferred income taxes	6,714	6,985
Other noncurrent liabilities	9,861	10,070
<b>Total liabilities</b>	<b>66,508</b>	<b>69,622</b>
Commitments and contingencies		
Redeemable noncontrolling interests	23	109
Warner Bros. Discovery, Inc. stockholders' equity:		
Series A common stock: \$0.01 par value; 10,800 and 10,800 shares authorized; 2,703 and 2,684 shares issued; and 2,473 and 2,454 shares outstanding	27	27
Preferred stock: \$0.01 par value; 1,200 and 1,200 shares authorized, 0 shares issued and outstanding	—	—
Additional paid-in capital	55,585	55,560
Treasury stock, at cost: 230 and 230 shares	(8,244)	(8,244)
Accumulated deficit	(12,692)	(12,239)
Accumulated other comprehensive loss	(840)	(1,067)
<b>Total Warner Bros. Discovery, Inc. stockholders' equity</b>	<b>33,836</b>	<b>34,037</b>
Noncontrolling interests	1,312	792
<b>Total equity</b>	<b>35,148</b>	<b>34,829</b>
<b>Total liabilities and equity</b>	<b>\$ 101,679</b>	<b>\$ 104,560</b>

## Warner Bros. Discovery, Inc. Consolidated Statements of Cash Flows

Unaudited; in millions	Three Months Ended March 31,	
	2025	2024
<b>Operating Activities</b>		
Net loss	\$ (449)	\$ (955)
Adjustments to reconcile net income to cash provided by operating activities:		
Content rights amortization and impairment	3,145	3,827
Depreciation and amortization	1,547	1,888
Deferred income taxes	(312)	(399)
Share-based compensation expense	123	101
Impairments and loss on dispositions	90	12
Other, net	17	10
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Receivables, net	288	(304)
Film and television content rights, games, and production payables, net	(2,846)	(2,778)
Accounts payable, accrued liabilities, deferred revenues and other noncurrent liabilities	(1,026)	(753)
Foreign currency, prepaid expenses and other assets, net	(24)	(64)
Cash provided by operating activities	553	585
<b>Investing Activities</b>		
Purchases of property and equipment	(251)	(195)
Investments in and advances to equity investments	(14)	(53)
Proceeds from sales and maturities of investments	11	—
Proceeds from asset dispositions	66	—
Other investing activities, net	(7)	41
Cash used in investing activities	(195)	(207)
<b>Financing Activities</b>		
Principal repayments of debt, including premiums and discounts to par value	(3,665)	(1,047)
Borrowings from debt, net of discount and issuance costs	1,500	—
Distributions to noncontrolling interests and redeemable noncontrolling interests	(157)	(130)
Proceeds for noncontrolling interest in joint venture	601	—
Borrowings under commercial paper program and revolving credit facility	695	2,200
Repayments under commercial paper program and revolving credit facility	(695)	(2,200)
Other financing activities, net	(174)	(60)
Cash used in financing activities	(1,895)	(1,237)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	95	(74)
Net change in cash, cash equivalents, and restricted cash	(1,442)	(933)
Cash, cash equivalents, and restricted cash, beginning of period	5,416	4,319
<b>Cash, cash equivalents, and restricted cash, end of period</b>	<b>\$ 3,974</b>	<b>\$ 3,386</b>

## Reconciliation of Net (Loss) Income to Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization

Unaudited; in millions	Three Months Ended March 31,	
	2025	2024
<b>Net loss available to Warner Bros. Discovery, Inc.</b>	<b>\$ (453)</b>	<b>\$ (966)</b>
Net (loss) income attributable to redeemable noncontrolling interests	(4)	4
Net income attributable to noncontrolling interests	8	7
Income tax expense	15	136
<b>Loss before income taxes</b>	<b>(434)</b>	<b>(819)</b>
Other (income) expense, net	(82)	14
Loss from equity investees, net	7	48
Loss (gain) on extinguishment of debt	4	(25)
Interest expense, net	468	515
<b>Operating loss</b>	<b>(37)</b>	<b>(267)</b>
Depreciation and amortization	1,547	1,888
Impairment and amortization of fair value step-up for content	240	235
Restructuring and other charges	54	35
Employee share-based compensation	120	99
Transaction and integration costs	80	81
Impairments and loss on dispositions	90	12
Amortization of capitalized interest for content	6	17
Facility consolidation costs	5	2
<b>Adjusted EBITDA<sup>(*)</sup></b>	<b>\$ 2,105</b>	<b>\$ 2,102</b>

(\*) A non-GAAP financial measure; see the section starting on page 12 titled Definitions & Sources for additional details

## Supplemental Data for Results of Operations

Three months ended March 31,	Supplemental Consolidating Data									
	Consolidated		Streaming & Studios		Global Linear Networks		Corporate		Consolidating Adjustments	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<i>\$ in millions</i>										
<b>Distribution</b>	\$ 4,886	\$ 4,985	\$ 2,330	\$ 2,190	\$ 2,558	\$ 2,797	\$ —	\$ —	\$ (2)	\$ (2)
<b>Advertising</b>	1,980	2,148	237	179	1,758	1,987	—	—	(15)	(18)
<b>Content</b>	1,866	2,558	1,611	2,404	380	264	—	—	(125)	(110)
<b>Other</b>	247	267	169	190	78	77	—	1	—	(1)
<b>Total revenues</b>	8,979	9,958	4,347	4,963	4,774	5,125	—	1	(142)	(131)
<b>Costs of revenues (excluding depreciation &amp; amortization)</b>	5,131	6,058	2,762	3,594	2,457	2,497	21	12	(109)	(45)
<b>Selling, general and administrative</b>	2,194	2,232	1,134	1,099	655	635	416	514	(11)	(16)
<b>Depreciation and amortization</b>	1,547	1,888	541	701	907	1,105	99	82	—	—
<b>Restructuring and other charges</b>	54	35	7	13	16	11	31	11	—	—
<b>Impairments and loss on dispositions</b>	90	12	2	5	2	—	86	7	—	—
<b>Total Costs and Expenses</b>	9,016	10,225	4,446	5,412	4,037	4,248	653	626	(120)	(61)
<b>Operating (loss) Income</b>	\$ (37)	\$ (267)	\$ (99)	\$ (449)	\$ 737	\$ 877	\$ (653)	\$ (625)	\$ (22)	\$ (70)

## [2025 Outlook](#)

Warner Bros. Discovery, Inc. ("Warner Bros. Discovery", "WBD", the "Company", "we", "us", or "our" ) may provide forward-looking commentary in connection with this earnings announcement on its quarterly earnings conference call. Details on how to access the audio webcast are included below.

## [Q1 2025 Prepared Earnings Remarks Conference Call Information](#)

In conjunction with this release, Warner Bros. Discovery will post a Shareholder Letter and host a conference call today, May 8, 2025 at 8:30 a.m. ET, to discuss its first quarter 2025 financial results. To access the Shareholder Letter and webcast of the earnings call, please visit the Investor Relations section of the Company's website at [www.wbd.com](http://www.wbd.com).

## [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>.

## [About Warner Bros. Discovery](#)

Warner Bros. Discovery is a leading global media and entertainment company that creates and distributes the world's most differentiated and complete portfolio of branded content across television, film, streaming and gaming. Available in more than 220 countries and territories and 50 languages, Warner Bros. Discovery inspires, informs and entertains audiences worldwide through its iconic brands and products including: Discovery Channel, Max, discovery+, CNN, DC, TNT Sports, Eurosport, HBO, HGTV, Food Network, OWN, Investigation Discovery, TLC, Magnolia Network, TNT, TBS, truTV, Travel Channel, MotorTrend, Animal Planet, Science Channel, Warner Bros. Motion Picture Group, Warner Bros. Television Group, Warner Bros. Pictures Animation, Warner Bros. Games, New Line Cinema, Cartoon Network, Adult Swim, Turner Classic Movies, Discovery en Español, Hogar de HGTV and others. For more information, please visit [www.wbd.com](http://www.wbd.com).

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## Definitions and Sources for Warner Bros. Discovery, Inc.

**(1) Foreign Exchange Impacting Comparability:** 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 “2025 Baseline Rate”), and the prior year amounts translated at the same 2025 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.

**(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) third-party transaction and integration costs, (vii) amortization of purchase accounting fair value step-up for content, (viii) amortization of capitalized interest for content, and (ix) other items impacting comparability.

The Company uses this measure to assess the operating results and performance of the 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. Integration costs include transformative system implementations and integrations, such as Enterprise Resource Planning systems, and may take several years to complete.

The Company also excludes the depreciation of fixed assets and amortization of intangible assets, amortization of purchase accounting fair value step-up for content (which is included in consolidated costs of revenues), and amortization of capitalized interest for content, as these amounts do not represent cash payments in the current reporting period. We prospectively updated certain corporate allocations at the beginning of 2025. The impact to prior periods was immaterial.

**(3) 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.

**(4) Gross debt:** The Company defines gross debt of \$38.0 billion as total debt of \$37.4 billion, plus finance leases of \$535 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.

**(5) Net leverage:** The Company defines net leverage as the calculation where net debt (gross debt of \$38.0 billion, less cash, cash equivalents, and restricted cash of \$3,974 million) is divided by the sum of the most recent four quarters Adjusted EBITDA of \$9,035 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.

**(6) Streaming Subscriber:** The Company defines a “Core Streaming Subscription” as: (i) a retail subscription to discovery+, HBO, HBO Max, Max, or a Premium Sports Product (defined below) for which we have recognized subscription revenue, whether directly or through a third party, from Streaming platform; (ii) a wholesale subscription to discovery+, HBO, HBO Max, Max, or a Premium Sports Product 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, HBO Max, Max, or a Premium Sports Product for which we have recognized subscription revenue on a per subscriber basis, including third-party services that host a branded environment of discovery+, HBO, HBO Max, Max, or a Premium Sports Product for which we have recognized subscription revenue on a per subscriber basis; (iv) a retail or wholesale subscription to an independently-branded, regional product sold on a stand-alone basis that includes discovery+, HBO, HBO Max, Max, and/or a Premium Sports Product, for which we have recognized subscription revenue (as per (i) – (iii) above); and (v) 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.

The Company defines a “Premium Sports Product” as a strategically prioritized, sports-focused product sold on a stand-alone basis and made available directly to consumers.

The current “independently-branded, regional products” referred to in (iv) above consist of TVN/Player and BluTV.

Subscribers to multiple WBD Streaming products (listed above) are counted as a paid subscriber for each individual WBD streaming product subscription.

We may refer to the aggregate number of Core Streaming Subscriptions as “subscribers”.

The reported number of “subscribers” included herein and the definition of “Streaming Subscription” as used herein excludes: (i) individuals who subscribe to Streaming products, other than discovery+, HBO, HBO Max, Max, a Premium Sports Product, and independently-branded, regional products (currently consisting of TVN/Player and BluTV), 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 Streaming Subscription within the first seven days of the next month as noted above.

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

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

## Definitions and Sources for Warner Bros. Discovery, Inc. (Continued)

**(7) Streaming & Studios Division:** In December 2024, we announced that our board of directors had authorized the Company to implement a new corporate structure designed to enhance our strategic flexibility and create potential opportunities to unlock shareholder value. Under the new corporate structure, the Company will serve as the parent company for two distinct operating divisions: Streaming & Studios and Global Linear Networks. In the first quarter of 2025, we renamed our Direct-to-Consumer reportable segment to Streaming and our Networks reportable segment to Global Linear Networks. There were no changes to our reportable segments or the composition of our reportable segments as a result of these changes. The Streaming & Studios division includes our Streaming and Studios reportable segments and eliminations between those two reportable segments.

**(8) Subscriber-related revenues:** The Company defines subscriber-related revenues as the sum of distribution and advertising revenues in the Streaming segment. The Company uses subscriber-related revenues to monitor and evaluate the Company's streaming revenue performance. The Company believes this measure is relevant to investors as it highlights the revenue generation tied to the Company's streaming products.

**(9) ARPU:** The Company defines Streaming Average Revenue Per User ("ARPU") as total subscription revenue plus net advertising revenue for the period divided by the daily average number of paying subscribers for the period. Where daily values are not available, the sum of beginning of period and end of period divided by two is used.

Excluded from the ARPU calculation are: (i) Revenue and subscribers for Streaming products, other than discovery+, HBO, HBO Max, Max, a Premium Sports Product, and independently-branded, regional products (currently consisting of TVN/Player and BluTV), that may be offered by us or by certain joint venture partners or affiliated parties from time to time; (ii) A limited amount of international discovery+ revenue and subscribers that are part of non-strategic partnerships or short-term arrangements as may be identified by the Company from time to time; (iii) Cinemax, Max/HBO hotel and bulk institution (i.e., subscribers billed on a bulk basis), and international basic HBO revenue and subscribers; 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.

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 net leverage.

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.

Source: Warner Bros. Discovery, Inc.