UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

OR ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-34177



WARNER BROS. DISCOVERY

Warner Bros. Discovery, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**35-2333914**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
230 Park Avenue South **New York, New York**	**10003**
(Address of principal executive offices)	**(Zip Code)**

(212) 548-5555
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbols	Name of Each Exchange on Which Registered
Series A Common Stock	WBD	The Nasdaq Global Select Market
4.302% Senior Notes due 2030	WBDI30, WBDI30A	The Nasdaq Global Market
4.693% Senior Notes due 2033	WBDI33, WBDI33A	The Nasdaq Global Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Total number of shares outstanding of each class of the Registrant's common stock as of July 23, 2026:

Series A Common Stock, par value $0.01 per share	2,510,703,314

WARNER BROS. DISCOVERY, INC.
FORM 10-Q
TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION.	
ITEM 1. Unaudited Financial Statements.	
Consolidated Statements of Operations.	4
Consolidated Statements of Comprehensive (Loss) Income.	5
Consolidated Balance Sheets.	6
Consolidated Statements of Cash Flows.	7
Consolidated Statements of Equity.	8
Notes to Consolidated Financial Statements.	10
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	35
ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.	50
ITEM 4. Controls and Procedures.	50
PART II. OTHER INFORMATION.	
ITEM 1. Legal Proceedings.	51
ITEM 1A. Risk Factors.	52
ITEM 6. Exhibits.	53
SIGNATURES.	55

PART I. FINANCIAL INFORMATION

ITEM 1. Unaudited Financial Statements.

WARNER BROS. DISCOVERY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues:				
Distribution	$ 4,950	$ 4,885	$ 9,856	$ 9,771
Advertising	1,724	2,216	3,571	4,196
Content	1,828	2,471	3,715	4,337
Other	215	240	468	487
Total revenues	8,717	9,812	17,610	18,791
Costs and expenses:				
Costs of revenues, excluding depreciation and amortization	4,621	5,967	9,264	11,098
Selling, general and administrative	2,564	2,477	5,039	4,671
Netflix Termination Fee (See Note 1)	—	—	2,800	—
Depreciation and amortization	1,159	1,447	2,385	2,994
Restructuring and other charges	113	80	317	134
Impairments and loss on dispositions	23	26	37	116
Total costs and expenses	8,480	9,997	19,842	19,013
Operating income (loss)	237	(185)	(2,232)	(222)
Interest expense, net	(511)	(463)	(1,092)	(931)
(Loss) gain on extinguishment of debt, net	(75)	2,958	(102)	2,954
Income (loss) from equity investees, net	28	5	23	(2)
Other income, net	50	139	12	221
(Loss) income before income taxes	(271)	2,454	(3,391)	2,020
Income tax benefit (expense)	433	(866)	647	(881)
Net income (loss)	162	1,588	(2,744)	1,139
Net income attributable to noncontrolling interests	(13)	(7)	(23)	(15)
Net (income) loss attributable to redeemable noncontrolling interests	—	(1)	—	3
Net income (loss) available to Warner Bros. Discovery, Inc.	$ 149	$ 1,580	$ (2,767)	$ 1,127
Net income (loss) per share available to Warner Bros. Discovery, Inc. Series A common stockholders:				
Basic	$ 0.06	$ 0.64	$ (1.11)	$ 0.46
Diluted	$ 0.06	$ 0.63	$ (1.11)	$ 0.45
Weighted average shares outstanding:				
Basic	2,511	2,477	2,501	2,469
Diluted	2,575	2,499	2,501	2,500

The accompanying notes are an integral part of these consolidated financial statements.

WARNER BROS. DISCOVERY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(unaudited; in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	$ 162	$ 1,588	$ (2,744)	$ 1,139
Other comprehensive income (loss):				
Currency translation, net of income tax benefit (expense) of $4, $(11), $(10), and $(101)	(46)	444	(264)	675
Pension plan and SERP liability, net of income tax benefit of $—, $—, $2, and $—	—	—	2	—
Derivatives				
Change in net unrealized (losses) gains	(8)	20	(34)	29
Less: Reclassification adjustment for net losses (gains) included in net income	8	5	15	(8)
Net change, net of income tax benefit (expense) of $1, $(9), $6, and $(10)	—	25	(19)	21
Comprehensive income (loss)	116	2,057	(3,025)	1,835
Comprehensive income attributable to noncontrolling interests	(13)	(9)	(22)	(20)
Comprehensive (income) loss attributable to redeemable noncontrolling interests	—	(1)	—	3
Comprehensive income (loss) attributable to Warner Bros. Discovery, Inc.	$ 103	$ 2,047	$ (3,047)	$ 1,818

The accompanying notes are an integral part of these consolidated financial statements.

WARNER BROS. DISCOVERY, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited; in millions, except par value)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 3,369	$ 4,566
Receivables, net	4,952	5,294
Prepaid expenses and other current assets	4,218	3,346
Total current assets	12,539	13,206
Film and television content rights and games	19,245	19,114
Property and equipment, net	6,652	6,685
Goodwill	25,861	25,933
Intangible assets, net	25,922	27,764
Other noncurrent assets	7,029	7,383
Total assets	$ 97,248	$ 100,085
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 1,060	$ 1,093
Accrued liabilities	12,076	9,626
Deferred revenues	1,514	1,642
Current portion of debt	1,493	139
Total current liabilities	16,143	12,500
Noncurrent portion of debt	30,530	32,428
Deferred income taxes	5,579	6,383
Other noncurrent liabilities	11,001	11,608
Total liabilities	63,253	62,919
Commitments and contingencies (See Note 15)		
Redeemable noncontrolling interests	—	19
Warner Bros. Discovery, Inc. stockholders' equity:		
Series A common stock: $0.01 par value; 10,800 and 10,800 shares authorized; 2,738 and 2,710 shares issued; and 2,508 and 2,480 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	56,022	56,055
Treasury stock, at cost: 230 and 230 shares	(8,244)	(8,244)
Accumulated deficit	(14,279)	(11,512)
Accumulated other comprehensive loss	(688)	(407)
Total Warner Bros. Discovery, Inc. stockholders' equity	32,838	35,919
Noncontrolling interests	1,157	1,228
Total equity	33,995	37,147
Total liabilities and equity	$ 97,248	$ 100,085

The accompanying notes are an integral part of these consolidated financial statements.

WARNER BROS. DISCOVERY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited; in millions)

	Six Months Ended June 30,	
	2026	**2025**
Operating Activities		
Net (loss) income	$ (2,744)	$ 1,139
Adjustments to reconcile net income to cash provided by operating activities:		
Content rights amortization and impairment	5,088	6,851
Depreciation and amortization	2,385	2,994
Deferred income taxes	(812)	(471)
Share-based compensation expense	342	298
Loss (gain) on extinguishment of debt	102	(2,954)
Impairments and loss on dispositions	37	116
Netflix Termination Fee accrual (See Note 1)	2,800	—
Other, net	42	(85)
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Receivables, net	278	(460)
Film and television content rights, games, and production payables, net	(5,527)	(6,314)
Accounts payable, accrued liabilities, deferred revenues and other noncurrent liabilities	(833)	(141)
Foreign currency, prepaid expenses and other assets, net	(518)	563
Cash provided by operating activities	640	1,536
Investing Activities		
Purchases of property and equipment	(544)	(532)
Proceeds from sales of investments	9	54
Investments in and advances to equity investees	(25)	(26)
Proceeds from asset dispositions	—	66
Other investing activities, net	61	7
Cash used in investing activities	(499)	(431)
Financing Activities		
Principal repayments of debt, including premiums and discounts to par value	(15,373)	(20,403)
Borrowings from debt, net of discount and issuance costs	14,781	18,303
Distributions to noncontrolling interests and redeemable noncontrolling interests	(144)	(174)
Proceeds from the formation of music catalog joint venture	—	601
Borrowings under commercial paper program and revolving credit facility	1,261	3,551
Repayments under commercial paper program and revolving credit facility	(1,261)	(3,551)
Principal repayments of finance and other lease obligations	(120)	(101)
Cash paid to settle share-based awards, net	(451)	(117)
Other financing activities, net	34	5
Cash used in financing activities	(1,273)	(1,886)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(65)	256
Net change in cash, cash equivalents, and restricted cash	(1,197)	(525)
Cash, cash equivalents, and restricted cash, beginning of period	4,570	5,416
Cash, cash equivalents, and restricted cash, end of period	$ 3,373	$ 4,891

The accompanying notes are an integral part of these consolidated financial statements.

WARNER BROS. DISCOVERY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited; in millions)

	Warner Bros. Discovery, Inc. Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Warner Bros. Discovery, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Par Value							
December 31, 2025	2,710	$ 27	$ 56,055	$ (8,244)	$ (11,512)	$ (407)	$ 35,919	$ 1,228	$ 37,147
Net (loss) income available to Warner Bros. Discovery, Inc. and attributable to noncontrolling interests	—	—	—	—	(2,916)	—	(2,916)	10	(2,906)
Other comprehensive loss	—	—	—	—	—	(235)	(235)	(1)	(236)
Net share-based plan activity	27	—	(187)	—	—	—	(187)	—	(187)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(127)	(127)
Redeemable noncontrolling interest adjustments to redemption value	—	—	(3)	—	—	—	(3)	—	(3)
Reclassification associated with the expiration of put rights	—	—	—	—	—	—	—	19	19
March 31, 2026	2,737	$ 27	$ 55,865	$ (8,244)	$ (14,428)	$ (642)	$ 32,578	$ 1,129	$ 33,707
Net income available to Warner Bros. Discovery, Inc. and attributable to noncontrolling interests	—	—	—	—	149	—	149	13	162
Other comprehensive loss	—	—	—	—	—	(46)	(46)	—	(46)
Net share-based plan activity	1	—	157	—	—	—	157	—	157
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(14)	(14)
Contribution to joint venture	—	—	—	—	—	—	—	29	29
June 30, 2026	2,738	$ 27	$ 56,022	$ (8,244)	$ (14,279)	$ (688)	$ 32,838	$ 1,157	$ 33,995

The accompanying notes are an integral part of these consolidated financial statements.

WARNER BROS. DISCOVERY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited; in millions)

	Warner Bros. Discovery, Inc. Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Warner Bros. Discovery, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Par Value							
December 31, 2024	2,684	$ 27	$ 55,560	$ (8,244)	$ (12,239)	$ (1,067)	$ 34,037	$ 792	$ 34,829
Net (loss) income available to Warner Bros. Discovery, Inc. and attributable to noncontrolling interests	—	—	—	—	(453)	—	(453)	8	(445)
Other comprehensive income	—	—	—	—	—	227	227	3	230
Net share-based plan activity	19	—	41	—	—	—	41	—	41
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(147)	(147)
Redeemable noncontrolling interest adjustments to redemption value	—	—	(3)	—	—	—	(3)	—	(3)
Reclassification associated with the expiration of put rights	—	—	—	—	—	—	—	74	74
Formation of music catalog joint venture	—	—	(13)	—	—	—	(13)	582	569
March 31, 2025	2,703	$ 27	$ 55,585	$ (8,244)	$ (12,692)	$ (840)	$ 33,836	$ 1,312	$ 35,148
Net income available to Warner Bros. Discovery, Inc. and attributable to noncontrolling interests	—	—	—	—	1,580	—	1,580	7	1,587
Other comprehensive income	—	—	—	—	—	469	469	2	471
Net share-based plan activity	2	—	164	—	—	—	164	—	164
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(16)	(16)
Tax gain on formation of music catalog joint venture	—	—	—	—	—	—	—	(31)	(31)
June 30, 2025	2,705	$ 27	$ 55,749	$ (8,244)	$ (11,112)	$ (371)	$ 36,049	$ 1,274	$ 37,323

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Warner Bros. Discovery, Inc. ("Warner Bros. Discovery", "WBD", the "Company", "we", "us" or "our") is a leading global media and entertainment company that creates and distributes a differentiated and comprehensive portfolio of content and products across television, film, streaming, interactive gaming, publishing, themed experiences, and consumer products through brands including: Discovery Channel, HBO Max, CNN, DC Studios, TNT Sports, HBO, Food Network, TLC, TBS, Warner Bros. Motion Picture Group, Warner Bros. Television Group, Warner Bros. Games, Adult Swim, Turner Classic Movies, and others.

Termination of Netflix Merger

On January 19, 2026, the Company entered into an amended and restated agreement and plan of merger, by and among the Company, Netflix, Inc. ("Netflix"), Nightingale Sub, Inc., a wholly owned subsidiary of Netflix, and New Topco 25, Inc., a wholly owned subsidiary of WBD (the "Netflix Merger Agreement"), pursuant to which Netflix would have acquired the Streaming and Studios segments (subject to certain deviations) and certain other assets and liabilities, including the Company's film and television studios, HBO Max, and HBO, following the separation and distribution of Discovery Global to the Company's stockholders (the "Separation Transaction").

Following the board of directors' determination that it had received a "Company Superior Proposal," as defined in the Netflix Merger Agreement, from Paramount Skydance Corporation ("PSKY") and Netflix's waiver of its right to propose revisions to the Netflix Merger Agreement, on February 27, 2026, in accordance with the terms of the Netflix Merger Agreement, the Company terminated the Netflix Merger Agreement in connection with entering into the PSKY Merger Agreement (as defined below). As a result of the termination of the Netflix Merger Agreement, PSKY, on behalf of the Company, paid Netflix a termination fee of $2.8 billion in cash (the "Netflix Termination Fee") as required by the terms of the Netflix Merger Agreement. In the first quarter of 2026, the Company recorded an expense for the Netflix Termination Fee in the consolidated statements of operations. The amount paid by PSKY is reimbursable by the Company to PSKY in certain circumstances in the event the PSKY Merger Agreement is terminated and has been recorded in accrued liabilities in the consolidated balance sheets.

PSKY Merger

On February 27, 2026, the Company entered into an Agreement and Plan of Merger, by and among the Company, PSKY and Prince Sub Inc., a wholly owned subsidiary of PSKY ("Merger Sub") (as may be amended from time to time, the "PSKY Merger Agreement"), pursuant to which and subject to the terms and conditions therein, at the effective time, Merger Sub will merge with and into WBD, with WBD surviving as a wholly owned subsidiary of PSKY (the "PSKY Merger").

Upon completion of the PSKY Merger, each issued and outstanding share of WBD's Series A common stock ("WBD Common Stock") (subject to certain exceptions) will be converted into the right to receive an amount in cash equal to $31.00, without interest, plus, if the closing date of the PSKY Merger occurs after September 30, 2026, the Ticking Consideration (together, the "Merger Consideration"). The "Ticking Consideration" will be an amount in cash equal to $0.00277778 multiplied by the number of calendar days elapsed after September 30, 2026 to and including the closing date (which, for the avoidance of doubt, will not exceed $0.25 per 90 calendar day period).

Concurrently with the execution of the PSKY Merger Agreement, Larry J. Ellison and an affiliated trust entered into a guarantee in favor of WBD to, among other things, jointly and severally guarantee certain payments by PSKY under the PSKY Merger Agreement, including $45.72 billion of the aggregate Merger Consideration, and assist WBD with the consummation of the PSKY Merger.

On April 23, 2026, WBD stockholders approved the adoption of the PSKY Merger Agreement. In July 2026, two lawsuits were filed in the United States District Court for the Northern District of California by a coalition of twelve state attorneys general and the Writers Guild of America West and Writers Guild of America East seeking to block the PSKY Merger, alleging the transaction would violate Section 7 of the Clayton Act by reducing competition in key markets. On July 24, 2026, defendants agreed not to complete the PSKY Merger until the earlier of (i) five days after the merits determination in these matters or (ii) June 1, 2027. (See Note 15.) The outcome of such litigation is uncertain and could prevent the completion of the PSKY Merger.

The completion of the PSKY Merger is subject to customary closing conditions, including regulatory clearances. In addition, PSKY's obligation to consummate the PSKY Merger is subject to WBD not having completed the separation of its Streaming & Studios business from its Global Linear Networks business nor having declared or made any dividend to WBD's stockholders to effectuate the separation. There can be no assurance that the PSKY Merger will occur in accordance with the expected plans or anticipated timeline, or at all.

The PSKY Merger Agreement contains certain customary termination rights for WBD and PSKY, including, without limitation, a right for either party to terminate if the PSKY Merger is not completed on or before March 4, 2027, subject to an extension to June 4, 2027 in certain circumstances as specified in the PSKY Merger Agreement. Termination under specified circumstances will require WBD to pay PSKY a termination fee of $3.0 billion and reimburse PSKY for (i) any payment made by PSKY, which will in no event be more than $1,528 million, in connection with WBD's obligation to complete the Junior Lien Exchange Offer (as defined below) by March 4, 2027 and (ii) the Netflix Termination Fee, or PSKY to pay WBD a termination fee of $7.0 billion. Additionally, the PSKY Merger Agreement provides for customary pre-closing covenants of WBD, including covenants relating to conducting its business in the ordinary course consistent with past practice and to refrain from taking certain actions without PSKY's consent.

Reportable Segments

As of June 30, 2026, we classified our operations in three reportable segments:

- **Streaming -** Our Streaming segment primarily consists of our premium pay-TV and streaming services.
- **Studios -** Our Studios segment primarily consists of the production and release of feature films for initial exhibition in theaters, production and initial licensing of television programs to third parties and our networks/streaming services, distribution of our films and television programs to various third party and internal television and streaming services, distribution through the home entertainment market (physical and digital), related consumer products and themed experience licensing, and interactive gaming.
- **Global Linear Networks -** Our Global Linear Networks segment primarily consists of our domestic and international television networks.

Our segment presentation is aligned with our management structure and the financial information management uses to make decisions about operating matters, such as the allocation of resources and business performance assessments.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries in which a controlling interest is maintained, including variable interest entities ("VIE") for which the Company is the primary beneficiary. Intercompany accounts and transactions between consolidated entities have been eliminated.

Unaudited Interim Financial Statements

These consolidated financial statements are unaudited; however, in the opinion of management, they reflect all adjustments consisting only of normal recurring adjustments necessary to state fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP applicable to interim periods. The results of operations for the interim periods presented are not necessarily indicative of results for the full year or future periods. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K").

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

Accounting and Reporting Pronouncements Adopted

Credit Losses

In July 2025, the Financial Accounting Standards Board ("FASB") issued guidance which provides a practical expedient to simplify the estimation of expected credit losses by assuming that current conditions as of the balance sheet do not change for the remaining life of the asset. This guidance is effective for interim and annual periods beginning after December 15, 2025, and the standard is to be applied prospectively. The Company elected not to apply the practical expedient in its expected credit losses calculation, therefore, there was no impact on its consolidated financial statements.

Accounting and Reporting Pronouncements Not Yet Adopted

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued guidance updating the disclosure requirements for income statement expenses, primarily through disaggregation of certain types of expenses presented on the income statement. The amendments are effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either: (1) prospectively to financial statements issued for reporting periods after the effective date, or (2) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and disclosures.

Accounting for Internal-Use Software

In September 2025, the FASB issued guidance which amends the existing standard for internal-use software to remove all references to prescriptive and sequential software development project stages. Under this guidance, eligible software development costs will begin capitalization when management has authorized and committed to funding the software project, and it is probable that the project will be completed, and the software will be used to perform the function intended. This guidance may be applied prospectively, retrospectively, or with a modified transition approach, and is effective for all annual periods beginning after December 15, 2027, and for interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and disclosures.

Derivatives and Hedging and Revenue from Contracts with Customers

In September 2025, the FASB issued guidance that amends existing standards for derivatives and hedging ("Topic 815") and revenue from contracts with customers ("Topic 606"). The guidance refines the scope of Topic 815 to clarify which contracts are subject to derivative accounting. The guidance also provides clarification under Topic 606 for share-based payments from a customer in a revenue contract. This guidance may be applied prospectively or with a modified retrospective approach, and is effective for all annual periods beginning after December 15, 2026, and for interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and disclosures.

Derivatives and Hedging: Hedge Accounting Improvements

In November 2025, the FASB issued guidance that improves hedge accounting guidance by clarifying certain aspects and aligning hedge accounting more closely with the economics of an entity's risk management activities. The update is effective for annual reporting periods beginning after December 15, 2026, and for interim periods within those annual reporting periods, with early adoption permitted. The updates should be applied prospectively for all hedging relationships as of the date of adoption. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and disclosures.

NOTE 2. GOODWILL AND INTANGIBLE ASSETS

We perform fair value-based impairment tests of goodwill and intangible assets on an annual basis, and between annual tests if an event occurs or if circumstances change that would more likely than not reduce the fair value of a reporting unit or an intangible asset below its carrying value.

During the six months ended June 30, 2026, the Company performed goodwill and intangible assets impairment monitoring procedures for all of its reporting units and identified no indicators of impairment.

The Company continues to monitor its reporting units for triggers that could impact the recoverability of goodwill. Long-term trends and risks the Company is monitoring in its ongoing assessment include, but are not limited to, the following:

- uncertainty related to the PSKY Merger;
- uncertainty related to affiliate rights renewals associated with the Company's Global Linear Networks and Streaming reporting units;
- declining levels of global GDP growth and continued softness in the U.S. linear advertising market associated with the Company's Global Linear Networks reporting unit;
- increased competition for advertising expenditures associated with the Company's Global Linear Networks and Streaming reporting units as a result of an increase in digital advertising inventory available in the marketplace;
- content licensing trends and volatility related to the performance of theatrical film and game slates in the Company's Studios reporting unit; and
- risks in executing the projected growth strategies of the Company's Streaming reporting unit.

NOTE 3. RESTRUCTURING AND OTHER CHARGES

The Company periodically initiates restructuring programs, which may include, among other things, strategic content programming assessments, organizational restructuring, employee retention, facility consolidation activities, other contract termination costs, and consulting fees related to the previously announced Separation Transaction and the PSKY Merger. During 2025, the Company initiated restructuring plans related to the previously proposed Separation Transaction.

Restructuring and other charges by reportable segments and corporate and inter-segment eliminations were as follows (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Streaming	$ 18	$ 7	$ 44	$ 19
Studios	14	(1)	23	(6)
Global Linear Networks	33	25	75	41
Corporate and inter-segment eliminations	48	49	175	80
Total restructuring and other charges	$ 113	$ 80	$ 317	$ 134

During the three and six months ended June 30, 2026, restructuring and other charges were primarily related to organization restructuring costs, employee retention, and consulting fees related to the previously announced Separation Transaction and the PSKY Merger. During the three and six months ended June 30, 2025, restructuring and other charges were primarily related to organization restructuring costs and consulting fees.

Changes in restructuring liabilities recorded in accounts payable, accrued liabilities, and other noncurrent liabilities by major category and by reportable segment and corporate were as follows (in millions).

	Streaming	Studios	Global Linear Networks	Corporate	Total
December 31, 2025	$ 23	$ 58	$ 69	$ 127	$ 277
Contract termination accruals, net	—	—	—	12	12
Employee termination accruals, net	2	9	11	(2)	20
Employee retention, net	31	20	63	63	177
Consulting fees and other accruals and adjustments	11	(6)	1	102	108
Cash paid	(28)	(14)	(50)	(197)	(289)
June 30, 2026	$ 39	$ 67	$ 94	$ 105	$ 305

NOTE 4. REVENUES

The following tables present the Company's revenues disaggregated by revenue source (in millions).

	Three Months Ended June 30, 2026				
	Streaming	Studios	Global Linear Networks	Corporate and Inter-segment Eliminations	Total
Revenues:					
Distribution	$ 2,689	$ 4	$ 2,265	$ (8)	$ 4,950
Advertising	306	—	1,429	(11)	1,724
Content	84	2,125	261	(642)	1,828
Other	—	199	36	(20)	215
Total	$ 3,079	$ 2,328	$ 3,991	$ (681)	$ 8,717

	Three Months Ended June 30, 2025				
	Streaming	Studios	Global Linear Networks	Corporate and Inter-segment Eliminations	Total
Revenues:					
Distribution	$ 2,410	$ 1	$ 2,477	$ (3)	$ 4,885
Advertising	282	—	1,953	(19)	2,216
Content	102	3,591	287	(1,509)	2,471
Other	(1)	209	86	(54)	240
Total	$ 2,793	$ 3,801	$ 4,803	$ (1,585)	$ 9,812

	Six Months Ended June 30, 2026				
	Streaming	Studios	Global Linear Networks	Corporate and Inter-segment Eliminations	Total
Revenues:					
Distribution	$ 5,222	$ 5	$ 4,638	$ (9)	$ 9,856
Advertising	590	—	2,999	(18)	3,571
Content	152	5,059	607	(2,103)	3,715
Other	2	389	124	(47)	468
Total	$ 5,966	$ 5,453	$ 8,368	$ (2,177)	$ 17,610

	Six Months Ended June 30, 2025				
	Streaming	Studios	Global Linear Networks	Corporate and Inter-segment Eliminations	Total
Revenues:					
Distribution	$ 4,739	$ 2	$ 5,035	$ (5)	$ 9,771
Advertising	519	1	3,711	(35)	4,196
Content	190	5,730	667	(2,250)	4,337
Other	1	382	164	(60)	487
Total	$ 5,449	$ 6,115	$ 9,577	$ (2,350)	$ 18,791

Contract Liabilities and Contract Assets

The following table presents contract liabilities on the consolidated balance sheets (in millions).

Category	Balance Sheet Location	June 30, 2026	December 31, 2025
Contract liabilities	Deferred revenues	$ 1,514	$ 1,642
Contract liabilities	Other noncurrent liabilities	342	355

For the six months ended June 30, 2026 and 2025, respectively, revenues of $1,135 million and $1,003 million were recognized that were included in deferred revenues as of December 31, 2025 and December 31, 2024, respectively. Contract assets were not material as of June 30, 2026 and December 31, 2025.

Remaining Performance Obligations

The following table presents a summary of revenue expected to be recognized from remaining performance obligations by contract type (in millions).

Contract Type	June 30, 2026	Duration
Distribution - fixed price or minimum guarantee	$ 2,657	Through 2030
Content licensing and sports sublicensing	4,714	Through 2032
Brand licensing	4,688	Through 2062
Advertising	873	Through 2032
Other	126	Through 2029
Total	$ 13,058	

The value of unsatisfied performance obligations disclosed above does not include: (i) variable consideration for which revenues are recognized in accordance with the sales or usage-based royalty exception, which typically have a similar duration as the contracts disclosed above, and (ii) contracts with an original expected length of one year or less, such as most advertising contracts; however for content licensing revenues, including revenues associated with the licensing of theatrical and television product for television, streaming services, and games, the Company has included all contracts regardless of duration.

NOTE 5. SALES OF RECEIVABLES

Revolving Receivables Program

During three months ended June 30, 2026, the Company amended its revolving receivables program to reduce the facility limit to $4,000 million and extend the program to June 2027. The outstanding portfolio of receivables derecognized from our consolidated balance sheet was $3,900 million and $3,700 million as of June 30, 2026 and December 31, 2025, respectively.

The Company recognized $34 million and $54 million for the three and six months ended June 30, 2026, respectively, and $56 million and $92 million for the three and six months ended June 30, 2025, respectively, in selling, general and administrative expenses in the consolidated statements of operations from the revolving receivables program (net of non-designated derivatives). (See Note 9.)

The following table presents a summary of receivables sold (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Gross receivables sold/cash proceeds received	$ 3,732	$ 3,991	$ 7,177	$ 8,222
Collections reinvested under revolving receivables program	(3,682)	(4,240)	(6,977)	(8,360)
Net cash proceeds received (remitted)	$ 50	$ (249)	$ 200	$ (138)
Net receivables sold	$ 3,718	$ 3,985	$ 7,134	$ 8,190
Obligations recorded (Level 3)	$ 86	$ 97	$ 153	$ 200

The following table presents a summary of the amounts transferred or pledged, which were held at the Company's bankruptcy-remote consolidated subsidiary (in millions).

	June 30, 2026	December 31, 2025
Gross receivables pledged as collateral	$ 2,238	$ 2,632
Balance sheet classification:		
Receivables, net	$ 1,804	$ 2,230
Other noncurrent assets	$ 434	$ 402

Accounts Receivable Factoring

No amounts were sold under the Company's factoring arrangement for the six months ended June 30, 2026. Total trade accounts receivable sold under the Company's factoring arrangement was $102 million for the six months ended June 30, 2025. The impact to the consolidated statements of operations was immaterial for the three and six months ended June 30, 2026 and 2025. This accounts receivable factoring agreement is separate and distinct from the revolving receivables program.

NOTE 6. CONTENT RIGHTS

For purposes of amortization and impairment, capitalized production costs are grouped based on their predominant monetization strategy: individually or as a group. Live programming includes licensed sports rights and related advances. The tables below present the components of content rights (in millions).

	June 30, 2026		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
Production costs:			
Released, less amortization	$ 3,061	$ 6,295	$ 9,356
Completed and not released	950	326	1,276
In production and other	2,092	1,837	3,929
Total production costs	$ 6,103	$ 8,458	$ 14,561
Licensed content, live programming, and advances, net			4,800
Game development costs, less amortization			351
Total film and television content rights and games			19,712
Less: Current content rights and prepaid license fees, net			(467)
Total noncurrent film and television content rights and games			$ 19,245

	December 31, 2025		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
Production costs:			
Released, less amortization	$ 3,006	$ 5,686	$ 8,692
Completed and not released	1,109	521	1,630
In production and other	1,782	2,544	4,326
Total production costs	$ 5,897	$ 8,751	$ 14,648
Licensed content, live programming, and advances, net			4,478
Game development costs, less amortization			310
Total film and television content rights and games			19,436
Less: Current content rights and prepaid license fees, net			(322)
Total noncurrent film and television content rights and games			$ 19,114

Content amortization consisted of the following (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Predominantly monetized individually	$ 582	$ 645	$ 982	$ 1,225
Predominantly monetized as a group	1,933	3,033	3,990	5,563
Total content amortization	$ 2,515	$ 3,678	$ 4,972	$ 6,788

Content expense includes amortization, impairments, and development expense and is generally a component of costs of revenues on the consolidated statements of operations. Content impairments were $74 million and $116 million, respectively, for the three and six months ended June 30, 2026. For the three and six months ended June 30, 2025, content impairments were $28 million and $63 million, respectively.

NOTE 7. INVESTMENTS

The Company's equity investments consisted of the following (in millions).

Category	Balance Sheet Location	Ownership	June 30, 2026	December 31, 2025
Equity method investments:				
The Chernin Group (TCG) 2.0-A, LP	Other noncurrent assets	44%	$ 299	$ 276
nC+	Other noncurrent assets	32%	140	153
Other	Other noncurrent assets		254	268
Total equity method investments			693	697
Investments without readily determinable fair values	Other noncurrent assets[(a)]		313	348
Total investments			$ 1,006	$ 1,045

[(a)] Investments without readily determinable fair values included $42 million and $17 million as of June 30, 2026 and December 31, 2025, respectively, that was recorded in prepaid expenses and other current assets.

Equity Method Investments

Certain of the Company's other equity method investments are VIEs, for which the Company is not the primary beneficiary. As of June 30, 2026, the Company's maximum exposure for all of its unconsolidated VIEs, including the investment carrying values and unfunded contractual commitments made on behalf of VIEs, was approximately $487 million. The Company's maximum estimated exposure excludes the non-contractual future funding of VIEs. The aggregate carrying values of these VIE investments were $477 million and $481 million as of June 30, 2026 and December 31, 2025, respectively. VIE gains and losses are recorded in income (loss) from equity investees, net on the consolidated statements of operations, and were not material for the three and six months ended June 30, 2026 and 2025.

Joint Venture

In January 2025, the Company contributed a 70% interest in its music catalog to a joint venture with Cutting Edge Group in exchange for net proceeds of $601 million. In the first quarter of 2026, Cutting Edge Group received an additional 9% economic interest in the joint venture based on the results of certain operational metrics. The Company retained a controlling financial interest and consolidated the joint venture as a VIE. The Company has determined that it is the primary beneficiary of the joint venture as the Company has certain operational rights that significantly impact the economic performance of the business including exploitation of the catalog works and selection of the administrator. As the primary beneficiary, the Company includes the joint venture assets, liabilities and results of operations in the Company's consolidated financial statements. As of June 30, 2026, the carrying amounts of assets and liabilities of the consolidated VIE were not material.

NOTE 8. DEBT

The table below presents the components of outstanding debt (in millions).

	Weighted-Average Interest Rate as of June 30, 2026	June 30, 2026	December 31, 2025
Bridge loan	— %	$ —	$ 15,000
Term loans with maturities of 7 years	5.95 %	14,708	—
Senior notes with maturities of 5 years or less	3.92 %	6,543	6,659
Senior notes with maturities between 5 and 10 years	4.35 %	3,480	3,509
Senior notes with maturities greater than 10 years	5.17 %	7,671	7,677
Total debt		32,402	32,845
Unamortized discount, premium, debt issuance costs, and fair value adjustments for acquisition accounting, net		(379)	(278)
Debt, net of unamortized discount, premium, debt issuance costs, and fair value adjustments for acquisition accounting		32,023	32,567
Current portion of debt		(1,493)	(139)
Noncurrent portion of debt		$ 30,530	$ 32,428

On June 4, 2026, Discovery Global Holdings, Inc. ("DGH") (formerly WarnerMedia Holdings, Inc.), a wholly-owned subsidiary of the Company, entered into that certain First Lien Credit Agreement (the "First Lien Credit Agreement") among the Company, as holdco, DGH, as parent borrower, the designated subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A. ("JPM"), as U.S. administrative agent and collateral agent, and J.P. Morgan SE, as non-U.S. administrative agent. The First Lien Credit Agreement provides for (i) 7-year $13,000 million U.S. dollar-denominated term loans (the "Initial Dollar Term Loans") and (ii) 7-year €1,717 million Euro-denominated term loans (the "Initial Euro Term Loans" and, together with the Initial Dollar Term Loans, the "Initial Term Loans").

On June 4, 2026, DGH borrowed the Initial Term Loans and used the net proceeds thereof, together with cash on the balance sheet, to repay in full $15,000 million of outstanding loans under the Bridge Loan Agreement (as defined below), as amended by Amendment No. 1 (as defined below).

The Initial Dollar Term Loans bear interest, at DGH's option, at (x) Term SOFR (as defined in the First Lien Credit Agreement) plus 2.50% per annum or (y) the Base Rate (as defined in the First Lien Credit Agreement) plus 1.50% per annum. The Initial Euro Term Loans bear interest at the EURIBOR Screen Rate (as defined in the First Lien Credit Agreement) plus 2.50% per annum. The Initial Term Loans mature on June 4, 2033, and the Initial Dollar Term Loans also amortize at 1.00% per annum (payable quarterly). The obligations of DGH under the First Lien Credit Agreement are (i) secured by a lien on substantially all of the assets of the Company, DGH and certain wholly-owned domestic subsidiaries of the Company, subject to certain exceptions, and on a pari passu basis with the Company's existing revolving credit facility and (ii) guaranteed by the Company and certain of its wholly-owned domestic subsidiaries.

The First Lien Credit Agreement contains customary representations and warranties, as well as affirmative and negative covenants. Negative covenants include, among others, covenants that restrict the ability of the Company and certain of its subsidiaries to engage in mergers, consolidations and asset sales, incur debt and liens, enter into transactions with affiliates, enter into burdensome agreements, pay dividends and certain other restricted payments and make certain restricted investments, in each case, as set forth in the First Lien Credit Agreement and subject to certain thresholds and exceptions. The First Lien Credit Agreement does not contain any financial maintenance covenant. The First Lien Credit Agreement also contains customary and other mandatory prepayments with respect to the Initial Term Loans. Upon the occurrence of certain significant corporate events (including a change of control, such as the consummation of the previously disclosed proposed acquisition of the Company by PSKY) or certain other customary events constituting an event of default under the First Lien Credit Agreement, all loans outstanding under the First Lien Credit Agreement (including accrued interest and fees payable thereunder) may be declared immediately due and payable.

On May 19, 2026, the Company's wholly-owned subsidiaries, DGH and Discovery Communications, LLC ("DCL", and together with DGH, the "Issuers"), commenced solicitations of consents (the "2026 Consent Solicitations") from holders of certain series of their senior notes to adopt proposed amendments (the "Proposed Amendments") to the indentures governing such notes (collectively, the "Existing WBD Indentures") to, among other things, extend the deadline to commence the Junior Lien Exchange Offer and modify the terms of the future junior lien notes (as defined below) contemplated by the offer to purchase and consent solicitation statement, dated as of June 9, 2025, including, if the PSKY Merger is consummated, removal of certain covenants, changes to guarantees and collateral requirements, and removal of the requirement that the same principal amount of junior lien notes be issued in exchange for the applicable existing senior notes.

On May 19, 2026, in connection with the PSKY Merger, PSKY commenced (i) offers to purchase (the "PSKY Tender Offers") for cash, upon the terms and subject to the conditions set forth in the related offer to purchase, certain notes issued by the Issuers of holders who validly deliver consents for such notes in the 2026 Consent Solicitations and (ii) offers to exchange (the "PSKY Exchange Offers"), upon the terms and subject to the conditions set forth in the related exchange offer memorandum, certain notes issued by the Issuers of holders who validly deliver consents for such notes in the 2026 Consent Solicitations (the "Existing Exchange Offer Notes") for notes to be newly issued by PSKY with the same currency, maturity date, interest payment dates and interest rates (with certain exceptions) as the corresponding Existing Exchange Offer Notes. The settlement date for the PSKY Tender Offers and PSKY Exchange Offers will occur promptly after the applicable expiration date and on or promptly following the closing date of the PSKY Merger. The PSKY Tender Offers and PSKY Exchange Offers are being made solely by PSKY and are not being made by WBD or the Issuers, and are subject to certain conditions, including consummation of the PSKY Merger.

On May 27, 2026, the Company announced that the Issuers had received the required consents in the 2026 Consent Solicitations for the adoption of the Proposed Amendments to the Existing WBD Indentures and entered into supplemental indentures amending the Existing WBD Indentures. In accordance with the PSKY Merger Agreement, PSKY paid the consent payments in the 2026 Consent Solicitations and related fees and expenses on the Issuers' behalf.

The Company repaid $250 million of aggregate principal amount outstanding of the Initial Term Loans during the three months ended June 30, 2026 and repaid in full at maturity $123 million of aggregate principal amounts outstanding of its senior notes due January and March 2026 during the three months ended March 31, 2026.

On February 18, 2026, DGH (the "Borrower"), together with JPMorgan Chase Bank, N.A., in its capacities as Administrative Agent and Collateral Agent, executed Amendment No. 1 ("Amendment No. 1") to the Non-Investment Grade Leveraged Bridge Loan Agreement dated June 26, 2025 (the "Bridge Loan Agreement"). Amendment No. 1 extended the maturity of the Borrower's outstanding bridge loans from the earlier of (i) December 30, 2026 and (ii) the completion of the previously proposed Separation Transaction to the earlier of (x) June 30, 2027 and (y) the date that the previously proposed Spin-Off (as defined in the Bridge Loan Agreement) occurs.

Under Amendment No. 1, all previously scheduled duration fees through June 30, 2026 remained unchanged, however, the duration fees payable on September 30, 2026 and December 31, 2026 were increased from 0.75% to 1.00% of the principal amount of outstanding loans on such dates. In addition, a new duration fee of 1.00% of the principal amount of outstanding loans would become payable on March 31, 2027.

Amendment No. 1 did not modify the mandatory prepayment provisions, guarantee structure, or collateral securing the bridge facility, all of which remained consistent with the Bridge Loan Agreement. The amendment also maintained the original representations and warranties, affirmative and negative covenants, events of default and continued to include no financial maintenance covenants.

During the three months ended June 30, 2025, the Company's wholly-owned subsidiaries, DCL, DGH, Warner Media, LLC, and Historic TW Inc. ("TWI"), commenced cash tender offers to purchase (the "Tender Offers") up to approximately $14.6 billion in aggregate purchase price of their outstanding notes and debentures. In conjunction with the Tender Offers, DCL, DGH and TWI also commenced solicitations of consents (the "Consent Solicitations") from holders of substantially all of its outstanding notes and debentures to adopt certain proposed amendments to the indentures governing such notes and debentures, to, among other things, remove substantially all of the restrictive covenants and certain events of defaults under such indentures.

To fund the Tender Offers and Consent Solicitations, as well as repay in full and terminate its $1,500 million 364-day senior unsecured term loan facility, the Company and DGH entered into the Bridge Loan Agreement. The obligations under the Bridge Loan Agreement were secured by a lien on substantially all of the personal property assets of the Company, DGH, and certain of its wholly owned domestic subsidiaries and were guaranteed by the Company and certain of its wholly-owned domestic subsidiaries. Borrowings under the Bridge Loan Agreement bore interest at the Secured Overnight Financing Rate ("SOFR") plus (i) until December 30, 2025, 3.00% per annum, (ii) from December 31, 2025 until March 30, 2026, 3.50% per annum and (iii) from March 31, 2026 until the termination date of the Bridge Loan Agreement, 4.00%. Borrowings under the Bridge Loan Agreement, net of any prepayments, would become payable in full on the earlier of (i) December 30, 2026 and (ii) the date of the completion of the separation of the Company into two publicly traded companies. In addition, the Company would pay JPMorgan Chase Bank, N.A. as the administrative agent a duration fee equal to the applicable percentage of the aggregate principal amount of the loan outstanding on the following dates: on December 31, 2025, a fee rate of 0.30%; on each of March 31, 2026 and June 30, 2026, a fee rate of 0.50%; and on each of September 30, 2026 and December 31, 2026, a fee rate of 0.75%. On June 30, 2025, DGH drew $17.0 billion of the available amount under the Bridge Loan Agreement to finance the early settlement of the Tender Offers, Consent Solicitations, and the repayment in full and termination of its $1,500 million 364-day senior unsecured term loan facility, and the payment of fees and expenses therewith and for general corporate purposes. The Bridge Loan Agreement was expected to be refinanced prior to the separation of the Company into two publicly traded companies. The Bridge Loan Agreement contained customary representations and warranties, as well as affirmative and negative covenants. The Bridge Loan Agreement did not contain any financial maintenance covenant.

The Company completed the Tender Offers in June 2025 by purchasing senior notes and debentures in the aggregate principal amount of $17.7 billion validly tendered and accepted for purchase pursuant to the Tender Offers and recorded a gain on extinguishment of approximately $3.0 billion. The Company also paid $293 million for the Consent Solicitations. Additionally, the Company repaid in full at maturity $487 million of aggregate principal amount outstanding of its senior notes due June 2025.

During the three months ended March 31, 2025, the Company repaid in full at maturity $2,165 million of aggregate principal amount outstanding of its senior notes due March 2025 and redeemed in full $1,500 million aggregate principal amount outstanding of its senior notes due March 2026. The redemption was funded with the proceeds of borrowings pursuant to a $1,500 million 364-day senior unsecured term loan credit facility.

We are obligated to cause certain of our subsidiaries to conduct one or more offers to exchange (collectively, the "Junior Lien Exchange Offer") certain of the senior notes issued by DGH and DCL, as applicable, for new junior lien secured notes with the same economic terms (including denominations, interest rate, interest payment dates, maturity date and redemption provisions) to be issued by DGH or DCL, as applicable (the "junior lien notes"). On May 26, 2026, following receipt of the requisite consents in the 2026 Consent Solicitations, the Issuers entered into supplemental indentures to the Existing WBD Indentures to adopt the Proposed Amendments, which, among other things, extended the deadline to commence the Junior Lien Exchange Offer from December 30, 2026 to the End Date (as defined in the PSKY Merger Agreement), which is March 4, 2027 (as such date may be extended by the parties to the PSKY Merger Agreement), provided that if the PSKY Merger Agreement is validly terminated on or prior to the End Date, such deadline will be the later of (i) December 30, 2026 and (ii) 90 days following the termination date (the "Exchange Offer Deadline"). If the Junior Lien Exchange Offer is not commenced by the Exchange Offer Deadline or the Junior Lien Exchange Offer is not completed within 60 days of commencement thereof, WBD will be required to pay to each holder of the applicable senior notes entitled to participate in the Junior Lien Exchange Offer a one-time cash payment in the amount of $100 per $1,000 principal amount or €100 per €1,000 principal amount, as applicable, of the applicable senior notes held by such holder, equal to an aggregate amount of approximately $1.5 billion.

The PSKY Merger Agreement provides that, prior to October 15, 2026, PSKY may deliver one formal request (a "Specified Request") in writing to WBD requesting that WBD either, subject to certain exceptions, (i) commence and use reasonable best efforts to effectuate a consent solicitation (on terms mutually determined by PSKY and WBD in good faith) to eliminate the obligation to commence the Junior Lien Exchange Offer or otherwise modify the required terms of the Junior Lien Exchange Offer, (ii) commence and use reasonable best efforts to effectuate the Junior Lien Exchange Offer (on terms mutually determined by PSKY and WBD in good faith, subject to certain conditions) or (iii) make a payment in the amount of $100 per $1,000 principal amount or €100 per €1,000 principal amount of such outstanding senior notes in lieu of effectuating the Junior Lien Exchange Offer (the "Amended Notes Payment Amount"); provided that, if the Amended Notes Payment Amount becomes due and payable pursuant to the above, PSKY shall timely and fully pay such amount (such amount not to exceed $1,528 million in the aggregate). On May 19, 2026, in connection with the 2026 Consent Solicitations, PSKY delivered the Specified Request to the Company.

As of June 30, 2026, all senior notes are fully and unconditionally guaranteed by the Company, Scripps Networks Interactive, Inc. ("Scripps Networks"), DCL (to the extent it is not the primary obligor on such senior notes), and DGH (to the extent it is not the primary obligor on such senior notes), except for $171 million of senior notes related to the legacy WarnerMedia business (the "WarnerMedia Business").

Revolving Credit Facility and Commercial Paper Programs

DCL and certain subsidiaries of the Company, as borrowers, have a multicurrency revolving credit agreement, which was amended in June 2025 (the "Credit Agreement"). The Credit Agreement provides for a senior revolving credit facility (the "Credit Facility") with aggregate commitments of $4,000 million and includes a $150 million sublimit for the issuance of standby letters of credit. DCL may also request additional commitments up to $1,000 million from the lenders upon the satisfaction of certain conditions. The obligations of the borrowers under the Credit Agreement are secured by the same collateral and have the benefit of the same guarantees as provided in respect of the First Lien Credit Agreement, as described above. The Credit Agreement is available on a revolving basis until October 2029, with an option for up to two additional 364-day renewal periods subject to the lenders' consent, and provides for an early termination of the Credit Agreement upon completion of the previously proposed Separation Transaction.

Additionally, the Company's commercial paper program is supported by the Credit Facility. Under the commercial paper program, the Company may issue up to $2,000 million. In March 2025, the Company increased the issuance capacity under the commercial paper program from $1,000 million to $2,000 million. Borrowing capacity under the Credit Facility is effectively reduced by any outstanding borrowings under the commercial paper program.

As of June 30, 2026 and December 31, 2025, the Company and DCL had no outstanding borrowings under the Credit Facility or issuances under the commercial paper program.

The Credit Agreement contains customary representations and warranties as well as affirmative and negative covenants and requires maintenance of a minimum consolidated interest coverage ratio of 3.00 to 1.00 and a maximum consolidated leverage ratio of 4.50 to 1.00. As of June 30, 2026, the Company was in compliance with all applicable covenants and there were no events of default under the Credit Agreement.

NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to foreign currency exchange rate market risk and interest rate fluctuations. As part of its risk management strategy, the Company uses derivative financial instruments, primarily foreign currency forward contracts, fixed-to-fixed currency swaps, total return swaps and interest rate swaps to hedge certain foreign currency, market value, and interest rate exposures. The Company's objective is to reduce earnings volatility by offsetting gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them. The Company does not enter into or hold derivative financial instruments for speculative trading purposes.

There were no amounts eligible to be offset under master netting agreements as of June 30, 2026 and December 31, 2025. The fair value of the Company's derivative financial instruments was determined using a market-based approach (Level 2). The following table summarizes the Company's derivative financial instruments recorded on its consolidated balance sheets (in millions).

	June 30, 2026					December 31, 2025				
		Fair Value					Fair Value			
	Notional	Prepaid expenses and other current assets	Other non-current assets	Accounts payable and accrued liabilities	Other non-current liabilities	Notional	Prepaid expenses and other current assets	Other non-current assets	Accounts payable and accrued liabilities	Other non-current liabilities
Cash flow hedges:										
Foreign exchange	$ 2,956	$ 55	$ 47	$ 35	$ 57	$ 2,235	$ 53	$ 60	$ 35	$ 38
Net investment hedges: [a]										
Cross-currency swaps	222	3	—	—	5	452	7	—	—	21
No hedging designation:										
Foreign exchange	270	6	1	85	2	126	9	—	15	79
Cross-currency swaps	443	2	—	9	3	225	4	—	—	11
Total return swaps	533	—	—	—	—	501	—	—	—	—
Credit contracts	—	—	—	—	—	2,000	8	—	—	—
Total		$ 66	$ 48	$ 129	$ 67		$ 81	$ 60	$ 50	$ 149

[a] Excludes €1,598 million and €781 million of euro-denominated notes ($1,822 million and $919 million equivalent) at June 30, 2026 and December 31, 2025, respectively, designated as a net investment hedge.

Derivatives Designated for Hedge Accounting

Cash Flow Hedges

The Company uses foreign exchange forward contracts to mitigate the foreign currency risk related to revenues, production rebates, and production expenses. As production spend occurs or when rebate receivables are recognized, foreign forward exchange contracts designated as cash flow hedges are de-designated. Upon de-designation, gains and losses on these derivatives directly impact earnings in the same line and same period as the hedged risk. These cash flow hedges are carried at fair market value on the Company's consolidated balance sheets. Hedge effectiveness is assessed using the spot method, with fair market value changes recorded in other comprehensive income (loss) until the hedged item affects earnings. Excluded components, including forward points, are included in current earnings.

The following table presents the pre-tax impact of derivatives designated as cash flow hedges on income and other comprehensive income (loss) (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Gains (losses) recognized in accumulated other comprehensive loss:				
Foreign exchange - derivative adjustments	$ (12)	$ 28	$ (44)	$ 42
Gains (losses) reclassified into income from accumulated other comprehensive loss:				
Foreign exchange - distribution revenue	(13)	(5)	(23)	(1)
Foreign exchange - costs of revenues	2	1	5	1
Interest rate - interest expense, net	—	(1)	(1)	(2)
Interest rate - loss (gain) on extinguishment of debt, net	—	(1)	—	(1)
Interest rate - other income, net	—	—	—	14

If current fair values of designated cash flow hedges as of June 30, 2026 remained static over the next twelve months, the amount the Company would reclassify from accumulated other comprehensive loss into income in the next twelve months would not be material for the current fiscal year. The maximum length of time the Company is hedging exposure to the variability in future cash flows is 29 years.

Net Investment Hedges

The Company is exposed to foreign currency risk associated with the net assets of non-USD functional entities and uses fixed-to-fixed cross currency swaps to mitigate this risk.

During the three months ended June 30, 2026, the Company designated €817 million of the Initial Euro Term Loans as a net investment hedge to mitigate the risk associated with the net assets of non-USD functional entities. (See Note 8).

The following table presents the pre-tax impact of derivatives and other instruments designated as net investment hedges on other comprehensive income (loss) (in millions). Other than amounts excluded from effectiveness testing, there were no other material gains (losses) reclassified from accumulated other comprehensive loss to income during the three and six months ended June 30, 2026 and 2025.

	Three Months Ended June 30,				
	Amount of gain (loss) recognized in AOCI		Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	
	2026	2025		2026	2025
Cross currency swaps	$ 9	$ (8)	Interest expense, net	$ 3	$ 3
Euro-denominated notes (foreign denominated debt)	21	(148)	N/A	—	—
Total	$ 30	$ (156)		$ 3	$ 3

	Six Months Ended June 30,					
	Amount of gain (loss) recognized in AOCI		Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recogniz in income on derivative (amount excluded from effectiveness testing		
	2026	2025		2026		2025
Cross currency swaps	$ 6	$ (12)	Interest expense, net	$ 6	$	
Euro-denominated notes (foreign denominated debt)	43	(208)	N/A	—		
Total	$ 49	$ (220)		$ 6	$	

Derivatives Not Designated for Hedge Accounting

The Company has deferred compensation plans that have risk related to the fair value gains and losses on these investments and uses total return swaps to mitigate this risk. The gains and losses associated with these swaps are recorded to selling, general and administrative expenses, offsetting the deferred compensation investment gains and losses.

During the year ended December 31, 2025, the Company entered into $2,000 million notional amount of credit contract swaptions to mitigate the interest rate risk related to future issuances of debt related to the previously proposed Separation Transaction, which were unwound during the six months ended June 30, 2026 for an immaterial loss.

The Company is also exposed to the risk of secured overnight financing rate changes in connection with securitization fees on the receivables securitization program. To mitigate this risk, the Company entered into $1,500 million notional of non-designated interest rate swaps in the first half of 2025. The gains and losses on these derivatives are recorded in selling, general and administrative expenses, offsetting securitization interest expense.

The following table presents the pretax gains (losses) on derivatives not designated as hedges and recognized in selling, general and administrative expense and other income, net in the consolidated statements of operations (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Interest rate swaps	$ —	$ (3)	$ —	$ (2)
Total return swaps	50	31	38	20
Total in selling, general and administrative expense	50	28	38	18
Cross-currency swaps	—	(6)	1	(7)
Credit contracts	—	—	(5)	—
Foreign exchange derivatives	15	25	17	34
Total in other income, net	15	19	13	27
Total	$ 65	$ 47	$ 51	$ 45

NOTE 10. FAIR VALUE MEASUREMENTS

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities carried at fair value are classified in the following three categories:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – Valuations derived from techniques in which one or more significant inputs are unobservable.

The tables below present assets and liabilities measured at fair value on a recurring basis (in millions).

		June 30, 2026			
Category	Balance Sheet Location	Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents:					
Time deposits	Cash and cash equivalents	$ —	$ 61	$ —	$ 61
Equity securities:					
Money market fund	Cash and cash equivalents	51	—	—	51
Mutual funds	Prepaid expenses and other current assets	16	—	—	16
Company-owned life insurance contracts	Prepaid expenses and other current assets	—	2	—	2
Mutual funds	Other noncurrent assets	201	—	—	201
Company-owned life insurance contracts	Other noncurrent assets	—	106	—	106
Total		$ 268	$ 169	$ —	$ 437
Liabilities					
Deferred compensation plan	Accrued liabilities	$ 62	$ —	$ —	$ 62
Deferred compensation plan	Other noncurrent liabilities	722	—	—	722
Total		$ 784	$ —	$ —	$ 784

		December 31, 2025			
Category	Balance Sheet Location	Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents:					
Time deposits	Cash and cash equivalents	$ —	$ 107	$ —	$ 107
Equity securities:					
Money market funds	Cash and cash equivalents	61	—	—	61
Mutual funds	Prepaid expenses and other current assets	14	—	—	14
Company-owned life insurance contracts	Prepaid expenses and other current assets	—	2	—	2
Mutual funds	Other noncurrent assets	205	—	—	205
Company-owned life insurance contracts	Other noncurrent assets	—	105	—	105
Total		$ 280	$ 214	$ —	$ 494
Liabilities					
Deferred compensation plan	Accrued liabilities	$ 66	$ —	$ —	$ 66
Deferred compensation plan	Other noncurrent liabilities	682	—	—	682
Total		$ 748	$ —	$ —	$ 748

In addition to the financial instruments listed in the tables above, the Company holds other financial instruments, including cash deposits, accounts receivable, accounts payable, term loans, and senior notes. The carrying values for such financial instruments, other than the senior notes, each approximated their fair values as of June 30, 2026 and December 31, 2025. The estimated fair value of the Company's outstanding senior notes, including accrued interest, using quoted prices from over-the-counter markets, considered Level 2 inputs, was $15,218 million and $15,205 million as of June 30, 2026 and December 31, 2025, respectively.

The Company's derivative financial instruments are discussed in Note 9 and the obligation for its revolving receivable program is discussed in Note 5.

NOTE 11. SHARE-BASED COMPENSATION

The Company has various incentive plans under which performance based restricted stock units ("PRSUs"), service based restricted stock units ("RSUs"), and stock options have been issued. The table below presents awards granted (in millions, except weighted-average grant price).

	Six Months Ended June 30, 2026	
	Awards	Weighted-Average Gr Date Fair Value
Awards granted:		
PRSUs	1.2	$ 29
RSUs	19.5	$ 28
Stock options	3.1	$ 10

The table below presents unrecognized compensation cost related to non-vested share-based awards and the weighted-average amortization period over which these expenses will be recognized as of June 30, 2026 (in millions, except years).

	Unrecognized Compensation Cost	Weighted-Average Amortization Period (years)
PRSUs	$ 72	
RSUs	716	
Stock options	127	
Total unrecognized compensation cost	$ 915	

NOTE 12. INCOME TAXES

Income tax benefit (expense) was $433 million and $(866) million for the three months ended June 30, 2026 and 2025, respectively and $647 million and $(881) million for the six months ended June 30, 2026 and 2025, respectively. The increase in income tax benefit for the three and six months ended June 30, 2026 compared to the same periods in 2025 was primarily attributable to lower pre-tax book income, including the absence of a $3.0 billion gain recognized in 2025 associated with the Tender Offers (see Note 8), as well as excess tax benefits from share-based compensation.

Income tax benefit for the three and six months ended June 30, 2026, reflects an effective income tax rate that differs from the federal statutory tax rate primarily due to the effect of foreign operations, excess tax benefits from share-based compensation, and changes in unrecognized tax benefits. Income tax benefit for the six months ended June 30, 2026 also reflects a book tax difference in the Netflix Termination Fee accrual based on current assessments. (See Note 1.)

As of June 30, 2026 and December 31, 2025, the Company's reserves for unrecognized tax benefits totaled $2,393 million and $2,356 million, respectively.

As of June 30, 2026 and December 31, 2025, the Company had accrued $935 million and $856 million, respectively, of total interest and penalties payable related to unrecognized tax benefits. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

The Organization for Economic Co-operation and Development's ("OECD") Pillar Two Global Anti-Base Erosion ("GloBE") model rules, issued under the OECD Inclusive Framework on Base Erosion and Profit Shifting, introduce a global minimum tax of 15% applicable to multinational enterprise groups with consolidated financial statement revenue in excess of €750 million. Numerous foreign jurisdictions have already enacted tax legislation based on the GloBE rules, with some effective as early as January 1, 2024. In January 2026, the OECD issued additional guidance on the minimum tax framework, including a "side by side" safe harbor framework that would apply to U.S.-parented groups. Even if this safe harbor applies, we would still be subject to local minimum tax regimes in countries that have adopted these rules. The interpretation and adoption of the OECD's recommendations continue to vary across jurisdictions. As of June 30, 2026, we recognized an immaterial income tax expense for Pillar Two GloBE minimum tax. The Company is continuously monitoring the evolving application of this legislation and assessing its potential impact on our future tax liability.

NOTE 13. SUPPLEMENTAL DISCLOSURES

The following tables present supplemental information related to the consolidated financial statements (in millions).

Other Income, net

Other income, net, consisted of the following (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Foreign currency gains (losses), net	$ 20	$ 58	$ (32)	$ 88
Gains on derivative instruments, net	15	19	13	41
Change in the value of investments with readily determinable fair value	6	—	6	4
Change in fair value of equity investments without readily determinable fair value	(37)	—	(37)	(4)
Interest income	34	59	56	123
Indemnification receivable accrual	3	(5)	—	(43)
Other income, net	9	8	6	12
Total other income, net	$ 50	$ 139	$ 12	$ 221

Supplemental Cash Flow Information

	Six Months Ended June 30,	
	2026	2025
Non-cash investing and financing activities:		
Assets acquired under finance lease and other arrangements	$ 85	$ 219
Settlement of PRSU awards	$ 109	$ 62
Accrued debt tender fees	$ —	$ 95

Cash, Cash Equivalents, and Restricted Cash

	June 30, 2026	December 31, 2025
Cash and cash equivalents	$ 3,369	$ 4,566
Restricted cash - recorded in prepaid expenses and other current assets	4	4
Total cash, cash equivalents, and restricted cash	$ 3,373	$ 4,570

Earnings Per Share

The table below presents a reconciliation of net income (loss) available to Warner Bros. Discovery, Inc. Series A common stockholders for basic and diluted earnings per share (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	$ 162	$ 1,588	$ (2,744)	$ 1,139
Less:				
Net income attributable to noncontrolling interests	(13)	(7)	(23)	(15)
Net (income) loss attributable to redeemable noncontrolling interests	—	(1)	—	3
Net income (loss) available to Warner Bros. Discovery, Inc. Series A common stockholders for basic and diluted earnings per share	$ 149	$ 1,580	$ (2,767)	$ 1,127
Denominator — weighted average:				
Common shares outstanding — basic	2,511	2,477	2,501	2,469
Dilutive effect of share-based awards	64	22	—	31
Common shares outstanding — diluted	2,575	2,499	2,501	2,500
Basic net income (loss) per share allocated to common stockholders	$ 0.06	$ 0.64	$ (1.11)	$ 0.46
Diluted net income (loss) per share allocated to common stockholders	$ 0.06	$ 0.63	$ (1.11)	$ 0.45

Earnings (loss) per share amounts may not recalculate due to rounding.

The table below presents the details of share-based awards that were excluded from the calculation of diluted earnings per share (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Anti-dilutive share-based awards	20	81	96	66

Supplier Finance Programs

As of June 30, 2026 and December 31, 2025, the Company has confirmed $277 million and $260 million, respectively, of accrued content producer liabilities. These amounts were outstanding and unpaid by the Company and were recorded in accrued liabilities on the consolidated balance sheets.

Leases

During the three months ended March 31, 2025, the Company subleased a portion of its Hudson Yards, New York office. As a result of executing the sublease, the Company recorded a right-of-use ("ROU") asset impairment charge of $87 million. The ROU asset impairment charge was recorded in impairment and loss on dispositions in the consolidated statements of operations.

Collaborative Arrangements

The arrangement among TNT Sports, CBS Broadcasting, Inc. ("CBS"), and the National Collegiate Athletic Association (the "NCAA") provides TNT Sports and CBS with rights to the NCAA Division I Men's Basketball Championship Tournament (the "NCAA Tournament") in the U.S. and its territories and possessions through 2032. The aggregate programming rights fee, production costs, certain advertising revenues and sponsorship revenues related to the NCAA Tournament, and related programming are shared equally by the Company and CBS. However, if the amount paid for the programming rights fee and production costs in any given year exceeds the shared advertising and sponsorship revenues for that year, CBS' share of such shortfall is limited to a specified annual cap. The amount recorded pursuant to the loss cap was $76 million and $74 million during the six months ended June 30, 2026 and 2025, respectively. In accounting for this arrangement, the Company records advertising revenue for the advertisements aired on its networks and amortizes its share of the programming rights fee based on the estimated relative value of each season over the term of the arrangement.

Venu Sports

On February 6, 2024, the Company announced that it would enter into a joint venture with ESPN, a subsidiary of The Walt Disney Company ("Disney"), and Fox Corporation ("Fox") to form Venu Sports, a sports-centric streaming service in the United States. On February 20, 2024, FuboTV Inc. and FuboTV Media Inc. (collectively, "Fubo") filed a lawsuit against Disney, including certain affiliates, Fox, and WBD (collectively, the "Defendants") in the U.S. District Court for the Southern District of New York alleging claims under federal and New York antitrust laws. The Defendants reached a settlement with Fubo related to Fubo's antitrust claims and collectively paid $220 million to Fubo in January 2025, of which the Company's share was $55 million.

On January 10, 2025, the Defendants announced their decision to discontinue the Venu Sports joint venture and not launch its streaming service effective immediately.

Discovery Family

Hasbro Inc. ("Hasbro") had the right to put the entirety of its remaining 40% interest in Discovery Family to the Company. Hasbro did not exercise the right by the election period expiration date of March 31, 2025. As of March 31, 2025, Hasbro's noncontrolling interest was reclassified from redeemable noncontrolling interest to noncontrolling interest outside of stockholders' equity on the Company's consolidated balance sheets.

Accumulated Other Comprehensive Loss

The table below presents the changes in the components of accumulated other comprehensive loss, net of taxes (in millions).

	Three Months Ended June 30, 2026			
	Currency Translation	Derivatives	Pension Plan and SERP Liability	Accumulated Other Comprehensive Loss
Beginning balance	$ (560)	$ 20	$ (102)	$ (642)
Other comprehensive income (loss) before reclassifications	(46)	(8)	—	(54)
Reclassifications from accumulated other comprehensive loss to net income	—	8	—	8
Other comprehensive income (loss)	(46)	—	—	(46)
Ending balance	$ (606)	$ 20	$ (102)	$ (688)

	Three Months Ended June 30, 2025			
	Currency Translation	Derivatives	Pension Plan and SERP Liability	Accumulated Other Comprehensive Loss
Beginning balance	$ (777)	$ 11	$ (74)	$ (840)
Other comprehensive income (loss) before reclassifications	444	20	—	464
Reclassifications from accumulated other comprehensive loss to net income	—	5	—	5
Other comprehensive income (loss)	444	25	—	469
Ending balance	$ (333)	$ 36	$ (74)	$ (371)

	Six Months Ended June 30, 2026			
	Currency Translation	Derivatives	Pension Plan and SERP Liability	Accumulate Other Comprehens Loss
Beginning balance	$ (342)	$ 39	$ (104)	$ (4
Other comprehensive income (loss) before reclassifications	(264)	(34)	2	(2
Reclassifications from accumulated other comprehensive loss to net income	—	15	—	
Other comprehensive income (loss)	(264)	(19)	2	(2
Ending balance	$ (606)	$ 20	$ (102)	$ (6

	Six Months Ended June 30, 2025			
	Currency Translation	Derivatives	Pension Plan and SERP Liability	Accumulate Other Comprehens Loss
Beginning balance	$ (1,008)	$ 15	$ (74)	$ (1,0
Other comprehensive income (loss) before reclassifications	675	29	—	7
Reclassifications from accumulated other comprehensive loss to net income	—	(8)	—	
Other comprehensive income (loss)	675	21	—	6
Ending balance	$ (333)	$ 36	$ (74)	$ (3

NOTE 14. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company enters into transactions with related parties. Related party transactions include revenues and expenses for content and services provided to or acquired from equity method investees, entities that share common directorship, or minority partners of consolidated subsidiaries.

The table below presents a summary of the transactions with related parties (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues and service charges	$ 177	$ 161	$ 382	$ 375
Expenses	$ 48	$ 84	$ 103	$ 152
Distributions to noncontrolling interests and redeemable noncontrolling interests	$ 15	$ 17	$ 144	$ 174

The table below presents receivables due from and payables due to related parties (in millions).

	June 30, 2026	December 31, 2025
Receivables	$ 107	$ 116
Payables	$ —	$ 17

NOTE 15. COMMITMENTS AND CONTINGENCIES

Other Contingent Commitments

During the six months ended June 30, 2026, the Company entered into a tax reimbursement agreement with the Chief Executive Officer ("CEO"). In the event that the CEO incurs an excise tax in respect of any payment or benefit made or provided to him in connection with a change in control, he would be entitled to a tax reimbursement payment.

Legal Matters

From time to time, in the normal course of its operations, the Company is subject to various litigation matters and claims, including claims related to employees, stockholders, vendors, other business partners, government regulations, or intellectual property, as well as disputes and matters involving counterparties to contractual agreements. A determination as to the amount of the accrual required for such contingencies is highly subjective and requires judgment about future events.

The Company may not currently be able to estimate the reasonably possible loss or range of loss for certain matters until developments in such matters have provided sufficient information to support an assessment of such loss. In the absence of sufficient information to support an assessment of the reasonably possible loss or range of loss, no accrual for such contingencies is made and no loss or range of loss is disclosed. Although the outcome of these matters cannot be predicted with certainty and the impact of the final resolution of these matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not currently believe that the resolution of these matters will have a material adverse effect on the Company's future consolidated financial position, future results of operations, or cash flows.

PSKY Complaint. On January 12, 2026, PSKY filed a complaint in the Delaware Court of Chancery against our board of directors (and our Chair Emeritus, Dr. Malone) and the Company. The suit asserted a claim for breach of fiduciary duty against the directors, alleging that our board of directors failed to disclose material information in both the Solicitation/Recommendation Statement on Schedule 14D-9, filed on December 17, 2025, and the amendment to that Schedule 14D-9, filed on January 7, 2026. PSKY also requested that the court expedite the case in light of the then-current expiration date of PSKY's tender offer on January 21, 2026. On January 15, 2026, the Delaware Court of Chancery denied PSKY's request for expedition, stating that PSKY failed to demonstrate that it would suffer any irreparable harm in its capacity as a stockholder of the Company if the litigation was not expedited, among other reasons. On February 2, 2026, the Company moved to dismiss the complaint. Pursuant to the PSKY Merger Agreement, PSKY filed a voluntary notice of dismissal with prejudice with respect to the complaint, and the court dismissed the case on March 2, 2026.

Securities Class Action. On November 25, 2024, a securities class action complaint was filed in the United States District Court for the Southern District of New York (*Collura v. Warner Bros. Discovery, Inc.*, No. 1:24-cv-09027-KPF). The complaint named WBD, Gunnar Wiedenfels, and David M. Zaslav as defendants and asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder. On February 21, 2025, the court appointed co-lead plaintiffs (Anthony Yuson and Michael Steinberg) and co-lead counsel (Pomerantz LLP and The Rosen Law Firm, P.A.) to represent the putative class. On May 7, 2025, the lead plaintiffs filed a First Amended Complaint against WBD, Gunnar Wiedenfels, and David M. Zaslav. The First Amended Complaint generally alleges that, between February 23, 2024 and August 7, 2024, defendants made false and misleading statements in SEC filings and other public disclosures relating to WBD's negotiations with the National Basketball Association ("NBA") concerning its contractual rights to broadcast the NBA's content and the potential impact of a failure to renew the contract on its business, in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5, and seeks damages and other relief. The defendants moved to dismiss on July 11, 2025, which the court granted without leave to amend on March 30, 2026.

Consolidated Derivative Action. Between December 20, 2024 and January 14, 2025, four stockholder derivative complaints were filed in the United States District Court for the Southern District of New York (*Roy v. Zaslav et al.,* No. 1:24-cv-09856-AT, *Hollin v. Zaslav et al.,* No. 1:24-cv-09885-AT, *KO v. Zaslav et al.,* No. 1:25-cv-00114-AT, and *Herman, III v. Chen et al.,* No. 1:25-cv-00352-AT). Each complaint names certain current and former directors and officers of WBD as defendants and WBD as nominal defendant, and each complaint seeks damages and other relief. The complaints generally assert claims against the defendants, derivatively on behalf of WBD, for alleged breaches of fiduciary duty based on the same facts alleged in a securities class action complaint that was filed in the United States District Court for the Southern District of New York (*Collura v. Warner Bros. Discovery, Inc.*, No. 1:24-cv-09027-KPF), which was dismissed on March 30, 2026. The four complaints assert various common law causes of action, including breach of fiduciary duties, aiding and abetting breach of fiduciary duties, abuse of control, unjust enrichment, gross mismanagement, and waste of corporate assets, as well claims for violations of Sections 14(a), 10(b), and 21D of the Exchange Act. On January 21, 2025, the court consolidated the four actions for all purposes under Case No. 1:24-cv-09856-AT, captioned as *In re Warner Bros. Discovery, Inc. Derivative Litigation* (the "Consolidated Derivative Action"). On February 19, 2025, the court stayed the Consolidated Derivative Action pending resolution of a final decision on all motions to dismiss the operative complaint in the *Collura* securities action. On June 15, 2026, following the dismissal of the *Collura* securities action, the court entered an order dismissing the consolidated derivative action.

Individual Stockholder Action. On April 2, 2026, an individual action was filed in the Supreme Court of the State of New York, County of Richmond (Nicosia v. Di Piazza, Jr., et al., Index No. 150851/2026). The complaint was brought by a purported stockholder of WBD and it named as defendants WBD, members of the WBD board of directors, and PSKY. The complaint alleged that the proxy statement disseminated to WBD stockholders in connection with the proposed transaction with PSKY contains materially false and misleading statements and omissions concerning, among other things, the alleged personal financial benefits of WBD's directors and officers, the alleged conflicts of WBD's financial advisors, and the process underlying and valuation of the proposed transaction. Following the issuance of certain supplemental disclosures via Form DEFA14A on April 16, 2026, the plaintiff voluntarily dismissed the litigation with prejudice on April 20, 2026.

Nokia Litigation. Over the past several years, Nokia Corporation and Nokia Technologies Oy (collectively, "Nokia") have alleged that WBD is infringing on their portfolio of patents related to the delivery of streaming video. On November 1, 2025, Nokia brought suit against WBD in certain jurisdictions, and WBD and Dplay Entertainment Limited brought suit in other jurisdictions, and filed a rate-setting proceeding in the High Court of Justice of England and Wales (the "Court") against Nokia seeking a determination of a reasonable and non-discriminatory ("RAND") royalty rate for a global license to certain Nokia patents, including standard-essential patents related to the H.264/AVC and H.265/HEVC standards and other non-essential multimedia patents. In June 2026, the Court determined that WBD is required to make an interim license payment to Nokia during the pendency of the litigation, which includes refundable and non-refundable components, and trial is currently scheduled for late 2026. As of June 30, 2026, the Company recorded an immaterial liability related to this matter. The amount of any adjustment to this liability as an outcome from the rate-setting process cannot be reasonably estimated.

State Attorney General Complaint. On July 13, 2026, a coalition of state attorneys general from twelve states (the "States") filed a complaint in the United States District Court for the Northern District of California seeking to enjoin PSKY's proposed acquisition of WBD. The States allege that the PSKY Merger violates Section 7 of the Clayton Act because it is likely to substantially lessen competition in the distribution of certain theatrical films and the licensing of basic cable channels to distributors in the United States. On July 13, 2026, the States sought a temporary restraining order to prohibit PSKY and WBD from closing the transaction before the court decides whether the PSKY Merger is unlawful under Section 7 of the Clayton Act. On July 16, 2026, PSKY and WBD filed an opposition to the States' motion for a temporary restraining order. On July 17, 2026, the court held a hearing on the States' motion for a temporary restraining order. On July 20, 2026, the court granted the States' motion for a temporary restraining order, prohibiting PSKY and WBD from closing the PSKY Merger. On July 23, 2026, the court extended the temporary restraining order to August 17, 2026. On July 24, 2026, defendants agreed not to complete the PSKY Merger until the earlier of (i) five days after the merits determination in this matter or (ii) June 1, 2027, and the court canceled the briefing schedule and hearing date for the States' motion for preliminary injunction. On August 4, 2026, the court entered an order for a single 12-day trial beginning March 2, 2027 and ending March 19, 2027 covering both the States and WGA (as defined below) cases.

Writers Guild of America Complaint. On July 14, 2026, the Writers Guild of America West and Writers Guild of America East (collectively, the "WGA") filed a complaint in the United States District Court for the Northern District of California seeking to enjoin PSKY's proposed acquisition of WBD. The WGA alleges that the PSKY Merger violates Section 7 of the Clayton Act because it will substantially lessen competition for writing services for WGA-covered "anticipated top grossing films," writing services for episodic television shows, and writing services of writers under overall deals. The WGA sought a preliminary injunction blocking the PSKY Merger, along with attorneys' fees and costs. The same district court judge who is presiding over the States' complaint is presiding over the WGA case. On July 24, 2026, defendants agreed not to complete the PSKY Merger until the earlier of (i) five days after the merits determination in this matter or (ii) June 1, 2027, and the WGA's motion for preliminary injunction was withdrawn. On August 4, 2026, the court entered an order for a single 12-day trial beginning March 2, 2027 and ending March 19, 2027 covering both the States and WGA cases.

NOTE 16. REPORTABLE SEGMENTS

The Company's operating segments are determined based on: (i) financial information reviewed by its chief operating decision maker ("CODM"), the CEO, (ii) internal management and related reporting structure, and (iii) the basis upon which the CEO makes resource allocation decisions.

The accounting policies of the reportable segments are the same as the Company's, except that certain inter-segment transactions that are eliminated for consolidation are not eliminated at the segment level. Inter-segment transactions primarily include advertising and content licenses. The Company generally records inter-segment transactions of content licenses at market value. The Company does not report assets by segment because it is not used by the CODM to allocate resources or evaluate segment performance.

The Company evaluates the operating performance of its segments based on financial measures such as revenues and Adjusted EBITDA. Adjusted EBITDA is defined as operating income excluding:

- employee share-based compensation;
- depreciation and amortization;
- restructuring and facility consolidation;
- certain impairment charges;
- gains and losses on business and asset dispositions;
- third-party transaction and integration costs;
- amortization of purchase accounting fair value step-up for content;
- amortization of capitalized interest for content; and
- other items impacting comparability.

The CODM 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.

The tables below present summarized financial information for each of the Company's reportable segments (in millions).

Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Streaming	$ 3,079	$ 2,793	$ 5,966	$ 5,449
Studios	2,328	3,801	5,453	6,115
Global Linear Networks	3,991	4,803	8,368	9,577
Corporate	1	1	2	1
Inter-segment eliminations	(682)	(1,586)	(2,179)	(2,351)
Total revenues	$ 8,717	$ 9,812	$ 17,610	$ 18,791

Reconciliation of Revenues to Segment Adjusted EBITDA

	Three months ended June 30, 2026		
	Streaming	Studios	Global Linear Networks
Revenues	$ 3,079	$ 2,328	$ 3,991
Less:			
Content expense [(a)]	1,569	1,442	1,400
Personnel expense [(b)]	187	235	509
Marketing expense	344	307	137
Other segment expenses [(c)]	467	248	499
Segment Adjusted EBITDA	$ 512	$ 96	$ 1,446

	Three months ended June 30, 2025		
	Streaming	Studios	Global Linear Networks
Revenues	$ 2,793	$ 3,801	$ 4,803
Less:			
Content expense [a]	1,600	2,135	2,105
Personnel expense [b]	191	232	505
Marketing expense	294	363	115
Other segment expenses [c]	415	208	566
Segment Adjusted EBITDA	$ 293	$ 863	$ 1,512

	Six months ended June 30, 2026		
	Streaming	Studios	Global Linear Networks
Revenues	$ 5,966	$ 5,453	$ 8,368
Less:			
Content expense [a]	3,100	3,045	2,992
Personnel expense [b]	373	486	1,038
Marketing expense	629	582	266
Other segment expenses [c]	914	469	992
Segment Adjusted EBITDA	$ 950	$ 871	$ 3,080

	Six months ended June 30, 2025		
	Streaming	Studios	Global Linear Networks
Revenues	$ 5,449	$ 6,115	$ 9,577
Less:			
Content expense [a]	3,104	3,474	3,937
Personnel expense [b]	377	462	1,001
Marketing expense	514	615	219
Other segment expenses [c]	822	442	1,115
Segment Adjusted EBITDA	$ 632	$ 1,122	$ 3,305

[a] Content expense includes amortization, impairments, participations, residuals, development expense, and production costs, including talent costs, and is a component of costs of revenues. Content expense excludes content impairments and other development costs recorded in restructuring and other charges, amortization of purchase accounting fair value step-up for content, and amortization of capitalized interest for content as these items are excluded from the calculation of Adjusted EBITDA.

[b] Personnel expense is a component of costs of revenues and selling, general and administrative expense. Personnel expense includes marketing personnel compensation and excludes commissions (included in other segment expenses) and talent costs (included in content expense).

[c] Other segment expenses include distribution costs, other direct costs, software and hardware costs, IT services, professional and consulting fees, commissions, and certain other overhead costs. Other segment expenses exclude depreciation and amortization, amortization of purchase accounting fair value step-up for content, amortization of capitalized interest for content, employee share-based compensation, third-party transaction and integration costs, and other items impacting comparability as these items are excluded from the calculation of Adjusted EBITDA.

Reconciliation of segment adjusted EBITDA to loss before income taxes

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Streaming	$ 512	$ 293	$ 950	$ 632
Studios	96	863	871	1,122
Global Linear Networks	1,446	1,512	3,080	3,305
Segment Adjusted EBITDA	2,054	2,668	4,901	5,059
Depreciation and amortization	1,159	1,447	2,385	2,994
Employee share-based compensation	187	173	337	293
Restructuring and other charges	113	80	317	134
Netflix Termination Fee (See Note 1)	—	—	2,800	—
Transaction and integration costs	72	17	245	97
Facility consolidation costs	—	4	—	9
Impairment and amortization of fair value step-up for content	77	388	179	628
Amortization of capitalized interest for content	11	3	14	9
Impairments and loss on dispositions	23	26	37	116
Corporate	298	316	567	549
Inter-segment eliminations	(123)	399	252	452
Other income, net	(50)	(139)	(12)	(221)
(Income) loss from equity investees, net	(28)	(5)	(23)	2
Loss (gain) on extinguishment of debt, net	75	(2,958)	102	(2,954)
Interest expense, net	511	463	1,092	931
(Loss) income before income taxes	$ (271)	$ 2,454	$ (3,391)	$ 2,020

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's discussion and analysis of financial condition and results of operations is a supplement to and should be read in conjunction with the accompanying consolidated financial statements and related notes. This section provides additional information regarding our businesses, current developments, results of operations, cash flows and financial condition. Additional context can also be found in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K").

BUSINESS OVERVIEW

Warner Bros. Discovery is a leading global media and entertainment company that creates and distributes a differentiated and comprehensive portfolio of content and products across television, film, streaming, interactive gaming, publishing, themed experiences, and consumer products through brands including: Discovery Channel, HBO Max, CNN, DC Studios, TNT Sports, HBO, Food Network, TLC, TBS, Warner Bros. Motion Picture Group, Warner Bros. Television Group, Warner Bros. Games, Adult Swim, Turner Classic Movies, and others.

We are home to one of the largest collections of owned content in the world with assets and intellectual property across sports, news, lifestyle, and entertainment in most languages and regions of the globe. We create some of the best-in-class content using our renowned library, beloved franchises, and acclaimed creative expertise to serve our audiences and consumers. Our asset mix strongly positions us to execute our key strategies: grow our streaming business globally, enhance our Studios segment, and manage our linear networks for the best possible success in order to create long-term value for our stockholders.

In the first quarter of 2025, the Company renamed its DTC reportable segment to Streaming and its Networks reportable segment to Global Linear Networks.

Termination of Netflix Merger

On January 19, 2026, the Company entered into an amended and restated agreement and plan of merger, by and among the Company, Netflix, Inc. ("Netflix"), Nightingale Sub, Inc., a wholly owned subsidiary of Netflix, and New Topco 25, Inc., a wholly owned subsidiary of WBD (the "Netflix Merger Agreement"), pursuant to which Netflix would have acquired the Streaming and Studios segments (subject to certain deviations) and certain other assets and liabilities, including the Company's film and television studios, HBO Max, and HBO, following the separation and distribution of Discovery Global to the Company's stockholders (the "Separation Transaction").

Following the board of directors' determination that it had received a "Company Superior Proposal," as defined in the Netflix Merger Agreement, from Paramount Skydance Corporation ("PSKY") and Netflix's waiver of its right to propose revisions to the Netflix Merger Agreement, on February 27, 2026, in accordance with the terms of the Netflix Merger Agreement, the Company terminated the Netflix Merger Agreement in connection with entering into the PSKY Merger Agreement (as defined below). As a result of the termination of the Netflix Merger Agreement, PSKY, on behalf of the Company, paid Netflix a termination fee of $2.8 billion in cash (the "Netflix Termination Fee") as required by the terms of the Netflix Merger Agreement. In the first quarter of 2026, the Company recorded an expense for the Netflix Termination Fee in the consolidated statements of operations. The amount paid by PSKY is reimbursable by the Company to PSKY in certain circumstances in the event the PSKY Merger Agreement is terminated and has been recorded in accrued liabilities in the consolidated balance sheets.

PSKY Merger

On February 27, 2026, the Company entered into an Agreement and Plan of Merger, by and among the Company, PSKY and Prince Sub Inc., a wholly owned subsidiary of PSKY ("Merger Sub") (as may be amended from time to time, the "PSKY Merger Agreement"), pursuant to which and subject to the terms and conditions therein, at the effective time, Merger Sub will merge with and into WBD, with WBD surviving as a wholly owned subsidiary of PSKY (the "PSKY Merger").

Upon completion of the PSKY Merger, each issued and outstanding share of WBD's Series A common stock ("WBD Common Stock") (subject to certain exceptions) will be converted into the right to receive an amount in cash equal to $31.00, without interest, plus, if the closing date of the PSKY Merger occurs after September 30, 2026, the Ticking Consideration (together, the "Merger Consideration"). The "Ticking Consideration" will be an amount in cash equal to $0.00277778 multiplied by the number of calendar days elapsed after September 30, 2026 to and including the closing date (which, for the avoidance of doubt, will not exceed $0.25 per 90 calendar day period).

Concurrently with the execution of the PSKY Merger Agreement, Larry J. Ellison and an affiliated trust entered into a guarantee in favor of WBD to, among other things, jointly and severally guarantee certain payments by PSKY under the PSKY Merger Agreement, including $45.72 billion of the aggregate Merger Consideration, and assist WBD with the consummation of the PSKY Merger.

On April 23, 2026, WBD stockholders approved the adoption of the PSKY Merger Agreement. In July 2026, two lawsuits were filed in the United States District Court for the Northern District of California by a coalition of twelve state attorneys general and the Writers Guild of America West and Writers Guild of America East seeking to block the PSKY Merger, alleging the transaction would violate Section 7 of the Clayton Act by reducing competition in key markets. On July 24, 2026, defendants agreed not to complete the PSKY Merger until the earlier of (i) five days after the merits determination in these matters or (ii) June 1, 2027. (See Note 15 to the accompanying consolidated financial statements.) The outcome of such litigation is uncertain and could prevent the completion of the PSKY Merger.

The completion of the PSKY Merger is subject to customary closing conditions, including regulatory clearances. In addition, PSKY's obligation to consummate the PSKY Merger is subject to WBD not having completed the separation of its Streaming & Studios business from its Global Linear Networks business nor having declared or made any dividend to WBD's stockholders to effectuate the separation. There can be no assurance that the PSKY Merger will occur in accordance with the expected plans or anticipated timeline, or at all.

The PSKY Merger Agreement contains certain customary termination rights for WBD and PSKY, including, without limitation, a right for either party to terminate if the PSKY Merger is not completed on or before March 4, 2027, subject to an extension to June 4, 2027 in certain circumstances as specified in the PSKY Merger Agreement. Termination under specified circumstances will require WBD to pay PSKY a termination fee of $3.0 billion and reimburse PSKY for (i) any payment made by PSKY, which will in no event be more than $1,528 million, in connection with WBD's obligation to complete the Junior Lien Exchange Offer (as defined below) by March 4, 2027 and (ii) the Netflix Termination Fee, or PSKY to pay WBD a termination fee of $7.0 billion. Additionally, the PSKY Merger Agreement provides for customary pre-closing covenants of WBD, including covenants relating to conducting its business in the ordinary course consistent with past practice and to refrain from taking certain actions without PSKY's consent.

Reportable Segments

As of June 30, 2026, we classified our operations in three reportable segments:

- **Streaming -** Our Streaming segment primarily consists of our premium pay-TV and streaming services.
- **Studios -** Our Studios segment primarily consists of the production and release of feature films for initial exhibition in theaters, production and initial licensing of television programs to third parties and our networks/streaming services, distribution of our films and television programs to various third party and internal television and streaming services, distribution through the home entertainment market (physical and digital), related consumer products and themed experience licensing, and interactive gaming.
- **Global Linear Networks -** Our Global Linear Networks segment primarily consists of our domestic and international television networks.

Our segment presentation is aligned with our management structure and the financial information management uses to make decisions about operating matters, such as the allocation of resources and business performance assessments.

INDUSTRY TRENDS

Headwinds in the industry, such as continued pressures on linear distribution and declines in linear subscribers and continued softness in the U.S. linear advertising market, have had, and are expected to continue to have, a material impact on the operations and results of the Company, including a negative impact on the results of operations attributed to declines in linear advertising revenue. The increase of digital advertising inventory available in the marketplace has also resulted in, and is expected to continue to result in, increased competition for advertising expenditures for both traditional linear networks and ad-supported tiers in streaming services. In addition, the imposition of tariffs by the U.S. government and any retaliatory tariffs from foreign governments, including tariffs directly or indirectly applicable to our industry, may negatively impact our operations and results, including by leading to higher productions costs or decreased spending by advertisers whose expenditures are sensitive to such actions or to general economic conditions. We continue to closely monitor the ongoing impact of industry trends to our business; however, the full effects on our operations and results will depend on future developments, which are highly uncertain and cannot be predicted.

RESULTS OF OPERATIONS

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 "2026 Baseline Rate"), and the prior year amounts translated at the same 2026 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.

Consolidated Results of Operations

The table below presents our consolidated results of operations (in millions).

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	2025	% Change	% Change (ex-FX)	2026	2025	% Change	% Change (ex-FX)
Revenues:								
Distribution	$ 4,950	$ 4,885	1 %	1 %	$ 9,856	$ 9,771	1 %	— %
Advertising	1,724	2,216	(22) %	(22) %	3,571	4,196	(15) %	(16) %
Content	1,828	2,471	(26) %	(26) %	3,715	4,337	(14) %	(16) %
Other	215	240	(10) %	(11) %	468	487	(4) %	(6) %
Total revenues	8,717	9,812	(11) %	(12) %	17,610	18,791	(6) %	(7) %
Costs of revenues, excluding depreciation and amortization	4,621	5,967	(23) %	(23) %	9,264	11,098	(17) %	(17) %
Selling, general and administrative	2,564	2,477	4 %	3 %	5,039	4,671	8 %	7 %
Netflix Termination Fee (See Note 1)	—	—	— %	— %	2,800	—	NM	NM
Depreciation and amortization	1,159	1,447	(20) %	(20) %	2,385	2,994	(20) %	(20) %
Restructuring and other charges	113	80	41 %	41 %	317	134	NM	NM
Impairments and loss on dispositions	23	26	(12) %	(15) %	37	116	(68) %	(68) %
Total costs and expenses	8,480	9,997	(15) %	(15) %	19,842	19,013	4 %	4 %
Operating income (loss)	237	(185)	NM	NM	(2,232)	(222)	NM	NM
Interest expense, net	(511)	(463)			(1,092)	(931)		
(Loss) gain on extinguishment of debt, net	(75)	2,958			(102)	2,954		
Income (loss) from equity investees, net	28	5			23	(2)		
Other income, net	50	139			12	221		
(Loss) income before income taxes	(271)	2,454			(3,391)	2,020		
Income tax benefit (expense)	433	(866)			647	(881)		
Net income (loss)	162	1,588			(2,744)	1,139		
Net income attributable to noncontrolling interests	(13)	(7)			(23)	(15)		
Net (income) loss attributable to redeemable noncontrolling interests	—	(1)			—	3		
Net income (loss) available to Warner Bros. Discovery, Inc.	$ 149	$ 1,580			$ (2,767)	$ 1,127		

NM - Not meaningful

Unless otherwise indicated, the discussion of percent changes below is on an ex-FX basis. The ex-FX percent changes of line items below operating loss in the table above are not included as the activity is principally in U.S. dollars.

Revenues

Distribution revenue increased 1% and remained flat for the three and six months ended June 30, 2026, respectively, primarily attributable to continued growth in existing streaming markets and the global expansion of HBO Max, including new distribution deals, partially offset by a 10% decline in domestic linear subscribers for both periods and the impact of the previously disclosed domestic wholesale streaming deal renewal that occurred in the second quarter of 2025.

Advertising revenue decreased 22% and 16% for the three and six months ended June 30, 2026, respectively, primarily attributable to audience declines in domestic networks of 17% and 13%, respectively, which were impacted by the absence of the NBA in 2026, partially offset by the broadcast of the *NCAA Final Four* and championship game in the current year quarter and an increase in global ad-lite streaming subscribers.

Content revenue decreased 26% and 16% for the three and six months ended June 30, 2026, respectively, primarily attributable to a 46% and 21% decrease in theatrical product revenue as a result of lower film rental revenue due to the current year slate in relation to the strong performance of *A Minecraft Movie*, *Sinners*, and *Final Destination Bloodlines*, which were released in the second quarter of 2025. Additionally, content revenue for both periods was negatively impacted by the timing of third-party licensing deals at Global Linear Networks, partially offset by higher Studios third-party television content sales.

Other revenue decreased 11% and 6% for the three and six months ended June 30, 2026, respectively, primarily attributable to the absence of the NBA in 2026.

Costs of Revenues

Costs of revenues decreased 23% and 17% for the three and six months ended June 30, 2026, respectively, primarily attributable to lower domestic sports costs due to the absence of the NBA in 2026, lower Studios theatrical content expense commensurate with lower theatrical product revenue, and lower content expense related to the amortization of purchase accounting fair value step-up for content, partially offset by higher international content costs to support HBO Max launches.

Selling, General and Administrative

Selling, general and administrative expenses increased 3% and 7% for the three and six months ended June 30, 2026, respectively, primarily attributable to higher transaction and integration costs and higher marketing expenses.

Netflix Termination Fee

During the six months ended June 30, 2026, the Company recorded a $2.8 billion expense for the Netflix Termination Fee. (See Note 1 to the accompanying consolidated financial statements.)

Depreciation and Amortization

Depreciation and amortization decreased 20% and 20% for the three and six months ended June 30, 2026, respectively, primarily attributable to intangible assets acquired in connection with the acquisition of the WarnerMedia Business from AT&T Inc. that are being amortized using the sum of the months' digits method and the end of the useful life for certain intangible assets.

Restructuring and other charges

Restructuring and other charges were $113 million and $317 million for the three and six months ended June 30, 2026, respectively. Restructuring and other charges primarily includes organization restructuring costs, employee retention, and consulting fees related to the previously announced Separation Transaction and the PSKY Merger. (See Note 3 to the accompanying consolidated financial statements.)

Impairments and Loss on Dispositions

Impairments and loss on dispositions were $23 million and $37 million for the three and six months ended June 30, 2026, respectively.

Interest Expense, net

Interest expense, net increased $48 million and $161 million for the three and six months ended June 30, 2026, respectively, primarily attributable to higher interest costs associated with the Bridge Loan Agreement, which was repaid in full in June 2026. (See Note 8 to the accompanying consolidated financial statements.)

Loss (Gain) on Extinguishment of Debt, net

Loss (gain) on extinguishment of debt, net was $75 million and $102 million for the three and six months ended June 30, 2026, respectively. (See Note 8 to the accompanying consolidated financial statements.)

Income From Equity Investees, net

Income from our equity method investees was $28 million and $23 million for the three and six months ended June 30, 2026, respectively. The changes are attributable to our share of net earnings and losses from our equity investees. (See Note 7 to the accompanying consolidated financial statements.)

Other Income, net

Other income, net was $50 million and $12 million for the three and six months ended June 30, 2026, respectively. (See Note 13 to the accompanying consolidated financial statements.)

Income Tax Benefit (Expense)

Income tax benefit (expense) was $433 million and $(866) million for the three months ended June 30, 2026 and 2025, respectively, and $647 million and $(881) million for the six months ended June 30, 2026 and 2025, respectively. The increase in income tax benefit for the three and six months ended June 30, 2026 compared to the same periods in 2025 was primarily attributable to lower pre-tax book income, including the absence of a $3.0 billion gain recognized in 2025 associated with the Tender Offers (see Note 8 to the accompanying consolidated financial statements), as well as excess tax benefits from share-based compensation.

Income tax benefit for the three and six months ended June 30, 2026, reflects an effective income tax rate that differs from the federal statutory tax rate primarily due to the effect of foreign operations, excess tax benefits from share-based compensation, and changes in unrecognized tax benefits. Income tax benefit for the six months ended June 30, 2026 also reflects a book tax difference in the Netflix Termination Fee accrual based on current assessments. (See Note 1 to the accompanying consolidated financial statements.)

The Organization for Economic Co-operation and Development's ("OECD") Pillar Two Global Anti-Base Erosion ("GloBE") model rules, issued under the OECD Inclusive Framework on Base Erosion and Profit Shifting, introduce a global minimum tax of 15% applicable to multinational enterprise groups with consolidated financial statement revenue in excess of €750 million. Numerous foreign jurisdictions have already enacted tax legislation based on the GloBE rules, with some effective as early as January 1, 2024. In January 2026, the OECD issued additional guidance on the minimum tax framework, including a "side by side" safe harbor framework that would apply to U.S.-parented groups. Even if this safe harbor applies, we would still be subject to local minimum tax regimes in countries that have adopted these rules. The interpretation and adoption of the OECD's recommendations continue to vary across jurisdictions. As of June 30, 2026, we recognized an immaterial income tax expense for Pillar Two GloBE minimum tax. The Company is continuously monitoring the evolving application of this legislation and assessing its potential impact on our future tax liability. (See Note 12 to accompanying consolidated financial statements.)

Segment Results of Operations

The Company evaluates the operating performance of its segments based on financial measures such as revenues and Adjusted EBITDA. Adjusted EBITDA is defined as operating income excluding:

- employee share-based compensation;
- depreciation and amortization;
- restructuring and facility consolidation;
- certain impairment charges;
- gains and losses on business and asset dispositions;
- third-party transaction and integration costs;
- amortization of purchase accounting fair value step-up for content;
- amortization of capitalized interest for content; and
- other items impacting comparability.

The CODM 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.

The table below presents our Adjusted EBITDA for each of the Company's reportable segments, corporate, and inter-segment eliminations (in millions).

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Streaming	$ 512	$ 293	75 %	$ 950	$ 632	50 %
Studios	$ 96	$ 863	(89) %	$ 871	$ 1,122	(22) %
Global Linear Networks	$ 1,446	$ 1,512	(4) %	$ 3,080	$ 3,305	(7) %
Corporate	$ (298)	$ (316)	6 %	$ (567)	$ (549)	(3) %
Inter-segment eliminations	$ 123	$ (399)	NM	$ (252)	$ (452)	(44) %

Streaming Segment

The following table presents, for our Streaming segment, revenues by type, certain operating expenses, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating income (loss) (in millions).

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	2025	% Change	% Change (ex-FX)	2026	2025	% Change	% Change (ex-FX)
Revenues:								
Distribution	$ 2,689	$ 2,410	12 %	11 %	$ 5,222	$ 4,739	10 %	9 %
Advertising	306	282	9 %	8 %	590	519	14 %	13 %
Content	84	102	(18) %	(13) %	152	190	(20) %	(20) %
Other	—	(1)	NM	NM	2	1	NM	NM
Total revenues	3,079	2,793	10 %	10 %	5,966	5,449	9 %	8 %
Costs of revenues, excluding depreciation and amortization	1,904	1,913	— %	— %	3,768	3,737	1 %	1 %
Selling, general and administrative	663	587	13 %	14 %	1,248	1,080	16 %	16 %
Adjusted EBITDA	512	293	75 %	63 %	950	632	50 %	38 %
Depreciation and amortization	329	356			661	727		
Restructuring and other charges	18	7			44	19		
Impairment and amortization of fair value step-up for content	33	39			74	86		
Impairments and loss on dispositions	1	11			1	14		
Operating income (loss)	$ 131	$ (120)			$ 170	$ (214)		

Unless otherwise indicated, the discussion of percent changes below is on an ex-FX basis.

Revenues

Distribution revenue increased 11% and 9% for the three and six months ended June 30, 2026, respectively, primarily attributable to continued growth in existing markets and the global expansion of HBO Max, including new distribution deals, partially offset by the impact of the previously disclosed domestic wholesale deal renewal that occurred in the second quarter of 2025.

Advertising revenue increased 8% and 13% for the three and six months ended June 30, 2026, respectively, primarily attributable to an increase in global ad-lite subscribers, partially offset by the absence of the NBA in 2026.

Costs of Revenues

Costs of revenues were relatively flat for the three and six months ended June 30, 2026, as higher international content costs to support HBO Max launches were offset by shifts in the overall mix of programming.

Selling, General, and Administrative Expenses

Selling, general and administrative expenses increased 14% and 16% for the three and six months ended June 30, 2026, respectively, primarily attributable to higher marketing expenses to support HBO Max launches and higher overhead costs.

Adjusted EBITDA

Adjusted EBITDA increased 63% and 38% for the three and six months ended June 30, 2026, respectively.

Studios Segment

The following table presents, for our Studios segment, revenues by type, certain operating expenses, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating (loss) income (in millions).

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	2025	% Change	% Change (ex-FX)	2026	2025	% Change	% Change (ex-FX)
Revenues:								
Distribution	$ 4	$ 1	NM	NM	$ 5	$ 2	NM	NM
Advertising	—	—	NM	NM	—	1	NM	NM
Content	2,125	3,591	(41) %	(41) %	5,059	5,730	(12) %	(13) %
Other	199	209	(5) %	(5) %	389	382	2 %	— %
Total revenues	2,328	3,801	(39) %	(39) %	5,453	6,115	(11) %	(12) %
Costs of revenues, excluding depreciation and amortization	1,514	2,215	(32) %	(32) %	3,193	3,628	(12) %	(12) %
Selling, general and administrative	718	723	(1) %	(1) %	1,389	1,365	2 %	1 %
Adjusted EBITDA	96	863	(89) %	(89) %	871	1,122	(22) %	(26) %
Depreciation and amortization	172	169			342	339		
Restructuring and other charges	14	(1)			23	(6)		
Impairment and amortization of fair value step-up for content	42	25			101	61		
Amortization of capitalized interest for content	11	3			14	9		
Impairments and gain on dispositions	—	—			1	(1)		
Operating (loss) income	$ (143)	$ 667			$ 390	$ 720		

Unless otherwise indicated, the discussion of percent changes below is on an ex-FX basis. The Studios discussion below also includes intra-segment revenue and expense between product lines, which represented less than 3% of total revenues and operating expenses for this segment for the three and six months ended June 30, 2026, respectively. Intra-segment revenue and expense are eliminated at the Studios segment level.

Fluctuations in results for our Studios segment may occur due to various factors, including (but not limited to) the timing and number of new film releases each quarter, the timing of marketing expenses recognized relative to (i.e., prior to) a film's release, and the mix of content distributed each period.

Revenues

Content revenue decreased 41% for the three months ended June 30, 2026, primarily attributable to a 46% decrease in theatrical product revenue, and a 45% decrease in television product revenue, partially offset by a 45% increase in games revenue.

- The decrease in theatrical product revenue was primarily driven by lower film rental revenue due to the current quarter slate in relation to the strong performance of *A Minecraft Movie*, *Sinners*, and *Final Destination Bloodlines*, which were released in the second quarter of 2025.
- The decrease in television product revenue was primarily attributable to lower intercompany content licensing, primarily due to the timing of renewals.
- The increase in games revenue was primarily attributable to the release of *LEGO Batman: Legacy of the Dark Knight* in the current quarter.

Content revenue decreased 13% for the six months ended June 30, 2026, primarily attributable to a 21% decrease in theatrical product revenue and a 7% decrease in television product revenue, partially offset by a 9% increase in games revenue.

- The decrease in theatrical product revenue was primarily driven by lower film rental revenue due to the current year slate in relation to the strong performance of *A Minecraft Movie*, *Sinners*, and *Final Destination Bloodlines*, which were released in the second quarter of 2025, partially offset by higher intercompany content licensing related to HBO Max international launches.
- The decrease in television product revenue was primarily attributable to lower intercompany content licensing, primarily due to the timing of renewals, partially offset by third-party content sales.
- The increase in games revenue was primarily attributable to the release of *LEGO Batman: Legacy of the Dark Night* in the current quarter, partially offset by the prior year catalog.

Costs of Revenues

Costs of revenues decreased 32% for the three months ended June 30, 2026, primarily attributable to a 41% decrease in theatrical product content expense and a 35% decrease in television product content expense, partially offset by a 52% increase in games content expense.

- The decrease in theatrical content expense was primarily due to lower film costs commensurate with lower theatrical product revenue, partially offset by impairments in the current year.
- The decrease in television product content expense was due to lower costs commensurate with lower revenues.
- The increase in games content expense was primarily due to higher games content expense commensurate with higher games revenue.

Costs of revenues decreased 12% for the six months ended June 30, 2026, primarily attributable to a 23% decrease in theatrical product content expense, an 8% decrease in television product content expense, and a 3% decrease in games content expense.

- The decrease in theatrical content expense was primarily due to lower film costs commensurate with lower theatrical product revenue, partially offset by impairments in the current year.
- The decrease in television product content expense was due to lower costs commensurate with lower revenues.
- Games content expense was relatively flat.

Selling, General and Administrative

Selling, general and administrative expenses decreased 1% and increased 1% for the three and six months ended June 30, 2026, respectively. The decrease for the three months ended June 30, 2026 was primarily attributable to lower marketing expenses, partially offset by higher overhead costs. The increase for the six months ended June 30, 2026 was primarily attributable to higher overhead costs, partially offset by lower marketing expenses.

Adjusted EBITDA

Adjusted EBITDA decreased 89% and 26% for the three and six months ended June 30, 2026, respectively.

Global Linear Networks Segment

The table below presents, for our Global Linear Networks segment, revenues by type, certain operating expenses, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating income (in millions).

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	2025	% Change	% Change (ex-FX)	2026	2025	% Change	% Change (ex-FX)
Revenues:								
Distribution	$ 2,265	$ 2,477	(9) %	(9) %	$ 4,638	$ 5,035	(8) %	(8) %
Advertising	1,429	1,953	(27) %	(27) %	2,999	3,711	(19) %	(20) %
Content	261	287	(9) %	(12) %	607	667	(9) %	(10) %
Other	36	86	(58) %	(59) %	124	164	(24) %	(25) %
Total revenues	3,991	4,803	(17) %	(17) %	8,368	9,577	(13) %	(13) %
Costs of revenues, excluding depreciation and amortization	1,885	2,592	(27) %	(27) %	3,969	4,919	(19) %	(20) %
Selling, general and administrative	660	699	(6) %	(6) %	1,319	1,353	(3) %	(3) %
Adjusted EBITDA	1,446	1,512	(4) %	(5) %	3,080	3,305	(7) %	(8) %
Depreciation and amortization	557	829			1,178	1,736		
Employee share-based compensation	—	—			—	1		
Restructuring and other charges	33	25			75	41		
Impairment and amortization of fair value step-up for content	—	310			—	440		
Impairments and loss on dispositions	7	1			10	3		
Operating income	$ 849	$ 347			$ 1,817	$ 1,084		

Unless otherwise indicated, the discussion of percent changes below is on an ex-FX basis.

Revenues

Distribution revenue decreased 9% and 8% for the three and six months ended June 30, 2026, respectively, primarily attributable to a 10% decline in domestic linear subscribers for both periods, partially offset by 1% and 2% increases in domestic affiliate rates for the three and six months ended June 30, 2026, respectively. Declines in linear subscribers are expected to continue.

Advertising revenue decreased 27% and 20% for the three and six months ended June 30, 2026, respectively, primarily attributable to audience declines in domestic networks of 17% and 13%, respectively, which were impacted by the absence of the NBA in 2026 and had a negative impact to advertising revenue of $414 million and $547 million for the three and six months ended June 30, 2026, respectively. Additionally, advertising revenue benefited from the broadcast of the *NCAA Final Four* and championship game in the current year quarter.

Content revenue decreased 12% and 10% for the three and six months ended June 30, 2026, respectively, primarily attributable to the timing of third-party licensing deals.

Other revenue decreased 59% and 25% for the three and six months ended June 30, 2026, respectively, primarily attributable to the absence of the NBA in 2026.

Costs of Revenues

Costs of revenues decreased 27% and 20% for the three and six months ended June 30, 2026, respectively, primarily attributable to lower domestic sports costs due to the absence of the NBA in 2026, which had a favorable impact to costs of revenues of $760 million and $1,107 million for the three and six months ended June 30, 2026, respectively.

Selling, General and Administrative

Selling, general and administrative expenses decreased 6% and 3% for the three and six months ended June 30, 2026, respectively, primarily attributable to lower overhead costs, partially offset by higher marketing expenses.

Adjusted EBITDA

Adjusted EBITDA decreased 5% and 8% for the three months ended June 30, 2026, respectively.

Corporate

The following table presents our Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating loss (in millions).

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	2025	% Change	% Change (ex-FX)	2026	2025	% Change	% Change (ex-FX)
Adjusted EBITDA - Corporate	$ (298)	$ (316)	6 %	6 %	$ (567)	$ (549)	(3) %	(2) %
Depreciation and amortization	103	93			209	192		
Employee share-based compensation	187	173			337	292		
Restructuring and other charges	48	49			175	80		
Netflix Termination Fee (See Note 1)	—	—			2,800	—		
Transaction and integration costs	72	17			245	97		
Facility consolidation costs	—	4			—	9		
Impairments and loss on dispositions	15	14			25	100		
Operating loss	$ (723)	$ (666)			$ (4,358)	$ (1,319)		

Corporate operations primarily consist of executive management and administrative support services, which are recorded in selling, general and administrative expense, as well as substantially all of our share-based compensation and third-party transaction and integration costs.

Adjusted EBITDA improved 6% and declined 2% for the three and six months ended June 30, 2026, respectively. The improvement for the three months ended June 30, 2026 was primarily attributable to lower corporate overhead expense. The decline for the six months ended June 30, 2026 was primarily attributable to the release of previously recorded non-income tax reserves in 2025, partially offset by lower corporate overhead expense.

Inter-segment Eliminations

The following table presents our inter-segment eliminations by revenue and expense, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating income (loss) (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Inter-segment revenue eliminations	$ (682)	$ (1,586)	$ (2,179)	$ (2,351)
Inter-segment expense eliminations	(805)	(1,187)	(1,927)	(1,899)
Adjusted EBITDA - Inter-segment eliminations	123	(399)	(252)	(452)
Depreciation and amortization	(2)	—	(5)	—
Impairment and amortization of fair value step-up for content	2	14	4	41
Operating income (loss)	$ 123	$ (413)	$ (251)	$ (493)

Inter-segment revenue and expense eliminations primarily represent inter-segment content transactions and marketing and promotion activity between reportable segments. In our current segment structure, in certain instances, production and distribution activities are in different segments. Inter-segment content transactions are presented at market value (i.e., the segment producing and/or licensing the content reports revenue and profit from inter-segment transactions in a manner similar to the reporting of third-party transactions, and the required eliminations are reported on the separate "Eliminations" line when presenting our summary of segment results). Generally, timing of revenue recognition is similar to the reporting of third-party transactions. The segment distributing the content, e.g., via our streaming or linear services, capitalizes the cost of inter-segment content transactions, including "mark-ups" and amortizes the costs over the shorter of the license term, if applicable, or the expected period of use. The content amortization expense related to the inter-segment profit is also eliminated on the separate "Eliminations" line when presenting our summary of segment results.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Sources of Cash

Historically, we have generated a significant amount of cash from operations. During the six months ended June 30, 2026, we funded our working capital needs primarily through cash flows from operations. As of June 30, 2026, we had $3,369 million of cash and cash equivalents on hand. We are a well-known seasoned issuer and have the ability to conduct registered offerings of securities, including debt securities, common stock and preferred stock, on short notice, subject to market conditions. Access to sufficient capital from the public market is not assured. We have a $4,000 million revolving credit facility and a commercial paper program described below. We also participate in a revolving receivables program and an accounts receivable factoring program described below.

- *Debt*

  First Lien Credit Facility

  During the three months ended June 30, 2026, we and DGH entered into a First Lien Credit Agreement with JPMorgan Chase Bank, N.A and JPMorgan SE. The First Lien Credit Agreement provides for (i) 7-year $13,000 million U.S. dollar-denominated term loans and (ii) 7-year €1,717 million Euro-denominated term loans. The First Lien Credit Agreement contains customary representations and warranties as well as affirmative and negative covenants. As of June 30, 2026, we were in compliance with all applicable covenants and there were no events of default under the First Lien Credit Agreement.

  Revolving Credit Facility and Commercial Paper

  DCL and certain subsidiaries of the Company, as borrowers, have a multicurrency revolving credit agreement (the "Credit Agreement") and have the capacity to borrow up to $4,000 million under the Credit Agreement (the "Credit Facility"). DCL may also request additional commitments up to $1,000 million from the lenders upon the satisfaction of certain conditions. The Credit Agreement contains customary representations and warranties as well as affirmative and negative covenants. As of June 30, 2026, we were in compliance with all applicable covenants and there were no events of default under the Credit Agreement.

  Additionally, our commercial paper program is supported by the Credit Facility. Under the commercial paper program, we may issue up to $2,000 million. Borrowing capacity under the Credit Facility is effectively reduced by any outstanding issuances under the commercial paper program.

  During the six months ended June 30, 2026, we and DCL borrowed and repaid $1,261 million under our Credit Facility and commercial paper program. As of June 30, 2026, we and DCL had no outstanding borrowings under the Credit Facility or issuances under the commercial paper program.

- *Revolving Receivables Program*

  We have a revolving agreement to transfer up to $4,000 million of certain receivables through our bankruptcy-remote subsidiary, Warner Bros. Discovery Receivables Funding, LLC, to various financial institutions on a recurring basis in exchange for cash equal to the gross receivables transferred. We service the sold receivables for the financial institution for a fee and pay fees to the financial institution in connection with this revolving agreement. As customers pay their balances, our available capacity under this revolving agreement increases and typically we transfer additional receivables into the program. In some cases, we may have collections that have not yet been remitted to the bank, resulting in a liability. The outstanding portfolio of receivables derecognized from our consolidated balance sheets was $3,900 million as of June 30, 2026.

- *Accounts Receivable Factoring*

  We have factoring agreements to sell certain of our non-U.S. trade accounts receivable on a limited recourse basis to a third-party financial institution. No amounts were sold under the Company's factoring arrangement during the six months ended June 30, 2026.

Uses of Cash

Our primary uses of cash include the creation and acquisition of new content, business acquisitions, income taxes, personnel costs, costs to develop and market our enhanced streaming service HBO Max, principal and interest payments on our outstanding senior notes, funding for various equity method and other investments, and repurchases of our capital stock.

- *Content Acquisition*

  We plan to continue to invest significantly in the creation and acquisition of new content, as well as certain sports rights. Contractual commitments to acquire content have not materially changed as set forth in "Material Cash Requirements from Known Contractual and Other Obligations" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2025 Form 10-K.

- *Debt*

  Initial Term Loans and Bridge Loan Agreement

  During the three months ended June 30, 2026, we used net proceeds from the Initial Term Loans, together with cash on the balance sheet, to repay in full $15,000 million of outstanding loans under the Bridge Loan Agreement. Additionally, we repaid $250 million of aggregate principal amount outstanding of the Initial Term Loans.

  Senior Notes

  During the six months ended June 30, 2026, we repurchased or repaid $123 million of aggregate principal amount outstanding of our senior notes. In addition, we had $16 million of senior notes that were due in July 2026, and an additional $1,480 million of senior notes coming due through June 2027.

  We may from time to time seek to prepay, retire or purchase our other outstanding indebtedness through prepayments, redemptions, open market purchases, privately negotiated transactions, tender offers, exchange offers, or otherwise. Any such repurchases or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions, as well as applicable regulatory, legal and accounting factors. Whether or not we repurchase or exchange any debt and the size and timing of any such repurchases or exchanges will be determined at our discretion.

- *Capital Expenditures*

  We effected capital expenditures of $544 million during the six months ended June 30, 2026, including amounts capitalized to support HBO Max. We expect to continue to incur significant costs to develop and market HBO Max.

- *Investments and Business Combinations*

  Our uses of cash have included investments in equity method investments and equity investments without readily determinable fair value. (See Note 7 to the accompanying consolidated financial statements.) We also provide funding to our investees from time to time. During the six months ended June 30, 2026, we contributed $25 million for investments in and advances to our investees.

- *Redeemable Noncontrolling Interest and Noncontrolling Interest*

  Distributions to redeemable noncontrolling interests and noncontrolling interests totaled $144 million and $174 million for the six months ended June 30, 2026 and 2025, respectively.

- *Income Taxes and Interest*

  We expect to continue to make payments for income taxes and interest on our outstanding First Lien Credit Facility and senior notes. During the six months ended June 30, 2026, we made cash payments of $588 million and $1,260 million for income taxes and interest on our outstanding debt, respectively.

Cash Flows

The following table presents changes in cash and cash equivalents (in millions).

	Six Months Ended June 30,	
	2026	2025
Cash, cash equivalents, and restricted cash, beginning of period	$ 4,570	$ 5,416
Cash provided by operating activities	640	1,536
Cash used in investing activities	(499)	(431)
Cash used in financing activities	(1,273)	(1,886)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(65)	256
Net change in cash, cash equivalents, and restricted cash	(1,197)	(525)
Cash, cash equivalents, and restricted cash, end of period	$ 3,373	$ 4,891

Operating Activities

Cash provided by operating activities was $640 million and $1,536 million during the six months ended June 30, 2026 and 2025, respectively. The decrease in cash provided by operating activities was primarily attributable to a decrease in net income excluding non-cash items and an increase in cash used from working capital activity.

Investing Activities

Cash used in investing activities was $499 million and $431 million during the six months ended June 30, 2026 and 2025, respectively. The increase in cash used in investing activities was primarily attributable to reduced proceeds from the sale of assets and investments during the six months ended June 30, 2026.

Financing Activities

Cash used in financing activities was $1,273 million and $1,886 million during the six months ended June 30, 2026 and 2025, respectively. The decrease in cash used in financing activities was primarily attributable to lower net debt repayments, partially offset by proceeds received for the contribution of 70% of our music catalog to a joint venture in 2025 and higher amounts paid to settle share-based awards.

Capital Resources

As of June 30, 2026, capital resources were comprised of the following (in millions).

	June 30, 2026		
	Total Capacity	Outstanding Indebtedness	Unused Capacity
Cash and cash equivalents	$ 3,369	$ —	$ 3,369
Revolving credit facility and commercial paper program	4,000	—	4,000
Term loans	14,708	14,708	—
Senior notes [(a)]	17,694	17,694	—
Total	$ 39,771	$ 32,402	$ 7,369

[(a)] Interest on the senior notes is paid annually or semi-annually. Our senior notes outstanding as of June 30, 2026 had interest rates that ranged from 1.90% to 8.30% and will mature between 2026 and 2062.

We expect that our cash balance, cash generated from operations and availability under the Credit Agreement will be sufficient to fund our cash needs for the next 12 months. Additionally, our borrowing costs and access to capital markets can be affected by short and long-term debt ratings assigned by independent rating agencies which are based, in part, on our performance as measured by credit metrics such as interest coverage and leverage ratios. Credit rating agencies may continue to review and adjust our ratings or outlook. For example, in 2025, S&P, Moody's and Fitch downgraded certain of our ratings in part due to declines in our linear business, including as a result of the weak operating environment for linear networks, our leverage ratio, and an increase in secured debt and uncertainty in connection with the previously planned separation of Warner Bros.

The 2017 Tax Cuts and Jobs Act features a participation exemption regime with current taxation of certain foreign income and imposed a mandatory repatriation toll tax on unremitted foreign earnings. As of June 30, 2026, the Company intends to remit certain previously undistributed foreign earnings to the United States. Accordingly, the Company has recorded deferred taxes for applicable foreign withholding associated with the expected remittance. The Company may continue to reinvest other foreign earnings outside of the United States. For those earnings, if any, that remain indefinitely reinvested, additional taxes would be recognized upon repatriation. Determination of the amount of any unrecognized deferred income tax liability related to such earnings is not practicable.

Summarized Guarantor Financial Information

Basis of Presentation

As of June 30, 2026 and December 31, 2025, the Company has outstanding senior notes issued by DCL, which are guaranteed by the Company, Scripps Networks, and DGH; senior notes issued by DGH, which are guaranteed by the Company, Scripps Networks, and DCL; and senior notes issued by the legacy WarnerMedia Business (not guaranteed). (See Note 8 to the accompanying consolidated financial statements.) DCL, Scripps Networks, and DGH are wholly owned by the Company.

The tables below present the summarized financial information as combined for Warner Bros. Discovery, Inc. (the "Parent"), Scripps Networks, DCL, and DGH (collectively, the "Obligors"). All guarantees of DCL and DGH's senior notes (the "Note Guarantees") are full and unconditional, joint and several and unsecured, and cover all payment obligations arising under the senior notes.

Note Guarantees issued by Scripps Networks, DCL or DGH, or any subsidiary of the Parent that in the future issues a Note Guarantee (each, a "Subsidiary Guarantor") may be released and discharged (i) concurrently with any direct or indirect sale or disposition of such Subsidiary Guarantor or any interest therein, (ii) at any time that such Subsidiary Guarantor is released from all of its obligations under its guarantee of payment, (iii) upon the merger or consolidation of any Subsidiary Guarantor with and into DCL, DGH or the Parent or another Subsidiary Guarantor, as applicable, or upon the liquidation of such Subsidiary Guarantor and (iv) other customary events constituting a discharge of the Obligors' obligations.

Summarized Financial Information

The Company has included the accompanying summarized combined financial information of the Obligors after the elimination of intercompany transactions and balances among the Obligors and the elimination of equity in earnings from and investments in any subsidiary of the Parent that is a non-guarantor (in millions).

	June 30, 2026	December 31, 2025
Current assets	$ 1,497	$ 914
Non-guarantor intercompany trade (payables) receivables, net	(62)	78
Noncurrent assets	3,848	3,951
Current liabilities	5,165	1,072
Noncurrent liabilities	31,714	33,733

	Six Months Ended June 30, 2026
Revenues	$ 794
Operating loss	(3,222)
Net loss	(4,055)
Net loss available to Warner Bros. Discovery, Inc.	(4,055)

MATERIAL CASH REQUIREMENTS FROM KNOWN CONTRACTUAL AND OTHER OBLIGATIONS

In the normal course of business, we enter into commitments for the purchase of goods or services that require us to make payments or provide funding in the event certain circumstances occur. Our contractual commitments have not materially changed as set forth in "Material Cash Requirements from Known Contractual and Other Obligations" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2025 Form 10-K.

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we enter into transactions with related parties, such as our equity method investees, entities that share common directorship, or minority partners of consolidated subsidiaries. (See Note 14 to the accompanying consolidated financial statements.)

CRITICAL ACCOUNTING ESTIMATES

Our critical accounting estimates have not changed since December 31, 2025. For a discussion of each of our critical accounting estimates, including information and analysis of estimates and assumptions involved in their application, see "Critical Accounting Estimates" included in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2025 Form 10-K.

NEW ACCOUNTING AND REPORTING PRONOUNCEMENTS

We adopted certain new accounting and reporting standards during the six months ended June 30, 2026. (See Note 1 to the accompanying consolidated financial statements.)

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, marketing and operating strategies, integration of acquired businesses, new product and service offerings, financial prospects and anticipated sources and uses of capital. Words such as "anticipate," "assume," "believe," "continue," "estimate," "expect," "forecast," "future," "intend," "plan," "potential," "predict," "project," "strategy," "target" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would," among other terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be accomplished. The following is a list of some, but not all, of the factors that could cause actual results or events to differ materially from those anticipated:

- the completion of the proposed transaction with PSKY pursuant to which PSKY will acquire the Company (the "PSKY Merger") on the anticipated terms and timing;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the PSKY Merger, including the risk that the necessary regulatory approvals for the PSKY Merger may not be obtained or are obtained subject to unanticipated conditions;
- failure to satisfy in a timely manner any of the conditions to the PSKY Merger or complete the PSKY Merger in a timely or favorable manner or at all;
- the effects of the announcement, pendency or completion of the PSKY Merger on our ongoing business operations or on the market price of WBD Common Stock;
- unforeseen costs, execution risks, and operational challenges related to the PSKY Merger, including risks relating to disruption of management time away from ongoing business operations;
- more intense competitive pressure from existing or new competitors in the industries in which we operate;
- reduced spending on domestic and foreign television advertising, due to macroeconomic conditions, industry or consumer behavior trends or unexpected reductions in our number of subscribers;
- the imposition of tariffs, including tariffs directly or indirectly applicable to our industry, by the U.S. government and any retaliatory tariffs from foreign governments;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies, and the success of our streaming services;
- market demand for foreign first-run and existing content libraries;
- negative publicity or damage to our brands, reputation or talent;
- realizing streaming subscriber goals;
- disagreements with our distributors or other business partners;
- continued consolidation of distribution customers and production studios;
- industry trends, including the timing of, and spending on, sports programming, feature film, television and television commercial production;
- the possibility or duration of an industry-wide strike, such as the strikes of the Writers Guild of America ("WGA") and Screen Actors Guild-American Federation of Television and Radio Artists ("SAG-AFTRA") in 2023, player lock-outs or other job action affecting a major entertainment industry union, athletes or others involved in the development and production of our sports programming, television programming, feature films and interactive entertainment (e.g., games) who are covered by collective bargaining agreements;
- inherent uncertainties involved in the estimates and assumptions used in the preparation of financial forecasts;
- our level of debt, including the significant indebtedness incurred in connection with the acquisition of the WarnerMedia Business, and our future compliance with debt covenants;
- challenges related to obtaining or consummating financing or refinancing on favorable terms in a timely manner or at all;
- changes to our corporate or debt-specific credit ratings or outlook;

- changes in, or failure or inability to comply with, laws and government regulations, including, without limitation, regulations of the U.S. government and other international governments, the Federal Communications Commission and similar authorities internationally and data privacy regulations;
- adverse outcomes of legal proceedings or disputes, including those related to the PSKY Merger, or adverse outcomes from regulatory proceedings;
- threatened or actual cyber-attacks and cybersecurity breaches;
- theft of our content and unauthorized duplication, distribution and exhibition of such content; and
- general economic and business conditions, fluctuations in foreign currency exchange rates, global events such as pandemics, natural disasters impacting the geographic areas where our businesses and operations are located, and political uncertainty, armed conflict, or unrest in the markets in which we operate.

Forward-looking statements are subject to various risks and uncertainties which change over time, are based on management's expectations and assumptions at the time the statements are made and are not guarantees of future results.

These risks have the potential to impact the recoverability of the assets recorded on our balance sheets, including goodwill and other intangibles. Management's expectations and assumptions, and the continued validity of any forward-looking statements we make, cannot be foreseen with certainty and are subject to change due to a broad range of factors affecting the U.S. and global economies and regulatory environments, factors specific to the Company, and other factors described under Part I, Item 1A, "Risk Factors," in our 2025 Form 10-K. These forward-looking statements and such risks, uncertainties, and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions, or circumstances on which any such statement is based.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative and qualitative disclosures about our existing market risk are set forth in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in the 2025 Form 10-K. Our exposures to market risk have not materially changed since December 31, 2025.

ITEM 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2026. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2026, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

During the three months ended June 30, 2026, there were no changes in our internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f), that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time, in the normal course of its operations, the Company is subject to various litigation matters and claims, including claims related to employees, stockholders, vendors, other business partners, government regulations, or intellectual property, as well as disputes and matters involving counterparties to contractual agreements. A determination as to the amount of the accrual required for such contingencies is highly subjective and requires judgment about future events.

The Company may not currently be able to estimate the reasonably possible loss or range of loss for certain matters until developments in such matters have provided sufficient information to support an assessment of such loss. In the absence of sufficient information to support an assessment of the reasonably possible loss or range of loss, no accrual for such contingencies is made and no loss or range of loss is disclosed. (See Note 15 to the accompanying consolidated financial statements.) Although the outcome of these matters cannot be predicted with certainty and the impact of the final resolution of these matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not currently believe that the resolution of these matters will have a material adverse effect on the Company's future consolidated financial position, future results of operations, or cash flows.

Consolidated Derivative Action. Between December 20, 2024 and January 14, 2025, four stockholder derivative complaints were filed in the United States District Court for the Southern District of New York (*Roy v. Zaslav et al.,* No. 1:24-cv-09856-AT, *Hollin v. Zaslav et al.,* No. 1:24-cv-09885-AT, *KO v. Zaslav et al.,* No. 1:25-cv-00114-AT, and *Herman, III v. Chen et al.,* No. 1:25-cv-00352-AT). Each complaint names certain current and former directors and officers of WBD as defendants and WBD as nominal defendant, and each complaint seeks damages and other relief. The complaints generally assert claims against the defendants, derivatively on behalf of WBD, for alleged breaches of fiduciary duty based on the same facts alleged in a securities class action complaint that was filed in the United States District Court for the Southern District of New York (*Collura v. Warner Bros. Discovery, Inc.*, No. 1:24-cv-09027-KPF), which was dismissed on March 30, 2026. The four complaints assert various common law causes of action, including breach of fiduciary duties, aiding and abetting breach of fiduciary duties, abuse of control, unjust enrichment, gross mismanagement, and waste of corporate assets, as well claims for violations of Sections 14(a), 10(b), and 21D of the Exchange Act. On January 21, 2025, the court consolidated the four actions for all purposes under Case No. 1:24-cv-09856-AT, captioned as *In re Warner Bros. Discovery, Inc. Derivative Litigation* (the "Consolidated Derivative Action"). On February 19, 2025, the court stayed the Consolidated Derivative Action pending resolution of a final decision on all motions to dismiss the operative complaint in the *Collura* securities action. On June 15, 2026, following the dismissal of the *Collura* securities action, the court entered an order dismissing the consolidated derivative action.

Individual Stockholder Action. On April 2, 2026, an individual action was filed in the Supreme Court of the State of New York, County of Richmond (Nicosia v. Di Piazza, Jr., et al., Index No. 150851/2026). The complaint was brought by a purported stockholder of WBD and it named as defendants WBD, members of the WBD board of directors, and PSKY. The complaint alleged that the proxy statement disseminated to WBD stockholders in connection with the proposed transaction with PSKY contains materially false and misleading statements and omissions concerning, among other things, the alleged personal financial benefits of WBD's directors and officers, the alleged conflicts of WBD's financial advisors, and the process underlying and valuation of the proposed transaction. Following the issuance of certain supplemental disclosures via Form DEFA14A on April 16, 2026, the plaintiff voluntarily dismissed the litigation with prejudice on April 20, 2026.

Nokia Litigation. Over the past several years, Nokia Corporation and Nokia Technologies Oy (collectively, "Nokia") have alleged that WBD is infringing on their portfolio of patents related to the delivery of streaming video. On November 1, 2025, Nokia brought suit against WBD in certain jurisdictions, and WBD and Dplay Entertainment Limited brought suit in other jurisdictions, and filed a rate-setting proceeding in the High Court of Justice of England and Wales (the "Court") against Nokia seeking a determination of a reasonable and non-discriminatory ("RAND") royalty rate for a global license to certain Nokia patents, including standard-essential patents related to the H.264/AVC and H.265/HEVC standards and other non-essential multimedia patents. In June 2026, the Court determined that WBD is required to make an interim license payment to Nokia during the pendency of the litigation, which includes refundable and non-refundable components, and trial is currently scheduled for late 2026. As of June 30, 2026, the Company recorded an immaterial liability related to this matter. The amount of any adjustment to this liability as an outcome from the rate-setting process cannot be reasonably estimated.

State Attorney General Complaint. On July 13, 2026, a coalition of state attorneys general from twelve states (the "States") filed a complaint in the United States District Court for the Northern District of California seeking to enjoin PSKY's proposed acquisition of WBD. The States allege that the PSKY Merger violates Section 7 of the Clayton Act because it is likely to substantially lessen competition in the distribution of certain theatrical films and the licensing of basic cable channels to distributors in the United States. On July 13, 2026, the States sought a temporary restraining order to prohibit PSKY and WBD from closing the transaction before the court decides whether the PSKY Merger is unlawful under Section 7 of the Clayton Act. On July 16, 2026, PSKY and WBD filed an opposition to the States' motion for a temporary restraining order. On July 17, 2026, the court held a hearing on the States' motion for a temporary restraining order. On July 20, 2026, the court granted the States' motion for a temporary restraining order, prohibiting PSKY and WBD from closing the PSKY Merger. On July 23, 2026, the court extended the temporary restraining order to August 17, 2026. On July 24, 2026, defendants agreed not to complete the PSKY Merger until the earlier of (i) five days after the merits determination in this matter or (ii) June 1, 2027, and the court canceled the briefing schedule and hearing date for the States' motion for preliminary injunction. On August 4, 2026, the court entered an order for a single 12-day trial beginning March 2, 2027 and ending March 19, 2027 covering both the States and WGA (as defined below) cases.

Writers Guild of America Complaint. On July 14, 2026, the Writers Guild of America West and Writers Guild of America East (collectively, the "WGA") filed a complaint in the United States District Court for the Northern District of California seeking to enjoin PSKY's proposed acquisition of WBD. The WGA alleges that the PSKY Merger violates Section 7 of the Clayton Act because it will substantially lessen competition for writing services for WGA-covered "anticipated top grossing films," writing services for episodic television shows, and writing services of writers under overall deals. The WGA sought a preliminary injunction blocking the PSKY Merger, along with attorneys' fees and costs. The same district court judge who is presiding over the States' complaint is presiding over the WGA case. On July 24, 2026, defendants agreed not to complete the PSKY Merger until the earlier of (i) five days after the merits determination in this matter or (ii) June 1, 2027, and the WGA's motion for preliminary injunction was withdrawn. On August 4, 2026, the court entered an order for a single 12-day trial beginning March 2, 2027 and ending March 19, 2027 covering both the States and WGA cases.

ITEM 1A. Risk Factors

Investors should carefully review and consider the information regarding certain factors that could materially affect our business, results of operations, financial condition, and cash flows as set forth under Part I, Item 1A "Risk Factors" of the Company's 2025 Form 10-K. Additional risks and uncertainties not presently known to us or that we currently believe not to be material may also adversely impact our business, results of operations, financial position, and cash flows.

ITEM 6. Exhibits.

Exhibit No.	Description
4.1	Twenty-Fourth Supplemental Indenture, dated May 26, 2026, among Discovery Communications, LLC, as the issuer, the guarantors from time to time party thereto and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on May 27, 2026 (SEC File No. 001-34177))
4.2	Third Supplemental Indenture, dated May 26, 2026, among Discovery Global Holdings, Inc., as the issuer, the guarantors from time to time party thereto and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on May 27, 2026 (SEC File No. 001-34177))
4.3	Fourth Supplemental Indenture, dated May 26, 2026, among Discovery Global Holdings, Inc., as the issuer, the guarantors from time to time party thereto and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on May 27, 2026 (SEC File No. 001-34177))
10.1	Employment Agreement between Gunnar Wiedenfels, Warner Bros. Discovery, Inc. and Discovery Communications, LLC, dated April 29, 2026 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on April 30, 2026 (SEC File No. 001-34177))[1] *
10.2	First Lien Credit Agreement, dated as of June 4, 2026, among Warner Bros. Discovery, Inc., Discovery Global Holdings, Inc., the designated subsidiary borrowers from time to time party thereto, each lender from time to time party thereto, JPMorgan Chase Bank, N.A., as U.S. administrative agent and collateral agent and J.P. Morgan SE, as non-U.S. administrative agent (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on June 4, 2026 (SEC File No. 001-34177))[1]
10.3	Fourth Amendment to Fourth Amended and Restated Receivables Purchase Agreement, dated as of June 12, 2026, by and among Warner Bros. Discovery Receivables Funding, LLC, the other persons from time to time party thereto, PNC Bank, National Association, Turner Broadcasting System, Inc. and PNC Capital Markets LLC (filed herewith)[1]
10.4	Fifth Amendment to Fourth Amended and Restated Receivables Purchase Agreement, dated as of July 17, 2026, by and among Warner Bros. Discovery Receivables Funding, LLC, the other persons from time to time party thereto, PNC Bank, National Association, Turner Broadcasting System, Inc. and PNC Capital Markets LLC (filed herewith)[1]
10.5	Form of Warner Bros. Discovery, Inc. 2026 RSU Grant Agreement for Non-Employee Directors (filed herewith)*
22	Table of Senior Notes, Issuer and Guarantors (incorporated by reference to Exhibit 22 to the Form 10-K filed on February 27, 2026 (File No. 001-34177))
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as Amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as Amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith)†
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)†
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)†

101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)†
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)†
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

(1) Exhibits, schedules and annexes have been omitted pursuant to Item 601(a)(5) of Regulation S-K and will be supplementally provided to the SEC upon request.

* Indicates management contract or compensatory plan, contract or arrangement.

† Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of June 30, 2026 and December 31, 2025, (ii) Consolidated Statements of Operations for the three and six months ended June 30, 2026 and 2025, (iii) Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2026 and 2025, (iv) Consolidated Statements of Cash Flows for the six months ended June 30, 2026 and 2025, (v) Consolidated Statements of Equity for the three and six months ended June 30, 2026 and 2025, and (vi) Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WARNER BROS. DISCOVERY, INC.
(Registrant)

Date: August 6, 2026

By: /s/ David M. Zaslav
David M. Zaslav
President and Chief Executive Officer

Date: August 6, 2026

By: /s/ Gunnar Wiedenfels
Gunnar Wiedenfels
Chief Financial Officer