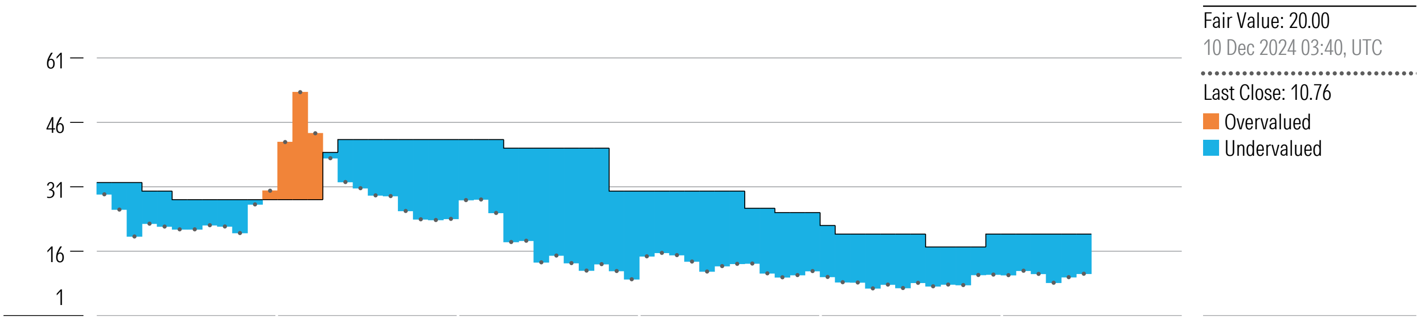
Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 1 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

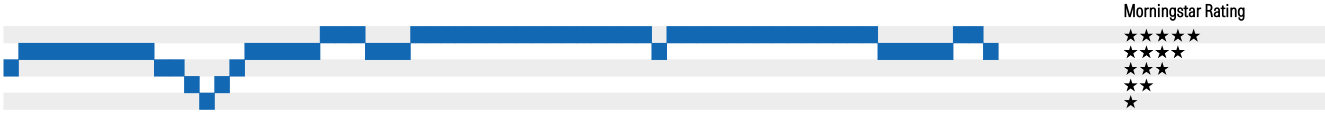
WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Price vs. Fair Value



	2020	2021	2022	2023	2024	YTD	
	1.07	0.56	0.32	0.46	0.53	0.54	Price/Fair Value
	-8.09	-21.77	-59.73	20.04	-7.12	1.80	Total Return %



Total Return % as of 16 Jun 2025. Last Close as of 16 Jun 2025. Fair Value as of 10 Dec 2024 03:40, UTC.

Contents

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Warner Bros. Discovery: Separation Leaves Both Halves Positioned to Succeed and Could Unlock Value

Analyst Note Matthew Dolgin, CFA, Senior Equity Analyst, 9 Jun 2025

WBD is expected to split into two separate companies by mid-2026. CEO David Zaslav will lead the streaming and studios firm, and CFO Gunnar Wiedenfels will be CEO of Global Networks. Warner also announced a debt tender offer.

Why it matters: Distinct public trading could uncover value among the traditional networks, which will continue to generate cash, and the streaming business, which is poised for growth. The debt tender could improve the firm's financial position, depending on how bondholders respond.

- Global Networks will not be positioned to die, in our view, but will still shrink materially. Some attractive assets, such as US sports rights, the CNN and Discovery streaming properties, and digital assets like Bleacher Report, can mitigate the linear television networks' decline.
- After years of heavy investment and international expansion, we believe Streaming & Studios has a bright future, with solid television, movie, and video game studios, along with HBO and HBO Max.

The bottom line: We maintain our $20 fair value estimate, based on the cash flow we project these businesses will collectively generate. Our operating outlook has not changed with this announcement. We don't expect substantial dis-synergies—or better opportunities—upon the split.

- Sports rights within Global Networks should leave the networks with comparable attractiveness and bargaining power with traditional television distributors. This position contrasts with Comcast's

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 2 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Sector	Industry
Communication Services	Entertainment

Business Description

Warner Bros. Discovery was formed in 2022 through the combination of WarnerMedia and Discovery Communications. It operates in three global business segments: studios, networks, and direct-to-consumer. Warner Bros. Pictures is the crown jewel of the studios business, producing, distributing, and licensing movies and television shows. The networks business consists of basic cable networks, such as CNN, TNT, TBS, Discovery, HGTV, and the Food Network. Direct-to-consumer includes HBO and the firm's streaming platforms, which have now been consolidated to Max and Discovery+. Much of the DTC content is created within the firm's other two business segments. Each segment operates with a global reach, with Max available in over 70 countries.

planned network spinoff, which will not retain significant sports rights.

- Our no-moat rating is predicated on the shrinking legacy television business, which has historically generated almost all WBD's profits. As the separation approaches and Warner discloses pro forma financials, we will re-evaluate the new companies individually.

Between the lines: Streaming & Studios would complement the media assets Comcast will retain, as the Peacock streaming service lags behind Max.

Business Strategy & Outlook Matthew Dolgin, CFA, Senior Equity Analyst, 28 Feb 2025

Warner Bros. Discovery faces significant uncertainty surrounding its evolution in a media landscape defined by cord-cutting and many streaming choices. Ultimately, we think Warner's scale, distribution channels, production studios, and content portfolio will make it one of the survivors.

Like several peers whose businesses were built for traditional linear television, Warner has faced financial pressure as it tries to figure out how to compete in a world where consumers have preferred streaming to traditional television. Warner took on heighted costs to build multiple streaming platforms, attract subscribers, and populate the platforms with robust programming choices. At the same time, its networks business has cratered amid a continually shrinking pay-TV subscriber base. This caused multiple years of atrocious financial results, but we believe Max has turned a corner, and we expect these previously bifurcated segments to start working in harmony.

Warner's streaming business is now profitable, more mature, and global, and we think the firm has the right strategy to navigate a convergence between traditional and new media. Its streaming assets are now confined exclusively to Max and Discovery+. Max is the home for nearly all Warner's on-demand entertainment content, but it has also become an outlet for live news and sports that is otherwise on its linear networks.

Whether through streaming, linear, or licensing, we expect first-rate Warner content to continue to reach consumers. The firm's production studios remain top tier in terms of highest-grossing films each year and popular episodic television content. Warner may have to fine tune the traditional balance and timing for things like film exclusivity in theaters versus availability at home, or which television shows and films to license versus keeping in-house. But having a menu of distribution options and attractive content behind it should be deciding factors behind the firm's future success. Still, we expect a more subdued business that won't be able to grow profits nearly as much as in the past.

Bulls Say Matthew Dolgin, CFA, Senior Equity Analyst, 28 Feb 2025

- The entertainment content that Warner owns and can continue to create has value under any business model. Warner's variety of distribution choices will be an asset in satisfying customers as the industry evolves further.

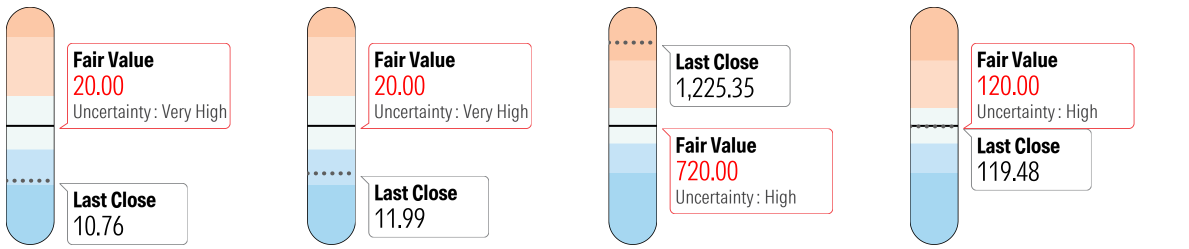
Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Competitors



	Warner Bros. D...ares - Class A WBD	Paramount Global Class B PARA	Netflix Inc NFLX	The Walt Disney Co DIS
Economic Moat	None	None	Narrow	Wide
Currency	USD	USD	USD	USD
Fair Value	20.00 10 Dec 2024 03:40, UTC	20.00 31 Jan 2024 19:22, UTC	720.00 21 Apr 2025 02:21, UTC	120.00 7 May 2025 21:41, UTC
1-Star Price	35.00	35.00	1,116.00	186.00
5-Star Price	10.00	10.00	432.00	72.00
Assessment	Undervalued 16 Jun 2025	Undervalued 16 Jun 2025	Overvalued 16 Jun 2025	Fairly Valued 16 Jun 2025
Morningstar Rating	★★★★16 Jun 2025 21:26, UTC	★★★★16 Jun 2025 21:27, UTC	★16 Jun 2025 21:26, UTC	★★★16 Jun 2025 21:29, UTC
Analyst	Matthew Dolgin, Senior Equity Analyst	Matthew Dolgin, Senior Equity Analyst	Matthew Dolgin, Senior Equity Analyst	Matthew Dolgin, Senior Equity Analyst
Capital Allocation	Standard	Poor	Exemplary	Standard
Price/Fair Value	0.54	0.60	1.70	1.00
Price/Sales	0.64	0.28	13.22	2.28
Price/Book	0.73	0.48	21.47	2.03
Price/Earning	—	9.83	57.28	20.35
Dividend Yield	0.00%	1.68%	0.00%	0.81%
Market Cap	26.62 Bil	8.08 Bil	521.47 Bil	214.79 Bil
52-Week Range	6.64—12.70	9.54—12.54	587.04—1,262.81	80.10—120.50
Investment Style	Mid Value	Small Value	Large Growth	Large Value

- Even if the streaming business model doesn't further evolve, Max's content and existing scale make it one of the few platforms that can stand alone and still attract and retain subscribers.
- With merger cost synergy opportunities still present and a rationalization in content spending, Warner is likely to significantly expand profits and free cash flow.

Bears Say Matthew Dolgin, CFA, Senior Equity Analyst, 28 Feb 2025

- Without a broadcast network or football rights, Warner Bros. linear networks aren't as critical for pay-TV distributors and will face increasing pressure as linear TV subscriptions continue to decline.
- Major streaming platforms have been able to successfully create hit television shows, reducing their need to license content from Warner and creating more competition for HBO and Max.
- Movie theaters and the film industry have also been permanently changed by streaming and consumers' preferences to view video entertainment at home, which will reduce the profitability of the film division.

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 4 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Economic Moat Matthew Dolgin, CFA, Senior Equity Analyst, 28 Feb 2025

We assign a no-moat rating for Warner Bros. Discovery due to the decline in the traditional television business, uncertainty surrounding the industry shift to streaming, and the new competition streaming has brought. We believe several of Warner's advantageous attributes make the firm likely to be a survivor in a new media landscape. However, we don't expect streaming to ever be as profitable for Warner as traditional linear television was, and the continuing secular decline in the traditional television business will likely dampen future financial performance, leaving us significantly less confident that Warner's returns on invested capital—specifically based on the amount of profit it will generate per dollar invested to create content—will continue to exceed its cost of capital for the next decade.

We still think Warner holds valuable intangible assets, including production studios that are topnotch in their ability to create popular content and a variety of wide-reaching distribution outlets that can reach consumers via streaming, traditional television, and movie theaters. However, the firm's cable networks are not nearly as valuable as they once were. Although its networks still have wide pay-TV carriage, we no longer see that as an advantage in an era when consumers can access programming, including video programming, in other ways, and we see little proprietary content that give the networks significant value away from the declining pay-TV universe. Widely distributed networks like CNN, TNT, and TBS may give Warner a competitive advantage in an industry driven by linear television, but linear television cannot support a moat, in our view.

Supported by its sports rights and deep content library, we expect the Max streaming platform to be one of the winners as the streaming industry matures and the distinction between linear and streaming television blurs. With over 100 million global subscribers, it has already separated itself from most peers, with only Netflix and Disney clearly having bigger subscriber bases. More generally, given Warner's major film and television studios and the franchises it owns, we don't see many competitors that will be able to replicate the quantity and quality of content Warner can offer.

The Warner Bros. studios is a critical asset that smaller and newer competitors will have difficulty replicating. Even apart from the franchises and existing content that Warner can continue to monetize and build upon, major studios have advantages in developing brand new content. Besides the financial resources that separate them from many other content creators, major studios have deep relationships with film industry talent and the widest distribution and marketing channels, giving them an advantage in attracting the premier owners and creators of content. Coupled with their relatively huge content budgets, major studios end up with the most shots on goal for major hits.

In film creation, smaller or independent studios typically partner with major studios to help with financing or distribution, and it's rare for them to produce commercial hits without major studio

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 5 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

partnership. Even new competitors with tremendous financial resources, such as tech companies in recent years, haven't shown themselves to be on the same competitive playing field. We believe the major tech companies can make further inroads if they have the desire to continue investing in film production, but we expect the pace will be slow going.

Warner Bros. has also very successfully churned out new television shows, which it either shows on its own platforms or licenses to others. Apart from the long string of HBO shows it has created, such as megahits in the past few years like Succession or Game of Thrones, it has produced current hits on other networks or platforms, such as Ted Lasso and Shrinking for Apple TV, and Young Sheldon for CBS.

Fair Value and Profit Drivers Matthew Dolgin, CFA, Senior Equity Analyst, 28 Feb 2025

We're maintaining our $20 fair value estimate for Warner Bros. Discovery, implying an EV/adjusted EBITDA multiple of about 8.5 on our 2025 forecast. We project an average of about 1% revenue growth annually throughout our five-year forecast, including a small decline in 2025 that is due, in part, to the company losing its NBA broadcast rights in the US.

We project linear networks revenue to decline roughly 12% in both 2025 and 2026 after the firm loses the NBA rights in the fall of 2025. We expect advertising revenue to take a big hit and reset at a lower baseline immediately within that first year. However, considering recent affiliate renewals for its networks with most major US pay-TV providers, we now expect distribution revenue to stay on its steady high-single-digit decline throughout our forecast, driven solely by the continuing decline in subscribers. Overall, we project networks revenue to decline between 7% and 10% annually after 2026 due to ongoing cord-cutting and lower viewership of linear networks.

We're optimistic about Warner's streaming businesses, both with opportunities to expand to more international countries and to gain greater penetration domestically. In both cases, we expect the firm to rely heavily on bundling, which will depress growth in average revenue per subscriber but should lead to a much bigger subscriber base, reduce frequent subscription cancelations, and bring further opportunities for advertising revenue. Combined with a mix shift toward international markets, we don't project much increase in average revenue per subscriber our forecast. We project a decline in the next couple of years as more international markets come online and the domestic bundling strategy takes center stage, and then slight ARPU growth in 2027. We think advertising opportunities will drive overall average revenue per streaming subscriber, but we still expect an average of less than 1% growth annually. However, we expect a much larger subscriber base, with an annual average of about 3 million additional domestic subscribers and 7 million new international subscribers from 2025-29, to support direct-to-consumer revenue growth in the low double digits over the next three years and high single digits the rest of the decade.

We project studios revenue to bounce back from 2024 headwinds with mid-single-digit revenue growth

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 6 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

throughout our forecast. We believe attendance at movie theaters has returned to what will be long-term normalized levels following the shutdowns that occurred due to the pandemic. We also think we've reached a bottom in licensing film and television content to third parties. We generally expect Warner to retain its most popular television shows and pay-one film window rights for the Max streaming service, but we think it will become more open to licensing its less transformative and older content to other content providers.

We project cash content spending to stay in the $13 billion-$15 billion range throughout our forecast, with lower sports spending following the loss of NBA rights offset by growing spending elsewhere. We don't expect much margin expansion for Warner, with the adjusted EBITDA margin remaining in the mid-20s. While we believe the firm still has significant profitability progress it can make in streaming, the more rapid decline in networks, by far the firm's most profitable segment, should offset much of the gains. We project free cash flow to remain in the $5 billion-$6 billion range annually.

Risk and Uncertainty Matthew Dolgin, CFA, Senior Equity Analyst, 28 Feb 2025

Our Morningstar Uncertainty Rating for Warner Bros. Discovery is Very High. The evolution of the media industry that is currently taking place and the firm's weak financial position are the main factors behind our assessment.

Warner's rapidly declining traditional television business has historically formed the backbone of the company. The firm is trying to offset this decline with its focus on the Max streaming platform. There's significant uncertainty surrounding how streaming plays out and how successful Warner's transition will be. We see a lot of potential variability regarding how consumers ultimately purchase streaming subscriptions—whether primarily as part of a bundle of services or predominantly individually—and therefore how big Warner's streaming subscriber base can be and at what price points. We also see a range of outcomes in terms of how streaming co-exists with linear and therefore how quickly and how much further pay-TV subscribers will decline.

We also see greater uncertainty for Warner's licensing business, which consists of movies and television shows it produces. Shorter theatrical windows—as movies move more quickly to streaming platforms—and a general societal trend toward less theatergoing may put pressure on movie licensing. Trends toward keeping content on one's own streaming platforms can also depress licensing, both because Warner holds onto more programming for Max and also because competitors spend more of their own budgets producing their own programming.

From an ESG perspective, we believe potential social issues carry the greatest risk. The entertainment industry in general has a history of bad behavior regarding issues like sexual assault and harassment and racial and gender discrimination. We doubt any individual one could create a material financial impact, but harm to the firm's image could bring consequences with consumers and employees that ultimately dent the firm's business.

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 7 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Capital Allocation Matthew Dolgin, CFA, Senior Equity Analyst, 28 Feb 2025

We assign Warner Bros. Discovery a Standard Morningstar Capital Allocation Rating. Our rating considers both the likelihood that the firm is positioned to add value through its investments as well as its handling of its balance sheet and shareholder distributions.

The merger of WarnerMedia and Discovery in 2022 created a company with very high financial leverage—about 5.0 times net debt/EBITDA. We think management has managed the debt load well since that time, as it has prioritized paying down debt and reducing leverage ratios. Before the merger, Discovery paid a dividend, and the firm wisely cut it completely once the two firms came together. Within about two years of the merger, Warner Bros. Discovery reduced its debt by about $10 billion. It ended 2024 with about $40 billion in debt. We think prioritizing financial flexibility is smart and was worth forgoing potential share buybacks despite depressed stock levels.

We question some of the investments and strategic direction that predated the merger. However, given the decision to merge and the state of the combined firm's streaming platforms at the time of the merger, we think strategy and investments since then have been well measured. We think it was wise to not renew the NBA rights that expire in 2025, especially as the cost had been bid up for a package of rights that included fewer games and NBA ratings have been in decline. We also think the investment to launch Max in numerous foreign countries will create value considering the increasing importance of a global streaming footprint. The firm just launched in its first markets outside in the US in 2024 and will continually roll out service in more countries over the next couple of years. Finally, we think the decision to bundle Max in numerous ways and add live news and sports has been smart. In our view, the firm has made the right moves to make Max central to the company and one of the critical streaming services, which is essential given a decline in the firm's linear networks that we think no one can do anything about.

Analyst Notes Archive

Warner Bros. Discovery Earnings: Streaming Makes Some Progress While Networks Crater Matthew Dolgin, CFA,Senior Equity Analyst,8 May 2025

Warner Bros. Discovery's first-quarter revenue declined 10% year over year, driven by weakness in networks consistent with the ongoing demise of traditional television viewing. However, adjusted EBITDA grew 4%, as streaming continues to become more profitable, and streaming sales growth accelerated. Why it matters: Networks still accounted for three times more profit than the other two segments, streaming and studios, combined. Networks will continue shrinking, and the studios' business can be volatile, so streaming success is critical for Warner. Streaming adjusted EBITDA grew to $339 million, up from $86 million a year ago, good for a 13% margin. Sales growth accelerated to 8% following the pickup in subscriber growth in the second half of last year. Warner added another 5

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

million subscribers this quarter, all but 500,000 internationally. We see much more penetration opportunity internationally, but this weighs on average revenue per user, which dropped to $7.11 in the first quarter, down 9% year over year. Movement toward the ad-supported tier has also weighed on domestic ARPU, which was down 5% year over year, to $11.15. The bottom line: We maintain our $20 fair value estimate and still believe the firm has valuable assets and the ability to be very successful in streaming. Even as linear networks will remain a huge burden, we expect the company will grow free cash flow and profitability. We don't expect much free cash flow growth in the first half of 2025, because the firm still has its NBA contract, but also picked up other sports rights. Free cash flow during the quarter was $302 million, down from $390 million last year. Once the NBA deal expires in June, the firm will save more than $1 billion annually in costs. Coming up: Due to the timing of movie releases, studios revenue was down (18%) while profit was up (40%). With recent releases of A Minecraft Movie and Sinners, we expect a significant pickup in studios starting in the second quarter.

Media and Entertainment: Tariffs Won't Cause Much Direct Harm, but Resulting Economic Weakness Could Matthew Dolgin, CFA,Senior Equity Analyst,3 Apr 2025

Most US media and entertainment stocks sold off with the rest of the market. Notable companies that dropped as much or more than the broad market were Disney, Live Nation, Warner Bros. Discovery, and Roku. Why it matters: Tariffs specifically won't have much impact on companies' costs in this industry. Other than Roku, most don't rely much or at all on selling goods. However, most do rely directly on consumer spending, so economic weakness that results from the tariffs could impede business. Disney's parks and experiences generate most of its profit. A recession would likely depress tourism and reduce attendance at Disney's parks. Apart from economic weakness, Disney is at risk of less international tourism to the US, particularly from Canada, due to chilled foreign relations. We believe Live Nation has similar exposure, as concert attendance is a luxury that consumers could pull back from if needed. We believe Warner's underperformance is related largely to its debt burden, as many stocks of highly leveraged firms are weak, perhaps on fears of tightening credit. The bottom line: We're not currently adjusting any fair value estimates for media and entertainment firms due to multiple areas of speculation about resulting economic effects. However, a recession would dampen our near-term forecast and slightly lower fair value estimates for many of these firms. Wide-moat Disney should see its business cool in a recession, but we think the stock is sufficiently pricing in that risk, relative to our $125 fair value estimate. At current stock levels, we believe the firm's improving streaming business makes up for potential experiences weakness. We also believe no-moat Warner's recent streaming success will persist, so the firm can meet its obligations and prices in a sufficient buffer versus our $20 fair value estimate. Narrow-moat Live Nation is now trading at our $130 fair value estimate, which does not price in recession risk.

Warner Bros. Discovery Earnings: Very Strong Streaming Results and Outlook Drive the Stock

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Matthew Dolgin, CFA,Senior Equity Analyst,27 Feb 2025

Warner Bros. Discovery added nearly 6.5 million net global Max streaming subscribers in the fourth quarter, including 4.5 million domestically. Fourth-quarter direct-to-consumer, or DTC, EBITDA rose to $409 million from a $55 million loss last year. It expects $1.3 billion in DTC EBITDA in 2025. Why it matters: After years of losing billions of dollars in streaming and severely weighing on total profits, DTC eked out a small profit in 2023 and grew EBITDA to $677 million in 2024. Management's $1.3 billion 2025 target materially exceeds the $1 billion goal the firm previously laid out. Streaming gains contributed to 14% year over year consolidated EBITDA growth in the fourth quarter and 19% for the full year, to $10.7 billion, the highest since Warner Media and Discovery merged. Compared with last year, revenue was up 5% in the quarter and 3% for the full year, as streaming and studios growth offset the ongoing shrinkage of networks (down 10% for the full year) as pay-TV continues to lose subscribers and viewers. The bottom line: Warner appears well on the path to success that we've long believed possible. We maintain our $20 fair value estimate. Our no-moat rating reflects the continual plummeting of linear TV networks revenue, but we think Max and studios can thrive. Between the lines: Studios had a nice rebound in the fourth quarter, while the networks segment is not improving. 2024 was a tough year for studios due to games weakness and fewer films and TV shows produced following Hollywood strikes. These headwinds faded in the fourth quarter, with sales up 15% and EBITDA up 75% to nearly $1 billion. Management expects "significant" growth in 2025. Similar to the full year, networks' fourth-quarter sales fell 5%, and EBITDA declined double digits. Advertising is weak and cord-cutting continues. However, the firm has renewed most carriage agreements at decent rates, so, excluding the NBA impact, the deterioration shouldn't accelerate.

Disney, Fox, Warner Bros. Discovery: No Venu, No Problem; It's a Better Outcome for All Matthew Dolgin, CFA,Senior Equity Analyst,10 Jan 2025

Walt Disney, Fox, and Warner Bros. Discovery announced that they are discontinuing their sports streaming joint venture, Venu. The service will never launch. This comes after the Jan. 6 news that Disney has agreed to acquire control of Fubo and allow Fubo to offer a sports streaming package.Why it matters: Venu was to be the first sports streaming pay-TV service. Now Fubo is positioned to be first to offer a skinny sports bundle. Disney will ultimately control this, assuming its combination with Fubo is approved. We expect other distributors will be allowed to offer similar packages. As part of the Disney agreement, Fubo already has rights to launch a package with Disney properties. Based on Fubo's commentary, we believe it can include Fox as well. We expect Fubo will come to agreements with other owners of sports rights and offer a more complete package than Venu would have. Fubo's lawsuit and the injunction that had delayed Venu's launch—both resolved with the acquisition agreement—lead us to believe that Fubo will not be allowed exclusivity for a skinny bundle, especially if Disney controls it. Offering such a package should be attractive to all pay-TV distributors.The bottom line: This outcome is

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

more favorable for Disney, Fox, and Warner Bros. Discovery than Venu would have been. While some costs are already sunk, the firms save on the marketing and ongoing expenses associated with running Venu, which we think had a tough path to value creation. We had not priced in success for Venu. We are maintaining our fair value estimates and moat ratings for Disney ($125, wide moat), Fox ($45, no moat), and Warner Bros. Discovery ($20, no moat).Big picture: Offering sports-only packages may hasten the decline of the traditional linear pay-TV bundle. However, a sports package should have greater durability. This option for consumers may also help them see value in the traditional bundle, which we think needs to evolve to include streaming.

Warner Bros. Discovery: Restructuring Doesn’t Create Value, but It May Help Unlock Value Matthew Dolgin, CFA,Senior Equity Analyst,12 Dec 2024

Warner Bros. Discovery announced that it will implement a corporate restructuring where its global linear networks business is separate and distinct from its streaming and studios businesses. WBD's most prominent linear networks include CNN, TNT, and TBS. Why it matters: On the heels of Comcast announcing similar plans to spin out most of its linear cable networks, WBD appears to be laying the groundwork for a similar move and potential consolidation. This separation doesn't create additional value, in our view, but we see logic in the stock's enthusiastic reaction. We've long said that the market doesn't appreciate the significant value WBD has. This move may bring that value to the forefront, especially if linear networks is ultimately sold. The bottom line: We maintain our $20 fair value estimate. Although the decline of linear networks brought our moat rating on WBD to none earlier this year, we still believe those networks will generate significant—though diminishing—cash flow, and the firm's studios and streaming businesses should continue to grow and become more profitable. Big picture: If this move is indeed a precursor to linear networks' separation from WBD, we don't have the same concerns about the potential for diminution in value about these networks being independent as we did about Comcast. Comcast chose to retain NBC and the Bravo cable network due to their strategic value. However, we believe the networks Comcast intends to spin out benefited in carriage negotiations with pay-TV distributors by being part of a more alluring total package, including with sports rights. WBD is separating all its linear networks—apparently including the sports rights that go with them—so we don't expect a major change in negotiating dynamics with pay-TV providers. WBD recently renewed multiyear agreements with Comcast and Charter, the two largest US pay-TV distributors.

Warner Bros. Discovery: Networks Carriage Renewal With Comcast Further Eases Concerns Matthew Dolgin, CFA,Senior Equity Analyst,10 Dec 2024

Warner Bros. Discovery announced a multiyear carriage renewal agreement to keep its linear networks in Comcast and Sky UK's pay-TV subscription packages. Sky will also include the ad-supported Max streaming service when it launches in the United Kingdom and Ireland in early 2026. Why it matters: While Warner Bros. did not disclose financial terms, reporting from The Wall Street Journal and Variety

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 11 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

leads us to believe it was able to preserve the carriage fees it receives per subscriber rather than take a sizable cut following the loss of NBA rights next year. The NBA loss created greater uncertainty about how rapidly the firm's networks segment's cash flow will dwindle, given that cord-cutting and lower linear television viewership continue to pressure revenue. Warner Bros. has signed renewal agreements with Charter and Comcast, the two biggest US pay-TV providers, since the NBA news. It retained carriage at rates similar to those we projected when assuming NBA renewal while saving the $2 billion annually that we figured NBA rights would cost. The bottom line: We raise our fair value estimate to $20 from $17 due to a less negative impact on carriage fees from the loss of NBA rights, reversing the change we made following the NBA announcement. Despite our view that Warner Bros. has no moat, we see a runway for cash generation even as linear networks continue to wane. In our view, the market is overlooking Warner's opportunity with Max and its first-class studios. Warner's decision to let its NBA rights go looks wise. We thought the $2.5 billion annually that the firm would have had to pay to retain the NBA was too high, but we wondered how much it needed the NBA to preserve carriage agreements. It appears the NBA was less critical than we feared. Long view: We believe Warner can create more value for its shareholders by investing in other content or more rapidly reducing debt with this cash than it would have by continuing to pay for NBA rights.

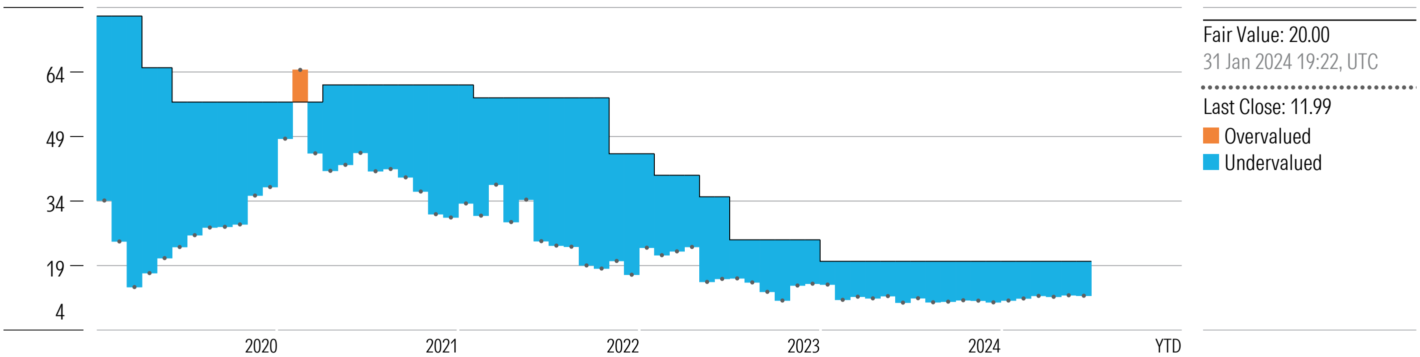
Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 12 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

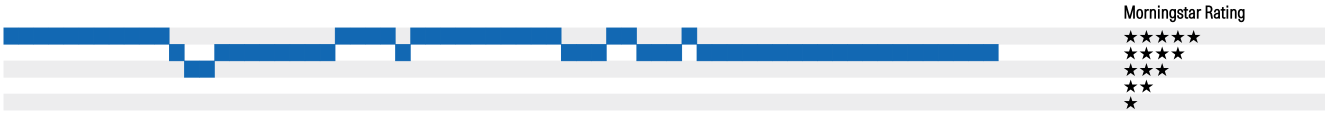
WBD ★★★★ 16 Jun 2025 21:26, UTC

Competitors Price vs. Fair Value

Paramount Global Class B PARA

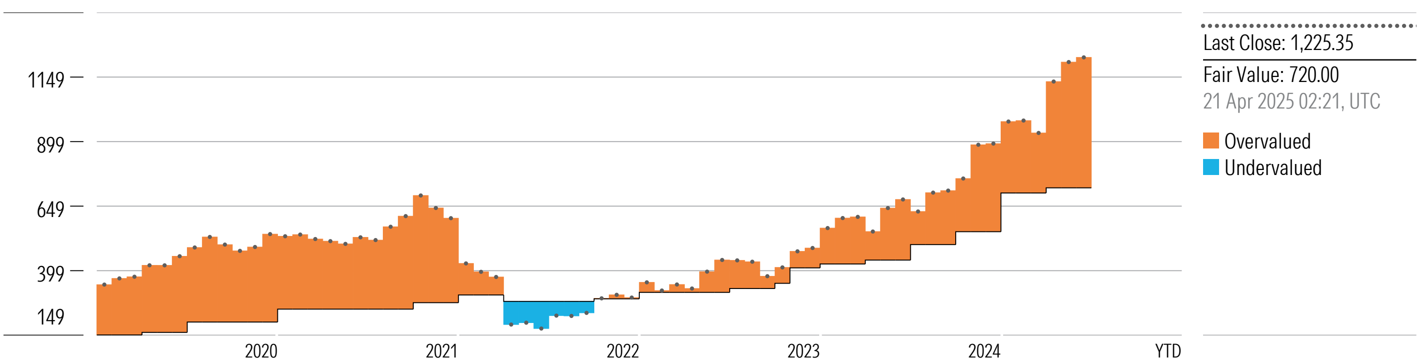


2020	2021	2022	2023	2024	YTD	
0.65	0.49	0.38	0.59	0.52	0.60	Price/Fair Value
-8.93	-16.43	-40.89	-10.07	-27.92	15.58	Total Return %

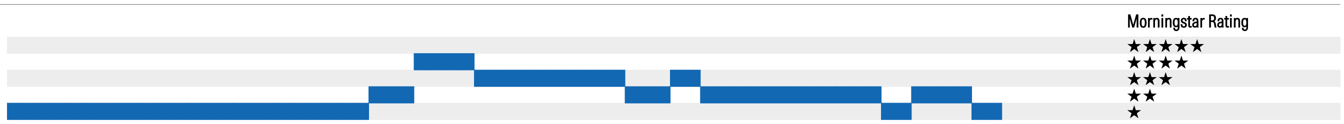


Total Return % as of 16 Jun 2025. Last Close as of 16 Jun 2025. Fair Value as of 31 Jan 2024 19:22, UTC.

Netflix Inc NFLX



2020	2021	2022	2023	2024	YTD	
2.70	2.19	1.02	1.19	1.62	1.70	Price/Fair Value
67.11	11.41	-51.05	65.11	83.07	37.48	Total Return %



Total Return % as of 16 Jun 2025. Last Close as of 16 Jun 2025. Fair Value as of 21 Apr 2025 02:21, UTC.

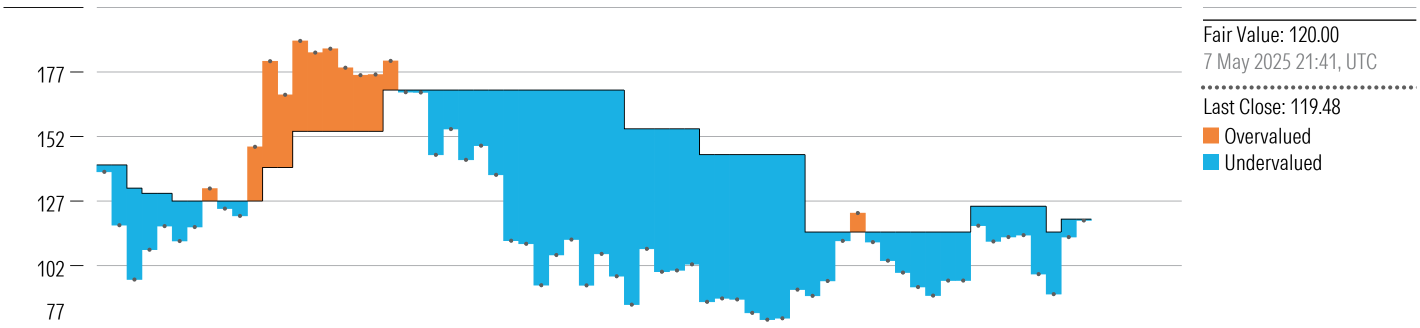
Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 13 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

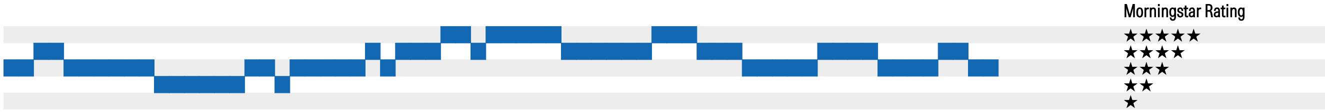
WBD ★★★★ 16 Jun 2025 21:26, UTC

Competitors Price vs. Fair Value

The Walt Disney Co DIS



	2020	2021	2022	2023	2024	YTD
Price/Fair Value	1.29	0.91	0.56	0.79	0.89	1.00
Total Return %	25.27	-14.51	-43.91	4.27	24.38	7.30



Total Return % as of 16 Jun 2025. Last Close as of 16 Jun 2025. Fair Value as of 7 May 2025 21:41, UTC.

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 14 of 23

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Morningstar Valuation Model Summary

Financials as of 08 May 2025	Actual			Forecast				
Fiscal Year, ends 31 Dec	2022	2023	2024	2025	2026	2027	2028	2029
Revenue (USD Mil)	33,817	41,321	39,321	38,473	38,771	39,615	39,936	40,333
Operating Income (USD Mil)	-3,496	-886	18	897	2,590	3,091	3,610	4,257
EBITDA (USD Mil)	-177	6,437	-2,995	7,178	8,289	8,519	8,282	8,572
Adjusted EBITDA (USD Mil)	9,174	10,200	9,032	9,430	10,546	10,824	10,607	10,920
Net Income (USD Mil)	-7,371	-3,126	-11,311	-905	665	952	1,338	1,890
Adjusted Net Income (USD Mil)	-7,371	-3,126	-11,311	-905	665	952	1,338	1,890
Free Cash Flow To The Firm (USD Mil)	2,127	7,747	17,427	6,113	6,963	7,148	6,662	6,194
Weighted Average Diluted Shares Outstanding (Mil)	1,940	2,436	2,450	2,456	2,454	2,454	2,454	2,454
Earnings Per Share (Diluted) (USD)	-3.82	-1.28	-4.62	-0.37	0.27	0.39	0.55	0.77
Adjusted Earnings Per Share (Diluted) (USD)	0.00	0.00	0.00	-0.37	0.27	0.39	0.55	0.77
Dividends Per Share (USD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Margins & Returns as of 08 May 2025		Actual			Forecast					
	3 Year Avg	2022	2023	2024	2025	2026	2027	2028	2029	5 Year Avg
Operating Margin %	-17.0	-10.3	-2.1	0.1	2.3	6.7	7.8	9.0	10.5	7.2
EBITDA Margin %	—	-0.5	15.6	-7.6	18.7	21.4	21.5	20.7	21.3	—
Adjusted EBITDA Margin %	—	27.1	24.7	23.0	24.5	27.2	27.3	26.6	27.1	26.5
Net Margin %	-19.4	-21.8	-7.6	-28.8	-2.4	1.7	2.4	3.4	4.7	2.0
Adjusted Net Margin %	-19.4	-21.8	-7.6	-28.8	-2.4	1.7	2.4	3.4	4.7	2.0
Free Cash Flow To The Firm Margin %	23.1	6.3	18.8	44.3	15.9	18.0	18.0	16.7	15.4	16.8

Growth & Ratios as of 08 May 2025		Actual			Forecast					
	3 Year CAGR	2022	2023	2024	2025	2026	2027	2028	2029	5 Year CAGR
Revenue Growth %	47.8	177.4	22.2	-4.8	-2.2	0.8	2.2	0.8	1.0	0.5
Operating Income Growth %	—	-277.2	-74.7	-102.0	4882.0	188.8	19.4	16.8	17.9	198.4
EBITDA Growth %	-1,329.4	-104.9	-3736.7	-146.5	-339.7	15.5	2.8	-2.8	3.5	-64.1
Adjusted EBITDA Growth %	-4.7	-12.0	11.2	-11.5	4.4	11.8	2.6	-2.0	2.9	3.9
Earnings Per Share Growth %	—	-348.1	-66.5	260.9	-92.0	-173.6	43.1	40.6	41.2	—
Adjusted Earnings Per Share Growth %	—	—	—	—	—	-173.6	43.1	40.6	41.2	—

Valuation as of 08 May 2025	Actual			Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
Price/Earning	—	—	—	-29.1	39.9	27.6	19.6	14.0
Price/Sales	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Price/Book	0.4	0.6	0.7	0.8	0.8	0.7	0.7	0.7
Price/Cash Flow	—	—	—	—	—	—	—	—
EV/EBITDA	7.7	6.9	7.0	6.4	5.7	5.6	5.7	5.5
EV/EBIT	-20.2	-79.2	3,489.5	67.1	23.2	19.5	16.7	14.1
Dividend Yield %	—	—	—	—	—	—	—	—
Dividend Payout %	—	—	—	0.0	0.0	0.0	0.0	0.0
Free Cash Flow Yield %	—	—	—	—	—	—	—	—

Operating Performance / Profitability as of 08 May 2025	Actual			Forecast				
Fiscal Year, ends 31 Dec	2022	2023	2024	2025	2026	2027	2028	2029
ROA %	-5.5	-2.6	-10.8	-0.9	0.7	0.9	1.3	1.8
ROE %	-15.2	-6.7	-32.4	-2.7	1.9	2.7	3.6	4.9
ROIC %	-15.4	-2.1	-15.6	1.4	5.3	7.4	10.1	13.7

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Warner Bros. Discovery Inc Ordinary Shares - Class A

WBD ★★★★ 16 Jun 2025 21:26, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

Financial Leverage (Reporting Currency)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Debt/Capital %	68.0	61.1	60.4	41.4	39.6	37.9	34.8	30.8
Assets/Equity	2.8	2.6	3.0	3.0	3.0	2.9	2.8	2.7
Net Debt/EBITDA	-255.8	6.2	-11.4	4.1	2.9	2.1	1.5	0.9
Total Debt/EBITDA	5.3	4.3	4.4	3.9	3.6	3.6	3.6	3.2
EBITDA/ Net Interest Expense	5.8	4.4	6.7	5.8	6.5	6.4	6.3	6.8

Forecast Revisions as of 8 May 2025	2025		2026		2027	
Prior data as of 28 Feb 2025	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Fair Value Estimate Change (Trading Currency)	20.00	19.71	—	—	—	—
Revenue (USD Mil)	38,473	39,249	38,771	39,651	39,615	40,597
Operating Income (USD Mil)	897	1,032	2,590	2,103	3,091	2,630
EBITDA (USD Mil)	9,430	9,871	10,546	10,636	10,824	10,961
Net Income (USD Mil)	-905	-714	665	187	952	572
Earnings Per Share (Diluted) (USD)	-0.37	-0.29	0.27	0.08	0.39	0.23
Adjusted Earnings Per Share (Diluted) (USD)	-0.37	-0.29	0.27	0.08	0.39	0.23
Dividends Per Share (USD)	0.00	0.00	0.00	0.00	0.00	0.00

Key Valuation Drivers as of 08 May 2025	
Cost of Equity %	11.0
Pre-Tax Cost of Debt %	8.0
Weighted Average Cost of Capital %	8.0
Long-Run Tax Rate %	25.0
Stage II EBI Growth Rate %	1.0
Stage II Investment Rate %	10.0
Perpetuity Year	10

Additional estimates and scenarios available for download at https://pitchbook.com/.

Discounted Cash Flow Valuation as of 08 May 2025	**USD Mil**
Present Value Stage I	26,417
Present Value Stage II	15,900
Present Value Stage III	38,837
Total Firm Value	**81,154**
Cash and Equivalents	5,312
Debt	39,505
Other Adjustments	212
Equity Value	**46,749**
Projected Diluted Shares	2,454
Fair Value per Share (USD)	**20.00**

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

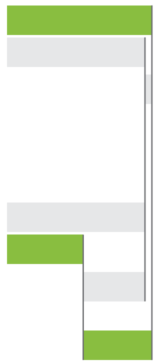
Warner Bros. Discovery Inc Ordinary Shares - Class A

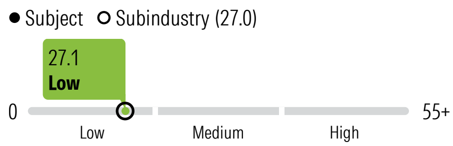
WBD ★★★★ 16 Jun 2025 21:26, UTC

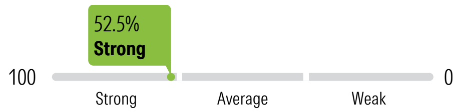
Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
10.76 USD 16 Jun 2025	20.00 USD 10 Dec 2024 03:40, UTC	0.54	26.62 USD Bil 16 Jun 2025	None	Mid Value	Very High	Standard	4 Jun 2025 05:00, UTC

ESG Risk Rating Breakdown

Exposure	
Company Exposure[1]	27.1
– Manageable Risk	25.8
Unmanageable Risk[2]	**1.3**
Management	
Manageable Risk	25.8
– Managed Risk[3]	13.5
Management Gap[4]	**12.3**
Overall Unmanaged Risk	**13.6**







- Exposure represents a company's vulnerability to ESG risks driven by their business model
- Exposure is assessed at the Subindustry level and then specified at the company level
- Scoring ranges from 0-55+ with categories of low, medium, and high-risk exposure

- Management measures a company's ability to manage ESG risks through its commitments and actions
- Management assesses a company's efficiency on ESG programs, practices, and policies
- Management score ranges from 0-100% showing how much manageable risk a company is managing

ESG Risk Rating

ESG Risk Ratings measure the degree to which a company's value is impacted by environmental, social, and governance risks, by evaluating the company's ability to manage the ESG risks it faces.

1. A company's Exposure to material ESG issues 2. Unmanageable Risk refers to risks that are inherent to a particular business model that cannot be managed by programs or initiatives 3. Managed Risk = Manageable Risk multiplied by a Management score of 52.5% 4. Management Gap assesses risks that are not managed, but are considered manageable 5. ESG Risk Rating Assessment = Overall Unmanaged Risk = Management Gap plus Unmanageable Risk

ESG Risk Rating Assessment[5]

ESG Risk Rating is of Jun 04, 2025. Highest Controversy Level is as of Jun 08, 2025. Sustainalytics Subindustry: Cable and Satellite. Sustainalytics provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainalytics' scores for the company. For the most up to date rating and more information, please visit: sustainalytics.com/esg-ratings/.

Peer Analysis 04 Jun 2025

Peers are selected from the company's Sustainalytics-defined Subindustry and are displayed based on the closest market cap values

Company Name	Exposure			Management			ESG Risk Rating		
Warner Bros. Discovery Inc	27.1 | Low	0	55+	52.5 | Strong	100	0	13.6 | Low	0	40+
Paramount Global	26.1 | Low	0	55+	49.2 | Average	100	0	13.6 | Low	0	40+
The Walt Disney Co	28.5 | Low	0	55+	46.7 | Average	100	0	16.0 | Low	0	40+
Netflix Inc	23.7 | Low	0	55+	34.8 | Average	100	0	15.9 | Low	0	40+
Reservoir Media Inc	30.7 | Low	0	55+	24.9 | Weak	100	0	23.4 | Medium	0	40+

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Appendix
Historical Morningstar Rating

Warner Bros. Discovery Inc Ordinary Shares - Class A WBD 16 Jun 2025 21:26, UTC

Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
—	—	—	—	—	—	★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★	★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★	★★	★	★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★	★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★

Paramount Global Class B PARA 16 Jun 2025 21:27, UTC

Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
—	—	—	—	—	—	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★★	★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★★★	★★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★	★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

Netflix Inc NFLX 16 Jun 2025 21:26, UTC

Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
—	—	—	—	—	—	★	★	★★	★★	★★	★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★	★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★	★★	★★★	★★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★	★★★★	★★	★★	★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★	★	★	★	★	★	★	★	★	★	★	★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★	★	★	★	★	★	★	★	★	★	★	★

Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 18 of 23

The Walt Disney Co DIS 16 Jun 2025 21:29, UTC

Dec 2025 —	Nov 2025 —	Oct 2025 —	Sep 2025 —	Aug 2025 —	Jul 2025 —	Jun 2025 ★★★	May 2025 ★★★	Apr 2025 ★★★★	Mar 2025 ★★★★	Feb 2025 ★★★	Jan 2025 ★★★
Dec 2024 ★★★	Nov 2024 ★★★	Oct 2024 ★★★★	Sep 2024 ★★★★	Aug 2024 ★★★★	Jul 2024 ★★★★	Jun 2024 ★★★	May 2024 ★★★	Apr 2024 ★★★	Mar 2024 ★★★	Feb 2024 ★★★	Jan 2024 ★★★★
Dec 2023 ★★★★	Nov 2023 ★★★★	Oct 2023 ★★★★★	Sep 2023 ★★★★★	Aug 2023 ★★★★★	Jul 2023 ★★★★	Jun 2023 ★★★★	May 2023 ★★★★	Apr 2023 ★★★★	Mar 2023 ★★★★	Feb 2023 ★★★★	Jan 2023 ★★★★★
Dec 2022 ★★★★★	Nov 2022 ★★★★★	Oct 2022 ★★★★★	Sep 2022 ★★★★★	Aug 2022 ★★★★	Jul 2022 ★★★★★	Jun 2022 ★★★★★	May 2022 ★★★★	Apr 2022 ★★★★	Mar 2022 ★★★★	Feb 2022 ★★★	Jan 2022 ★★★★
Dec 2021 ★★★	Nov 2021 ★★★	Oct 2021 ★★★	Sep 2021 ★★★	Aug 2021 ★★★	Jul 2021 ★★	Jun 2021 ★★★	May 2021 ★★★	Apr 2021 ★★	Mar 2021 ★★	Feb 2021 ★★	Jan 2021 ★★
Dec 2020 ★★	Nov 2020 ★★	Oct 2020 ★★★	Sep 2020 ★★★	Aug 2020 ★★★	Jul 2020 ★★★	Jun 2020 ★★★	May 2020 ★★★	Apr 2020 ★★★★	Mar 2020 ★★★★	Feb 2020 ★★★	Jan 2020 ★★★

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

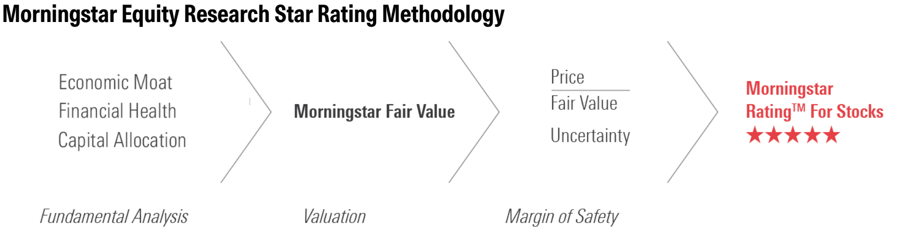
Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future

Morningstar Equity Research Star Rating Methodology



Morningstar Equity Analyst Report | Report as of 16 Jun 2025 23:37, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 20 of 23

Research Methodology for Valuing Companies

outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

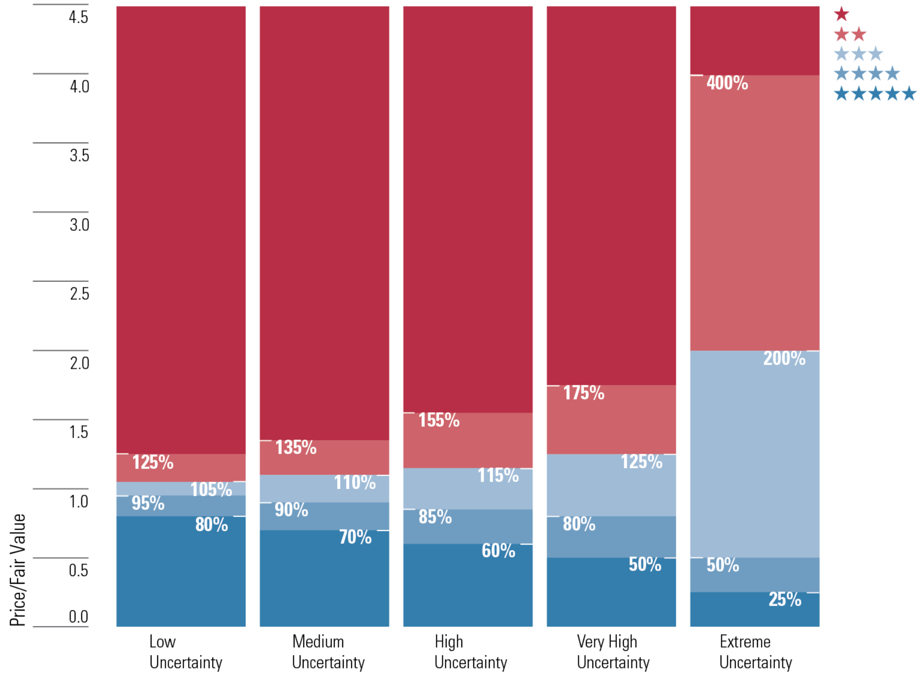
Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com

Morningstar Equity Research Star Rating Methodology



Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments,

Research Methodology for Valuing Companies

and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This Report is for informational purposes, should not be the sole piece of information used in making an investment decision, and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed herein may not be suitable for all investors; investors must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position. Morningstar encourages Report recipients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a financial, legal, tax, and/or accounting professional. The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established

Research Methodology for Valuing Companies

by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Morningstar's overall earnings are generated in part by the activities of the Investment Management and Research groups, and other affiliates, who provide services to product issuers.
- Morningstar employees may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment professional or investment professional representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst) without the approval of Morningstar's Legal and if applicable, Compliance teams.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

Risk Warning Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security's investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. For investments in foreign markets there are further risks, generally based on exchange rate changes or changes in political and social conditions.

For more information about Morningstar's methodologies, please visit global.morningstar.com/equitydisclosures

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf

For recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013).The information, views and any recommendations in this material are provided for general information purposes only, and solely relate to the companies and investment opportunities specified within. Our reports do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. We recommend seeking financial advice before making any investment decision.

For recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited.

For recipients in India: This investment research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with SEBI as a Portfolio Manager (registration number INP000006156) and as a Research Entity (registration number INH000008686). Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data-related services, financial data analysis, and software development. The research analyst has not served as an officer, director, or employee of the fund company within the last 12 months, nor have they or their associates engaged in market-making activity for the fund company.The ESG-related information, methodologies, tool, ratings, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted, and Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in

Research Methodology for Valuing Companies

India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency, for informational purposes only. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: The Report is intended for Institutional Investor audiences and is distributed by Morningstar Investment Adviser Singapore Pte. Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Morningstar Investment Adviser Singapore Pte. Limited is the entity responsible for the creation and distribution of the research services described in this Report.

This content is provided for informational purposes only and may be shared or redistributed by Institutional Investors to their clients or other permitted persons, subject to obtaining the appropriate licence from Morningstar. Redistribution of this content is subject to any applicable conditions or limitations, including those agreed commercially or contractually with Morningstar. The person who shares or redistributes this content shall be solely responsible for compliance with all relevant legal and regulatory obligations in the jurisdictions in which the material is made available.

Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decision.

Morningstar, Inc., and its affiliates rely on certain exemptions (Financial Advisers Regulations, Section 27(1)(e), Section 32B and 32C) to provide its investment research to recipients in Singapore.

For recipients in Korea: The report is distributed by Morningstar Korea Ltd., which has filed to the Financial Services Committee, for informational purposes only. Neither Morningstar Korea Ltd. nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information.