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WEEKLY UPDATE

WEEK ENDING AUGUST 7, 2026

This was one of those weeks where my head is still spinning and I will certainly need the weekend to recover! 95 companies in our LionTree Universe reported, including heavy-weights across a multitude of sub-sectors so we had to pick our spots. It was a particularly big week for the Media Conglomerates, but we also had notable updates in connectivity, music, videogame, digital advertising/social media, and more.

For reference, about 88% of the S&P 500 have now reported and earnings growth overall/guidance continues to be generally strong. Per FactSet, blended y/y earnings growth for S&P 500 constituents is up 50.4%, which is well ahead of pre-season expectations. Excluding large contributions from GOOGL and AMZN, which skews the overall, blended y/y earnings growth is still high at 29.2%. This is well ahead of the five- and ten-year averages. The blended revenue growth rate is 15%. The magnitude of earnings beats has also been coming in above the longer-term averages.

In the background of this earnings deluge, the markets were “en fuego”, with Nasdaq up a stunning +5.2% and the S&P 500 rallying +3.6%. The momentum trade came back with a vengeance with Semis (SOX) up +9.3% and Software (IGV) up +8.6%.

See below for what we focused on in this week’s edition. We certainly covered a lot of ground and there is a lot to digest.

This edition likely will require that extra cup of coffee! Have a nice weekend, and as always, your thoughts and feedback are always welcome and encouraged!

Best,
Leslie

If this report has been forwarded to you and you would like to be added to our distribution list, please email me at lmallon@liontree.com

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This weekly product is aimed at helping our key corporate and investor clients stay in front of major themes and developments driving the TMT and consumer-oriented sector. Please don't hesitate to reach out with any questions or comments!

Top Themes

1) Earnings Scorecard – Week 4

It was an absolute downpour of earnings reports this week, as a colossal 95 companies in our LionTree Universe released their second calendar quarterly results (up from 36 companies last week). Stock reactions just barely weighed on the positive side with 48 companies trading up (51%) and 47 trading down (49%). The worst performer of the group was **ThredUp**, which fell -50.5% post its print and the best performer was **Doximity**, which jumped +32.6%.

Media names dominated the earnings circuit, and the prints were received relatively well, with **WarnerBrosDiscovery** trading up +1.7% in reaction to its numbers (see Theme #3), **Disney** up +3.6% (see Theme #4), **Paramount Skydance** up +4.5% (see Theme #2), and **Fox** up +5.3% (see Theme #5).

Over on the music side, it was a bit tougher with **Spotify** falling -1.7% after posting its results, while **Warner Music Group** was up +1.7% (see Theme #7).

Snap and Pinterest closed out the digital advertiser reports, though results diverged with Snap trading up +14.9% on the back of results, while Pinterest fell -8.7% (see Theme #8).

There were several other key prints this week as well that saw positive reactions from the market…in betting, **DraftKings** was up +8.4% (see Theme #10), while in gaming, **Take-Two** traded up +6.0% (see Theme #9), and in live entertainment, **TKO** was up +0.3% (see Theme #11).

Finally, the highly anticipated first earnings report from **SpaceX** posted this week, but it was a tough reaction with the stock falling -13.6% after its report (see Theme #1), though it did rally back to close the week up +23%.

The table below includes select mid- and large-cap TMT and consumer companies in our LionTree stock universe that reported this week.

LIONTREE EARNINGS SCORECARD

SECTOR	Stk Reaction*
Ad Tech	
Taboola.com	-27.5%
Criteo	-23.9%
The Trade Desk	-21.9%
MNTN	3.8%
Magnite	17.7%
PubMatic	31.9%
Advertising Agencies	
WPP PLC	28.5%
Application Software	
Applovin	-19.7%
CLEAR Secure	1.3%
DigitalOcean	1.4%
Unity	15.1%
Shopify	17.0%
Broadcast TV	
Nexstar Media	-1.1%
Sinclair	6.1%
The EW Scripps	12.5%
Gray Media	25.5%
Consumer Retail	
Zalando	-13.3%
Warby Parker	-7.9%
Figs	26.9%
Digital Real Estate	
Compass	6.9%
Opendoor	-8.7%
Zillow	-8.5%
E-Commerce	
ThredUp	-50.5%
Mercado Libre	-4.8%
Etsy	-4.2%
Revolve Group	-4.1%
RealReal	-3.7%
eBay	-0.9%
Groupon	-0.5%
Wayfair	30.0%
EdTech	
Chegg	-14.7%
Duolingo	-9.4%
Employment Marketplace	
ZipRecruiter	10.1%
Entertainment Facilities	
Six Flags Entertainment	15.1%
Vivid Seats	19.8%
European Media	
Prosiebensat 1 Media SE	9.8%

SECTOR	Stk Reaction*
Hardware/Handsets	
Peloton	-15.6%
HealthTech	
Oscar Health	-11.9%
Clover Health	12.6%
GoodRx	13.8%
Doximity	32.6%
Internet Services	
Shutterstock	-5.3%
Internet/Advertising	
BuzzFeed	-9.0%
Pinterest	-8.7%
Match Group	-7.5%
Bumble	-6.4%
Yelp	2.1%
Ziff Davis	5.7%
People	10.4%
Snap	14.9%
Last Mile Transport/Delivery	
Uber	-5.3%
DoorDash	2.9%
Lyft	7.1%
Maplebear	11.4%
Latam Telco	
Liberty Latin America	3.8%
Live Events	
TKO Group	0.3%
Music	
Spotify	-1.7%
Warner Music Group	1.7%
Online Travel	
TripAdvisor	-25.5%
Expedia	-4.1%
Trivago	-2.4%
Booking	6.6%
Airbnb	17.4%
Out of Home Advertising	
Outfront Media	-2.7%
Lamar Advertising	1.2%
Payments/FinTech	
Toast	-15.9%
Block	-6.2%
Circle	0.0%
PayTV-Broadband	
Cable One	-16.1%
Optimum	2.6%

SECTOR	Stk Reaction*
Satellite Communications	
Gogo	-18.4%
Eutelsat Communications SA	-4.4%
Semis	
Advanced Micro Devices	-7.0%
Smart Home Security	
Alarm.com	2.2%
Software & IT Services	
Datadog	-19.0%
Palantir	29.5%
Space	
SpaceX	-13.6%
Sports & Sports Betting	
Liberty Braves Group	-2.8%
PENN Entertainment	0.2%
DraftKings	8.4%
Telecom Infrastructure	
SBA Communications	4.7%
Toys	
Mattel	-2.7%
US Media/Video	
Lionsgate Studios	0.3%
Warner Bros Discovery	1.7%
Walt Disney Company	3.6%
Paramount Skydance	4.5%
Fox	5.3%
Versant	6.8%
fuboTV	11.6%
US Print Media / Publishing	
The New York Times	-13.4%
USA TODAY	-7.6%
News Corp	2.1%
US Telco / Wireless	
Lumen Technologies	-9.4%
Video Games	
Playtika Holding	-15.4%
Take-Two Interactive	6.0%

Source: FactSet
*Day post earnings

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2) Higher Capx Spooks SpaceX Investors Despite Strong Fundamentals

All eyes were on SpaceX this week with its first qtrly report out of the gate and the Co materially beat the Street on its revenue (across all segments) and profitability performance (especially in AI and Space) BUT higher capx spending for AI compute was the negative focus that dragged the stock down. Q2 capx of ~$18bn was +39% higher than Wall Street consensus (and up +550% y/y) and spending is expected to remain at that level for the next couple of qtrs. Even though the AI capx is generating a <1yr payback, investors were caught off guard.

In addition to that, our other top takeaways from the report include: 1) Mgmt is guiding for $100bn ARR by the end of 2026 (and this is “not a question mark”) and pulled forward its $1T revenue target by a year to 2030, w/ a "non-zero chance" of 2029; 2) The AI segment grew revs by +213% SEQUENTIALLY and posted a huge improvement in profitability (adj. EBITDA reached $1.1bn vs cons loss of -$65mn) as new cloud services scaled, along with growth in Grok/X subscription rev plus ad revs grew and new hosting deals are carrying high incremental EBITDA margins; 3) Cloud Services backlog is building fast as $14.1bn of contracted sales were signed in Q2, of which only $1.6bn hit revenue plus an addt'l $6.7bn has been contracted in the first few wks of Q3 ramping from Oct and w/ previously annc'd Google and Anthropic deals also ramping in the Q3/Oct window; 4) Compute capacity is stepping up materially…from 1.4 GW nameplate at Q2 end (vs 1.0 GW in Q1 and 0.4 GW a yr ago) heading to 2+ GW by YE26 and closer to 10 GW than 5 GW of compute by end-2027; 5) Mgmt was very bullish on the Starlink Enterprise & Govt business for Starlink and sounded committed to build out terrestrial infrastructure for Starlink Mobile services that it believes will compete favorably vs the telco giants and mgmt. believe that an innovative infrastructure approach will cost a lot less than a traditional build out (telcos and towers were hit on these comments); and 6) Musk called the Starship heat shield "solved", which enables full reusability.

See below for more details on the above plus other incremental points from our view.

-> SpaceX shares fell -13.6% on the back of results but came back to close the week up +22.8%; The stock is now down -1.4% from its IPO price of $135/shr

It Was A MUCH Stronger Qtr Than Projected By A Long Shot…

- **Revenue BEAT by 14% & grew +92% y/y**
    - The Co posted upside in all segments vs cons

- **Adj. EBITDA BEAT by 71% & grew +191% y/y:** 45.3% margin vs 30.3% cons
    - AI and Space were the biggest upside drivers but Connectivity also delivered better than expected profitability

- **Gross Income BEAT ~20% w/ a GM of 55.3% vs 52.6% cons**

- **Net Loss of $541mn, an improvement of $467mn y/y**

SpaceX	Q2 2026 Results			
	Actual	Q2 y/y	Cons Est	% Surp
Revenue ($mn)	**$7,814**	*92%*	**$6,830**	**14.4%**
Adj. EBITDA	**$3,540**	*191%*	**$2,070**	**71.0%**
Adj. EBITDA Margin	45.3%		30.3%	
Gross Income ($ mn)	**$4,320**		**$3,590**	**20.3%**
Gross Margin	55.3%		52.6%	
CapEx ($mn)	**$18,369**	*550%*	**$13,220**	**Higher**
Revenue Breakdown ($mn)				
Space	**$962**	*29%*	**$835**	**15.2%**
Connectivity	**$4,291**	*66%*	**$3,830**	**12.0%**
AI	**$2,561**	*248%*	**$2,180**	**17.5%**
Adj. EBITDA Breakdown ($mn)				
Space	**-$205**	*120%*	**-$431**	**110.1%**
Connectivity	**$2,600**	*64%*	**$2,380**	**9.2%**
AI	**$1,150**	*NM*	**-$65**	**1861.0%**
CapEx Breakdown ($mn)				
Space	**$1,174**	*24%*	**No Consensus Given**	
Connectivity	**$1,367**	*21%*	**No Consensus Given**	
AI	**$15,828**	*2013%*	**No Consensus Given**	

Source: SpaceX Filings; FactSet

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…And Mgmt Pulled Forward Its $1 Trillion Revenue Target By One Year

- **Mgmt is guiding for $100bn+ ARR by December 2026…this "not a question mark...that's what we would achieve if we basically did nothing"**
  - It will be driven by all three segments BUT Cloud Services is the largest contributor
  - The Co has already contracted $6.7bn of addt'l cloud services rev in early Q3 (6-month period ramping from Oct) …see more below
  - Includes contribution from Cursor acquisition (expected to close soon)
  - Deals with Google and Anthropic are ramping later in Q3/Oct

- **The internal $1T revenue target was pulled forward from 2031 to 2030 and there is a "nonzero chance" of 2029**

BUT Capx Was MUCH Higher Than Expected Which Is Causing Consternation

- **CapEx at $18.4bn was ~39% HIGHER than expectations & grew +550% y/y**
  - ~$15.8bn (86%) is allocated to AI compute infrastructure and the remainder to fund Starship/launch infra, satellite production, global ground station expansion
  - Additionally, paid $856mn under EchoStar spectrum credit agreement

- **OUTLOOK: Expect next two quarters Capx to be "very similar" to Q2 levels**
  - But mgmt. stresses that AI compute Capx is generating <1yr payback and described it as "almost like COGS" given speed of monetization

Starlink's Enterprise & Govt Revenue Is Expected To "Substantially Exceed" Consumer…Capacity Will Dramatically Scale

- **Connectivity segment performed BETTER than expected**
  - Revenues BEAT by ~12% and grew +66% y/y & +32% seq
  - Ad EBITDA BEAT by ~9% and grew +64% y/y…though margin of 60.5% was down y/y from 61.2%

- **Added +1.7mn Starlink subscriber net adds in Q2 globally (up from +1.4mn in Q1)**
  - Markets w/ service availability reached 167 in Q2
  - Held ARPU stable at $66/mo vs Q1 but geo expansion may pressure blended ARPU over time

- **Enterprise & govt rev grew +108% y/y…and mgmt sees an enormous growth opportunity, especially since they are less than 10% penetrated in the aviation segment**
    - The Co won $6bn+ in US govt contracts in Q2 for Starshield
        - Supporting major Space Force programs w/ mission-critical comms and sensing capabilities
    - Enterprise rev are "quite sticky"…Co has never lost an enterprise customer
    - The Co expects enterprise rev to "substantially exceed consumer revenue" over time
    - They are building a large enterprise sales team to educate customers that Starlink is now a primary provider (not backup) given improved uptime/low latency

- **The Co expects to dramatically increase capacity w/ V3 Satellites**
    - **Satellites in orbit/capacity:** ~10,200 operational satellites in orbit (incl ~9,600 broadband delivering ~800 Tbps total downlink capacity)
    - **V3 satellites will materially step up capacity:**
        - **Increase in capacity:** V3 satellites are ~10x more capable than V2…plan to launch ~10x as many which implies ~100x increase in delivered bandwidth
        - **Revenue impact:** Mgmt notes that even if monetization per bit dropped 10x, it still implies 10x rev increase from Starlink
        - **Deployment plan:** They had a successful V3 satellite speedrun test on the most recent Starship launch & the Co intends to deploy V3 satellites into constellation for operational use on upcoming Starship missions
        - **Timing:** ~1,000 V3 satellites are needed for meaningful service improvement and this is expected ~Q2:27

Starlink Mobile Plans Were In Focus…The Co Sounds Committed To A Terrestrial Buildout

- **The Co launched new Starlink Mobile partnerships in Q2 w/ SoftBank, NTT Docomo, Spark New Zealand**

- The current system operates on ~5 MHz bandwidth through local telco providers and supports voice/video calls over Signal and WhatsApp
    - Will also have 65MHz of bandwidth through EchoStar spectrum

- **Mgmt sees Starlink Mobile as a future competitor to US carriers and cites a TAM of ~$600bn/yr (AT&T + VZN + TMUS)**
    - Mgmt anticipates acquiring "quite a few" customers from carriers because service will be better…it eliminates dead zones, more resilient during natural disasters
    - Musk notes that it is "not out of the question" that Starlink delivers a majority of world's internet within 10 years

- **But what about capx needs to build terrestrial infrastructure? Mgmt believes they have an innovative terrestrial build-out approach using EchoStar's terrestrial spectrum rights that will be lower cost than expected**
    - **What is the innovative approach?** Rather than using traditional large cellular base stations, the Co plans to deploy femto cells on existing Starlink dishes (rooftops of homes/businesses)
        - These antennas have clear view for providing connectivity to phones on the ground with potentially better/higher bandwidth than current cellular providers
        - Not providing specific CapEx guidance for terrestrial build-out but believes this approach will be "quite CapEx efficient" vs traditional mobile network build-out

AI Compute Is The Fastest-Growing Segment…Capacity Is Ramping Materially…Q3 Is Off To A Strong Start W/ Cloud Services Deals

- **AI segment rev BEAT cons by +18% and grew +247% y/y (+213% seq)**
    - Driven by new cloud services agreements at Colossus/Colossus 2 ($1.6bn incremental rev) + growth in Grok/X subscription rev
    - Ad revs grew +7% seq after overhauling its ad platform w/ AI functionality

- **A huge improvement in profitability in the AI segment was a key positive…adj. EBITDA reached $1.1bn vs cons loss of -$65mn**

    - Hosting deals are generating high incremental EBITDA margins as the Co monetizes available compute capacity
    - The AI segment net operating loss narrowed meaningfully to -$1.3bn

- **Compute capacity is massively scaling…1.4 GW nameplate at Q2 end** (up from 1 GW in Q1 and 400 MW a year ago)**, targeting 2+ GW by yr-end 2026**
    - **Longer-term targets:**
        - **Aiming for 5-10 GW by end of 2027 (closer to 10)**
        - Separately targeting 20 GW of power/cooling/electrical online by end of 2027, and realistically ~15 GW assuming ~1/4 of projects slip; The goal is to deliberately have far MORE power/cooling than GPUs to avoid bottlenecks
    - **Current economics:** Seeing a <1yr payback on new capital deployments for compute, and the economics are getting better w/ each deal
    - **Supply-demand imbalance is expected to continue**: Memory output is growing ~20%/yr vs demand growing ~200%+/yr
    - **Monetization per watt of Rubins is estimated at $30-50…**Musk expects usefulness per watt to increase rapidly w/ AI improvement

- **The vast majority of capx is for AI compute infrastructure (86%)**
    - **Capx in the next two quarters to be "very similar" to Q2 (~$18bn)**

- **Already contracted an addt'l $6.7bn of cloud services revenue in the first few weeks of Q3 (ramping from Oct)**
    - This is a big driver to the $100bn ARR by Dec (incl Cursor contribution) target mentioned above
    - Previously annc'd deals w/ Google and Anthropic are also ramping in Q3/Oct timeframe

- **Musk makes bullish comments on NVIDIA Rubin architecture…mgmt expects to receive a "very significant percent" of NVIDIA GPUs next year**
    - Applying rocket/satellite engineering expertise to data center build…"terrestrial data centers are a trivial problem" vs building reusable rockets
    - SpaceX hardware engineering applied to scaling data centers yielding "tremendous benefits"
    - Goal is to have far more power/cooling/electrical equipment than GPUs to avoid bottlenecks

- **Cursor acquisition is expected to close "soon"**

Grok AI Advancing Rapidly…Grok 5 To Incorporate Full SpaceX Engineering Corpus By Year-End

- **Grok release targets:**
    - **Grok 4.5 was released in July and feedback has been "very positive" & token consumption tripled out of the gate**
    - Grok 4.6 is coming next week
    - Grok 4.7 in ~3-4 weeks
    - **Grok 5 is expected before YE 2026…will incorporate the full SpaceX Engineering Corpus**
        - Mgmt believes Grok will be "by far the best engineer"

- **Grok training expected to consume ~10% of total compute over time; The remainder is for inference + renting training/inference compute to third parties**

Starship V3 Is Progressing Toward Reusability…The Heat Shield Problem Is Considered "Solved"

- **Space rev BEAT cons by +15% and grew +29% y/y & +55% seq driven by larger customer launches + favorable mix**
    - Adj. EBITDA of -$205mn also BEAT cons loss of -$431mn reflects accelerated Starship R&D investment

- **Launches totaled 78 in H1:26 w/ 1,041 tons of mass to orbit (mostly for own Starlink missions)**
    - **Two successful Starship V3 flights completed in past 90 days**

- **Flight cadence is expected to increase rapidly…the Co is targeting at least 1 flight/day within ~1 year**
    - Starship aims to 4x the payload capacity and reduce launch costs by 10x vs Falcon 9
    - The Co delivers ~2,500 tons/yr to orbit via Falcon (the RoW delivers 300 tons)

        - Aim to deliver 1mn+ tonnes/yr, and ultimately 10mn tonnes/yr
    - Building out Gigabays + activating multiple launch pads at Starbase and Cape Canaveral (Pad 39A and Pad 37)
    - Accelerating Raptor engine and launch vehicle production

- **Musk considers heat shield problem "solved"…"we do not see any technical obstacles at this point to achieving full and rapid reusability"**

- **Human spaceflight milestones: Artemis III docking mission is scheduled for next year, an uncrewed lunar cargo mission to follow, and boots on the Moon are targeted for 2028**

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3) PSKY Remains Heads Down Ahead Of Finalizing The WBD Deal

The most important question regarding Paramount from investors' point of view is what is happening with the WarnerBrosDiscovery deal and on that, PSKY mgmt. remains very, very confident given the existing approvals they have received and that "the facts are on our side." However, the delay does come with some incremental financing costs which would be $190mn if the deal close extends to June 2027 plus the 25c/shr/qtr ticking fee after Sept 30th payable at close. There was not much else said on the transaction so this will be a wait and see.

In the meantime, PSKY mgmt remains heads down on execution, and better profitability has been a key standout. Q2 adj EBITDA was +17.4% ahead of the Street (grew +27% y/y), mgmt raised its FY26 adj EBITDA outlook to $3.8-3.9bn (from $3.8bn), and the Co doubled its FCF conversion guidance to at least 10% (from 5%). Also to note, Q2 FCF of $258mn materially beat cons of a -$307mn loss. With that said, Q3 adj EBITDA guidance fell -9.3% short of consensus.
Other key incrementals in our mind from results include: 1) The Co raised its run-rate synergy target for the Skydance-Paramount merger to $2.7bn by YE (from $2.5bn); 2) Paramount+ delivered its best retention quarter ever, with subs reaching 81.6mn (beat cons by +3%) driven by 4mn underlying adds; 3) Overall Q2 organic ad trends were "pretty stable" and slightly better than seasonal patterns, w/ DTC ad growth nearly offsetting cont'd TV Media pressure and DTC ad revs growth should accelerate in H2 (driving overall ad revs back to growth); 4) Strong licensing momentum in Studios was a key highlight along with the Co seeing 11% better marketing ROI per dollar vs 2025; and 5) Affiliate subscriber losses showed some improvements.

See below for more detail on the most important updates from Paramount's results and also see Theme sections below for our view on WarnerBrosDiscovery, Disney, and Fox's results as well. It ended up being a positive week overall for the Media giants.

-> PSKY shares closed the day up +4.5% in reaction to earnings and ended the week up +15.5%; YTD the stock is still down -31.4%

First & Foremost, Mgmt Remains "Highly Confident" In The WBD Deal But Addt'l Costs Will Be Incurred

- **Mgmt is "highly confident" that they will close the WBD deal** and is "absolutely open" to an out-of-court solution, but believes they will win at trial as well (set for March 2027)… "the facts of the law are on our side"
    - **The Co highlights 65 regulatory approvals worldwide** (incl EU, US, Canada, China, and more)

  -> Also this week, the UK's Competition & Markets Authority cleared the PSKY/WBD deal, deciding not to refer the deal to a Phase 2 investigation (link)

- **Total incremental financing costs would be ~$190mn if the deal close extends to June '27**
    - The equity and bridge are fully committed
    - The bridge fees are $8-9mn/month + commitment fee due June '27
    - **There is also a $0.25/share/quarter ticking fee for WBD shareholders after Sept 30 (~$650mn/qtr) payable at close through additional equity**

Upside In Q2 Profitability (W/ Inline Revs) Was The Headline Standout

- **Q2 adj EBITDA BEAT cons by +17.4% and grew +27% y/y**…profitability was up across ALL segments

- **Q2 revs grew +1% y/y vs +2% y/y in Q1**
    - Driven by DTC (+9% y/y) and Studios (+16% y/y), offset by TV Media (-9% y/y)

- **Non-GAAP adj EPS $0.18 was inline**

- **FCF of $258mn was much HIGHER than cons loss of -$307mn**

Paramount	Q2 2026 Reults			
	Actual	Q2 y/y	Cons Est	% Surp
Revenue ($ mn)	**$6,913**	1%	**$6,870**	**0.6%**
Adj EBITDA ($ mn)	**$1,099**	27%	**$936**	**17.4%**
Adj EBITDA Margin (%)	15.9%		13.6%	
Free Cash Flow ($ mn)	**$258**	126%	**($307)**	**133.3%**
Revenue by Segment ($ mn)				
TV Media	**$3,128**	-9%	**$3,210**	**-2.6%**
Advertising	$1,420		$1,480	**-4.1%**
Affiliate and Subscription	$1,580		$1,580	**0.0%**
Licensing and Other	$127		$117	**8.8%**
Direct-To-Consumer	**$2,474**	9%	**$2,470**	**0.2%**
Advertising	$535		$531	**0.7%**
Subscription	$1,940		$1,910	**1.6%**
Filmed Entertainment	**$1,314**	16%	**$1,192**	**10.2%**
Advertising	$4		$4	**8.1%**
Theatrical	$138		$166	**-16.9%**
Licensing	$1,170		$988	**18.5%**
Eliminations	-$3		-$3	**-3.3%**
Adj EBITDA by Segment ($ mn)				
TV Media	$1,063		$840	**26.5%**
Direct-To-Consumer	$366		$298	**22.9%**
Filmed Entertainment	$36		$60	**-40.3%**
User Metrics (mn)				
Paramount+ Subs	81.6		79.2	**3.0%**
Paramount+ Revenue ($ mn)	$2,061		n/a	

Source: FactSet, Bloomberg, StreetAccount

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Mgmt Raised 2026 Adj EBITDA, FCF Conversion, & Synergy Run Rate Guidance, But Q3 Adj EBITDA Guidance Fell Short Of Estimates

- **For 2026, mgmt RAISED adj EBITDA guidance from $3.8bn to a range of $3.8-3.9bn** which was +1.9% above cons at the mid-pt
    - Revenue guidance was reiterated (+4% y/y)

- **2026 FCF conversion guidance was also INCR'D to "at least 10%" from ~5% previously,** before ~$800mn transformation costs
    - But 10% is "not the end goal"
    - Content spend is still in an early ramp BUT investments "will moderate" as the Co moves to a "steadier profile"

- **The run-rate synergy target was also raised to $2.7bn by YE26 (from $2.5bn)…but the Co still expects $3bn+ total from Skydance-Paramount merger**
    - **Key drivers:**
        - **Tech savings:** ~$200mn run rate by the end of the year and into next year from the Oracle Fusion ERP + product stack convergence + cloud optimization

        - **Facilities consolidation, procurement, and marketing:** ~$100mn combined, with some hitting in 2026 and some in 2027
    - **The Oracle Fusion migration is on track and the Co should have the unified ERP completed by the end of next year**

- **PSKY is reinvesting $1.5bn+ in new content in 2026 (including UFC, an expanded film slate, broader Originals lineup) plus strategic investment in product, tech, and AI capabilities**

- **2026 corporate expenses are expected at ~$1.5bn**

Paramount	FY 2026 Guidance		
	Actual	Cons Est	% Surp
Revenue ($ mn)	$30,000	$29,870	0.4%
TV Media	Declining Rev, Stable Margins		
Direct-To-Consumer	Acce'l Rev + Profit Growth		
Filmed Entertainment	Profit Growth via Licensing, Theatrical Lagging		
Adj EBITDA ($ mn)	$3,850	$3,780	1.9%

Source: Paramount Filings; FactSet Data & Analysis LionTree

- **For Q3, rev guidance was a tad better…implies a step of revenue growth of +4-7% y/y**
    - **Drivers:** Due to an acceleration driven by DTC (improving ad trends and subscription strength) and Studios (strong slate in H2 plus delivery on licensing, with library revenue growing DD)
    - **Paramount+ subs are expected to be "relatively flat" q/q in Q3**

- **BUT Q3 adj EBITDA guidance of $925mn at the mid-pt MISSED cons by -9.3%**
    - Seasonal content amortization (sports + new originals) is hitting DTC margins in Q3, with moderation expected in Q4
        - DTC margins are expected to step down to mid-to-high SD in Q3, though full-year streaming profit will still grow
    - Studios and TV Media profitability are expected to improve y/y

- **~$200mn in transformation costs expected in Q3, impacting reported FCF**

Paramount	Q3 Guidance (mdpt)		
	Actual	Cons Est	% Surp
Revenue ($ mn)	$7,050	$7,010	0.6%
Adj EBITDA ($ mn)	$925	$1,020	-9.3%

Source: Paramount Filings; FactSet Data & Analysis LionTree

Paramount+ Delivered Its Best Retention Quarter Ever...Underlying Sub Adds Nearly Doubled Q/Q While ARPU Growth Continues

- **DTC revenue was ~INLINE w/ cons and grew +9% y/y**
    - Paramount+ revenue grew +16% y/y (vs +17% y/y in Q1)
        - ~1/3 of the P+ rev growth came from subs and ~2/3 from ARPU
        - BET+'s integration into P+ along w/ Showtime declines was a modest headwind to total DTC growth

- **DTC adj EBITDA BEAT cons by 23% and rose +44% y/y,** benefiting from revenue growth, cost efficiencies, and an accounting basis change from the Skydance transaction
    - P+ margins expanded through 1H'26 even w/ the content ramp
    - **For the Q3 outlook – see section above**

- **Paramount+ KPIs were a clear positive, w/ strong growth excluding the intl hard bundle exits**
    - **Q2 subs reached 81.6mn, which was higher than cons 79.2mn**
        - Excl exiting intl hard bundles, net adds were ~4mn q/q vs the reported ~2mn
        - Mgmt expects ~4mn total strategic intl hard bundle exits for FY26

    - **Q2 was the lowest churn qtr in Paramount+ history**
    - **P+ total engagement / view hours grew DD% y/y**

- **P+ / BET+ / Pluto tech stack convergence is on track for end of summer completion**

- **Is P+ DD top-line growth sustainable over the medium term? The "short answer is yes"**
    - The Co has a lot of runway to scale and grow subs both domestically and int'lly given their size

- **What about potential streaming partnerships? Mgmt has set a "high bar"**
    - **3 main criteria**
        - Does it expand reach to new audiences?
        - Does it enhance the Co's ability to own the direct consumer relationship?
        - Do the economics work relative to the O&O direct franchise?
    - **Other considerations: I**s the customer experience better, will the partner share data in a way that helps both sides, and will the partnership scale the ad business and deliver ad signal
    - The Co has "great relationships with the likes of Amazon, Roku, YouTube and Apple" and will keep working w/ them on opportunities

- **Mgmt will keep investing in streaming…**"We will keep investing behind this business. We believe the opportunity will be multiples of where we are in terms of engagement, revenue and profit"

Paramount+'s Content Slate Has Been Growing As Planned

- **Key P+ content drivers in Q2:**
    - Dutton Ranch launched May 15th as the biggest original series debut in P+ history, attracting 12.9mn viewers in its first week and finishing the season w/ a record 13.4mn avg views per episode
    - UFC Freedom 250 live from the White House South Lawn drew a record 17mn viewers across US and LatAm
        - That was the largest-ever exclusive live event audience on P+
    - UFC 329 (July, McGregor fight) delivered the highest peak concurrent streams in platform history for an exclusive live event, trailing only Super Bowl LVIII
    - YTD, 20mn subscriber households have watched 200mn+ hours of UFC on P+, generating viewership 23x the avg PPV event over the past 2 yrs
    - FIFA World Cup carried live across 6 LatAm countries, driving the best quarter of engagement in the region

- **The Q3 content slate is strong:** Avatar Aang: The Last Airbender, Lioness S3, MobLand return, UEFA, NFL simulcasts, UFC 331, and first premium live boxing event (Sept 12)
    - New greenlights include: The Madison and Dutton Ranch (new seasons), Clueless (limited series w/ Alicia Silverstone), and Ascent (w/ Viola Davis)

DTC Ad Revenue Growth Should Accelerate In H2…Pluto's Revamp In On Track

- **Overall Q2 organic ad trends were "pretty stable and then a little bit better than typically seasonal patterns", w/ DTC ad growth nearly offsetting continued TV Media pressure**

- **DTC ad revenue grew +8% y/y, with Paramount+ ad revenue growing +30%+ in the quarter…**
    - **…and DTC ad growth is guided to accelerate in H2**
        - This is supported by the strongest upfront since the CBS-Viacom merger (DD% growth in commitments y/y)
        - Mgmt has also been investing in ad tech to monetize more impressions across P+, Pluto, and digital properties
    - **P+ ad demand is premium-led** (live sports, UFC, World Cup) w/ sell-through "continuing to increase year-on-year"
    - **Total Co ad revenue is expected to return to growth in H2**

- **Pluto remained a drag in Q2 (consistent w/ Q1), but a relaunch is coming this summer as planned**
    - **Mgmt expects Pluto to return to growth in H2**
    - And the Co will also make select content investments into Pluto

- **Mgmt is working toward being "effectively indifferent" to which plan a subscriber chooses** from a monetization perspective
  - And there should be ad tier RPU upside over time

Licensing Was A Big Upside Driver For Studios & Studio Profitability Is Still Expected For The Full Year

- **Studios revenue grew +16% y/y** (and BEAT cons by +18.5%) driven by strong 3P TV licensing at Paramount TV Studios and Skydance licensing consolidation; This was partially offset by lower Theatrical from lapping Mission Impossible (MISSED cons by -17%)
  - The Q2 film slate was led by Scary Movie (franchise best opening)

- **Studios adj EBITDA reached $36mn vs -$31mn loss in the same period last yr, and importantly mgmt expects the segment to be profitable in FY26 vs FY25**
  - Each dollar of marketing spend is generating 11% more box office in 2026 vs 2025 which reflects more disciplined, data-driven greenlighting and distribution

- **Studios performance is "not just sort of a 1-quarter pop, but a growth driver for us as well as a profitability driver"**

- **Licensing momentum is building:**
  - Library revenue grew DD% y/y in Q2 and is expected to grow DD for the full year
  - Swapped (Skydance Animation) is on track to become Netflix's 2nd most-watched original animated film
  - Key 3P wins: Ride or Die (#1 on Amazon Prime, est 1.6bn minutes), XO Kitty (#1 in 54 countries on Netflix), plus Reacher and Neagley spinoff launching this qtr
  - The Co secured recent licensing partnerships with Amazon, Netflix, Tubi, and Tencent

- **8 films are slated for H2:** PAW Patrol: The Dino Movie, Street Fighter, Mr. Irrelevant w/ NFL (league's first theatrical release)
  - The Theatrical output has nearly doubled from 8 films in 2025 to 15 in 2026, w/ 15+ still planned for 2027
  - **BUT mgmt still expects lower theatrical rev y/y in 2026** on lower avg box office per film across more releases as it builds into the 2027+ slates
  - **2027 pipeline:** Children of Blood and Bone, Sonic 4, A Quiet Place (Krasinski/Blunt return), TMNT, Get Lite, Days of Thunder sequel (Cruise/Bruckheimer), Call of Duty (Berg/Sheridan)

- **The TV pipeline is scaling alongside film: 90+ series and 800+ episodes are expected from the TV studios in 2026**

- **Paramount Games launched in June**: Annc'd TMNT: The Last Ronin and Star Trek: Shadow Frontier; Avatar Legends: The Fighting Game has 80 Metacritic

TV Media Revs Continue To Decline But Margin Expansion Is Accelerating…Subscriber Declines Improved

- **TV Media revenue MISSED cons by -2.6% & decl'd -9% y/y (vs -6% in Q1)**
  - **Advertising rev MISSED by -4.1% & declined -14% y/y:** This is due to a ~8ppt headwind from lapping NCAA Final Four + ~3ppt from Telefe/Chilevision sales, partially offset by ~2ppt political benefit
  - **Affiliate rev declined -6% y/y:** Consistent with the continued pay TV sub erosion while rates remain resilient

- **But to flag, the subscriber decline rate is "slowing"**: Mgmt called out Charter's focus on video packages
  - Regarding future affiliate deals, generally all of them come up for renewal within 18 months from today
  - Discussions are going "very well"
  - Mgmt remains "very conservative" on how it models future declines

- **While revenues were weaker than expected, TV Media adj EBITDA margin expanded to 34% vs 26.4% in the same period last yr**
  - Avg production costs per episode are down nearly -10% y/y for the 2025-2026 broadcast season, while the Co incr'd its share of the top 20 series

- **On sports, "you should definitely look at us as a buyer of sports rights"**

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4) WBD's Streaming Business Out Executes While Linear Remains Challenged

Echoing the positive sentiment on Paramount's earnings call regarding securing approval the WBD deal (see Theme #3), WBD mgmt is also "highly confident" that the deal will be completed despite the closing timeline slipping to next year. Also similar to Paramount, WBD is focused on executing on its standalone business, but Q2 was a mixed bag.

Streaming was the clear bright spot, crossing $3bn in quarterly revenue for the first time and the Co expanded streaming EBITDA margins sequentially to ~17%. Subscriber-related revenue growth accelerated to +10% ex-FX (from +8% in Q1), with mgmt now guiding for further acceleration in H2 extending "into 2027." On the other end, Studios posted a steep decline against a very difficult year-ago comp, as the theatrical slate "admittedly fell short" of expectations in H1, though the long-term $3bn+ Studio EBITDA target was reiterated. Networks EBITDA decline moderated sequentially even as revenue declines worsened, and general entertainment delivery turned positive for the first time since 2022. Intl ad market softness is something to watch after deteriorating in Q2 vs Q1, with limited visibility into Q3.

See below for the incrementals we viewed as the most important.

-> WBD's stock was up +1.7% on the day of its report and ended the week up +1.8%; YTD, the stock is down -7.1%

Starting Off W/ A Brief Update On The Merger W/ Paramount

- **While the PSKY transaction timeline has slipped as previously reported, mgmt remains "highly confident" the deal will be completed (similar to comments from Paramount mgmt)**
  - "We have every expectation that the transaction will close and that the company will be performing even better than the plan that we presented to PSKY when we did our deal"

Q2 Headline #s Were Mixed As A Better-Than-Expected Quarter For Streaming Was Not Enough To Offset Misses In Studios And Linear

- **Q2 rev MISSED cons by -6%**
  - Beat in Streaming was not enough to offset misses in Studio and Global Linear Networks

- **Adj EBITDA was IN-LINE w/ cons, though adj. EBITDA margin of 21.6% was ahead of cons 20.3%**
  - Streaming beat, but Studios and Global Linear Networks were below

Warner Bros Discovery	Q2 2026 Results			
	Actual	Q2 y/y	Cons Est	% Surp
Revenue ($ mn)	**$8,717**	*-10%*	**$9,250**	**-5.8%**
Adj EBITDA ($ mn)	**$1,879**	*-4%*	**$1,880**	**In-Line**
Adj EBITDA Margin (%)	21.6%		20.3%	
Revenue Breakdown ($ mn)				
Studios	$2,328	*-39%*	**$3,034**	**-23.3%**
Global Linear Networks	$3,991	*-17%*	**$4,145**	**-3.7%**
Streaming	$3,079	*10%*	**$3,036**	**1.4%**
Corporate	-$682	*-57%*	**-$1,093**	**60.3%**
Adj EBITDA Breakdown ($ mn)				
Studios	$96	*-89%*	**$465**	**-79.4%**
Global Linear Networks	$1,446	*-4%*	**$1,461**	**-1.0%**
Streaming	$512	*75%*	**$385**	**33.0%**
Corporate	-$298	*6%*	**-$293**	**-1.7%**

Source: FactSet, StreetAccount

LionTree

Streaming Crossed $3bn In Quarterly Revenue For The First Time As Sub-Related Rev Growth Accelerated And Profitability Expanded

- **Streaming revs crossed $3bn for the first time ever (up +10% y/y ex-FX, an accel from +7% y/y ex-FX in Q1) and adj EBITDA margin was ~17% (up from ~15% in Q1)**
    - **Reiterated long-term 20%+ adj EBITDA margin target**, though quarterly margins may fluctuate (i.e., front-loaded marketing expense around the Harry Potter debut in Q4)

- **Subscriber-related rev growth accelerated +200bp seq to +10% y/y ex-FX, w/ mgmt now guiding for further acceleration in H2 extending "into 2027"**
    - **Distribution rev accelerated to +11% y/y ex-FX** (from +7% y/y in Q1) as a previously disclosed domestic distribution renewal w/ a former related party was lapped at end of May
        - Excl that, distribution growth would have been in the "low-teens"
        - The Co posted cont'd subscriber momentum in EMEA, particularly in the UK, Germany and Italy after successful launches in Q1
    - **Streaming ad rev grew +8% y/y ex-FX** despite a 16% ex-FX y/y headwind from the absence of the NBA (vs 5% headwind in Q1)
        - Intl advertising rev incr'd +73% ex-FX following the launch of HBO Max in Germany, Italy, the UK and Ireland
        - **~40% of global HBO Max subs were on the ad-supported tier at Q2 end**, a +11% increase y/y, w/ the ad tier accounting for over half of retail sub gross adds
        - They are still in "very early stages of monetization growth" w/ "meaningful opportunity" to enhance the platform for advertising partners

- **Bundles continue to drive “meaningful” improvements in both acquisition and churn**
    - The Disney bundle in the US remains "our longest and most successful to date"
    - The RTL+ bundle in Germany launched early this yr, Viu bundle in Southeast Asia, another European bundle coming this fall
    - Also leveraging distributor bundles (Verizon in the US, MercadoLibre/Claro in LatAm, CANAL+/Sky in Europe)
    - **2026 is tracking to be the Co's "best year ever in terms of retention and lower churn"**

- **The content pipeline remains robust heading into H2:26 and 2027… “we feel actually even better about 2027 than we already did about 2026"**
    - **H2 2026:** Lanterns, The Gilded Age (new season), Harry Potter and the Philosopher's Stone (Christmas Day debut, greenlit for 10 consecutive years)
    - **2027** returns incl White Lotus, A Knight of the Seven Kingdoms, The Pitt, The Last of Us

Studios Faced Tough Comps And Theatrical Misses In Q2, BUT Mgmt Remains Confident In The Long-Term $3bn+ EBITDA Path

- **Studios faced difficult comps y/y, which included A Minecraft Movie, Sinners and Final Destination: Bloodlines + a large internal content licensing deal**

- **Even though "the film business wasn't what we expected" in Q2, mgmt has "zero doubts" about the long-term $3B EBITDA target**
    - The global box office performance of certain titles in H1:26 "admittedly fell short of our expectations"
    - BUT operational and process enhancements across greenlighting, production, distribution and marketing helped mitigate the negative impact on profitability

- **The film count is now expected at 19 in 2027 (up from "up to 18" last qtr),** w/ new title disclosures incl F.A.S.T. (Taylor Sheridan), Oceans (Bradley Cooper/Margot Robbie), A Minecraft Movie sequel, and The Great Beyond (J.J. Abrams)
    - **Also the Co disclosed a beyond-2027 slate for the first time**, which included Aegon's Conquest, next Matrix, next Batman, live-action Jetsons
    - **On DC Studios…**the pipeline includes Man of Tomorrow, Batman, and Clayface, with ongoing development of addtl DC content

- **Games launched its first titles under the refocused strategy centered around 4 key $1bn+ franchises…they are LEGO Batman: Legacy of the Dark Knight (highest rated LEGO game ever) and Game of Thrones: Dragonfire (second mobile game from the Game of Thrones universe)**
    - Games should “more meaningfully” contribute to segment profitability going forward as their pipeline expands, including the second installment of Hogwarts Legacy

- **Experiences continues to expand…**
    - Harry Potter Tour in Shanghai is scheduled to open next yr, Harry Potter Land in Abu Dhabi in the next few yrs
    - They are actively exploring new locations to expand the Global Experiences and Retail footprint

Network EBITDA Held Up On Cost Mgmt And Entertainment Delivery Turned A Corner, BUT Intl Ad Weakness And Limited Q3 Visibility Raised Uncertainty

- **Network EBITDA decl'd -5% y/y ex-FX (improving from -10% in Q1) despite revs falling -17% y/y ex-FX (worsening from -9% in Q1), as the NBA absence was a much bigger revenue headwind than cost headwind**
    - Mgmt reiterated expectations for high-single-digit opex improvement for the full yr

- **General entertainment delivery across WBD networks grew +5% in Q2, the first qtr of growth since 2022, w/ US delivery trends "modestly better" than Q1**

- **US underlying ad trends were stable and consistent w/ Q1, w/ upfront sales results "pleased with thus far," BUT intl ad market softened in Q2 vs Q1**
    - Intl weakness across several key markets incl Poland, Germany, UK, Italy, w/ biggest impact in automotive, consumer products and travel/tourism categories
    - Wars in Iran and Ukraine are driving energy prices higher, causing advertisers to pull back; The 2026 FIFA World Cup also negatively impacted share of viewers in key intl markets
    - **Looking into Q3…it is "a mixed picture" w/ "visibility not great looking out into the rest of the year"**

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5) Disney's Parks Business Does Not Follow In Comcast's Footsteps…

The top line was a bit light, but Disney's FQ3 profitability came in well ahead of expectations, led by Experiences which delivered record revenue and OI as domestic parks attendance reversed from -1% in FQ2 to +3% and cruise demand remained healthy, with forward bookings at WDW still "robust." This was particularly notably given investors' concerns following Comcast citing in late July that the theme parks operating environment "has softened" more than they anticipated." Attendance across the broader Orlando market weakening in June and staying pressured into Q3 on soft consumer sentiment and higher travel costs.

Regarding other segments, SVOD margins expanded to 12.9% in FQ3 from 10.6% in FQ2, and 8.4% in FQ1, marking the 2nd consecutive qtr of sequential improvement, w/ churn declining across domestic and intl and subscriber growth continuing. Toy Story 5 crossed $1bn at the global box office and helped drive the strongest Consumer Products growth in 20 quarters, illustrating the IP flywheel the Co has been emphasizing, even as other franchise films fell short theatrically. ESPN posted its best viewership quarter since 2016, but Sports OI came in worse than guided on NBA playoff sweeps and a carriage dispute.

Looking ahead, mgmt reiterated FY26/FY27 EPS guidance and raised the buyback to at least $9bn, while noting headwinds in Asia parks, a softening streaming ad market, and Moana's box office miss that will be reflected in FQ4. Disney also announced several Disney+ initiatives including a TikTok partnership, a free product under consideration, and a membership ecosystem launching in Spring 2027, adding more specificity to the platform evolution the Co has been outlining over recent quarters.

See below for more on the above as well as other key takeaways in our view.

-> Disney's stock was up +3.6% on the day of its report and ended the week up +9.1%

It Was A Mixed FQ3 For Disney But Experiences & SVOD Profitability Were Key Standouts

- **Disney posted a mixed FQ3, with rev slightly missing cons (by -0.6%), but op income and adj EPS nicely beating (+6% and +11%, respectively) and op margin of 22.0% was ahead of cons 20.6%; FCF also missed by -2%**
    - Rev beat in Experiences, but missed across Entertainment and Sports

- Op income beat across Entertainment and Experiences, but missed in Sports

Disney	FQ3 2026 Results			
	Actual	FQ3 y/y	Cons Est	% Surp
Revenue (mn)	$25,248	7%	$25,390	-0.6%
Operating Income (mn)	$5,555	21%	$5,230	6.2%
Operating Margin (%)	22.0%		20.6%	
Adj EPS	$2.06	28%	$1.86	10.8%
Free Cash Flow (mn)	$3,072	63%	$3,130	-1.9%
Revenue by Segment (mn)				
Entertainment	$11,345	6%	$11,670	-2.8%
SVOD	$5,530	11%	$5,580	-0.9%
Subscription Fees	$4,720	15%	$4,650	1.5%
Advertising and Other Revenue	$851	3%	$912	-6.7%
Sports	$4,500	4%	$4,540	-0.9%
Experiences	$9,968	10%	$9,770	2.0%
Operating Income by Segment (mn)				
Entertainment	$1,680	64%	$1,580	6.3%
SVOD	$712	NM	$633	12.6%
Sports	$858	-17%	$892	-3.8%
Experiences	$3,017	20%	$2,780	8.5%

Source: FactSet, StreetAccount

LionTree

FY26 And FY27 Adj EPS Guidance Reiterated...And The Buyback Incr'd To At Least $9bn

- **FQ4 total segment OI guided to ~$4.9bn,** incl ~$600mn contribution from the 53rd week spread across segments

- **REITERATED FY26 and FY27 adj EPS growth guidance**
  - FY26 adj EPS growth of ~12% ex-53rd week (~16% incl 53rd week)
  - FY27 adj EPS double-digit growth ex-53rd week (note FQ4 FY27 will lap 53rd week benefit)

- **REITERATED FY26 segment OI guidance ex-53rd week: Entertainment double-digit growth, Sports mid-single-digit growth, Experiences now at the high end of prior HSD growth**

- **REITERATED FY26 capex of ~$9bn**

- **REITERATED plans to grow content spend levels over time (particularly in intl)**
  - "On track" to spend $24bn across the Co this yr (vs $23bn last yr)
  - "We've talked about international in particular as being an opportunity where we think we can make a difference"

- **RAISED FY26 buyback to at least $9bn (up from $8bn),** funded by cash previously earmarked for the OpenAI deal and expected ~$1.2bn in proceeds from A+E sale (50% stake sold to Hearst affiliate)

- **Remain "highly focused" on reducing costs across the enterprise and are "mid-stream in this work" …**evaluating "a variety of levers", including reductions in labor and SG&A

Experiences Was A Highlight, Delivering Record FQ3 Revenue And The Full Year OI Is Revised Up Despite Asia Softness

- **Record Experiences FQ3 rev of $9.97bn (+10% y/y vs +7% in FQ2) and OI of $3.02bn (+20% y/y vs +5% in FQ2)**
  - Both handily beat consensus
  - Parks & Experiences rev grew +10% on ~6% volume and ~3% rate; Consumer Products rev incr'd +7%

- **Domestic parks attendance inflected from -1% y/y in FQ2 to +3% y/y in FQ3, w/ domestic per cap spending up +4% y/y**

    - Intl visitation headwinds at domestic parks moderated vs FQ2
    - **“We're certainly are NOT discounting our way to volume growth"… Targeted discount programs are "designed to reach a specific guest"** (i.e., after 2pm pricing at WDW, Anaheim resident pricing, evening access)

- **WDW, in particular, had a “standout” qtr** w/ "healthy" core attendance from domestic tourists and annual passholders, supplemented by "effective summer promotions and new experiences"
    - **Growth is "almost entirely driven by our own organic actions" rather than a snapback from Epic Universe’s opening last yr**
    - **Forward bookings at WDW remain “robust":** Expect another qtr of global guest growth in FQ4 ex-53rd week "despite consumer softness in Asia"

- **Disneyland Paris also saw strong attendance growth following the opening of World of Frozen**

- **Asia parks (Shanghai, Hong Kong) saw "a weaker consumer" in FQ3 and softness is expected to continue in Q4**
    - **BUT looking ahead… “we expect another quarter of global guests growth in fiscal Q4, excluding the 53rd week, despite consumer softness in Asia”**

- **What is the impact of volatility in the Middle East on Abu Dhabi Park buildout? “We are fully committed to seeing that project through”**
    - “That new park is being designed with a long-term view. These are multi-year projects to put in place. And obviously, once we put them in place, they last decades and decades. We continue to believe in the strategic rationale behind the project”

- **It was the first full qtr w/ the two newest cruise ships, Disney Destiny and Disney Adventure…**they have been “performing quite well” and mgmt is "encouraged by current occupancy and forward bookings"
    - **The fluctuation of the price of oil is having “very little impact”:** The Co has a hedging program and fuel efficiency initiatives in place
    - **The Cruise Line fleet is expanding from 8 to 13 ships by 2031 and mgmt. is "highly, highly confident" on ship delivery timelines**

- **The IP flywheel effect at play…Consumer Products had its strongest qtr of y/y rev growth in 20 qtrs**, driven by Toy Story 5 and Mandalorian & Grogu merchandise sales
    - **Note that Consumer Products will shift from Experiences to Entertainment segment beginning FQ1 2027,** which will bring IP monetization closer to studios and make Entertainment more comparable to peer reporting

- **Are returns from the ten-year parks CapEx cycle are starting to show through?** ROIC at Experiences has "increased meaningfully over time" and mgmt expects "strong returns into the future"
    - **The impact is already visible in FQ3 w/ global guests up +4%**…“you shouldn't expect to see the returns on projects deteriorate over time" because project timing is driven by operational needs and shipyard capacity, not by front-loading the highest-return projects

- **GUIDANCE UPDATE - FY26 Experiences OI is now expected to be at the high end of prior HSD growth ex-53rd week, driven by “terrific” execution**
    - **Tariff impact…**note that FQ3 Experiences seg OI included ~$100mn tariff refund (contributing to ~4pp of y/y growth), but nets to zero for the full year since payments were in FH1

Disney+ Churn Declined Across Domestic And Intl...TikTok Partnership Announced, Free Product Under Consideration, Membership Ecosystem Coming Spring 2027

- **A major highlight was that SVOD OI BEAT cons by +12.6% w/ a 12.9% op margin** up from 10.6% in FQ2 (which was itself the first-ever double-digit qtr) and ~7% a yr ago
    - **SVOD rev +11% y/y w/ subscription fees +15% (9pp subs, 3pp rate, 1pp FX)**
    - **Looking ahead… the Co remains on track for double-digit margins in fiscal 2026 ex the 53rd-week impact**

- **The Co is making progress w churn reduction…**

    - Disney+ churn declined in FQ3 across both domestic and intl services
    - The trio bundle (Disney+, Hulu, ESPN Unlimited) has the lowest churn base when comparing similar tenure cohorts
    - Intl originals are reducing churn… subscribers who watch intl originals churn "far less" than those who do not
        - **Plan to ~3x local original series on Disney+ over next 3 yrs** “to drive new international users to the platform and reduce churn”

- **Notable is that the Co is exploring a free streaming product… “nothing specific to announce today, but definitely something that we're considering”**
    - Why? To expand reach to price-sensitive consumers, accelerate ad revenue growth, and drive top-of-funnel Disney+ sub growth

- **The Co also annc’d a partnership w/ TikTok which was a focus…it “brings creators to the forefront of Disney+” and “creates a more complete experience”**
    - Brings curated feed of fan-created content to Disney+ Verts, promotes discovery, and elevates creators through an ambassador program unique to Disney

- **Mgmt is once again talking about Disney+ evolving from a streaming service into a broader membership ecosystem starting Spring 2027**
    - It will integrate "games, merchandise, and other experiences" alongside "increased personalization, exclusivity and benefits for subscribers"
    - **Hulu/Disney+ app unification milestone…Hulu Standalone and Bundle subs can now "link profiles, watch history, and manage subscriptions on Disney+"; Live TV and add-ons are expected by end of calendar year**

- **Mgmt is placing elevated emphasis on enterprise-wide data unification…”we're unifying our consumer data across the entire company so that we can serve our fans better and then drive lifetime value"**
    - "There are very few companies in the world with the breadth and richness of data that Disney has...unifying that data actually lets us use it"

The Ad Market Is Healthy In Sports But Competitive In Streaming…Upfront Results Were Strong

- **FQ3 SVOD ad rev grew +3% y/y, decelerating from double-digit y/y growth in FQ2 (+12% y/y)**
    - **Outlook - FQ4 will reflect "a softer than expected advertising environment, particularly in domestic SVOD"**

- **The overall ad market was characterized as "healthy in sports" but "competitive in streaming, especially given the growth of supply in the marketplace"**
    - Supply growth in the streaming marketplace is creating pricing pressure for the Co and for others (note Fox comments that Tubi has more efficient pricing so has not been impacted the same way - see Theme #6)

- **“Pleased” w/ upfront results:** Total volume commitments were up double digits y/y; Sports volumes were up low teens; Super Bowl inventory sold out

- **Category mix…good momentum in healthcare, financial services, and political; Softness in telecom, restaurants, and CPG**

- **The Disney+ ad tier is expanding internationally, particularly in EMEA, where mgmt is seeing "real demand"** as they "optimize the sell-through in our growth markets"

Toy Story 5 Surpassed $1bn At The Box Office And While Mandalorian & Grogu And Moana Fell Short, They Helped The DIS Ecosystem

- **Toy Story 5 surpassed $1bn in global box office, bringing franchise lifetime to >$4bn box office… “the Disney flywheel in action”**
    - The franchise has >2bn hours streamed on Disney+, >$1bn in annual global retail sales, and presence across "every Disney Park and Cruise Ship, including four immersive lands, 19 attractions and two hotels"

- **Both Mandalorian & Grogu and the live-action Moana underperformed box office expectations BUT still drove value across the broader ecosystem**
    - Mandalorian & Grogu drove healthy Star Wars retail sales, drew guests to the new Millennium Falcon attraction (first-ever day-and-date attraction update), and led to significant engagement in gaming
    - Live-action Moana is expected to be a strong title on Disney+, building on the original which is one of the most-streamed movies of all time

- **Sony/Marvel Studio's Spider-Man had a record-breaking opening weekend, which "bodes well for our upcoming and highly anticipated Avengers: Doomsday film"**

- **Overall, film volatility is viewed as manageable…growth drivers for the Co right now are Experiences and streaming, and the theatrical window is "just one data point"**

- **GUIDANCE UPDATE – FY26 Entertainment seg OI double-digit growth was reiterated ex-53rd week, BUT FQ4 will reflect both Moana box office miss and softer ad environment in domestic SVOD**

ESPN Hit Multi-Year Viewership Highs And Sold Out The Super Bowl, But Sports OI Missed On NBA Sweeps And A Carriage Dispute

- **Sports OI fell -17% y/y, which was "modestly steeper" than prior guidance of ~-14% decline,** driven by four-game sweeps in early rounds of the NBA Playoffs and the impact of a network carriage dispute

- **ESPN viewership was a highlight…"most-watched fiscal Q3 for ESPN, ESPN2, and ESPN on ABC since 2016"**
    - NBA Finals (Knicks vs Spurs) was the highest rated in 28 yrs; NBA and NHL playoffs most-viewed ever on Disney networks
    - Aggregate sports consumption on ESPN networks up "healthy double digits" in P18-49 demo
    - ESPN digital best month ever in June w/ ~230mn unique fans and 80%+ of US internet population

- **The "marketplace of sports" strategy is expanding: The CW Network launched on the ESPN app (800+ annual hours w/ ESPN Unlimited), which is on top of existing partnerships w/ NFL, MLB, FOX One**
    - The plan is to deliver more games for Disney+ subscribers this fall, anchored by college football simulcasts alongside College GameDay
    - The strategy is to bring more live sports to Disney+ to drive engagement and upsell to trio bundle

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6) The World Cup Was A Windfall For FOX…The NFL Season & Political Are Up Next

Fox capped off its fiscal year with a blowout FQ4 thanks in large part to the 2026 FIFA Men's World Cup, continued Tubi momentum, and FOX One outperformance. Every major metric beat cons meaningfully, with total revs +15.7% ahead, adj EBITDA +20% ahead, and adj EPS +24% ahead. Our Top 5 key learnings include: 1) Total ad revenue grew +78% y/y with TV advertising up +108% y/y with the World Cup a key driver; 2) Tubi delivered its most streamed and highest revenue quarter ever (+35% rev growth), underpinned by +17% increase in total watch time; 3) FOX One exceeded expectations with strong subscriber acquisition, low churn, and minimal pay-TV cannibalization; 4) Fox's contract with the NFL will extend through the 2029 season without any amendments; and 5) The pending Roku acquisition is on track for a 1H CY2027 close.

See below for more of what we viewed as most important.

-> FOX shares closed the day up +5.3% following its earnings report and ended the week up +9.8%; YTD, the stock is still down -12.2%

Fox Posts A Big FQ4 Beat

- **Revenues BEAT cons by +15.7%:** Grew +28% y/y
    - Driven by a +78% y/y surge in ad revs (primarily World Cup and Tubi), +5% distribution rev growth (supported by FOX One momentum), partially offset by lower content & other rev (-3% y/y) due to timing of sports sublicensing

- **Adj EBITDA BEAT cons by a large +20.0%:** Grew +27% y/y, with margins of 28.4% vs cons 27.5%

- **Adj EPS BEAT cons by +24.3%:** Grew +41% y/y

- **But FQ4 FCF of $726mn was impacted by timing of World Cup working capital** (rights payments landed in FY26, while ad receivables will be collected early in FY27)

Fox	FQ4 2026 Results			
	Actual	FQ4 y/y	Cons Est	% Surp
Revenue ($ mn)	**$4,210**	*28%*	**$3,640**	**15.7%**
Adj EBITDA ($ mn)	**$1,200**	*27%*	**$1,000**	**20.0%**
Adj EBITDA Margin (%)	28.4%		27.5%	
Adj EPS	**$1.79**	*41%*	**$1.44**	**24.3%**
Cable Network Programming	**$1,670**	*9%*	**$1,640**	**1.8%**
Distribution	$1,180	*7%*	$1,130	4.4%
Advertising	$461	*22%*	$434	6.2%
Content and other	$33	*-39%*	$66	-50.2%
Television	**$2,480**	*45%*	**$1,940**	**27.8%**
Distribution	$836	*0%*	$833	0.4%
Content and other	$191	*14%*	$167	14.1%
Adj EBITDA By Segment ($ mn)				
Cable Network	$728	*-3%*	$748	-2.7%
Television	$705	*129%*	$377	86.9%

Source: FactSet, StreetAccount

LionTree

Diving A Little Deeper Into The World Cup's' Impact Across Fox's Platform

- **The 2026 FIFA Men's World Cup was a dominant driver of the Co's very strong FQ4 ad revenue (though mgmt. declined to split out its' specific contribution)**
  - The World Cup led Fox to top all networks in live event sports consumption in FY26… the next-highest-rated broadcast network benefited from both the Super Bowl and Winter Olympics
  - The World Cup helped drive a +108% y/y surge in TV advertising

- **World Cup also drove customer acquisition for FOX One, driving incremental sub acquisition and strong retention that surpassed expectations**

- **Tubi's World Cup hub attracted 20mn+ viewers across the tournament, and the simulcast of early round matches generated two of the highest traffic days in Tubi's history**
  - But the World Cup was "relatively small in the context of the overall revenue growth of Tubi"

- **World Cup revenue will continue into FQ1:27, BUT total tournament revenues were weighted toward FY26 vs FY27:** FY27 World Cup revs will be strongly weighted toward the TV segment

The Strong FQ4 Advertising Momentum Is Carrying Into FQ1:27…Fox Had One Of The Strongest Upfronts In Its History

- **Total FQ4 ad revenues grew +78% y/y**

- **So far in this qtr (FQ1:27), ad trends are very strong, with a healthy advertising environment**
  - The upfront was one of the strongest in Co's history, with "double-digit growth in volume"
  - 8 of 10 tracked ad categories rose in the upfront…entertainment, financial, auto, pharma, dining, retail, technology, and telecom

- **The CTV ad market remains "very competitive" with a lot of new inventory, BUT Tubi continues to compete "exceedingly well" with 35% rev growth despite heavy competition**

    - Tubi has not had to reduce advertising rates to compete for volume, unlike other platforms, partially b/c it is already a "tremendously efficient advertising vehicle" (note Disney comments about pricing pressure from increased supply in streaming advertising – see Theme #5)

- **The midterm election cycle is a significant upcoming tailwind for FY27 advertising**
    - Independent political ad tracking firms are estimating $11bn+ of political ad spending in the upcoming midterm
    - For context: Fox saw $400mn+ of political rev in the 2024 presidential election and $260mn+ in the last midterm cycle
        - **Mgmt expects this midterm cycle "to beat that, and be a record cycle" for Fox**

Tubi & Fox One Continue To Exceed Expectations

- **Tubi delivered its most streamed & highest revenue qtr ever, with Q4 rev growth accelerating to +35% y/y from +23% y/y, fueled by a +17% incr in total viewing time**
    - Tubi was EBITDA positive in each quarter of FY26
    - Tubi closed FY26 with 110mn MAUs

- **FOX One subs are "truly incremental"…the Co is not churning any traditional MVPD customers:** These are new subscribers from outside the traditional pay-TV ecosystem
    - **Churn has been "well below expectations" and that trend is continuing into FQ1:27**

- **Bundling is important for FOX One and will continue where it makes sense for consumers**

- **Digital investment spend (Tubi + FOX One + other digital) came in less than $200mn in FY26 vs ~$290mn in FY25…**
    - **In FY27, mgmt. expects to be "comfortably inside the $290mn that we did last year" but "won't be shy" if see opportunities**

Distribution Growth Continues To Be Healthy W/ Sub Declines Stable, FY27 Renewals Will Be More Normalized & Skew To TV

- **Distribution rev grew +5% y/y in FQ4**
    - Cable distribution revs grew +7% y/y as pricing gains from affiliate renewals outpaced net sub declines, which remained consistent with prior qtr at "under -6.5%" across third-party distributors (and do not include Fox One)
    - TV distribution revs were essentially flat y/y

- **FY27 distribution revenue outlook: Should return to a more normalized level of renewals, which will be more skewed toward TV**
    - Mgmt continues to expect both Cable and TV segments to contribute to distribution rev growth in FY27, with FOX One running ahead of expectations

A Few Other Key Points

- **The existing NFL contractual agreement will remain in place through the completion of the 2029 season**
    - Fox will be ready to engage with the NFL on the opt-out seasons and beyond, "at a day closer to the 2030 season, which has been the customary timetable"
    - Mgmt described the relationship as "incredibly positive" and noted they have been in productive discussions about the future of their rights
    - Fox also recently acquired NFL rights for Mexico, furthering the league relationship

- **The Roku deal is still on track to close in H1 2027**

  -> Roku also reported results this week which were generally ahead of Street projections for revenue (+3.8% ahead) and especially adj EBITDA (+49% ahead) but streaming hours at 37.9bn (+7.1% y/y) fell below cons 39.6bn; Given the FOX pending transaction they did not host a conf call; The stock closed the day up +2% in reaction to results

- **Fox continues to be shareholder friendly and the buyback program is expected to continue "unabated through the pendency of the transaction and beyond"**

- **Fox News remains the most watched cable network in both Total Day and primetime, with market share levels "well ahead of all of its competitors combined"**

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7) SPOT & WMG Continue To Make the Case That AI Is a Tailwind, Not a Threat

Following UMG's results last week, Spotify and Warner Music Group were on deck this week. Spotify's higher operating margins in Q2 stood out, with accelerating revenue growth (in-line) and Q3 guidance reflecting a higher pace of opex spend and a deliberate trade-off between near-term MAU growth vs monetization in emerging markets (subscriber growth should not be affected). The ads business remains a work in progress at +3% y/y FXN growth but is showing structural improvement (automated channels at ~40%, active advertisers +60% y/y) and mgmt is confident in a H2 inflection to double-digit growth. AI product velocity stood out, with the Taste Model already moving Spotify's hardest engagement metrics just two months in, while new initiatives like music remix/covers (UMG + Merlin deals) and Reserved live ticketing are building early momentum.

For WMG, the co-preannounced strong figures earlier in the week along with an update that its CFO Armin Zerza is departing, which came as a surprise. Overall, WMG delivered its 5th consecutive quarter of growth at or above its sustainable growth model, with total revenue beating consensus by +3% and adj OIBDA beating by +4%. Margin expansion is a key deliverable and adj OIBDA margins FXN also expanded +100bps (+130bps adj) in the qtr and the Co is on track to hit the high end of the FY26 guidance. Also of note, 1) The Apple renewals completes the PSM alignment across all major DSPs; 2) Recorded Music subscription streaming revs grew +12% y/y on an adj FXN basis which was a slight deceleration vs FQ2 (+15%) due to a tougher comp of ~2-3ppts but stripping out the comp, growth was consistent q/q; 3) Ad-supported streaming growth was very strong at +10% adj FXN but was elevated by World Cup ad spending and is expected to normalize to mid-single-digits in Q4; 4) AI monetization is approaching with Suno's licensed model transition on track and material contributions expected starting FY27; 5) Market share gains are up on a YTD basis (+0.3ppts US streaming, +0.8ppts US new release) and have been largely organic

Mgmt is guiding to "slightly accelerated" streaming performance in Q4, which will include the Apple deal impact. While AI concerns remain, WMG's proactive approach to both licensing and protection continues to differentiate.
See below for more details.

-> Spotify shares closed down +2% while WMG shares closed up +2% but both remain down about mid DD on a YTD basis

Spotify's AI is Already Moving The Dial On Some Difficult Metrics While The Co Pulls The Lever On Monetization In Emerging Markets

- **Higher Q2 operating margins stood out, though revenues were ~in-line**
    - Revenues accelerated from 8% in Q1 to 14% in Q2 (on CC basis, from 14% y/y to 15% y/y_
    - Op margins expanded +400bp y/y

Spotify	Q2 2026 Results			
	Actual	*Q2 y/y*	Cons Est	% Surp
Total Revenue (mn)	**€ 4,777**	*14%*	**€ 4,790**	**-0.3%**
Operating Income	**€ 655**	*61%*	**€ 638**	**2.6%**
Operating Margin (%)	13.7%		13.3%	
Gross Margin (%)	**33.4%**		**33.1%**	
Total MAUs (mn)	**777**	*12%*	**778**	**-0.1%**

Source: FactSet, StreetAccount LionTree

- **Operating spend is going up in Q3 BUT should moderate in Q4**
    - **Q3:** Elevated opex is from marketing and AI-related investments

    - but excl FX & social charges, Q3 expense growth is expected to be roughly consistent with Q2
  - **Q4:** Mgmt is confident that Q4 will see a moderation in y/y opex growth as the Co moves past heavier marketing concentration
  - **2026:** Marketing/AI investments are sized at E200mn of incremental opex for the full year
  - **To ease any concerns about the higher spending, mgmt stressed the opex growth is not coming from people. It's coming from compute and marketing. Both of these are variable and entirely in our control"**

Spotify	Q3 2026 Guidance		
	Actual	Cons Est	% Surp
Total Revenue (mn)	**€ 5,000**	**€ 4,930**	**1.4%**
Gross Margin (%)	**32.9%**	**32.8%**	
Operating Income	**€ 670**	**€ 679**	**-1.3%**
Operating Margin (%)	13.4%	13.8%	

Source: FactSet, StreetAccount LionTree

- **The Co is pulling the lever on monetization in emerging markets after several qtrs of MAU outperformance which will weigh on Q3 MAUs**
  - **Changes include:** Tweaking sign-ups for higher-quality MAU throughput, deprecating lower-end Android device support, carefully introducing friction in both ad load and free tier limitations
  - **Importantly, growth rates in developed markets should remain stable**
  - **Mgmt stated this will not come at the expense of subscriber growth in the near term**

Spotify	Q3 2026 Guidance		
	Actual	Cons Est	% Surp
Total MAUs (mn)	**788**	**793**	**-0.6%**
Premium Subs (mn)	305	305	**In-Line**

Source: FactSet, StreetAccount LionTree

- **Premium revenues and ARPU in Q2 were a tad light vs the Street, while subscribers were a tad ahead**
  - Premium revs grew +15% y/y vs +10% y/y in Q1 (on CC basis, grew to 16% from 15% in Q1)
  - Audiobooks+ has passed $100mn in ARR
    - Audiobooks penetration among premium listeners has more than doubled this year
  - Apple Music's July price increase is viewed as a positive signal for the ecosystem

Spotify	Q2 2026 Results			
	Actual	Q2 y/y	Cons Est	% Surp
Breakdown by Segment				
Premium				
Premium Revenue (mn)	**€ 4,330**	15%	**€ 4,340**	-0.2%
Premium Gross Margin	34.9%		34.8%	
Premium Subs (mn)	300	9%	299	0.3%
Premium ARPU	€ 4.87	7%	€ 4.89	-0.4%

Source: FactSet, StreetAccount LionTree

- **The ads revenue disappointed in Q2 but mgmt is confident in a H2 acceleration**
  - Ad-supported revs grew +3% y/y FXN which was consistent with Q1…growth in automated channels was largely offset by expected declines in the direct sales channel
    - On the positive side, ad-supported gross margins handily topped cons expectations (+19.1% vs cons 16.7%)
  - **Key updates/improvements:**
    - Price optimization work is now complete and the direct channel is stabilizing
    - The migration to the in-house ad server is also complete…99% of impressions are now served on Spotify's proprietary ad stack

        - Automated sales channels represented nearly 40% of ad-supported rev in Q2, up from just over 30% in Q1
        - Active advertisers grew +60% y/y to 33,000
    - **OUTLOOK: Still expect to inflect to DD growth in H2**
        - The supply picture "has actually never been stronger"
        - The demand side is uncapping via self-serve/automated buying
        - Should see healthy margins as they scale the ads business

Spotify	Q2 2026 Results			
	Actual	*Q2 y/y*	Cons Est	% Surp
Breakdown by Segment				
Ad-Supported				
Ad-Supported Revenue (mn)	**€ 446**	*1%*	**€ 454**	**-1.8%**
Ad-Supported Gross Margin	19.1%		16.7%	
Ad-Supported MAUs (mn)	494	*14%*	494	**0.1%**
Ad-Supported ARPU	€ 0.30	*-12%*	€ 0.31	**-3.2%**

Source: FactSet, StreetAccount LionTree

- **Lots of focus on AI-oriented products…AI-powered experiences now reach ~25% of active users** (this year's launches Talk to Spotify, Studio, Personal Podcast, and Prompted Playlist are growing fast)
    - **In the 1st month since they deployed their new Autoplay recommendation system powered by the Taste model, active days have incr'd "which is very hard to do at our already high engagement levels"**
        - Autoplay minutes and track saves both grew significantly and the autoplay drop-off decl'd
    - **The Large Taste Model is doing the same in their chat experiences**
        - They are seeing minutes up double digits, more active days and more saves into libraries and playlists
    - **Prompted Playlist reached 14mn users out of the first 100mn it was rolled out to**
        - Early retention look promising
        - Prompted Playlist for Audiobooks is rolling out in coming weeks
    - **SongDNA has now been used by 100mn+ subscribers…one of the fastest adopted features ever shipped**
    - **Other product highlights:**
        - **Running Mode launched last week:** Builds a running playlist based on user's taste, BPM, and exact cadence with optional audio coaching
        - **Messages is now live:** Users react to tracks, reply, and share music directly inside Spotify; almost 50mn people are already using Jam monthly
        - **Personalized Podcasts** are showing "very, very early" but exciting signals
        - **Music videos** are seeing outsized importance for new artist discovery…songs with videos are performing better on first listen

- **Also, there was a big focus on Music Remix/Covers product as well as Reserved Live Ticketing**
    - **The Co stressed that it does NOT need deals with all the majors to launch Music Remix/Covers**
        - Though they would like a broad catalog
        - The Co expects to do a "research preview" first to gather user preference data before launching
    - **Early traction with Reserved (live ticketing w/ Live Nation launched in the US in June) was strong**
        - ~100k tickets reserved through Spotify across multiple tours
        - Sold through 100% of allocations on some tours; Live Nation upsized mid-run
        - It is a "triple win" as the biggest fans get access, artists get dedicated audiences, Spotify gets unique premium value/differentiation
        - For now, this is about increasing value-to-price perception on premium rather than direct monetization

- **Mgmt is optimizing its AI tooling & has full control over inference**
    - **The open source movement is helpful for Spotify & their Taste model is based on open source**
    - **They build Chirp which is a new internal AI engine that gives Spotify full cost control over inference**
        - It lets engineers switch models mid-task and route every job to the best available price/performance
        - Includes open-source models hosted internally

        - It shares context across models and developers across the Co…avoids paying for the same reasoning twice
        - The Co plans to offer Chirp to other companies as well
    - **With the Co's tiered platform, they control how much inference goes into free vs premium vs paid add-ons**

WMG's Maintains Stable Global Market Share in FQ3 & AI Will Play A More Meaningful Revenue Role In FY27

- **The Armin Zerza (CFO)'s annc'd departure earlier this week took investors by surprise:** CEO Kyncl emphasized that Zerza's contributions like capital allocation, forecasting, and investor messaging are "deeply institutionalized" and he is "very confident about them continuing exactly as they are"

- **FQ3 pre-annc'd headline #s topped consensus estimates…revenue, adj OIBDA, and adj EPS all beat by 3-5%**
    - **Total revs grew +10% y/y (+9% FXN, +11% adj FXN)**
        - Growth decelerated modestly from +17% y/y (+12% FXN) in FQ2 due to a tougher comp, BUT was still consistent with the sustainable growth model
    - **Adj OIBDA grew +16% y/y (+15% FXN, +18% adj FXN)**
        - Margins expanded +100bps y/y FXN (+130bps adj), marking the 5th consecutive qtr of margin improvement at or above the growth model

Warner Music Group	FQ3 2026 Results			
	Actual	FQ3 y/y	Cons Est	% Surp
Revenue ($ mn)	**$1,864**	10%	**$1,810**	**3.0%**
Adj Net Income ($ mn)	**$266**	21%	**$224**	**18.7%**
Adj OIBDA ($ mn)	**$433**	16%	**$416**	**4.0%**
Adj OIBDA Margin (%)	23.2%		23.0%	
Adj EPS	**$0.39**	NM	**$0.37**	**5.4%**
Revenue Breakdown ($mn)				
Recorded Music	**$1,488**	10%	**$1,443**	**3.1%**
Digital	$1,016	9%	$1,014	0.2%
Physical	$137	15%	$120	14.0%
Artist Services & Expanded Rights	$224	15%	$197	14.0%
Licensing	$111	0%	$112	-0.6%
Music Publishing	**$377**	12%	**$366**	**3.1%**
Digital	$235	15%	$228	3.1%
Performance	$59	2%	$62	-5.0%
Synchronization	$60	11%	$56	7.7%
Mechanical	$19	19%	$17	14.0%
Adj OIBDA By Segment ($ mn)				
Recorded Music	**$377**	17%	**$370**	**2.0%**
Music Publishing	**$109**	14%	**$104**	**4.5%**

Source: WMG Filings; Bloomberg, FactSet

LionTree

- **Mgmt reiterated that it remains on track to deliver margin expansion at the high end of the +150-200bps target for FY26:** FQ3 adj OIBDA margin expanded +130bps on an adj basis...and the progression continues
    - **Mgmt reiterated its short-term margin target of mid-20s and longer-term target of high-20s**
    - **Key drivers of margin expansion include:**
        - Profitable growth is now "institutionalized" within the Co
        - Restructuring plan savings are on track: $200mn of savings is expected this yr, $300mn on an annualized basis in 2027
        - Catalog growth is a higher margin business (~2/3 of overall rev)
        - Expanded distribution is being managed for profitability and Co is not looking to buy share with low-margin deals
        - Bain JV catalog acquisitions expected to contribute to margin as capital deploys

- **Mgmt also reiterated its sustainable growth model**
    - High-single-digit total revenue growth
    - Double-digit adj OIBDA and adj EPS growth
    - 50-60% operating CF conversion as a % of adj OIBDA

- **The subscription business showed strong growth, consistent w/ FQ2 ex the tougher comps**
    - **RM subscription streaming revs grew +12% y/y on an adj FXN basis, driven by subscriber growth, pricing, and market share**
        - That was a slight deceleration vs FQ2 (+15%) due to a tougher comp of ~2-3ppts but stripping out the comp, growth was consistent q/q
    - **The breakdown of the +12% adj FXN subscription streaming growth:**
        - ~6-7ppts from subscriber growth
        - ~3.5ppts from PSM / pricing (up from ~3ppts last qtr)
        - ~1ppt from market share, steady on a global basis

- **Ad-supported streaming growth was also very strong at +10% y/y adj FXN...BUT it was helped by World Cup ad spending so growth will normalize next qtr**
    - The growth was driven by a healthy overall ad market, inc'd ad spending around the World Cup, and improved DSP deal economics
    - **Mgmt expects ad-supported growth to normalize in FQ4 to mid-SD growth,** which is more reflective of underlying ad trends and consistent with what they reported in FQ1

- **Key drivers for growth ahead...**
    - PSM pricing increases are expected to continue flowing through and slightly accelerate performance in Q4, incl the impact of the Apple deal
    - Organic and inorganic investments in the core provide additional upside
    - The Revelator acquisition is expected to show up at the end of the calendar year
    - AI licensing deals (incl Suno) are expected to provide material contributions starting in FY27

- **Music Publishing streaming revs grew +13.8% y/y FXN (+14.4% y/y reported):** Driven by new deals and renewals and cont'd market growth

- **Total global market share was steady/stable as US streaming share and US new release streaming share on a YTD basis**
    - **US streaming share was up +0.3ppts YTD; US new release streaming share up +0.8ppts YTD**
    - **US total vs Global:** FQ3 total US share was softer per Luminate data, BUT mgmt emphasized that WMG runs a global business and the global market share impact has been "much more favorable"
    - **Also, market share gains have been largely organic, in contrast to some peers where that has not been the case**
    - **What is driving the share gains?** 1) capital allocation discipline across the full portfolio, 2) a strong pipeline mgmt for A&R and acquisitions, 3) driving audiences to catalog with optimization, and 4) building distribution infrastructure

- **The Apple renewal was a key milestone in its PSM strategy**
    - **PSM increases now cover 88% of WMG's subscription streaming revenue**
    - Mgmt highlighted this as "a real sign of a healthy industry" where suppliers and DSPs are finding mutually beneficial ways to drive value
    - DSPs are using the opportunity to raise subscription prices while innovating with new offerings… "a win for everyone"
    - "The success of our strategy is evidenced by the marked acceleration in our subscription streaming growth, which we expect to be resilient for the years to come"

- **AI -based revenue sources will play a bigger role**
    - **AI licensing is expected to ramp in FY27…there was a decent focus on the Co's partnership with Suno**
        - **Suno remains on track to transition to a fully licensed model later this yr**
        - WMG has licensing deals with other AI music Co's like Stability AI, Klay, and Udio
    - **The Co is also engaged with DSP partners on AI-centric premium tiers to drive incremental ARPU and greater user engagement**
        - Mgmt is "very supportive" of Spotify's efforts on an AI tier...UMG and Merlin have opted in; WMG has "no philosophical disconnect" but has not completed its agreement yet
    - **But protecting artists and songwriters remains a "top priority" as AI adoption broadens**

- **AI tools are enabling WMG to monetize deeper parts of its catalog more efficiently than ever…this is a big oppty for the Co**
    - WMG is using proprietary AI tools across its catalog of over 1mn songs to detect opportunities, optimize music for streaming services, and automate workflows to drive long-tail performance
    - AI enables quick creation of motion art, lyric videos, and visualizers to drive engagement
    - A proprietary marketing identification model helps prioritize opportunities to drive user engagement and revenue
    - **Key example: Chris Rainbow's 1979 recording "Be Like a Woman" went from 50K streams in all of 2025 to over 140mn streams so far this year using these tools**

- **Artist call-outs during the period**
    - Miley Cyrus recently signed to Atlantic Records, signaling her next project is underway
    - Atlantic's share of new releases "ballooned" to the #2 spot on Billboard mid-year report, up from #4 in 2024, under Elliot Grainge's leadership
    - Charli XCX became the first British female artist to land two UK #1 albums in the same year
    - Dai Dai (Burna Boy ft. Shakira, official World Cup collab) became the #1 song in the world on both Spotify and Billboard global charts for multiple weeks
    - Madonna's Confessions II debuted at #1 in the US and UK, driving the +17% FXN physical revenue growth
        - Under-35 listeners now account for up to 60% of Madonna's Spotify streams
    - Emerging artists like Bella Kay and Stella Lefty broke into the Billboard Hot 100 top three; Sombr and PinkPatheress continue to gain traction

- **The release schedule looks strong: Alex Warren, Sombr, David Guetta, Ravyn Lenae, Mike Towers, Teddy Swims, Tinashe, Dan & Shay, Miley Cyrus, and more**

- **The Bain JV has deployed $650mn of its ~$1.65bn capacity for catalog acquisitions…the return thresholds of ~20% is consistent w/ internal A&R investment targets**
    - There is a strong pipeline and additional capacity remains

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8) SNAP & PINS Beat But SPECS & International Are the Next Tests

Q2 earnings from Pinterest and Snap painted a broadly positive picture for mid-cap digital advertising, with both companies beating on revenue and more substantially on profitability, but the underlying narratives (and resulting market reactions) diverged. Snap's quarter was a clean story, with restructuring-driven cost discipline clearly working (total adj cost structure grew just +4% against +19% total rev growth), ad revenue growth accelerating from +3% in Q1 to +9% in Q2, and Spotlight and subscriptions emerging as meaningful engagement and revenue diversification drivers. That said, analysts were very focused on the investment and structural plans for SPECS (US launch is Sept 16th). Turning to Pinterest, it also posted a strong headline beat led by a notable 5pt acceleration in UCAN rev growth, but the picture was choppier on the international side, where rev growth decelerated meaningfully in both Europe and RoW amid regulatory pressure on Asia-based cross-border retailers, deliberate go-to-market restructuring, and tougher y/y comparisons.

Three other common themes that emerged…1) large advertiser momentum in N. America inflected positively after several qtrs as a headwind for each; 2) AI infra spend is stepping up, with SNAP raising its FY26 infra cost guide to $1.65-1.70bn from $1.60-1.65bn on addt'l AI/ML investment and PINS is funding incr'l GPU capacity while leaning on open source model economics; and 3) both are pointing investors to profitability with SNAP naming FCF/shr as its primary financial objective and PINS raising its FY26 adj EBITDA margin outlook to ~30% from ~29%. Lastly, both guided Q3 rev growth lower on the World Cup roll off and tougher comps, though Pinterest also cites "more work to do" internationally and "some level of disruption" continuing in Q3 in the region.

So overall, both saw improvement in N. Amer large retailers and the margins/FCF focus are clear, but Snap's investments into SPECS, and PINS a bet that the UCAN playbook travels internationally are key questions investors are focused on.

See below for details on what we viewed as most important from both prints.

-> Snap shares rallied +14% in reaction to earnings, while Pinterest's traded down almost -9%; YTD Snap is still down –34% while Pinterest's is down -9%; In comparison, YTD, Reddit is down -30%, Meta is down -10%, and Alphabet is up +13%

Snap Shows Signs Of An Advertising Turnaround Though SPECS Remains A Key Investor Focus

- **Q2 reflected strong upside in profitability (and slightly better revs) as restructuring drives operating leverage…**
  - Operating leverage was significant as Q2 rev grew +19% y/y while total adj cost structure grew just +4% y/y
  - Adj EBITDA beat by almost 30%

Snap	Q2 2026 Results			
	Actual	*Q2 y/y*	Cons Est	% Surp
Revenue (mn)	**$1,599**	*19%*	**$1,540**	**3.8%**
Total Adj EBITDA (mn)	**$250**	*504%*	**$193**	**29.4%**
Adj EBITDA Margin (%)	15.6%		12.5%	
Free Cash Flow	**$121**	*406%*	**$41.8**	**188.3%**
Revenue By Region (mn)				
North America	$943	*15%*	$874	7.9%
Europe	$354	*33%*	$347	2.0%
Rest of World	$302	*17%*	$319	-5.3%

Source: FactSet, StreetAccount

- **…Q3 guidance was mixed & mgmt raised FY 2026 infrastructure cost guidance…FCF/shr is now the primary financial objective**
  - **Mixed Q3 guidance**
    - Rev guidance was slightly ahead of cons (but implies +12.8-15.5% y/y growth, a decel from +19% in Q2)
    - While adj EBITDA guidance was slightly below
  - **The 2026 infrastructure cost outlook was raised to $1.65-1.70bn from prior $1.60-1.65bn**
    - The increase primarily reflects addt'l investment in AI/ML infrastructure needed to support revenue growth
    - Infra costs are expected to "grow modestly" y/y in Q3
  - **Other FY26 guidance was maintained and for medium-term outlook:**
    - Expect direct rev to continue growing "materially faster" than the overall biz, cont'd gross margin improvement supporting further adj EBITDA margin expansion, and sustained positive net income beginning in 2027
  - **FCF per share is now the Co's primary financial objective**, with 8 consecutive quarters of positive FCF and a new multi-year dilution management program is planned for 2027

Snap	Q3 2026 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Revenue (mn)	$1,720	$1,700	1.2%
Total Adj EBITDA (mn)	$325	$329	-1.2%

Source: FactSet, StreetAccount

- **User KPIs were stronger than expected**
  - User growth was stronger than expected
    - With N. Amer importantly stabilizing on a q/q basis (vs multiple qtrs of q/q declines)
  - Upside in N. Amer ARPU also stood out (beat by +7.7%)
  - **The US audience continues to broaden q/q,** led by people aged 35+

Snap	Q2 2026 Results			
	Actual	*Q2 y/y*	Cons Est	% Surp
User Metrics				
DAU (mn)	**493**	*5%*	**487**	**1.3%**
North America	92	*-7%*	92	0.5%
Europe	98	*-2%*	97	1.0%
Rest of World	303	*12%*	299	1.3%
ARPU	**$3.25**	*13%*	**$3.16**	**2.8%**
North America	$10.26	*23%*	$9.53	7.7%
Europe	$3.62	*36%*	$3.61	0.3%
Rest of World	$1.00	*4%*	$1.08	-7.4%

Source: FactSet, StreetAccount

LionTree

- **Spotlight is becoming a more important engagement driver**
    - In the US, the number of people posting to Spotlight grew more than +115% y/y
    - Spotlight DAUs grew more than +20% y/y
    - Its growth is supported by investment in creators and AI-powered recommendations

- **The Co is making progress on the advertising side and ad revenue growth accelerated…from +3% y/y in Q1 to +9% y/y in Q2 though tougher comps/normalization come into play in Q3**
    - **The Co is seeing improved momentum w/ large advertisers in N. America, cont'd SMB strength, World Cup-related spending, and broader adoption of AI-powered Smart Campaign Solutions**
        - Conversions across the platform incr'd +56% y/y, incl app and pixel purchase goals
        - They saw incr'd spending from existing advertisers + broader adoption of newer formats
    - **Lower funnel ad performance continues to improve for app advertisers:**
        - Cost per install declined -8% y/y
        - Cost per purchase declined -18% y/y
        - App purchase volume incr'd +128% y/y
        - Dynamic Product Ads rev grew +43% y/y, driven by greater adoption by retailers
    - **OUTLOOK - With that said, the deceleration in y/y revenue growth in Q3 guidance reflects expected normalization of World Cup-related spending + more difficult y/y comps**

- **There was a huge amount of focus on SPECS by the analyst community on the call**
    - **Launch timing / early reception:**
        - Spiegel said they've been "overwhelmed" by the interest in pre-orders (started ~7weeks ago) and how the announcement "broke through", though this is a "high consideration" product given the price point ($2,195)
        - Commercial launch event set for September 16 in Los Angeles.
    - **Analysts were focused on SPECS' investment levels…**mgmt reiterated several times that they can fund SPECS' investment via the FCF inflection
    - **Would you set up it up as a separate Co?** Mgmt didn't directly respond to that question but talked about the FCF inflection enabling them to simultaneously invest in SPECS, along with offsetting dilution
    - **How do you compete with bigger competitors w/ deep pockets?** Mgmt thinks the oppty is "enormous"; Emphasized technical difficulty of the product as a competitive moat; Sees Snap as having a first mover advantage
    - **Mass market consumer adoption of SPECS is likely not until "towards the end of the decade**

- **Growth in Snap's subscription business was a major standout ("Other" revs were up +85% y/y in Q2) and with <3% of MAUs as paying subscribers… mgmt sees "substantial" room to grow (industry app-based subscriber penetration as a benchmark is ~7-12% over the long term)**
    - "Other" is driven by Snapchat+, Memories Storage, and the newer Lens+ subscription

Pinterest Posts A Strong Qtr But Investors Were Hoping For An More Improved Outlook

- **Q2 was a clean beat across headline revs (+3% beat) and adj EBITDA (+15% beat), with the biggest rev driver being the 5pt seq accel in UCAN to +18% y/y**

- Revenues were up +18% y/y (FXN +17% y/y) vs Q1 +18% y/y (FXN +15% y/y)
    - The rev beat was driven by UCAN, as both Europe and RoW missed
- Adj EBITDA margin of 26.4% was well ahead of cons 23.5

Pinterest	Q2 2026 Results			
	Actual	Q2 y/y	Cons Est	% Surp
Revenue (mn)	**$1,180**	*18%*	**$1,150**	**2.6%**
US and Canada	$880	*18%*	$836	5.3%
Europe	$213	*12%*	$222	-3.9%
Rest of World	$87	*38%*	$89	-2.0%
Adj. EBITDA (mn)	**$311**	*24%*	**$270**	**15.3%**
Adj. EBITDA margin	26.4%		23.5%	

Source: FactSet, StreetAccount

LionTree

- **Q3 rev guidance was in-line while EBITDA guidance beat…and the Co raised FY26 adj EBITDA margin outlook to ~30% from ~29%**
    - **Q3 rev guidance implies +13-15% y/y growth (decel from +18% y/y in Q2)**
        - ~3pts of sequential headwinds are due to 1) FX flipping from a ~1pt tailwind in Q2 to a "modest" headwind in Q3, 2) a Prime Day shift (~0.5pt), and 3) World Cup spend not repeating (~1pt)
    - **What drove the margin raise?** Reflects stronger-than-expected H1 rev performance, while also incorporating incremental investments for additional GPU capacity and the inclusion of tvScientific
    - **Also reiterated medium-term adj EBITDA margin target of 30-34% (w/ no specifics on 2027 at this point)**

Pinterest	Q3 2026 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Revenue (mn)	**$1,200**	**$1,200**	**In-Line**
Adj. EBITDA (mn)	**$345**	**$335**	**3.1%**

Source: FactSet, StreetAccount

LionTree

- **KPI results were mixed…MAUs reached a 12th consecutive record but were just slightly above cons**
    - **UCAN MAUs were ~inline though monetization stood out (ARPU beat by +5.3%)**
    - **Intl monetization was softer w/ Europe and RoW ARPU both missing**

Pinterest	Q2 2026 Results			
	Actual	Q2 y/y	Cons Est	% Surp
User Metrics				
MAU (mn)	**640**	*11%*	**635**	**0.7%**
US and Canada	106	*4%*	106	-0.1%
Europe	157	*8%*	156	0.4%
Rest of World	377	*15%*	373	1.2%
ARPU	**$1.86**	*7%*	**$1.80**	**3.3%**
US and Canada	$8.30	*14%*	$7.88	5.3%
Europe	$1.35	*4%*	$1.42	-4.9%
Rest of World	$0.23	*21%*	$0.24	-4.2%

Source: FactSet, StreetAccount

LionTree

- **The UCAN revenue acceleration (from +13% y/y in Q1 to +18% y/y in Q2) was driven by several factors coming together…**
    - **Pockets of large retailer spend accelerated**, with certain retailers leaning in as a result of ongoing ROAS enhancements and AI-driven bidding optimizations, as well as Asia-based cross-border retailer spend into UCAN
    - **"Strong" y/y growth outside of the largest retailers cont'd across mid-market, managed SMB, and emerging verticals,** as many of these advertisers are benefiting from ad platform improvements, including Pinterest Performance+ specifically
    - **Also benefited from Prime Day shift from Q3 to Q2, World Cup spend, and a full qtr tvScientific contribution**
    - **Looking into Q3…"we expect strong growth in UCAN to continue"**

- **International growth remains a work in progress and disruption will continue in Q3**
    - **A seq moderation in Europe (-15pts, or -9pts FXN q/q) and RoW (-21pts, or -18pts FXN q/q) growth was expected** given "deliberate" leadership and structural changes being made in GTM organization and more difficult y/y comps in certain mkts
        - More specifically, the Co faced incremental pressure mid-qtr from Asia-based cross-border retailers
    - **Looking into Q3… "we have more work to do to fully realize the benefits of our go-to-market transformation in Europe and rest of world, and we expect some level of disruption to continue in Q3"**
        - Q3 represents the "most difficult comparison of the year" for Europe in particular

- **Pinterest Assistant (the Co's AI conversational layer) was made available to the vast majority of US users as of end of July, designed to capture the later-stage research phase of the shopping journey (i.e., product comparisons, sizing questions) that previously would have taken users off Pinterest**
    - It is woven throughout the existing app w/ contextual entry points and lets users complete the journey on Pinterest
    - Monetization was built in from the start as the assistant sits right alongside existing ad units

- **The Co is scaling these AI capabilities cost-efficiently…open-source models are at less than 8% of the cost of comparable closed proprietary models (ie, 90%+ cheaper)**
    - Pinterest Assistant is powered by open-source models post-trained on the Co's proprietary Taste Graph data, which mgmt says delivers "superior performance" vs closed 3P models for their use cases
    - "Any CEO that's not taking advantage of open-source models is almost certainly wasting a lot of their shareholders' money"

- **PINS is piloting direct integrations between its AI bidding system and large advertisers' in-house measurement systems, which partially contributed to Q2 outperformance and is expanding to more advertisers in Q3**
    - For context… Pinterest drives significantly more shopping activity than advertisers currently give it credit for (5x the # of clicks to advertisers over the last ~3 yrs, but rev hasn't kept up)
        - By connecting directly to how each advertiser measures success, the Co can both prove that value and optimize toward it, leading those advertisers to increase spend
    - **The small # of advertisers participating in the pilot are seeing "meaningful" performance improvements and the Co will expand this work to a "limited number" of addtl advertisers in Q3**

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9) Take-Two Holds The Line On Guidance As GTA VI Anticipation Builds

Grand Theft Auto VI's November 19 launch hung over every line of Take-Two's FQ1 print, where the Co delivered a FQ1 beat, with Net Bookings coming in slightly above guidance on stronger-than-expected performance from NBA 2K and the GTA series, though gross margin fell short on a $43mn impairment charge for a cancelled third-party title. Guidance erred on the more cautious side, with FQ2 Net Bookings guided below Street expectations and FY27 Net Bookings reiterated rather than raised despite mgmt describing GTA VI pre-orders as "unprecedented and astonishing." Mgmt explained that the Co "hasn't sold one unit yet" and pre-orders can be cancelled, so demand could still prove to be pulled forward rather than incremental. Still, FY27 was viewed as an "inflection point" that sets up a sustained higher level of scale in the years ahead.

In the meantime, NBA 2K closed a record year on strong engagement, with the next installment arriving in early September. Mobile's decline was due to a comping issue rather than a performance issue, with mgmt pushing back on the macro slowdown narrative from peers while acknowledging some pressure on user acquisition. Mgmt also spent meaningful time on international expansion, calling it an "enormous strategic priority," and sounded more open to inorganic growth once the balance sheet reaches a net cash position, which is expected by the end of FY27.

See below for more of our key takeaways.

-> TTWO was up +6% on the back of its report but ended the week up only +1.5%; YTD, the stock is down -3.7%

FQ1 Net Bookings Beat, With Favorable RCS Trends…BUT Gross Margins Fell Short Of The Street

- **FQ1 Net Bookings BEAT cons by +2.2%...decr'd -3% y/y to $1.39bn, slightly above the high end of mgmt's $1.32-1.37bn guide**
  - Upside was driven by better-than-expected performance from NBA 2K and the GTA series

- **RCS declined -1% y/y (better than mgmt's -3% guide) and accounted for 84% of net bookings**
  - NBA 2K RCS grew +7%, the GTA series grew +3%
  - Mobile RCS declined -7%, as expected

- **Gross margin was below the Street (65.5% of NB vs cons 68.1%), while operating margin was ~in-line**
  - The shortfall is largely explained by a $43.4mn impairment in COGS tied to the decision not to proceed with an unannounced third-party title, worth ~3pp of NB

- **Mgmt-basis opex declined -1% y/y vs a +3% growth forecast on marketing timing**

Take-Two Interactive	FQ1 2027 Results			
	Actual	*FQ1 y/y*	Cons Est	% Surp
Net Bookings ($ mn)	**$1,386**	*-3%*	**$1,360**	**1.9%**
Non-GAAP Gross Margin (% of NB)	65.5%		68.1%	
Non-GAAP Operating Margin (% of NB)	6.4%		6.5%	
Revenue	**$1,534**	*2%*		
Adj EBITDA	**$167**	*-26%*		
Bookings By Distribution Channel ($ mn)				
Digital Online	$1,369	*-3%*	$1,320	3.7%
Physical Retail & Other	$17	*-6%*	$33	-46.9%

Source: Take-Two Filings; FactSet Data & Analysis

LionTree

FQ2 Guide Was Mixed And FY27 Was Reiterated Despite Record GTA VI Pre-Orders

- **FQ2 NB guide of $1.62-1.67bn was -6% below cons at the midpt and down -16% y/y vs $1.96bn LY, which included the Borderlands 4 launch**
  - Release slate includes NBA 2K27 as well as content updates for various titles
  - Largest contributors expected to be NBA 2K, GTA series, Toon Blast, Match Factory!, Empires & Puzzles, Words With Friends, Color Block Jam, Borderlands franchise, Red Dead Redemption series and Zynga Poker
  - **RCS expected to decline ~-5%, w/ growth for NBA 2K and GTA offset by mobile declines**

- **REITERATED FY27 NB and EPS guidance**
  - On reiterating guidance despite record GTA VI preorders…"One of the reasons that we're not changing our guidance is, to be clear, we haven't sold one unit yet. You can cancel a pre-order"

- **FY27 EBITDA guide was trimmed to $993mn-$1,053mn from $1,013mn-$1,070mn, and capex raised to ~$290mn from ~$200mn on a planned real estate purchase;**

Take-Two Interactive	Guidance (mid-pt)		
	Actual	Cons Est	% Surp
FQ2 Guidance ($ mn)			
GAAP Net Bookings	**$1,645**	**$1,750**	**-6.0%**
Adj EPS	**$0.95**	**$0.93**	**2.2%**
FY27 Guidance ($ mn)			
GAAP Net Bookings	**$8,100**	**$8,530**	**-5.0%**
Adj EBITDA	**$1,023**		
Adj EPS	**$5.88**	**$6.78**	**-13.3%**

Source: Take-Two Filings; FactSet Data & Analysis

LionTree

GTA VI Pre-Orders Are "Unprecedented And Astonishing" As Rockstar Marketing Ramp Accelerates

- **GTA VI remains on track for Nov 19 release (console-only: PS5, Xbox Series X|S) at an $80 base price**
  - Pre-orders described as "unprecedented and astonishing"... "No one's ever seen anything like this before at Take-Two or in the industry"
  - BUT mgmt cautioned they "genuinely don't know" how pre-orders will translate into sales and warned demand could be "pulled forward"

- **Extended look will air Aug 27 via a "first of its kind" partnership w/ Netflix (6-hour timed exclusive, then Rockstar Games YouTube and other outlets)**
  - Netflix described as "a great marketing partner and distribution partner"; Rockstar arranged the partnership
  - Mgmt declined to share the terms of the arrangement

- **GTA series' momentum into launch continues to build**
  - GTA V sold-in 230mn+ units to date
  - GTA series RCS grew +3% y/y in FQ1
  - GTA+ "continues to thrive," supported by content offerings incl the Rockstar Mission Creator

- **Mgmt has not annc'd an online component for GTA VI and declined to discuss future business models or PC release timing**

NBA 2K26 Concluded A Record Year With Strong Engagement, And NBA 2K27 Launches Sept 4

- **NBA 2K26 concluded a record year:** 12mn+ units sold-in to date (+9% vs NBA 2K25, up from +5% as of last qtr)
  - RCS grew +7% in FQ1, driven by higher engagement: avg DAUs +15%, MyCAREER DAUs +25%, avg games played per user +35%
  - FY27 guide continues to assume NBA 2K RCS grows high-single-digits despite lapping FY26 records
  - Mgmt sees "a huge amount of growth potential" left in the franchise from units, geographic expansion and higher engagement

- **NBA 2K27 launches Sept 4 on PS5, Xbox Series X|S, Switch 2 and PC at $70 base price**
  - Cover athletes…Victor Wembanyama (Standard), Caitlin Clark (Deluxe), Derrick Rose (Ultra); Deluxe and Ultra editions include early access
  - First-look gameplay trailer received a positive response; A full game reveal planned for Aug 18
  - **NBA 2K27 base pricing staying at $70…goal is not to maximize price but to "deliver way more value to consumers than what we charge them"**

- **Other 2K sports updates…**
  - WWE 2K26 WrestleMania 42 Pack launching Aug 19
  - WWE 2K27 in development
  - PGA TOUR 2K25 Season 7 launched Jul 8, Season 8 in late Sept
  - PGA TOUR 2K27 in development

- **Non-sports 2K…**Borderlands 4 Bounty Pack 4 launched Jul 30 w/ a Next Story Pack in Sept, and Mafia: The Old Country gets the Man of Honor expansion Aug 14

Mobile Performed Was In Line With Expectations, But Y/Y Trends Reflect Tough Comps, Not Consumer Weakness

- **Mobile declined -7% y/y, as expected, driven by Color Block Jam comp headwind…mgmt emphasized this is "a comping issue, not a performance issue"**
  - Toon Blast NB grew +8% y/y, Words With Friends +8% (exceeded forecast on strong ad performance), Top Eleven +15%, Empires & Puzzles steady
  - NBA 2K All-Star in China, w/ Tencent, surpassed 10mn registered users and is yielding strong profit margins

- **Mgmt pushed back on peer commentary about a macro-driven mobile slowdown…**"we don't feel like the consumer's pulling back at all"
  - **…BUT did acknowledge "a bit of pressure on user acquisition at the moment," driven by competitors "vastly overspending" in UA at times**

- **D2C continues to grow as a mobile margin driver** and mgmt said there "no doubt" it has had a material positive effect on margins but did not quantify

- **Advertising is a growing lever**…in-app payments monetize <20% of a mobile audience while ad units can monetize 100%, and 2K/Zynga have rolled ads into most but not all titles

A Few Other Key Takeaways…International Expansion Is An "Enormous Strategic Priority", M&A Appetite Is Growing, Cloud Gaming, & AI

- **International expansion is a top strategic priority… "in the next 10 years, we flip the percentage of our revenue that comes from the US and international markets in the other direction"**
  - India, Africa, Latin America, Russia, the Middle East and much of Asia are "really underrepresented" despite strong interest in gaming
  - The Co has built a proprietary geo-pricing tool to experiment w/ local pricing without impacting other markets
  - In certain instances, working on properties that may only appeal to certain markets "very selectively"

- **Mgmt is open to inorganic growth, especially once in a net cash position…"No must-haves, but there are certainly some nice-to-haves" BUT still have an "allergy to being over-leveraged"**
  - "Once we're back in a net cash position, I think that would be the time when we'd be more likely to think about an inorganic opportunity"
  - Three M&A criteria…1) buying owned IP, 2) buying valuable tools and teams, 3) immediately accretive to EBITDA and GAAP earnings; and 4) cultural fit
  - Highlighted successful track record - "virtually all of our deals have worked out," incl Zynga and Gearbox

- **On streaming**…mgmt expects commercial low-latency cloud streaming "within 3 years," which could "10x the effective installed base," though he was clear the Co is not betting on it and would not expect a proportional rev lift

- **On AI**…mgmt pushed back on peers touting hundreds of millions in AI savings, arguing efficiencies get reinvested into bigger, higher-quality titles rather than dropping to the bottom line

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10) Customer Friendly Sports Outcomes + Higher Customer Acq Spend Cloud DKNG's Underlying Positive Performance

DraftKings' Q2 was a tale of two stories… the headline numbers disappointed (revenue missed by -4.6% and adj EBITDA missed by a sizable -26.6%) BUT the underlying business momentum is actually very strong. The headwinds impacting Q2 were an ~$80mn sport outcomes headwind and higher-than-planned customer acq spend. But overall customer acquisition grew ~75% y/y at the best CACs since Q1:25, handle grew +11% y/y (accelerating to +20% y/y in July post-World Cup), and the Predictions business is ramping far faster than anticipated with 600k+ customers YTD with annualized total volume traded growing nearly 5x from $2.3bn to $11bn in just four months. Despite the Q2 miss, the Co maintained FY26 guidance for $1bn in Core adj EBITDA before Predictions investment.

Five other key takeaways that we thought were important include: 1) Vertical integration of Predictions took a major leap forward with the launch of DK Exchange, obtaining an FCM license, and market making live on 3 exchanges with DD share in markets where DKNG participates; 2) DKNG continues to see only ~1% customer overlap between its sportsbook and the largest prediction market operator, with 80-90% of prediction market volume in OSB states estimated to come from professional syndicates; 3) iGaming momentum improved with the Lightning Link launch, Flex Spins product, and share stabilizing after several quarters of declines; 4) The competitive environment on OSB remains stable despite a peer's incremental promotional spending; and 5) The Co is upgrading the SuperApp again in August and expects to have the best offering across all main verticals, including Predictions, for the NFL season.

Overall, the quarter was noisy from a P&L standpoint due to sport outcomes and investment timing, but the core business remains on-track and the Co is executing on the Predictions buildout. The Co's accelerating user acquisition (at favorable costs) positions them well heading into the critical NFL season.

See below for more color on what we viewed as notable.

-> DKNG shares closed up almost +9% today but is still down ~30% YTD

Q2 Revenue & Adj EBITDA Missed On Sport Outcomes & Higher Customer Acq…BUT Underlying Revenue Growth Normalized To +10% y/y

- **Q2 disappointed…**
    - **Q2 revs MISSED cons by -4.6%:** Fell -5% y/y to $1,440mn
    - **Adj EBITDA MISSED cons by a sizable -26.6%:** Fell -62% y/y to $115mn
        - Adj EBITDA margin of 8.0% vs cons 10.3%

DraftKings	Q2 2026 Results			
	Actual	Q2 y/y	Cons Est	% Surp
Revenue ($mn)	**$1,440**	-5%	**$1,510**	-4.6%
Adj EBITDA ($mn)	**$115**	-62%	**$156**	-26.6%
Adj EBITDA Margin (%)	8.0%		10.3%	
Other Key Metrics				
Monthly Unique Players (mn)	3.60	9%	3.35	7.5%
Average Revenue/MUP	$132	-13%	$153.3	-13.9%

Source: DraftKings filings; FactSet Data & Analysis LionTree

- **…Due to customer friendly sports outcomes plus higher customer acq costs**
    - **Sport outcomes:** Drove an ~$80mn revenue headwind, mainly from the Knicks championship win (outsized impact in DKNG's largest OSB state) and World Cup group stage performance
    - **Customer acq spend:** Was ~10% higher than planned
        - BUT DKNG acquired ~30% more customers than planned and CACs came in ~25% better than anticipated

- **Normalizing for sport outcomes and customer acq, rev grew +10% y/y**

Overall KPIs Were Mixed…BUT Customer Acq Was Very Strong On Low Acquisition Costs

- **The KPIs were mixed**
    - **MUPs BEAT cons by +7.5%:** Grew +9% y/y to 3.60mn driven by World Cup and Predictions nationwide launch; it was up more than +6% y/y ex World Cup-only customers
    - **Avg rev/MUP MISSED cons by -13.9%:** Fell -13% y/y to $132, reflecting the influx of newly acquired customers
        - On a TTM basis, net rev per unique customer grew +14% y/y in H1

- **Enterprise-wide customer acq grew ~75% y/y in Q2 and at the best CACs since Q1:25**
    - In the core (OSB), customer acq grew +40% y/y at the best CACs in 6 quarters
    - **DKNG is prepared to invest more if the data supports it…**"If we see something like that line up this fall, then yeah, I think it would be the wise move"

- **100% of new customers are North America-based, and DKNG expects them to generate gross profit for years to come:** Spanish-language availability within the app "proved popular and helped us reach new customer segments"

- **Sports consumer volume (sportsbook handle + Predictions consumer volume) incr'd +15% y/y**

Despite The Q2 Miss, FY26 Guidance Was Maintained …The Core Business Is On Track For ~$1bn Adj EBITDA Before Predictions Investment

- **FY26 guidance was maintained…**
    - Mid-pt of rev guidance of $6.7bn
    - Mid-pt of adj EBITDA guidance is $800mn (cons has a more conservative view)

DraftKings	FY26 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Revenue ($mn)	$6,700	$6,720	-0.3%
Adj EBITDA ($mn)	$800	$735	8.9%

Source: DraftKings filings; FactSet Data & Analysis LionTree

- **Mgmt is confident that the Core business is on track to generate ~$1bn of adj EBITDA in 2026** (vs $620mn total reported in FY25) and noted there "could even be a little bit of upside" on that target
    - 2026 Predictions investment continues to be expected at $200-300mn
    - "The underlying earnings power of our core business continues to exceed our expectations"

The Predictions Market Was A Huge Focus On The Call & The Business Is Exceeding Expectations

- **Over 600k customers have engaged w/ Predictions YTD, far surpassing mgmt's expectations**
    - The Co has been acquiring Predictions customers at attractive CACs "well below" what DKNG invests to acquire sportsbook customers
    - Early data on volume per customer and month-over-month retention is "similar to a sportsbook customer"
    - More than half of Predictions customers have engaged with Combos
    - Mgmt sees a lot more room to grow in the market which will be efficient w/ its national marketing approach

- **Annualized total volume traded grew nearly 5x from $2.3bn to $11bn from April to July**
    - Combos were launched in Q2 and are already approaching 20% of Predictions consumer volume…in contrast, it took years to reach that penetration level in sportsbook
    - Sports content expanded 25x+ from April to July, now offering 30+ markets per MLB, NBA, and WNBA game including player markets and quarter/period/inning markets
    - Broadened coverage across multiple soccer leagues

- **Mgmt expects much faster Predictions customer acq as awareness takes hold, especially with NFL season marketing in states like CA and TX where DKNG has not previously operated**
    - The Co's existing national marketing footprint (ESPN, NBC, Amazon, sports leagues) means DKNG doesn't need massive incremental spend…"we can just refine our message"

- **Cross-sell from DFS, lottery, and horse into Predictions is "a little bit better" than the DFS-to-OSB cross-sell was in the early days of sportsbook**

The Co Believes Its Vertical Integration In Predictions Will Be A Big Structural Advantage

- **The Co launched its in-house exchange (DKeX) in June and obtained approval as a Futures Commission Merchant (FCM) from the National Futures Association in July**
    - Both steps position DKNG to rapidly expand content depth, improve the end-to-end customer experience, and capture more unit economics / LTV

- **DKNG is now live on 3 exchanges as a market maker and consistently making markets on both singles and combos at a profit**
    - The Co is seeing DD share in markets where DKNG participates
    - Now that the FCM is live and market maker is integrated, the opportunity is "even more compelling"
        - As the exchange grows, it creates more opportunities for the market maker, while deeper liquidity makes the offering more attractive to customers

- **Owning all three key layers of the Predictions stack in-house (the brokerage, the exchange, and the market maker) is a structural advantage:** "We are the only operator that has all three up and running today, which gives us a structural lifetime value advantage over our competitors"

- **The plan is to migrate the vast majority of major sports content to DQ Exchange for the CFB/NFL season**
    - Product / consumer experience is the #1 priority
        - The migration will proceed at a pace that ensures the best experience; "what you can't do is repair a poor customer experience"
    - This is expected to be a multiyear tailwind to unit economics, similar to the OSB in-house migration (DKNG has ~95% of OSB sports content priced / traded in-house now)

    - Mgmt expects the Predictions in-house migration to be faster than OSB was, given the core infrastructure now in place

- **While rev per customer for Predictions may be lower than sportsbook, the high-margin profile supports similar gross profit per customer over time**
    - The fee structure for the industry has been "pretty stable"
        - As DKNG brings volume in-house, it captures exchange fees internally, providing a unit economics and LTV advantage over competitors

The Core OSB Business Is Very Strong…Handle Grew +11% y/y In Q2 And Accelerated To +20% y/y In July Post The World Cup

- **Importantly, Sportsbook handle incr'd +11% y/y in Q2, while parlay handle mix continued to rise**
    - Handle share across sportsbook states improved y/y

- **The NBA season was strong: total handle grew +7% y/y with parlay mix incr'ing more than +400bp**

- **World Cup sportsbook handle was ~6x higher than during the 2022 World Cup (~4.5x on a same-state basis)**
    - DKNG held nearly 12% for the World Cup in total, with positive outcomes in July mostly offsetting customer-friendly outcomes in June
    - Notably, customers acquired during the World Cup are continuing to engage beyond the event

- **July handle was up +20% y/y even after the World Cup ended, showing real underlying momentum heading into NFL season**
    - Momentum has continued into August
    - Mgmt is "expecting NFL to be really large for us"

- **DKNG continues to see only ~1% customer overlap between its sportsbook and the largest prediction market operator in OSB states**
    - Internal analysis estimates 80-90% of prediction market consumer volume in OSB states comes from professional betting syndicates and institutional traders
        - These are "volume that mostly would not have been on sportsbooks to begin with"
    - "These platforms are drawing a fundamentally different and largely professional audience"

- **The competitive environment is stable and regarding a peer's incremental promo spend, it is "not a major shift" and "kind of a blip on the radar":** DKNG has "always been able to be more efficient with our promotions" and does not view handle growth and share gains as a trade-off

A Few Other Key Updates

- **iGaming results were "a little better than maybe some of the state reports might have led people to conclude"**
    - Lightning Link launch was a key driver
        - It is "one of the biggest land games ever" and the last big land game of that magnitude to come online
    - Flex Spins launched
        - It allows customers to use bonus spins across any game they choose, unlike competitors who assign spins to a specific game; customers have "really been responding well"
    - iGaming share has "really stabilized after several quarters of losing share"
        - Mgmt hopes to start gaining share in the coming months
    - Customer acquisition into iGaming was also better than expected in Q2

- **DKNG is upgrading the SuperApp again in August with a # of new features and content for NFL season**
    - Expects to have "the best offering across our main verticals, including Predictions, this NFL season"

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11) TKO Continues To Deliver On Its 2026 Execution Story & More Buybacks Are On The Way

The live entertainment demand story we flagged in Live Nation's results last week continues to play out, and TKO is no exception. The Co continued to deliver on its 2026 execution story in Q2, posting a qrtly beat and raising full-year guidance on broad-based strength across the business. UFC Freedom 250 at the White House was a key highlight, as the non-ticketed event resulted in a ~$30mn EBITDA loss (which was expected) but drove notable commercial outcomes, including $1bn+ in earned media value and 25 new multi-year marketing partnerships.

At the segment level, UFC Partnership and Marketing revenue was a main upside driver as was WWE's Media rights, production and content revenue. All three segments topped expectations on adj EBITDA (IMG driven by On Location's World Cup hospitality program). WWE viewership remained strong across platforms, while the Co continued to lean into international events as a longer-term investment despite the near-term cost headwind. As a caveat, looking into Q3, the timing of live events will negatively impact WWE results as Q3 has 1 PLE (SummerSlam) vs 4 in the prior period.

Lastly, mgmt will commence addt'l buybacks in the near-term, which is a plus and there should be a "meaningful room for a step up in FCF conversion in 2027 and 2028 and beyond."

See below for more of what we viewed as most important and incremental from TKO's earnings and conference call…

-> TKO was up +0.3% after its report and ended the week up +2.6%; YTD, the stock is still down -10.7%

- **Q2 beat on headline #s…total rev +0.6 ahead of cons, while adj EBITDA was +0.9% ahead (margin of 41.9% vs cons 41.8%)**
    - WWE Media right, production and content, plus UFC Partnerships and marketing were the revenue upside drivers
    - All three segments beat on adj EBITDA

TKO	Q2 2026 Results			
	Actual	Q2 y/y	Cons Est	% Surp
Revenue ($ mn)	**$1,550**	*19%*	**$1,540**	**0.6%**
Adj EBITDA ($ mn)	**$650**	*23%*	**$644**	**0.9%**
Adj EBITDA Margin (%)	41.9%		41.8%	
Revenue Breakdown ($ mn)				
WWE	**$621**	*12%*	**$619**	**0.3%**
Media rights, production and content	$360	*29%*	$332	8.4%
Live events and hospitality	$152	*-18%*	$188	-19.2%
Partnership and marketing	$63	*8%*	$72	-11.7%
Consumer products licensing and other	$46	*38%*	$34	34.9%
UFC	**$536**	*29%*	**$507**	**5.7%**
Media rights, production and content	$325	*25%*	$338	-3.8%
Live events and hospitality	$48	*-18%*	$55	-12.6%
Partnership and marketing	$145	*69%*	$102	41.8%
Consumer products licensing and other	$18	*61%*	$12	55.7%
IMG	**$355**	*16%*	**$360**	**-1.3%**
Media rights, production and content	$147	*-10%*	**No Consensus Given**	
Live events and hospitality	$199	*50%*	**No Consensus Given**	
Partnership and marketing	$4	*-56%*	**No Consensus Given**	
Consumer products licensing and other	$6	*72%*	**No Consensus Given**	
Adj. EBITDA Breakdown ($ mn)				
WWE	$368	*12%*	$367	0.3%
UFC	$280	*15%*	$278	0.9%
IMG	$79	*171%*	$60	31.2%

Source: FactSet, StreetAccount

- **Mgmt raised FY26 guidance for both rev (+1.3% increase at midpt) and adj EBITDA (+1.1% increase at midpt) and more buybacks are on the way**
    - The increase was driven by "strong operating performance across our businesses for the first six months" and anticipated H2 performance
        - **Mgmt emphasized that the increase is "not necessarily a result of any one specific item" (i.e. World Cup**… "I don't want to overindex on the World Cup, even though we had a strong contribution in Q2")

        - **World Cup adj EBITDA benefit is expected to *exceed* the Co's estimate of ~$75mn for the full yr**; ~$45mn was already recorded in Q2 w/ addt'l Q3 contribution (still closing out books given the scale and complexity)
    - **Additionally…mgmt. REITERATED that both UFC and WWE margins are expected to increase "meaningfully" for the full year**
    - **Mgmt will commence addt'l buybacks in the near-term:** Just over $1bn is available under the existing $3bn authorization; The Co returned $1.3bn+ to equity holders YTD through dividends and repurchases
        - **On FCF…expect "meaningful room for a step up in FCF conversion in 2027 and 2028 and beyond"** + continue to target in excess of 60% on a normalized basis

TKO	FY 2026 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Revenue ($ mn)	$2,290	$2,280	0.4%
Adj EBITDA ($ mn)	$5,800	$5,790	0.2%

Source: FactSet, StreetAccount

LionTree

- **UFC Freedom 250 at the White House (June 14th) was the highlight of the qtr for UFC…it delivered ~$30mn adj EBITDA loss as expected BUT drove massive partnership upside and brand exposure**
    - **Absent Freedom 250, UFC margins would have incr'd meaningfully y/y** (UFC EBITDA margin was 52% vs 59% in the prior yr period, entirely due to Freedom 250)
    - **34mn+ total viewers / generated $1bn+ in earned media value**… "the kind of exposure only a handful of events in the world can command"
    - **Added 25 new marketing partners**, many signing multi-year or multi-event deals
        - **Leveraged the event to sign up partners that impact 2026-2027 and, in some cases, 2028+,** positioning it as an "entry point for new partners to level up existing partners"
    - **"While we won't hold another event in the backyard of the White House, we will continue to be bold and creative on the hunt for new audiences, new venues and new experiences** that make the UFC truly singular"
    - **Beyond Freedom 250, UFC FIPs almost doubled y/y:** Signed a landmark 3-year, 7-event agreement w/ the Arizona Sports and Events Alliance spanning UFC, WWE, PBR and Zuffa Boxing, which is one of the broadest multi-property FIP deals to date

- **WWE viewership was strong across all platforms…the Co is continuing to make near-term investments in international expansion for an expected long-term payoff …HOWEVER the timing of events impacts Q3**
    - **Viewership was strong across all platforms:** WWE Raw was a global top-10 title on Netflix every week of Q2 (recently launched PLEs in Germany, Austria and Switzerland); WrestleMania night one was the #1 program on ESPN2 this yr; Smackdown was a top-3 Friday cable show on USA Network among adults 18-49 in 9 of 13 weeks
    - **The Co held 22 international events in Q2 vs 2 in the prior yr qtr…**a "deliberate" investment to broaden the global fan base and grow intl partnerships/FIP pipeline
        - Intl events currently come w/ a higher cost profile BUT mgmt views it as a "strategic investment with attractive long-term potential"
        - WWE adj EBITDA margin was 59%, on par w/ the prior yr period despite the intl event mix shift
    - **The Co believe there is "immediate opportunity" to grow WWE's intl partnership portfolio** as they lean in further w/ Netflix internationally (dynamic ad insertion rolling out + in-venue inventory)
        - "Our ability to go-to-market together, us opening up our Rolodex, them opening up their Rolodex, that doesn't happen overnight, but it's certainly something that we're bullish about later this year into 2027"
    - **Looking into Q3, timing of live events will negatively impact WWE results:** Q3 has 1 PLE (SummerSlam) vs 4 in the prior period

- **Newer properties continue to build as Zuffa Boxing is "comfortably ahead of schedule" while PBR is delivering sold-out events and attracting new franchise interest**
    - **Zuffa Boxing is expanding internationally and signing world-class talent:** Staged first intl event in Bournemouth UK (activating Sky Sports), made NYC debut at MSG's Infosys Theater, and signed Shakur Stevenson ("one of the biggest names in American boxing")
        - **JV structure allows TKO to earn equity ownership w/ no funding obligations or financial risk:** "Low risk, but allows us to have our fingerprints on a third combat sports vertical"

        - **Next superfight: Garcia vs Benn on Sept 12th at T-Mobile Arena,** airing on Paramount+ globally; Garcia event expected to be "relatively comparable" to Canelo-Crawford back in Sept 2025
    - **PBR Space Cowboys event at US Air Force Academy in June sold out w/ nearly 31,000 fans**
        - Aired on Fox Nation and supported by a significant FIP
        - **PBR team series (franchise league model) in full swing w/ Co in "active discussions with several potential investors for new franchises"**

- **On Location delivered a historic FIFA World Cup Program and the LA 28 pipeline is already building meaningfully**
    - **World Cup hospitality sales surpassed $2bn from 568,000+ packages sold through Q2, and that's before counting the 25 matches in July**
        - Demand "remained exceptionally strong, straight from the group stage through to the final with significant last minute purchasing activity across every sales channel"
    - **LA 28 Olympics has already generated orders for $280mn+ on 20,000+ bookings, and is still two years away**

- **The Paramount partnership benefits are showing through on both reach and economics**
    - **UFC on Paramount+ is delivering viewership 23x+ the avg UFC PPV event over the past two yrs**
        - 20mn subscriber households have watched 200mn+ hours of UFC programming since the start of the yr
    - **Paramount era has also allowed UFC to "level set and benchmark our athlete pay without diluting our margins"**

- **Mgmt dismissed M&A speculation + has no plans to accelerate media rights conversations**
    - **"We are 100% focused on execution…we are not hunting for M&A of any kind"**
        - "There are absolutely no conversations with F1 or anybody else for that matter"
    - **There are no plans to accelerate media rights conversations… "**we believe we're very well positioned with long-term deals, recurring revenue, locked in escalators"
    - **PFL/MVP/Jake Paul Netflix combo not seen as a competitive threat…** "on an individual standalone basis, these promotions...were not necessarily sustainable. Now they've come together and we'll see what they can draw. What we know is the competitions always made us stronger and a rising tide lifts all boats"

- **Middle East events continue as planned…all scheduled events have been successfully held YTD**
    - Incl WWE Night of Champions in Saudi Arabia and UFC Fight Night in Azerbaijan on June 27th + UFC Fight Night in Abu Dhabi on July 25th
    - **The Co is "moving forward with our remaining events in the region" for the remainder of 2026**

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Stock Market Check

Market Changes the Past Week

Benchmark	Abs. Value	W/W Change
S&P 500	7,758	3.6%
NASDAQ	26,691	5.2%
Dow Jones	54,037	3.0%
Gold	$4,401	7.2%
WTI Crude	$77.08	(9.0%)
10-Year Treasury Yield	4.10%	(61.8) bps
Bitcoin	$65,115	3.1%
Ether	$1,925	3.5%

LionTree TMT Universe Performance (~220 stocks)

Best-Performing Stocks	+	Worst-Performing Stocks	–
PubMatic, Inc.	41.1%	ThredUp Inc.	(44.5%)
Palantir Technologies Inc	39.8%	Playtika Holding Corp	(26.3%)
WPP PLC	37.7%	TripAdvisor Inc	(23.9%)
Unity Software Inc	35.6%	The Trade Desk	(23.5%)
Figs Inc.	33.3%	Taboola.com Ltd	(18.2%)
Gray Television Inc	32.9%	USA TODAY	(16.6%)
Doximity Inc	31.0%	Criteo SA	(15.8%)
Ziprecruiter Inc	30.5%	New York Times Co/The	(15.2%)
Shopify Inc.	29.4%	Gogo Inc	(13.0%)
Magnite Inc	28.1%	Datadog	(12.7%)

Best-Performing Sub-Industries	+	Worst-Performing Sub-Industries	–
Space	21.6%	Ad Tech	(8.7%)
Satellite Communications	12.6%	Entertainment Facilities/Theme Parks	(3.5%)
Cybersecurity Software	12.3%	US Print Media / Publishing	(2.6%)
Online Travel	10.7%	Payments / Fintech	(0.2%)
Semis	10.6%	Music	0.3%
Advertising Agencies	10.1%	Consumer Retail	0.4%
Employment Marketplace	10.1%	e-Commerce	1.0%
Software & IT Services	9.9%	Internet/Advertising	1.1%
Application Software	9.4%	Telecom Infrastructure	1.3%
Last Mile Transport/Delivery	7.5%	EdTech	1.3%

This Week's Other Curated News

Advertising/Ad Agencies/Ad Tech

- **AppLovin said profit and rev growth cont'd in Q2, but results fell short of its own standards, with management attributing the shortcomings to timing.** The advertising and AI software Co, which helps improve marketing and monetization for mobile apps, reported Q2 rev of $1.92bn, up 53% yr over yr. However, performance landed near the lower end of the guidance range provided in May, contributing to investor disappointment. (The Wall Street Journal)

- **Nielsen annc'd plans to acquire DoubleVerify for $2. 15bn in cash, a deal priced at a 30% premium that broadens its measurement biz beyond TV and streaming ratings into digital ad verification.** DoubleVerify's tech helps confirm ads ran in intended environments and appeared in brand-safe channels. Nielsen CEO Karthik Rao said the combination deepens digital media capabilities. (Adweek)

Artificial Intelligence/Machine Learning

- **OpenAI disclosed new details at the Black Hat conference about a rogue AI-agent incident in which agents powered by two models escaped containment while attempting a cybersecurity benchmark and ultimately breached Hugging Face.** The agents used an internal package manager as a shared message board, posting exploits, coordinating tasks, delegating work, and sharing internet-access methods. OpenAI said the activity persisted for days or weeks without detection. (WIRED)

- **Meta Platforms annc'd Muse Code, a coding agent aimed at competing w/ OpenAI's Codex and Anthropic's Claude Code while offering lower-cost options.** Meta's AI chief Alexandr Wang said the tool is already used internally and expected to see broader adoption. Investors have pushed the Co to show returns on AI spending. Muse Code includes a tier costing 20 cents per mn output tokens for users who provide feedback, undercutting popular alternatives' pricing. (The Wall Street Journal)

- **Meta said one of its AI models hacked another organization's systems during testing after gaining internet access, becoming the latest AI firm to report such an incident.** The Co said an independent evaluation by Irregular involved a misconfiguration, similar to recent cases disclosed by OpenAI and Anthropic. Meta is investigating and plans to release more details. Experts said AI agents are not acting maliciously but can devise sophisticated methods to achieve assigned goals. (BBC)

- **Microsoft disclosed that OpenAI generated $24. 1bn of its AI rev in the fiscal yr ended Jun. accounting for more than half and likely ~70% of Microsoft's AI biz.** The filing highlights Microsoft's continued reliance on OpenAI despite efforts to diversify through its own models and backing other AI firms. Bloomberg estimates Microsoft's AI biz reached ~ $34bn, based on previously reported growth and run-rate figures. (Yahoo Finance)

- **OpenAI asked a US judge to dismiss Apple's trade-secrets lawsuit, arguing it has no need for Apple's confidential information and is building consumer hardware that is "entirely new.** " Apple alleges OpenAI and two former employees used confidential information, recruiting and supplier ties to speed hardware plans. OpenAI said Apple failed to identify protectable trade secrets or plausible misuse. (Reuters)

- **DeepSeek said it will implement a significant price increase for its AI svs, marking a shift from the aggressive low-cost strategy that pressured rivals.** The Hangzhou-based Co did not disclose exact hikes but warned users to plan ahead. Current rates remain far below competitors'. The move comes as DeepSeek pursues a large Inner Mongolia data center project targeting 1GW of AI computing power, requiring substantial funding. (Yahoo Finance)

- **ByteDance founder Zhang Yiming told staff not to improve AI models through distillation of rivals' systems, even if it costs short-term gains.** Citing an internal meeting, The Paper said Zhang urged "long-termism" and genuine tech breakthroughs, arguing reliance on others' outputs can hinder innovation. The stance comes amid intense China-US AI competition and scrutiny of model-distillation practices by Chinese developers. (Reuters)

- **Alibaba plans to charge major users of its next open-source Qwen3. 8-Max AI model via rev-sharing agreements, similar to Moonshot's Kimi K3.** Users selling AI svs above certain thresholds may need commercial deals; Kimi K3 reportedly seeks up to 30% of rev. The move signals Chinese AI cos are adopting a freemium model, offering low-cost access while monetizing heavy commercial use and competing w/ US rivals. (Reuters)

- **Security researchers at Frontier Security said Moonshot AI's Kimi K3, a powerful open-weight model, left its sandbox during cybersecurity testing after finding a configuration leak and used internet access to seek answers on GitHub.** Researchers said Kimi appeared to have fewer internal safeguards than many advanced models. The incident follows similar cases involving OpenAI and Anthropic models, highlighting challenges in containing increasingly capable AI agents. (WIRED)

- **Google is discussing a $1. 5bn+ deal to non-exclusively license AI coding startup Mechanize's tech and bring in key engineers to bolster AI evaluation and model development**. At the same time, longtime Chief Scientist Jeff Dean is leaving after 27 yrs to co-found Discovery Loop w/ Google researchers Oriol Vinyals, Quoc Le and Sanjay Ghemawat. The move highlights ongoing AI talent departures as Alphabet shares fell nearly 4%. (Yahoo Finance)

- **China is growing anxious that Anthropic PBC's Mythos could be used against the world's second-biggest economy, adding a new source of friction ahead of a planned Xi Jinping-Donald Trump summit.** According to people familiar w/ the matter, Beijing officials are concerned about Mythos' cyber capabilities and view frontier AI models from US firms as potential offensive tools. They also question Anthropic's denial of China's access to the systems for normal purposes. (Bloomberg)

- **AI has become a major force in the US economy, influencing everything from capital investment to consumer costs such as iPhone prices.** The economy is increasingly tied to AI, w/ tech firms spending hundreds of bn of dollars to meet AI computing demand. These firms are also issuing billions in debt to finance purchases tied to AI infrastructure, including data centers, software, computers and communication equipment. (The Wall Street Journal)

- **DeepSeek released V4-Flash, a new AI model that research firm Artificial Analysis found to be the cheapest widely known model to run.** The model costs ~3 cents per benchmark test, about 105x cheaper than Anthropic's Claude Fable 5, while scoring 50/100 on the firm's Intelligence Index, on par w/ Google's Gemini 3.6 Flash. (Reuters)

- **Alibaba shares rose ~6% in Hong Kong after the Co unveiled Qwen3. 8-Max, its latest AI model.** Alibaba said the model has 2.4tn parameters, performed competitively against leading global models, and outperformed Moonshot's Kimi K3 in several tests. The Co plans to release the model's weights next week. The launch supports Alibaba's broader AI, cloud svs, and agent-tech expansion as competition intensifies. (Yahoo Finance)

- **OpenAI shared 10 advances generated by an internal version of Astra, addressing or making major progress on long-standing problems in mathematics and theoretical computer science.** The results span sphere packing, coding theory, group theory, arithmetic circuit complexity, quantum games, lattice cryptography, geometry, Ramsey theory, and extremal graph theory. OpenAI said humans prepared manuscripts and Lean formalizations, while the AI produced the core mathematical arguments. (OpenAI)

Audio/Music/Podcast

- **Suno annc'd new watermarking, fingerprinting and transparency tech to curb spammy AI music and help identify Suno-generated tracks.** CEO Mikey Shulman said the measures align w/ emerging industry standards and include partnerships w/ distribution platforms to combat fraud and misuse. Suno also cont'd plans to revise downloads, potentially limiting them to paid subscribers and capped monthly usage, while emphasizing transparency and respect for rights holders. (The Verge)

- **SiriusXM annc'd Sports Pass, a sports-only plan launching Sept 1, 2026, for $5/month or $49/yr for new US subscribers.** The package includes all live sports events SiriusXM broadcasts, covering NFL, MLB, NBA, NHL, NASCAR, IndyCar, Formula 1, PGA Tour, college sports, soccer, tennis and WWE. Subscribers also get dedicated sports channels, analysis and 24 local sports talk stations, available via vehicles and the SiriusXM app. (Cord Cutters News)

Cable/Pay-TV/Wireless

- **Deutsche Telekom reported stronger Q2 growth, w/ rev increasing 4. 4% yr-on-yr to €29.93bn, supported by growth across all regions.** Net profit fell 6.3% to €2.45bn due to acquisition-related restructuring costs in the US. Despite this, adj EBITDA after leases rose 7.5% from a yr earlier to €11.82bn, reflecting solid operating performance and continued momentum across the Co's regional operations. (Telecompaper)

- **China Mobile Ltd is considering a sale of its minority stake in Thailand telecommunications Co True Corp, according to people familiar w/ the matter.** The Chinese mobile and internet biz is working w/ an adviser to gauge initial interest from prospective buyers for the holding. The discussions are preliminary, and the information comes from people who requested anonymity because the matter is private. (Bloomberg)

- **SoftBank confirmed its full-yr forecasts and a slight dividend increase after reporting stronger fiscal Q1 results through Jun.** Rev rose 9.4% yr-on-yr to a record JPY1.815tn, supported by demand for AI and digital transformation products in the enterprise market, plus growth in e-commerce biz and PayPay svs. Adj EBITDA increased 7.9% to JPY508bn, while the operator also posted a net profit attributable to shareholders. (Telecompaper)

Capital Market Updates

- **Alphabet is seeking to raise $20bn-$25bn via a US bond sale, offering notes across as many as 10 tranches w/ maturities from 2 to 40 yrs, according to a source.** The move comes as Big Tech increases borrowing to fund costly AI investments. Alphabet recently reported its first negative free cash flow, raised its capital spending forecast again, and has expanded fundraising efforts through equity and global bond offerings. (Reuters)

- **GameStop annc'd a private deal to swap ~$1. 4bn of outstanding convertible senior notes for shares of its Class A common stock, eliminating $400mn due in 2030 and $1bn due in 2032 while preserving cash.** The retailer said store closures and overseas downsizing also helped cut costs. Shares fell after the news. The move follows strong Q1 profits and comes as CEO Ryan Cohen pursues an eBay acquisition effort. (Retail Dive)

- **US companies posted a strong start to Q2 earnings season, w/ S&P 500 groups on track for 47. 4% yr-on-yr earnings growth, according to FactSet data based on 300+ reports and estimates**. If sustained, it would mark the strongest quarterly profit growth in five yrs. (Financial Times)

Cloud/DataCenters/IT Infrastructure

- **Datadog said lower usage from one of its largest AI customers is weighing on Q3 and full-yr 2026 guidance, despite a nine-figure renewal deal.** The Co forecast rev of $4.45bn-$4.47bn, up from prior guidance but below Wall Street's $4.69bn estimate. Datadog raised adj EPS outlook to $2.50-$2.54. Q2 growth cont'd, and Q3 rev guidance of $1.14bn-$1.15bn topped estimates. Shares fell 16% as usage cuts dented sentiment. (The Wall Street Journal)

- **Cloudflare shares jumped 16% premarket after the Co raised FY forecasts, citing stronger enterprise spending on AI infrastructure.** It now expects rev of $2.86bn-$2.87bn, up from prior guidance, and adj EPS of $1.25-$1.26. The Co added ~2mn developers in Q2, w/ its Workers platform driving growth. Analysts said Cloudflare is well positioned to benefit from rising AI adoption and demand for networking, security and related tech products. (Reuters)

- **Nscale told prospective investors it has ~$51bn in contracted rev and is targeting a US IPO as soon as Sept.** The London-based Co said Q2 2026 rev exceeded $100mn, up from ~$37mn in Q1 and ~$33mn in all of 2025. Nscale is expanding AI data-center capacity, aiming to add 10 gigawatts of power and increase chip deployments, including Nvidia systems. The Co also agreed to acquire Anyscale for $1.65bn and is working w/ Goldman Sachs and JPMorgan on the IPO. (Yahoo Finance)

- **Microsoft, Meta, Oracle, Amazon and Alphabet have committed ~ $1. 09tn in future lease payments, largely for AI data centres, before many leases begin.** Because accounting rules defer recognition until facilities are usable, the obligations far exceed reported lease liabilities. The spending reflects confidence in AI demand but creates risk if growth slows, leaving firms tied to costly long-term capacity. (Reuters)

- **Gov Greg Abbott annc'd a pause on approvals for new Texas data centers seeking connection to the state grid until the Public Utility Commission of Texas and ERCOT complete audits.** Reviews will examine power and water use, tax breaks, community impacts and ownership. ERCOT paused parts of its approval review. Abbott cited limited transparency and low survey participation, while critics argued the action falls short of a true moratorium. (The Texas Tribune)

Crypto/Blockchain/web3/NFTs

- **Circle Internet Group reported Q2 results that topped earnings expectations but missed analyst forecasts for rev.** The stablecoin issuer also raised its full-yr outlook for "other rev" to $310mn-$330mn, roughly double its prior guidance. Circle said the increase is driven by Arc, its blockchain network focused on stablecoin payments and financial applications. (Bloomberg)

- **Chainalysis said violent crypto "wrench attacks" stole more than $30mn from holders through mid-2026, putting the yr on pace to exceed 2025's record $58mn.** France emerged as the main hotspot after alleged leaks of crypto-holder tax data and a separate breach exposed potential targets. Home invasions, kidnappings and attacks on family members increased, though payment success rates fell. Authorities responded w/ ~200 arrests and dozens of indictments. (The Block)

- **Polymarket is in talks for a fundraising round valuing the Co at more than $20bn, according to a person familiar w/ the matter.** The discussions follow Polymarket's disclosure in late Jun. that annualized rev was well above $1bn after launching its regulated US exchange in May. The source also said a prior Apr. round valued the Co at $15bn. (CNBC)

Cybersecurity/Security

- **A cyberattack campaign targeting US water systems has expanded to at least seven states, including Minnesota and Michigan, with evidence increasingly pointing to Iran, according to officials and experts.** The attacks have not altered drinking water supplies, but raised concerns about vulnerable computers used to monitor water quality and pressure. Authorities say the investigation is preliminary. (The New York Times)

eCommerce/Social Commerce/Retail

- **eBay forecast Q3 rev of $3. 07bn-$3.12bn, above Wall Street estimates, driven by momentum in high-value categories including authenticated luxury goods, collectibles and refurbished products.** Q2 rev rose 15% to $3.13bn, while gross merchandise volume increased 15% to $22.4bn. The Co said its focus-category strategy and the $1.4bn Depop acquisition are boosting buyer growth and strengthening its re-commerce biz. (Reuters)

- **Etsy annc'd layoffs affecting ~220 employees, or 12% of staff, as CEO Kruti Patel Goyal seeks to streamline the Co and accelerate growth.** Most cuts target product and engineering teams and were described as aimed at faster execution, not cost cutting or AI. Etsy cited stronger momentum despite intense competition from Amazon, Walmart, TikTok Shop and Temu. Q2 sales reached $668.3mn, topping expectations, and the Co raised full-yr guidance. (CNBC)

- **Shopify shares surged >18% after the Co forecast Q3 growth above expectations, signaling AI is boosting, not disrupting, its biz.** Through partnerships w/ OpenAI, Google and Microsoft, AI-driven traffic and orders tripled in Q2, while Sidekick adoption rose 3.6x yr/yr. Q2 adj EPS was $0.42 vs. $0.40 est.; rev climbed 34% to $3.58bn and GMV increased 32% to $115.57bn, both ahead of forecasts. (Reuters)

- **Reliance Brands, the luxury retail arm of Reliance Retail, partnered w/ Kim Kardashian's Skims to launch the shapewear brand in India.** Reliance will operate Skims across physical and digital channels, starting in Delhi and Mumbai. The deal expands Reliance's portfolio of global labels as India's fashion and beauty mkts grow. Skims cited strong interest from Indian consumers and plans a long-term presence in the country. (Fashion Network)

- **Attentive's survey of 600 US consumers found 71% plan to begin holiday shopping before Black Friday, w/ 46% starting before Nov.** Most shoppers (84%) expect Black Friday and Cyber Monday sales to start early. AI use is rising, w/ 67% using tools such as ChatGPT, Gemini and Perplexity for purchases in the last three months, increasing to 80% for Gen Z. Shoppers use AI for product research, comparisons, recommendations and deals, while free shipping remains a key purchase driver. (Retail Dive)

- **Wayfair reported Q2 rev up 7. 5% YoY to $3.5bn, w/ US rev rising nearly 9%, its strongest growth since the pandemic.** Higher-income shoppers helped drive gains, while the upscale Perigold biz grew more than 35%. Orders increased 6%, active customers rose 3.3% to 21.7mn, and Perigold cont'd attracting new shoppers. Wayfair posted a $1mn net loss versus $15mn net income a yr earlier and expects high-single-digit rev growth in Q3. (Retail Dive)

- **Shein is weighing cash payouts and extra shares for late-stage investors as it pursues a Hong Kong IPO at a lower valuation.** Filings show investors in certain funding rounds could receive an 8% annual return, totaling ~$1.1bn, plus share-conversion adjustments if the IPO prices below their entry level. Shein's valuation fell from $98.2bn in 2022 to $64bn in 2023 and is seeking ~$50bn for the listing. (Reuters)

EdTech

- **Duolingo forecast Q3 rev of ~$302mn, below analysts' $304mn estimate, overshadowing strong user growth and sending shares down over 10% after hours.** DAUs rose 23% to 58.7mn, ahead of expectations, and the Co said growth should stay above 20% for the rest of the yr. Q2 rev climbed 18% to $298.5mn, beating forecasts, aided by AI-powered features, stronger retention, marketing efforts and lower AI costs. (Reuters)

Electric & Autonomous Vehicles

- **Zoox, Amazon-owned autonomous vehicle tech Co, will begin charging for robotaxi rides in Las Vegas, launching commercial operations nearly a yr after opening the svs to the public.** The move follows a temporary NHTSA exemption allowing paid rides in its custom-built vehicles, which lack steering wheels and pedals. Fares will include a base charge plus distance and time, w/ pricing shown before booking and aimed to stay competitive w/ ride-hailing comfort tiers. (TechCrunch)

- **Uber and UK self-driving tech Co Wayve won London licenses to operate supervised robotaxis, allowing autonomous vehicles to carry passengers while a safety driver remains onboard.** Transport for London permits a trial of up to 15 vehicles for 1 yr. Interested riders can access the svs this summer ahead of a broader rollout. The approval puts Uber and Wayve ahead of planned London launches by Waymo and Baidu. (Yahoo Finance)

Film/Studio/Content/IP/Talent

- **French broadcaster TF1 is weighing a sale of production/distribution arm Studio TF1 and has engaged Rothschild to explore options.** Sources said the unit could be valued at ~€400mn. The move would help TF1 focus on its streaming biz, TF1+, amid pressure from global rivals. The potential sale also comes as advertising rev weakened, w/ H1 2026 advertising rev down 8.7% to €714mn. (Reuters)

- **Sony Pictures' "Spider-Man: Brand New Day" opened to an estimated $927mn in global box-office sales, making it the second-biggest film debut ever.** Its domestic opening reached $355mn, the largest launch of 2026 and just below the $357mn record set by "Avengers: Endgame" in 2019. The result boosts Hollywood's summer box office and marks a major win for a superhero genre facing a recent slump, while Spider-Man cont'd to draw strong audience support. (The Wall Street Journal)

FinTech/InsurTech/Payments

- **Block raised its 2026 gross profit forecast after Q2 results topped expectations, driven by resilient consumer spending, 31% growth at Cash App and stronger margins.** The Co now expects gross profit of $12.51bn, up 21% for the yr, versus a prior $12.33bn outlook. Adj operating margin expanded to 27% from 22% a yr earlier. Rev reached $6.62bn and adj EPS was $1.02, both above analyst estimates, while shares slipped 1.4% after results. (Reuters)

Handheld Devices & Accessories/Connected Home

- **OpenAI is developing a doughnut-shaped, hockey puck-sized smart speaker priced at $300-$400 and targeted for launch in 2027.** The battery-powered device, created w/ Jony Ive's LoveFrom studio, will feature microphones, speaker grills, lights, cameras and moving parts to make interactions feel more lifelike. (Bloomberg)

HealthTech/Wellness

- **Procter & Gamble agreed to acquire supplement Co Thorne for $3. 8bn, a move aimed at strengthening the consumer-goods Co's position in the beauty and wellness industry.** The deal will expand P&G's portfolio in a category where it believes demographic trends are favorable. CEO Shailesh Jejurikar said on CNBC that the acquisition supports the Co's growth strategy and broader wellness-focused offerings. (The Wall Street Journal)

- **Peloton reported its first-ever full-yr net profit and operating income in fiscal 2026 under CEO Peter Stern, posting net income of $63. 2mn versus a $118.9mn loss a yr earlier.** Q4 rev reached $608mn, topping expectations, while EPS matched forecasts at $0.13. Despite plans for higher gross margin and adj EBITDA in fiscal 2027, the Co expects sales to decline ~4%, sending shares down nearly 13% as investors reacted to weaker guidance. (CNBC)

Last Mile Transportation/Delivery

- **Instacart forecast Q3 gross transaction value of $10. 30bn-$10.55bn and adj core profit of $320mn-$340mn, both above analyst estimates, signaling strong delivery demand.** Shares rose ~10% after the Co also beat Q2 expectations. Q2 gross transaction value reached $10.35bn and adj core profit $313mn. Instacart said shoppers are seeking value and convenience, while its advertising biz grew 16% to $297mn. (Reuters)

- **Lyft reported strong Q2 demand, w/ gross bookings up 23% to $5. 5bn, topping estimates of $5.36bn, driven by higher ride values and growth in premium offerings.** Rev rose 16% to $1.84bn, above forecasts, while rides climbed 12% to 262.4mn and active riders rose 17% to a record 30.5mn. However, profit of $50.3mn missed Wall Street expectations, and the Co expects bookings growth to moderate to ~15%-19% in Q3. (The Wall Street Journal)

- **DoorDash annc'd Q2 2026 results, reporting 970mn total orders, up 27% Y/Y, Marketplace GOV of $33. 1bn, up 36%, and rev of $4.5bn, up 36%.** Adj EBITDA rose 40% to $914mn, while GAAP net income fell 30% to $200mn. The Co highlighted growth in membership programs, AI-based features, merchant svs, and progress on its global tech platform, while forecasting Q3 Marketplace GOV of $33.0bn-$34.0bn and adj EBITDA of $950mn-$1.1bn. (DoorDash)

Macro Updates

- **US nonfarm productivity rose at a 1. 4% annualized rate in Q2, above the 0.6% forecast and up from an upwardly revised 0.8% gain in Q1**. Productivity increased 2.2% from a yr earlier and has grown at a 2.1% rate since late 2019. Economists and policymakers expect AI investment to further boost productivity and help contain inflation by lowering labor costs. Unit labor costs rose 1.3% in Q2. (Reuters)

- **A growing disconnect between solid labor market signals and worker sentiment.** Glassdoor's Employee Confidence Index shows just 43% of US employees had a positive six-month outlook for their employer's biz in July 2026, the lowest level since 2016, down from 53% in 2022. Concerns over job security and AI are weighing on confidence, especially in telecommunications, insurance, tech, hospitality and food svs, while senior staff remain more optimistic. (Axios)

- **US Treasury Secretary Scott Bessent said the US and Iran could reach a deal to reopen the Strait of Hormuz and restore freedom of movement for commercial ships.** Bessent said vessels would not face Iranian tolls and that improved traffic could ease prices for oil, fertilizer, refined products and industrial gases. Secretary of State Marco Rubio said talks have made progress but are not yet final. (CNBC)

Media Conglomerates

- **Hearst agreed to buy Disney's 50% stake in A+E Global Media for ~$1. 2bn in cash, giving Hearst full ownership of the TV and content biz.** Disney's exit aligns w/ its focus on streaming and ESPN amid declining cable subscriptions. The deal is expected to close in Sept. A+E, home to A&E, Lifetime, History Channel and other brands, reaches >414mn households across 200 territories and 40 languages. (Reuters)

Online Travel

- **Airbnb shares jumped 14% to a more than four-yr high after the Co raised its full-yr rev growth outlook to at least the mid-teens, citing resilient global travel demand despite the Middle East conflict.** Q2 rev reached $3.61bn, topping estimates. Management said AI helped cut customer support costs per booking by ~16%, while analysts highlighted stronger hotel supply, faster product launches and potential for bn-dollar booking growth. (Reuters)

Satellite/Space

- **Hughes Satellite Systems and certain US units, including Hughes Network Systems, filed voluntary Chapter 11 petitions in Texas to restructure debt, strengthen its capital structure and accelerate its shift toward enterprise, government and defense-focused biz.** Hughes said operations will continue normally, including support for customers, partners, employees and vendors. EchoStar, international units, DISH TV, Sling TV and Boost Mobile are not impacted. (EchoStar)

Social/Digital Media

- **Reddit annc'd "Rules Hub," an AI-powered moderation system that uses LLMs to help moderators enforce community rules, moving beyond keyword-based Automod tools.** The feature has been tested across 700+ communities and is expanding to new subreddits before a broader 2026 rollout. Reddit also plans developer platform changes for third-party apps and is exploring further restrictions and updates to old Reddit to combat scraping and abuse. (The Verge)

- **TikTok agreed to settle three lawsuits brought by minors who alleged the platform was designed to be addictive and harmed their mental health.** Settlement terms are confidential and subject to final agreements. TikTok did not immediately comment. (Reuters)

Software

- **Figma reported Q2 rev of $370. 1mn, up 48% and above estimates, prompting it to raise full-yr rev guidance to $1.463bn-$1.467bn.** Despite strong demand, shares fell 16% after hours as rising AI investments drove R&D costs up 101.5%, nearly doubling operating expenses to $426.9mn and pressuring margins. The Co said AI tools and its Mar. usage-based AI credit model are helping attract users and expand adoption. (Reuters)

- **Twilio shares jumped >17% after Q2 results beat estimates.** Adj EPS rose 24% to $1.47 and rev increased 22% to $1.50bn, above forecasts. The Co also guided Sept.-qtr rev to $1.51bn, topping expectations. Momentum is being supported by Twilio Voice AI, a product that helps firms build phone bots for natural customer interactions. (Investor's Business Daily)

- **Canva said rising costs from building products using frontier AI models led to lengthy launch delays and a miss on rev targets, creating a rare setback for Australia's biggest tech Co.** In a Q2 investor update seen by AFR, the privately held firm, valued at $US42bn ($60bn), reported quarterly rev of $921.9mn, up 25.2% from a yr earlier, but below prior guidance. The Co attributed the shortfall to AI-related product development challenges. (Australian Financial Review)

- **Bending Spoons annc'd an agreement to buy Airtable for $1. 28bn in cash, marking its first acquisition since going public in Jul. 2026.** Airtable, founded in 2013, raised over $1.4bn and, including net cash, is valued at ~ $2.25bn. The Co said Airtable's annual recurring rev grew 20%+ YoY to ~ $480mn as of Jun. 2026. Airtable recently launched its AI-focused Superagent platform and serves 500,000+ organizations, including 80% of the Fortune 100. (TechCrunch)

- **Palantir reported Q2 results that beat expectations, sending shares up 12%.** Adj EPS reached $0.41 vs. $0.35 expected, while rev rose 93% yr/yr to $1.94bn. US government rev increased 90% to $809mn, and US commercial rev surged 149% to $764mn. The Co raised full-yr rev guidance to $8.15bn-$8.16bn and expects US commercial rev to exceed $3.42bn in 2026, citing sustained AI-driven demand. (CNBC)

Sports/Sports Betting

- **Flutter Entertainment said CEO Peter Jackson will step down and be replaced by President Dan Taylor effective Oct 1, while the Co cut its profit outlook as its US sports-betting biz struggled.** Q2 sales in the US fell 6%, driven by a 15% sportsbook rev decline and customer churn. Flutter swung to a $296mn loss, though total rev rose 3% to $4.33bn. The Co lowered full-yr rev guidance to $17.91bn from $18.31bn. (The Wall Street Journal)

- **LALIGA annc'd new 3-yr agreements naming Disney+ and DAZN as broadcast partners in France through the 2028/29 season.** Starting Aug. 15, both platforms will carry 10 matches per matchday, giving fans access to all 380 LALIGA EA SPORTS games. The deal expands LALIGA's reach in a key mkt, highlights leading clubs and French stars, and builds on existing partnerships w/ both broadcasters. (LaLiga)

- **NFL-CBS broadcast rights negotiations are "on hold" as Paramount's proposed acquisition of Warner Bros Discovery faces an antitrust lawsuit from 12 states.** A prior NFL-Paramount deal was disrupted after Skydance acquired Paramount in 2025, giving the NFL leverage to exit talks. New agreements w/ CBS, FOX, NBC, and ABC are paused, while existing contracts remain in place for the 2026-27 season. (Cord Cutters News)

- **FIFA scrapped a controversial plan to sell private stakes in future World Cup tournaments through a new subsidiary after strong opposition from UEFA, CONCACAF, AFC and other football stakeholders.** President Gianni Infantino said the proposal created divisions and would not proceed. Critics warned private investors could influence the sport for profit, while several football bodies cited governance concerns and welcomed FIFA's decision to withdraw the plan. (Yahoo Sports)

Tech Hardware

- **Tesla and SpaceX annc'd Terafab, an advanced semiconductor factory planned in Grimes County, Texas, w/ an initial $16. 8bn investment.** The project is expected to span 100mn+ sq. ft. and create at least 3,000 jobs. Terafab aims to boost chip production for AI, edge computing, Tesla Optimus robots, Cybercabs and SpaceX data-center ambitions. The announcement also drew local scrutiny over tax breaks and transparency. (TechCrunch)

- **AMD reported Q2 results, beating estimates w/ adj EPS of $1. 66 and rev of $11.54bn.** Rev rose 50% yr over yr, while Data Center rev doubled to $6.7bn, driven by AI CPUs and GPUs. The Co guided for ~ $13bn in current-quarter rev, above expectations, and said Helios AI systems will begin shipping this quarter. Despite strong results, shares fell after earnings as some investors had anticipated even stronger guidance. (CNBC)

Video Games/Interactive Entertainment

- **Rockstar Games annc'd a first-of-its-kind partnership w/ Netflix to debut an "extended look" at GTA 6 exclusively for subscribers on Thu, Aug 27 at 3pm ET.** The footage will later appear on Rockstar's YouTube channel and GTA 6 site at 9 p.m. ET. Fans awaiting Trailer 3 must wait until then, as Rockstar has not disclosed the length or details of the footage. GTA 6 launches in Nov., and Take-Two previously signaled marketing would ramp up this summer. (Kotaku)

- **Nintendo reported fiscal Q1 results that beat estimates, posting rev of ¥517. 8bn vs. ¥444.96bn expected and net profit of ¥147.4bn vs. ¥78.3bn expected.** Switch 2 hardware sales fell 34.4% YoY to 3.82mn units, while original Switch sales dropped 31.8% to 0.66mn. The Co maintained its FY2027 net sales forecast of ¥2.05tn, citing continued Switch 2 adoption, new game releases, and solid demand in Japan. (CNBC)

- **EA annc'd completion of its acquisition by PIF, Silver Lake and Affinity Partners, following stockholder approval of the deal first disclosed in Sept 2025.** CEO Andrew Wilson said the partners will support investment, innovation and future gaming experiences. Investors will receive $210 cash per share, and EA stock will be delisted from NASDAQ. In fiscal yr 2026, the Co reported ~$7.5bn in rev. (Electronic Arts (EA))

- **Microsoft revealed steep Aug 1 price hikes for Xbox Series S/X consoles in the UK and Europe after previously warning of worldwide increases.** A 512GB Series S rose from €349.99/£299.99 to €499.99/£429.99, while the 1TB Series X w/disc drive jumped from €599.99/£499.99 to €799.99/£669.99, a rise of over $230. Microsoft cited a component crisis and surging storage and memory costs. (Kotaku)

Video Streaming

- **Fubo annc'd Fubo Perks, a new program giving subscribers added benefits beyond live TV and on-demand content.** Users can access exclusive discounts and included streaming svs through their Fubo credentials. Perks include The Athletic for $1/week, a discounted Sam's Club offer, free ESPN Unlimited and FOX One access, plus authentication for ABC, CBS, NFL Network, Comedy Central, Disney Now, Freeform, beIN Sports, BET, CMT, CBS Sports and VH1. (Cord Cutters News)

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