

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
December 27, 2025**

Diluted earnings per share (EPS) excluding certain items (also referred to as adjusted EPS), total segment operating income, free cash flow, Entertainment SVOD operating income and SVOD operating margin are not measures of performance defined by, or calculated in accordance with, generally accepted accounting principles (GAAP).

These measures should be reviewed in conjunction with the most comparable GAAP financial measures and are not presented as alternative measures of diluted EPS, income before income taxes, cash provided by operations, Entertainment segment operating income or Entertainment segment operating margin as determined in accordance with GAAP. Diluted EPS excluding certain items, total segment operating income, free cash flow, Entertainment SVOD operating income and SVOD operating margin as we have calculated them may not be comparable to similarly titled measures reported by other companies.

Our definitions and calculations of diluted EPS excluding certain items, total segment operating income, free cash flow, Entertainment SVOD operating income and SVOD operating margin, as well as reconciliations of each of these measures to the most directly comparable GAAP financial measure, are provided below.

The Company is not providing the forward-looking measure for diluted EPS, Entertainment segment operating income or Entertainment segment operating margin, which are the most directly comparable GAAP measures to diluted EPS excluding certain items, Entertainment SVOD operating income and SVOD operating margin, respectively, or reconciliations of forward-looking diluted EPS excluding certain items, Entertainment SVOD operating income and SVOD operating margin to those most directly comparable GAAP measures. The Company is unable to predict or estimate with reasonable certainty the ultimate outcome of certain significant items required for such GAAP measures without unreasonable effort. Information about other adjusting items that is currently not available to the Company could have a potentially unpredictable and significant impact on future GAAP financial results.

Diluted EPS excluding certain items

The Company uses diluted EPS excluding (1) certain items affecting comparability of results from period to period and (2) amortization of intangible assets, including purchase accounting step-up adjustments for released content recognized in the fiscal 2019 acquisition of TFCF and Hulu and business acquisitions occurring after fiscal 2025 (Acquisition Amortization), to facilitate the evaluation of the performance of the Company's operations exclusive of these items, and these adjustments reflect how senior management is evaluating segment performance.

The Company believes that providing diluted EPS exclusive of certain items impacting comparability is useful to investors, particularly where the impact of the excluded items is significant in relation to reported earnings and because the measure allows for comparability between periods of the operating performance of the Company's business and allows investors to evaluate the impact of these items separately.

The following table reconciles reported diluted EPS to diluted EPS excluding certain items for the first quarter:

(\$ in millions except EPS)	Pre-Tax Income/ Loss	Tax Benefit/ Expense ⁽¹⁾	After-Tax Income/ Loss ⁽²⁾	Diluted EPS ⁽³⁾	Change vs. prior-year period
Quarter Ended December 27, 2025					
As reported	\$ 3,693	\$ (1,209)	\$ 2,484	\$ 1.34	(4) %
Exclude:					
Non-cash tax charge resulting from the Fubo Transaction	—	307	307	0.17	
Acquisition Amortization ⁽⁴⁾	300	(70)	230	0.12	
Excluding certain items	<u>\$ 3,993</u>	<u>\$ (972)</u>	<u>\$ 3,021</u>	<u>\$ 1.63</u>	(7) %
Quarter Ended December 28, 2024					
As reported	\$ 3,660	\$ (1,016)	\$ 2,644	\$ 1.40	
Exclude:					
Restructuring and impairment charges ⁽⁵⁾	143	213	356	0.20	
Acquisition Amortization ⁽⁴⁾	397	(93)	304	0.16	
Excluding certain items	<u>\$ 4,200</u>	<u>\$ (896)</u>	<u>\$ 3,304</u>	<u>\$ 1.76</u>	

⁽¹⁾ Tax benefit/expense is determined using the tax rate applicable to the individual item.

⁽²⁾ Before noncontrolling interest share.

⁽³⁾ Net of noncontrolling interest share, where applicable. Total may not equal the sum of the column due to rounding.

⁽⁴⁾ For the current quarter, intangible asset amortization was \$236 million and step-up amortization was \$64 million. For the prior-year quarter, intangible asset amortization was \$327 million, step-up amortization was \$67 million and amortization of intangible assets related to an equity investee was \$3 million.

⁽⁵⁾ Impairment charges for the prior-year quarter relate to the Star India Transaction. Tax expense includes a \$31 million tax benefit on the impairment charge and a non-cash tax charge of \$244 million related to the Star India Transaction.

Total segment operating income

The Company evaluates the performance of its operating segments based on segment operating income, and management uses total segment operating income (the sum of segment operating income from all of the Company's segments) as a measure of the performance of operating businesses separate from non-operating factors. The Company believes that information about total segment operating income assists investors by allowing them to evaluate changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing separate insight into both operations and other factors that affect reported results.

The following table reconciles income before income taxes to total segment operating income:

(\$ in millions)	Quarter Ended		Change
	December 27, 2025	December 28, 2024	
Income before income taxes	\$ 3,693	\$ 3,660	1 %
Add (subtract):			
Corporate and unallocated shared expenses	304	460	34 %
Equity in the loss of India joint venture	28	33	15 %
Restructuring and impairment charges	—	143	100 %
Interest expense, net	275	367	25 %
Acquisition Amortization	300	397	24 %
Total segment operating income	<u>\$ 4,600</u>	<u>\$ 5,060</u>	(9) %

Free cash flow

The Company uses free cash flow (cash provided by operations less investments in parks, resorts and other property), among other measures, to evaluate the ability of its operations to generate cash that is available for purposes other than capital expenditures. Management believes that information about free cash flow provides investors with an important perspective on the cash available to service debt obligations, make strategic acquisitions and investments and pay dividends or repurchase shares.

The following table presents a summary of the Company's consolidated cash flows:

(\$ in millions)	Quarter Ended	
	December 27, 2025	December 28, 2024
Cash provided by operations	\$ 735	\$ 3,205
Cash used in investing activities	(2,737)	(2,575)
Cash provided by (used in) financing activities	1,984	(997)
Impact of exchange rates on cash, cash equivalents and restricted cash	5	(153)
Change in cash, cash equivalents and restricted cash	(13)	(520)
Cash, cash equivalents and restricted cash, beginning of period	5,799	6,102
Cash, cash equivalents and restricted cash, end of period	<u>\$ 5,786</u>	<u>\$ 5,582</u>

The following table reconciles the Company's consolidated cash provided by operations to free cash flow:

(\$ in millions)	Quarter Ended		Change
	December 27, 2025	December 28, 2024	
Cash provided by operations	\$ 735	\$ 3,205	\$ (2,470)
Investments in parks, resorts and other property	(3,013)	(2,466)	(547)
Free cash flow	<u>\$ (2,278)</u>	<u>\$ 739</u>	<u>\$ (3,017)</u>

Entertainment SVOD operating income

Entertainment SVOD operating income consists of operating income for the Disney+, Hulu subscription video-on-demand and Disney+ Hotstar (through November 14, 2024) streaming services (collectively, “Entertainment SVOD” or “SVOD”), which excludes results for the Hulu Live TV and Fubo vMVPD services.

The Company uses Entertainment SVOD operating income (and related SVOD operating margin) as a measure of the performance of Entertainment SVOD, and we believe Entertainment SVOD operating income (and related SVOD operating margin) assists investors by allowing them to evaluate the performance of Entertainment SVOD separately from our other Entertainment businesses.

The following table reconciles Entertainment SVOD operating income to Entertainment segment operating income:

(\$ in millions)	Quarter Ended		Change
	December 27, 2025	December 28, 2024	
Entertainment segment operating income ⁽¹⁾	\$ 1,100	\$ 1,703	(35) %
Subtract: Other Entertainment businesses operating income	650	1,442	(55) %
Entertainment SVOD operating income ⁽¹⁾	<u>\$ 450</u>	<u>\$ 261</u>	72 %

⁽¹⁾ For the current quarter, Entertainment segment operating margin and SVOD operating margin were 9.5% and 8.4%, respectively. Entertainment segment operating margin is calculated as Entertainment segment operating income divided by Entertainment segment revenue, and SVOD operating margin is calculated as Entertainment SVOD operating income divided by Entertainment SVOD revenue.

For Q2 fiscal 2026, the Company expects Entertainment segment operating income comparable to Q2 2025, other Entertainment businesses operating income of approximately \$0.7 billion and Entertainment SVOD operating income of approximately \$0.5 billion.