



Q1 FY26 Earnings –
Prepared Management Remarks
February 2, 2026
8:30AM ET

Please view these remarks in conjunction with our Q1 FY 2026 earnings release and Form 10-Q that can be found on our website at disney.com/investors.

We also invite you to listen to today's call session with Bob Iger (Chief Executive Officer) and Hugh Johnston (Sr. Executive Vice President and Chief Financial Officer) at 8:30 am Eastern Time. The webcast will be available at <https://investors.thewaltdisneycompany.com/events-and-presentations/event-details/2026/Disneys-Q1-FY26-Earnings-Results-Webcast/default.aspx>

FORWARD-LOOKING STATEMENTS

Certain statements in these remarks may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations, beliefs, plans, financial prospects, trends or outlook, and guidance; financial or performance estimates and expectations (including estimated or expected revenues, earnings, operating income, margins, timing, cash position and impact of certain items, including costs and expenses) and expected drivers; business plans and opportunities; content, benefits, timing, pricing, or completion of future projects and product offerings; capital expenditures and investments, including opportunities for growth and expansion; plans, expectations or drivers for streaming services growth, churn, product acceptance, and enhancements and changes to subscription offerings; anticipated demand, timing, pricing, availability, or nature of our offerings (including nature, timing and demand for our parks and experiences offerings, including impact of visitation patterns and consumer mix, content within our products and services and content releases and distribution channel); the benefits of or plans with respect to transactions for which conditions to close have not been satisfied; consumer sentiment, behavior, or demand; strategies and strategic priorities, opportunities and investments; expected benefits of new initiatives and investments; value of our intellectual property, content offerings, businesses, and assets; estimates of the financial impact of certain items, events, or circumstances; and other statements that are not historical in nature. Any information that is not historical in nature is subject to change. These statements are made on the basis of management’s views and assumptions regarding future events and business performance as of the time the statements are made. The Company does not undertake any obligation to update these statements.

Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments, asset acquisitions or dispositions, new or expanded business lines, or cessation of certain operations), our execution of our business plans (including the content we create and IP we invest in, our pricing decisions, our cost structure, and our management and other personnel decisions), our ability to quickly execute on cost rationalization while preserving revenue, the discovery of additional information, or other business decisions, as well as from developments beyond the Company’s control, including:

- the occurrence of subsequent events;
- deterioration in domestic and global economic conditions or a failure of conditions to improve as anticipated;
- deterioration in or pressures from competitive conditions, including competition to create or acquire content, competition for talent, and competition for advertising revenue;
- consumer preferences for and acceptance of our content offerings and the distribution channel (including pricing and bundling of our streaming services and impact on churn and subscriber additions) and our leisure travel destinations;
- the market for advertising sales on our streaming services and linear networks;
- health concerns and their impact on our businesses and productions;
- international, including tariffs and other trade policies, political, or military developments;
- regulatory and legal developments;
- technological developments;
- labor markets and activities, including work stoppages;
- adverse weather conditions or natural disasters; and
- availability of content.

Such developments may further affect entertainment, travel and leisure businesses generally and may, among other things, affect (or further affect, as applicable):

- our operations, business plans, or profitability;
- demand for our products and services;
- the performance of the Company’s content;
- our ability to create or obtain desirable content at or under the value we assign the content;
- the advertising market for programming;
- taxation; and
- performance of some or all Company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company’s most recent Annual Report on Form 10-K, including under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business,” subsequent quarterly reports on Form 10-Q, including under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and subsequent filings with the Securities and Exchange Commission.

The terms “Company,” “Disney,” “we,” and “our” are used above and in these remarks to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.

Q1 FY26 EARNINGS COMMENTARY

We are pleased with our start to fiscal 2026, and our achievements reflect the tremendous progress we have made. Our studios delivered two films in the quarter that crossed the \$1 billion mark at the global box office, *Zootopia 2* and *Avatar: Fire and Ash*. Our performance in streaming reflects the strength of our content and continued improvements to the user experience as we continue to build streaming into a core driver for the company. ESPN demonstrated its leadership as the preeminent destination for sports with strong ratings in the quarter. And our Experiences segment delivered record quarterly revenue and operating income. These achievements reflect the progress we've made over the past three years to fortify the company, position our businesses for future growth over the long-term, and set Disney on a path for continued success.

ENTERTAINMENT

Our film studios generated more than \$6.5 billion at the global box office in calendar year 2025, making it our third biggest year ever and our ninth year as #1 at the global box office in the last 10 years. *Avatar: Fire and Ash* was our third release in 2025 to cross the \$1 billion box office threshold, joining *Zootopia 2* and *Lilo & Stitch*. *Zootopia 2* also became Hollywood's highest-grossing animated film ever and one of the top ten highest-grossing films of all time, earning nearly \$1.8 billion at the global box office and firmly establishing itself as a popular new franchise for the company. To date, 37 billion-dollar films have come from our studios out of the 60 films that have hit this mark industrywide, and we have four times as many as any other studio.

The box office success of our branded IP also generates value across our interconnected businesses, with hits like *Zootopia 2* lifting viewership of related titles on Disney+ and fueling global interest in our parks and consumer products. *Zootopia 2* is the highest grossing Hollywood film of all time in China, earning more than \$630 million at the box office so far. This franchise is also an important driver of attendance at Shanghai Disneyland with our *Zootopia*-themed land – one of the most popular areas of the park.

Looking ahead to our upcoming slate, we are excited about numerous titles coming to theaters this calendar year, including 20th Century Studios' *The Devil Wears Prada 2*, Lucasfilm's *The Mandalorian and Grogu*, Pixar's *Toy Story 5*, Disney's live-action *Moana*, and Marvel Studios' *Avengers: Doomsday*.

Our creative success extends beyond our films. Seven of the Top 10 most-watched shows of 2025 streamed on Disney+ or Hulu, as reported by Nielsen¹, and *Bluey* was the most-streamed show in the U.S. for the second year in a row, with 45 billion minutes watched². ABC had the top 6 shows for Adults 18-49 in calendar year 2025, including *High Potential*, *Abbott Elementary*, and *Dancing with the Stars*. Marvel's *Wonder Man* premiered last week to rave reviews, and Taylor Swift returned to Disney+ to complete her phenomenal Eras Tour run with *The End of an Era* docuseries and the concert film *Taylor Swift: The Eras Tour: The Final Show*. And we're excited to bring audiences *American Love Story*, Season 2 of *Paradise*, the long-awaited revival of *Scrubs*, Season 4 of *The Secret Lives of Mormon Wives*, and Season 2 of *Daredevil: Born Again* in the coming months.

With audience and critical favorites across film and television, combined with our leading portfolio of sports offerings and award-winning news programming, we offer consumers a powerful streaming proposition.

¹ <https://www.nielsen.com/data-center/top-streaming-shows-artey-awards/>

² <https://www.nielsen.com/news-center/2026/nielsen-announces-2025-artey-award-winners-following-record-breaking-year-of-streaming/>

Entertainment SVOD results³ this quarter reflect the strength of our content strategy and improvements to the user experience on our platforms. We expect continued investment in content and technology to drive healthy revenue growth, and we remain on track to reach a 10% SVOD operating margin⁴ for fiscal 2026.

We are focused on the international growth opportunity for our streaming services and are seeing encouraging results from our investment in local content. In the quarter, engagement was supported by standout local originals such as *The Manipulated* in APAC and *Hija del Fuego* in LATAM, content agreements with free-to-air broadcasters to increase our depth of local content, and regionally relevant sports such as the NBA in Australia. And we recently took home three international Emmys in top categories for *Rivals*, *Bluey*, and *Yo, Adicto*.

We're rolling out numerous product enhancements to elevate the user experience on Disney+, advancing work to improve our recommendation engine, and exploring opportunities to use AI to further increase personalization. Our refreshed Disney+ homepage, which launched in the fall, features streamlined navigation, a dedicated "For You" section, and a more modern, intuitive design, with additional updates in the works. Ongoing experimentation remains central to how we innovate, and we expect new ad tech capabilities such as our AI-powered planning tool and video generator to improve advertiser engagement. We're also layering in additional ways to engage audiences by developing new vertical and shortform experiences, and we plan to introduce a curated slate of Sora-generated content on Disney+ following our recently announced licensing agreement with OpenAI.

Together, these efforts are shaping a more personalized streaming experience and positioning us to deliver greater value to consumers and revenue, profit, and margin growth over time.

SPORTS

ESPN remains the industry leader in sports, offering fans a compelling portfolio of live sports, studio shows, and original content, and multiple ways for them to watch. In Q1, ESPN advanced its evolution as the preeminent digital sports platform, powered by the strength and popularity of live sports. ESPN led the industry by capturing more than 30% of all sports viewership across networks, including ESPN on ABC, and marquee events delivered strong ratings throughout Q1, further demonstrating the power of our portfolio to engage fans. The value of live sports is clear: in calendar year 2025, 95 of the top 100 programs across all media companies were sports. Highlights from the quarter include:

- ESPN Networks delivered their most-watched college football regular season since 2011 and ABC achieved its best college football season since 2006, with the College Football National Championship reaching 30.1 million viewers and becoming the second most-viewed cable event ever.
- *Monday Night Football* delivered its second-highest viewership in 20 years, with our NFL Divisional game drawing 38 million viewers – the most-watched event in our history.
- Season-to-date, ESPN has delivered its third most-watched NBA regular season⁵.

³ Entertainment SVOD operating income (also referred to as SVOD operating income) is a non-GAAP financial measure. The most comparable GAAP measure is Entertainment segment operating income. See the discussion on pages 8 through 10 for how we define and calculate this measure and a reconciliation thereof to the most directly comparable GAAP measure. Disney+, Hulu subscription video-on-demand, and Disney+ Hotstar (through November 14, 2024) streaming services (excluding Hulu Live TV and Fubo vMVPD services), collectively referred to as "Entertainment SVOD" or "SVOD."

⁴ Entertainment SVOD operating income and SVOD operating margin are non-GAAP financial measures. The most comparable GAAP measures are Entertainment segment operating income and Entertainment segment operating margin, respectively. See the discussion on pages 8 through 10 for how we define and calculate these measures and why the company is not providing forward-looking reconciliation thereof to the most directly comparable GAAP measures.

⁵ Through January 24, 2026.

We continue to strengthen our rights portfolio while maintaining a disciplined approach. Our recently announced three-year MLB agreement exemplifies this strategy, expanding our rights footprint and making ESPN the exclusive distributor of MLB.TV. And on January 31, we closed our transaction with the NFL to acquire NFL Network and other media assets, including the linear rights to the popular NFL RedZone channel, further bolstering ESPN's offering with a rich content experience for football fans. We look forward to adding NFL Network to ESPN Unlimited prior to the next football season.

The launch of ESPN Unlimited marked an important step in our direct-to-consumer evolution, and while still early days, we are pleased with the adoption and engagement with new app features. We are encouraged by ESPN app authentication from pay-TV subscribers, the pace of new signups, and the engagement patterns that have followed.

And bundling ESPN with Hulu and Disney+ creates a one-of-a-kind streaming package that provides a combination of sports, branded and general entertainment, and news offerings.

EXPERIENCES

Our Experiences segment had a solid start to the fiscal year, with quarterly revenue exceeding \$10 billion for the first time. Our efforts to turbocharge this segment are well underway, and we are excited about continued progress on a robust pipeline of projects to support long-term growth.

We have expansion projects underway at every one of our theme parks, and next month, we will welcome guests to the new World of Frozen at the completely reimagined Disney Adventure World at Disneyland Paris. This milestone marks the beginning of a bold new era for Disneyland Paris, nearly doubling the size of the second park and showcasing Disney's unique ability to bring our stories to life in the physical world. Additionally, we are continuously expanding storytelling in our parks, with new experiences featuring Bluey, activations planned around the release of *Toy Story 5*, and a new mission featuring the Mandalorian and Grogu inside Millennium Falcon: Smugglers Run coming soon.

At Disney Cruise Line, we recently launched the *Disney Destiny*, which has received outstanding reviews from guests since its maiden voyage on November 20. The *Disney Adventure*, our first ship homeported in Asia, is on its way to Singapore for its maiden voyage on March 10, bringing immersive Disney storytelling to more people globally than ever before. This will bring our fleet to a total of eight cruise ships, with another five scheduled for launch beyond fiscal 2026.

Overall, this quarter reflects our focused execution and investment across each of our strategic priorities and stands on the solid foundation we've built over the past three years, providing us with a path for long-term growth.

FINANCIAL REVIEW AND OUTLOOK⁶

Revenue increased 5% for Q1 fiscal 2026. Total segment operating income⁷ decreased 9% and diluted earnings per share excluding certain items⁷ ("Adjusted EPS") of \$1.63 was 7% lower than the prior year,

⁶ Q4 fiscal 2026 includes a 53rd week of operations. Guidance for fiscal year segment operating income, SVOD operating margin, and adjusted EPS excludes the benefit of the additional week. Other guidance points include the 53rd week.

⁷ Total segment operating income and diluted EPS excluding certain items (also referred to as adjusted EPS) are non-GAAP financial measures. The most comparable GAAP measures are income before income taxes and diluted EPS, respectively. See the discussion on pages 8 through 10 for how we define and calculate these measures and a reconciliation thereof to the most directly comparable GAAP measures.

reflecting lower Entertainment results driven by film slate comparisons, partially offset by higher results at Experiences.

During Q1, the company and FuboTV Inc. (“Fubo”) completed a transaction to combine certain Hulu Live TV assets with Fubo (“Fubo transaction”). As a result of the Fubo transaction, the company has a 70% interest in the combined operations on a fully diluted basis. Our results this quarter include the consolidation of Fubo’s results as of October 29.

ENTERTAINMENT

In Q1, results at our Entertainment segment included strong revenue growth from Entertainment SVOD⁸ services, as well as revenue growth from theatrical distribution driven by the releases of *Zootopia 2* and *Avatar: Fire and Ash*. Segment operating income decreased compared to the prior-year quarter, primarily reflecting higher programming and production and marketing costs driven by more theatrical releases in the quarter (nine releases compared to four in the prior year).

We are pleased with the continued progress we are making to establish our SVOD services as an attractive growth engine for the company, with SVOD increasingly contributing to Entertainment segment results. Q1 revenue for our SVOD services grew 11% versus the prior-year quarter to more than \$5 billion; revenue growth reflects a 1 ppt adverse impact from the inclusion of Star India revenue in the prior year. SVOD operating income⁹ grew approximately \$190 million to \$450 million, resulting in SVOD operating margin⁹ of 8.4% for the quarter. Higher SVOD operating income in the quarter was driven by subscription and advertising revenue growth, partially offset by higher programming and production and marketing costs.

In Q2, we expect SVOD operating income¹⁰ of approximately \$500 million, an increase of approximately \$200 million compared to the prior-year quarter, as our investments in content and technology and improved user experience drive subscription and advertising revenue growth. We still expect to deliver a 10% SVOD operating margin¹¹ for fiscal 2026.

Entertainment segment advertising revenue was down 6% in Q1, reflecting a net adverse impact of 11 ppts from the inclusion of Star India advertising revenue in the prior-year quarter, lower political advertising compared to Q1 2025, and Fubo advertising revenue.

For fiscal 2026, we continue to expect double-digit Entertainment segment operating income growth weighted to the second half of the year, driven by our theatrical release slate and continued growth from our SVOD services. Q2 Entertainment segment operating income is expected to be roughly comparable to Q2 last year.

⁸ Disney+, Hulu subscription video-on-demand, and Disney+ Hotstar (through November 14, 2024) streaming services (excluding Hulu Live TV and Fubo vMVPD services), collectively referred to as “Entertainment SVOD” or “SVOD.”

⁹ Entertainment SVOD operating income (also referred to as SVOD operating income) and SVOD operating margin are non-GAAP financial measures. The most comparable GAAP measures are Entertainment segment operating income and Entertainment segment operating margin, respectively. See the discussion on pages 8 through 10 for how we define and calculate these measures and a reconciliation thereof to the most directly comparable GAAP measures.

¹⁰ Entertainment SVOD operating income (also referred to as SVOD operating income) is a non-GAAP financial measure. The most comparable GAAP measure is Entertainment segment operating income. See the discussion on pages 8 through 10 for how we define and calculate this measure and a reconciliation thereof to the most directly comparable GAAP measure.

¹¹ Entertainment SVOD operating income (also referred to as SVOD operating income) and SVOD operating margin are non-GAAP financial measures. The most comparable GAAP measures are Entertainment segment operating income and Entertainment segment operating margin. See the discussion on pages 8 through 10 for how we define and calculate these measures and for why the Company is not providing a forward-looking reconciliation thereof to the most directly comparable GAAP measures.

SPORTS

Sports segment operating income in Q1 declined \$56 million compared to the prior-year quarter, as 10% growth in advertising revenue was more than offset by higher programming and production costs and a decrease in subscription and affiliate fees. The temporary suspension of YouTube TV carriage had an adverse impact to segment operating income of approximately \$110 million.

The increase in programming and production costs was driven by contractual rate increases primarily due to college football and new WWE rights, partially offset by the favorable timing of rights costs for the NBA and Big 12. The decrease in subscription and affiliate fees was driven by fewer subscribers, the temporary suspension of YouTube TV carriage, and the benefit of Star India to Q1 fiscal 2025 results, partially offset by higher rates.

For fiscal 2026, we continue to expect low-single digit segment operating income growth¹². In Q2, we expect comparable revenue compared to prior year and higher rights expenses for college (including the reversal of the timing benefit for Big 12 programming) and new WWE rights costs to drive a year-over-year decrease in segment operating income of approximately \$100 million¹².

EXPERIENCES

Experiences delivered record quarterly revenue and operating income in Q1, with both increasing 6% compared to the prior-year quarter. The increase in segment operating income was driven by higher Domestic Parks & Experiences results.

Domestic Parks & Experiences operating income was up 8% compared to the prior-year quarter driven by higher guest spending, an increase in passenger cruise days due to the *Disney Treasure* and *Disney Destiny*¹³, and 1% growth in attendance at our domestic parks, partially offset by an increase in costs for new guest offerings (including expansion costs for Disney Cruise Line).

International Parks & Experiences operating income in Q1 was up 2% compared to the prior-year quarter reflecting higher attendance and guest spending, partially offset by higher costs. Consumer Products operating income increased 3%, driven by higher licensing revenue.

We expect modest segment operating income growth in Q2 due to a combination of factors, including international visitation headwinds at our domestic parks, pre-launch costs for the *Disney Adventure* at Disney Cruise Line, and pre-opening costs for World of Frozen at Disneyland Paris. We continue to monitor international visitation to our domestic parks and adjust our strategy. We are pleased with the forward-looking indicators we are seeing for the balance of the fiscal year, including room bookings at Walt Disney World, which for the year are pacing up 5%¹⁴, weighted to the back half of the year.

For fiscal 2026, we continue to expect high-single digit segment operating income growth weighted to the second half of the year, which will benefit from the launch of our two new cruise ships and the opening of World of Frozen at Disneyland Paris. Our ability to deliver operating income growth reflects continued focus on delivering great guest experiences and being disciplined in our approach to operational excellence and cost management.

¹² Guidance does not include impacts from the NFL equity transaction.

¹³ The *Disney Treasure* launched in December 2024 and the *Disney Destiny* launched in November 2025.

¹⁴ Includes the benefit of a 53rd week in Q4 fiscal 2026.

Overall, we are pleased with the company's results to start the year and the progress we are making across our strategic priorities, and we expect to deliver on our financial guidance of double-digit adjusted EPS¹⁵ growth for the year (weighted to the second half) and \$19 billion in cash provided by operations¹⁶. During the quarter we repurchased \$2 billion of our stock and are still on track to repurchase \$7 billion for the fiscal year.

Bob Iger, Chief Executive Officer

Hugh Johnston, Senior Executive Vice President and Chief Financial Officer

¹⁵ Diluted EPS excluding certain items (also referred to as adjusted EPS) is a non-GAAP financial measure. The most comparable GAAP measure is diluted earnings per share ("EPS"). See the discussion on pages 8 through 10 for how we define and calculate this measure and why we are not providing the forward-looking quantitative reconciliation thereof to the most directly comparable GAAP measure.

¹⁶ Expected fiscal 2026 cash provided by operations includes the impact of \$1.7 billion in taxes deferred due to disaster tax relief from prior fiscal years.

NON-GAAP FINANCIAL MEASURES

This executive commentary presents diluted EPS excluding certain items (also referred to as adjusted EPS), total segment operating income, Entertainment SVOD operating income, and SVOD operating margin. Diluted EPS excluding certain items, total segment operating income, Entertainment SVOD operating income, and SVOD operating margin are important financial measures for the Company but are not financial measures defined by 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, Entertainment segment operating income, or Entertainment segment operating margin as determined in accordance with GAAP. Diluted EPS excluding certain items, total segment operating income, 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, Entertainment SVOD operating income, and SVOD operating margin, as well as quantitative 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	\$3,993	(\$972)	\$3,021	\$1.63	(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	\$4,200	(\$896)	\$3,304	\$1.76	

(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:

	Dec. 27, 2025	Dec. 28, 2024	Change
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	\$4,600	\$5,060	(9%)

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
	Dec. 27, 2025	Dec. 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⁾	\$450	\$261	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.