

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
December 30, 2023**

Diluted earnings per share (EPS) excluding certain items, total segment operating income, free cash flow and DTC streaming businesses operating income (loss) 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, or Entertainment and Sports segment operating income (loss) as determined in accordance with GAAP. Diluted EPS excluding certain items, total segment operating income, free cash flow, and DTC streaming businesses operating income (loss) as we have calculated them may not be comparable to similarly titled measures reported by other companies.

Our definitions and calculations of historical measures of diluted EPS excluding certain items, total segment operating income, free cash flow, and DTC streaming businesses operating income (loss), as well as quantitative reconciliations of each of these historical measures to the most directly comparable GAAP financial measure are provided below. Disney is not providing forward-looking measures for diluted EPS or cash provided by operations, which are the most directly comparable GAAP measures to diluted EPS excluding certain items and free cash flow, respectively, or a quantitative reconciliation of forward-looking diluted EPS excluding certain items or free cash flow to those most directly comparable GAAP measures. Disney is unable to predict or estimate with reasonable certainty the ultimate outcome of certain significant items required for each of these GAAP measures without unreasonable effort. Information about other adjusting items that is currently not available to Disney 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 TFCF and Hulu intangible assets, including purchase accounting step-up adjustments for released content, 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 Company further believes that providing diluted EPS exclusive of amortization of TFCF and Hulu intangible assets associated with the acquisition in 2019 is useful to investors because the TFCF and Hulu acquisition was considerably larger than the Company's historic acquisitions with a significantly greater acquisition accounting impact.

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 30, 2023					
As reported	\$ 2,871	\$ (720)	\$ 2,151	\$ 1.04	49 %
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾	451	(106)	345	0.18	
Excluding certain items	<u>\$ 3,322</u>	<u>\$ (826)</u>	<u>\$ 2,496</u>	<u>\$ 1.22</u>	23 %
Quarter Ended December 31, 2022					
As reported	\$ 1,773	\$ (412)	\$ 1,361	\$ 0.70	
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾	579	(135)	444	0.24	
Restructuring and impairment charges ⁽⁵⁾	69	(8)	61	0.03	
Other expense, net ⁽⁶⁾	42	(16)	26	0.01	
Excluding certain items	<u>\$ 2,463</u>	<u>\$ (571)</u>	<u>\$ 1,892</u>	<u>\$ 0.99</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 \$380 million, step-up amortization was \$68 million and amortization of intangible assets related to TFCF equity investees was \$3 million. For the prior-year quarter, intangible asset amortization was \$417 million, step-up amortization was \$159 million and amortization of intangible assets related to TFCF equity investees was \$3 million.

⁽⁵⁾ Charges related to exiting our businesses in Russia.

⁽⁶⁾ DraftKings loss (\$70 million), partially offset by a gain on the sale of a business (\$28 million).

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 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 30, 2023	December 31, 2022	
Income before income taxes	\$ 2,871	\$ 1,773	62 %
Add (subtract):			
Corporate and unallocated shared expenses	308	280	(10) %
Restructuring and impairment charges	—	69	100 %
Other expense, net	—	42	100 %
Interest expense, net	246	300	18 %
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	451	579	22 %
Total segment operating income	<u>\$ 3,876</u>	<u>\$ 3,043</u>	27 %

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 30, 2023	December 31, 2022
Cash provided by (used in) operations	\$ 2,185	\$ (974)
Cash used in investing activities	(1,246)	(1,292)
Cash used in financing activities	(8,006)	(1,043)
Impact of exchange rates on cash, cash equivalents and restricted cash	79	164
Change in cash, cash equivalents and restricted cash	(6,988)	(3,145)
Cash, cash equivalents and restricted cash, beginning of period	14,235	11,661
Cash, cash equivalents and restricted cash, end of period	<u>\$ 7,247</u>	<u>\$ 8,516</u>

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

(\$ in millions)	Quarter Ended		
	December 30, 2023	December 31, 2022	Change
Cash provided by (used in) operations	\$ 2,185	\$ (974)	\$ 3,159
Investments in parks, resorts and other property	(1,299)	(1,181)	(118)
Free cash flow	<u>\$ 886</u>	<u>\$ (2,155)</u>	<u>\$ 3,041</u>

DTC Streaming Businesses

The Company uses combined DTC streaming businesses operating income (loss) because it believes that this measure allows investors to evaluate the performance of its portfolio of streaming businesses and track progress against the Company's goal of reaching profitability in the fourth quarter of fiscal 2024 at its combined streaming businesses.

The following tables reconcile Entertainment and Sports segment operating income (loss) to the DTC streaming businesses operating loss:

(\$ in millions)	Quarter Ended					
	December 30, 2023			December 31, 2022		
	Entertainment	Sports	DTC Streaming Businesses	Entertainment	Sports	DTC Streaming Businesses
Linear Networks	\$ 1,236	\$ (25)		\$ 1,330	\$ (95)	
DTC streaming businesses (Direct-to-Consumer and ESPN+ businesses)	(138)	(78)	\$ (216)	(984)	(69)	\$ (1,053)
Content Sales/Licensing and Other	(224)	—		(1)	—	
Segment operating income (loss)	<u>\$ 874</u>	<u>\$ (103)</u>		<u>\$ 345</u>	<u>\$ (164)</u>	