



Q4 FY25 Earnings –

Prepared Management Commentary

November 13, 2025

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Please view these remarks in conjunction with our Q4 FY 2025 earnings release and Form 10-K that can be found on our website at <https://thewaltdisneycompany.com/investor-relations/>

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://thewaltdisneycompany.com/disneys-q4-fy25-earnings-results-webcast/>

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## 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, and cash position) and expected drivers; business plans and opportunities, including transactions for which conditions to close have not been satisfied, including entering into additional agreements, regulatory or other approvals, or other conditions; 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, as applicable, for direct-to-consumer profitability, subscribers, growth, churn, product acceptance, and enhancements and changes to subscription offerings; anticipated demand, timing, pricing, availability, or nature of our offerings (including experiences and business openings, content within our products and services and content releases and distribution channel); consumer sentiment, behavior, or demand; strategies and strategic priorities, opportunities and investments; expected benefits of new initiatives; 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 and acceptance of our content, offerings, pricing model, and price increases, and corresponding subscriber additions and churn, and the market for advertising sales on our DTC 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, including direct-to-consumer 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.

## Q4 FY25 EARNINGS COMMENTARY

This was another year of great progress as we strengthened the company by leveraging the value of our creative and brand assets and continued to make meaningful progress in our direct-to-consumer businesses. Our efforts resulted in strong earnings growth for the company. Adjusted EPS<sup>1</sup> for fiscal year 2025 was \$5.93, up 19% from fiscal 2024, and over the past three fiscal years we have delivered an adjusted EPS<sup>1</sup> CAGR of 19%. Our strategy and portfolio of complementary businesses, coupled with a strong balance sheet, enable us to continue to grow adjusted EPS<sup>1</sup> and cash flow over time. For fiscal 2026, we expect to deliver double digit adjusted EPS<sup>1</sup> growth compared to the prior year. The expected growth in earnings and cash flow enable us to continue investing in our businesses, and to increase our return of capital to shareholders. We are targeting \$7 billion in share repurchases in fiscal 2026 (double the \$3.5 billion we repurchased in fiscal 2025), and we are pleased to announce the Board has declared a cash dividend of \$1.50 per share<sup>2</sup>, a 50% increase over the \$1.00 paid to shareholders in fiscal 2025.

## FILM & TELEVISION

This summer's box office once again demonstrated the global and cross-generational appeal of our storytelling and IP. To date, Disney's live-action *Lilo & Stitch* remains the highest grossing Hollywood film at the global box office this calendar year, and its success has extended across our interconnected businesses and consumer touchpoints. The film earned 14.3 million views during its first five days on Disney+, becoming the second-biggest Disney live-action premiere on the platform ever. Retail sales of consumer products merchandise for *Stitch*, including sales by our licensees, also continue to grow, eclipsing \$4 billion in fiscal 2025. The popularity of this global phenomenon underscores the franchise's enduring strength and the effectiveness of our strategy to invest in popular stories and characters. Over the past two years, our studios have delivered four global franchise hits that have earned more than \$1 billion each at the global box office, while no other Hollywood studio has achieved a single one during that same period. Additionally, with the strong opening of 20th Century Studios' *Predator: Badlands* — the biggest opening in the franchise's nearly 40-year history — The Walt Disney Studios has now crossed the \$4 billion mark at the global box office for the fourth consecutive year.

Heading into the holiday season, we are excited to bring audiences Walt Disney Animation Studios' *Zootopia 2* and 20th Century Studios' *Avatar: Fire and Ash*. Looking ahead, our calendar 2026 slate includes numerous highly anticipated titles such as 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*. We also recently acquired the highly coveted rights to the acclaimed *Impossible Creatures* book series, which we anticipate will become another exciting new storytelling franchise for Disney.

We saw strong viewership of our content in Q4, fueled by television series such as *Alien: Earth* — FX's biggest premiere ever on Disney+ and Hulu; Season two of *High Potential*, the No. 1 original broadcast series across all platforms for the second season in a row among Adults 18-49; the Korean global hit *Tempest*; and Season 34 of ABC's *Dancing with the Stars*, which made history as the only fall show to

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<sup>1</sup> 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 9 through 12 for how we define and calculate this measure and a quantitative reconciliation thereof to the most directly comparable GAAP measure and for why we are not providing the forward-looking quantitative reconciliation of diluted EPS excluding certain items to the most comparable GAAP measure.

<sup>2</sup> Payable in two semi-annual installments of \$0.75 per share on January 15, 2026 (record date December 15, 2025) and July 22, 2026 (record date June 30, 2026).

increase its overall audience for six straight weeks following a season premiere — something that has never been achieved by any show since Nielsen began electronic measurement in 1991. And we have more highly anticipated titles to come over the next few months, including new seasons of *Paradise*, *The Secret Lives of Mormon Wives*, *Percy Jackson & the Olympians*, *American Idol*, and the revival of the comedy *Scrubs*. We're also excited to bring viewers Taylor Swift's *End of an Era* docuseries as well as the concert film *Taylor Swift: The Eras Tour: The Final Show*.

## STREAMING

At our Entertainment segment, our streaming business had another quarter of profit growth, with DTC operating income up 39% in Q4 compared to the prior year. And for the full year, Entertainment DTC generated \$1.3 billion in operating income, up \$1.2 billion compared to the prior year and exceeding our original guidance on the Q4 fiscal 2024 earnings call by \$300 million. This achievement is especially notable given that only three years ago our direct-to-consumer businesses had an operating loss of \$4 billion<sup>3</sup>, reflecting the remarkable progress we've made and the effective execution of our strategy. Total subscriptions also reached 195.7 million in Q4, an increase of 12.4 million versus the prior quarter.

As we continue to establish Direct-to-Consumer as a core driver of growth, we are advancing important initiatives to create a unified app experience to better serve our consumers and provide opportunities to unlock new value for the Company. In October, Hulu became our global general entertainment brand within Disney+ in international markets. And we continue work to consolidate all of our Entertainment content domestically within a single app, which will simplify the user experience, highlight the full value of our bundles, and unlock further marketing efforts. We continue to enhance the user experience and personalization on Disney+ and have already begun rolling out experiential and navigational improvements that highlight the full breadth of our combined content catalogues and showcase our portfolio of live content. We have more updates coming soon, such as an even more visually engaging homepage and greater personalization from improved recommendation algorithms. We are also continuing to expand our exclusive perks program globally, giving Disney+ subscribers unique ways to engage with more elements from across the company.

As Hulu replaces the Star tile on Disney+ in markets outside the U.S., we are expanding our international reach by investing strategically in our own originals and working with local studios to license content that brings more high-quality local storytelling to the platform. We are taking a disciplined approach to the markets we are prioritizing, and we have confidence in our long-term strategy.

Looking ahead, we are positioned to continue to grow our streaming business in fiscal 2026, driving to an operating margin of 10% for Entertainment DTC SVOD<sup>4</sup>.

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<sup>3</sup> Operating loss of \$4 billion reported for the fiscal year ended October 1, 2022 for Disney Media and Entertainment Distribution Direct-to-Consumer, which included Disney+, Hulu, and ESPN+.

<sup>4</sup> Entertainment DTC SVOD operating margin is calculated as operating income divided by revenue. Entertainment DTC SVOD operating income is a non-GAAP financial measure. The most comparable GAAP measure to Entertainment DTC SVOD operating income is Entertainment segment operating income. See the discussion on pages 9 through 12 for how we define and calculate this measure and why the company is not providing forward-looking quantitative reconciliation of Entertainment DTC SVOD operating income (or related margin) to the most comparable GAAP measure.

## SPORTS

We ushered in a new era for sports fans in Q4 with the launch of ESPN's full direct-to-consumer service and enhanced ESPN App, making ESPN's full suite of networks and services directly available to fans for the first time and continuing ESPN's evolution as the preeminent digital sports platform. We're thrilled by the response from fans so far, especially to the upgraded ESPN App, which now includes features such as Multiview, vertical short form video ("Verts"), SportsCenter For You, Catch Up to Live, and tools like live game stats, betting, fantasy sports, and commerce integration. As part of our recently announced agreement with DraftKings, we look forward to integrating them into our betting features within the upgraded app and across our digital products. With the addition of ESPN DTC, we are excited for the options we are able to offer sports fans, and we believe ESPN's success will be reflected in our financial results over time, as we reach fans across DTC and Pay TV services and drive engagement.

Viewership of our industry-leading portfolio of live sports remains robust, with Q4 ratings across ESPN networks, including ESPN on ABC, up 25% over the prior year quarter<sup>5</sup>. Recent highlights include:

- ESPN on ABC is off to its strongest-ever start to the college football season, and College GameDay is up 24% year-over-year for its best start ever.
- Season-to-date, College Football across the ESPN networks is off to its best start since 2011, up 16% from last year, and accounting for 17 of the 20 most-viewed games of the season.
- Season-to-date, Monday Night Football is up 10% year-over-year and averaging 15.6 million viewers, with viewership at this point of the season marking ESPN's second-best in its 20 seasons of MNF.
- The WNBA delivered the most-watched regular season on record and the most-watched WNBA post season (playoffs and finals) ever for ESPN networks.
- The MLB regular season and U.S. Open viewership also set multi-year highs, posting double-digit increases compared to the prior year, with the MLB Wild Card Series the most-watched ever in the current format.

## EXPERIENCES

Our Experiences segment delivered record operating income of \$1.9 billion for Q4 (up 13% compared to the prior year) and record operating income of \$10 billion for the full year (up 8% compared to fiscal 2024). In addition, we continue to add value for our guests, resulting in strong customer satisfaction. Despite increased competition in the marketplace, Walt Disney World and Disneyland remain the two most visited theme parks in the world, offering an unparalleled guest experience.<sup>6</sup>

We are looking forward to two new cruise ships joining our fleet in the coming months: The *Disney Destiny*'s maiden voyage kicks off next week on November 20, and the *Disney Adventure* will launch in March, marking the first time we have a ship homeported in Asia. This will bring our fleet to a total of eight cruise ships. This spring, we are excited to open World of Frozen at Disneyland Paris. And with expansion projects underway at every one of our theme parks, five additional cruise ships scheduled for launch beyond fiscal 2026, and a new theme park planned for Abu Dhabi, the strategic investments we are making now will help ensure our offerings remain best-in-class and appeal to audiences worldwide well into the future.

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<sup>5</sup> Source: Nielsen, P2+, Live+SD audience

<sup>6</sup> According to the TEA Global Experience Index's [Global Attractions Attendance Report](#)



Overall, this quarter caps another strong fiscal year for the Company. We continue to execute across our strategic priorities as we build for the future, deliver the very best in entertainment to consumers, and create value for shareholders.

## **FINANCIAL REVIEW AND OUTLOOK**

For fiscal 2025, diluted earnings per share excluding certain items (“Adjusted EPS”)<sup>7</sup> was \$5.93, an increase of 19% over the prior year, driven by 12% growth in total segment operating income<sup>7</sup>. Cash provided by operations increased 30% to \$18 billion<sup>8</sup> and free cash flow<sup>7</sup> increased 18% to \$10 billion.

Adjusted EPS<sup>7</sup> for the fourth quarter was \$1.11, 3% lower than prior year, which reflected lower Entertainment results driven by film slate comparisons, partially offset by higher results at Experiences.

## **ENTERTAINMENT**

At Entertainment, we delivered 19% growth in segment operating income in fiscal 2025 compared to the prior year, consistent with the double-digit guidance we provided at the start of the fiscal year. Entertainment segment operating income declined \$376 million in the fourth quarter compared to the prior-year quarter due to lower results at Content Sales/Licensing and Other (driven by film slate comparisons) and Linear Networks, partially offset by continued growth at Direct-to-Consumer.

Q4 Direct-to-Consumer revenue grew 8% compared to the prior-year quarter, and included an adverse impact of two percentage points as Disney+ Hotstar was included in Q4 last year. Direct-to-Consumer operating income increased 39% to \$352 million due to higher subscription revenue driven by growth in ARPU and subscribers, partially offset by higher programming and production, marketing, and technology and distribution costs.

We ended the quarter with 195.7 million Disney+ and Hulu subscriptions, an increase of 12.4 million compared to Q3, driven by higher wholesale Hulu subscriptions. Disney+ ended the quarter with 131.6 million subscribers, an increase of 3.8 million compared to Q3, driven by growth in both international and domestic subscribers.

For fiscal 2025, Direct-to-Consumer operating income was \$1.3 billion, an increase of \$1.2 billion compared to fiscal 2024, driven by higher results at Disney+ and Hulu. As we look to Q1, we expect Entertainment DTC SVOD operating income<sup>9</sup> of approximately \$375 million.

Content Sales/Licensing and Other results in Q4 were lower than the prior-year quarter, reflecting the record theatrical performances of *Inside Out 2* and *Deadpool & Wolverine* in Q4 last year. We expect

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<sup>7</sup> Diluted EPS excluding certain items (also referred to as adjusted EPS), total segment operating income, and free cash flow are non-GAAP financial measures. The most comparable GAAP measures are diluted EPS, income before income taxes, and cash provided by operations, respectively. See the discussion on pages 9 through 12 for how we define and calculate these measures and a quantitative reconciliation of measures thereof to the most directly comparable GAAP measures.

<sup>8</sup> Includes the impact of \$1.7 billion in taxes we deferred from fiscal 2025 to fiscal 2026 as a result of tax relief granted due to the California wildfires.

<sup>9</sup> Entertainment DTC SVOD operating income is a non-GAAP financial measure. The most comparable GAAP measure to this non-GAAP measure is Entertainment segment operating income. See the discussion on pages 9 through 12 for how we define and calculate this measure and why the company is not providing forward-looking quantitative reconciliation thereof to the most comparable GAAP measure.

Entertainment segment results in Q1 to reflect an adverse impact of roughly \$400 million versus the prior year due to theatrical slate comparisons reflecting, in part, more theatrical releases in Q1 of this year, including additional 20th Century Studios and Searchlight titles, and a comparison to the strong performances of *Moana 2* and *Mufasa: The Lion King* in the prior-year quarter. We also expect Q1 to include higher costs, including marketing, for *Avatar: Fire and Ash*.

Linear Networks operating income was lower in Q4 compared to the prior-year quarter largely driven by the Star India transaction, as Star India contributed \$84 million to International Linear Networks results in Q4 last year. Lower results at Domestic Linear Networks were due to declines in advertising driven by lower viewership and lower political advertising (which drove an adverse impact of roughly \$40 million versus the prior-year quarter), partially offset by a decline in programming and production costs.

We expect double-digit Entertainment segment operating income growth for fiscal 2026, consistent with the guidance provided at the start of fiscal 2025, with growth weighted to the second half of the fiscal year. In addition to difficult theatrical comparisons, we expect Q1 year-over-year comparisons to reflect:

- Lower political advertising revenue of approximately \$140 million
- The inclusion of Star India in Entertainment results in Q1 of the prior year of \$73 million

## SPORTS

Sports segment operating income was up 20% in fiscal 2025 compared to the prior year, 7 ppts better than the guidance we provided at the start of the year. For Q4, Sports segment operating income of \$911 million reflects a modest 2% decline, down \$18 million compared to the prior-year quarter.

Q4 Domestic ESPN was down 3%, as higher marketing and programming and production costs were partially offset by higher advertising and subscription and affiliate revenues. The increase in marketing costs in the quarter was due to the launch of ESPN direct-to-consumer. Higher programming and production costs were driven by contractual rate increases and new sports rights.

Q4 Domestic ESPN advertising revenue was up 8% versus the prior-year quarter driven by strong viewership for U.S. Open tennis, NFL, and college football programming, as well as higher rates.

We expect low-single digit Sports segment operating income growth for fiscal 2026, with growth weighted to Q4. This reflects timing of rights expenses, which adversely impacts year-over-year comparability in Q2 and Q3.

## EXPERIENCES

Experiences segment operating income of \$10 billion was up 8% in fiscal 2025 compared to the prior year, consistent with the guidance we previously provided. For Q4, Experiences segment operating income of \$1.9 billion was up 13% compared to the prior-year quarter due to higher results at International Parks & Experiences, Domestic Parks & Experiences, and Consumer Products.

Q4 operating income at International Parks & Experiences was up 25% compared to the prior-year quarter, driven by higher attendance and an increase in guest spending, partially offset by higher costs for new guest offerings. Higher operating income was driven by growth at Disneyland Paris, as prior year results were adversely impacted by the Paris Olympics.

Q4 Domestic Parks & Experiences operating income grew 9% compared to the prior-year quarter, due to growth at Disney Cruise Line reflecting the launch of the *Disney Treasure* in Q1 fiscal 2025.

At Consumer Products, operating income increased 14% compared to the prior-year quarter driven by higher licensing revenue, including the continued global popularity of Stitch.

For fiscal 2026, we expect Domestic Parks & Experiences results to reflect approximately \$160 million in pre-opening expenses, with roughly \$90 million in Q1, driven by the *Disney Adventure* and *Disney Destiny*. Additionally, we expect an increase in Disney Cruise Line expenses related to more dry dock days compared to the prior year. The dry dock OI impact for the year is expected to be approximately \$120 million, with approximately \$60 million falling in the first quarter.

Overall, our Experiences business delivered strong results in fiscal 2025, despite increased competition in the Orlando market. As we look to fiscal 2026, we expect segment operating income growth of high-single digits compared to the prior year driven by a continued focus on operational excellence, delivering a great guest experience, and disciplined cost management. We expect results to be weighted to the second half of the year driven by the timing of new initiatives and associated pre-opening expenses, including the launch of the *Disney Destiny* on November 20th, the *Disney Adventure* in March, and the opening of World of Frozen at Disneyland Paris in the spring.

## UPDATES & FINANCIAL OUTLOOK<sup>10</sup>

We expect to deliver double-digit adjusted EPS<sup>11</sup> growth for fiscal 2026 and fiscal 2027, reflecting the continued execution of our strategic priorities.

We expect to generate over \$19 billion in cash provided by operations in fiscal 2026, an increase of approximately 7% compared to fiscal 2025, which includes the impact of \$1.7 billion in taxes we deferred from fiscal 2025 to fiscal 2026 as a result of tax relief granted due to the California wildfires.

And we remain disciplined in our approach to capital allocation. We make investments to drive future growth across our businesses, maintain a strong balance sheet to preserve financial flexibility, and return capital to our shareholders via share repurchase and dividends to enhance returns. We expect capital expenditures of approximately \$9 billion for the year, an increase of \$1 billion compared to the prior year, driven by ongoing investment to expand our cruise business and launch new attractions and guest offerings at our theme parks around the world. And we expect to invest approximately \$24 billion in content across Entertainment and Sports in fiscal 2026, an increase of \$1 billion compared to the prior year, as we continue to invest in high quality sports rights at ESPN, new and existing franchises at our film studio, and television content — all of which support our integrated businesses, including our direct-to-consumer services.

**Bob Iger**, Chief Executive Officer

**Hugh Johnston**, Senior Executive Vice President and Chief Financial Officer

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<sup>10</sup> Q4 of fiscal 2026 includes a 53rd week of operations. Guidance does not include the benefit of the additional week.

<sup>11</sup> 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 9 through 12 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.



## NON-GAAP FINANCIAL MEASURES

This executive commentary presents diluted EPS excluding certain items (also referred to as adjusted EPS), total segment operating income, and free cash flow. This executive commentary also presents forward-looking Entertainment DTC SVOD operating income and operating margin (operating income divided by revenue). Diluted EPS excluding certain items, total segment operating income, free cash flow, and Entertainment DTC SVOD operating income 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, cash provided by operations, or Entertainment segment operating income as determined in accordance with GAAP. Diluted EPS excluding certain items, total segment operating income, free cash flow, and Entertainment DTC SVOD operating income 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, and free cash flow, as well as quantitative reconciliations of each of these measures to the most directly comparable GAAP financial measure, are provided below. In addition, our definition of Entertainment DTC SVOD operating income is provided below.

The Company is not providing the forward-looking measure for diluted EPS or Entertainment segment operating income (and related margin), which are the most directly comparable GAAP measures to diluted EPS excluding certain items and Entertainment DTC SVOD operating income (and related margin), respectively, or quantitative reconciliations of forward-looking diluted EPS excluding certain items and Entertainment DTC SVOD operating income (and related 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 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 fourth quarter:

(in millions except EPS)	Pre-Tax Income/ Loss	Tax Benefit/ Expense <sup>(1)</sup>	After-Tax Income/ Loss <sup>(2)</sup>	Diluted EPS <sup>(3)</sup>	Change vs. prior year period
<u>Quarter Ended September 27, 2025</u>					
As reported	\$2,045	(\$602)	\$1,443	\$0.73	>100%
Exclude:					
Restructuring and impairment charges <sup>(4)</sup>	382	28	410	0.23	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	388	(90)	298	0.16	
Hulu Transaction Impacts <sup>(6)</sup>	—	—	—	(0.01)	
<b>Excluding certain items</b>	<b>\$2,815</b>	<b>(\$664)</b>	<b>\$2,151</b>	<b>\$1.11</b>	<b>(3%)</b>
<u>Quarter Ended September 28, 2024</u>					
As reported	\$948	(\$384)	\$564	\$0.25	
Exclude:					
Restructuring and impairment charges <sup>(4)</sup>	1,543	(172)	1,371	0.73	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	395	(92)	303	0.16	
<b>Excluding certain items</b>	<b>\$2,886</b>	<b>(\$648)</b>	<b>\$2,238</b>	<b>\$1.14</b>	

(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) Charges for the current quarter consisted of an impairment of our investment in A+E (\$450 million), partially offset by a benefit from the resolution of certain matters related to the Star India Transaction (\$68 million). Charges for the prior-year quarter included impairments related to goodwill (\$584 million), assets at our retail business (\$328 million), the Star India Transaction (\$210 million), content (\$187 million) and equity investments (\$165 million), and severance costs (\$69 million).

(5) For the current quarter, intangible asset amortization was \$327 million and step-up amortization was \$61 million. For the prior-year quarter, intangible asset amortization was \$326 million, step-up amortization was \$66 million, and amortization of intangible assets related to a TFCF equity investee was \$3 million.

(6) Reflects \$15 million recognized in "Net income attributable to noncontrolling interests" related to the acquisition of Hulu.

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

(in millions except EPS)	Pre-Tax Income/ Loss	Tax Benefit/ Expense <sup>(1)</sup>	After-Tax Income/ Loss <sup>(2)</sup>	Diluted EPS <sup>(3)</sup>	Change vs. prior year period
<u>Year Ended September 27, 2025</u>					
As reported	\$12,003	\$1,428	\$13,431	\$6.85	>100%
Exclude:					
Hulu Transaction Impacts <sup>(4)</sup>	—	(3,277)	(3,277)	(1.55)	
Resolution of a prior-year tax matter	—	(1,016)	(1,016)	(0.56)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	1,576	(366)	1,210	0.64	
Restructuring and impairment charges <sup>(6)</sup>	819	173	992	0.55	
<b>Excluding certain items</b>	<b>\$14,398</b>	<b>(\$3,058)</b>	<b>\$11,340</b>	<b>\$5.93</b>	<b>19%</b>
<u>Year Ended September 28, 2024</u>					
As reported	\$7,569	(\$1,796)	\$5,773	\$2.72	
Exclude:					
Restructuring and impairment charges <sup>(6)</sup>	3,595	(293)	3,302	1.78	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	1,677	(391)	1,286	0.68	
Other Expense <sup>(7)</sup>	65	(11)	54	0.03	
Favorable adjustments related to prior-year tax matters	—	(418)	(418)	(0.23)	
<b>Excluding certain items</b>	<b>\$12,906</b>	<b>(\$2,909)</b>	<b>\$9,997</b>	<b>\$4.97</b>	

(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) Reflects a \$3,277 million non-cash tax benefit recognized upon the change in Hulu's U.S. income tax classification and \$462 million recognized in "Net income attributable to noncontrolling interests" related to the acquisition of Hulu.

- (5) For the current year, intangible asset amortization was \$1,307 million, step-up amortization was \$260 million, and amortization of intangible assets related to a TFCF equity investee was \$9 million. For the prior year, intangible asset amortization was \$1,394 million, step-up amortization was \$271 million, and amortization of intangible assets related to a TFCF equity investee was \$12 million.
- (6) Charges for the current year included impairment charges related to our investments in A+E and Tata Play Limited (\$635 million), content (\$109 million) and the Star India Transaction (\$143 million), partially offset by a benefit from the resolution of certain tax matters related to the Star India Transaction (\$68 million). Tax expense in the current year includes the estimated tax impact of these charges and a non-cash tax charge of \$244 million related to the Star India Transaction. Charges for the prior year included impairments related to the Star India Transaction (\$1,545 million), goodwill (\$1,287 million), assets at our retail business (\$328 million), content (\$187 million) and equity investments (\$165 million), and severance costs (\$83 million).
- (7) Due to a charge related to a legal ruling (\$65 million).

The following table reconciles the three-year compound annual growth rate (“CAGR”) in diluted EPS to the three-year CAGR in diluted EPS excluding certain items for fiscal 2025:

	2025	2022	CAGR
Diluted EPS (as reported)	\$6.85	\$1.75	57.6%
Exclude:			
Hulu Transaction Impacts	(1.55)		
Resolution of a prior-year tax matter	(0.56)		
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	0.64	0.97	
Restructuring and impairment charges	0.55	0.10	
Contract License Early Termination		0.43	
Other Expense, net		0.28	
Excluding certain items	<b>\$5.93</b>	<b>\$3.53</b>	<b>18.9%</b>

### 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:

	Quarter Ended			Year Ended		
	Sept. 27, 2025	Sept. 28, 2024	Change	Sept. 27, 2025	Sept. 28, 2024	Change
Income before income taxes	\$2,045	\$948	>100%	\$12,003	\$7,569	59%
Add (subtract):						
Corporate and unallocated shared expenses	381	408	7%	1,646	1,435	(15%)
Equity in the loss of India joint venture	16	—	nm	202	—	nm
Restructuring and impairment charges	382	1,543	75%	819	3,595	77%
Other expense	—	—	— %	—	65	100%
Interest expense, net	268	361	26%	1,305	1,260	(4%)
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	388	395	2%	1,576	1,677	6%
<b>Total segment operating income</b>	<b>\$3,480</b>	<b>\$3,655</b>	<b>(5%)</b>	<b>\$17,551</b>	<b>\$15,601</b>	<b>12%</b>

### 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 reconciles the Company's consolidated cash provided by operations to free cash flow:

(in millions)	Year Ended		Change
	Sep. 27, 2025	Sep. 28, 2024	
Cash provided by operations	\$18,101	\$13,971	\$4,130
Investments in parks, resorts and other property	(8,024)	(5,412)	(2,612)
<b>Free cash flow</b>	<b>\$10,077</b>	<b>\$8,559</b>	<b>\$1,518</b>

#### Entertainment DTC SVOD operating income

Entertainment DTC SVOD operating income consists of operating income for the Direct-to-Consumer line of business at the Entertainment segment excluding virtual multichannel video programming distributor services reported in the Direct-to-Consumer line of business. Operating margin for Entertainment DTC SVOD is calculated as operating income divided by revenue.

The Company uses Entertainment DTC SVOD operating income (and related margin) as a measure of the performance of our Entertainment DTC SVOD services and we believe Entertainment DTC SVOD operating income (and related margin) assists investors by allowing them to evaluate the performance of these DTC SVOD services.