Cautionary Note on Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally relate to future events or our future financial or operating performance and may include statements concerning, among other things, financial results, business plans (including statements regarding new services and products and future expenditures, costs and investments), future liabilities, impairments and amortization, competition, and the impact of COVID-19 on our businesses and results of operations. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "would," "should," "expects," "plans," "could," "intends," "target," "projects," "believes," "estimates," "anticipates," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. These statements reflect our current views with respect to future events and are based on assumptions as of the date of this report. These statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements.

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 and our cost structure) or other business decisions, as well as from developments beyond the Company's control, including:

- further deterioration in domestic and global economic conditions;
- deterioration in or pressures from competitive conditions, including competition to create or acquire content;
- consumer preferences and acceptance of our content, offerings, pricing model and price increases and the market for advertising sales on our direct-to-consumer services and linear networks;
- health concerns and their impact on our businesses and productions;
- international, regulatory, legal, political, or military developments;
- technological developments;
- labor markets and activities;
- adverse weather conditions or natural disasters; and
- availability of content;

each such risk includes the current and future impacts of, and is amplified by, COVID-19 and related mitigation efforts.

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;
- income tax expense; and
- performance of some or all Company businesses either directly or through their impact on those who distribute our products.

Additional factors include those described in this 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," in our 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 in our subsequent filings with the Securities and Exchange Commission.

A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances. You should not place undue reliance on the forward-looking statements. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made.

PART I

ITEM 1. Business

The Walt Disney Company, together with its subsidiaries, is a diversified worldwide entertainment company with operations in two segments: Disney Media and Entertainment Distribution (DMED) and Disney Parks, Experiences and Products (DPEP).

The terms "Company", "we", "our" and "us" are used in this report to refer collectively to the parent company and the subsidiaries through which businesses are conducted.

COVID-19 Pandemic

Since early 2020, the world has been, and continues to be, impacted by the novel coronavirus (COVID-19) and its variants. COVID-19 and measures to prevent its spread have impacted our segments in a number of ways, most significantly at DPEP where our theme parks and resorts were closed and cruise ship sailings and guided tours were suspended. In addition, at DMED we delayed, or in some cases, shortened or cancelled theatrical releases and experienced disruptions in the production and availability of content. Operations have resumed at various points since May 2020, with certain theme park and resort operations and film and television productions resuming by the end of fiscal 2020 and throughout fiscal 2021. Although operations resumed, many of our businesses continue to experience impacts from COVID-19, such as incremental health and safety measures and related increased expenses, capacity restrictions and closures (including at some of our international parks and in theaters in certain markets), and disruption of content production activities.

The impact of COVID-19 related disruptions on our financial and operating results will be dictated by the currently unknowable duration and severity of COVID-19 and its variants, and among other things, governmental actions imposed in response to COVID-19 and individuals' and companies' risk tolerance regarding health matters going forward. We have incurred and will continue to incur additional costs to address government regulations and the safety of our employees, guests and talent.

Human Capital

The Company's key human capital management objectives are to attract, retain and develop the highest quality talent. To support these objectives, the Company's human resources programs are designed to develop talent to prepare them for critical roles and leadership positions for the future; reward and support employees through competitive pay, benefit, and perquisite programs; enhance the Company's culture through efforts aimed at making the workplace more engaging and inclusive; acquire talent and facilitate internal talent mobility to create a high-performing, diverse workforce; engage employees as brand ambassadors of the Company's content, products and experiences; and evolve and invest in technology, tools, and resources to enable employees at work.

The Company employed approximately 220,000 people as of October 1, 2022, of which approximately 166,000 were employed in the U.S. and approximately 54,000 were employed internationally. Our global workforce is comprised of approximately 78% full time and 15% part time employees, with another 7% being seasonal employees. A significant number of employees in various parts of our businesses, including employees of our theme parks, and writers, directors, actors and production personnel for our productions are covered by collective bargaining agreements. In addition, some of our employees outside the U.S. are represented by works councils, trade unions or other employee associations.

Some of our key programs and initiatives to attract, develop and retain our diverse workforce include:

- **Diversity, Equity, and Inclusion (DE&I):** Our DE&I objectives are to build teams that reflect the life experiences of our audiences, while employing and supporting a diverse array of voices in our creative and production teams. Our DE&I initiatives and programs include:
  - The Company's Reimagine Tomorrow efforts, which build on Disney's longstanding commitment to diversity, equity and inclusion, and features a website, Disney's first large-scale platform for amplifying underrepresented voices
  - Executive Incubator, Creative Talent Development and Inclusion, and the Disney Launchpad: Shorts Incubator, which are designed to create a pipeline of next-generation creative executives from underrepresented backgrounds
  - Development programs, which target underrepresented talent
  - Innovative learning opportunities, which spark dialogue among employees, leaders, Disney talent and external experts
  - Over 100 employee-led Business Employee Resource Groups (BERGs), which represent and support the diverse communities that make up our workforce
  - The Disney Look appearance guidelines, which were updated to cultivate a more inclusive environment that encourages and celebrates authentic expressions of belonging among employees

- **Health, wellness, family resources, and other benefits:** Disney's benefit offerings are designed to meet the varied and evolving needs of a diverse workforce across businesses and geographies while helping our employees care for themselves and their families. We provide:
  - Healthcare options aimed at improving quality of care while limiting out-of-pocket costs
  - Family care resources, such as childcare programs for employees, including access to onsite/community centers, enhanced back-up care choices to include personal caregivers, childcare referral assistance and center discounts, homework help, a variety of parenting educational resources and a family building benefit supporting fertility treatments, adoptions or surrogacy
  - Free mental and behavioral health resources, including on-demand access to the Employee Assistance Program for employees and their dependents
  - Two Centers for Living Well that offer convenient, on-demand access to board-certified physicians and counselors
  - A multi-layered response to COVID-19, including testing and treatment under all Company medical plans at no cost to employees and dependents
  - Global Well-Being Week (introduced in 2022), a dedicated week for employees around the world to celebrate, learn and engage in well-being through in-person and virtual events and activities focused on physical, emotional, financial, and social well-being
- **Disney Aspire:** We support the long-term career aspirations of our hourly employees and further our commitment to strengthening the communities in which we work through our education investment program, Disney Aspire. We pay 100% of the tuition costs upfront for participating employees at a variety of in-network learning providers and universities and reimburse employees for applicable books and fees. The program helps our employees achieve their goals professionally - whether at Disney or beyond - by equipping them with the skills they need to succeed in the rapidly changing 21^{st} century career landscape. More than 16,000 current employees have enrolled in or graduated from a Disney Aspire program, and more than two-thirds of our program graduates have earned an Associate, Bachelor's or Master's degree.
- **Talent Development:** We prioritize and invest in creating opportunities to help employees grow and build their careers through a multitude of training and development programs. These include online, instructor-led and on-the-job learning formats as well as executive talent and succession planning paired with an individualized development approach.
- **Social Responsibility and Community:** The Company's longstanding commitment to Corporate Social Responsibility (CSR) helps differentiate the Company as an employer. In 2021, we refreshed our CSR strategy to connect it more closely with the Company's mission and commercial offerings and environmental and social opportunities relevant to our business and employees. Our CSR priorities include diversity, equity, and inclusion; environmental stewardship and conservation; giving back to our communities with a special focus on supporting children and families; human capital management; and operating responsibly. The strategy provides a path to embedding these CSR priorities into our offerings and operations in addition to our philanthropy. The Company also supports employees who give back to our communities with a generous matching gifts program and a unique employee volunteering program, Disney VoluntEARS, which rewards volunteer hours with the opportunity to direct not-for-profit donations by the Company.

Environmental and Sustainability

The Company has developed measurable environmental and sustainability goals for 2030, grounded in science and an assessment of where the Company's operations have the most significant impact on the environment, as well as the areas where it can most effectively mitigate that impact. These goals include, among others, achieving net zero Scope 1 and 2 greenhouse gas emissions for our direct operations, and zero waste to landfill at our wholly owned and operated parks and resorts by 2030.

DISNEY MEDIA AND ENTERTAINMENT DISTRIBUTION

DMED encompasses the Company's global film and episodic television content production and distribution activities. Content is distributed by a single organization across three significant lines of business: Linear Networks, Direct-to-Consumer and Content Sales/Licensing. Content is generally created/licensed by four groups: Studios, General Entertainment, Sports and International. The distribution organization has full accountability for the financial results of the entire media and entertainment business.

The operations of DMED's significant lines of business are as follows:

- Linear Networks
    - Domestic Channels: ABC Television Network (ABC) and eight owned ABC television stations (Broadcasting), and Disney, ESPN, Freeform, FX and National Geographic branded domestic television networks (Cable)
    - International Channels: Disney, ESPN, Fox, National Geographic and Star branded television networks outside of the U.S.
    - A 50% equity investment in A+E Television Networks (A+E), which operates a variety of cable channels including A&E, HISTORY and Lifetime
- Direct-to-Consumer
    - Disney+, Disney+ Hotstar, ESPN+, Hulu and Star+ direct-to-consumer (DTC) video streaming services
- Content Sales/Licensing
    - Sale/licensing of film and television content to third-party television and subscription/advertising video-on-demand (TV/SVOD) services
    - Theatrical distribution
    - Home entertainment distribution (DVD, Blu-ray discs and electronic home video licenses)
    - Music distribution
    - Staging and licensing of live entertainment events on Broadway and around the world (Stage Plays)

DMED also includes the following activities that are reported with Content Sales/Licensing:

- Post-production services by Industrial Light & Magic and Skywalker Sound
- National Geographic magazine and online business
- A 30% ownership interest in Tata Play Limited (formerly Tata Sky Limited), which operates a direct-to-home satellite distribution platform in India

The significant revenues of DMED are as follows:

- Affiliate fees - Fees charged by our Linear Networks to multi-channel video programming distributors (i.e. cable, satellite, telecommunications and digital over-the-top (e.g. YouTube TV) service providers) (MVPDs) and television stations affiliated with ABC for the right to deliver our programming to their customers
- Subscription fees - Fees charged to customers/subscribers for our DTC streaming services
- Advertising - Sales of advertising time/space at Linear Networks and Direct-to-Consumer
- TV/SVOD distribution - Licensing fees and other revenue for the right to use our film and television productions and revenue from fees charged to customers to view our sports programming ("pay-per-view") and fees for streaming access to films that are also playing in theaters ("Premier Access"). TV/SVOD distribution revenue is primarily reported in Content Sales/Licensing, except for pay-per-view and Premier Access revenues, which are reported in Direct-to-Consumer.
- Theatrical distribution - Rentals from licensing our film productions to theaters
- Home entertainment - Sales of our film and television content to retailers and distributors in home video formats
- Other content sales/licensing revenue - Revenues from licensing our music, ticket sales from stage play performances and fees from licensing our intellectual properties ("IP") for use in stage plays
- Other revenue - Fees from sub-licensing of sports programming rights (reported in Linear Networks) and sales of post-production services (reported with Content Sales/Licensing)

The significant expenses of DMED are as follows:

- Operating expenses consist primarily of programming and production costs, technical support costs, operating labor, distribution costs and costs of sales. Programming and production costs include amortization of licensed programming rights (including sports rights), amortization of capitalized production costs, subscriber-based fees for programming our Hulu services, production costs related to live programming such as news and sports and amortization of participations and residual obligations. Programming and production costs also include fees paid to Linear Networks from other DMED businesses for the right to air our linear networks and related services. These costs are largely incurred across four content creation/licensing groups, as follows:
    - Studios - Primarily capitalized production costs related to films produced under the Walt Disney Pictures, Twentieth Century Studios, Marvel, Lucasfilm, Pixar and Searchlight Pictures banners