

**Reconciliation of Non-GAAP Financial Measures  
To Corresponding GAAP Financial Measures  
October 2, 2021**

Free cash flow, diluted earnings per share (EPS) excluding certain items and total segment operating income are not measures of performance defined by, or calculated in accordance with, generally accepted accounting principles (GAAP). These measures should not be considered in isolation, or as a substitute for the corresponding GAAP financial measure. These measures, as calculated by the Company, may not be comparable to similarly titled measures employed by other companies.

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		Year Ended	
	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Cash provided by operations - continuing operations	\$ 2,632	\$ 1,667	\$ 5,566	\$ 7,616
Cash used in investing activities - continuing operations	(1,086)	(530)	(3,171)	(3,850)
Cash provided by (used in) financing activities - continuing operations	(1,614)	(6,439)	(4,385)	8,480
Cash provided by operations - discontinued operations	3	—	1	2
Cash provided by investing activities - discontinued operations	—	15	8	213
Impact of exchange rates on cash, cash equivalents and restricted cash	(47)	87	30	38
Change in cash, cash equivalents and restricted cash	(112)	(5,200)	(1,951)	12,499
Cash, cash equivalents and restricted cash, beginning of period	16,115	23,154	17,954	5,455
Cash, cash equivalents and restricted cash, end of period	<u>\$ 16,003</u>	<u>\$ 17,954</u>	<u>\$ 16,003</u>	<u>\$ 17,954</u>

The following table presents a reconciliation of the Company's consolidated cash provided by operations to free cash flow (in millions):

	Quarter Ended			Year Ended		
	October 2, 2021	October 3, 2020	Change	October 2, 2021	October 3, 2020	Change
Cash provided by operations - continuing operations	\$ 2,632	\$ 1,667	\$ 965	\$ 5,566	\$ 7,616	\$ (2,050)
Investments in parks, resorts and other property	(1,110)	(729)	(381)	(3,578)	(4,022)	444
Free cash flow	<u>\$ 1,522</u>	<u>\$ 938</u>	<u>\$ 584</u>	<u>\$ 1,988</u>	<u>\$ 3,594</u>	<u>\$ (1,606)</u>

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 from continuing operations 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
Quarter Ended October 2, 2021					
As reported	\$ 290	\$ (34)	\$ 256	\$ 0.09	nm
Exclude:					
Other (income) expense, net <sup>(4)</sup>	13	(3)	10	0.01	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	592	(138)	454	0.25	
Restructuring and impairment charges <sup>(6)</sup>	92	(21)	71	0.04	
Excluding certain items	<u>\$ 987</u>	<u>\$ (196)</u>	<u>\$ 791</u>	<u>\$ 0.37</u>	nm
Quarter Ended October 3, 2020					
As reported	\$ (580)	\$ (49)	\$ (629)	\$ (0.39)	
Exclude:					
Other (income) expense, net <sup>(4)</sup>	(656)	153	(503)	(0.28)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	740	(173)	567	0.30	
Restructuring and impairment charges <sup>(6)</sup>	393	(94)	299	0.17	
Excluding certain items	<u>\$ (103)</u>	<u>\$ (163)</u>	<u>\$ (266)</u>	<u>\$ (0.20)</u>	

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

<sup>(2)</sup> Before noncontrolling interest share.

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

<sup>(4)</sup> In the current quarter, other (income) expense, net was due to a loss from adjusting the Company's investment in DraftKings, Inc. (DraftKings) to fair value (\$13 million). In the prior-year quarter, other (income) expense, net included a gain from adjusting the Company's investment in DraftKings to fair value (\$591 million) and the Endemol Shine gain (\$65 million).

<sup>(5)</sup> For the current quarter, intangible asset amortization was \$429 million, step-up amortization was \$159 million and amortization of intangible assets related to TFCF equity investees was \$4 million. For the prior-year quarter, intangible asset amortization was \$451 million, step-up amortization was \$286 million and amortization of intangible assets related to TFCF equity investees was \$3 million.

<sup>(6)</sup> Charges for the current quarter were for asset impairments, pension settlements and severance primarily at the Disney Parks, Experiences and Products segment (\$92 million). Charges in the prior-year quarter were due to severance at our Disney Parks, Experiences and Products segment and in connection with the integration of TFCF (\$393 million).

The following table reconciles reported diluted EPS from continuing operations 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
Year Ended Ended October 2, 2021:					
As reported	\$ 2,561	\$ (25)	\$ 2,536	\$ 1.11	nm
Exclude:					
Other (income) expense, net <sup>(4)</sup>	(201)	46	(155)	(0.08)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	2,418	(562)	1,856	1.00	
Restructuring and impairment charges <sup>(6)</sup>	654	(152)	502	0.27	
Excluding certain items	<u>\$ 5,432</u>	<u>\$ (693)</u>	<u>\$ 4,739</u>	<u>\$ 2.29</u>	13 %
Year Ended Ended October 3, 2020:					
As reported	\$ (1,743)	\$ (699)	\$ (2,442)	\$ (1.57)	
Exclude:					
Other (income) expense, net <sup>(4)</sup>	(1,038)	242	(796)	(0.44)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs <sup>(5)</sup>	2,846	(662)	2,184	1.17	
Restructuring and impairment charges <sup>(6)</sup>	5,735	(571)	5,164	2.86	
Excluding certain items	<u>\$ 5,800</u>	<u>\$ (1,690)</u>	<u>\$ 4,110</u>	<u>\$ 2.02</u>	

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

<sup>(2)</sup> Before noncontrolling interest share.

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

<sup>(4)</sup> For the current year, other (income) expense, net was due to gains from the sales of investments (\$312 million), partially offset by a loss from adjusting our investment in DraftKings to fair value (\$111 million). For the prior year, other (income) expense, net was due to a gain from adjusting our investment in DraftKings to fair value (\$973 million) and the Endemol Shine gain (\$65 million).

<sup>(5)</sup> For the current year, intangible asset amortization was \$1,757 million, step-up amortization was \$646 million and amortization of intangible assets related to TFCF equity investees was \$15 million. For the prior year, intangible asset amortization was \$1,921 million, step-up amortization was \$899 million and amortization of intangible assets related to TFCF equity investees was \$26 million.

<sup>(6)</sup> Charges for the current year were due to asset impairments and severance costs primarily related to the planned closure of an animation studio and a substantial number of our Disney-branded retail stores in North America and Europe, as well as severance at our other businesses (\$654 million). Charges for the prior year were due to goodwill and intangible asset impairments (\$4,953 million) and severance and contract termination costs related to the acquisition and integration of TFCF and severance at our Disney Parks, Experiences and Products segment (\$782 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 the other factors that affect reported results.

A reconciliation of income from continuing operations before income taxes to total segment operating income is as follows (in millions):

	Quarter Ended			Year Ended		
	October 2, 2021	October 3, 2020	Change	October 2, 2021	October 3, 2020	Change
Income (loss) from continuing operations before income taxes	\$ 290	\$ (580)	nm	\$ 2,561	\$ (1,743)	nm
Add/(subtract):						
Corporate and unallocated shared expenses	283	213	(33) %	928	817	(14) %
Restructuring and impairment charges	92	393	77 %	654	5,735	89 %
Other (income) expense, net	13	(656)	nm	(201)	(1,038)	(81) %
Interest expense, net	317	496	36 %	1,406	1,491	6 %
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	592	740	20 %	2,418	2,846	15 %
Total Segment Operating Income	<u>\$ 1,587</u>	<u>\$ 606</u>	>100 %	<u>\$ 7,766</u>	<u>\$ 8,108</u>	(4) %