

NETFLIX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	2022	2023	2024
Revenues	31,615,550	33,723,297	39,000,966
Cost of revenues	19,168,285	19,715,368	21,038,464
Sales and marketing	2,530,502	2,657,883	2,917,554
Technology and development	2,711,041	2,675,758	2,925,295
General and administrative	1,572,891	1,720,285	1,702,039
Operating income	5,632,831	6,954,003	10,417,614
Other income (expense):			
Interest expense	(706,212)	(699,826)	(718,733)
Interest and other income (expense)	337,310	(48,772)	266,776
Income before income taxes	5,263,929	6,205,405	9,965,657
Provision for income taxes	(772,005)	(797,415)	(1,254,026)
Net income	4,491,924	5,407,990	8,711,631
Earnings per share:			
Basic	10.10	12.25	20.28
Diluted	9.95	12.03	19.83
Weighted-average shares of common stock outstanding:			
Basic	444,698	441,571	429,519
Diluted	451,290	449,498	439,261

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

Year ended December 31,

Net income

Other comprehensive income (loss):

Foreign currency translation adjustments, net of income tax (expense) benefit of \$(7) million, \$0, and \$0, respectively

Change in unrealized gains on available-for-sale securities, net of income tax (expense) benefit of \$(1) million, \$0, and \$0, respectively

Cash flow hedges:

Net unrealized gains (losses)

Reclassification of net gains included in net income

Net change, net of income tax (expense) benefit of \$(246) million, \$36 million, and \$0, respectively

Fair value hedges:

Net unrealized gains excluded from the assessment of effectiveness, net of income tax (expense) benefit of \$(2) million, \$0, and \$0, respectively

Total other comprehensive income (loss)

Comprehensive income

2022	2023	2024
4,491,924	5,407,990	8,711,631
(176,811)	113,384	(247,949)
—	—	2,511
—	(120,023)	921,227
—	—	(96,795)
—	(120,023)	824,432
—	—	7,113
(176,811)	(6,639)	586,107
4,315,113	5,401,351	9,297,738

NETFLIX, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
Year Ended December 31,

	2022	2023	2024
Cash flows from operating activities:			
Net income	4,491,924	5,407,990	8,711,631
Adjustments to reconcile net income to net cash provided by operating activities:			
Additions to content assets	(16,839,038)	(12,554,703)	(16,223,617)
Change in content liabilities	179,310	(585,602)	(779,135)
Amortization of content assets	14,026,132	14,197,437	15,301,517
Depreciation and amortization of property, equipment and intangibles	336,682	356,947	328,914
Stock-based compensation expense	575,452	339,368	272,588
Foreign currency remeasurement loss (gain) on debt	(353,111)	176,296	(121,539)
Other non-cash items	533,543	512,075	494,778
Deferred income taxes	(166,550)	(459,359)	(590,698)
Changes in operating assets and liabilities:			
Other current assets	(353,834)	(181,003)	22,180
Accounts payable	(158,543)	93,502	121,353
Accrued expenses and other liabilities	(55,513)	103,565	191,899
Deferred revenue	27,356	178,708	77,844
Other non-current assets and liabilities	(217,553)	(310,920)	(446,351)
Net cash provided by operating activities	2,026,257	7,274,301	7,361,364
Cash flows from investing activities:			
Purchases of property and equipment	(407,729)	(348,552)	(439,538)
Acquisitions	(757,387)	—	—
Purchases of investments	(911,276)	(504,862)	(1,742,246)
Proceeds from maturities of investments	—	1,395,165	—
Net cash provided by (used in) investing activities	(2,076,392)	541,751	(2,181,784)
Cash flows from financing activities:			
Proceeds from issuance of debt	—	—	1,794,460
Repayments of debt	(700,000)	—	(400,000)
Proceeds from issuance of common stock	35,746	169,990	832,887
Repurchases of common stock	—	(6,045,347)	(6,263,746)
Taxes paid related to net share settlement of equity awards	—	—	(8,285)
Other financing activities	—	(75,446)	(29,743)
Net cash used in financing activities	(664,254)	(5,950,803)	(4,074,427)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(170,140)	82,684	(416,331)
Net increase (decrease) in cash, cash equivalents and restricted cash	(884,529)	1,947,933	688,822
Cash, cash equivalents and restricted cash, beginning of year	6,055,111	5,170,582	7,118,515
Cash, cash equivalents and restricted cash, end of year	5,170,582	7,118,515	7,807,337
Supplemental disclosure:			
Income taxes paid	811,720	1,154,973	1,641,530
Interest paid	701,693	684,504	674,502

NETFLIX, INC. CONSOLIDATED BALANCE SHEETS**(in thousands, except share and per share data)****As of December 31, 2024****Assets**

Current assets:

Cash and cash equivalents

Short-term investments

Other current assets

Total current assets

Content assets, net

Property and equipment, net

Other non-current assets

Total assets

Liabilities and Stockholders' Equity

Current liabilities:

Current content liabilities

Accounts payable

Accrued expenses and other liabilities

Deferred revenue

Short-term debt

Total current liabilities

Non-current content liabilities

Long-term debt

Other non-current liabilities

Total liabilities

Commitments and contingencies (Note 8)

Stockholders' equity:

Preferred stock, \$0.001 par value; 10,000,000 shares authorized at December 31, 2024 and December 31, 2023;

no shares issued and outstanding at December 31, 2024 and December 31, 2023

Common stock, \$0.001 par value; 4,990,000,000 shares authorized at December 31, 2024 and December 31, 2023; 427,757,100 and 432,759,584 issued and outstanding at December 31, 2024 and December 31, 2023,

respectively

Treasury stock at cost (25,953,460 and 16,078,268 shares at December 31, 2024 and December 31,

Accumulated other comprehensive income (loss)

Retained earnings

Total stockholders' equity

Total liabilities and stockholders' equity

2022	2023	2024
5,147,176	7,116,913	7,804,733
911,276	20,973	1,779,006
3,208,021	2,780,247	3,516,640
9,266,473	9,918,133	13,100,379
32,736,713	31,658,056	32,452,462
1,398,257	1,491,444	1,593,756
5,193,325	5,664,359	6,483,777
48,594,768	48,731,992	53,630,374
4,480,150	4,466,470	4,393,681
671,513	747,412	899,909
1,514,650	1,803,960	2,156,544
1,264,661	1,442,969	1,520,813
—	399,844	1,784,453
7,930,974	8,860,655	10,755,400
3,081,277	2,578,173	1,780,806
14,353,076	14,143,417	13,798,351
2,452,040	2,561,434	2,552,250
27,817,367	28,143,679	28,886,807
—	—	—
4,637,601	5,145,172	6,252,126
(824,190)	(6,922,200)	(13,171,638)
(217,306)	(223,945)	362,162
17,181,296	22,589,286	31,300,917
20,777,401	20,588,313	24,743,567
48,594,768	48,731,992	53,630,374

Depreciation & Amortization (Thousands \$)					
Fiscal Year	2022 A	2023 A	2024 A	2025 E	2026 E
Beginning PP&E	1,327,210	1,398,257	1,491,444	1,593,756	1,658,409
D&A	336,682	356,947	328,914	387,543	403,265
CapEX	(407,729)	(348,552)	(439,538)	(452,196)	(470,540)
Ending PP&E	1,398,257	1,491,444	1,602,068	1,658,409	1,725,685

Assumptions					
Fiscal Year	2023 A	2023 A	2024 A	2025 E	2026 E
D&A as a % of Beginning PP&E	25.37%	25.53%	22.05%	24.32%	24.32%
CapEx as a % of Beginning PP&E	30.72%	24.93%	29.47%	28.37%	28.37%

2027 E	2028 E	2029 E
1,725,685	1,795,690	1,868,535
419,624	436,646	454,359
(489,629)	(509,491)	(530,159)
1,795,690	1,868,535	1,944,335

2027 E	2028 E	2029 E
24.32%	24.32%	24.32%
28.37%	28.37%	28.37%

Net Working Capital (Thousands \$)				
Fiscal Year	2022 A	2023 A	2024 A	2025 E
Other Current Assets	3,208,021	2,780,247	3,516,640	3,915,572
Current Assets	3,208,021	2,780,247	3,516,640	3,915,572
Accounts Payable	671,513	747,412	899,909	953,513
Accrued Expenses And Other Liabilities	1,514,650	1,803,960	2,156,544	2,474,072
Deferred Revenue	1,264,661	1,442,969	1,520,813	1,910,718
Current Liabilites	3,450,824	3,994,341	4,577,266	5,338,303

Assumptions				
Fiscal Year	2022 A	2023 A	2024 A	2025 E
Revenue	31,615,550	33,723,297	39,000,966	42,858,604
COGS	(19,168,285)	(19,715,368)	(21,038,464)	(24,720,114)
Days Payable Outstanding (DPO)	12.6	13.6	15.4	13.9
Other Current Assets as a % of Revenue	10.15%	8.24%	9.02%	9.14%
Accounts Payable as a % of Revenue	2.12%	2.36%	2.85%	2.44%
Accrued expenses and other liabilites as a % of Revenue	4.79%	5.71%	6.82%	5.77%
Deferred Revenue as a % of Revenue	4.00%	4.56%	4.81%	4.46%

2026 E	2027 E	2028 E	2029 E
3,915,572	3,915,572	3,915,572	3,915,572
3,915,572	3,915,572	3,915,572	3,915,572

1,047,826	1,151,468	1,265,362	1,390,520
2,474,072	2,474,072	2,474,072	2,474,072
1,910,718	1,910,718	1,910,718	1,910,718
5,432,616	5,536,258	5,650,152	5,775,310

2026 E	2027 E	2028 E	2029 E
47,097,807	51,756,315	56,875,602	62,501,245
(27,165,214)	(29,852,162)	(32,804,880)	(36,049,655)

13.9	13.9	13.9	13.9
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9.14%	9.14%	9.14%	9.14%
2.44%	2.44%	2.44%	2.44%
5.77%	5.77%	5.77%	5.77%
4.46%	4.46%	4.46%	4.46%

Unlevered FCF (Thousands \$)				
Fiscal Year	2022 A	2023 A	2024 A	2025 E
Revenue	31,615,550	33,723,297	39,000,966	42,858,604
COGS	(19,168,285)	(19,715,368)	(21,038,464)	(24,720,114)
Gross Profit	12,447,265	14,007,929	17,962,502	18,138,490
Operating Expenses:				
Selling, General, Administrative	(6,814,434)	(7,053,926)	(7,544,888)	(8,831,232)
Total Operating Expenses	(6,814,434)	(7,053,926)	(7,544,888)	(8,831,232)
EBITDA	5,632,831	6,954,003	10,417,614	9,307,258
Depreciation & Amortization	336,682	356,947	328,914	387,543
Operating Profit (EBIT)	5,296,149	6,597,056	10,088,700	8,919,715
Operating Taxes	776,730	847,743	1,269,509	1,192,261
NOPAT (Net Operating Profit After Taxes)	4,519,419	5,749,313	8,819,191	7,727,454
(+) Depreciation & Amortization	336,682	356,947	328,914	387,543
(-) CapEx	(407,729)	(348,552)	(439,538)	(452,196)
(-) Change in NWC		(1,192,827)	(1,153,297)	(98,465)
NWC	1,021,858	(170,969)	(1,324,266)	(1,422,731)
Current Assets	3,208,021	2,780,247	3,516,640	3,915,572
Current Liabilities	2,186,163	2,951,216	4,840,906	5,338,303
Unlevered Free Cash Flow		6,950,535	9,861,864	7,761,266

Effective Tax Rate	14.67%	12.85%	12.58%	13.37%
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Assumptions				
Fiscal Year	2022 A	2023 A	2024 A	2025 E
Revenue Growth		6.25%	13.53%	9.89%
COGS % of Revenue	60.63%	58.46%	53.94%	57.68%
SG&A % of Revenue	21.55%	20.92%	19.35%	20.61%
Tax % of EBIT	14.67%	12.85%	12.58%	13.37%

2026 E	2027 E	2028 E	2029 E
47,097,807	51,756,315	56,875,602	62,501,245
(27,165,214)	(29,852,162)	(32,804,880)	(36,049,655)
19,932,593	21,904,153	24,070,722	26,451,590

(9,704,741)	(10,664,650)	(11,719,505)	(12,878,697)
(9,704,741)	(10,664,650)	(11,719,505)	(12,878,697)
10,227,852	11,239,502	12,351,217	13,572,892
403,265	419,624	436,646	454,359
9,824,587	10,819,879	11,914,570	13,118,533
1,313,212	1,446,248	1,592,571	1,753,500
8,511,375	9,373,631	10,321,999	11,365,033
403,265	419,624	436,646	454,359
(470,540)	(489,629)	(509,491)	(530,159)
(94,313)	(103,642)	(113,893)	(125,159)
(1,517,045)	(1,620,687)	(1,734,580)	(1,859,739)
3,915,572	3,915,572	3,915,572	3,915,572
5,432,616	5,536,258	5,650,152	5,775,310
8,538,413	9,407,267	10,363,048	11,414,392

13.37%	13.37%	13.37%	13.37%
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2026 E	2027 E	2028 E	2029 E
9.89%	9.89%	9.89%	9.89%

57.68%	57.68%	57.68%	57.68%
20.61%	20.61%	20.61%	20.61%
13.37%	13.37%	13.37%	13.37%

Weighted Average Cost of Capital (WACC)	
Equity	381,268,458,372
Debt	15,582,804
Cost of Debt	4.61%
Tax Rate	21.0%
D/(D+E)	0.0041%
After Tax Cost of Debt	3.64%
Risk Free Rate (10-Yr Treasury Yield)	4.34%
Expected Market Return	7.00%
Market Risk Premium	2.66%
Levered Beta	1.55
E/(D+E)	99.996%
Cost of Equity	8.46%
WACC	8.46%

Equity
Shares Outstanding
Market Price 31 Dec 2024
Equity

427,757,100
891.32
381,268,458,372

	Unlevered FCF (Thousands \$)				
Fiscal Year	2022 A	2023 A	2024 A	2025 E	2026 E
Unlevered Free Cash Flow		6,950,535	9,861,864	7,761,266	8,538,413
Projection Year				1	2
Present Value of Free Cash Flow				7,155,694	7,257,975

Implied Share Price Calculation	
Sum of PV of FCF	36,878,362
Growth Rate	5.92%
WACC	8.46%
Terminal Value	475,464,418
PV of Terminal Value	316,748,015
Enterprise Value	353,626,377
(+) Cash	7,804,733
(-) Debt	15,582,804
(-) Minority Interest	
Equity Value	345,848,306
Dilluted Shares Outstanding	427,757,100
Implied Share Price	809

Sensiti			
WACC	808.516	4.92%	5.42%
	7.46%	839	709
	7.96%	1,051	854
	8.46%	1,051	854
	8.96%	839	709
	9.46%	594	527

