

**NETFLIX INC**
**3- Statement Historical Financial Analysis Model**
**INCOME STATEMENT**

(in thousands, except per share data)

Particulars	2023	2024	2025
Revenue	\$ 3,37,23,297	\$ 3,90,00,966	\$ 4,51,83,036
Cost of revenue	1,97,15,368	2,10,38,464	2,32,75,329
Gross Profit	1,40,07,929	1,79,62,502	2,19,07,707
Sales and marketing	26,57,883	29,17,554	33,01,306
Technology and development	26,75,758	29,25,295	33,91,390
General and administrative	17,20,285	17,02,039	18,88,408
Operating Income (EBIT)	\$ 69,54,003	\$ 1,04,17,614	\$ 1,33,26,603
Interest Expense	-6,99,826	-7,18,733	-7,76,510
Interest and other income (expense)	-48,772	2,66,776	1,72,459
Income before income taxes	62,05,405	99,65,657	1,27,22,552
Provision for income taxes	-7,97,415	-12,54,026	-17,41,351
Net income	\$ 54,07,990	\$ 87,11,631	\$ 1,09,81,201
Weighted-average shares of common stock outstanding- Diluted	44,94,966	43,92,608	43,43,863
Diluted-EPS	\$ 1.20	\$ 1.98	\$ 2.53

**Margins / Growth Rates**

Revenue Growth		15.65%	15.85%
Gross Margin %	41.54%	46.06%	48.49%
Operating Margin %	20.62%	26.71%	29.49%
Net Profit Margin %	16.04%	22.34%	24.30%

**Interpretation**

The revenue is growing consistently indicating stable subscribers base and pricing growth.

The profitability of Netflix Inc is strengthening because of operational efficiency.

**BALANCE SHEET**

(in thousands, as of December 31)

Particulars	2023	2024	2025
<b>Assets</b>			
Cash , cash equivalents and restricted cash	\$ 78,04,733	\$ 90,33,681	
Content assets, net	3,24,52,462	3,27,78,392	
Other assets	13373179	13784920	
Total assets	\$ 5,36,30,374	\$ 5,55,96,993	
<b>Liability</b>			
Debt	1,55,82,804	1,44,62,836	
Other liabilities	1,33,04,003	1,45,18,669	
Total liabilities	\$ 2,88,86,807	\$ 2,89,81,505	
<b>Total stockholder's equity</b>	2,47,43,567	2,66,15,488	
Total liabilities and stockholders' equity	\$ 5,36,30,374	\$ 5,55,96,993	
Balance Sheet Check	\$ -	\$ -	
<b>Debt to Equity Ratio</b>		0.63	0.54
<b>ROE</b>		35%	41%

**Interpretation**

Debt to equity declined from 0.63 to 0.54, indicating reduced leverage and improved financial stability.

ROE improved from 35% to 41 % , reflecting strong profitability and efficient utilization of shareholder capital.

**CASH FLOW STATEMENT**

(in thousands)Year Ended December 31,

Particulars	2023	2024	2025
Net income	\$ 54,07,990	\$ 87,11,631	\$ 1,09,81,201
Amortization of content assets	1,41,97,437	1,53,01,517	1,64,22,166
Additions to content assets	-1,25,54,703	-1,62,23,617	-1,70,96,617
Other operating activities	2,23,577	-4,28,167	-1,57,477
Net cash provided by operating activities	\$ 72,74,301	\$ 73,61,364	\$ 1,01,49,273
Net cash used in investing	5,41,751	-21,81,784	10,41,688
Net cash used in financing	-59,50,803	-40,74,427	-1,03,45,623
Net increase in cash	\$ 18,65,249	\$ 11,05,153	\$ 8,45,338
Exchange rate effect on cash and restricted cash	82,684	-4,16,331	3,86,519
Net Increase in cash and restricted cash	\$ 19,47,933	\$ 6,88,822	\$ 12,31,857
cash at beginning of year and restricted cash	51,70,582	71,18,515	78,07,337
cash at the end of the year and restricted cash	\$ 71,18,515	\$ 78,07,337	\$ 90,39,194

\* (The cash at beginning and end of year in cash flow statement doesn't match the balance sheet because of the effect of exchange rate and restricted cash.)

**Free Cash Flow** -52,80,402 -88,62,253 -69,47,344

Interpretation : Free cash flow remained negative reflecting Netflix growth focused strategy and continued investments in content.

**Overall Financial Performance Summary(2023-2025)**

Netflix demonstrated strong revenue growth from 2023 to 2025.

The margins improved consistently, reflecting strong profitability and operational efficiency.

Reduced leverage and improved ROE indicates strengthening financial stability.

Although the free cash flow remained negative due to heavy investments in content.

