

**Netflix, Inc. NasdaqGS:NFLX**  
**Company Conference Presentation**  
**Wednesday, March 4, 2026 9:50 PM GMT**

# Table of Contents

Call Participants	.....	3
Presentation	.....	4
Question and Answer	.....	5

# Call Participants

## EXECUTIVES

**Spencer Adam Neumann**  
*Chief Financial Officer*

## ANALYSTS

**Sean Diffley**  
*Morgan Stanley*

**Thomas L. Yeh**  
*Morgan Stanley, Research Division*

# Presentation

**Sean Diffley**  
*Morgan Stanley*

Thank you, everyone, for joining us. My name is Sean Diffley. I'm joined by Thomas Yeh from the Morgan Stanley Media and Entertainment research team, and we're extremely excited to have Spencer Neumann from Netflix here. I'm going to give a quick disclosure. For important disclosures, please see the Morgan Stanley research disclosure website. And if you have any questions, reach out to your Morgan Stanley sales rep. So a bit of a different conversation than we might have been having a week ago, but we're going to get into all of that.

# Question and Answer

**Sean Diffley**  
*Morgan Stanley*

But to kick us off, Spence, maybe you could level set for us today, the health of the business as you see it over the next few years and your key priorities at Netflix for 2026.

**Spencer Adam Neumann**  
*Chief Financial Officer*

All right. Well, thanks for having me. Good to see everybody. Well, look, yes, I guess it's a bit of a different conversation, but also more of the same for us. I mean we feel great about our business. So -- and the position we're in, we feel great about our kind of our growth opportunity ahead, our organic growth opportunity, short, medium and long term. You see that a bit in our 2026 guide in our Q4 call, where really healthy outlook for the business. We guided to you a kind of 12% to 14% revenue growth, operating margins increasing to 31.5%. And doubling of our ads business to about \$3 billion in 2026, about \$11 billion of free cash flow.

So a really healthy outlook for us. Our focus remains very similar. So our core focus is to kind of drive the strength in our kind of continue to strengthen and improve our core business in terms of improving our content or core content offering around film and series, improving our product experience, continuing to grow that ads business, continue to expand our entertainment offering and drive strong, healthy revenue and profit growth.

We also want to expand into new entertainment categories, building out live, building out things like podcasts, so continuing to kind of build that out as well so that we're extending and growing. And so overall, that kind of focus remains the same. And it's one of those things where I know it sounds boring, but even though we're pretty big, we're pretty small. And every way we look at our addressable market, we're still less than 10% of view share. And every country in which we operate, we're about 7% of addressable revenue market. So -- and we're -- so we're -- sorry, someone is buzzing me and it's distracting me on my phone.

So we're small in kind of every way that we kind of measure the business in terms of even households we're less than 50% penetrated. So we've got a strong runway for growth in the core as we continue to focus on that. And that really is our focus. And again, I want to kind of reinforce it's a runway of organic growth that we feel great about.

**Sean Diffley**  
*Morgan Stanley*

Great. So you referenced the double-digit revenue growth for this year. I would say one thing the market was a little surprised by was the level of cash content investment about \$20 billion. That's 10% year-on-year growth. By implication, your margin outlook was maybe a bit lower than what we've seen in the past. Maybe take a minute to talk about why you feel this is the right level of investment for the business today.

**Spencer Adam Neumann**  
*Chief Financial Officer*

Yes, sure. So as you say, we're -- we guided to about \$20 billion of cash content spend, up about 10% over last year, but it's really no change in our approach. So what we've always talked about is that we're -- we want to kind of drive healthy double-digit revenue growth for as long as possible. We wanted to accelerate that revenue growth. And as we did. And as we have shown, we are doing then we want to kind of spend it in a healthy way into that growth, but spend at a lower rate of growth than our revenue growth. And that's -- we've been doing that for a long while now.

So as you saw from our healthy revenue growth outlook, it enabled us to kind of grow our content spend growth. So we grew about 7% year-over-year in 2025. We're guiding to about 10% this year. The ratio of cash spend to content amort is essentially unchanged. It's a roughly 1.1 ratio of cash spend to content amort. And we set margin targets. So our approach is to gradually grow our margins by growing our spend a bit below the pace of our revenue growth. And we've been doing that pretty -- we have a pretty demonstrated history of doing that, setting those targets and growing gradually.

The rate of margin expansion varies year-to-year depending on opportunity. We've averaged over the last 5 years about 2 percentage points, a little over 2 percentage points of margin growth per year, and this guide is up 2%. So it's quite consistent. And again, if you go back -- I started in January of 2019, at Netflix in 2018, we had 10% operating margin. So we've grown from that to a 31.5% guide

this year. So I think we've shown we can be disciplined there. But what that content spend shows is that we see some really attractive opportunities to spend into our growth on the content side.

So it's everything from core film and TV series. On the TV side, in particular, TV series, non-English TV series, we see continued opportunity to grow our spend into markets around the world where we're improving our product market fit. We've got licensing opportunities in terms of content. We ramped up in licensing. Following the strikes, we ramped down a little bit. We talked about in our last earnings call, we were ramping back up again. We have some deals that we either expanded or new deals. We licensed Paramount content. Universal, we expanded from animated film to live action. Sony, we're innovating even in licensing.

We did the first ever global Pay-1 deal, which means on a global basis, we have the Pay-1 window for Sony films, first time at the same day on a single service around the world. So we're expanding there. We're expanding into -- the live business for us is one where we're seeing some nice early success. And so we're growing that. We're not only growing our U.S. slate with more big fights like the Ronda Rousey fight coming out later this year, but also expanding outside of the U.S. for like live events that originate outside the U.S. We've got the World Baseball Classic actually tomorrow, starting tomorrow in Japan.

We had Taipei 101, which was a fun event earlier in this year, a little scary to watch at times. We've got, I think, a fun kind of a reunion coming up in March in Korea, so -- with BTS. So interesting things coming outside of the U.S. And then we're expanding content formats like podcasting. So all in, we think we're finding really interesting ways to grow and expand and strengthen our content offering. The bulk of that investment is in areas that we know really well in terms of core film and series with a proven ROI and our investment.

And in some of these newer areas, we kind of step into it in a very intentional and disciplined way and kind of learn into the growth. But overall, you should expect that we'll continue to grow our content investment as we grow our revenue in a healthy way, but do it in a way that gradually grows margins. And we don't see any ceiling in the near future or even the medium future in terms of dealing to the margin potential for the business.

**Thomas L. Yeh**  
*Morgan Stanley, Research Division*

Before we get to some of the more recent M&A developments, I wanted to ask about the engagement trends. I think that's an area, obviously, a greater investor focus in terms of trying to gauge the health of your stand-alone business. On one end, clearly, you're in the envy of the industry with 190 billion hours viewed each year. And I think on the other end, there are increasingly some growing concerns about the pace of the growth and how that continues to evolve, especially with the potential rise of user-generated content and AI content. Can you just maybe talk a little bit about how you and the team assess engagement and the health of it and more broadly, whether you think it's right for investors to think about that as the main KPI that you expect to grow over time?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Sure. Well, it's nice to hear you say we are the envy of the industry. We appreciate it. We work hard for that. So we don't take that for granted. It is a fiercely competitive industry. We talk about it as like it's -- we're always competing for those entertainment moments of truth. And it's a real -- it's a tough battle every day. We're trying to win those moments. And we really want to be that kind of that first place, that kind of starting point and destination for professionally produced content and the best of creators around the world. So that is -- again, that's what we work hard to do. You mentioned the -- our engagement report.

And frankly, we probably should rename that report, the view hour report because that's what it is, is view hours. It's not engagement holistically. And view hours are important. They're just not the whole story. They're a part of the story. So we're -- we focus on the value we deliver to members in terms of overall engagement value. And it's not just quantity of hours. There's also -- we look at kind of -- we do look at quantity, we look at frequency. We look at kind of the quality of those hours as well. And it's a holistic view.

For example, just on the quality front, our primary quality metric, I think Greg may have mentioned this on our last earnings call, we delivered -- thanks to Bela and the creative team, we hit a record high for us in terms of quality per hour of entertainment that we delivered to our members last year in Q4. So that was awesome. So -- and we see that as we improve the quality per hour, that actually directly improves the retention on our service. And then you also heard on our last call that we had a great quarter in terms of improving. We already have kind of world-class kind of low churn, strong retention on our service, and we delivered that again in Q4. So we had strong acquisition retention, strong member growth.

So we're really kind of looking at all those things. But coming back to -- and we're getting increasingly sophisticated in terms of how we manage to kind of overall engagement. On the view hour piece, just to hit on it, we -- that total view hours, they were up. So we

were up 2% in the back half of last year, up from 1% increase in the first half. That incremental 1% is 1.5 billion hours at our scale. So there's a little bit of large numbers. But I think part of what -- if we double-click on it, I think what folks are getting at a little bit is we're growing members. So the view hours per member household is coming down.

And there's a lot that kind of plays into that as well. So overall, again, I just want to reinforce, we have very healthy engagement characteristics. But if you think about what goes into a view hour per household, there's a lot of things that can impact that. The plan mix impacts that, geography impacts that, culture and viewing habits impact that. So for example, again, we talked about in the last earnings call, Japan, as an example, is a country where typical household watches about 1/2 to 2/3 the amount of viewing in a U.S. household. And if you think about our kind of where a good chunk of our member growth may come in the years to come, good chunk come from countries that look more like Japan than the U.S.

And so that doesn't mean that it's not healthy growing engagement. It's just kind of a different mix of engagement. So again, overall kind of takeaway for us is we are and we plan to continue to grow viewing hours. But we're also increasingly focused on the total engagement story and more sophisticated in terms of the quality and overall value we deliver to our members. That's really what drives our business and how we manage the business.

**Thomas L. Yeh**

*Morgan Stanley, Research Division*

And increasingly, to some extent, because of your success, the comparison now relative to competition is YouTube as opposed to some of the legacy traditional media companies. Can you talk about why or why not you think that, that might be an appropriate comparison? And you talked about the quality of the engagement, in particular, how you could potentially be assessing that on a relative basis?

**Spencer Adam Neumann**

*Chief Financial Officer*

Yes. Well, I guess get back -- I guess maybe industry is more focused on YouTube today. I can assure you we've been focused on YouTube for a long time. I think it's about 10 years ago that YouTube first showed up in one of our earnings letters. So we think very broadly about competition. We're in the entertainment business broadly. Entertainment has always been an intensely competitive business. It still is and remains and will be intensely competitive. And YouTube is a key competitor. Increasingly, as we talked about on the TV surface, which is the primary surface in which we entertain members around the world.

So that said, what -- the constant for us is for us to compete, we have to get better, faster than the competition in our positioning in the entertainment market. And for us, we're positioned. We want to be the best destination for professionally produced content. So we want to have the best creators of professionally produced content on the planet and deliver to them the biggest audiences possible. So what we're doing in order to kind of continue to compete there is we want to continue to strengthen and expand our entertainment offering, which means working with an expanded set of those best creators.

Why we work with creator, we produce content in more than 50 countries around the world. It's not just coming out of the conventional Hollywood creative system. That's a really important part of it, but it's producing in more than 50 countries around the world. It's also embracing creators from social media platforms, creators from open content platforms. Ms. Rachel was the, I think, the ninth most watched TV show we had on the service in the second half of 2025. I think my son is very grateful for the fact that we now have Mark Rober on the service. So we have Alan Chikin Chow on the service coming soon. So like things that resonate with all these audiences, but it is still professionally produced creative content.

It's just an expanded universe of that. So we're doing that. You see we're expanding the content formats that we're getting into like video podcasts. We're expanding into areas like live, as I mentioned. So it's about really kind of doing it in a way that for us, goes after what we think are those most valuable moments of entertainment because that's really what drives that flywheel and also drives our positioning in a very competitive entertainment ecosystem.

**Sean Diffley**

*Morgan Stanley*

Great. We wanted to turn to your decision to walk away from Warner Bros. So you declined to raise your bid for Warner...

**Spencer Adam Neumann**

*Chief Financial Officer*

We're not still at it.

**Sean Diffley**  
*Morgan Stanley*

You're out, you're officially out.

**Spencer Adam Neumann**  
*Chief Financial Officer*

So hard to get a laugh in this room. Okay.

**Sean Diffley**  
*Morgan Stanley*

So within hours, you had -- I think you had 4 days within hours, you put an announcement out that you were walking away. So maybe walk us through what led you to this decision? Was it as simple as a specific price. I know what Ted said, the realization was someone was going to lose by \$1, but maybe take us behind the scenes and what led you to walk away.

**Spencer Adam Neumann**  
*Chief Financial Officer*

Well, the short answer is it was all about price. So then we can get into it. But we said all along, this was an opportunity that was nice to have at the right price, not a must have at any price. And we love the Warner Brothers business, the assets that were available that we were bidding, as you know, on the studio and streaming assets, not the entire company. And at the end, we had a strong belief, a stronger belief at the end of the beginning that we would have been great stewards of those assets in that business. We also had a stronger belief at the beginning and then at the end, that we had a clear path to regulatory. So much to a lot of the speculation that was out there, we had high confidence in all of those things. But at the end of the day, we were going to stay very disciplined because this was for us, an accelerator of our strategy.

I mean it kind of sounded maybe more exotic than it was because we're historically primarily builders and buyers. But at the end of the day, this is a business that what we were looking at was primarily an amazing set of content library and IP and studio production capabilities that would kind of allow us to bring more great content to our members. And with an HBO Max service, also the opportunity to bring kind of with it that complementary service because there was roughly 80% overlap between HBO subscribers and our subscribers, a way to kind of continue to expand and evolve our plans and pricing in a way that we thought we could deliver more value -- even more value at better pricing to members around the world.

So at the end of the day, it was sort of playing our playbook. But it was -- we also thought in terms of the seat we were in, we had kind of a unique point of view in terms of how to value those assets because it is the kind of stuff that we do every day. It was just doing kind of more of it and expanding on that. And so we went into it with a point of view on price. And once it was clear that this was going to be something where it didn't make -- financially make sense to us anymore, it was time to kind of move on. And that kind of gets back to kind of where we started, we feel great about our business. This was always from us a position of offense, not defense.

And it was, again, nice to have, would have loved it. But now we move forward and move forward with a really healthy business with a long runway of growth. We move forward with \$2.8 billion in our pocket that we didn't have a few weeks ago. And then we kind of resume our -- the business that we were always mostly focused on and even just things like our capital allocation policy, unchanged, but it means now we kind of turn on our share repurchase program.

**Sean Diffley**  
*Morgan Stanley*

Great. And I guess now that we have to think about PSKY, Warner, is this effectively what could be the formation of a larger scale competitor in the landscape, how do you think about their willingness to license content and kind of your ability to source that?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Well, it's hard for me to speak for them. But at the end of the day, we've competed with Warner Brothers for a long time and also do business with Warner Brothers. We competed with Paramount, did business with them. In general, the entertainment industry is one where it's more typical than atypical to both compete and have commercial relationships. So we kind of hope and expect that, that will be the case here, too. But licensing ebbs and flows for us in the industry, so with particular suppliers. And we continue to have really strong access to content from suppliers around the world. We don't have any supplier -- like meaningful supplier concentration. There's no single supplier that's more than a small minority share of our viewing.

But again, it ebbs and flows. We kind of look forward to competing with the new Paramount, but also doing business with them. We -- I mentioned in our Q4 call, we talked about we're doing more licensing of Paramount content. I think today, maybe we renewed our Little House on the Prairie show with Paramount. So for us, it's business as usual, but it's really kind of more in their court and we'll see.

**Sean Diffley**  
*Morgan Stanley*

Great. And we wanted to ask if there's any updated change to your philosophy around M&A. You obviously mentioned historically, you're builders not buyers. But was there anything in this experience that changed kind of your framework and approach? Was it worth it? Anything on the regulatory front you would bring up? Or how we should think about your approach to other studios if they were to ever come available?

**Spencer Adam Neumann**  
*Chief Financial Officer*

I know it sounds boring, but there's really no change. So again, it's like our approach to M&A is part of our approach to capital allocation, which is, again, it's the same. So first and foremost, we allocate our capital to invest strategically in our growth. That's primarily through organic investment and occasionally through M&A. Then we ensure that we've got a strong balance sheet with ample liquidity. And then lastly, we return excess cash to shareholders through share repurchase. M&A as part of that, again, it's a tactic to accelerate our strategy.

In the case of Warner Bros., it just happened to be an opportunity. It's rare to have an opportunity to have studio and IP assets at that scale that aren't attached to a lot of other legacy businesses that are not attractive to us. And we've been really clear, we don't have an interest in buying legacy linear assets and managing through that transition. So we'll continue to kind of stay focused on what are those opportunities, strategic accelerators, but again, no change to our focus. It just -- this may be felt a little bit more exotic because of the size, but the strategy and approach to capital allocation is unchanged.

**Thomas L. Yeh**  
*Morgan Stanley, Research Division*

Shifting back to the core business, you disclosed recently a milestone for subscribers reaching over \$325 million. I think that's basically 50% of the \$700 million connected TV households that you talked about before as an opportunity, how should we think about the member opportunity from here? And is that still the right framework that we should be thinking about in terms of what you're trying to tackle?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Well, from a member opportunity, yes, generally. So -- but that's a growing universe of connected households. So our estimate now is that, that connected household universe is more like 800 million, a little over 800 million versus the number you quoted. And so at our -- we're still less than 50% penetrated of connected households around the world. And we're growing into that. We're growing into it in our more penetrated markets than our less penetrated markets. So you saw that in our last earnings report. We've got healthy growth in every region around the world. We continue to have a long runway to growth. But also importantly, we're building out multiple levers of growth. So one of the things we talked about a few years ago when we slowed down is we wanted to make sure we built to a healthy multiple levers of growth, including kind of launching the ads business.

And so now you kind of see that. So we have growth through member growth. We have growth through kind of building member value and pricing into that subscription value. And then we have growth through our ads business, taking that to -- you can kind of do the math on that. This year going from \$1.5 billion of ads revenue last year to \$3 billion this year and you look at our overall revenue guidance, which is plus or minus \$6 billion of incremental revenue growth year-over-year, that puts ads at about a 25% contributor to growth. So we're delivering more balanced growth across all of those, and that's what we've really been building to, and that's playing out in the business.

**Thomas L. Yeh**  
*Morgan Stanley, Research Division*

If you think about the content investments that's going into growing that member opportunity, 2 areas that you mentioned earlier about podcasting. And I think another one that more recently, an experiment is vertical video. Can you just maybe outline how we

should think about those as interesting opportunities for you? And more broadly, whether or not expanding more deeply into mobile consumption is something that you're really focused on?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Yes, sure. So yes, starting, I guess, with podcast. I think -- we think of that as like we're always looking for those -- as I mentioned before, those kind of most valuable areas to expand and strengthen our entertainment offering. And video podcast is one of those examples to us where we think there's an opportunity, not dissimilar to how we expanded over time. There was a day when all we were scripted TV and film, English language, and then we went to unscripted. And then we went to non-English TV and so went to animation and anime and then live. And so this is another potential content format or category for us.

So we're learning into it in areas that we know resonate with our members, so things like pop culture and lifestyle and true crime. But it also -- an important thing about video podcast for us is, again, we're trying to win more of these moments of truth. And with video podcasts, there's -- because it's frankly a little easier to get in and out of them. It plays better on mobile devices. Sometimes you can kind of listen and not be watching all the time, so that has a little bit of a back and forth there. And we're seeing -- again, it's still early days. It's still very early signal, but it is over -- our video podcasts are over-indexing on time of the day, like morning and afternoon when -- relative to our core kind of subscription TV film on-demand offering.

And similarly, it's over-indexing on the mobile device. So that's pretty cool. So we'll kind of see where that plays out, and we'll learn into it. And then on vertical video, yes, you're right. We've been testing into it for several months now. You can see in our mobile feed, there's vertical video clips, mostly film and TV series and film clips today. We'll expand that to more content formats like video podcasting. I think more importantly, we're going to continue to evolve and improve our mobile experience broadly. So I think we touched on that in our last earnings letter.

In the back half of this year, we'll roll out our new mobile user interface, which looks similar to what we did with our TV user interface last year, where we rolled that out broadly. And that kind of created a new platform for us that mostly was visually more compelling, I think. And now we're rolling out more adaptive and personalized capabilities and all that plumbing underneath that -- and that's the same thing with mobile, where we'll kind of roll it out this year. And then that's now a platform that we can evolve and optimize for years and years to come.

**Thomas L. Yeh**  
*Morgan Stanley, Research Division*

And we'd be remiss if we didn't ask about AI at our TMT conference. It's been a big topic over the last few days. Can you just talk about the puts and takes for your business? You've talked historically about the benefits that it might have to production and the production process. But there's obviously a lot more existential angst as well about lowering barriers to entry and creating more of an opportunity for others as well to get into space. Can you just talk about the relative positioning and how you're thinking about it currently?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Yes, sure. I mean we look at it as more puts and takes, I guess, of your puts and takes. It's a really exciting time for us. I mean we look at AI and Gen AI, and it's going to create a lot of things better, better content, better product experience for the industry. But for us, it's exciting because we're one of -- we believe, one of the few companies on the planet that has -- is really good at entertainment and technology. And we've got 25 years of history of using AI and machine learning tools and now applying Gen AI. And so we're very -- our DNA is technology-rich. We have deep data sets, and we have products and business operations at global scale.

When you put those things together, we see like really exciting opportunities in terms of the application of Gen AI to improve every aspect of our business. The key for us is like we're also pro human. We fundamentally kind of believe that creativity and the best of creativity is going to be done by people, and there's a pretty small subset of amazing creators on the planet. And so for us, we're focused on like on the content side, how do we have Gen AI kind of infuse tools that help bring out the best of storytelling for those creators. Now it's an expanding set of creators, but still relatively few on the planet that we think make the best of creative expression. And so we want to get the tools in their hands.

Again, it's creators in more than 50 countries around the world. It's from social platforms, it's from open content platforms. We're focused on those infusing Gen AI tools into the creative process for people to make the best storytelling. We're also focused on Gen AI. And when we think about like our product road map and our product experience, like our CTO has talked about for our product

road map, we're focused on more personalization, more interactivity, greater immersiveness. All those things play to an expanded entertainment offering across core film and TV, live, games, et cetera.

If you think about that product road map and infusing Gen AI into it, we think using those models, it's an accelerator and enabler of that road map. It's great for us because product done well and a product experience done well, matching the right content to the right individual at the right time, it's a force multiplier on our content, so those things are really powerful. And then on the advertising side, I mean, you all see it as well in terms of Gen AI, we're still early days in our advertising rollout. This is our first full year of our ad tech stack. But infusing Gen AI in that tech stack and those capabilities, we see it in terms of just the advertising, the creative process itself in terms of the creative formats that can be Gen AI created.

It's improving contextual targeting and placement. So it's -- again, it's just going to need to be an enabler and accelerator of the effectiveness of advertising for our clients and for ourselves. So across the board, we're excited about the opportunity, but an opportunity for us is one where it's all about enabling the best of those creators and delivering the best of the largest audiences in the professionally produced content ecosystem.

**Sean Diffley**  
*Morgan Stanley*

All right. We wanted to turn to pricing. So you were pretty clear on the earnings call that it was business as usual, even as the Warner deal was pending. How would you say recent price increases have fared relative to your expectations? Do you have any view on kind of the change your pricing power? Should we expect anything different now that Warner is kind of in the rearview?

**Spencer Adam Neumann**  
*Chief Financial Officer*

I wouldn't expect anything different before or after. So we said we were going to kind of stay focused and continue to run the business as we always have. We continue to deliver more entertainment value to our members around the world. We talked about -- I talked at the start of this that when we -- we've got more sophisticated about how we measure entertainment value in terms of like engagement quality as an example, and we had record engagement quality scores at the end of last year that we continue to build on. So -- and we see that kind of the proof of that in terms of how pricing changes have rolled out.

So we've had really high customer satisfaction, really high brand health and then pricing has gone as well or better than expected. And so essentially, there's kind of no change there. And we'll continue to focus on what we do, which is deliver more and more value to members around the world and then occasionally price into that value.

**Sean Diffley**  
*Morgan Stanley*

Maybe just spend a second on the quality of engagement. How do you guys actually measure that? Like obviously, Taipei 101, to your point, very special, really engaged, like how should we think about that from the outside?

**Spencer Adam Neumann**  
*Chief Financial Officer*

I'm probably not going to get into all that. It's a very competitive business, and we've got multiple metrics. One of the most basic ways that I think Bela and Ted has been working, one of the things we look at is do people press play and stay. So that's a very basic way to think about it. Do they like what they watch, but I'm not going to kind of get into it.

**Sean Diffley**  
*Morgan Stanley*

And we want to talk more about advertising. Obviously, you mentioned roughly double revenue this year to over \$3 billion. I think fill rate has been one of the kind of question marks. Is it fair to say there's opportunity to continue to improve the fill rate and stay at very attractive levels in terms of ad load?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Yes. So we're continuing to grow our ad business in a healthy way. We expect rough doubling again this year. That has -- it's a result of the fact that advertisers are pleased with things we've delivered on. We're delivering on increasing scale where we've gone beyond kind of critical scale in all of our ad markets. We deliver a highly attentive and engaged audience. We kind of do that with a really

strong slate of titles. And we also now have a tech stack that brings kind of capabilities to market faster. So with all of that, then with the tech stack, in particular, kind of layered into that, we're able to deliver more ad products, and we're also able to kind of push together more demand from things like external DSPs and then it allows us to do more programmatic integrations, more data integrations on the programmatic side.

So all of that stuff allows us to bring more demand into the system. We increased fill rate last year. We'll continue to increase fill rate this year as we bring all those online. But I should also say we don't manage to fill rate. We manage the overall ad revenue. We're trying to manage that while also maintaining a premium CPM marketplace, and that's what we're doing. So fill is part of the path to get there.

**Sean Diffley**  
*Morgan Stanley*

Great. We want to hit on Sports. Can you update us on your financial framework for assessing sports rights? You mentioned before, you've licensed some sports rights at NFL games, Women's World Cup, MLB, but you've also largely been disinterested in kind of big regular season rights. How should we assess how you're thinking about the approach to sports?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Yes. When you think about sports, we love sports, but it has to work for us as well for our members and for our business. So for us, sports is part of our overall live event strategy. So as part of live, sports is a subset of that. We don't love the business of being in the business of big seasons of big sports. We think that's a pretty tough business to be in. And we don't think we need it to deliver that improving member value.

So we like it as part of our event strategy and see that with like the NFL on Christmas Day on Netflix is kind of eventizing a couple of NFL games a year. You see it with things like the Canelo Crawford Fight. You see it with WBC in Japan starting tomorrow, where it's big in Japan, big in some other countries around the world as well. So we're excited for those opportunities and continuing to build on those opportunities and find a way where sports can be a nice complement to our business teams with the big sports events, but we're not in the -- we're going to stay disciplined in terms of how we invest into it.

**Thomas L. Yeh**  
*Morgan Stanley, Research Division*

Well it looks like we're running out of time, but maybe just the last one for me. Anything on the content slate that you'd be highlighting in the second half? And when does KPop Demon Hunters 2 coming up?

**Spencer Adam Neumann**  
*Chief Financial Officer*

Oh man, there -- I don't know when that's coming out. I can't -- I loved it. I got to say, I mean, anyway, I won't -- but what's coming out, I'm a big fan of One Piece. I don't know if you guys watched One Piece. I think it's still good, and I think that's next week. It's coming out soon. It's actually -- so that will be fun. For some of you guys, Peaky Blinders, the movie coming out soon. So I think you'll enjoy that. For others, Bridgerton, now all episodes have dropped if you want to catch up on that. So there's a lot of -- I mean the thing with us is like -- and I don't do this as well as Ted. We could do 5 minutes of running through the steady drumbeat of titles across film and TV and different content formats around the world. But that's what makes -- I think Netflix great and exciting. It's something fun and amazing for everyone, and it's not like one and done, we keep at it every week, every month.

**Thomas L. Yeh**  
*Morgan Stanley, Research Division*

Thank you so much for your time.

**Spencer Adam Neumann**  
*Chief Financial Officer*

All right. Thanks.

**Sean Diffley**  
*Morgan Stanley*  
Thanks, Spence.

Copyright © 2026 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

© 2026 S&P Global Market Intelligence.