

Netflix, Inc. NasdaqGS:NFLX

FQ1 2026 Earnings Call Transcripts

Thursday, April 16, 2026 8:45 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2026-			-FQ2 2026-		-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	GUIDANCE	CONSENSUS	CONSENSUS
EPS Normalized	0.77	1.23	▲59.74	0.83	0.78	3.16	NA
Revenue (mm)	12173.11	12249.76	▲0.63	12627.39	12574.00	51382.15	NA

Currency: USD

Consensus as of Apr-16-2026 10:12 PM GMT

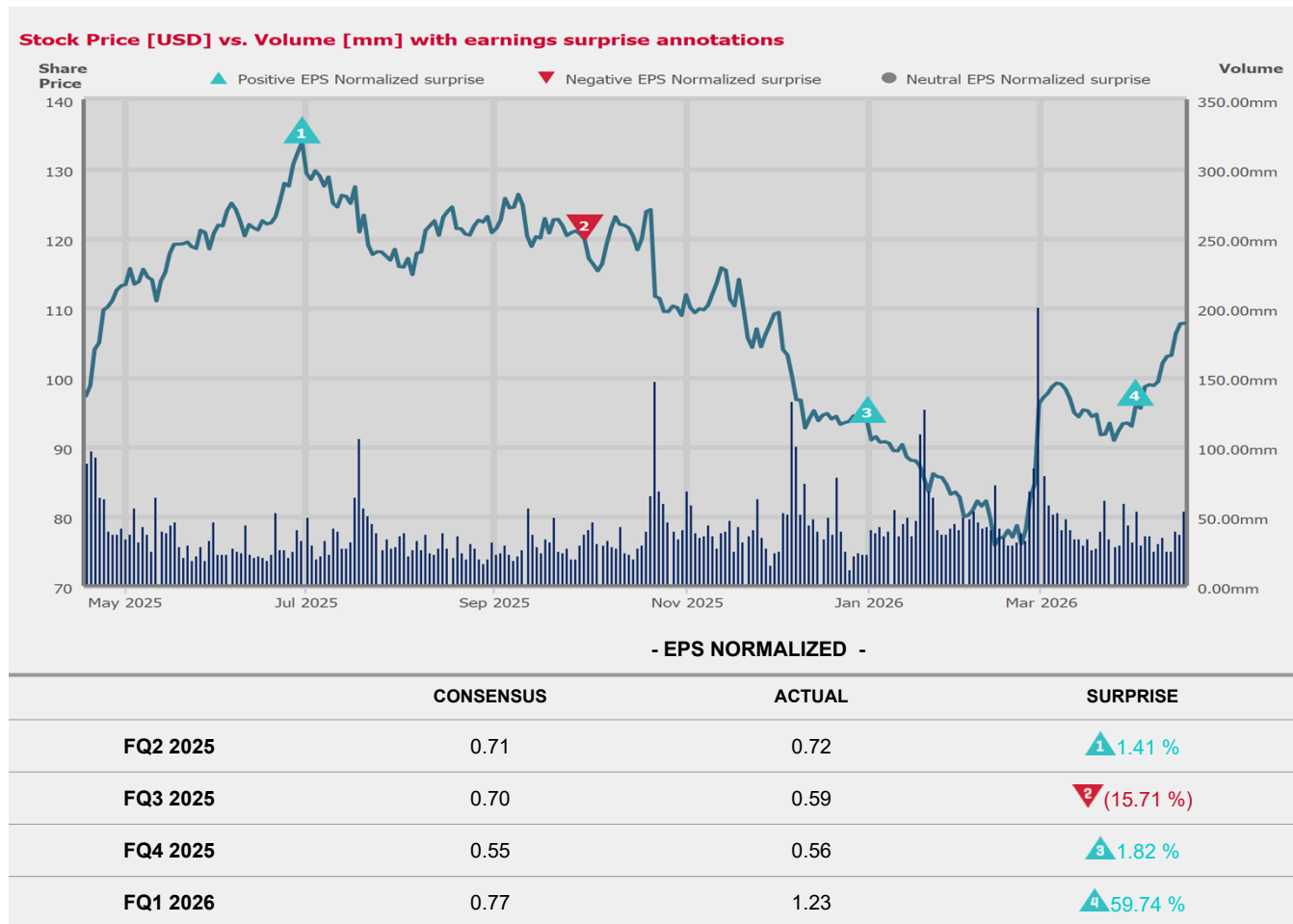


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Call Participants

EXECUTIVES

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Spencer Adam Neumann

Chief Financial Officer

Theodore A. Sarandos

Co-CEO, President & Director

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Presentation

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

Good afternoon, and welcome to the Netflix Q1 2026 Earnings Interview. I'm Spencer Wang, VP of Finance and Capital Markets. Joining me today are Co-CEOs, Ted Sarandos and Greg Peters; and CFO, Spence Neumann. As a reminder, we'll be making forward-looking statements, and actual results may vary.

Question and Answer

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

We'll now take questions submitted by the analyst community, and we'll begin on the topic of our results and outlook. The first question comes from Robert Fishman of MoffettNathanson. His question is, can you speak to your full year margin guidance and how it compares to prior guidance with the Warner Bros. deal cost. And beyond content spending, where else are you accelerating investment in 2026?

Gregory K. Peters

Co-CEO, President & Director

Perhaps I can kick this one off and just sort of step back and do a little bit of high-level framing. Of course, it's early in the year. There's still plenty of time to go, plenty of work left to go do. But we've seen really good progress so far in this first quarter that builds on the solid momentum and results from 2025. So given that, we are maintaining our guidance, our strong outlook for organic growth that we established for 2026. That's revenue growth of 12% to 14%, operating margin at 31.5%.

That includes roughly doubling the advertising business to about USD 3 billion. Now we ended last year with more than 325 million paid members. And as that number continues to grow, we are entertaining an audience that is approaching 1 billion people, which is an exciting milestone to strive for, and it will be an exciting milestone to achieve. But even given that number, we still have plenty of room to grow into our addressable market.

So if you look at it from an addressable household perspective that have good data, that have a smart TV, all those things that we think are enabling, we're still under 45% penetrated in terms of that number. We think that number is roughly 800 million, and it grows every year, obviously. We've captured about 7% of addressable revenue. This is countries and categories that we currently directly participate in. We now estimate that [USD 670 billion] as in 2026, and that number grows, of course, year-over-year as well. And we estimate that we account for only 5% of TV view share globally. So you can pretty much use any measure and say we've got tons of room for growth still ahead of us.

Theodore A. Sarandos

Co-CEO, President & Director

Yes. And I'd just add, Greg, looking ahead, we're focused on 3 big priorities. Number one, to deliver even more entertainment value for our members. And we do that by continuing to strengthen our core offering, series and films, originals and license. But we also are pushing into new categories that are really exciting [indiscernible] further expansion to podcast. We announced a few exciting new ones just today. We're adding more regional live sports events, like the incredible event we just did in Japan with World Baseball Classic, and we're growing our games offering, including a brand-new kids gaming app.

Number two, we're leveraging technology to improve the service from how it's delivered to how to find great things to watch, and now even how content is created and produced. And we're -- number three, we're improving monetization. We're doing this through a combination of broad distribution, mostly organic, but also supplement with some great partners. We have increasingly sophisticated pricing and pricing plans, and we have a great and growing ad business, as Craig just said.

These features help position us to deliver multiyear growth. We think beyond the 12% to 14% that we expect to deliver this year. At Netflix, we kind of -- we embrace change. We thrive on competition. We stay focused on constant and consistent improvements, all the things that make us faster and better than the competition in whatever form the competition takes. So we really feel great about the business, about the organic growth opportunity ahead, and we are just as energized as ever to achieve our mission to entertain the world. Spence, maybe you could talk a second about the WB deal costs and the guide.

Spencer Adam Neumann

Chief Financial Officer

Yes, sure. Thanks, Ted. So with respect to the Warner Bros. deal and those costs and how it impacts the guide, so you may recall back in January, our initial forecast or guidance for the year was carrying \$275 million of kind of cost for M&A-related activity, but that wasn't just Warner Bros. actually. So one thing that we were carrying in there was the InterPositive acquisition. It wasn't announced yet, but it was in our guidance, and that carries through also through our OpEx.

So that's kind of hitting our operating margin. And for Warner Bros. specifically, even though we obviously walked away from the deal and some of our initially planned costs for the deal, they won't fully materialize, but also some that we were planning to carry into '27 were pulled forward into 2026. So when you kind of put all that together, we're still in the ballpark, frankly, of the total that we were projecting for M&A-related expenses in the year. There's no material impact on our operating margin outlook. And as a result, there's not a reflection of some increase or acceleration in other expenses in the year.

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

Thanks, Spence. Thanks, Ted. Thanks, Greg. Well, following up on that question, we have from Sean Diffley of Morgan Stanley. His question is, what have been your biggest learnings from the Warner Bros. experience? And does it, in any way, change your appetite for M&A or capital structure going forward?

Theodore A. Sarandos

Co-CEO, President & Director

So at the risk of being a broken record, I just want to remind you that we said this from the beginning that the WB deal was a nice to have, not a need to have. We are very confident in the core business. So we've really looked at this going into it. Our biggest risk was losing focus on our core business while we're working on the transaction. So as you can see from our Q1 results, we did not lose focus. We're very encouraged by the team's ability to stay focused on our core business while exploring this opportunity as well. .

Historically, we've been builders and not buyers. So there were certainly questions internally and externally about our ability to do a deal of the size. What we did learn though is that our teams were more than up to the task. We've learned so much about deal execution, about early integration. We're really proud of the team that did all that work. We were proud to win the bid. We are confident in our ability to get to the finish line with regulators for the approvals that we needed.

And -- but mostly, we really built our M&A muscle. And the most important benefit of this entire exercise though was that we tested our investment discipline. And when the cost of this deal grew beyond the net value to our business and to our shareholders, we were willing to put emotion and ego aside and walk away. And doing it at this level, I think, sets up our teams to understand that, that's the expectation of them day to day. I would like to add, though, that we met a bunch of great people in WBD during this process. So if there's any emotion in all of this, it was the disappointment of not getting to work with those folks, and we're really looking forward to that.

We do -- but we do come through this with no change in our capital allocation philosophy. We invest in the business both organically and opportunistically with M&A, like you just saw with InterPositive and we do that while maintaining strong liquidity and returning excess cash to shareholders through share repurchase. So M&A for us remains a tool to help us achieve our goals. And as you can see with the WB deal, we'll remain very disciplined in how we approach it.

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

Thank you, Ted. I'll move this along now to the next topic, which is on engagement. And the question here comes from Vikram Kesavabhotla of Baird. The question is, last quarter, you shared that your primary quality metric for engagement achieved an all-time high in 2025. How is this metric performing so far in 2026? What are some examples of the data points that inform your measurement of quality?

Gregory K. Peters

Co-CEO, President & Director

Sure, I'll take this one. First, just to note that volume of engagement is still relevant, and we still track it, we still seek to grow it. I mean, actually, in Q1, view hours were up at a similar rate of growth to what we saw in the second half of 2025. And that's actually despite having the Winter Olympics 17 days of robust streaming [competition land] in Q1 as well. .

But as we said and as you alluded to here, while view hours are important, it's actually just one of several metrics that we look at, and we're increasingly trying to make that a more sophisticated view. Member quality is an important part of that. Increasing sophistication and measuring our performance, and it's got several associated signals. And in Q1, that primary member quality metric that you referenced, it hit another all-time high. So we're making good progress there. We're excited about that.

I am not going to detail how we compose our metrics because they often take quite a time and quite an effort to actually build them and to prove them out. I'm sure our competitors would like to get that cheat sheet, but we're not going to give it to them. But I will say

this that we build confidence in our metrics and specifically this member quality metric, as well as assess how we evolve and improve those metrics over time by evaluating their predictive and explanatory power to really important primary metrics like retention.

So that's why we are clear that improving that number improves the business. And expanding on this, I would say, as we invest into new forms of content, we also have to learn how the new programming provides different kinds of value. I think live is a really great example of this. It often drives really significant viewing value for our members, albeit with fewer view hours than perhaps a scripted series. It's also got different acquisition characteristics. So these are all things that we have to continually understand better. We have to build models for how that programming matters to our members. We've got to figure out how that supports the business and then, of course, we can bid appropriately based on that.

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

Our next question on engagement comes from Rich Greenfield of LightShed Partners. Nielsen adjusted their methodology. The end result was lower streaming viewership and higher broadcast and cable viewership, albeit the trend lines were similar. Nielsen has delayed implementing these changes into its monthly gauge report until 2026. The base of Netflix viewership will be lower, but also have more room to take share. Curious how you think about the coming impact, especially on your advertising revenue?

Gregory K. Peters
Co-CEO, President & Director

So Nielsen's methodology change in the gauge reporting is a change in how they calculate the national TV universe. So it's not a change in how people actually watch TV. It changes Nielsen's numbers, and those are really a methodology change. They're not reflecting any actual viewing behaviors. It's just simply a change how they think about relative viewing methodologies. So specifically, the new approach is, again, in the details, reduces the weight of streaming on the households. It increases the weight of linear households, which makes streaming look smaller and broadcast cable look larger on a relative basis as they measure and report.

Now of course, we have the actual data on how much member stream. We include that in our engagement report. I think that methodology is very straightforward. Other streamers have started to measure views in that same way. So just note that. Turning to the question, how does this impact our advertising. The Nielsen gauge is not the currency for the video marketplace. And given that there is no change in consumer behavior or amount of viewing related to this shift, none of this changes our effectiveness or our aspirations in the ad space.

We continue to expect to deliver that \$3 billion in advertising revenue this year. We haven't adjusted that target. On your point about growth potential, really independent of the shift. We still see tremendous upside in the business and being able to win more moments of truth, especially the most valuable moments. And with our current position of being less than 5% global TV time, or any other credible measurement out there really, which doesn't change that number that much. We've got just a ton of room to grow in this space.

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

Greg. We have several questions that have come in about our content and content strategy. The first, I'll begin with John Hodulik of UBS. Any details you can share about the World Baseball Classic viewership. Any -- are there other similar sports and live event opportunities out there that can appeal to a global audience in driving engagement?

Theodore A. Sarandos
Co-CEO, President & Director

Thanks for asking, John, about the World Baseball Classic because it was a hit. It was amazing. In fact, it was the most watched program we've ever had in Japan. It is the biggest global baseball streaming event of all time. It was 31.4 million viewers. It was really exciting to see how this played out and events like these are super important because they -- as Greg was just saying, they really drive outsized business impact, and they're kind of a proof point that all engagement is not created equal.

For those few days that it was really an incredible time for our members in Japan. But the WBC drove the largest single sign-up day ever in Japan and Japan led our Q1 member growth around the world. And Japan had its highest quarter of paid net adds in our history. It's also the kind of it was the first big regional live event for us outside of the U.S., which was great. And we got to flex our new muscle here really, which was streaming multiple games concurrently. So a big expansion of our capabilities. It's very, very exciting. So we were excited, the fans were thrilled and the leagues were super excited. So yes, much more to come.

Gregory K. Peters
Co-CEO, President & Director

I think also a great example of how we were firing on all cylinders cross-functionally. So whether our marketing teams, our partnership team is working to make sure that we're bringing this to Japanese consumers in a friendly way. It was really impressive to see everyone organize around that.

Theodore A. Sarandos
Co-CEO, President & Director

And a great shot in the arm for our ad sales group in Japan.

Spencer Adam Neumann
Chief Financial Officer

One other thing on it, not to dismiss WBC, but also to just think about it because it may, [indiscernible] great as it was, and it was great. You may notice that APAC was our strongest FX-neutral revenue growth market for the quarter and it wasn't just because of this. Actually, we had really strong performance in a number of areas in APAC. We had a great quarter in India, really strong quarter in Korea, Southeast Asia has showed strength. So I just want to kind of make the point across the board in APAC, we executed it wasn't just 1 title, 1 country.

Theodore A. Sarandos
Co-CEO, President & Director

And I'd say, too, it was exciting to see people pick up on recent original series. So that viewing went up, you saw some of those shows, pop back into the top 10. The success of one piece on the heels of the WBC 2. So it was a really great time for the content and it all just came together with that gigantic halo of the WBC.

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

All right. I'll take the next question from Robert Fishman of MoffettNathanson. His question is, with the NFL in the market for new packages, do you judge ROI on live event content spending the same way as scripted content? Or does adding NFL games give you the ability to drive higher CPMs and ad growth that one-off scripted shows wouldn't be able to deliver.

Theodore A. Sarandos
Co-CEO, President & Director

That's a great question, Robert. I mean I'll take a step up, which is, first of all, our sports strategy is pretty much unchanged. We're most interested in those big breakthrough events, less so in the regular season packages. Everything we pursue has to make economic sense in the ways that you just talked through. And when we consider this, we have to consider all the benefits that you derive both from the viewing and from the ads business. .

So as a reminder, sports is an important piece of our live strategy, but that strategy also includes other big live events. We had Skyscraper Live, the Star search reboot with live voting, which was really exciting. The BTS comeback concert. But sports is an important component of that live business. And we've had a number of successes there including our opening night MLB baseball game with the Yankees and the Giants, our Christmas Day NFL games, some big fights, WBC we just talked about in Japan. And the NFL is a great property, and it delivers value as part of our total offering.

And we are in discussions right now because we think there's an opportunity to expand the relationship. But overall, within the same strategy, focused on creating big events for them. We've learned a lot about what works and how to value the NFL and live generally over the last couple of years. And this is going to inform how we have those discussions and help us be much even more disciplined about it.

I'd point out the event strategy is working. We've announced Tuesday, we have a multiyear deal with [kick off] for rights in Mexico. And that's in addition to like Women's World Cup in U.S. and Canada, our first big global MMA event with Ronda Rousey and Carano. So this is -- we're ramping up our sports events globally and local for local, both in terms of volume and profile. But we really do this because I think we bring a lot of value. We receive a lot of value, but most importantly, our members receive a lot of value.

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

Our next question comes from Peter Supino of Wolfe Research. Help us better understand your business model in podcasting. I think he means probably business strategy in podcasting.

Theodore A. Sarandos

Co-CEO, President & Director

Yes. Look, I think we talked a bit about it in the letter, but I think what's most exciting about it, even though it's very early days, what we're seeing is some data that would indicate that we're gaining incremental engagement to the platform. And how do we know it's incremental? Well, 2 things really jump out. One is the daytime viewing. So podcast consumption indexes to daytime hours on Netflix, which allows us to capture a time where we historically have less engagement during the day.

The other one is that it indexes much more mobile. So podcasting being more mobile than professional TV and professional TV and film historically makes up a pretty small percentage of mobile viewing. So it's great that we get to meet our members where they are, even when they're enjoying other forms of entertainment. So that's really -- it's really an early sign. And we've been building out a great lineup of podcasts, both licensed and owned shows like the Bill Simmons podcast, the Breakfast Club, Therapuss from Jake Shane, which I've been waiting to say all day, Pardon My take. All of these are doing great. And we have our own podcasts as well like the White House with Michael Herman and the Pete Davidson show. Our companion podcasts have been great for super fans like the Bridgerton, official podcast and a few others. And then just today, we announced new podcast from Brian Williams from Evan Ross Katz from Stephen Su, Ellison Barbara, David Kwang. So the list keeps growing, and it's very promising.

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

Great. We'll now shift over to the topic of advertising. And this question comes from Dan Salmon of New Street Research. Can you share more on the growth of your total advertiser base? What proportion of advertisers are being serviced directly by the Netflix sales team and what proportion are buying on Netflix through third-party DSP partners. Are you still largely focused on the top 500 brands? Or is a mid-market strategy beginning to emerge? So about 5 questions in 1 there.

Gregory K. Peters

Co-CEO, President & Director

We'll do our best to handle them all. So maybe just start with, as we've mentioned before, the biggest benefit we got from moving to our own ad tech stack is just making it easier for advertisers just to buy on our service. And then additionally, we've added more and more DSPs, which, of course, are more ways to buy. And we're seeing through that pretty significant growth in programmatic, which is on its way to becoming more than 50% of our non-live ads business. .

So due to those moves as well as things like improving go-to-market capabilities, more sales force, continue to build out our ads products more attractiveness in those products. Our advertiser base grew over 70% year-to-year in 2025 to be more than 4,000 advertisers. We've seen a pretty good expansion of that advertiser base, which, of course, is a key indicator of the health of that business. Today, we're still currently concentrating in those top advertising accounts, the largest buyers, which are serviced primarily by the Netflix sales team that could be directly through our stack or basically a sales team driving buying behavior through DSPs, either of those are not separate, let's say.

And over time, we expect continued growth in that number of advertisers, we're clearly pushing in that direction. We think we're going to see percentage of advertisers who buy programmatically increase and therefore, the programmatic share of ad revenue will go up as well. And as we scale programmatic and our advertiser base broadens further, of course, we're going to be able to follow this pretty fairly standard modern time-tested model of expanding iteratively into larger and larger pools of advertisers.

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

Thanks, Greg. Let's see. I'll move on to a question around plans and pricing. And this one comes from Vikram Kesavabhotla of Baird. What informed your decision to raise subscription prices in the U.S. recently? What are your early observations regarding the impact on customer acquisition and churn in the region?

Gregory K. Peters

Co-CEO, President & Director

This change was part of our plan for some time. We are continually monitoring signals from our members. Things like quality weighted engagement, plan selection plan moves, retention, which is industry-leading. So we see improvements in value delivered to our members well in advance of making a price adjustment. .

And those same signals inform this and, frankly, all of our price changes. So as a reminder, our initial full year guidance factors in the pricing adjustments that we expect to make throughout the year. And those are almost always all of the pricing changes. It's very rare that we have an unexpected or call it, surprise pricing change. So that guidance factors in everything that we're planning on doing. As for the most recent changes, the early signals we're seeing are in line with our expectations or similar to the performance that we've observed historically with price changes in the United States.

So this is based on early data, the rollout is still ongoing. So a caveat that, but I would say all the indications that we see are consistent with what we've seen before. And worth noting that also consistent is our pricing philosophy. We haven't changed that in quite some time. We look to provide more and more value to our members, invest the revenue that we've got successfully and well.

Occasionally, when we've added more value, we ask our members to contribute more so that we can invest that into delivering them even more entertainment value. And we think we are delivering one of the best entertainment values that has ever existed. And as a comparison point to support that statement, in the U.S. right now, Netflix subscribers are paying the least per hour of viewing compared to other SVOD offerings. So in some case, you'd have to pay 2x per hour to get a competitive service. And our ads plan at [\$8.99] in the United States, we think, is a great entry point, highly accessible and an incredible value. So we're excited about keeping all of those intact.

Spencer Adam Neumann
Chief Financial Officer

Maybe just, Greg, just to add to kind of the value we're delivering and kind of how we see it in the metrics. I just think the retention that we're seeing in the business that kind of the churn factor, the opposite of strong retention, we saw it across the board this quarter. Every region was better year-over-year. So that's really encouraging in terms of the value you provide, which also speaks to a little bit earlier when you talked about our kind of primary engagement value metric where we had kind of a record in Q4 of last year, a record again in Q1 of this year, which is playing out in the numbers.

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

Thanks, Spence. A couple of questions on gaming. The first of which comes from Eric Sheridan of Goldman Sachs. You are in your fifth year of the gaming strategy. What have been the key learnings over that period. How do you platform gains change user consumption habits? What do you see as the most interesting areas to invest behind gaming in the coming years?

Gregory K. Peters
Co-CEO, President & Director

Yes. I think platform games just means games on our platform. But let me just start by zooming out and saying, why are we doing this? At the highest level, we really see this as a significant market opportunity. It's about \$150 billion in consumer spend ex China, ex Russia. That doesn't even include ad revenues just in the current model in the ways that we're operating. That number is getting bigger as well. So large expansion potential and where we see a significant part of that market is facing issues like new player acquisition or low friction game discovery and play that we believe we are well positioned to improve. .

So we've been building foundations. This is the ability just to develop games, to bring games onto our service, connect those games with players, give players high-quality experience. And just as we've seen with film and series and just as we hypothesized, and I think you might say is sort of obvious, but we have learned that gameplay can have a positive impact on member retention as well as driving acquisition, although the observed effect of that acquisition has really been small to date, which I think is consistent with sort of our maturity or expectation amongst consumers as a gaming platform still.

Now a key user dynamic that we have observed repeatedly is that delivering a fan of a film or series, an interactive experience in that same universe. It not only extends the audience's engagement, but it also creates the synergy that reinforces both medium. So the interactive and the noninteractive side, both do better. It further drives engagement, and it delivers more value. You asked about interesting areas that we're investing in, a few of those games that reflect our other beloved IP or events and giving fans interactive experience that extend those universes. That's a key focus. Games on TV. This is a new canvas for players and for game developers. It's exciting to be able to expand the market opportunity in that way as well as kids in providing a dedicated experience for them.

So given all that, though, I think it's worth noting that while we've been a couple of years in building this, we're still really just scratching the surface today in terms of what we can ultimately do in this space. We've been building a bunch of infrastructure, a bunch of core capabilities. But now we're increasingly able to deliver more and more the kinds of experiences that we were originally thinking about that move us toward our vision and our aspirations. So there's tons more work to do for sure, but it's fun to get to this stage, and we're excited about the potential we see.

And I believe you'll see some interesting -- increasingly interesting releases from us in the year to come. But having said all that, we're going to continue to ramp our investment, which is still currently small relative to our overall spend on content based on demonstrated performance and growing returns to the business. .

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

Great. And Greg, a follow-up question on games from Brian Pitz of BMO Capital. The recent announcement of Netflix Playground is seemingly one of your biggest moves into the video game space to date. Would you help us understand how you will measure success with playground and the incremental value you expect it will drive for your broader subscriber base? Maybe start with just explaining for folks what Netflix Playground is?

Gregory K. Peters
Co-CEO, President & Director

Yes, Great, I was going to go there as well. Thanks. But Playground is essentially a separate app for games for kids. And kids really represents one of our 4 key focus areas for games. We've got kids, we have [narrowed it] as well. And then we've got party/puzzle games and then mainstream games. And our goal here is to become a destination where kids' favorite worlds come to life through games and through interactive experience. Now this represents the sort of extension of a long history we've had. We've always viewed kids as a special audience.

They deserve special care. We provide kids with a dedicated experience. We provide parents with tools and ensure they have control and can determine what's appropriate for their kids. These include tools like ratings, like parental controls, pin controls, et cetera. So Playground, the separate app extends that core philosophy into games. It includes things like a growing collection of kids games in one app, so they can navigate between those. It's fully curated, age-appropriate titles based on beloved shows and movies, I think Peppapig, Dr. Su, Bad Dinosaurs, no ads, no in-app purchases. It fits also with kids natural viewing habit. So a significant portion of kids viewing already happens on mobile and tablets. So this happens in the same place.

And this is all as added value included in your membership already. Now we're seeing some encouraging signals with kids games. As we've added more kids games, we've seen strong growth and engagement through both new titles as well as improved discovery on titles that we had before. So that's exciting to see. And then ultimately, we see an important long-term opportunity to deliver more entertainment to kids in ways that parents feel good about, not just across games, but across TV and film as well.

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

The next question from Eric Sheridan of Goldman Sachs. Entering 2026, how would you characterize the current competitive landscape for content. Are you seeing any differences in competitive intensity by geography, language and/or format?

Theodore A. Sarandos
Co-CEO, President & Director

Well, first of all, competition is not new for Netflix. Consumers have always had incredible amount of choices when it comes to entertainment. And we've continued to grow as kind of what Greg said earlier, by offering enormous value to our members, and we grow against other services who are launching against us all over the world. Now great projects are immensely competitive, and they remain so.

And those are the projects we want, so we've been pleased that Bella and the content team have been able to land some of the most competitive projects recently, like Strangers with Gwyneth Paltrow attached to STAR, which is this great, incredible New York Times' best-selling book that everyone was after for the adaptation. Rabbit, Rabbit with Adam Driver, which is going to be directed by Philip Barantini, who directed Adolescents For us. Incredibly competitive project that we're able to land.

And so -- and I'd say I'm really proud of the team, but also it's not just about paying the most because relationships really matter, particularly when there's a lot of competitive choices, so providing a great experience for creators, delivering a big audience for them.

This is hard work. So they want people to see it delivering a ton of buzz, which is what we do constantly in the work that we do. And we're seeing a lot of repeat business, which is an ultimate sign that we're doing our job well here.

So this week, we're today actually, Beef Season 2 starts. And if you look at that project, the show's creator, Sunny Lee. He did the first season. It was the most honored limited series of the year when it came out 2 years ago, individual awards and was a massive hit for us all over the world. But we just did an overall deal with Sunny who's going to be creating for Netflix for years. And that cast Oscar Isaac, he just started in Frankenstein, who has Golden Globe nominated for that performance. He's got another film coming out this year and another project that we just greenlit with Oscar. So we're thrilled about that.

Carey Mulligan, who's done multiple projects for Netflix, including our Oscar-nominated performance in Maestro. She is in Narnia coming up later this year. She was in Mudbound. She's in Dig. We love working with Carey. She's a genius, Charles Melton, who is the Golden Globe nominee for May December, incredible in the new season of Beef. And Cailee Spaeny who was just in Wake Up Dead Man. So I like the whole cast is like Netflix family. So I think that's a really good sign that we're doing something right.

Running Point comes out next week, it's another new hit series with Mindy Kaling, who we've worked with steadily who we love the relationship, and we hope she does do. And it's not just happening in the U.S., by the way. Alex Pino, [indiscernible] has done a bunch of multiple projects since that show, and including one he's working on right now. So if repeat business is a sign of success, I'm really excited about what we're doing.

But I also think about competition in terms of the folks not just who we're competing for projects with or competing with our members with, but we're also a customer of most of these folks. So Running Point is produced by Warner Bros. for us. We licensed shows like Watson and Mayor of Kingstown for Paramount. We have a Pay-One deal with Sony, we have with NBCUniversal that includes DreamWorks Animation and illumination. Our investment in those films and in coproductions and licensing actually feeds the entire movie ecosystem around the world. So while it's a little unusual to be the customer and the competitor, it's not that unusual in the entertainment business, and we manage those relationships pretty well.

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

Thanks, Ted. Eric Sheridan from Goldman also has another question, this time on AI. How does the company's approach to the -- how does the company's approach to the role AI can play in the creative process continue to evolve. With the announced acquisition of InterPositive, can you discuss the decision around that deal measured against your broader strategy?

Theodore A. Sarandos

Co-CEO, President & Director

Well, in general, we expect GenAI to help make content better and better. better tools, better processes. And I think Netflix is going to remain at the forefront in the exploration and the innovation of AI in the creative process. Given our technology DNA, we have a significant and unique data assets here. We have tremendous scale. So we see that as all great opportunities to leverage new technical capabilities across every aspect of the business.

So I think AI is going to deliver benefits for our members, for creators and for our employees. So on the content side, specifically to your question, it takes a great artist to make great art and AI won't change that. But AI will give those artists better tools to bring those visions to life in ways that we're just scratching the service on. So today, our talent leverages these tools for things like set references, pre visualization, visual effects, sequence prep, shot planning. All of these things, by the way, also improve onset safety, which is something that's not talked about enough.

And this is all just the beginning. With our acquisition vendor-positive we think it accelerates our GenAI capabilities because it's a proprietary technology that was created specifically for filmmakers and specifically for film making and that's different than other AI video applications. So while our ownership of interPositive is very new. We have generated a bunch of interest with our creators who spent time with the tools, and we're seeing real momentum build around adoption.

Gregory K. Peters

Co-CEO, President & Director

Maybe just to pick it up from there, I would say, Ted mentioned these. What are the factors that inform where we think we should be developing technology where we have a differential or a unique capability to invest in Generative AI, deliver returns to the business. And data, the uniqueness and scale of data is a critical one. The other one is where are the products or business processes that are also at scale that we can essentially attach this technology to and get good leverage off it.

So content production, which Ted just through is a big one. Member experience is another big one. Now we've been in personalization and recommendation for 2 decades, but we still see tremendous room and opportunity to make it even better by leveraging some of these newer technologies. We see that recommendation systems based on these new model architectures, not only improve the current personalization, but it also allows us to iterate and improve more quickly to improve that velocity. Things like adding support for different content types going forward, that's much more quick, much more efficient.

And as we noted in the letter, we already saw in this last quarter, these new capabilities driving increased engagement with the service. That's super exciting to see. And the better we execute here, the more our product experience acts as a force multiplier to the large content investments we make. So there's sort of a multiplier effect. And the last area I'll mention is advertising, which again, we're growing scale in and we really see an opportunity to leverage AI within our Netflix ad suite. Make it easier to design new creative formats, custom ads, improved -- that improve contextual relevance. And the technology stack just allows us to roll them out more quickly, more effectively and allow partners to leverage those things in an easier manner.

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

Great. We have time for 1 last question, which comes from Rich Greenfield of LightShed Partners. He's asking about Reed's decision to not stand for reelection at our upcoming annual meeting. The question is, you've talked publicly that Reed Hastings prefer to build versus buy was Netflix's decision to pursue Warner Bros a key factor in its timing of leaving the Netflix Board this year.

Theodore A. Sarandos

Co-CEO, President & Director

Sorry if anyone who is looking for some [indiscernible] here, not so. Reed was a big champion for that deal. He championed it with the Board. The Board unanimously supported the deal. So we had perfect alignment with management and the Board on the Warner Bros deal. So that was absolutely [indiscernible]

Spencer Wang

Vice President of Finance, Corporate Development & Investor Relations

And Ted do you want to close this out then with some words on the decision?

Theodore A. Sarandos

Co-CEO, President & Director

Absolutely. Look, Reed Hastings, our Founder and our Board Chair, let us know that he's decided not to run for reelection for our Board at the next shareholders meeting. It's very unusual for a founder to step away from the Board of the company after a succession, but Reed is no ordinary founder. The first time I met Reed in 1999 and he said that he was building a company that would be around long after him, and that requires succession. Now imagine talking about succession while you're just starting to build. When Reed took the first steps in all of this, more than a decade ago, he said he would hang around for about another 10 years. And it's only been 6, but this is Reed style, make decisions and move fast. .

We have a long history of going from brainstorm to scale at break neck speed in almost everything we do. Reed will remain the Chairman and the member of our Board through his current term. The Board and the Committee are going to take the next steps in reshaping the Board in the months to come. But I want to say on a personal note, I've been very fortunate in my life to have great bosses people who've inspired me, have coached me, who gave me opportunities. We did these things at levels unimaginable.

Reed is an economist and an engineer in his head, but he's a teacher in his heart. And Reed not only shared the spotlight a real rarity in Hollywood, by the way, he pushed me into the spotlight and celebrated the wins and coach through the misses and in short, made me the executive that I am today. I am forever grateful. He built a company of risk takers and a culture where character matters and nobody rests in the pursuit of excellence. I have loved working with and for Reed through amazing twist and turns in our business, and he has modeled what it is to be a leader and a friend.

And reflecting on Reed's leadership here in Netflix, I was reminded of a quote from Max Dupri. He said the first responsibility of a leader is to define reality. And the last is to say thank you. And in between the two, the leader must become a servant and a debtor. That sums up the progress of an artful leader. Reed Hastings is the ultimate artful leader, and he leaves me and Greg enormous shoes to fill. In the spirit of an artful leader work in progress, I say to Reed, thank you.

Gregory K. Peters

Co-CEO, President & Director

I'll join you. I would just say that from the very beginning, Reed essentially established the standard for what leadership, for what culture looks like a Netflix, his vision, his willingness to take risks to embrace change to motivate change really to be transparent even when it's hard to be his total commitment to our values, to always putting our members and the company first have shaped every part of what Netflix is today. .

And the innovations that Reed Championed didn't just build Netflix. They helped move a whole industry forward. They expanded what is possible for storytellers around the world for audiences. We now bring stories from around the world to audience in ways that weren't possible weren't even imaginable before. And we got to this point because Reed has a way of pushing you to think bigger to be more honest, not only with others, but with yourself to own your decisions, but always in a way that made you feel supported, trusted he would debate his perspective with tremendous passion to try and get us to the best, most informed answer, but then would support you and your decision with equal passion, even when he personally disagreed. And then even better, he would celebrate you with even greater passion if you ended up being right. I think actually, those are some of his most favorite moments.

And that style of interaction has quite literally shaped who I and many others across Netflix are today. And a lesson among many that I learned from Reed and perhaps the most meaningful, and certainly, I think the most [indiscernible] to this moment is the realization that while many of us can spend most of our lives, tremendous effort into building something we believe in, something we're proud of, how we hand that work off to someone else is of equal importance to all that time building. And we should put an equal effort thoughtfulness planning into that transition as we did in all that came before it. So when my time to transition comes, I aspire to be a selfless discipline and graceful as Reed has been. So we thank you for the trust you placed in us. The example you set we're going to carry those principles with us every day.

Unknown Executive

Thank you, Reed. I echo that as well.

Spencer Adam Neumann
Chief Financial Officer

Same same. I couldn't say it better. We're just even it's thinking about. Oddly spark some memories, but 1 thing right now, which is just real time is that a big singular red end of the Netflix logo because seems so appropriate Reed, you're literally of 1 forever DNA at this place. So thanks for everything.

Spencer Wang
Vice President of Finance, Corporate Development & Investor Relations

Great. And with that, we'll conclude the call on that note. So I just want to thank everybody for joining us again, and we will see you next quarter.

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