Table of Contents

NETFLIX, INC.

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

		Year ended December 31,			
		2018	2017	2016	
Revenues		\$ 15,794,341	\$ 11,692,713	\$ 8,830,669	
Cost of revenues		9,967,538	8,033,000	6,257,462	
Markenng	diserti a et approblement	2,369,469	1,436,281	1,097,519	
Technology and development		1,221,814	953,710	780,232	
General and administrative		630,294	431,043	315:663	
Operating income		1,605,226	838,679-		
Other income (expense)					
Interest expense		(420,493)	(238,204)	(150,114)"	
Elnterest and other misome (expense)		4L 725	(115,154)	30,828	
Income before income taxes		1,226,458	485,321	260,507	
Provision for (benefit from) income taxes		15,216	(73,608)	73,829	
Net income		\$ 1,211,242	\$ 558,929	\$ 186,678	
Earnings per share:		and the second s	The state of the s	The state of the s	
Basic	management i sament (in out in comman i communità de la cità i communità de la cità de la communità de la comm	\$ 2.78	\$ 1.29	\$ 0.44	
Dilitted		\$ 268	\$ 1.25	\$ 0.43	
Weighted-average common shares outstanding:	Obered Medican (M.), with a Michigan Asset (Michigan Complete Britania), Service (Michigan Berlin Steel), Servi		: '		
Basic		435,374	431,885	428.822	
Diluted	n come de la seguira como y montre e conque e mentionne de la formación de la democración de la formación de La come de la seguira como y montre e conque e mentionne de la formación de la seguira de la formación de la f	451,244	446,814	438,652	
, ,					

See accompanying notes to consolidated financial statements.

Table of Contents

NETFLIX, INC.

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

	Year ended December 31,			
	2018	2017	2016	
Revenues	\$ 15,794,341	\$ 11,692,713	\$ 8,830,669	
Cost of revenues	9,967,538	8,033,000	6,257,462	
Marketing	2,369,469	1,436,281	1,097,519	
Technology and development	1,221,814	953,710	780,232	
General and administrative	630,294	431,043		
Operating income	1,605,226	838,679-	-379,793	
Other mcome (expense):	6			
Interest expense	(420,493)	(238,204)	(150,114)	
Interest and other income (expense)	41,725	(1.15, 154)	- 30,828	
Income before income taxes	1,226,458	485,321	260,507	
Provision for (benefit from) income taxes	3 5 3 7 3 5 3 5 2 16	(73,608)	73,829	
Net income	\$ 1,211,242	\$ 558,929	\$ 186,678	
Earnings per share:		The second second second		
Basic	\$ 2.78	\$ 1.29	\$ 0.44	
Diluted 19 All Control of the Con	\$ - 2 68	§	\$ 0.43	
Weighted-average common shares outstanding:		:	.* *	
Basic	435,374	431 885	428.822	
Diluted	451,244	446,814	438,652	

See accompanying notes to consolidated financial statements.

NETFLIX, INC.

CONSOLIDATED BALANCE SHEETS (in thousands, except share and per share data)

·	As of December 31,		
	2018	2017	
Assets		State Comments of Progress	
Current assets:			
Cash and cash equivalents	\$3,794,483 @	Confidence of the second of th	
Current content assets, net	5,151,186	4,310,934	
Other current assets	748,466	536,245	
Total current assets	9,694,135	7,669,974	
Non-current content assets, net	14,960,954	2 10,371,055	
Property and equipment, net	418,281	319,404	
Other non-current assets	901,030	652,309	
Total-assets	\$ 25,974,400	\$ 19,012,742	
Liabilities and Stockholders' Equity			
Current liabilities:			
Current content habilities	\$ 4,686,019	\$ 4,173,041	
Accounts payable	562,985	359,555	
Accrued expenses	477,417	315,094	
Deferred revenue	760,899	618,622	
Total current liabilities	6,487,320	5,466,312	
Non-current content liabilities	3,759,026	3,329,796	
Long-term-debt	10,360,058 €	6,499,432	
Other non-current liabilities	129,231	135,246	
Total liabilities	20,735,635 -	15,430,786	
Commitments and contingencies (Note 5)		program of the street of many newspapers and the native Street of the	
Stockholders' equity:			
Preferred stock, \$0.001 par value; 10,000,000 shares authorized at December 31, 2018 and 2017; no shares	*.		
issued and outstanding at December 31, 2018 and 2017		 Agresis (2.17.55) (Extended VENGS) (Ex	
Common stock, \$0 001 par value; 4,990,000,000 shares authorized at December 31, 2018 and December 31,			
2017; respectively, 436,598,597 and 433,392,686 issued and outstanding at December 31, 2018 and	2,315,988	1.871,396	
December 31, 2017; respectively	(19,582)	(20,557)	
Accumulated other comprehensive loss	2,942,359	1,731,117	
Retained earnings Total stockholders' equity	5,238,765	3,581,956	
The state of the s	\$ 25,974,400	\$ 19,012,7 4 2	
Total liabilities and stockholders' equity	4 43,2,0,700		

See accompanying notes to consolidated financial statements.

Table of Contents

NETFLIX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	Year	Year Ended December 31,	
72-VANCE NOT THE WATER DESCRIPTION AND THE PROPERTY OF THE PRO	2018	2017	2016
Cash flows from operating activities: Net income \$	1,211,242	\$ 558,929 \$	186,678
Adjustments to reconcile net income to net cash used in operating activities:			
Additions to streaming content assets	(13,043,437)	(9,805,763)	(8,653,286)
Change in streaming content trabilities	999,880	-900,006	1,772,650
Amortization of streaming content assets	7,532,088	6,197,817	4,788,498
Amortization of DVD content assets	41,212	60,657	78,952
Depreciation and amortization of property, equipment and intangibles	83,157	71,911	57,528
Stock-based compensation expense.	320,657	182,209	173,675
Excess tax benefits from stock-based compensation	And we see a state of the second seco	- and the control of	(65,121)
Other non-cash items	40,428	57,207	40,909
Foreign currency remeasurement loss (gain) on long-term debt	(73,953)	140,790	Provide Section 2011 Transfer or France, 1 The Special Assessment States
Déferred taxes	(85,520)	(208,688)	(46,847)
Changes in operating assets and liabilities:			
Other current assets	(200,192)	(234,090)	46,970
Accounts payable	199,198	74,559	32,247
Accrued expenses	150,422	114,337	68,706
Deferred revenue /	142,277	177,974	. 96,751
Other non-current assets and liabilities	2,062	(73,803)	(52,294)
Net cash used in operating activities	(2,680,479)	(1,785,948)	(1,473,984)
Cash flows from investing activities:			
Purchases of property and equipment	(173,946)	(173,302)	(107,653)
Acquisition of DVD content assets	(38,586)	(53,720)	(77,177)
Other assets	(126,588)	(6,689)	(941)
Purchases of short-lerm investments		(74,819)	(187,193)
Proceeds from sale of short-term investments		320,154	282,484
Proceeds from maturities of short-ferm investments		22,705	140,245
Net cash provided by (used in) investing activities	(339,120)	34,329	49,765
Cash flows from financing activities:			
Proceeds from issuance of debt	(3,961,852)	3,020,510	1,000,000
Issuance costs	(35,871)	(32,153)	(10,700)
Proceeds from issuance of common stock	124,502	88,378	36,979
Excess tax benefits from stock-based compensation	a see that is	2.000 (3.000)	65,121
Other financing activities	(1,956)	255	230
Net cash provided by financing activities	4,048,527	3,076,990	1,091,630
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(39,682)	29,848	(9,165)
Net increase (decrease) in cash, cash equivalents and restricted cash	989,246	1,355,219	(341,754)
Cash, cash equivalents and restricted cash, beginning of year	2,822,795	1,467,576	1,809,330
Cash, each equivalents and restricted cash, end of year Supplemental disclosure:	3,812,041	2,822,795 \$	1,467,576
Income taxes pard	131,069 5 375,831	\$ 113,591 \$ 213,313.	26,806 138,566
Increase (decrease) in investing activities included in liabilities	2,560	(32,643)	27,504
。		ASE OTS!	
See accompanying notes to consolidated financial stateme	nts.	**	