

Die Netflix Services Germany GmbH ist gemäß § 264 Absatz 3 HGB als Tochterunternehmen von der Offenlegung eines Jahresabschlusses befreit, weil sie in den Konzernabschluss des Mutterunternehmens eingebunden ist.

Entsprechend der erläuternden Hinweise zum Lobbyregister wird hier deshalb der Konzernabschluss des Mutterunternehmens, der Netflix International Holdings B.V., bereitgestellt.

Date of the adoption of the financial statements 22 May 2024

Netflix International Holdings B.V.

Amsterdam

Consolidated annual report as at and for the year ended
31 December 2023

Registration number: 67203043

Contents

Director's report	3
Consolidated financial statements	4
Consolidated statement of comprehensive income	4
Consolidated balance sheet	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8
Authorisation of the consolidated financial statements	30
Parent company financial statements	31
Statement of comprehensive income	31
Balance sheet	32
Statement of changes in equity	33
Statement of cash flows	34
Notes to the parent company financial statements	35
Authorisation of the parent company financial statements	41
Other information	42
Independent auditor's report	43

Director's report

As allowed by the provisions of Article 394, Book 2 of the Dutch Civil Code, the director's report is available for inspection at Netflix International Holding B.V.'s registered office.

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 31 December 2023

(In million EUR)

	Note	2023	2022
Revenue	2.1	15,777	15,998
Cost of revenue	2.2	(13,636)	(13,820)
Gross profit		2,141	2,178
Marketing expenses		(853)	(883)
General and administrative expenses	2.3	(735)	(761)
Operating profit		553	534
Finance income		77	74
Finance costs		(95)	(40)
Other expense	4.6	(87)	—
		(105)	34
Profit before income tax		448	568
Income tax expense	2.4	(336)	(337)
Profit for the year		112	231
Other comprehensive income/(loss) for the year			
<i>Items to be reclassified to profit or loss</i>			
Foreign currency translation differences		30	(30)
Total other comprehensive income/(loss) for the year		30	(30)
Total comprehensive income for the year (attributable to the owner)		142	201

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated financial statements

Consolidated balance sheet

As at 31 December 2023

(In million EUR)

	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	3.1	2,266	2,951
Trade and other receivables	3.2	797	1,065
Current tax receivables		29	—
Total current assets		3,092	4,016
Non-current assets			
Property, plant and equipment		81	110
Content assets	3.3	189	228
Right-of-use leased assets	3.4	187	187
Financial assets at fair value through OCI	4.4	39	—
Deferred tax assets		30	29
Other assets		71	90
Total non-current assets		597	644
Total assets		3,689	4,660
Liabilities			
Current liabilities			
Trade and other payables	3.5	2,421	3,092
Content liabilities	3.6	27	35
Current tax liabilities		—	65
Lease and other liabilities		52	56
Total current liabilities		2,500	3,248
Non-current liabilities			
Content liabilities	3.6	19	25
Lease and other liabilities		168	154
Trade and other payables		—	74
Total non-current liabilities		187	253
Total liabilities		2,687	3,501
Equity			
Share capital		—	—
Share premium		145	142
Translation reserve		(5)	(35)
Retained earnings		862	1,052
Total equity		1,002	1,159
Total equity and liabilities		3,689	4,660

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated financial statements

Consolidated statement of changes in equity

For the year ended 31 December 2023

(In million EUR)

	Note	Attributable to the equity owner of the Group				
		Share capital	Share premium	Translation reserves	Retained earnings	Total
1 January 2023		—	142	(35)	1,052	1,159
Profit for the year		—	—	—	112	112
Other comprehensive income		—	—	30	—	30
Total comprehensive income for the year		—	—	30	112	142
Contributions of equity net of transaction costs		—	3	—	—	3
Dividend		—	—	—	(302)	(302)
31 December 2023	4.5	—	145	(5)	862	1,002
1 January 2022		—	135	(5)	821	951
Profit for the year		—	—	—	231	231
Other comprehensive loss		—	—	(30)	—	(30)
Total comprehensive income/(loss) for the year		—	—	(30)	231	201
Contributions of equity net of transaction costs		—	7	—	—	7
Dividend		—	—	—	—	—
31 December 2022		—	142	(35)	1,052	1,159

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated financial statements

Consolidated statement of cash flows

For the year ended 31 December 2023

(In million EUR)

	Note	2023	2022
Cash flows from operating activities			
Operating profit before income tax		448	568
<i>Adjustments for:</i>			
- Depreciation, amortisation and other non-cash items		173	179
<i>Changes in operating assets and liabilities:</i>			
- (Increase)/decrease trade and other receivables	3.2	268	(228)
- Increase/(decrease) trade and other payables	3.5	(671)	924
- Increase/(decrease) cash in deconsolidated entities		282	—
Cash generated from operations		500	1,443
Income taxes (paid)/received		(430)	(335)
Interest (paid) / received		45	5
Net cash inflow/(outflow) from operating activities		115	1,113
Cash flows from investing activities			
Decrease in cash due to change in control	4.6	(282)	—
Payment for property, plant and equipment		(13)	(27)
Payment for intangible assets		(58)	(68)
Net cash inflow/(outflow) from investing activities		(353)	(95)
Cash flows from financing activities			
Payments for lease liabilities		(50)	(51)
Intercompany loan		(74)	74
Dividends paid out	4.5	(300)	—
Net cash flow inflow/ (outflow) from financing activities		(424)	23
Net increase/(decrease) in cash and cash equivalents		(662)	1,041
Cash and cash equivalents at the beginning of the financial year		2,951	1,923
Effects of exchange rate changes on cash and cash equivalents		(23)	(13)
Cash and cash equivalents at end of the financial year	3.1	2,266	2,951

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1	About this report	9
1.1	General information	9
1.2	Critical accounting estimates and judgements	10
2	Business performance	11
2.1	Revenue from contracts with customers	11
2.2	Cost of revenue	11
2.3	General and administrative expenses	12
2.4	Income tax expense	14
3	Operating assets and liabilities	17
3.1	Cash and cash equivalents	17
3.2	Trade and other receivables	17
3.3	Content assets	18
3.4	Right-of-use leased assets	18
3.5	Trade and other payables	19
3.6	Content liabilities	20
4	Other	21
4.1	Financial risk management	21
4.2	Capital management	22
4.3	Fair value estimation	23
4.4	Financial assets	23
4.5	Equity	24
4.6	Subsidiaries	25
4.7	Related party transactions	26
4.8	Auditor's remuneration	26
4.9	Commitments and contingencies	26
4.10	Material accounting policies and new accounting standards	27
4.11	Events after the reporting period	29

Notes to the consolidated financial statements

1 About this report

1.1 General information

1.1.1 Activities

Netflix International Holdings B.V. (hereafter the Group) is a private limited liability company incorporated in the Netherlands. The Group is part of the Netflix group (hereafter Netflix), one of the world's leading entertainment services. The main activity of the Group is to market and provide access to the Netflix service for its members. The companies consolidated within the Group provide access to members in all regions in which Netflix is available excluding the United States of America.

Netflix Holdings UK Limited is the immediate parent of the Group. Netflix Holdings UK Limited's registered office is located at 30 Berners Street, London, W1T 3LR, United Kingdom. Netflix, Inc. is the ultimate parent of the Group. The registered office of Netflix, Inc. is located at 121 Albright Way, Los Gatos, California 95032, United States of America and the consolidated financial statements are available at this address.

The Group has its registered office at Karperstraat 10, 1075 KZ Amsterdam, the Netherlands. The registered number at the Chamber of Commerce is 67203043.

The Groups financial year covers the period from 1 January through 31 December of each year.

1.1.2 Going concern assumption

These financial statements disclose all matters relevant to the Group's ability to continue as a going concern, including all significant conditions and events. The Group has the intention and ability to take actions necessary to continue as a going concern.

1.1.3 Basis of preparation

These financial statements have been prepared in accordance with IFRS as endorsed by the EU and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code. They were authorised for issue by the Director of the Group on 15 April 2024.

Details of the Group's accounting policies are included within the relevant note where applicable, or disclosed in Note 4.10.

The Group has in the past, until 2018, elected not to prepare consolidated financial statements, utilising the exemption under Section 408, Book 2 of the Dutch Civil Code, and instead prepared stand-alone financial statements. The Group still meets the requirements to utilise this exemption, however the Group elects to voluntarily prepare consolidated financial statements for the year ending 31 December 2023.

The Group consolidated financial statements include the following entities registered in the Netherlands:

- Netflix International B.V.
- Netflix CPX International B.V.
- Netflix Services Holding B.V.

The Group has declared in writing that it is jointly and severally liable for the debts resulting from legal acts of the above mentioned legal entities. Given this guarantee is in place, the above entities will not prepare audited financial statements for the year ending 31 December 2023.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. The ownership and control of Netflix Streaming Services International B.V., Netflix Entretenimento Brasil Ltda. and Netflix Services Poland sp. z o.o. changed during 2023 and therefore its figures were consolidated in these financial statements only till the date of loss in control. Please refer to note 4.6.

Notes to the consolidated financial statements

The German subsidiary, Netflix Services Germany GmbH (registered with the Local Court of Berlin (Charlottenburg) under HRB 161264), which is included in these consolidated financial statements, fulfills the requirements for exemption pursuant to section 264 (3) of the German Commercial Code (HGB) and applies such exemption with regard to the publication of the annual financial statements and the drawing up of a management report and the notes to the financial statements.

1.1.4 Basis of measurement

These financial statements have been prepared on a historical cost basis, unless otherwise stated.

1.1.5 Functional and presentational currency

These financial statements are presented in euro (EUR), which is the Group's functional currency. All amounts have been rounded to the nearest million, unless otherwise stated.

1.1.6 Current or non-current classification

Current assets include assets that are consumed or realised as part of the normal operating cycle, being 12 months, other assets are classified as non-current. Current liabilities include all liabilities unless the Group has a contractual or unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1.2 Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies, accompanying notes and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Details of the judgements and estimates made are included in the following notes:

- Note 2.1 Revenue from contracts with customers;
- Note 2.3.3 Share based payments;
- Note 2.4 Income tax expense; and
- Note 4.4 Financial assets.

Notes to the consolidated financial statements

2 Business performance

2.1 Revenue from contracts with customers

	2023	2022
Revenue from streaming	15,762	15,982
Other revenue	15	16
	15,777	15,998

i. Principal versus agent

The Group acts as a distributor of access to the Netflix Service, contracting directly with members. The Group controls the provision of access to the Netflix Service before access is provided to the member. Netflix, Inc. has appointed the Group to provide access to the Netflix Service per a distribution agreement. These factors indicate that the Group is acting as a principal to the transactions for the purposes of IFRS 15 - Revenue from contracts with customers. Determining whether the Group is a principal or agent requires judgement and management has concluded that, based on the above, the Group is principal in all transactions with its members. As such, revenues are disclosed on a gross basis in the statement of comprehensive income. There are no significant estimates made in the recognition of revenue.

ii. Revenue recognition

The Group recognises revenue from contracts with customers when services have been provided, can be reliably estimated and when it is probable that the consideration will be received.

The Groups primary source of revenue is monthly membership fees. Members are billed in advance of the start of their monthly membership and revenues are recognised ratably over each monthly membership period. Revenues are presented net of the taxes that are collected from members and remitted to governmental authorities. Deferred revenue consists of membership fees billed that have not been recognised and gift cards and other prepaid memberships that have not been redeemed, refer to note 3.5.

The Group is the principal in all its relationships where partners (e.g. internet service providers) provide access to the service as the Group retains control over service delivery to its members. In circumstances in which the price that the member pays is established by a partner and there is no standalone price for the Netflix service (for instance, in a bundle), the net amount collected from the partner is recognised as revenue.

2.2 Cost of revenue

	Note	2023	2022
Content amortisation	3.3	83	97
Recharges Netflix Group companies		13,067	13,229
Other expenses		486	494
		13,636	13,820

i. Content amortisation

The Group obtains content via streaming content licence agreements. Content licences are for a fixed fee and specific windows of availability. For licences, we capitalise the fee per title and record a corresponding liability at the gross amount of the liability when the license period begins, the cost of the title is known and the title is accepted and available for streaming.

Based on factors including historical and estimated viewing patterns, we amortise the content assets in 'cost of providing services' in the statement of comprehensive income, over the shorter of each title's contractual window of

Notes to the consolidated financial statements

availability, estimated period of use, or ten years, beginning with the month of first availability. The amortisation is on an accelerated basis as we typically expect more upfront viewing. We review factors that impact the amortisation of the content assets on a regular basis. Our estimates related to these factors require considerable management judgement.

ii. Recharges Netflix Group companies

Several group companies act as a reseller / distributor on behalf of other Netflix group companies, through distribution / license agreements. These group companies are the contracting party with members and have exposure to (part of) the risks and rewards associated with providing these services. Their operating margins are dependent on the transfer pricing agreed with other Netflix companies. There are several other intercompany services which are performed in the normal course of business. All intercompany services are pursuant to legal agreements and are invoiced on a monthly or quarterly basis. No significant balances were long outstanding at year end and no impairments took place.

2.3 General and administrative expenses

	2023	2022
Employee benefits	480	492
Lease expenses	37	40
Depreciation and amortisation	43	58
Travel expenses	30	27
Other expenses	145	144
	735	761

2.3.1 Employee benefits

	2023	2022
Salaries and wages	397	396
Stock-based compensation	18	30
Social security contributions	36	36
Pension contributions (DC)	17	16
Other personnel expenses	12	14
	480	492

For the disclosure of the remuneration of the Group's key management personnel, reference is made to note 2.3.4.

2.3.2 Average number of employees

During the year, the average number of employees calculated on a full-time-equivalent basis was 1,750 (2022: 1,760). The number of employees based abroad was 1,210 (2022: 1,198).

2.3.3 Share based payments

i. Share-based payments

The Group employees have the option to participate in a share-option plan. The ultimate parent company Netflix, Inc. generally provides fully vested non-qualified share options, and grants these to employees on a monthly basis. The options generally remain exercisable for a period of ten years from grant date, regardless of employment status. Each option is convertible into one ordinary share. Options granted under the plan carry no dividend or voting rights. The fair value of the options is determined at the grant date and is expensed.

Notes to the consolidated financial statements

Set out below are summaries of options granted to employees of the Group under the plan (in USD):

	2023				2022	
	Average exercise price	Number of options	Weighted average exercise period (years)	Aggregate intrinsic value	Average exercise price	Number of options
1 January	\$325.29	738,513			\$345.88	537,768
Granted	\$372.16	100,538			\$279.86	203,929
Exercised	\$203.49	(36,579)			\$195.56	(3,184)
Change in control in entities	—	(29,275)			—	—
31 December	\$349.52	773,197	8.52	\$128,246,882	\$325.29	738,513
Vested and exercisable		773,197				738,513

For share options exercised during the year, the weighted-average share price at the date of exercise was US\$414.25. The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Netflix, Inc. closing share price on the last trading day of 2023 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on the last trading day of 2023.

The grant and expiry details of outstanding options are detailed below (in USD):

Year of grant	Year of expiry	2023		2022	
		Average exercise price	Number of options	Average exercise price	Number of options
2014	2024	\$60.28	791	\$58.78	1,547
2015	2025	\$126.33	7,093	\$89.43	12,796
2016	2026	\$112.72	18,941	\$102.83	25,801
2017	2027	\$168.06	57,064	\$162.07	67,548
2018	2028	\$330.61	74,213	\$316.70	80,554
2019	2029	\$332.04	129,447	\$319.28	138,573
2020	2030	\$453.88	119,166	\$436.38	124,875
2021	2031	\$575.87	80,667	\$555.30	83,655
2022	2032	\$276.88	189,803	\$269.21	203,164
2023	2033	\$385.02	96,012	—	—
		\$349.52	773,197	\$325.29	738,513

Fair value measurement

The exercise price is based on the closing price of the Group's share on the date of grant. The fair value at grant date is calculated using a lattice-binomial model. This model requires the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the estimate of fair value of options granted and results of operations could be impacted. The following table summarises the assumptions used to value option

Notes to the consolidated financial statements

grants using the lattice-binomial model and the valuation data.

	2023	2022
Dividend yield	0%	0%
Expected volatility	40-46%	38-52%
Risk-free interest rate	3.57-4.56%	1.71-3.79%
Suboptimal exercise factor	4.22 - 4.30	4.71 - 4.82
Valuation data		
Weighted-average fair value (per share)	\$211.27	\$155.88
Total stock-based compensation expense (in EUR)	18,303,492	29,648,015

In valuing shares issued under the Netflix, Inc. employee share option plans, the Group calculates expected volatility based solely on implied volatility. The Group believes that implied volatility of publicly traded options in Netflix, Inc. ordinary shares is more reflective of market conditions, and given consistently high trade volumes of the options, can reasonably be expected to be a better indicator of expected volatility than historical volatility of Netflix, Inc. ordinary shares. The Group bases the risk-free interest rate on U.S. treasury zero coupon issues with terms similar to the contractual term of the options. Netflix, Inc. does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yields of zero in the option valuation model. The Group does not use a post-vesting termination rate as options are fully vested upon grant date.

2.3.4 Key management compensation

Key management includes the director of the Group, and those having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation paid or payable to key management is shown below, these figures have been rounded to the nearest EUR.

	2023	2022
Salaries and wages	31,303,304	27,395,083
Social security contributions	337,396	445,974
Pension costs – defined contribution plans	963,358	483,779
Other benefits	183,684	1,372,245
Stock based compensation expense	4,150,469	5,537,966
	36,938,211	35,235,047

2.3.5 Director's remuneration

Costs relating to the remuneration and pensions of the current managing director is not presented, since it can be traced to one person (exemption article 383 according to the Dutch Civil Code).

2.4 Income tax expense

	2023	2022
Current tax expense		
Current year	137	142
Current year WHT	198	192
Adjustments for prior years	4	(1)
	339	333
Deferred tax expense		
Temporary differences	(3)	4
Total income tax expense	336	337

Notes to the consolidated financial statements

The tax expense differs from the weighted-average statutory amount that would arise using the tax rate applicable to profits of the Group as follows:

	2023	2022
Profit before tax	448	568
Income tax using the weighted average statutory tax rate	113	144
<i>Adjustment to income tax due to:</i>		
Prior year adjustment	4	(1)
Withholding taxes paid	198	192
Non-deductible expenses	21	9
Income tax expense	336	337
Effective tax rate	75.0 %	59.3 %
Weighted average statutory tax rate	25.3 %	25.4 %

i. Estimation uncertainty of income tax

The Group records a provision for income taxes for the anticipated tax consequences of its reported results using the asset and liability method. There are no certain tax benefits from uncertain tax positions within the provision for income taxes. The Group only recognises a tax benefit if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Due to uncertainties in any tax audit outcome, estimates of the ultimate settlement of unrecognised tax positions may change and the actual tax benefits may differ from the estimates.

ii. Global minimum top-up tax

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where Netflix operates. The legislation will be effective for Netflix's financial year beginning 1 January 2024. Netflix is in scope of the enacted or substantively enacted legislation, and we have performed an assessment of Netflix's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting, and financial statements for Netflix's constituent entities. Based on the assessment, we expect the majority of Netflix's constituent entities to qualify for safe harbour relief. There are a limited number of jurisdictions where the transitional safe harbour relief is not expected to apply, however Netflix does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

iii. Corporate income tax

The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

The Group's operating profit is determined in line with internationally adopted transfer pricing guidelines and reflects both the activities that it performs and the risks that it bears. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting

Notes to the consolidated financial statements

period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax assets and tax liabilities are offset only if certain criteria are met.

As of 31 December 2023, the Group held a long term receivable in the amount of EUR 53 million (2022: EUR 66 million) regarding uncertain corporate income tax treatment based on our assesment of its recoverability.

Notes to the consolidated financial statements

3 Operating assets and liabilities

3.1 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, bank overdrafts, and amounts in transit from payment processors for credit card and debit card transactions. All cash and cash equivalents are at the Group's free disposal.

The statement of cash flows has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. In the statement of cash flows, bank overdrafts are shown as cash, however in the balance sheet they are within borrowings in current liabilities or non-current liabilities.

3.2 Trade and other receivables

	2023	2022
Trade receivables	650	636
Due from Netflix Group companies	44	18
Value-added tax	81	40
Prepaid expenses	10	12
Withholding tax	—	194
Other taxes	—	140
Other receivables	12	25
	797	1,065

Trade receivables consist primarily of amounts related to members and payment partners that collect membership fees on the Group's behalf, while other receivables are mainly amounts due from other parties for services rendered in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment when applicable.

The receivables due from Netflix Group companies are unsecured. They bear no interest, are short-term in nature and are periodically settled.

Notes to the consolidated financial statements

3.3 Content assets

	2023	2022
Cost	748	789
Accumulated impairments and amortisation	(520)	(513)
Opening net book value as at 1 January	228	276
Movements during the year		
Additions	44	50
Accumulated costs of disposals	(74)	(91)
Amortisation for the year	(83)	(97)
Amortisation of disposals	74	90
Closing net book value	189	228
Cost	718	748
Accumulated impairments and amortisation	(529)	(520)
Closing net book value as at 31 December	189	228
Amortisation rates	20%-100%	20%-100%

Content assets are carried at cost less accumulated amortisation and impairment losses. Content assets are assessed at each reporting date to determine whether there is any indication that the asset is impaired. The Groups business model is subscription based as opposed to a model generating revenues at a specific title level. Therefore, licensed content assets are reviewed in aggregate when an event or change in circumstances indicates impairment. If such an indication exists, the Group will estimate the asset's recoverable amount. The asset should be written down to its recoverable amount. To date, no impairment has been recorded. The acquisition of content licences is classified within cash used for investing activities in the cash flow statement.

Refer to note 2.2 for an introduction to content licences, and detail of the judgement in the amortisation approach taken.

3.4 Right-of-use leased assets

The movement in the right-of-use assets during the year was as follows:

	2023	2022
Opening net book value as at 1 January	187	174
Additions	28	15
Depreciation for the year	(28)	(2)
Closing net book value	187	187
Cost	290	262
Accumulated impairments and depreciation	(103)	(75)
Closing net book value as at 31 December	187	187

The amounts recognised in the profit or loss in relation to leases:

	2023	2022
Interest on lease liabilities	4	4

A total cash outflow of EUR 50 million was recognised in the statement of cash flows. The Group is exposed to potential cash outflows for extension of existing leases, or termination of existing leases, no extension options or

Notes to the consolidated financial statements

termination options are material to the Group. Detail of leases not yet commenced are included in our disclosure of commitments, refer to note 4.9.

The Group predominantly leases office space, other leases are not of a material value. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (less than 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 Trade and other payables

	2023	2022
Trade payables	151	107
Due to Netflix Group companies	1,134	1,869
Deferred revenue	625	618
Value-added tax	411	389
Other liabilities and accrued expenses	100	109
	2,421	3,092

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

The payables due to Netflix Group companies are unsecured, they bear no interest, are short-term in nature and are periodically settled.

Deferred revenue consists of membership fees billed that have not been recognised, as well as gift and other prepaid memberships that have not been fully redeemed. As of year end, total deferred revenue was EUR 625 million (2022: EUR 618 million), the vast majority of which was related to monthly membership fees billed that are expected to be recognised as revenue within the next month, which is consistent with the timing of recognition of the deferred revenue balance in the last financial year. The remaining deferred revenue balance, which is related to other prepaid memberships, will be recognised as revenue over the period of service after redemption, which is expected to occur over the next 12 months. The EUR 7 million increase in deferred revenue as compared to the last financial year is a result of increased memberships and average subscription price.

Notes to the consolidated financial statements

3.6 Content liabilities

	2023	2022
Content liabilities (current)	27	35
Content liabilities (non-current)	19	25
	46	60

There are no content liabilities due more than five years from 31 December 2023.

Notes to the consolidated financial statements

4 Other

4.1 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group seeks to manage risk to minimise adverse effects on the Group's financial performance, but does not trade in derivative financial instruments to achieve this. Management is of the opinion that the Group's exposure to financial risks is limited.

i. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss. This arises on cash and cash equivalents, as well as credit exposures to trade and other receivables as a result of the risk of default of the counterparty. Credit risk related to cash balances is managed through deposits being held only with banks which have an independent credit rating deemed sufficient.

The Group's policy is that customers pay membership fees upfront, access to the service is suspended for customers with overdue fees until the receivables have been fully paid. Therefore, credit risk is limited. There are no significant concentrations of credit risk, customers are located in several geographical areas.

The total value of overdue trade and other receivables as at year end was nil (2022: nil). While trade and other receivables are subject to the impairment requirements of the expected credit loss model, the identified impairment loss is immaterial. The Group has no other financial instruments that are subject to this.

ii. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Groups exposure to liquidity risk is primarily from mismatches of the maturities of financial assets and liabilities. The Groups objective is to maintain a balance between continuity of funding and flexibility by monitoring and maintaining a level of cash deemed adequate to finance operations, and mitigate the effects of fluctuation in cash flows.

The table below analyses the Group's financial assets and financial liabilities at year end based on the contractual maturity.

	Note	2023	At call	<1 year	1 - 5 years	5+ years
Financial assets						
Cash and cash equivalents	3.1	2,266	2,266			
Trade and other receivables (excl. prepayments)	3.2	787		787		
Financial liabilities						
Trade and other payables (excl. deferred revenue)	3.5	(1,796)		(1,796)	—	
Content liabilities	3.6	(46)		(27)	(19)	
Lease liabilities (undiscounted)		(198)		(46)	(129)	(23)
Surplus / (deficit)		1,013	2,266	(1,082)	(148)	(23)

Notes to the consolidated financial statements

		2022	At call	<1 year	1 - 5 years	5+ years
Financial assets						
Cash and cash equivalents	3.1	2,951	2,951			
Trade and other receivables (excl. prepayments)	3.2	1,053		1,053		
Financial liabilities						
Trade and other payables (excl. deferred revenue)	3.5	(2,548)		(2,474)	(74)	
Content liabilities	3.6	(60)		(35)	(25)	
Lease liabilities (undiscounted)		(197)		(50)	(114)	(33)
Surplus / (deficit)		1,199	2,951	(1,506)	(213)	(33)

iii. Market risk

The Group is exposed to foreign currency exchange risks through foreign currency denominated transactions during the normal course of business, and as at reporting date the Group is not exposed to interest rate risk. The majority of the Group's monetary balances are in EUR, but it also holds substantial GBP, BRL and USD monetary balances. The Group does not hedge this exposure.

The table below demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD and GBP exchange rate against the functional currency. The Group's exposure to other foreign exchange movements is not significant.

	Equity		Profit or loss	
	2023	2022	2023	2022
EUR/GBP exchange rate - movement 5%	28	(28)	34	(34)
EUR/USD exchange rate - movement 5%	11	(11)	51	(51)
EUR/BRL exchange rate - movement 5%	6	(6)	2	(2)

* Holding all other variables constant

4.2 Capital management

The Group's objectives are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities less cash and cash equivalents. The gearing ratio was as follows:

	Note	2023	2022
Total liabilities		2,687	3,501
Less: cash and cash equivalents	3.1	2,266	2,951
Net debt		421	550
Total equity		1,002	1,159
Net debt to equity ratio		42 %	47 %

The decrease in the gearing ratio during the year resulted primarily from a decrease in the Group's liabilities and total equity. The Group's liability decreased as a result of change in ownership and control within the Group, equity decreased primarily due to the dividends paid out during the year. Please refer to the note 4.5 Equity for the details.

Notes to the consolidated financial statements

4.3 Fair value estimation

The Group has no financial assets and liabilities measured at fair value except for the financial assets designated at fair value through other comprehensive income (OCI). The Group elected to classify irrevocably its non-listed equity investments under this category. No other financial assets and liabilities are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables are assumed to approximate their fair values due to the short-term maturities of these assets and liabilities. The fair values of the streaming content liabilities are not materially different from the carrying amounts.

4.4 Financial assets

The Group holds equity instruments measured at fair value through other comprehensive income which include investments in 2.5% equity shares of Netflix Streaming Services International B.V. and 13.6% of Netflix Entretenimento Brasil Ltda. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as of 31 December 2023 are shown below:

Notes to the consolidated financial statements

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Non-listed equity investments in Netflix Streaming Services International B.V.	DCF method	Discount rate	2023: 7.0%	5% increase (decrease) in the discount rate wouldn't result in a material decrease (increase) in fair value
		Terminal period growth rate	2023: 2.5%	5% increase (decrease) in the terminal period growth rate wouldn't result in a material increase (decrease) in fair value
		Markup rate	2023: 5.0%	5% increase (decrease) in the mark up rate wouldn't result in a material increase (decrease) in fair value
Non-listed equity investments in Netflix Entretenimento Brasil Ltda.	DCF method	Discount rate	2023: 11.0%	5% increase (decrease) in the discount rate would result in a decrease (increase) in fair value by EUR 2M
		Terminal period growth rate	2023: 2.2%	5% increase (decrease) in the terminal period growth rate wouldn't result in a material increase (decrease) in fair value
		Operating margin	2023: 2.0%	5% increase (decrease) in the operating margin would result in an increase (decrease) in fair value by EUR 2M

Reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI

	Netflix Streaming Services International B.V.	Netflix Entretenimento Brasil Ltda.	Total
As at 1 January 2023	—	—	—
Initial recognition at fair value	7	32	39
Remeasurement recognised in OCI	—	—	—
As at 31 December 2023	7	32	39

4.5 Equity

Called up share capital

The authorised share capital of the Group of EUR 100 (2022: EUR 100) is divided into 10,001 (2022: 10,001) ordinary shares, fully paid-up, with a par value of EUR 0.01 (2022: EUR 0.01) each.

Translation reserve

The translation reserve relates to the use of EUR as the presentation currency.

Retained earnings

The management of the Group proposes to appropriate the result as follows:

Notes to the consolidated financial statements

The profit for the year 2023 in the amount of EUR 112 million will be added in full to the retained earnings. This proposal needs to be determined by the general meeting of shareholders.

The Group had distributed dividends amounting to EUR 302 million equaled to EUR 30,211 per share (2022: EUR nil), EUR 300 million was distributed in cash (2022: EUR nil).

4.6 Subsidiaries

Entity	2023	2022
Netflix G.K., Tokyo	100.0%	100.0%
Netflix Services UK Limited, London	100.0%	100.0%
Netflix Services Germany GmbH, Berlin	100.0%	100.0%
Netflix Australia Pty Ltd, Melbourne	100.0%	100.0%
Netflix New Zealand Limited, Wellington	100.0%	100.0%
Netflix Services Korea Ltd., Seoul	100.0%	100.0%
Netflix Pte. Ltd., Singapore	100.0%	100.0%
Netflix Services Taiwan Limited, Hsinchu City	100.0%	100.0%
Netflix Information Technology (Beijing) Co., Ltd., Beijing	100.0%	100.0%
Netflix Entertainment Services India LLP, Mumbai	100.0%	100.0%
Netflix Entretenimento Brasil Ltda., São Paulo	13.6%	100.0%
Netflix International B.V., Amsterdam	100.0%	100.0%
Netflix Services Holdings B.V., Amsterdam	100.0%	100.0%
Netflix Streaming Services International B.V., Amsterdam	2.5%	100.0%
Netflix CPX International B.V., Amsterdam	100.0%	100.0%
Netflix Servicios de Transmisión España, S.L., Madrid	100.0%	100.0%
Netflix Services France S.A.S., Paris	100.0%	100.0%
Netflix Services Italy S.R.L., Milan	100.0%	100.0%
Los Gatos Streaming Services Belgium BV, Brussels	100.0%	100.0%
Netflix Mexico S. de R.L. de C.V., Mexico City	100.0%	100.0%
Los Gatos Turkey Yönetim Destek Hizmetleri Limited Şirketi, Istanbul	100.0%	100.0%
Los Gatos Turkey Yayın Hizmetleri Anonim Şirketi, Istanbul	100.0%	100.0%
Netflix Services Canada ULC, Vancouver	100.0%	100.0%
Netflix Servicios de Transmisión Argentina S.R.L., Buenos Aires	90.2%	100.0%
Netflix Services Denmark ApS, Copenhagen	100.0%	100.0%
Netflix Services Sweden AB, Stockholm	100.0%	100.0%
Netflix Services Poland sp. z o.o., Warsaw	0.0%	100.0%
Netflix Philippines Inc., Makati	100.0%	100.0%
PT Netflix Services Indonesia, Jakarta	99.0%	100.0%

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

On 14 April 2023 the shareholding in Netflix Services Poland sp. z o.o. decreased from 100.0% to 0.0%. The Group lost control over it. Therefore on the date of loss of control, all assets, liabilities and other components of equity were derecognised.

Notes to the consolidated financial statements

On 16 May 2023 the shareholding in Netflix Streaming Services International B.V. decreased from 100.0% to 2.5% and the shareholding in Netflix Entretenimento Brasil Ltda. decreased from 100.0% to 13.6%. The Group lost control over those and any retained interest was classified as financial assets through OCI. Therefore on the date of loss of control, all assets, liabilities and other components of equity were derecognised and the remaining interests in Netflix Streaming Services International B.V. and Netflix Entretenimento Brasil Ltda. was recognised at its fair value of EUR 39 million (note 4.4) .

Entity	De-recognized assets, liabilities and components of equity	Gain (loss) due to change in control	Gain (loss) on fair valuation of investments	Impact on Balance Sheet	Impact on Statement of Comprehensive Income
Netflix Entretenimento Brasil Ltda.	38	(38)	(30)	68	(68)
Netflix Streaming Services International B.V.	12	(12)	(5)	17	(17)
Netflix Services Poland sp. z o.o.	2	(2)	—	2	(2)
Total	52	(52)	(35)	87	(87)

The Group recognised loss on loss of control of EUR 87 million on account of this transaction and the same has been disclosed under 'Other expenses'.

4.7 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Group are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

The following transactions were carried out with related parties:

- Cost of revenue (refer to the note 2.2);
- Key management compensation (refer to the note 2.3.4); and
- Intercompany receivables/payables (refer to the note 3.2 and 3.5).

Please refer to note 1.1.3 for detail of the guarantees provided to subsidiaries of the parent.

4.8 Auditor's remuneration

The following audit fees were expensed in the consolidated statement of comprehensive income in the reporting period. These figures have been rounded to the nearest EUR.

	2023	2022
EY Accountants LLP - Netherlands audits		
Financial statement audits	260,781	277,426
Other network		
Financial statement audits	608,413	546,036
	869,194	823,462

The fees listed above relate to the services provided to the Group by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: WTA).

4.9 Commitments and contingencies

Notes to the consolidated financial statements

4.9.1 Commitments

Off-balance sheet commitments amount to EUR 62 million (2022: EUR 74 million). These amounts relate to content licences not reflected on the balance sheet because they do not yet meet the criteria for asset recognition, refer to note 3.3, and leases that have been signed but not yet commenced and therefore not yet capitalised. Certain agreements also include the obligation to license rights for unknown future titles, quantities and/or fees. Because the amount is not reasonably estimable, the Group does not include any estimated obligation for these future titles beyond the known minimum amount. These unknown obligations are expected to be significant and the expected timing of payments could range from less than one year to more than five years.

The off-balance sheet commitments for streaming content are as follows:

	2023	2022
No later than 1 year	19	18
Later than 1 year and no later than 5 years	23	22
	42	40

The off-balance sheet commitments for non-cancellable lease contracts are as follows:

	2023	2022
No later than 1 year	3	10
Later than 1 year and no later than 5 years	17	24
Total	20	34

4.9.2 Contingencies

The Group is undergoing tax audits in several jurisdictions as of 31 December 2023. The Group is currently engaged in a litigation as of 31 December 2023. The outcome of the above litigation is pending as of 31 December 2023 and the management of the Group determined that the result of the litigation cannot be reasonably determined.

The Group makes judgements and estimates uncertainty of income tax treatment based on the interpretation of local tax laws and related regulations, and the results of the tax audits have not been determined as of 31 December 2023.

4.10 Material accounting policies and new accounting standards

The principal accounting policies applied in the preparation of these financial statements are generally disclosed within the related note. New policies and other accounting policies that are considered material are disclosed below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New standards adopted by the Group

A number of new standards are effective from 1 January 2023 but they do not have a material effect on the Group's financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Property, plant and equipment

Notes to the consolidated financial statements

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives (3-10 years), and is recognised in profit or loss. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful life being three years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Finance income and expenses

Finance income and expenses are recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on an impaired loan or receivable is recognised using the original effective interest rate.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group does not have any legally enforceable right to offset the recognised amounts in the balance sheet.

Impairment of financial assets

The Group assesses impairment of financial assets on a forward looking basis through measuring the expected credit losses (ECL) associated with instruments recognised at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for cash balances and debt securities which are measured at 12 month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). No impairment occurred during 2022 or 2023. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period, other than goodwill of which the Group has none at this time.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency

Notes to the consolidated financial statements

are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Value-added tax (VAT)

Revenues, expenses and assets are recognised net of the associated VAT, unless the tax incurred is not recoverable from the relevant tax authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense. Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included within other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

4.11 Events after the reporting period

No events after the reporting period have occurred that are deemed material to the users of these financial statements.

Netflix International Holdings B.V.

Authorisation of the consolidated financial statements

Amsterdam, 15 April 2024

Netflix International Holdings B.V.

Director,

R.M. Zimmermann

Statement of comprehensive income

For the year ended 31 December 2023
(In million EUR)

	Note	2023	2022
Dividend income	2.1	304	3
Gross profit/(loss)		304	3
General and administrative expenses	2.2	—	—
Operating profit/(loss)		304	3
Finance costs		—	—
Other expenses		(5)	—
		(5)	—
Profit/(loss) before income tax		299	3
Income tax expense	2.3	—	—
Profit/(loss) for the year		299	3
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
-		—	—
Total other comprehensive income for the year		—	—
Total comprehensive income for the year (attributable to the owner)		299	3

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Netflix International Holdings B.V.
Parent company financial statements

Balance sheet

As at 31 December 2023
(In million EUR)

	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents		—	—
Trade and other receivables		—	73
Current tax receivables		—	—
Total current assets		—	73
Non-current assets			
Investment in subsidiaries	3.4	214	148
Financial assets at fair value through OCI	3.2	7	—
Total non-current assets		221	148
Total assets		221	221
Liabilities			
Current liabilities			
Trade and other payables		—	—
Current tax liabilities		—	—
Total current liabilities		—	—
Total liabilities		—	—
Equity			
Share capital		—	—
Share premium		139	136
Retained earnings		82	85
Total equity		221	221
Total equity and liabilities		221	221

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2023
(In million EUR)

	Note	Attributable to the equity owner of the Company			
		Share capital	Share premium	Retained earnings	Total
1 January 2023		—	136	85	221
Profit for the year		—	—	299	299
Total comprehensive income for the year		—	—	299	299
Contributions of equity net of transaction costs		—	3	—	3
Dividend		—	—	(302)	(302)
31 December 2023	3.1	—	139	82	221
1 January 2022		—	136	82	218
Profit for the year		—	—	3	3
Total comprehensive income for the year		—	—	3	3
Dividend		—	—	—	—
31 December 2022		—	136	85	221

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2023
(In million EUR)

	Note	2023	2022
Cash flows from operating activities			
Operating profit before income tax		299	3
<i>Adjustments for:</i>			
- Non cash items		(8)	—
<i>Changes in operating assets and liabilities:</i>			
- (Increase)/decrease trade and other receivables		73	3
- Increase/(decrease) trade and other payables		—	—
Cash generated from operations		363	6
Income taxes (paid)/received		—	(3)
Net cash inflow/(outflow) from operating activities		363	3
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		(66)	(4)
Dividends received		—	—
Net cash inflow/(outflow) from investing activities		(66)	(4)
Cash flows from financing activities			
Proceeds from capital contribution		3	—
Dividends paid out		(300)	—
Net cash flow inflow/ (outflow) from financing activities		(297)	—
Net increase/(decrease) in cash and cash equivalents		—	(1)
Cash and cash equivalents at the beginning of the financial year		—	1
Effects of exchange rate changes on cash and cash equivalents		—	—
Cash and cash equivalents at end of the financial year		—	—

The above statement of cash flows should be read in conjunction with the accompanying notes.

Netflix International Holdings B.V.

Notes to the parent company financial statements

1	About this report	36
1.1	Basis of presentation	36
1.2	Critical accounting estimates and judgements	36
2	Business performance	37
2.1	Related party transactions	37
2.2	General and administrative expenses	37
2.3	Income tax expense	37
3	Other	38
3.1	Fair value estimation	38
3.2	Financial assets	38
3.3	Equity	38
3.4	Subsidiaries	39
3.5	Commitments and contingencies	39
3.6	Events after the reporting period	39

1 About this report

1.1 Basis of presentation

Netflix International Holdings B.V. (hereafter the Company) is the parent company of the Group, and it has its registered office at Karperstraat 10, 1075 KZ Amsterdam, the Netherlands. The registered number at the Chamber of Commerce is 67203043.

These financial statements have been prepared in accordance with IFRS as endorsed by the EU and the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. They were authorised for issue by the Director of the Company on 15 April 2024.

In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in the accounts of the Company are the same as those applied in the consolidated financial statements of the Group. Reference is made to note 1 of the consolidated financial statements for detail of the accounting policies, and where these can be found. Where there is a specific policy or detail that is not considered to be significant to the Group but is significant to the Company it has been included within the relevant note of these financial statements.

If the Company loses control over a subsidiary any investment retained is recognised at fair value. The ownership and control of Netflix Streaming Services International B.V. has changed during 2023. Please refer to note 4.6 of the consolidated financial statements.

The following topics are considered specifically relevant to the financial statements of the Company and are addressed in the consolidated financial statements of the Group, please refer to the following:

- Note 4.1 Financial risk management;
- Note 4.2 Capital management; and
- Note 4.8 Auditor's remuneration.

These financial statements are presented in euro (EUR), which is the Company's functional currency. All amounts have been rounded to the nearest million, unless otherwise stated.

1.2 Critical accounting estimates and judgements

There were no critical accounting estimates or judgements made in the preparation of the Company financial statements. For details of the Group please refer to note 1.2 of the consolidated financial statements.

2 Business performance

2.1 Related party transactions

The following transactions were carried out with related parties by the Company:

- Dividend income in 2023 is related to dividends received from Netflix International B.V.

Please refer to note 4.7 of the consolidated financial statements of the Group for full details of related party transactions within the Group.

2.2 General and administrative expenses

2.2.1 Average number of employees

During the year, the average number of employees calculated on a full-time-equivalent basis was nil (2022: nil). The number of employees based abroad was nil (2022: nil).

2.2.2 Key management compensation

No remuneration was paid to key management personnel through the Company during the year (2022: nil).

2.2.3 Director's remuneration

Costs relating to the remuneration and pensions of the current managing director are not presented since these can be traced to one person (exemption article 383 of the Dutch Civil Code), however no remuneration was paid to the managing director through the Company during the year (2022: nil).

2.3 Income tax expense

The Company is head of a fiscal unity for corporate income tax purposes but the income tax expense for the fiscal unity is recorded and paid out of the largest entity within the fiscal unity, Netflix International B.V. As a result the Company's income tax expense for the year is nil (2022: nil).

3 Other

3.1 Fair value estimation

The Company has no financial assets and liabilities measured at fair value except for the financial assets designated at fair value through other comprehensive income (OCI). The Company elected to classify irrevocably its non-listed equity investments under this category. No other financial assets and liabilities are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables are assumed to approximate their fair values due to the short-term maturities of these assets and liabilities. The fair values of the streaming content liabilities are not materially different from the carrying amounts.

3.2 Financial assets

The Company holds equity instruments measured at fair value through other comprehensive income which include investments in 2.5% equity shares of Netflix Streaming Services International B.V. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as of 31 December 2023 are disclosed in note 4.4 of the consolidated financial statements.

3.3 Equity

Called up share capital

The authorised share capital of the Company of EUR 100 (2022: EUR 100) is divided into 10,001 (2022: 10,001) ordinary shares, fully paid-up, with a par value of EUR 0.01 each. Of these shares 90% are voting shares, and 10% are non-voting shares.

Share premium

Netflix International Holdings B.V.

Notes to the parent company financial statements

The balance of the share premium account relates to capital contributions in subsidiaries.

Retained earnings

The management of the Company proposes to appropriate the result as follows:

The profit for the year 2023 in the amount of EUR 299 million will be added in full to the retained earnings. This proposal needs to be determined by the general meeting of shareholders.

The Company had distributed dividends amounting to EUR 302 million (2022: EUR nil) equaled to EUR 3,021,379 per share (2022: EUR nil), EUR 300 million was distributed in cash (2022: EUR nil)

Bridge from the Company to the Group consolidated financial statements

	2023	2022
The Company	221	221
Accumulated result of subsidiaries	6,563	6,451
Cumulative dividends from Netflix International B.V.	(5,777)	(5,478)
Translation reserve	(5)	(35)
The Group	1,002	1,159

3.4 Subsidiaries

Investment in subsidiaries is at cost. Detail of the movement in subsidiaries is detailed below:

	2023	2022
Opening book value as at 1 January	148	144
Additions	80	4
Disposals	(2)	—
Reclassifications	(12)	—
Closing book value as at 31 December	214	148

The Company holds 100% of the direct interest in Netflix International B.V., Netflix Philippines Inc, 99% in PT Netflix Services Indonesia and 2.5% in Netflix Streaming Services International B.V.

Additions during the year represent additional investments in Netflix International B.V., Netflix Philippines Inc and Netflix Streaming Services International B.V. Disposal during the year represent transfer of investment in Netflix Services Poland sp. z o.o. Reclassifications during the year represent recognition of financial asset through OCI following the change in ownership of Netflix Streaming Services International B.V.

Please refer to note 4.6 of the Group consolidated financial statements for full detail of the entities controlled by the Company through both direct and indirect interest.

3.5 Commitments and contingencies

Tax group liability (the Netherlands)

For corporate income tax purposes, the Company, Netflix International B.V., Netflix Services Holdings B.V. and Netflix CPX International B.V. are a fiscal unity. Pursuant to the Collection of State Taxes Act, the companies are all severally and jointly liable for taxation payable by the combination.

For value-added tax purposes, the Company, Netflix International B.V., Netflix CPX International B.V., and Netflix Streaming Services International B.V. are a fiscal unity. Pursuant to the Collection of State Taxes Act, the companies are all severally and jointly liable for the value-added tax payable by the combination.

3.6 Events after the reporting period

Netflix International Holdings B.V.

Notes to the parent company financial statements

There were no events that occurred that were specific to the Company, please refer to note 4.11 of the Group consolidated financial statements for full detail of subsequent events.

Netflix International Holdings B.V.

Authorisation of the parent company financial statements

Amsterdam, 15 April 2024

Netflix International Holdings B.V.

Director,

R.M. Zimmermann

Netflix International Holdings B.V.

Other information

Other information

Provision in the Articles of Association relating to profit appropriation

In accordance with Article 23 of the Group's Articles of Association, the profit for the year will be at the disposal of the general meeting.

Independent auditor's report

We refer to the following page.

Independent auditor's report

To: the shareholder of Netflix International Holdings B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2023 of Netflix International Holdings B.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Netflix International Holdings B.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The consolidated and company statement of financial position as at 31 December 2023
- ▶ The following statements for 2023: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows
- ▶ The notes comprising material accounting policy information and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Netflix International Holdings B.V. (the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how oversight is exercised, as well as the outcomes. We refer to section Risks related to our business of the director's report for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct and whistleblower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 1.2 Critical accounting estimates and judgements to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We evaluated among other things the occurrence of the company's subscription revenue from integrated pay and bundles. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

We considered available information and made enquiries of relevant executives, directors and legal directors.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern in Note 1.1.2 Going concern assumption to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit included among others:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 15 April 2024

Ernst & Young Accountants LLP

signed by D.K. Noort