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Netflix 2025 Financial Report

Netflix is a leading global streaming service that offers TV shows, movies, games, and live programming across a wide range of genres and languages (Netflix, 2026). The company operates on a subscription-based model with over 325 million paid memberships worldwide (Reuters, 2026). Over the past decade, Netflix has reshaped the entertainment industry by introducing on-demand streaming and shifting consumers from traditional cable and movie rentals, while also continuing to invest in original content. As of 2025, the company generated $45.18 billion in revenue, reinforcing its position as a global entertainment leader (Netflix, 2026). This report seeks to analyse Netflix's financial performance and how effectively the company communicates it to its stakeholders and the media.

In fiscal year 2025, Netflix reported an annual revenue of $45.18 billion and net income of $10.98 billion (Netflix, 2026). Compared to 2024 revenue of $39 billion and a net income of $8.71 billion, this represents a growth of approximately 16% in revenue and almost 26% in net income year-over-year (Netflix, 2026) These numbers surpass expectations when taking into account Netflix's position in a highly competitive market (streaming and entertainment) and demonstrates continued consumer demand and pricing power over competitors. From the perspective of a potential investor or current shareholder, Netflix's financial performance could be considered worth the investment in the long run, as revenue growth indicates demand and rising net income reflects the company's ability to turn sales into profit, which therefore increases shareholder value.

In the 2025 fiscal year, Netflix also reported earnings per share (EPS) of $2.53 (Netflix, 2026). Using the year-end stock price of $93.76, the company's price-to-earnings (P/E) ratio is 37. This being more than double the historical average P/E ratio of 16 shows that investors are willing to pay a premium for Netflix's earnings. A P/E ratio of 37 also suggests that the market expects stronger growth and performance from the company. However, a significantly high valuation also reflects even higher expectations and greater resentment to risk. Based on

Netflix's strong revenue and net income growth, the company looks financially healthy and promising for future success, which is attractive to investors. Nonetheless, because of its high P/E ratio, investors looking for a long-term investment would be better suited than those looking for a short-term investment.

Another key insight that is currently influencing investor perception is Netflix's pending acquisition of Warner Bros. Discovery. The agreement revolves around a transaction of approximately $82.7 billion, and it is structured as an all-cash deal at $27.75 per share, making it one of the largest media transactions in recent years (Netflix, 2026). Through official press releases, Netflix frames this acquisition as a superior proposal that will bring value, certainty, and long-term growth to the company (Netflix, 2026). However, news outlets continue to emphasize that the bidding and financing process of this transaction can contribute to stock volatility, noting how Netflix's stock price declined despite its strong financial results (Simonetti, 2026; Reuters, 2026). Even though this acquisition is not the main focus of this analysis, it provides important context for understanding my recommendation to invest in Netflix with a cautious, long-term mindset rather than an aggressive, short-term approach, which would be recommended if looking only at the financial results.

Looking at management's communication regarding their 2025 financial earnings, Netflix sounds confident and eager about the company's future. In their January 2026 shareholder letter, leadership emphasized how the company "met or exceeded all of our financial objectives" for 2025 and highlighted its revenue and net income growth (Netflix, 2026). This letter clearly and repeatedly focuses on the company's growth, momentum, and expansion, highlighting its membership growth and increasing advertising revenue. Management also framed 2026 as a year for expansion, including the Warner Bros. Discovery deal, future project developments, and their newest venture: live programming (Netflix, 2026). The overall tone of the letter is optimistic and strategic, as it focuses on reinforcing stability and highlighting the company's long-term opportunities, helping minimize potential risk concerns and uncertainty, and promoting confidence among investors.

Analyzing this same letter, it is obvious that the most addressed stakeholders are Netflix's investors. The shareholder letter gives a detailed report of the company's finances, which is key to this group (Netflix, 2026). The language used in the letter also continues to emphasize financial performance, expansion, and long-term shareholder value. Meanwhile, customers are

mostly addressed as a target in terms of engagement, content variety, inclusion, and project innovation. The letter highlights Netflix's 325 million paid memberships and its continued investment in series, movies, and live programs (Netflix, 2026). However, all of this is framed as a business target rather than a direct message to its consumers. And lastly, employees were the least addressed in this same letter. While it references expanding Netflix's production capacity and its investment in original content, it does not directly address workforce initiatives, job creation, or work culture. As a result, the communication is clearly investor-focused, with financial performance positioned as the main priority.

In contrast to management's communication, media coverage of Netflix's 2025 earnings offers a more cautious interpretation, largely clouded by Netflix's acquisition of Warner Bros. Discovery. Reuters coverage emphasizes that even though the company beat revenue expectations, noting that it was just slightly above expected, its shares declined due to the bidding war for Warner Bros (Reuters, 2026). The Wall Street Journal also highlighted revenue and profit growth but raised concerns about uncertainty surrounding the Warner Bros. acquisition (Simonetti, 2026). CNBC coverage focused on the competitive pressures of the entertainment industry and the risks of short-term stock volatility (Rizzo, 2026). The coverage of Netflix's financial reports shows a clear difference between management and media communication. Despite Netflix's optimistic and confident framing, journalists shared a perspective focused on risk, volatility, and strategic uncertainty that is not emphasized by the company, and clearly constructed around acquisition-related concerns that overshadow Netflix's strong financial performance.

In conclusion, Netflix had strong financial results in the 2025 fiscal year, demonstrating significant year-over-year growth. From an investor perspective, the company's performance could be considered satisfactory and above expectations, given the competitive streaming and entertainment environment. However, Netflix's high P/E ratio reflects high expectations for the company and an increased valuation sensitivity that can be affected by the massive Warner Bros. Discovery acquisition. With this in mind, management's communication strategy, which focused on strength, certainty, and shareholder value, helps to ease the effects of ongoing media coverage that highlights stock volatility and strategic risks. All of this together clearly demonstrates how financial performance and corporate communication equally impact and shape investor perception of a global company.

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