



Key Facts

Business address: **Los Gatos, California, United States**  
 Industry: **Data Processing, Hosting, and Related Services** (NAICS 518210)  
 SEC filer status: **Large Accelerated Filer** as of Dec 2020  
 Index member: **S&P 500, Russell 1000**  
 Market Cap: **\$243b** as of Feb 18, 2021  
 Annual revenue: **\$25b** as of Dec 31, 2020

Corporate Governance

CEO: **Reed Hastings** since 1998  
 CFO: **Spencer Neumann** since 2019 1st level

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Board Chairman: **Reed Hastings** since 1997  
 Audit Committee Chair: **Ann Mather** 2nd level

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Auditor: **Ernst & Young LLP** since 2012  
 Outside Counsel (most recent): **Skadden Arps Slate Meagher & Flom LLP** 3rd level

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SEC Reviewer: **(unknown)** 4th level

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Information in this report is effective Feb 19, 2021 and is taken from the company's public financial and regulatory filings. Latest filing 10-K filed 01/28/2021. Over 75 accounting and data analysts scrutinize and review crucial information, footnotes, disclosures, etc., from these filings. Material facts are captured and processed using our proprietary methods which identify key risk factors our readers need to know. Each Watchdog Report represents 30 or more hours of analysis and processing.

Accounting and financial disclosure data from [Audit Analytics](#).  
 Executive compensation data from [Shore Group and Intrinio](#).  
 Data from [Sharadar](#).  
[Data from Barchart via Quandl](#).  
[Data from Exchange Data International via Quandl](#).

Feb 19, 2021 Jan 1, 2020 Jan 1, 2016

RECENT PERIOD HISTORICAL PERIOD

10-K filed on Jan 28, 2021 for period ending Dec 2020

Reporting Irregularities

RECENT		HISTORICAL
✓	Financial Restatements	✓
✓	Revisions	✓
✓	Out of Period Adjustments	✓
✓	Late Filings	✓
✓	Impairments	✓
✓	Changes in Accounting Estimates	!
!	Disclosure Controls	✓
✓	Internal Controls	✓
!	Critical / Key Audit Matters	✓

Anomalies in the Numbers

RECENT		HISTORICAL
✓	Benford's Law	✓
—	Beneish M-Score	—
✓	Accounting Disclosure Complexity	!

Securities & Exchange Commission Concerns

RECENT		HISTORICAL
✓	SEC Oversight	✓
!	SEC Letters to Management	!
✓	Revenue Recognition	!
✓	Non-GAAP Measures	✓

Litigation & External Pressures

RECENT		HISTORICAL
!	Significant Litigation	!
✓	Class Actions	!
✓	Securities Law	!
✓	Shareholder Activism	✓
✓	Cybersecurity	✓

Management Review

RECENT		HISTORICAL
✓	CEO Changes	✓
✓	CFO Changes	!
!	Insider Sales	✓
✓	Mergers & Acquisitions	✓
✓	Sales of Assets	✓

Auditor Assessment

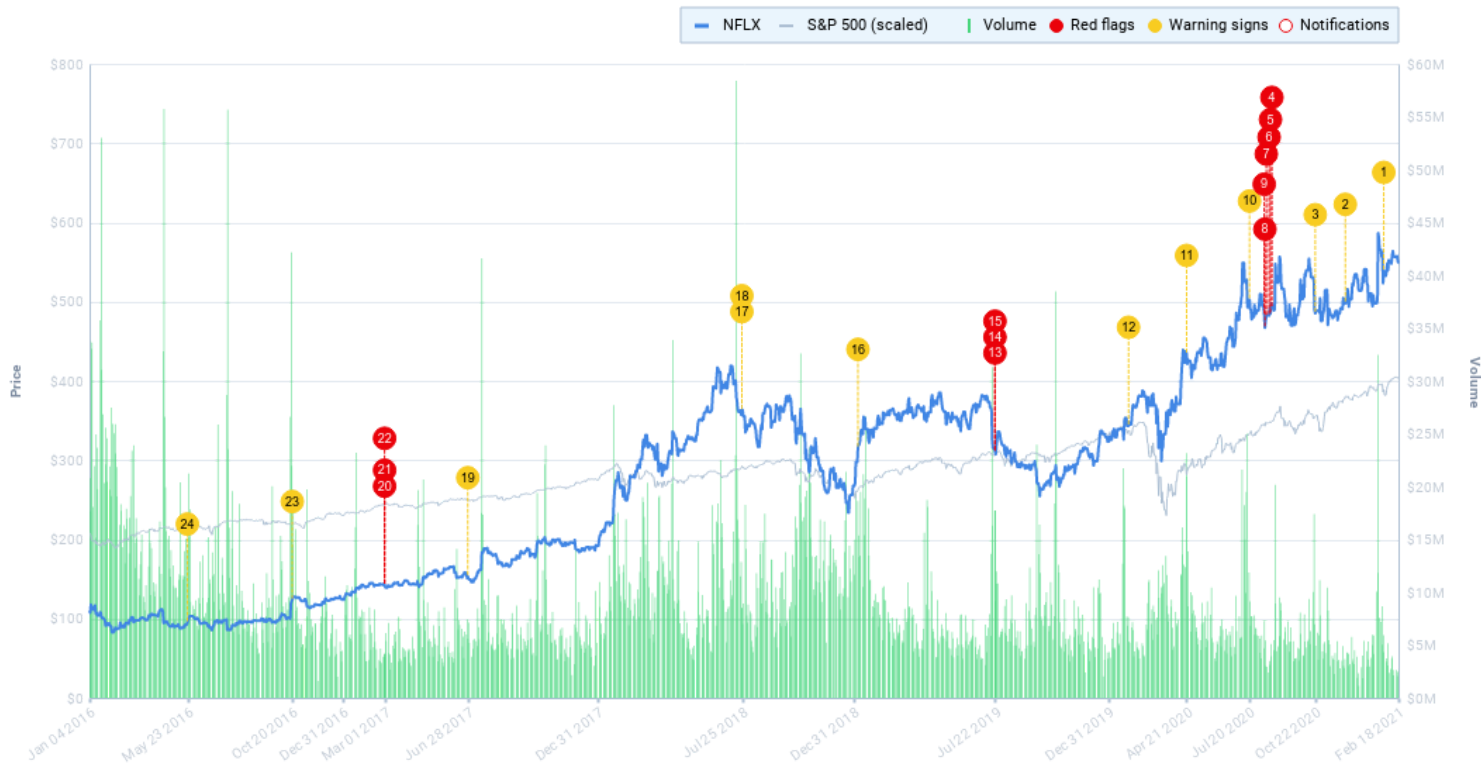
RECENT		HISTORICAL
✓	Auditor Changes	✓
✓	Auditor Experience	✓
✓	Auditor Tenure	✓
!	Audit Fees	!
!	Non-Audit Fees	!



## Overview

### Price and Volume History

This graph shows the price and trading history for Netflix. Warning signs and red flags are marked on the graph according to their disclosure dates.



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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>1 Jan 28, 2021 - Critical / Key Audit Matters</li> <li>2 Dec 4, 2020 - Lawsuit: Activision Blizzard Inc v. Netflix Inc</li> <li>3 Oct 22, 2020 - Disclosure Controls</li> <li>4 Aug 21, 2020 - Insider Sale</li> <li>5 Aug 19, 2020 - Insider Sale</li> <li>6 Aug 17, 2020 - Insider Sale</li> <li>7 Aug 13, 2020 - Insider Sale</li> <li>8 Aug 11, 2020 - Insider Sale</li> <li>9 Aug 10, 2020 - Insider Sale</li> <li>10 Jul 20, 2020 - Disclosure Controls</li> <li>11 Apr 21, 2020 - Disclosure Controls</li> <li>12 Jan 29, 2020 - Critical / Key Audit Matters</li> </ul> | <ul style="list-style-type: none"> <li>13 Jul 22, 2019 - Lawsuit: Wallerstein v. Netflix Inc et al</li> <li>14 Jul 22, 2019 - Class Actions Lawsuit: Wallerstein v. Netflix Inc et al</li> <li>15 Jul 22, 2019 - Securities Law Lawsuit: Wallerstein v. Netflix Inc et al</li> <li>16 Jan 7, 2019 - Change in CFO</li> <li>17 Jul 25, 2018 - SEC letters to management</li> <li>18 Jul 25, 2018 - Revenue Recognition</li> <li>19 Jun 28, 2017 - SEC letters to management</li> <li>20 Mar 1, 2017 - Lawsuit: Ziolkowski v. Netflix Inc et al</li> <li>21 Mar 1, 2017 - Class Actions Lawsuit: Ziolkowski v. Netflix Inc et al</li> <li>22 Mar 1, 2017 - Securities Law Lawsuit: Ziolkowski v. Netflix Inc et al</li> <li>23 Oct 20, 2016 - Change in Accounting Estimates</li> <li>24 May 23, 2016 - SEC letters to management</li> </ul> |
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## Notifications

Important notifications related to the company are listed here. Notifications may come from the SEC, exchanges such as the NYSE or NASDAQ, or Watchdog Research. Examples of notifications include announcements of bankruptcy proceedings, company name changes, and noncompliance with SEC regulations or exchange rules.

**There are no notifications for Netflix at least since 2016.**

## Peer Group

Peer groups are used by companies to benchmark executive compensation and performance. Each company identifies its own peer group. Peer groups vary from company to company.

### Peer Group

Company	Ticker	Market Cap
Microsoft Corp.	MSFT	\$1,840b
Paypal Holdings, Inc.	PYPL	\$341b
The Walt Disney Company	DIS	\$332b
Netflix Inc.	NFLX	\$243b
Adobe Inc.	ADBE	\$236b
Comcast Corp.	CMCSA	\$236b
Salesforce Com Inc.	CRM	\$221b
Oracle Corp.	ORCL	\$179b
Charter Communications, Inc.	CHTR	\$119b
Intuit Inc.	INTU	\$109b

### Companies Who Named Netflix as a Peer

Company	Ticker	Market Cap
Apple Inc.	AAPL	\$2,180b
Alphabet Inc.	GOOG	\$1,420b
Facebook Inc.	FB	\$767b
Paypal Holdings, Inc.	PYPL	\$341b
The Walt Disney Company	DIS	\$332b
Netflix Inc.	NFLX	\$243b
Adobe Inc.	ADBE	\$236b
Comcast Corp.	CMCSA	\$236b
Salesforce Com Inc.	CRM	\$221b
AT&T Inc.	T	\$208b



## Peer Flag Comparison

The return to a company's stock is not the only measure of executive performance. Ethics matter, and growth can quickly reverse and gains evaporate if a company's accounting and financial reporting processes are not fundamentally sound and trustworthy. How does Netflix's accounting quality compare to its peer group?

	NFLX	PEERGROUP FLAGS		
<b>Reporting Irregularities</b>				
Financial Restatements	✓	9		
Revisions	✓	9		
Out of Period Adjustments	✓	9		
Impairments	✓	4	5	
Changes in Accounting Estimates	!	6	3	
Disclosure Controls	!	1	8	
Internal Controls	✓	9		
Critical / Key Audit Matters	!		5	4
<b>Anomalies in the Numbers</b>				
Benford's Law	✓	6		3
Beneish M-Score	⊖	7		
Accounting Disclosure Complexity	!	3	6	
<b>Securities &amp; Exchange Commission Concerns</b>				
SEC Oversight	✓	9		
SEC Letters to Management	!		5	4
Revenue Recognition	!	5	4	
Non-GAAP Measures	✓	9		

	NFLX	PEERGROUP FLAGS		
<b>Litigation &amp; External Pressures</b>				
Significant Litigation	!		3	6
Class Actions	!	4		5
Securities Law	!	3		6
Shareholder Activism	✓	8	1	
Cybersecurity	✓	1	8	
<b>Management Review</b>				
CEO Changes	✓	5	3	1
CFO Changes	!	6	3	
Insider Sales	!	1	2	6
Mergers & Acquisitions	✓	1	5	3
Sales of Assets	✓	9		
<b>Auditor Assessment</b>				
Auditor Changes	✓	9		
Auditor Experience	✓	9		
Auditor Tenure	✓	4	5	
Audit Fees	!	4	5	
Non-Audit Fees	!	9		



## About Watchdog Research, Inc.

Watchdog Research, Inc. is an independent research provider and publisher of Watchdog Reports. Watchdog Reports identify red flags, issues, and other anomalies in financial reporting. Our reports contain warning signs, red flags, material disclosures, and peer analysis for use in valuation, risk analysis, due diligence research, and idea generation.

Watchdog Reports are designed to assist investment professionals fulfill their fiduciary or suitability obligations and to help investors, executives, board members, regulators and educators learn what they need to know about publicly traded companies.

The company is headquartered in Ave Maria, FL. Watchdog Research, Inc. utilizes over 75 specialists and analysts to provide accurate and timely information to our readers.

### Our management team is:

**CEO: Brian Lawe.** Brian has been part of the corporate staff at The New York Times Company and IBM. He has created and operated several technology companies including MyStoreCredit, OnPage Ideas and HelloCampus. He holds an MBA from Harvard Business School and a BBA from Texas Christian University. He and his wife have four children and live in the Naples, FL area.

**CTO: Radu Cugut.** Radu has led the award-winning technology team that developed the Watchdog Report and services. He, his wife and son split their time between his home in Ave Maria, FL and his home in Timisoara, Romania where he oversees five talented development professionals. Radu has a bachelors in Computer Science and a masters in Banking and Financial Information Systems, both from the West University of Timisoara.

**Chief Content Officer: Joseph Burke, Ph.D.** is responsible for the content development, analysis, and quality control for the Watchdog Report. Joseph worked previously as a professor of economics at Ave Maria University. He received his Ph.D. from the University of Wisconsin-Madison and resides with his family in the Naples area.

**Director of Research: John Cheffers.** John is responsible for writing our blogs and for our press relationships. He received his bachelors from Washington University in St. Louis, and has worked for Audit Analytics and Ave Maria University. He graduated Ave Maria University School of Law where his research was selected for publication in the Law Review. He currently lives in Pennsylvania with his wife and two children.



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