

Netflix International Holdings B.V.
Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 31 December
(In million EUR)

	Note	2020	2019
Revenue	2.1	12,545	9,468
Cost of revenue	2.2	(10,541)	(7,555)
Gross profit		2,004	1,913
Marketing expenses		(1,001)	(1,210)
General and administrative expenses	2.3	(482)	(411)
Operating profit		521	292
Finance income		4	10
Finance costs		(153)	(36)
Finance income/(costs)		(149)	(26)
Profit before income tax		372	266
Income tax expense	2.4	(96)	(92)
Profit for the year		276	174
Other comprehensive income for the year			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		(34)	2
Total other comprehensive income for the year		(34)	2
Total comprehensive income for the year (attributable to the owner)		242	176

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

Netflix International Holdings B.V.

Notes to the consolidated financial statements

and marketing efforts. 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. Changes in our estimates could have a significant impact on our future results.

ii. Recharges Netflix Group companies

The Group acts as a reseller / distributor on behalf of Netflix, Inc. through a licence agreement. The Group is the contracting party with members and has exposure to (part of) the risks and rewards associated with providing these services. The operating margin is dependent on the transfer pricing agreed with Netflix, Inc. 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

	2020	2019
Employee benefits	323	266
Lease expenses	38	24
Depreciation and amortisation	26	17
Travel expenses	5	28
Technology and development expenses	3	3
Other expenses	87	73
	482	411

2.3.1 Employee benefits

	2020	2019
Salaries and wages	266	218
Stock-based compensation	23	20
Social security contributions	19	14
Pension contributions (DC)	10	6
Other personnel expenses	5	8
	323	266

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 1,300 (2019: 1,071). The number of employees based abroad was 838 (2019: 597).

These employees were in the following functional areas:

	2020	2019
Marketing, public relations and business development	498	442
General and administrative	299	209
Content-related	74	44
Other	429	376
	1,300	1,071

2.3.3 Share based payments