Risk Factors Comparison 2024-01-26 to 2023-01-26 Form: 10-K

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If any of the following risks actually occur, our business, financial condition and results of operations could be harmed. In that case, the trading price of our common stock could decline, and you could lose all or part of your investment. Risks Related to Our Business If our efforts to attract and retain members are not successful, our business will be adversely affected. We must continually add new members both to replace canceled memberships and to grow our business beyond our current membership base. Our penetration and growth rates have fluctuated and vary across the jurisdictions where we provide our service. In countries where we have been operating for many years or where we are highly penetrated, our membership growth is slower than in newer or less penetrated countries. Our ability to continue to attract and retain members will depend in part on our ability to consistently provide our members in countries around the globe with compelling content choices that keep our members engaged with our service, effectively drive conversation around our content and service, as well as provide a quality experience for choosing and enjoying TV series, films and games. Furthermore, the relative service levels, content offerings, pricing and related features of competitors to our service may adversely impact our ability to attract and retain members. Competitors include other entertainment video providers, such as linear television, and streaming entertainment providers (including those that provide pirated content), video gaming providers, as well as user- generated content, and more broadly other sources of entertainment that our members could choose in their moments of free time. Members cancel our service for many reasons, including a perception that they do not use the service sufficiently, that they need to cut household expenses, dissatisfaction with content, a preference for competitive services and customer service issues that they believe are not satisfactorily resolved. Membership growth is also impacted by seasonality, with the fourth quarter historically representing our greatest growth, as well as the timing of our content release schedules. Adverse macroeconomic conditions, including inflation, may also adversely impact our ability to attract and retain members. If we do not grow as expected, given, in particular, that our content costs are largely fixed in nature, we may not be able to adjust our expenditures or increase our (per membership) revenues, including by adjusting membership pricing, commensurate with the lowered growth rate such that our margins, liquidity and results of operations may be adversely impacted. If we are unable to successfully compete with current and new competitors in providing compelling content, retaining our existing members and attracting new members, our business will be adversely affected. If we do not continuously provide value to our members, including making improvements to our service in a manner that is favorably received by them, our revenue, results of operations and business will be adversely affected. If consumers do not perceive our service offering to be of value, including if we introduce new or adjust existing features, adjust pricing or service offerings, or change the mix of content in a manner that is not favorably received by them, we may not be able to attract and retain members, and accordingly, our revenue, including revenue per paying membership, and results of operations may be adversely affected. We have recently expanded our entertainment video offering to include games. If our efforts to develop and offer games are not valued by our current and future members, our ability to attract and retain members may be negatively impacted. We may **also seek to extend our business into new products and services to help drive growth. For example, we are expanding our offering of consumer products and live experiences. To the extent we cannot successfully find and develop new products and services to help drive growth, our future results of operations and growth may be adversely impacted. We have and may** , from time to time, adjust our membership pricing, our membership plans, or our pricing model itself. For example, we ~~recently~~ introduced a new, lower- priced ad- supported subscription plan. Similarly, we have increased **enforcement of** and ~~anticipate~~ **will** ~~continuing~~ **continue** to ~~increase~~ **enforce** our ~~efforts~~ **terms of use** to limit multi- household usage and ~~to otherwise enforce our terms of use relative to~~ shared viewing outside **of** a household. These and other adjustments we make may not be well- received by consumers, and could negatively impact our ability to attract and retain members, revenues per paying membership, revenue and our results of operations. In addition, many of our members rejoin our service or originate from word- of- mouth advertising from existing members. If our efforts to satisfy our existing members or adjustments to our service are not successful, we may not be able to attract or retain members, and as a result, our ability to maintain and / or grow our business will be adversely affected. Changes in competitive offerings for entertainment video could adversely impact our business. The market for entertainment is intensely competitive and subject to rapid change. Through new and existing distribution channels, consumers have increasing options to access entertainment video. The various economic models underlying these channels include subscription, transactional, ad- supported and piracy- based models. All of these have the potential to capture meaningful segments of the entertainment video market. Traditional providers of entertainment video, including broadcasters and cable network operators, as well as internet based e- commerce or entertainment video providers are increasing their streaming video offerings. Several of these competitors have long operating histories, large customer bases, strong brand recognition, exclusive rights to certain content, large content libraries, and significant financial, marketing and other resources. They may offer more compelling content or secure better terms from suppliers, adopt more aggressive pricing and devote more resources to product development, technology, infrastructure, content acquisitions and marketing. New entrants may enter the market or existing providers may adjust their services with unique offerings or approaches to providing entertainment video. **In addition, new technological developments, including the development and use of generative artificial intelligence, are rapidly evolving. If our competitors gain an advantage by using such technologies, our ability to compete effectively and our results of operations could be adversely impacted.** Companies also may enter into business combinations or alliances that strengthen their competitive positions. Piracy also threatens to damage our business, as its fundamental proposition to consumers is so compelling and difficult to compete against: virtually all content for free **. In** ~~, and in~~ light of the compelling consumer proposition, piracy services are subject to rapid global growth **, and our efforts to prevent that growth may be insufficient** . If we are unable to successfully or profitably compete with current and new competitors, our business will be adversely affected, and we may not be able to increase or maintain market share, revenues or profitability. We face risks, such as unforeseen costs and potential liability in connection with content we acquire, produce, license and / or distribute through our service. As a producer and distributor of content, we face potential liability for negligence, copyright and trademark infringement, or other claims based on the nature and content of materials that we acquire, produce, license and / or distribute. We also may face potential liability for content used in promoting our service, including marketing materials. We devote significant resources toward the development, production, marketing and distribution of original programming, including TV series, documentaries, feature films and ~~mobile~~ games. We believe that original and exclusive programming can help differentiate our service from other offerings, enhance our brand and otherwise attract and retain members. To the extent our programming does not meet our expectations, in particular, in terms of costs, viewing and popularity, our business, including our brand and results of operations may be adversely impacted. As a content producer, we are responsible for production costs and other expenses, such as ongoing guild payments, and take on risks associated with production, such as completion and key talent risk ~~, which have been heightened during the COVID- 19 pandemic~~ . Further, negotiations or renewals related to entertainment industry collective bargaining agreements **have, and in the future,** could negatively impact timing and costs associated with our productions. We contract with third parties related to the development, production, marketing and distribution of our original programming. We may face potential liability or may suffer significant losses in connection with these arrangements, including but not limited to if such third parties violate applicable law, become insolvent or engage in fraudulent behavior. To the extent we create and sell physical or digital merchandise relating to our programming, and / or license such rights to third parties, we could become subject to product liability, intellectual property or other claims related to such merchandise. We may decide to remove content from our service, not to place licensed or produced content on our service or discontinue or alter production of original content if we believe such content might not be well received by our members, **is prohibited by law,** or could be damaging to our brand or business. To the extent we do not accurately anticipate costs or mitigate risks, including for content that we obtain but ultimately does not appear on or is removed from our service, or if we become liable for content we acquire, produce, license and / or distribute, our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability or unforeseen production risks could harm our results of operations. We may not be indemnified against claims or costs of these types and we may not have insurance coverage for these types of claims. If we are not able to manage change and growth, our business could be adversely affected. We are expanding our operations internationally, scaling our streaming service to effectively and reliably handle anticipated growth in both members and features related to our services, such as introducing games and advertising on our service **, as well as offering live programming and expanding our consumer products and experiences** . We are also scaling our own studio operations to produce original content, including through acquisitions such as Scanline and Animal Logic. As our international offering evolves, we are managing and adjusting our business to address varied content offerings, consumer customs and practices, in particular those dealing with e- commerce and streaming video, as well as differing legal and regulatory environments. As we scale our streaming service and introduce new features such as our new ad-supported subscription plan, we are developing technology and utilizing third- party “ cloud ” computing, technology and other services. As we scale our content production, including games, and introduce new features **, such as live programming and expand our consumer products and experience offerings** , we are building out expertise in a number of disciplines, including creative, marketing, legal, finance, licensing, merchandising and other resources, which requires significant resources and management attention. Further, we may expand our content and service offerings in a manner that is not well received by consumers. As we grow our operations, we may face integration and operational challenges as well as potential unknown liabilities and reputational concerns in connection with partners we work with or companies we may acquire or control. If we are not able to manage the growing complexity of our business, including improving, refining or revising our corporate culture, as well as our systems and operational practices related to our streaming operations and original content, our business may be adversely affected. If we fail to maintain a positive reputation concerning our service and the content we offer, we may not be able to attract or retain members, we may face regulatory scrutiny and our operating results may be adversely affected. We believe that a positive reputation concerning our service is important in attracting and retaining members. To the extent our content, in particular, our original programming, is perceived as low quality, offensive or otherwise not compelling to consumers, our ability to establish and maintain a positive reputation may be adversely impacted. To the extent our content is deemed controversial or offensive by government regulators, we may face direct or indirect retaliatory action or behavior, including being required to remove such content from our service, our entire service could be banned and / or become subject to heightened regulatory scrutiny across our business and operations. We could also face boycotts which could adversely affect our business. Furthermore, to the extent our response to government action or our marketing, customer service and public relations efforts are not effective or result in negative reaction, our ability to establish and maintain a positive reputation may likewise be adversely impacted. There is an increasing focus from regulators, investors, members and other stakeholders on environmental, social, and governance (“ ESG ”) matters, both in the United States and internationally **, including the adoption of new disclosure and regulatory frameworks** . To the extent the content we distribute and the manner in which we produce content creates ESG related concerns, our reputation may be harmed. Our business could be adversely impacted by costs and challenges associated with strategic acquisitions and investments. From time to time, we acquire or invest in businesses, content, and technologies that support our business. The risks associated with such acquisitions or investments (some of which may be unforeseen) include the difficulty of integrating solutions, operations, and personnel; inheriting liabilities and exposure to litigation; failure to realize anticipated benefits and expected synergies; and diversion of management’ s time and attention, among other acquisition- related risks. We may not be successful in overcoming such risks, and such acquisitions and investments may negatively impact our business. In addition, if we do not complete an announced acquisition transaction or integrate an acquired business successfully and in a timely manner, we may not realize the benefits of the acquisition to the extent anticipated. Acquisitions and investments may contribute to fluctuations in our quarterly financial results. These fluctuations could arise from transaction- related costs and charges associated with eliminating redundant expenses or write- offs of impaired assets recorded in connection with acquisitions and investments, and could negatively impact our financial results. We rely upon a number of partners to make our service available on their devices. We currently offer members the ability to receive streaming content through a host of internet- connected devices, including TVs, digital video players, TV set- top boxes and mobile devices. We have agreements with various cable, satellite and telecommunications operators to make our service available through the TV set- top boxes of these service providers, some of which compete directly with us or have investments in competing streaming content providers. In many instances, our agreements also include provisions by which the partner bills consumers directly for the Netflix service or otherwise offers services or products in connection with offering our service. If partners or other providers do a better job of connecting consumers with content they want to watch, for example through multi-service discovery interfaces, our service may be adversely impacted. We intend to continue to broaden our relationships with existing partners and to increase our capability to stream TV series and films **and offer games** to other platforms and partners over time. If we are not successful in maintaining existing and creating new relationships, or if we encounter technological, content licensing, regulatory, business or other impediments to delivering our streaming content to our members via these devices, our ability to retain members and grow our business could be adversely impacted. Our agreements with our partners are typically between one and three years in duration and our business could be adversely affected if, upon expiration, a number of our partners do not continue to provide access to our service or are unwilling to do so on terms acceptable to us, which terms may include the degree of accessibility and prominence of our service. Furthermore, devices are manufactured and sold by entities other than Netflix and while these entities should be responsible for the devices' performance, the connection between these devices and our service may nonetheless result in consumer dissatisfaction toward us and such dissatisfaction could result in claims against us or otherwise adversely impact our business. In addition, technology changes to our streaming functionality may require that partners update their devices, or may lead to us to stop supporting the delivery of our service on certain legacy devices. If partners do not update or otherwise modify their devices, or if we discontinue support for certain devices, our service and our members' use and enjoyment could be negatively impacted. We are subject to payment processing risk. Our members pay for our service using a variety of different payment methods, including credit and debit cards, gift cards, prepaid cards, direct debit, online wallets and direct carrier and partner billing. We rely on internal systems and those of third parties to process payment. Acceptance and processing of these payment methods are subject to certain rules, regulations, and industry standards, including data storage requirements, additional authentication requirements for certain payment methods, and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re- issuances of payment cards, delays in receiving payments from payment processors, changes to rules, regulations or industry standards concerning payments, loss of payment partners and / or disruptions or failures in our payment processing systems, partner systems or payment products, including products we use to update payment information, our revenue, operating expenses and results of operations could be adversely impacted. In certain instances, we leverage third parties such as our cable and other partners to bill subscribers on our behalf. If these third parties become unwilling or unable to continue processing payments on our behalf, we would have to transition subscribers or otherwise find alternative methods of collecting payments, which could adversely impact member acquisition and retention. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operations and if not adequately controlled and managed could create negative consumer perceptions of our service. If we are unable to maintain our fraud and chargeback rate at acceptable levels, card networks may impose fines, our card approval rate may be impacted and we may be subject to additional card authentication requirements. The termination of our ability to process payments on any major payment method would significantly impair our ability to operate our business. If government regulations relating to the internet or other areas of our business change, we may need to alter the manner in which we conduct our business, or incur greater operating expenses. The adoption or modification of laws or regulations relating to the internet or other areas of our business could limit or otherwise adversely affect the manner in which we currently conduct our business. As our service and others like us gain traction in international markets, governments are increasingly looking to introduce new or extend legacy regulations to these services, in particular those related to broadcast media and tax. For example, European law enables individual member states to impose levies and other financial obligations on media operators located outside their jurisdiction. Several jurisdictions have and others may, over time, impose financial and regulatory obligations on us. In addition, the continued growth and development of the market for online commerce may lead to more stringent consumer protection laws, which may impose additional burdens on us. If we are required to comply with new regulations or legislation or new interpretations of existing regulations or legislation, this compliance could cause us to incur additional expenses or alter our business model. Changes in laws or regulations that adversely affect the growth, popularity or use of the internet, including laws impacting net neutrality or requiring payment of network access fees, could decrease the demand for our service and increase our cost of doing business. Certain laws intended to prevent network operators from discriminating against the legal traffic that traverse their networks have been implemented in many countries, including across the European Union. In others, the laws may be nascent or non- existent. Furthermore, favorable laws may change, including for example, in the United States where net neutrality regulations were repealed. Given uncertainty around these rules, including changing interpretations, amendments or repeal, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti- competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business. We are engaged in legal proceedings that could cause us to incur unforeseen expenses and could occupy a significant amount of our management' s time and attention. From time to time, we are subject to litigation or claims that could negatively affect our business operations and financial position. As we have grown, we have seen a rise in the number of litigation matters against us. These matters have included copyright and other claims related to our content, patent infringement claims, tax litigation, employment related litigation, as well as consumer and securities class actions, each of which are typically expensive to defend. Litigation disputes could cause us to incur unforeseen expenses, result in content unavailability, service disruptions, and otherwise occupy a significant amount of our management' s time and attention, any of which could negatively affect our business operations and financial position. We also ~~, from time to time,~~ receive inquiries and subpoenas and other types of information requests from government authorities, and we may become subject to related claims and other actions related to our business activities. While the ultimate outcome of investigations, inquiries, information requests and related legal proceedings is difficult to predict, such matters can be expensive, time- consuming and distracting, and adverse resolutions or settlements of those matters may result in, among other things, modification of our business practices, reputational harm or costs and significant payments, any of which could negatively affect our business operations and financial position. Our **advertising** ~~ad- supported plan~~ offering is new and subject to various risks and uncertainties, which may adversely affect our business ~~. We began offering an ad- supported subscription plan that generates revenue partially from digital advertising on our service~~ . We have limited experience and operating history offering advertising on our service, and our advertising revenue may not grow as we expect. Our ~~ad- supported plan offering and our~~ ability to generate advertising revenue ~~are~~ **is** subject to various risks and will depend on a number of factors, including: • our ability to attract and retain advertisers; • fluctuations in memberships, including those selecting the ad- supported subscription plan, and member engagement; • the quantity or quality of ads shown to our members; • our ability to compete effectively for advertising spend; • the impact of seasonal, cyclical or other shifts in advertising spend, including the impact of macroeconomic conditions; • the availability, accuracy, utility, and security of analytics and measurement solutions offered by us or third parties that demonstrate the value of our ads to marketers, or our ability to further improve such tools; • changes in the way advertising on devices, connected TVs or on personal computers is measured or priced; • adverse legal developments relating to advertising or measurement tools; • changes in third- party policies, which may negatively impact the ability to measure, deliver and select ads to be served; • regulatory, legislative and industry developments relating to the collection and use of information and other privacy considerations, including regulations related to ad targeting and measurement tools; • any liability or reputational harm from advertisements shown on our service; • our relationship with third- party service providers for the management, **operation,** sale and technology to support advertisements on our service **; • our ability to develop and expand an advertising sales organization team; • our ability to develop the technology and related infrastructure to support advertising** ; • the impact of our content and reputation on advertisers' willingness to spend with us; and • any member dissatisfaction due to advertisements ~~. The ongoing coronavirus (COVID- 19) pandemic disrupted our business, increased our costs, led to delays in content releases and may again impact our business and results of operations. The COVID- 19 pandemic and the various responses to it created significant volatility, uncertainty and economic disruption. Recently, there has been a return to more normal societal interactions, including the way we operate our business. We cannot predict the future impacts of this ongoing and any new pandemic (s), including: the duration and scope of such pandemic; governmental, business and individuals' actions that may be taken in response; the effect on our members and consumer demand for and ability to pay for our services; disruptions or restrictions on our employees' ability to work and travel; and any stoppages, disruptions or increased costs associated with our development, production, post- production, marketing and distribution of original programming. Future disruptions arising from the ongoing and any new pandemics could have a significant negative impact on our costs of doing business and otherwise negatively impact our results of operations. We will continue to actively monitor the issues raised by the COVID- 19 pandemic and may take further actions that alter our business operations, including content production, as may be required by federal, state, local or foreign authorities, or that we determine are in the best interests of our employees, members, partners and stockholders. It is not clear what the potential effects any such alterations or modifications may have on our business, including the effects on our members, suppliers or vendors, or on our financial results. In addition to the potential direct impacts to our business, the global economy may continue to be impacted as a result of the actions taken in response to COVID- 19. To the extent that such a weakened global economy impacts consumers' ability or willingness to pay for our service or vendors' ability to provide services to us, especially those related to our content productions, we could see our business and results of operations negatively impacted~~ . Risks Related to Intellectual Property If studios, content providers or other rights holders refuse to license streaming content or other rights upon terms acceptable to us, our business could be adversely affected. Our ability to provide our members with content they can enjoy depends on obtaining various rights from third parties upon terms acceptable to us, including necessary distribution rights, to such content and certain related elements thereof, such as the public performance of music contained within the content we distribute. The license periods and the terms and conditions of such rights vary. As content providers develop their own streaming services, they may be unwilling to provide us with access to certain content, including popular series or movies. If the studios, content providers and other rights holders are not or are no longer willing or able to license us content upon terms acceptable to us, our ability to stream content to our members may be adversely affected and / or our costs could increase. Certain licenses for content provide for the studios or other content providers to withdraw content from our service relatively quickly. Because of these provisions and other actions we may take, content available through our service can be withdrawn on short notice. As competition increases, we see the cost of certain programming increase. As we seek to differentiate our service, we are often focused on securing certain exclusive rights when obtaining content, including original content. We are also focused on programming an overall mix of content that delights our members in a cost efficient manner. Within this context, we are selective about the titles we add and renew to our service. If we do not maintain a compelling mix of content, our member acquisition and retention may be adversely affected. Music and certain authors' performances contained within content we distribute may require us to obtain licenses for such distribution. In this regard, we engage in negotiations with collection management organizations (" CMOs ") and similar entities that hold certain rights to music and / or other interests in intellectual property (e. g. **,** remuneration rights) in connection with streaming content into various territories. If we are unable to reach mutually acceptable terms with these organizations, we could become involved in litigation and / or could be enjoined from distributing certain content, which could adversely impact our business. Additionally, pending and ongoing litigation and negotiations between certain CMOs and other third parties in various territories could adversely impact our negotiations with CMOs, or result in music publishers represented by certain CMOs unilaterally withdrawing rights, and thereby adversely impact our ability to reach licensing agreements reasonably acceptable to us. Failure to reach such licensing agreements could expose us to potential liability for copyright infringement or otherwise increase our costs. Additionally, as the market for the digital distribution of content grows, a broader role for CMOs in the remuneration of authors, performers and other beneficiaries of neighboring rights ~~could~~ **is likely to** expose us to greater distribution expenses **in certain markets** . If our trademarks and other proprietary rights are not adequately protected to prevent use or appropriation by third parties, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected. We rely and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as trademark, copyright, patent and trade secret protection laws, to protect our proprietary rights. We may also seek to enforce our proprietary rights through court proceedings or other legal actions. We have filed and we expect to file from time to time for trademark **, copyright,** and patent applications. Nevertheless, these applications may not be approved, third parties may challenge any copyrights, patents or trademarks issued to or held by us, third parties may knowingly or unknowingly infringe our intellectual property rights, and we may not be able to prevent infringement or misappropriation without substantial expense to us. If the protection of our intellectual property rights is inadequate to prevent use or misappropriation by third parties, the value of our brand, content, and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to members and potential members may become confused in the marketplace, and our ability to attract members may be adversely affected. We currently hold various domain names relating to our brand, including Netflix. com. Failure to protect our domain names could adversely affect our reputation and brand and make it more difficult for users to find our website and our service. We may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights. Intellectual property claims against us could be costly and result in the loss of significant rights related to, among other things, our website, streaming technology, our recommendation and merchandising technology, title selection processes, our content, and marketing activities. Trademark, copyright, patent and other intellectual property rights are important to us and other companies. Our intellectual property rights extend to our technology, business processes ~~and~~ **,** the content we produce and distribute through our service **, and consumer products, experiences, and marketing assets based thereon** . We use the intellectual property of third parties in creating some of our content, merchandising our products and marketing our service. From time to time, third parties allege that we have infringed or otherwise violated their intellectual property rights. If we are unable to obtain sufficient rights, successfully defend our use, or develop non- infringing technology or otherwise alter our business practices on a timely basis in response to claims against us for infringement, misappropriation, misuse or other violation of third- party intellectual property rights, our business and competitive position may be adversely affected **. In addition, the use or adoption of new and emerging technologies may increase our exposure to intellectual property claims, and the availability of copyright and other intellectual property protection for AI- generated material is uncertain** . Many companies are devoting significant resources to developing patents that could potentially affect many aspects of our business. There are numerous patents that broadly claim means and methods of conducting business on the internet. We have not searched patents relative to our technology. Defending ourselves against intellectual property claims, whether they are with or without merit or are determined in our favor, results in costly litigation and diversion of technical and management personnel. It also may result in our inability to use our current website, streaming technology, our recommendation and merchandising technology or inability to market our service or merchandise our products. We may also have to remove content from our service, or remove consumer products or marketing materials from the marketplace. As a result of a dispute, we may have to develop non- infringing technology, enter into royalty or licensing agreements, adjust our content, merchandising or marketing activities or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us. Risks Related to Information Technology Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber- attacks, could result in a loss or degradation of service, unauthorized **access,** disclosure **or destruction** of data, including member and corporate information, or theft of intellectual property, including digital content assets, which could adversely impact our business. Our reputation and ability to attract, retain and serve our members is dependent upon the reliable performance and security of our computer systems and those of third parties that we utilize in our operations. These systems may be subject to damage or interruption from, among other things, earthquakes, adverse weather conditions, other natural disasters, **public health issues such as pandemics or epidemics,** terrorist attacks, rogue employees, power loss, telecommunications failures, ~~and~~ cybersecurity risks **and incidents, and other interruptions beyond our control** . Interruptions in these systems, or with the internet in general, could make our service unavailable or degraded or otherwise hinder our ability to deliver our service. Service interruptions, errors in our software or the unavailability of computer systems **or data** used in our operations could diminish the overall attractiveness of our service to existing and potential members. Our computer systems and those of third parties we use in our operations are subject to **constantly evolving** cybersecurity threats, including cyber- attacks such as computer viruses, **malware, ransomware,** denial of service attacks, physical or electronic break- ins **, or insider threats, as well as misconfigurations in information systems, networks, software or hardware,** and similar disruptions **or errors** . These systems periodically experience directed attacks intended to lead to interruptions and delays in our service and operations as well as loss, misuse or theft of personal information (of third parties, employees, and our members) and other data, confidential information or intellectual property **. We and many of the third parties we work with rely on open source software and libraries that are integrated into a variety of applications,**

tools and systems, which may increase our exposure to vulnerabilities . Additionally, outside parties may attempt to induce employees, vendors, partners, or users to disclose sensitive or confidential information in order to gain access to data. Any attempt by hackers to obtain our data (including member and corporate information) or intellectual property (including digital content assets), disrupt our service, or otherwise access our systems, or those of third parties we use, if successful, could harm our business, be expensive to remedy and damage our reputation. We have implemented certain systems and processes to thwart hackers and protect our data and systems. However, the techniques used to gain unauthorized access to data and software are constantly evolving, and we may be unable to anticipate, detect or prevent unauthorized access or address all cybersecurity incidents that occur. Because of our prominence, we (and / or third parties we use) **have been and** may **continue to** be a particularly attractive target for such attacks, and from time to time, we have experienced an unauthorized release of certain digital content assets. However, to date these unauthorized releases have not had a material impact on our service, systems or business. There is no assurance that hackers may not have a material impact on our service or systems in the future. ~~Our~~ **We do not carry** insurance **to** ~~does not~~ cover expenses related to such disruptions or unauthorized access. Efforts to prevent hackers from disrupting our service or otherwise accessing our systems are expensive to develop, implement and maintain. These efforts require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated, and may limit the functionality of or otherwise negatively impact our service offering and systems. Any significant disruption to our service or access to our systems could result in a loss of members and adversely affect our business and results of operation. Further, a penetration of our systems or a third- party' s systems or other misappropriation or misuse of personal information could subject us to business, regulatory, litigation and reputation risk, which could have a negative effect on our business, financial condition and results of operations. We utilize our own communications and computer hardware systems located either in our facilities or in that of a third- party provider. In addition, we utilize third- party " cloud " computing services in connection with our business operations. We also utilize our own and third- party content delivery networks to help us stream TV series, documentaries and feature films and offer ~~mobile~~ games in high volume to Netflix members over the internet. Problems faced by us or our third- party " cloud " computing or other network providers, including technological or business- related disruptions, as well as cybersecurity threats and regulatory interference, could adversely impact the experience of our members. We rely upon Amazon Web Services to operate certain aspects of our service and any disruption of or interference with our use of the Amazon Web Services operation would impact our operations and our business would be adversely impacted. Amazon Web Services (" AWS ") provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a" cloud" computing service. We have architected our software and computer systems so as to utilize data processing, storage capabilities and other services provided by AWS. Currently, we run the vast majority of our computing on AWS. Given this, along with the fact that we cannot easily switch our AWS operations to another cloud provider, any disruption of or interference with our use of AWS would impact our operations and our business would be adversely impacted. While the retail side of Amazon competes with us, we do not believe that Amazon will use the AWS operation in such a manner as to gain competitive advantage against our service, although if it were to do so it could harm our business. If the technology we use in operating our business fails, is unavailable, or does not operate to expectations, our business and results of operations could be adversely impacted. We utilize a combination of proprietary and third- party technology to operate our business. This includes the technology that we have developed to recommend and merchandise content to our consumers as well as enable fast and efficient delivery of content to our members and their various consumer electronic devices. For example, we have built and deployed our own content- delivery network (" CDN "). To the extent Internet Service Providers (" ISPs ") do not interconnect with our CDN or charge us to access their networks, or if we experience difficulties in our CDN' s operation, our ability to efficiently and effectively deliver our streaming content to our members could be adversely impacted and our business and results of operations could be adversely affected. Likewise, if our recommendation and merchandising technology does not enable us to predict and recommend titles that our members will enjoy, our ability to attract and retain members may be adversely affected. We also utilize third- party technology to help market our service, process payments, and otherwise manage the daily operations of our business. If our technology or that of third- parties we utilize in our operations fails or otherwise operates improperly, including as a result of " bugs " or other errors in our development and deployment of software, our ability to operate our service, retain existing members and add new members may be impaired. Any harm to our members' devices caused by software used in our operations could have an adverse effect on our business, results of operations and financial condition. Changes in how network operators handle and charge for access to data that travel across their networks could adversely impact our business. We rely upon the ability of consumers to access our service through the internet. If network operators block, restrict or otherwise impair access to our service over their networks, our service and business could be negatively affected. To the extent that network operators implement usage based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers, we could incur greater operating expenses and our member acquisition and retention could be negatively impacted. Furthermore, to the extent network operators create tiers of internet access service and either charge us for or prohibit us from being available through these tiers, our business could be negatively impacted. Most network operators that provide consumers with access to the internet also provide these consumers with multichannel video programming. As such, many network operators have an incentive to use their network infrastructure in a manner adverse to our continued growth and success. While we believe that consumer demand, regulatory oversight and competition will help check these incentives, to the extent that network operators are able to provide preferential treatment to their data as opposed to ours or otherwise implement discriminatory network management practices, our business could be negatively impacted. The extent to which these incentives limit operator behavior differs across markets. Risks Related to Privacy Privacy concerns could limit our ability to collect and leverage member personal information and ~~other data and~~ disclosure of member personal information ~~and other data~~ could adversely impact our business and reputation. In the ordinary course of business and in particular in connection with content acquisition, merchandising our service to our members and our ad- supported subscription plan, we collect and utilize information supplied by our members, which may include personal information and other data. We are subject to laws, rules and regulations in the U. S. and in other countries relating to privacy and the collection, use and security of personal information, including but not limited to Regulation (EU) 2016 / 679 (also known as the General Data Protection Regulation or " GDPR ") and the California Privacy Rights Act (" CPRA"). Any actual or perceived failure to comply with the GDPR, the ~~CCPA~~ **California Consumer Privacy Act** / CPRA, other data privacy laws or regulations, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breach, and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position. Other businesses have been criticized by privacy groups and governmental bodies for attempts to link personal identities and other information to data collected on the internet regarding users' browsing and other habits. Increased regulation of data utilization practices, including self- regulation or findings under existing laws that limit our ability to collect, transfer and use **personal** information ~~and other data~~, could have an adverse effect on our business. In addition, if we were to disclose **personal** information ~~and other data~~ about our members in a manner that was objectionable to them, our business reputation could be adversely affected, and we could face potential legal claims that could impact our operating results. Internationally, we may become subject to additional and / or more stringent legal obligations concerning our treatment of member and other personal information, such as laws regarding data localization and / or restrictions on data export. Failure to comply with these obligations could subject us to liability, and to the extent that we need to alter our business model or practices to adapt to these obligations, we could incur additional expenses. Our reputation and relationships with members would be harmed if member personal information ~~and other data~~, particularly billing data, were to be accessed by unauthorized persons. We maintain personal information ~~and other data~~ regarding our members, including names, age, gender and billing information. This **personal** information ~~and data~~ is maintained on our own systems as well as that of third parties we use in our operations. With respect to billing information, such as credit card numbers, we rely on encryption and authentication technology to secure such information. We take measures to protect against unauthorized intrusion into our members' information ~~and other data~~. Despite these measures and technologies we, our payment processing services or other third- party services we use such as AWS, could experience an unauthorized intrusion into our members' information ~~and other data~~. In the event of such a breach, current and potential members may become unwilling to provide the information to us necessary for them to remain or become members. We also may be required to notify regulators about any actual or perceived data breach (including various state Attorneys General, one or more EU data protection authorities, or other data protection authorities) as well as the individuals who are affected by the incident within strict time periods. Additionally, we could face legal claims or regulatory fines or penalties for such a breach. The costs relating to any data breach could be material, and we currently do not carry insurance against the risk of a data breach. We also maintain personal information ~~and other data~~ concerning our employees, as well as personal information of others working on our productions. Should an unauthorized intrusion into our members' or employees' personal information ~~and other data~~ and / or production personal information occur, our business could be adversely affected and our larger reputation with respect to data protection could be negatively impacted. Risks Related to Liquidity The long- term and largely fixed cost nature of our content commitments may limit our operating flexibility and could adversely affect our liquidity and results of operations. In connection with licensing streaming content, we typically enter into multi- year commitments with studios and other content providers. We also enter into multi- year commitments for content that we produce, either directly or through third parties, including elements associated with these productions such as non- cancelable commitments under talent agreements. The payment terms of these agreements are not tied to member usage or the size of our membership base (" fixed cost ") but may be determined by costs of production or tied to such factors as titles licensed and / or theatrical exhibition receipts. Such commitments, to the extent estimable under accounting standards, are included in the Contractual Obligations section of Part II, Item 7," Management' s Discussion and Analysis of Financial Condition and Results of Operations" and Note ~~7~~ **8**, Commitments and Contingencies in the accompanying notes to our consolidated financial statements included in Part II, Item 8," Financial Statements and Supplementary Data" of this Annual Report on Form 10- K. Given the multiple- year duration and largely fixed cost nature of content commitments, if business performance does not meet our expectations, our margins may be adversely impacted. Further, we may be unable to react to any reduction in our cash flows from operations, including those caused by a downturn in the economy, by reducing our streaming content obligations in the near- term. Payment terms for certain content commitments, such as content we directly produce, will typically require more up- front cash payments than other content licenses or arrangements whereby we do not ~~cashflow~~ **fund** the production of such content. To the extent membership and / or revenue growth do not meet our expectations, our liquidity and results of operations could be adversely affected as a result of content commitments and accelerated payment requirements of certain agreements. In addition, the long- term and largely fixed cost nature of our content commitments may limit our flexibility in planning for, or reacting to changes in our business and the market segments in which we operate. If we license and / or produce content that is not favorably received by consumers in a territory, or is unable to be shown in a territory, acquisition and retention may be adversely impacted and given the long- term and fixed cost nature of our content commitments, we may not be able to adjust our content offerings quickly and our results of operations may be adversely impacted. We may seek additional capital that may result in stockholder dilution or that may have rights senior to those of our common stockholders. From time to time, we may seek to obtain additional capital, either through equity, equity- linked or debt securities. For several years prior to 2020, our cash flows from operations were negative and to the extent that it becomes negative in the future we may need to seek additional capital. The decision to obtain additional capital will depend on, among other things, our business plans, operating performance and condition of the capital markets. Rising interest rates or any disruption in the capital markets could make it more difficult and expensive for us to raise additional capital or refinance our existing indebtedness. If we raise additional funds through the issuance of equity, equity- linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience dilution. Any large equity or equity- linked offering could also negatively impact our stock price. We have a substantial amount of indebtedness and other obligations, including streaming content obligations, which could adversely affect our financial position, and we may not be able to generate sufficient cash to service our debt and other obligations. We have a substantial amount of indebtedness and other obligations, including streaming content obligations. Moreover, we may incur additional indebtedness in the future and incur other obligations, including additional streaming content obligations. Our ability to make payments on our debt **and other obligations** will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. If we are unable to service our debt and other obligations from cash flows, we may need to refinance or restructure all or a portion of such obligations prior to maturity. If the financial markets become difficult or costly to access, including due to rising interest rates, fluctuations in foreign currency exchange rates or other changes in economic conditions, our ability to raise additional capital may be negatively impacted, and any refinancing or restructuring could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. As of December 31, ~~2022~~ **2023** , we had the equivalent of $ 14. ~~4~~ **6** billion aggregate principal amount of senior notes outstanding (“ Notes ”), some of which is denominated in currencies other than the U. S. dollar. In addition, we have entered into a revolving credit agreement that provides for a $ 1 billion unsecured revolving credit facility. As of December 31, ~~2022~~ **2023** , we have not borrowed any amount under this revolving credit facility. As of December 31, ~~2022~~ **2023** , we had approximately $ 7. ~~6~~ **0** billion of total content liabilities as reflected on our consolidated balance sheet, some of which is denominated in currencies other than the U. S. dollar. Such amount does not include streaming content commitments that do not meet the criteria for liability recognition, the amounts of which are significant. For more information on our streaming content obligations, including those not on our consolidated balance sheet, see Note ~~7~~ **8** , Commitments and Contingencies in the accompanying notes to our consolidated financial statements included in Part II, Item 8," Financial Statements and Supplementary Data" of this Annual Report on Form 10- K. Our substantial indebtedness and other obligations, including streaming content obligations, may: • make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on our Notes and our other obligations; • limit our ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions or other general business purposes; • increase our cost of borrowing; • limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes; • require us to use a substantial portion of our cash flow from operations to make debt service payments and pay our other obligations when due; • limit our flexibility to plan for, or react to, changes in our business and industry; • place us at a competitive disadvantage compared to our less leveraged competitors; and • increase our vulnerability to the impact of adverse economic and industry conditions, including changes in interest rates and foreign exchange rates. Risks Related to International Operations We could be subject to economic, political, regulatory and other risks arising from our international operations. Operating in international markets requires significant resources and management attention and will subject us to economic, political, regulatory and other risks that may be different from or incremental to those in the U. S. In addition to the risks that we face in the U. S., our international operations involve risks that could adversely affect our business, including: • the need to adapt our content and user interfaces for specific cultural and language differences; • difficulties and costs associated with staffing and managing foreign operations; • political or social unrest, global hostilities, and economic instability; • compliance with laws such as the Foreign Corrupt Practices Act, UK Bribery Act and other anti- corruption laws, export controls and economic sanctions, and local laws prohibiting corrupt payments to government officials; • difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions, including local ownership requirements for streaming content providers; • regulatory requirements or government action against our service, whether in response to enforcement of actual or purported legal and regulatory requirements or otherwise, that results in disruption or non- availability of our service or particular content **or increased operating costs** in the applicable jurisdiction; • foreign intellectual property laws, such as the EU copyright directive, or changes to such laws ~~, which may be less favorable than U. S. law and~~ , among other issues, may impact the economics of creating or distributing content, anti- piracy efforts, or our ability to protect or exploit intellectual property rights; • adverse tax consequences such as those related to changes in tax laws or tax rates or their interpretations, and the related application of judgment in determining our global provision for income taxes, deferred tax assets or liabilities or other tax liabilities given the ultimate tax determination is uncertain; • fluctuations in currency exchange rates, which have and may continue to impact revenues and expenses of our international operations and expose us to foreign currency exchange rate risk, ~~which~~ **and while** we ~~do~~ **use derivative instruments to hedge certain exposures to fluctuations in exchange rates, the use of such hedging activities may** not **be effective** ~~currently hedge against but may do so~~ in ~~the future~~ **offsetting an adverse financial impact and may introduce or heighten counterparty risk; • rates of inflation** ; • profit repatriation **, currency control regulations** and other restrictions on the transfer of funds; • differing payment processing systems as well as consumer use and acceptance of electronic payment methods, such as payment cards; • new and different sources of competition; • censorship requirements that cause us to remove or edit popular content, leading to consumer disappointment, brand tarnishment or dissatisfaction with our service; • low usage and / or penetration of internet- connected consumer electronic devices; • different and more stringent user protection, data protection, privacy and other laws, including data localization and / or restrictions on data export, and local ownership requirements; • availability of reliable broadband connectivity and wide area networks in targeted areas for expansion; • differing ~~, and often more lenient,~~ laws and consumer understanding / attitudes regarding the illegality of piracy; • negative impacts from trade disputes; and • implementation of regulations designed to stimulate the local production of film and TV series in order to promote and preserve local culture and economic activity, including local content quotas, investment obligations, and levies to support local film funds. For example, the European Union revised its Audio Visual Media Services Directive in 2018 to require that European works comprise at least thirty percent (30 %) of media service providers’ catalogs, and to require prominence of those works. These and other factors may cause us to adjust our business plans, including expanding or ceasing certain operations in certain countries, and the execution of our strategies. Our failure to manage any of these risks successfully could harm our international operations and our overall business, and results of our operations. We are subject to taxation related risks in multiple jurisdictions. We are a U. S.- based multinational company subject to tax in multiple U. S. and foreign tax jurisdictions. Significant judgment is required in determining our global provision for income taxes, deferred **taxes and other** tax ~~assets or~~ liabilities **and receivables,** and in evaluating our tax positions **and other tax attributes** on a worldwide basis. ~~While we believe~~ **We are subject to the periodic examination of our domestic and foreign tax returns by the IRS, state, local, and foreign tax authorities, some of whom are challenging** our tax positions ~~are consistent with~~ **. We regularly assess** the **likelihood of adverse outcomes from** ~~tax laws in the jurisdictions in which we conduct our business, it is possible that~~ these **examinations in determining the adequacy of** ~~positions may be challenged by jurisdictional tax authorities, which may have a significant impact on~~ our ~~global~~ provision for **income** taxes **and other tax liabilities. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately forecast actual tax audit outcomes. If the ultimate determination of income and other tax liabilities differ from the amounts recorded or accrued, our business, financial condition or results of operations may be adversely impacted** . Tax laws are **regularly** being re- examined and evaluated globally. New laws and interpretations of the law are taken into account for financial statement purposes in the quarter or year that they become applicable. Tax authorities are increasingly scrutinizing the tax positions of companies and we have tax audits pending in several jurisdictions. The U. S. federal and state governments, countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in jurisdictions where we do business. If U. S. or other ~~foreign~~ tax authorities change applicable tax laws or successfully challenge how or where our profits are currently recognized, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted. Risks Related to Human Resources We may lose key employees or may be unable to hire qualified employees, and the failure to maintain and improve our company culture may adversely affect our business. We rely on the continued service of our senior management, including our Co- Chief Executive Officers, Ted Sarandos and Greg Peters, our Executive Chairman, Reed Hastings, members of our executive team and other key ~~employees and the hiring of new qualified~~ employees. In our industry, there is substantial and continuous competition for highly- skilled business, product development, technical, creative and other personnel. If we experience high executive turnover, fail to adapt our business practices to industry expectations, fail to implement succession plans for key employees, encounter difficulties associated with the transition of members of our management team, are not successful in recruiting new personnel or in retaining and motivating existing personnel, in instilling our culture in new employees, or maintaining and improving our culture as we grow, our operations may be disrupted, which could adversely affect our results of operations. Labor disputes may have an adverse effect on the Company' s business. ~~Our~~ **We and our** partners, suppliers, **and** vendors **engage** ~~and we employ the services of~~ writers, directors, actors ~~and~~ **,** other talent **,** ~~as well as~~ trade employees and others who are subject to collective bargaining agreements in the motion picture industry, both in the U. S. and internationally. Expiring collective bargaining agreements may be renewed on terms that are unfavorable to us. If expiring collective bargaining agreements cannot be renewed, ~~then it is possible that the~~ affected unions **have, and** could **in the future,** take action in the form of strikes or work stoppages **. For example, the Writers Guild (" WGA ") and Screen Actors Guild (" SAG- AFTRA ") collective bargaining agreements expired in 2023, and WGA members and the SAG- AFTRA members went on strike in May 2023 and July 2023, respectively. Collective bargaining agreements with the I. A. T. S. E. representing technicians and " behind the camera " crews as well as contracts with Teamster unions expire in mid- 2024. The WGA and SAG- AFTRA strikes as well as the recent resurgence of organized labor in the United States may lead those workers to strike. Such work stoppages have resulted, and may in the future result, in halted productions and delays in our ability to provide new content to our members** . Such actions, as well as higher costs or operating complexities in connection with these collective bargaining agreements or a significant labor dispute, could have an adverse effect on our business by causing delays in production, added costs or by reducing profit margins, and our ability to provide new content to our members could likewise be delayed or dropped. Risks Related to Our Stock Ownership Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable, although we have announced plans to modify some of these provisions over time. Our charter documents in their current form may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable because they: • authorize our board of directors, without stockholder approval, to issue up to 10, 000, 000 shares of undesignated preferred stock; • provide for a classified board of directors until our annual meeting of stockholders held in 2025; • prohibit our stockholders from acting by written consent; and • establish advance notice requirements for proposing matters to be approved by stockholders at stockholder meetings. As a Delaware corporation, we are also subject to certain Delaware anti- takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15 % or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our board of directors could rely on Delaware law to prevent or delay an acquisition of us. In addition, a merger or acquisition may trigger retention payments to certain executive employees under the terms of our Amended and Restated Executive Severance and Retention Incentive Plan, thereby increasing the cost of such a transaction. Our stock price is volatile. The price at which our common stock has traded has fluctuated significantly. The price may continue to be volatile due to a number of factors including the following, some of which are beyond our control: • variations in our operating results, including our membership acquisition and retention, revenues, operating income, net income, net cash provided by operating activities and free cash flow; • variations between our actual operating results and the expectations of securities analysts, investors and the financial community; • announcements of developments affecting our business, systems or expansion plans by us or others; • competition, including the introduction of new competitors, their pricing strategies and services; • market volatility in general; • the level of demand for our stock, including the amount of short interest in our stock; • the impact of our current stock repurchase program and any future stock repurchase program we may adopt; • the operating results of our competitors; and • other risks and uncertainties described in these risk factors. As a result of these and other factors, investors in our common stock may not be able to resell their shares at or above their original purchase price. Following certain periods of volatility in the market price of our securities, we became the subject of securities litigation. We may experience more such litigation following future periods of volatility. This type of litigation may result in substantial costs and a diversion of management' s attention and resources. Preparing and forecasting our financial results requires us to make judgments and estimates which may differ materially from actual results. Given the dynamic nature of our business, and the inherent limitations in predicting the future, forecasts of our revenues, operating margins, net income and other financial and operating data may differ materially from actual results. Also, predicting consumer adoption of various pricing strategies, such as the ad- supported subscription plan or efforts to limit multi- household usage, and new revenue streams, such as advertising revenue, is inherently difficult given the lack of operating history with respect to such offerings, and actual results may differ significantly from the expectations of our management, securities analysts or investors. Such discrepancies could cause a decline in the trading price of our common stock. In addition, the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. We base such estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, but actual results may differ from these estimates. For example, we estimate the content amortization pattern, beginning with the month of first availability, of any particular licensed or produced television series, documentary or feature film based upon various factors including historical and estimated viewing patterns. If actual viewing patterns differ from these estimates, the pattern and / or period of amortization would be changed and could affect the timing or recognition of content amortization. If we revise such estimates it could result in greater in- period expenses, which could cause us to miss our earnings guidance or negatively impact the results we report which could negatively impact our stock price. Further, events outside of our control may cause actual results to differ from our forecast. ~~For example, the COVID- 19 pandemic has disrupted historical acquisition and retention patterns, and has made forecasting more difficult.~~