Q2 2023

Parrot Analytics: Presents

The Quarterly Report Card — Q2 2023

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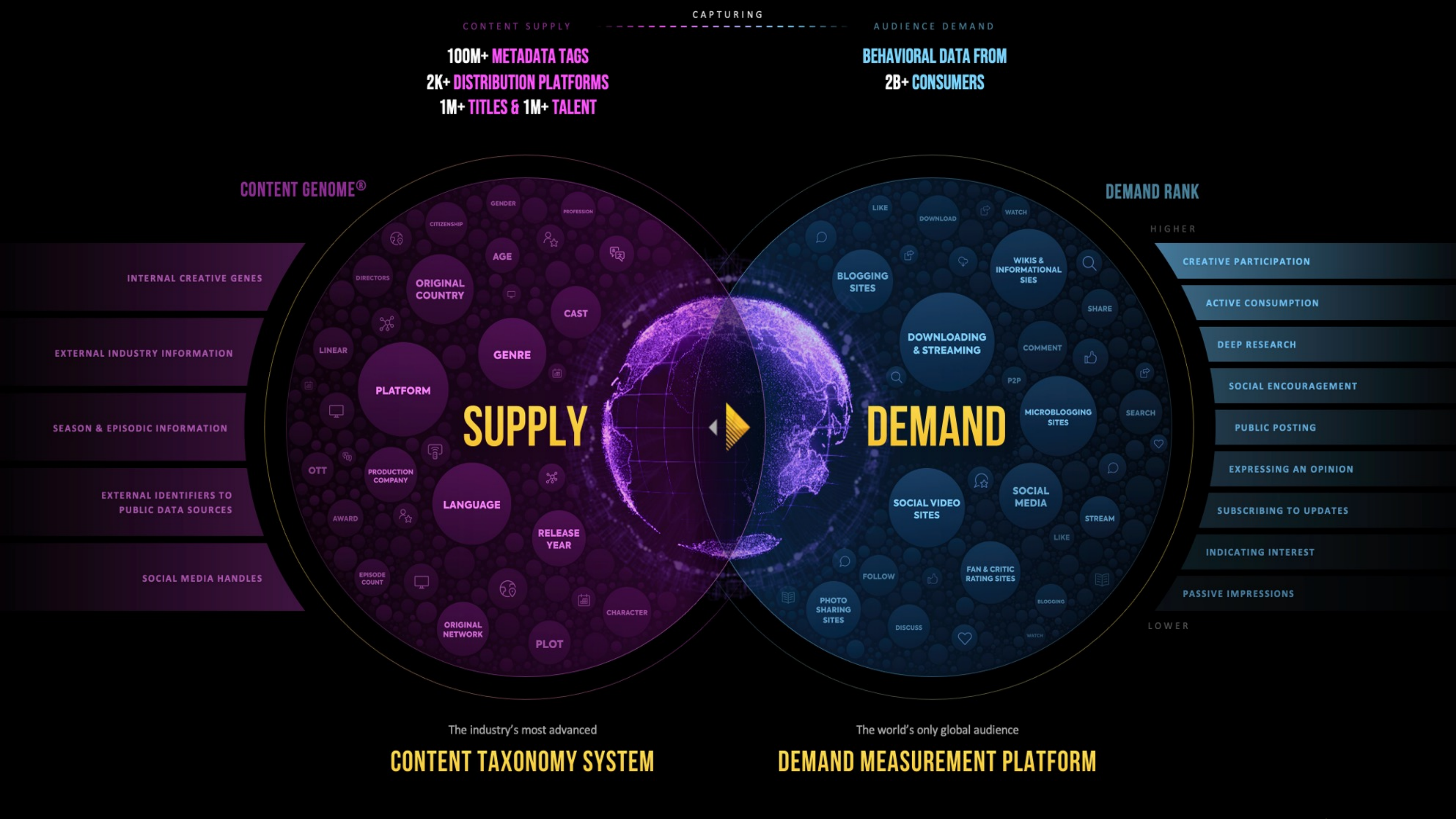
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2K+ DISTRIBUTION PLATFORMS
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DEMAND MEASUREMENT PLATFORM

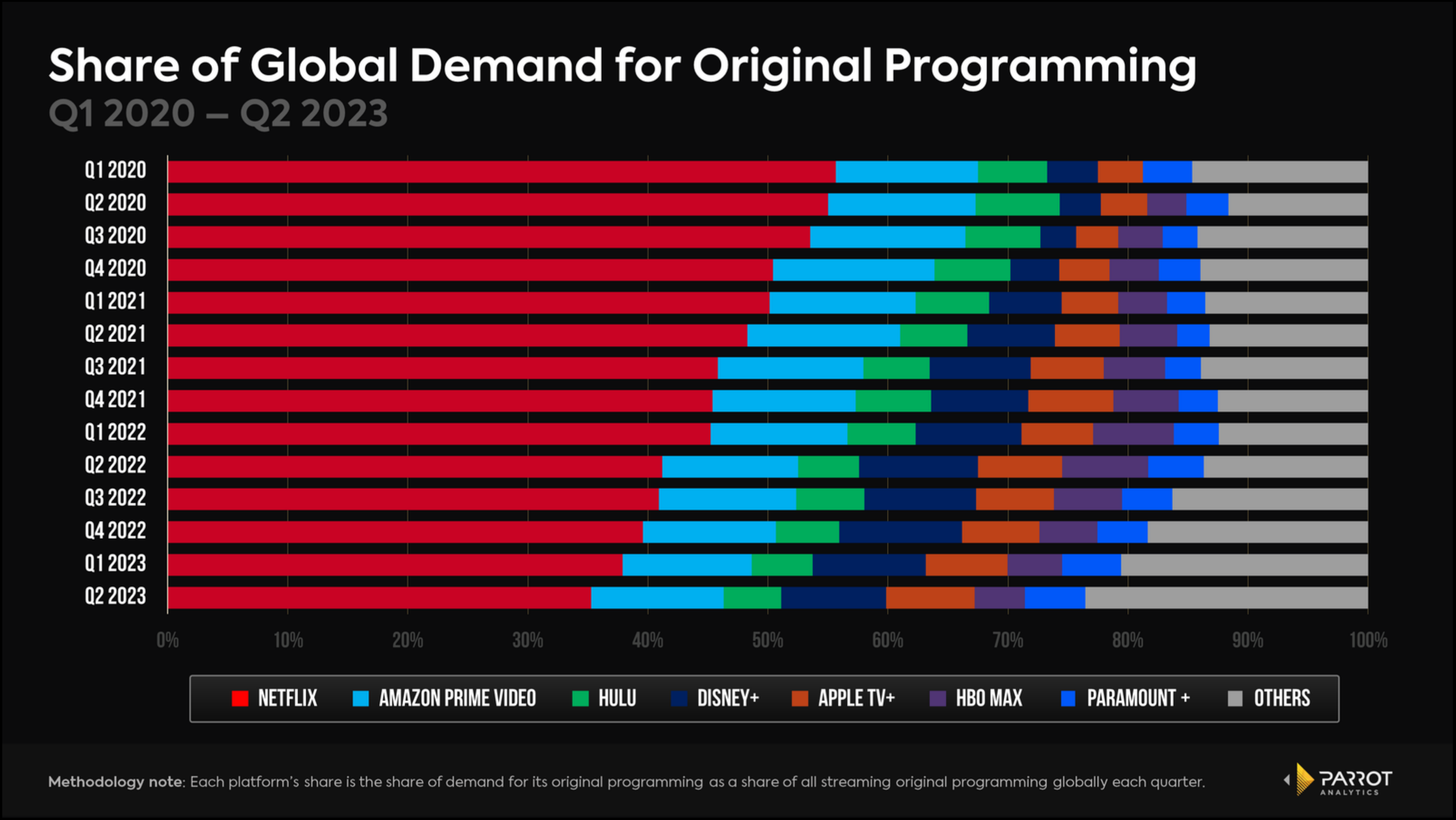
Financial and Demand Performance

Quarter 2 – 2023

Netflix – Q2 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	238.4M	#1	UP FROM 220.7M	UP FROM 232.5M
New Subscribers (WW)	5.9M	#1	UP FROM -970,000	UP FROM 1.5M
Quarterly Revenue (WW)	$8.19B	#1	UP FROM $7.97B	UP FROM $8.16B
Corporate Demand Share (US)	8.2%	#5	DOWN FROM 8.3%	DOWN FROM 8.3%
Originals Demand Share (US)	36.3%	#1	DOWN FROM 41.2%	DOWN FROM 39.1%
On-Platform Demand Share (US)	16.6%	#1	DOWN FROM 19.4%	DOWN FROM 17.9%

__Methodology note:__ Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.

One Key Chart



This Quarter: Netflix has pulled a complete 180 compared to where it was in the middle of 2022.

As Wall Street shifted its entertainment priorities from subscriber growth to more traditional measures of business success, Netflix has successfully introduced an advertising tier and cracked down on password sharing. The streamer's days of double-digit subscriber growth every quarter are likely behind it, but Netflix had a very strong Q2 2023, adding 5.9M subscribers.

Netflix does continue to lose market share in terms of demand for streaming originals, but is still the dominant player in this space. It also has the highest total on-platform demand, which accounts for licensed and original TV and movies, with US consumers. Netflix's massive scale makes it the industry leader, and it remains the biggest entertainment company that is actually profiting from its streaming operation.

Looking Forward: Complicating matters for Netflix and the the entire industry will be the dual SAG-AFTRA and WGA strikes.

The global demand for streaming original content rose by 21.6% in the first half of 2023, following a brief dip in Q4 2022. Netflix has a long runway, but this growing consumer demand trend is likely to reverse if they cannot come to terms with the writers and actors in time to produce new content in the coming months. Look for Netflix to double down on international content if the strikes drag on, but will this be enough to make up for delayed seasons of its smash hits like *Wednesday*, *Stranger Things*, and *Emily in Paris*?

Financial and Demand Performance

Quarter 3 – 2023 *(Apr-Jun 2023)*

Disney – Q3 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	146.1M	#2	DOWN FROM 152.1M	DOWN FROM 157.8M
New Subscribers (WW)	-11.7M	#6	DOWN FROM 14.4M	DOWN FROM -4.0M
Quarterly Revenue (WW)	$5.525B (DTC SEGMENT)	#2	UP FROM $5.058B	UP FROM $5.514B
Corporate Demand Share (US)	20.1% (SAME AS HULU)	#1	UP FROM 19.7%	UP FROM 20.0%
Originals Demand Share (US)	7.3%	#4	DOWN FROM 8.3%	DOWN FROM 7.8%
On-Platform Demand Share (US)	9.4%	#6	UP FROM 6.0%	EQUAL TO 9.4%

__Methodology note:__ Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.

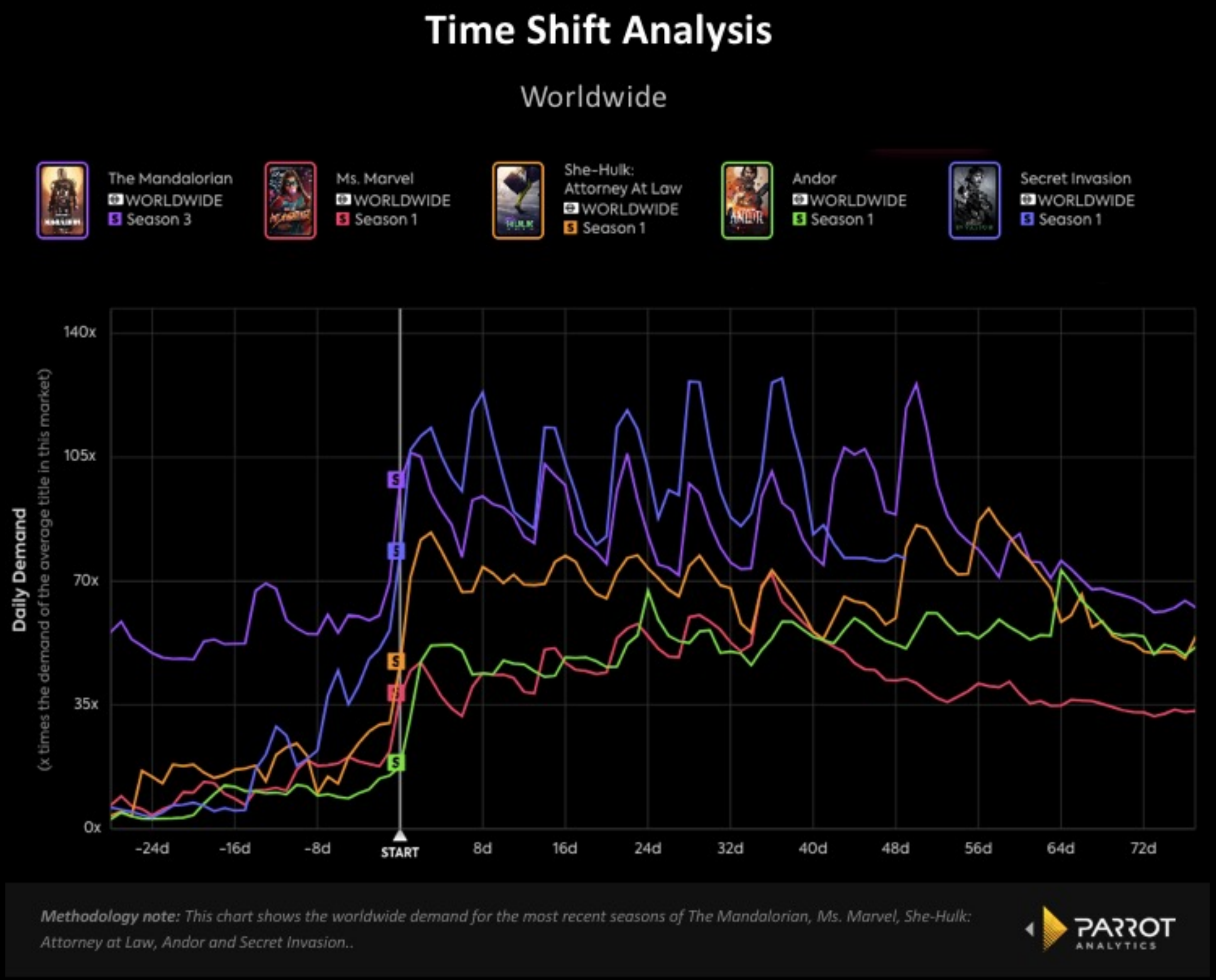
One Key Chart

This Quarter: Demand for original series is a key leading indicator of subscriber growth for SVODs. Disney+ has lost momentum in 2023, ticking down from 10.2% global share at the end of December 2022, to 9.4% by March 2023, and 8.8% as of June 2023. This has coincided with a loss of of nearly 16 million global subscribers over the last two quarters.

While Season 3 of *The Mandalorian* and the recent debut season of *Secret Invasion* have performed well enough, recent entries in the respective *Star Wars* and Marvel franchises have not matched the highs of earlier series. Given Disney+'s reliance on these two core content pillars, reestablishing both as marquee streaming destinations will provide a boost to the entire platform.

Looking Forward: Disney+ continues to struggle with generating hits outside of its primary franchise focuses. This leaves the service worryingly top heavy, which is one potential catalyst for the looming combination of Hulu and Disney+ libraries. The broader breadth of content options should theoretically serve a wider range of audiences with demand more evenly distributed throughout the catalog.

At the same time, Disney is making strides in its path toward streaming profitability as direct-to-consumer segment losses "shrank" from $1.1 billion in the prior-year period to $512 million this past quarter, well ahead of expectations. Disney's aim is to reach streaming break even just as it rolls out a beefier super service of entertainment options to carry momentum forward into 2024. But should profit continue to prove elusive, Disney will face serious business concerns both short and long-term.



Financial and Demand Performance

Quarter 3 – 2023 *(Apr-Jun 2023)*

Hulu – Q3 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	48.3M	#5	UP FROM 42.2M	UP FROM 48.2M
New Subscribers (WW)	100,000	#4	DOWN FROM 800,000	DOWN FROM 200,000
Quarterly Revenue (WW)	$5.525B (DTC SEGMENT)	#2 (SAME AS DISNEY)	UP FROM $5.058B	UP FROM $5.514B
Corporate Demand Share (US)	20.1% (SAME AS DISNEY)	#1 (SAME AS DISNEY)	UP FROM 19.7%	UP FROM 20.0%
Originals Demand Share (US)	7.2%	#5	UP FROM 6.7%	UP FROM 7.0%
On-Platform Demand Share (US)	15.2%	#3	DOWN FROM 19.2%	DOWN FROM 15.8%

__Methodology note:__ Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.

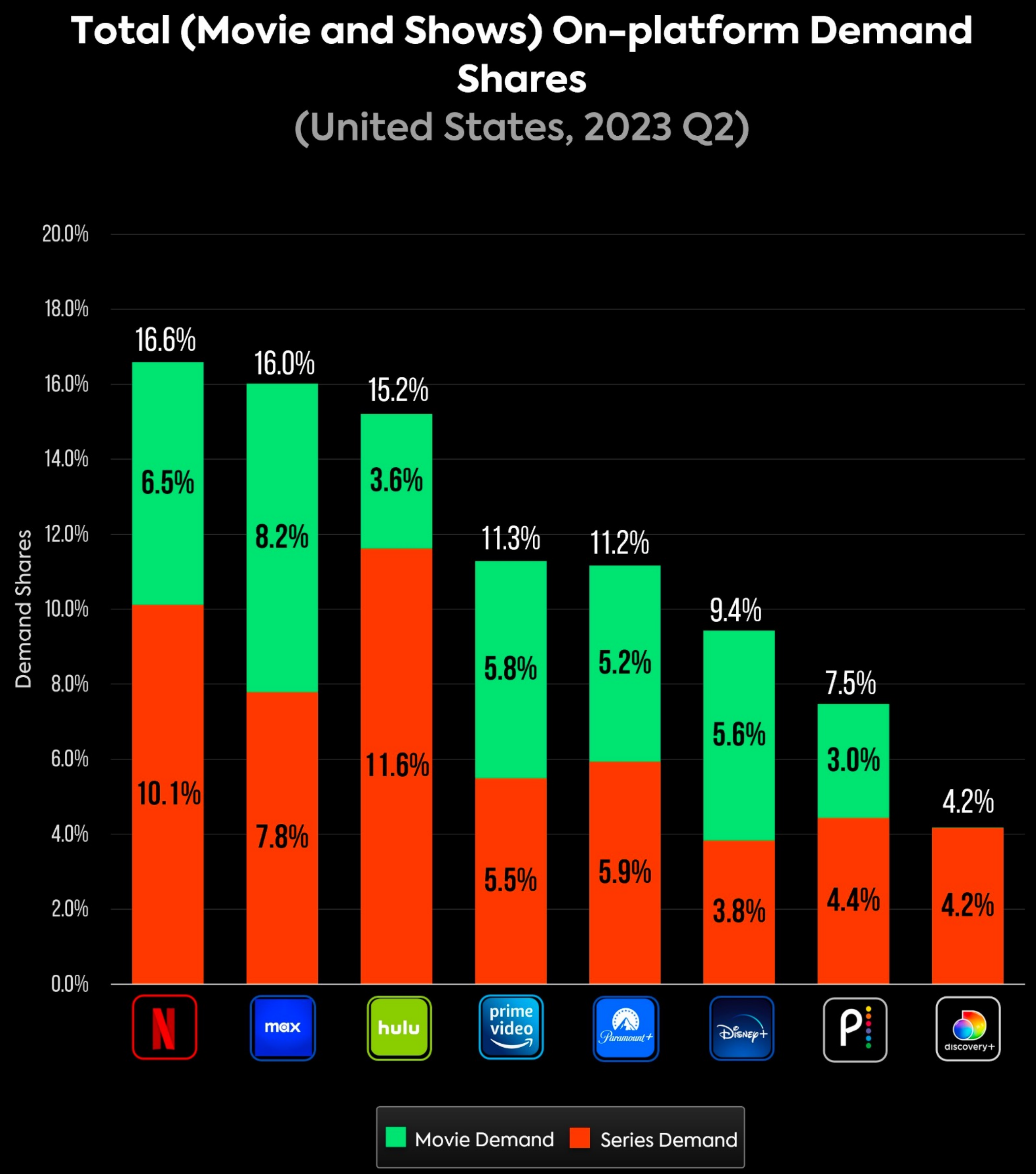
One Key Chart

This Quarter: Based on total on-platform catalog demand last quarter, which includes both original and licensed TV series and movies, an eventual combination of Hulu and Disney+ would become the market-leader by a wide margin with a 24.6% domestic audience demand share.

Not only would this leapfrog the newly formed Max (a combination of HBO Max and Discovery+), but it would represent the first time a competitor has overtaken Netflix in this metric. Crucially, however, this scale will be hollow if it doesn't lead to both renewed subscriber growth and rising average revenue per user.

Looking Forward: One reason why Disney+'s dramatic subscriber losses this past quarter are not as alarm-inducing as it first appears is that the majority of the customer exodus comes from Disney+ Hotstar in India, which only carries an ARPU of $0.59. After Disney opted not to spend big on retaining digital cricket rights in the region and renew its HBO distribution deal, the subscriber loss was expected. As the entire industry has shifted away from raw sub growth and toward revenue and profit, the company is willing to shed these low revenue-generating customers in favor of a more immediate payoff in more mature markets.

That's why Hulu, which is only available in the high ARPU US, is such a crucial piece of the company's streaming portfolio. Coming off the back of *The Bear* Season 2's breakout success, the streamer will look to keep up pace with a new season of *Futurama* and hit comedy *Only Murders in the Building* amid the ongoing Hollywood strikes.



Questions? Write to charts@parrotanalytics.com

Methodology note: Demand for the shows or movies available on a platform catalog is expressed as a share of the total demand for all shows and movies available on an SVOD catalog.

Financial and Demand Performance

Quarter 2 – 2023

Max – Q2 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	95.8M	#3	UP 92.1M (HBO MAX & DISCOVERY+)	DOWN FROM 97.6M
New Subscribers (WW)	-1.8M	#5	N/A	DOWN FROM +1.6M
Quarterly Revenue (WW)	$2.73B	#3	UP FROM $2.23B	UP FROM $2.46B
Corporate Demand Share (US)	17.6%	#2	DOWN FROM 17.8%	UP FROM 17.2%
Originals Demand Share (US)	5.7%	#7	DOWN FROM 7.5%	DOWN FROM 6.1%
On-Platform Demand Share (US)	16%	#2	N/A	UP FROM 14.4% (HBO MAX)

Methodology note: *Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.*

One Key Chart

This Quarter: The newly combined Max platform is the entire reason then-Discovery Inc and then-ATT's WarnerMedia got together in the first place.

The long-awaited combination of HBO Max and Discovery+ is here, and the initial data suggests that Max is off to a strong start. The rebranded and expanded Max platform is now less than one percentage point from overtaking Netflix at number one in total on platform demand share with US audiences.

Max's streaming originals have lost market share for four consecutive quarters, but HBO's originals are making up for that in driving demand and subscribers to the platform. This data suggests combining Discovery+ with HBO Max is indeed creating one of the premiere four quadrant streamers, at least in the US. Warner Bros. Discovery's stock is up double digits YTD, but is stuck at roughly half what is debuted at in April 2022.

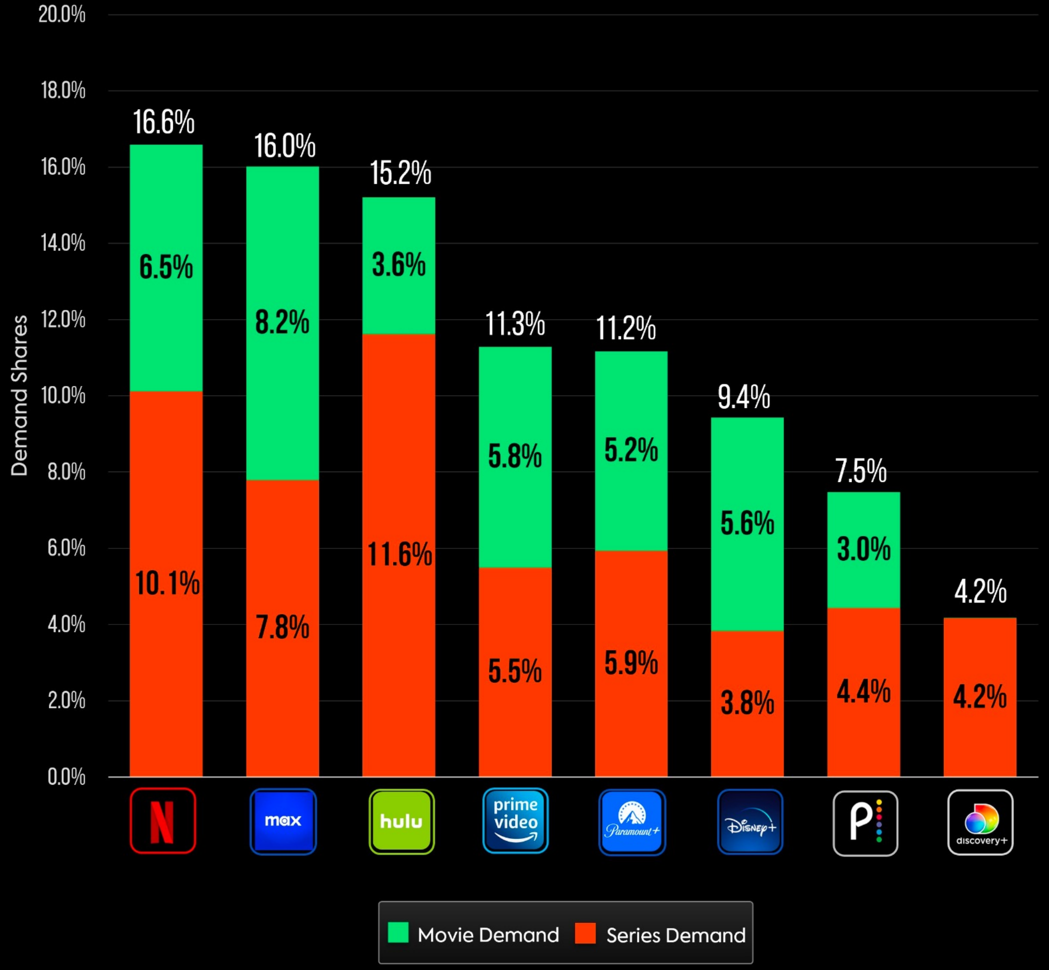
Looking Forward: Even though new seasons of HBO's glossy series will be delayed due to the strikes, Warner Bros. Discovery looks to be one of the companies best positioned to survive a prolonged labor shortage.

Max is now host to an increased number of reality and unscripted series thanks to taking on the majority of Discovery+'s programming. This is the kind of strike-proof content that can still provide audiences with new episodes as the WGA and SAG-AFTRA strikes drag on. These shows are also the kind of 'turn on in the background' series that keeps users on the platform for longer.

Warner Bros. Discovery is the number two conglomerate in corporate demand share, meaning the company should be able to leverage its highly in-demand library to keep audiences engaged for the foreseeable future. Bigger picture, Warner Bros. Discovery is less than a year from being able to accept suitors in a merger or acquisition deal. Recent events moving the Microsoft-Activision acquisition forward may ease any future big deals involving Warner Bros. Discovery.

Total (Movie and Shows) On-platform Demand Shares

(United States, 2023 Q2)



Methodology note: Demand for the shows or movies available on a platform catalog is expressed as a share of the total demand for all shows and movies available on an SVOD catalog.

Financial and Demand Performance

Quarter 2 – 2023

Peacock – Q2 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	24M	#6	UP FROM 13M	UP FROM 22M
New Subscribers (WW)	2M	#2	UP FROM FLAT GROWTH	DOWN FROM 5M
Quarterly Revenue (WW)	$820M	$5	N/A (COMCAST DIDN'T REPORT)	UP FROM FROM $685M
Corporate Demand Share (US)	9.8%	#4	DOWN FROM 10.1%	DOWN FROM 10.0%
Originals Demand Share (US)	3.7%	#8	UP FROM 2.2%	UP FROM 3.3%
On-Platform Demand Share (US)	7.5%	#7	UP FROM 7.0%	DOWN FROM 7.6%

Methodology note: Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.

One Key Chart

This Quarter: *Yellowstone* remains one of the most in-demand scripted series on all of Peacock.

However, the streamer licenses the massively popular Western from Paramount Global and the company is expected to reclaim the title whenever that deal expires. Peacock will have to replace that lost audience — either through continued licensing, leveraging NBCU's portfolio of linear brands, or strategic original development.

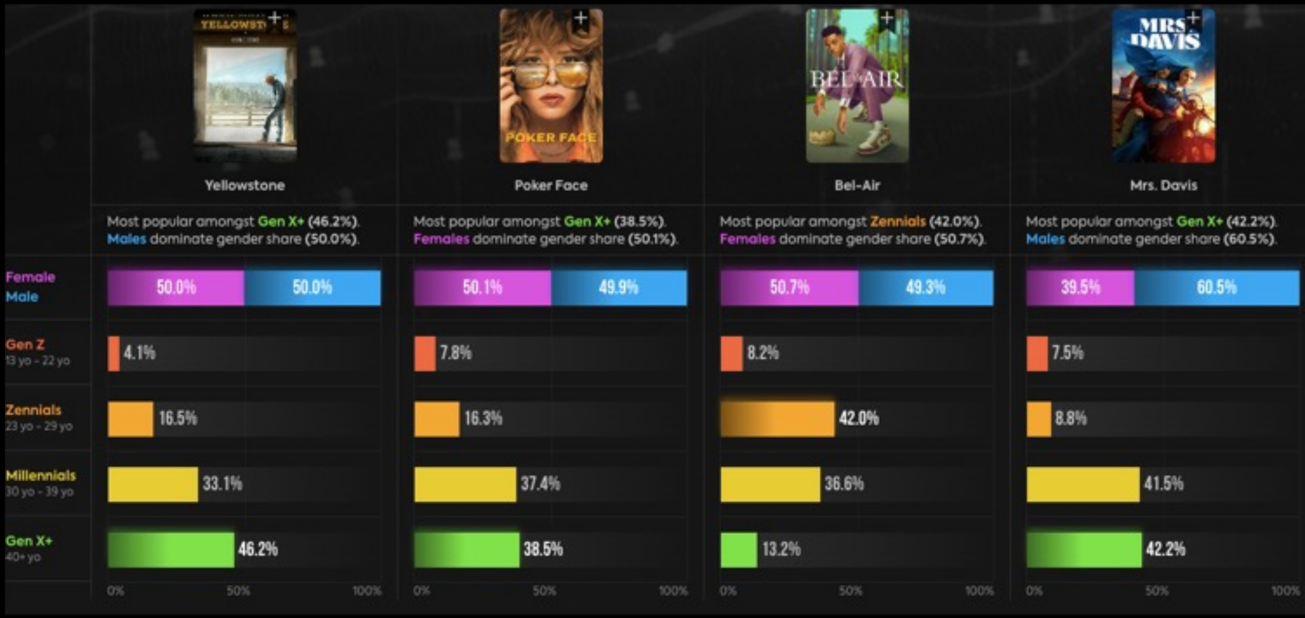
When comparing the audience demographic profiles of *Yellowstone* and three of Peacock's highest-profile originals, we can see the divergence and overlap in terms of viewers. Planning ahead for that eventuality — and leaning on a steady catalog of Dick Wolf produced procedurals, not to mention Bravo reality — will help Peacock round out its offering across various taste clusters.

Looking Forward: Though Peacock remains the smallest of the major streamers in terms of subscribers and content demand, the platform managed to hit a record high in US demand share for streaming original content in Q2 2023, and has grown its market share for three consecutive quarters. And though its on-platform demand share fell slightly this past quarter, Peacock has greatly benefitted from the steady supply of Universal theatrical features in 2023.

M3gan, *Cocaine Bear*, *Knock at the Cabin*, *Fast X* and *The Super Mario Bros. Movie* have driven steady demand while *Oppenheimer* is sure to draw interest once it arrives on the service later this year. In fact, Universal has the most in-demand 2023 theatrical slate with US audiences. As a legacy studio currently on a hot streak, NBCU can leverage its in-demand content through several different distribution networks.

Audience Comparison

Yellowstone, Poker Face, Bel-Air, Mrs. Davis



Methodology note: This chart shows the audience demographic profiles for Yellowstone, Poker Face, Bel-Air and Mrs. Davis.

Financial and Demand Performance

Quarter 2 – 2023

Paramount+ – Q2 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	61M	#4	UP FROM 43M	UP FROM 60M
New Subscribers (WW)	1M	#3	DOWN FROM 4.9M	DOWN FROM 4.1M
Quarterly Revenue (WW)	$1.67B	#4	UP FROM $1.19B	UP FROM $1.51B
Corporate Demand Share (US)	12.2%	#3	DOWN FROM 12.5%	DOWN FROM 12.5%
Originals Demand Share (US)	6.0%	#6	DOWN FROM 5.0%	EQUAL TO 6.0%
On-Platform Demand Share (US)	11.2%	#5	UP FROM 8.2%	UP FROM 9.2%

__Methodology note:__ Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.

One Key Chart

This Quarter: Paramount Global is in third place when it comes to corporate demand share, but Paramount+ ranks no higher than fifth in terms of on-platform or original content demand.

Paramount+ gained significant on-platform demand share in Q2 2023, which accounts for all series and movies available on a platform, regardless of exclusivity. It moved up from 9.2% to 11.2% versus last quarter, and from sixth to fifth place. Paramount+ jumped ahead of Disney+ in this ranking, and is within a rounding error of Amazon Prime Video for fourth.

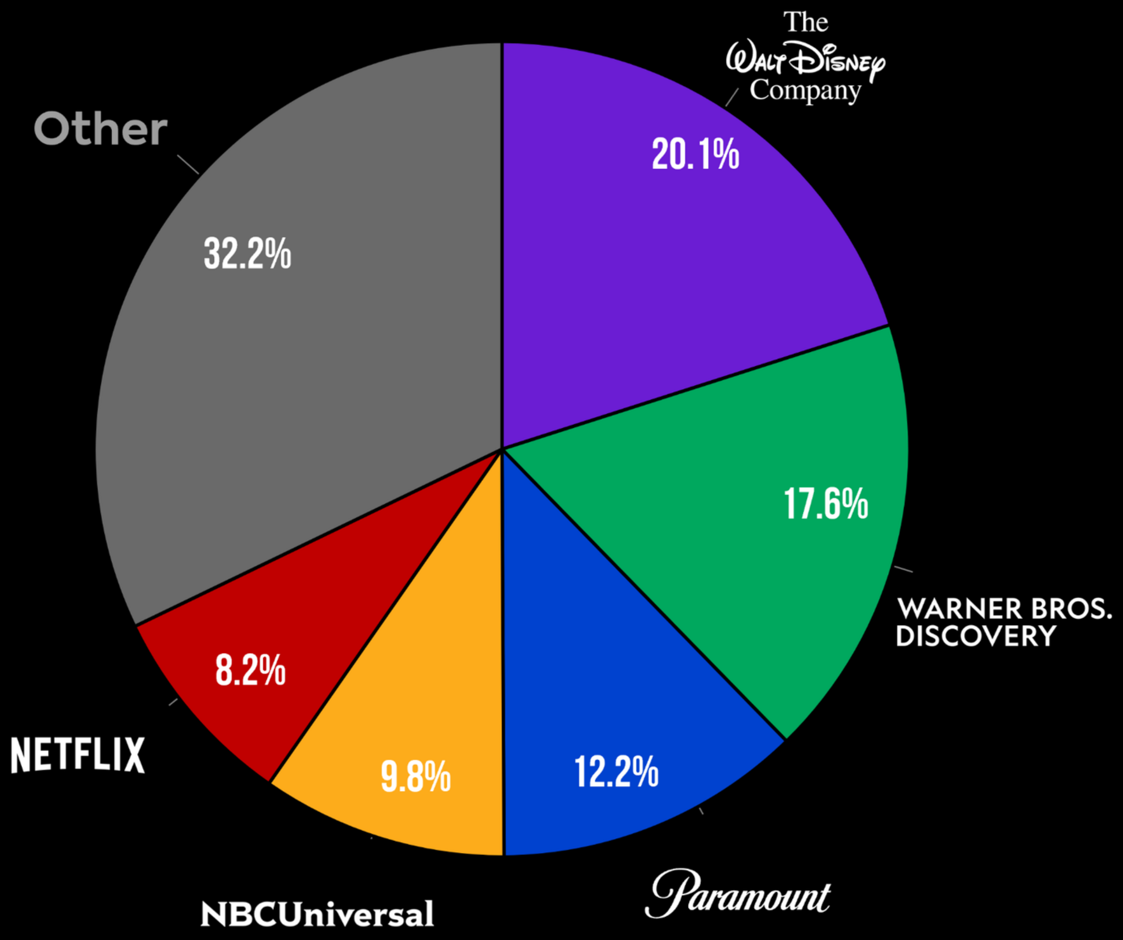
The combination of its Walmart+ deal and Showtime platform consolidation seem to be helping Paramount+ with scale, but it's unclear how much this will add to the company's bottom line as all streaming companies focus on reaching consistent profitability. It remains to be seen how Paramount+ breaks into the top three streaming category alongside Netflix, Disney, and Warner Bros. Discovery.

Looking Forward: The biggest question for the rest of the year is: What is the endgame for Shari Redstone? The most likely mega merger in the coming years seems to be NBCUniversal and Warner Bros. Discovery, so where does that leave Paramount Global? After selling off publishing arm Simon & Schuster to KKR, which other linear or old-school media assets will be gobbled up by private equity? BET has been on sale for months. Could Nickelodeon and CBS be up next?

In the short term, CBS and Paramount+ stand to benefit from increased NFL interest, whose season will kick off just as the lack of new scripted broadcast series will be felt. CBS is wisely filling in some of the programming gap with reruns of *Yellowstone*, which is famously streaming on rival streamer Peacock. And don't sleep on *Survivor*, which will have extended episodes on CBS. It was a top ten most in-demand reality series worldwide and in the US in Q2 2023.

Demand Shares for Series by Corporate Owner

United States, Q2 2023



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Methodology note: Corporate demand share is the total demand for all series where the most recent season first aired on a platform controlled by each corporate entity. For example: ABC, National Geographic and FX original series will all count towards the Disney share.

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Demand Performance

Quarter 2 – 2023

Amazon Prime Video – Q2 2023	Number	Rank	Annual Charge	Quarterly Change
Corporate Demand Share (US)	1.9%	#7	UP FROM 1.8%	UP FROM 1.8%
Originals Demand Share (US)	8.6%	#2	DOWN FROM 9.0%	DOWN FROM 8.8%
On-Platform Demand Share (US)	11.3%	#4	UP FROM 8.2%	DOWN FROM 11.5%

One Key Chart

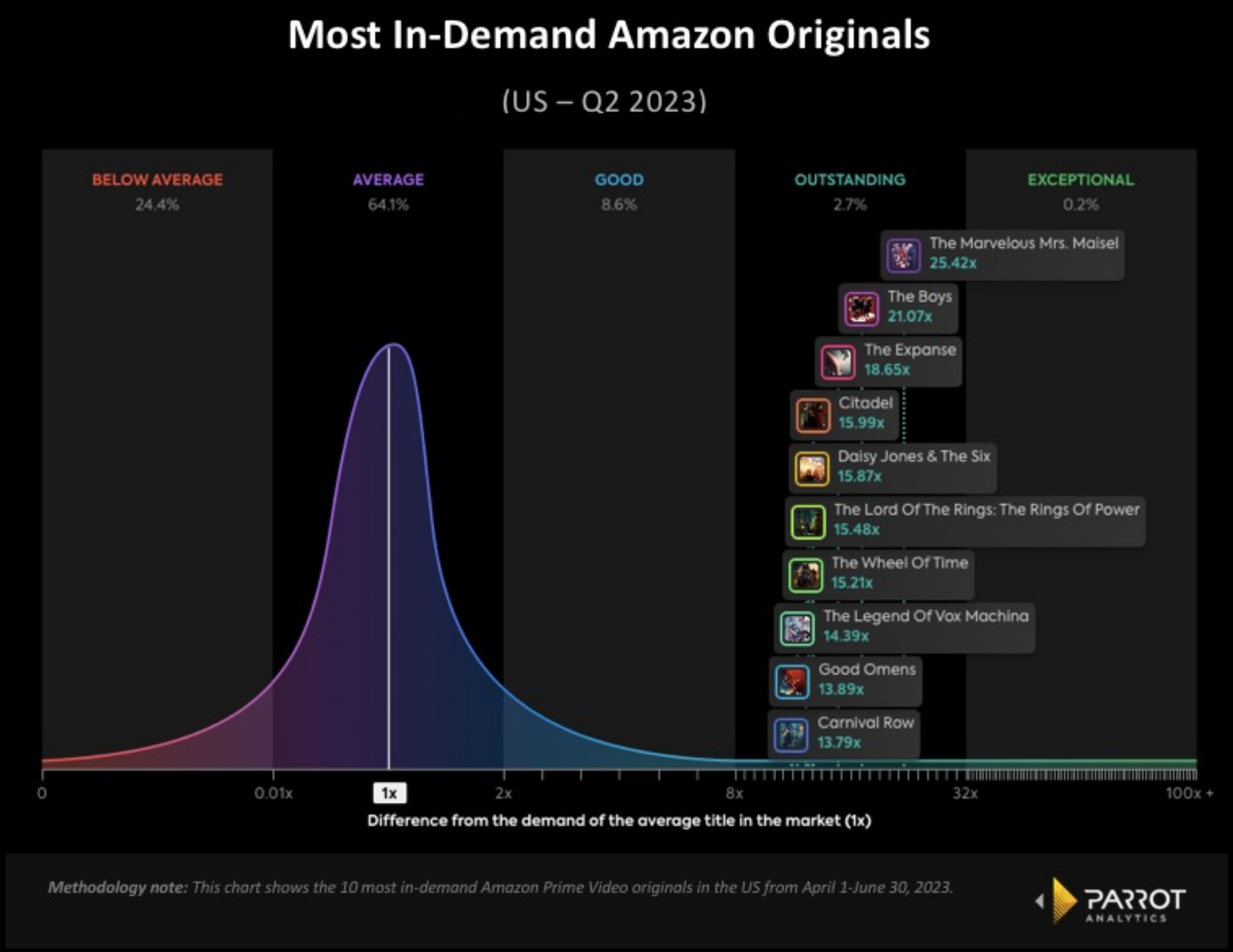
This Quarter: While Amazon Prime Video continues to license content from other companies, which should only get easier as studios look to generate more revenue and deemphasize platform exclusivity, it is still counting on its roster of originals to drive demand and value.

In Q2, its top 10 most in-demand originals in the US were all among the top 2.7% of TV titles in that timeframe. However, the conclusions of *The Marvelous Mrs. Maisel* and *Jack Ryan* leave Prime Video without some of its marquee originals at a time when the delivery of fresh scripted content over the next several months is uncertain due to the ongoing Hollywood strikes.

Looking further ahead, Amazon is undoubtedly hoping that new seasons of costly series such as *Citadel* and *The Lord of the Rings: The Rings of Power* continue to build on their first season audience.

Looking Forward: Amazon Prime Video remains in second place in originals demand share in the US, beating out Apple TV+ (8.3%),Disney+ (7.3%) Hulu (7.2%) and others while falling behind only Netflix (36.3%).

It holds the same position globally as well. Yet as Prime Video exists as a portion of the Prime bundle, it still remains to be seen how significantly the streamer contributes to Amazon's overall success. The company seems remained to commit to its entertainment opportunity given the multi billions it spends on content every year, including *Thursday Night Football*, as well as the $8.5 billion acquisition of MGM. Whether or not that coalesces into a true Netflix killer still remains to be seen.



Demand Performance

Quarter 3 – 2023 *(Apr-Jun 2023)*

Apple TV+ – Q2 2023	Number	Rank	Annual Change	Quarterly Change
Corporate Demand Share (US)	1.8%	#8	UP FROM 1.4%	UP FROM 1.6%
Originals Demand Share (US)	8.3%	#3	UP FROM 7.0%	UP FROM 7.7%
On-Platform Demand Share (US)	1.3%	#11	DOWN FROM FROM 1.9%	DOWN FROM 1.6%

Methodology note: Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.

One Key Chart

This Quarter: Led by the third season of *Ted Lasso*, as well as breakout hit *Silo*, Apple TV+ hit new highs in streaming originals demand share in the US and around the world.

When it comes to demand for original series, Apple TV+ is now the third most in-demand service with US audiences, jumping ahead of Disney+, and the fourth most in-demand globally. *Ted Lasso* was the most in-demand streaming original with global audiences from April-June 2023, the first non-Netflix or Disney+ original to achieve this ranking since 2017.

The biggest event for Apple TV+ in the last six months may have been soccer superstar Messi signing with MLS squad Inter Miami. With MLS Season Pass, Apple now has exclusive access to live games of one of the most in-demand athletes in the world.

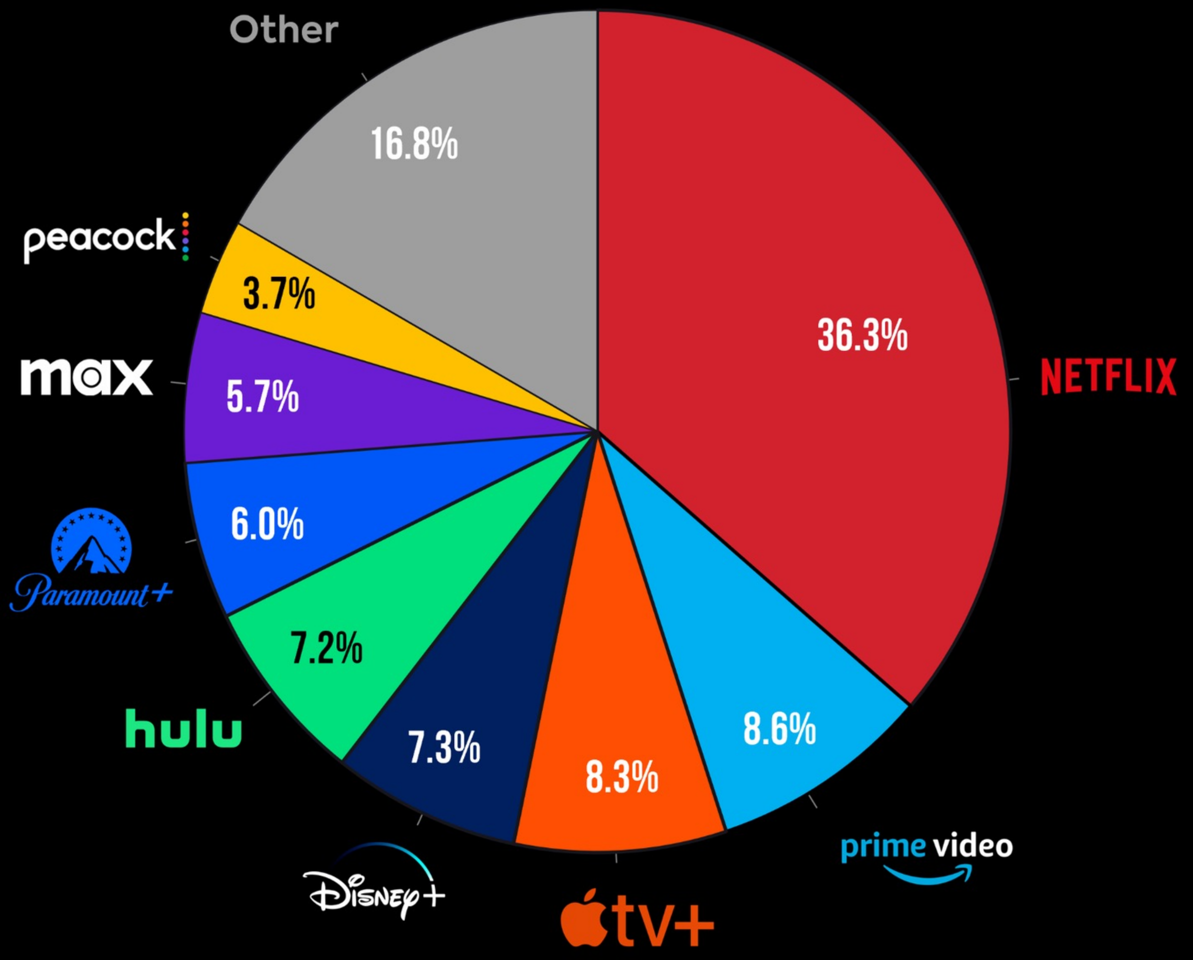
Looking Forward: Apple TV+ is more reliant on original programming than any other streamer, and might feel the pains of a prolonged Hollywood work stoppage faster than its competitors when it no longer has new shows and movies in the can.

Even if *Ted Lasso* proves to be as re-watchable as sitcoms like *Friends* or *The Office*, it only has 36 total episodes, compared to over 200 for each of those.

Just as legacy streamers and media companies will turn to American football to get through the strikes, Apple will attempt to leverage its access to elite fútbol. Messi's presence on the platform should lead to material revenue growth from both new subscribers who want to watch Messi, and by upselling existing Apple TV+ subscribers with a discounted MLS Season Pass

US Platform Demand Share for All Streaming Originals

United States, Q2 2023



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__Note:__ Demand share for a platform is the market share of demand in time period for all of that platform's original series, regardless of availability in a market.

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