Q3 2022

Parrot Analytics: Presents

The Quarterly Report Card — Q3 2022

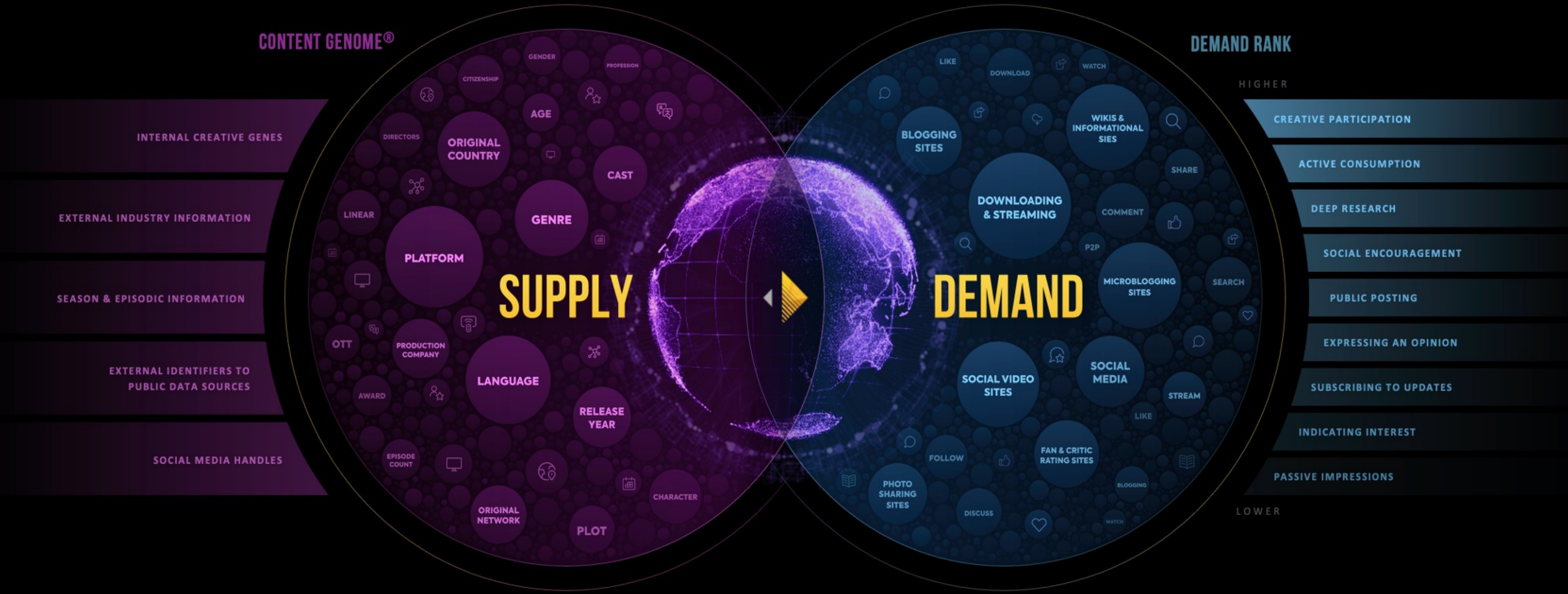
Contents

CAPTURING

CONTENT SUPPLY — AUDIENCE DEMAND

100M+ METADATA TAGS
2K+ DISTRIBUTION PLATFORMS
1M+ TITLES & 1M+ TALENT

BEHAVIORAL DATA FROM
2B+ CONSUMERS



The industry's most advanced
CONTENT TAXONOMY SYSTEM

The world's only global audience
DEMAND MEASUREMENT PLATFORM

Financial and Demand Performance

Quarter 3 — 2022

Netflix – Q3 2022	Number	Rank	Annual Charge	Quarterly Change
Total Subscribers (WW)	223.1M	#1	+4.5% (213.6M SUBS IN Q3 '21)	+1.1% (220.6M SUBS IN Q2 '22)
New Subscribers (WW)	2.41M	#4	-44% (4.3M SUBS ADDED IN Q3 '21)	+348% (-0.97M SUBS IN Q2 '22)
Quarterly Revenue (WW)	$7.9B	#1	+2.5% ($7.7B IN Q3 '21)	-0.55% ($7.97B IN Q2 '22)
Corporate Demand Share (US)	8.5%	#5	+10.4% (7.7% IN Q3 '21)	+2.4% (8.3% IN Q2 '22)
Originals Demand Share (US)	41.5%	#1	-5.0% (43.7% IN Q3 '21)	+2.5% (40.5% IN Q2 '22)
On-Platform Demand Share (US)	18.2%	#2	-14.6% (21.3% IN Q3 '21)	-6.2% (19.4% IN Q2 '22)

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.*

PARROT ANALYTICS

One Key Chart

This Quarter: Netflix found its way back on track this most recent quarter, adding two million subscribers heading into its biggest quarter of the year.

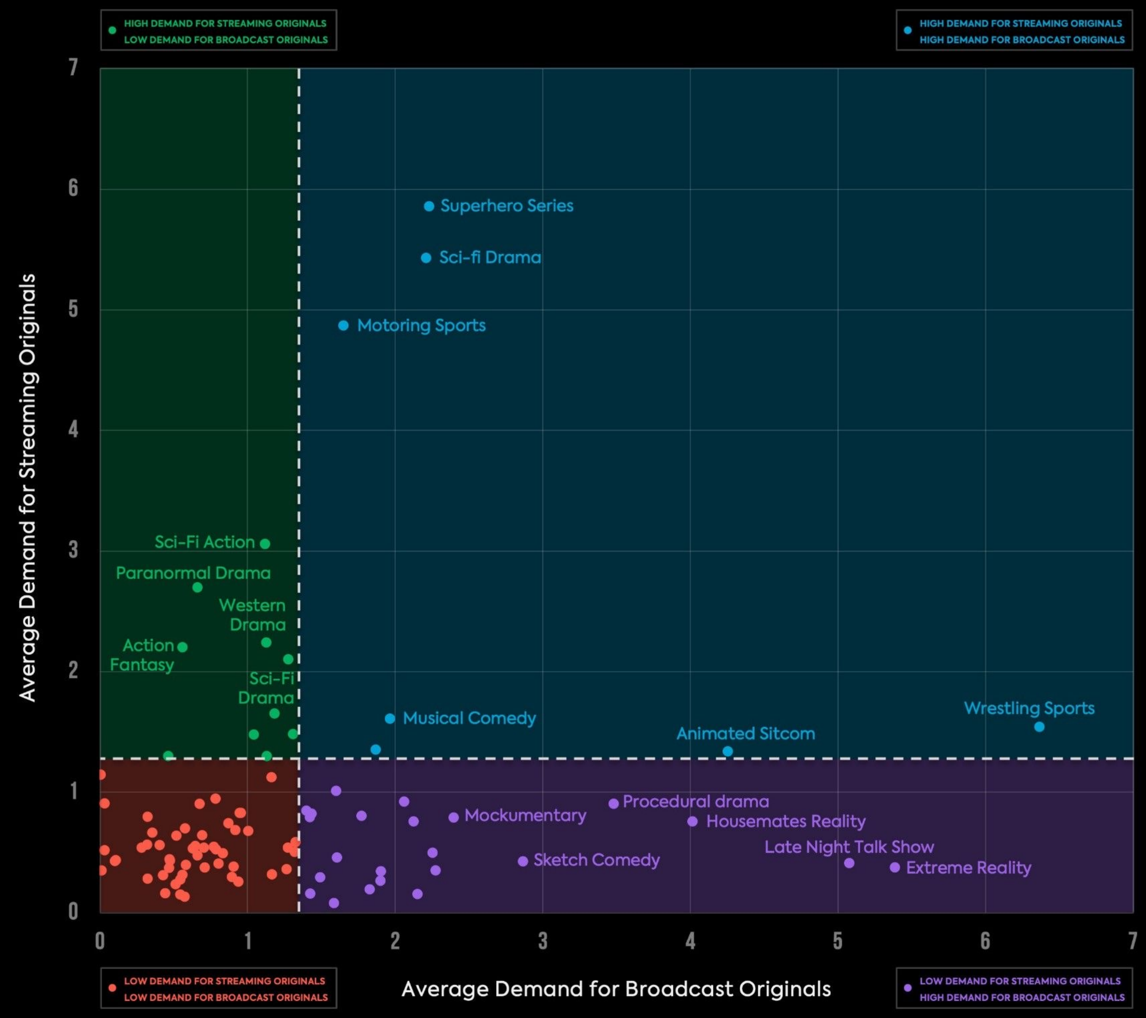
What's become abundantly clear is that Netflix needs to better itself in three key content areas (not taking into account growth in new innovation spaces like gaming and immersive experiences): making international content work domestically, elongating session time, and owning in-demand genres like comedies (sitcoms) and procedurals. The chart demonstrates that demand for procedurals is still prevalent on broadcast, but it's moving closer to being highly in-demand on streaming services. It's here that Netflix can find value in owning its own.

Looking Forward: Netflix needs to prove that it can better distribute weight of its TV seasons throughout the year instead of relying heavily on Q4 as the company has done in the past.

Seasonality hasn't totally disappeared in television and film, in part due to broadcast premieres and award show contender season, but it has for consumers. In order to prevent churn and return activity throughout the year, subscribers need a reason to open the app every single day to increase the perceived value of the streaming platform. Netflix proved with *Dahmer* that it could compete against big IP series like *The Rings of Power* and *House of the Dragon*, but Netflix needs to prove it can deliver that — domestically and internationally — again and again.

Average Demand for Streaming and Broadcast Originals by Subgenre

United States, Q3 2022



Methodology note: *The axis represents the average demand for streaming original or broadcast originals shows within each sub-genre.*

Financial and Demand Performance

Quarter 4 – 2022

Disney – Q4 2022	Number	Rank	Annual Charge	Quarterly Change
Total Subscribers (WW)	164.2M	#2	+39% (UP FROM 118.1M IN Q4 '21)	+7.9% (UP FROM 152.1M SUBS IN Q3 '22)
New Subscribers (WW)	12.1M	#1	+476% (UP FROM 2.1M SUBS IN Q4 '21)	(down from 14.4M subs in Q3 '22)
Quarterly Revenue (WW)	$4.9B	#2	+8% (UP FROM $4.6B IN Q4 '21)	-3.9% ($5.1B IN Q3 '22)
Corporate Demand Share (US)	19.8%	#1	-1.5% (20.1% IN Q4 '21)	+0.5% (19.7% IN Q3 '22)
Originals Demand Share (US)	8.5%	#3	-4.5% (8.9% IN Q4 '21)	+2.4% (8.3% IN Q3 '22)
On-Platform Demand Share (US)	6.0%	#8	+5.3% (5.7% IN Q4 '21)	FLAT (6.0% IN Q3 '22)

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: Disney+'s continued growth quarter after quarter is a testament to the platform's ability to create new, highly in-demand series built around its core franchise pillars that attracts fans in new countries each quarter.

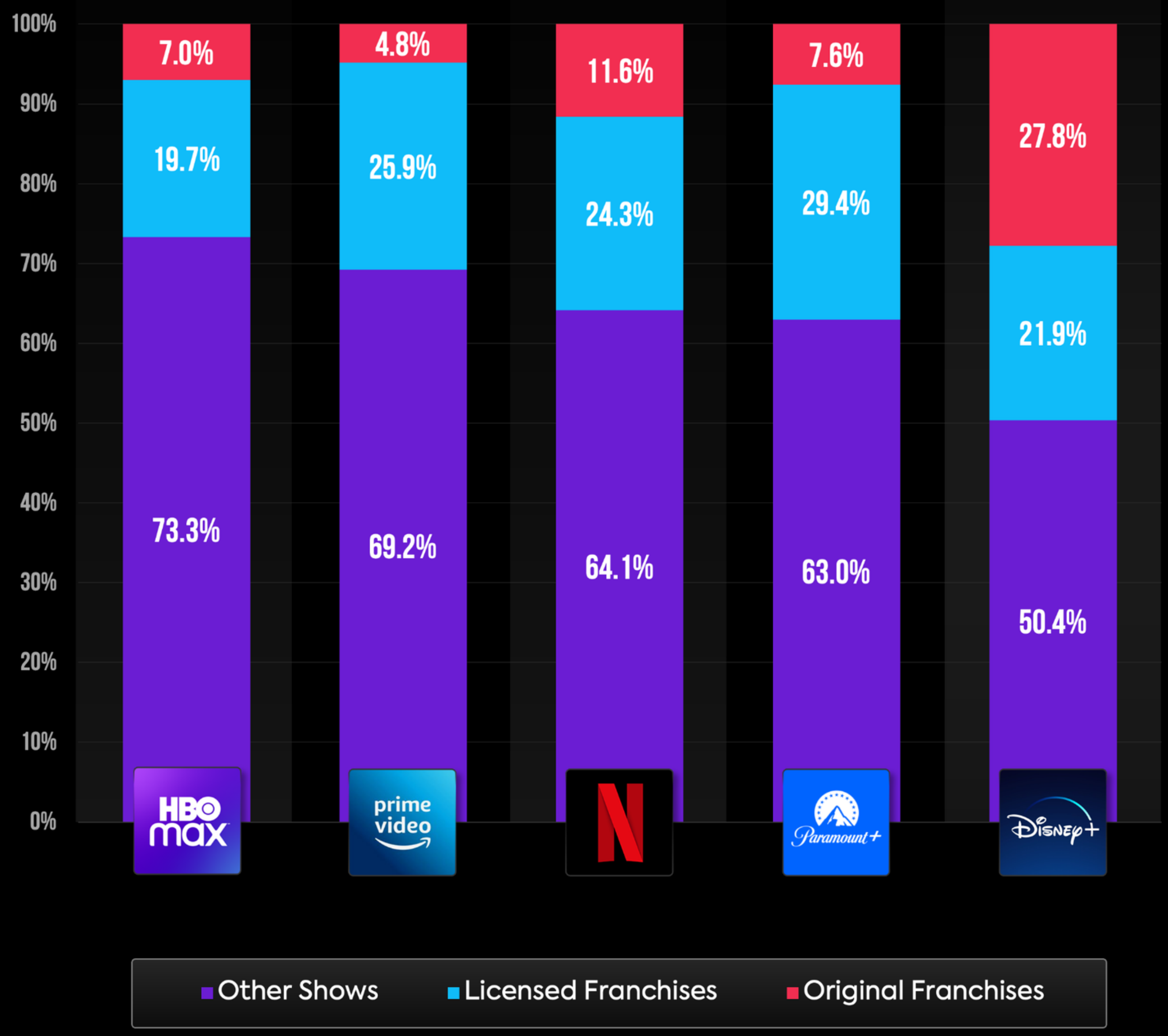
As Disney+ expands its offering globally, this also means broadening the type of content that's available to Disney+ subscribers, including more adult fare like *Pam and Tommy*, which became a top title on Disney+ outside of the US this quarter. As its competitors lean more into children's and young adult programming, Disney+ has remained a top contender in the space thanks to shows like *Bluey* and franchise expansions like the Olaf series based on the popular character from *Frozen*.

Looking Forward: There are two major hurdles that Disney still faces: generating stronger average revenue per user (ARPU) for Disney+ in both domestic and international regions, and building out a stronger four quadrant service to continue scaling at the speed Disney executives want to scale at.

For all of Disney+'s impressive growth, the average revenue per user is less than its competitors in part due to the pricing of the service. A $3 price increase scheduled for December will help increase ARPU, but also risks elevated churn rates. Part of the way to help prevent high churn while also increasing prices is widening the total addressable market. Taking parts of Hulu, for example, and rolling it into Disney+. It may seem outrageous, but consider that *Deadpool* and *Marvel's Daredevil* are more suited for Hulu but went to Disney+ as the company expands what Disney+ is.

Share of Demand for Franchise Shows

(United States | May 2022)



Methodology note: *The share of demand for each type of show is represented as a share of the demand for the total catalog of each platform.*

PARROT ANALYTICS

Financial and Demand Performance

Quarter 4 – 2022

Hulu – Q4 2022	Number	Rank	Annual Charge	Quarterly Change
Total Subscribers (WW)	42.8M	#5	+8% (UP FROM 39.7M IN Q4 '21)	+1.4% (UP FROM 42.2M IN Q3 '22)
New Subscribers (WW)	600,000	#6	-25% (800,000 SUBS ADDED IN Q4 '21)	-25% (800,000 SUBS ADDED IN Q3 '22)
Quarterly Revenue (WW)	$4.9B (SAME WITH DISNEY STREAMING)	#2	+8% ($4.6B IN Q4 '21)	-3.9% ($5.1B IN Q3 '22)
Corporate Demand Share (US)	19.8%	#1	-1.5% (20.1% IN Q4 '21)	+0.5% (19.7% IN Q3 '22)
Originals Demand Share (US)	7.4%	#4	+2.8% (7.2% IN Q4 '21)	+10.4% (6.7% IN Q3 '22)
On-Platform Demand Share (US)	19.6%	#1	+2.6% (19.1% IN Q4 '21)	+2.1% (19.2% IN Q3 '22)

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: Series from the major broadcasters in the United States still provide a significant portion of demand for many of the streaming platforms, most notably those owned by parent companies with broadcast networks and streaming platforms.

Hulu is one of the only streaming platforms that has a relatively even split amongst all the broadcasters, but as NBC and CBS look to pull some content, it's notable that only 9.4% of all demand for broadcast series out of the nearly 34% comes from ABC. Some of that is also not exclusive. If CBS and NBC pull back their series, and ABC continues to license out key titles, like *Grey's Anatomy*, to Netflix, this leaves a hole in Hulu's catalog, which is the most in-demand of all competitors in the United States because of the content it licenses.

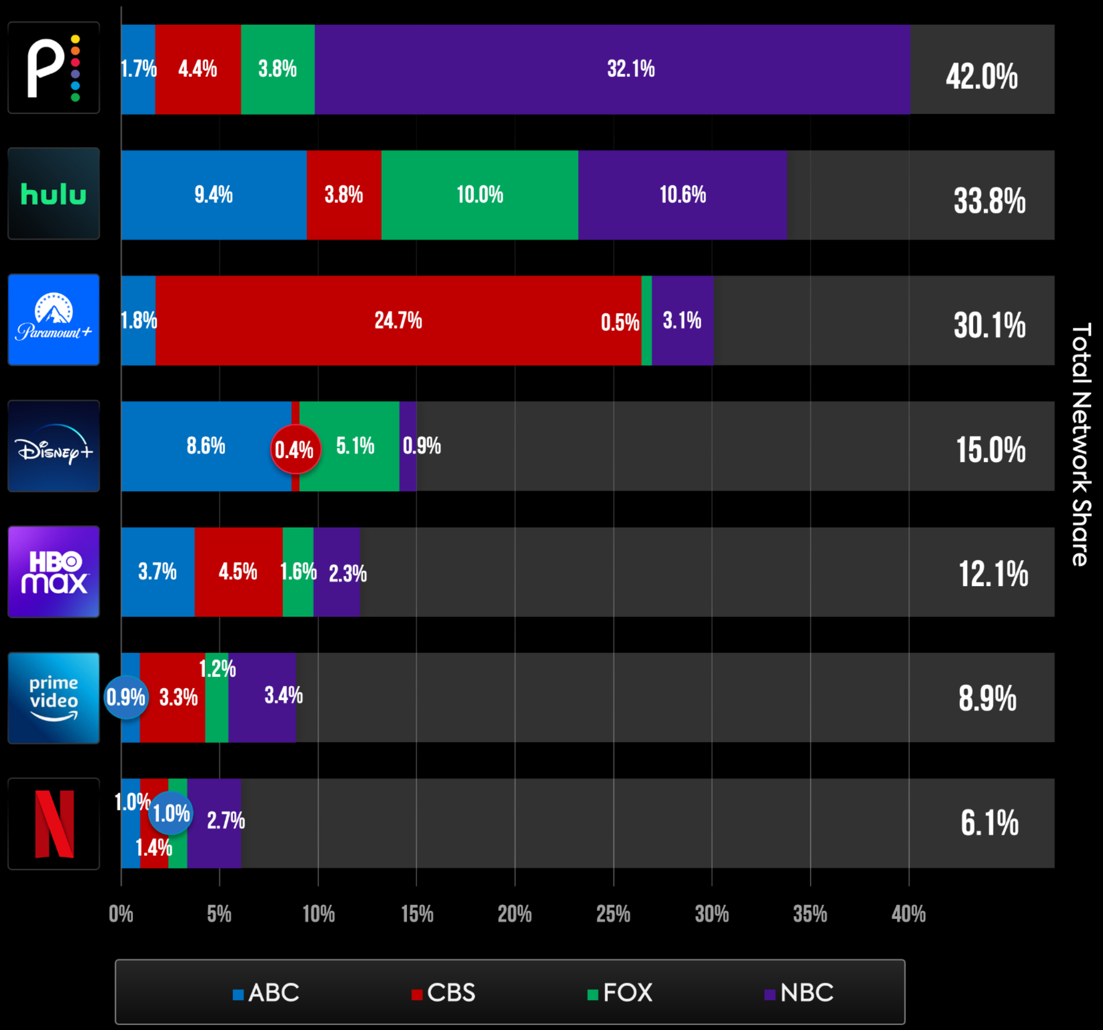
Looking Forward: Questions about Hulu's strategy have circled for years. The service has seen 8% growth in subscriptions year over year as of Disney's fourth quarter, while Hulu with Live TV has grown 10%.

FX has helped to create demand for original series, and advertising is still strong on the streaming platform. The bigger question is an existential one. If those suppliers do pull their content to bolster their own streaming services, the perceived value of Hulu as a platform declines.

As part of the larger Disney streaming bundle this isn't apocalyptic, but the goal is to create a general entertainment streamer that rivals Netflix. Netflix spent tens of billions of dollars on creating a 50/50 catalog of owned and licensed. There's only so much ABC and Fox can do for Hulu, and especially if that content is still licensed elsewhere.

US Share of Demand for Shows from the Main Broadcast Networks – by Platform

United States, Q3 2022



Methodology note: Demand is expressed as a share of the total demand for Shows from the Main Broadcast Networks for every platform.

PARROT ANALYTICS

Financial and Demand Performance

Quarter 3 — 2022

HBO Max – Q3 2022	Number	Rank	Annual Charge	Quarterly Change
Total Subscribers (WW)	94.9M	#3	N/A	+3% (92.1M IN Q2 '22)
New Subscribers (WW)	2.8M	#3	N/A	+65% (1.7M ADDED IN Q2 '22)
Quarterly Revenue (WW)	$2.3B	#3	N/A	3.6% [$2.23B IN Q2 '22]
Corporate Demand Share (US)	17.9%	#2	N/A	+0.5% (17.8% IN Q2 '22)
Originals Demand Share (US)	6.9%	#6	+11.2% (6.2% IN Q3 '21)	-9% (7.6% IN Q2 '22)
On-Platform Demand Share (US)	10.8%	#3	-4.4% (11.3% IN Q3 '21)	-6% (11.5% IN Q2 '22)

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

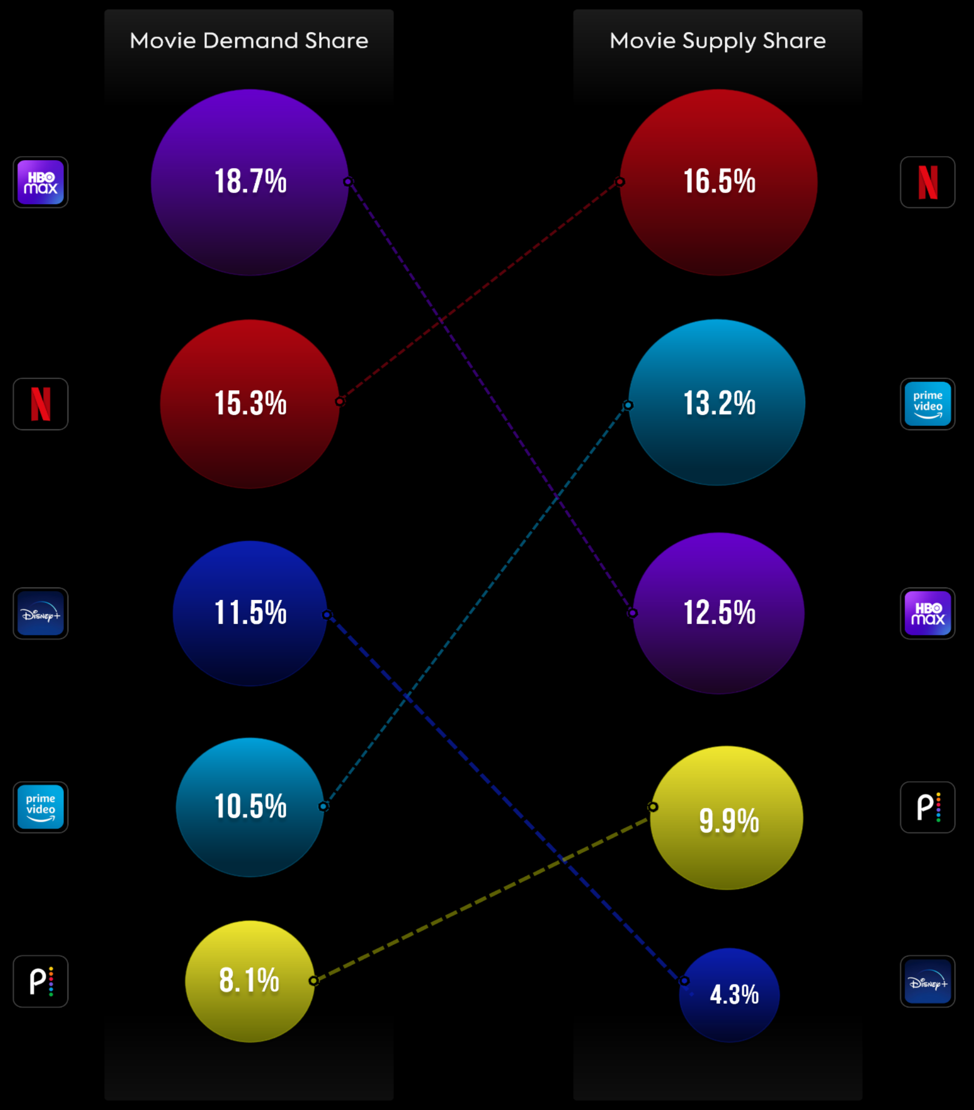
This Quarter: Even as a number of titles were removed from HBO Max in recent months, the streamer has maintained a highly attractive movie library. Despite accounting for just 12.5% of all US movie supply by SVOD platform in Q3, it leads the industry with a movie demand share of 18.7%. Movies serve as a crucial retention tool for subscribers that helps to reduce churn. HBO Max's strong showing here, particularly without a steady stream of SVOD exclusive features under new management, speaks to the power of Warner Bros.' long-running library.

Looking Forward: HBO Max has grown as a destination for carefully curated quality and in-demand movies. Its parent company, Warner Bros., has long positioned itself as a talent-friendly company that cultivates relationships with top tier creatives in order to unearth the next sensation. But recent changes may lead to new perceptions.

With Warner Bros. Discovery CEO David Zaslav aggressively cutting costs and merging HBO Max and Discovery+ together this upcoming spring, it remains to be seen how existing users will respond to the new voluminous streamer. Scale without proper audience consideration can result in empty size and a diminished user experience. On paper, Discovery and HBO Max's content appears complementary as do the audience demographics for both services. But complementary isn't always the same as additive.

Movie Catalog Demand and Supply by Platform

(United States, Q3 2022)



Methodology Note: *Demand share for a platform catalog is the share of US movie demand in that time period for all movies available on each platform. Movie Supply Share measures the size of each platform's movies catalog and is expressed as the share of movies available on all SVOD platforms.*

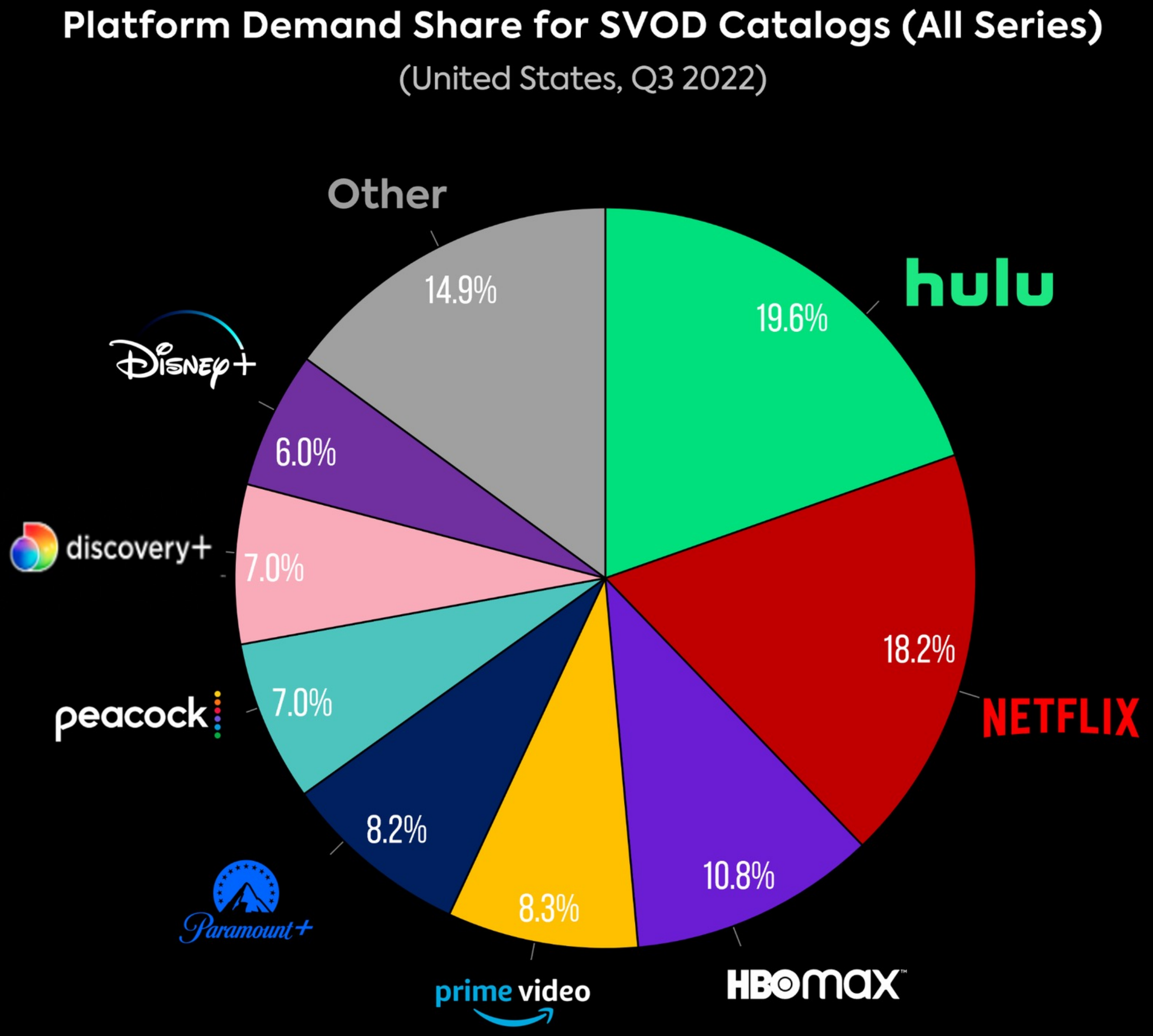
Financial and Demand Performance

Quarter 3 – 2022

Discovery+ – Q3 2022	Number	Rank	Annual Charge	Quarterly Change
Total Subscribers (WW)	94.9M (SAME AS HBO MAX)	#3	N/A (SAME AS HBO MAX)	+3% (92.1M IN Q2 '22) (SAME AS HBO MAX)
New Subscribers (WW)	2.8M (SAME AS HBO MAX)	#3	N/A (SAME AS HBO MAX)	+65% (1.7M ADDED IN Q2 '22) (SAME AS HBO MAX)
Quarterly Revenue (WW)	$2.3B (SAME AS HBO MAX)	#3	N/A (SAME AS HBO MAX)	3.6% [$2.23B IN Q2 '22] (SAME AS HBO MAX)
Corporate Demand Share (US)	17.9%	#2	N/A	-0.5% (17.8% IN Q2 '22)
Originals Demand Share (US)	0.8%	#10	+300% (0.2% IN Q3 '21)	+60% (0.5% IN Q2 '22)
On-Platform Demand Share (US)	7.0%	#7	+1.9% (6.9% IN Q3 '21)	+9.3% (6.4% IN Q2 '22)

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



Note: Only includes SVOD platforms in the United States, includes both licensed and original series on platforms. Series licensed to more than one SVOD are attributed equally to each platform.

PARROT ANALYTICS

This Quarter: Discovery+ often isn't included in the discussion of the premium SVOD services, yet its total on-platform demand share in the US last quarter (7.0%) was even with Peacock (7.0%) and ahead of Disney+ (6.0%). Unlike the competition, Discovery+ isn't relying on margin-thinning expensive originals to drive growth and is instead seeing significant demand for its library of cost-effective reality and unscripted programming that continues to prop up its linear network.

Still, Discovery+ is too small to consistently compete with its well-resourced rivals. While questions surround HBO Max's future, Discovery+ stands to gain from the increased exposure and user base that will result from the looming merger of the two services.

Looking Forward: Discovery has built its foundation on appealing unscripted programming such as *Mythbusters* and *90 Day Fiance*, but there's room for even greater expansion. Total audience demand for documentary reality and true crime combined has grown more than 300% between Oct. 1, 2017-Dec. 1, 2021, with the majority of that growth coming from true crime.

This can be a synergistic lane for WBD as unscripted true crime docuseries from Discovery+ pair with scripted dramatizations from HBO Max similar to what Netflix has done with its variety of Jeffrey Dahmer series in Q3.

Financial and Demand Performance

Quarter 3 – 2022

Peacock – Q3 2022	Number	Rank	Annual Charge	Quarterly Change
Total Subscribers (WW)	15M	#5	N/A (COMCAST DIDN'T REPORT)	N/A (COMCAST DIDN'T REPORT)
New Subscribers (WW)	2M	#5	N/A (COMCAST DIDN'T REPORT)	+15% (13M TOTAL SUBS IN Q2 '22)
Quarterly Revenue (WW)	$5.2B (MEDIA DIVISION)	N/A	-23.5% ($6.8B IN Q3 '21)	-1.89% ($5.2B IN Q2 '22)
Corporate Demand Share (US)	9.8%	#4	-7.5% (10.6% IN Q3 '21)	-3.0% (10.1% IN Q2 '22)
Originals Demand Share (US)	2.8%	#8	+64.7% (1.7% IN Q3 '21)	-6.7% (3.0% IN Q2 '22)
On-Platform Demand Share (US)	7.0%	#6	+7.7% (6.5% IN Q3 '21)	FLAT (7.0% IN Q2 '22)

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: Peacock has struggled to find its identity since launching nationally in 2020, but with the Hallmark partnership and an audience bound by sports, Peacock is in a strong position to become one of the main services that cord cutters pivot toward as they try and get the most of what they need.

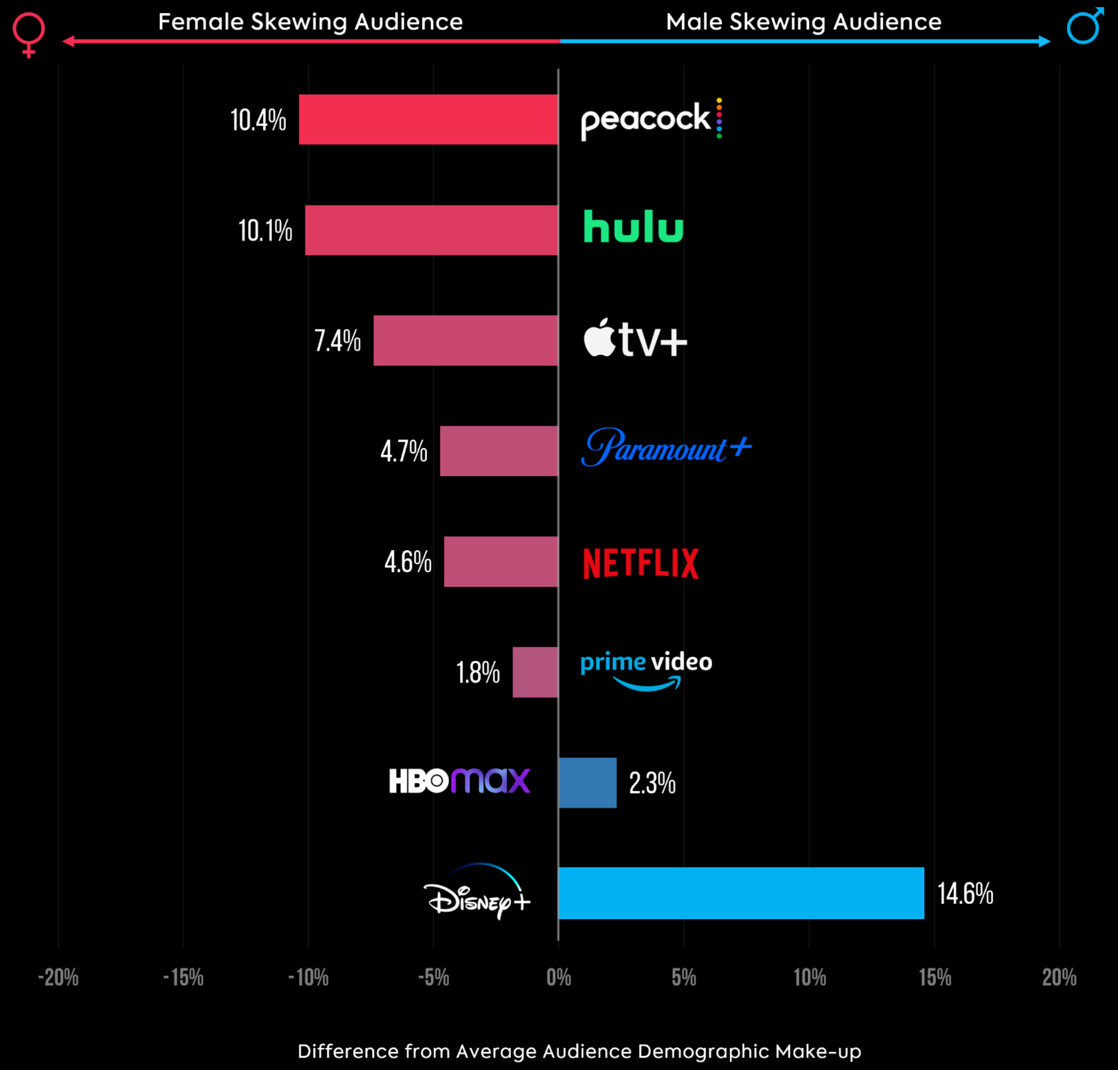
This doesn't necessarily mean strong prestigious programming, but Peacock's strengths aren't in creating the type of content that people can get elsewhere, but appealing to a base that wants to find comfort in programming. Unsurprisingly, Peacock has one the largest female skewing audiences, which should grow and be helped by Bravo programming, Hallmark, and procedurals like the *Chicago* series.

Looking Forward: The goal for all of these streaming services is profit, but profit can only come with consistent demand increases to generate subscriber growth, improve retention rates, and create customer loyalty that allows for price increases that build stronger ARPU and bring in more advertisements.

Peacock is on the right trajectory, now it's about using this burst of interest to capitalize on an audience. Doubling down on key areas, including live programming, that targets older men and women that are looking to cut the cord and replace it with a version of what they're getting that's more manicured could become a great opportunity for Peacock as original content investment grows and more research is done on white space opportunity for younger viewers.

Gender Skew by Platform Catalog

(United States, All time)



Methodology note: *Audience profile of a platform is based on social interactions and compared against the demographic makeup of the average audience.*

PARROT ANALYTICS

Financial and Demand Performance

Quarter 3 – 2022

Paramount+ – Q3 2022	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	46M	#4	N/A (DIDN'T BREAK OUT)	+7% (43M SUBS IN Q2 '22)
New Subscribers (WW)	4.6M	#2	N/A (DIDN'T BREAK OUT)	-9.6% (5.2M SUBS IN Q2 '22)
Quarterly Revenue (WW)	$1.22B	#4	+37.7% ($890 MILLION IN Q3 '21)	+2.8% ($1.19B IN Q2 '22)
Corporate Demand Share (US)	12.4%	#3	-5.3% (13.1% IN Q3 '21)	-0.8% (12.5% IN Q2 '22)
Originals Demand Share (US)	5.1%	#7	+30.8% (3.9% IN Q3 '21)	-5.6% (5.4% IN Q2 '22)
On-Platform Demand Share (US)	8.2%	#5	+2.5% (8.0% IN Q3 '21)	FLAT (8.2% IN Q2 '22)

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: *Top Gun: Maverick's* box office performance wasn't the only highlight for Paramount Global in Q2 2022. Paramount+ bucked the industry trend by adding nearly 3 million new subscribers in the US and Canada, accounting for virtually all the SVOD subscriber gains in UCAN across all major services last quarter, as saturation of the entertainment's most valuable region appears to be setting in.

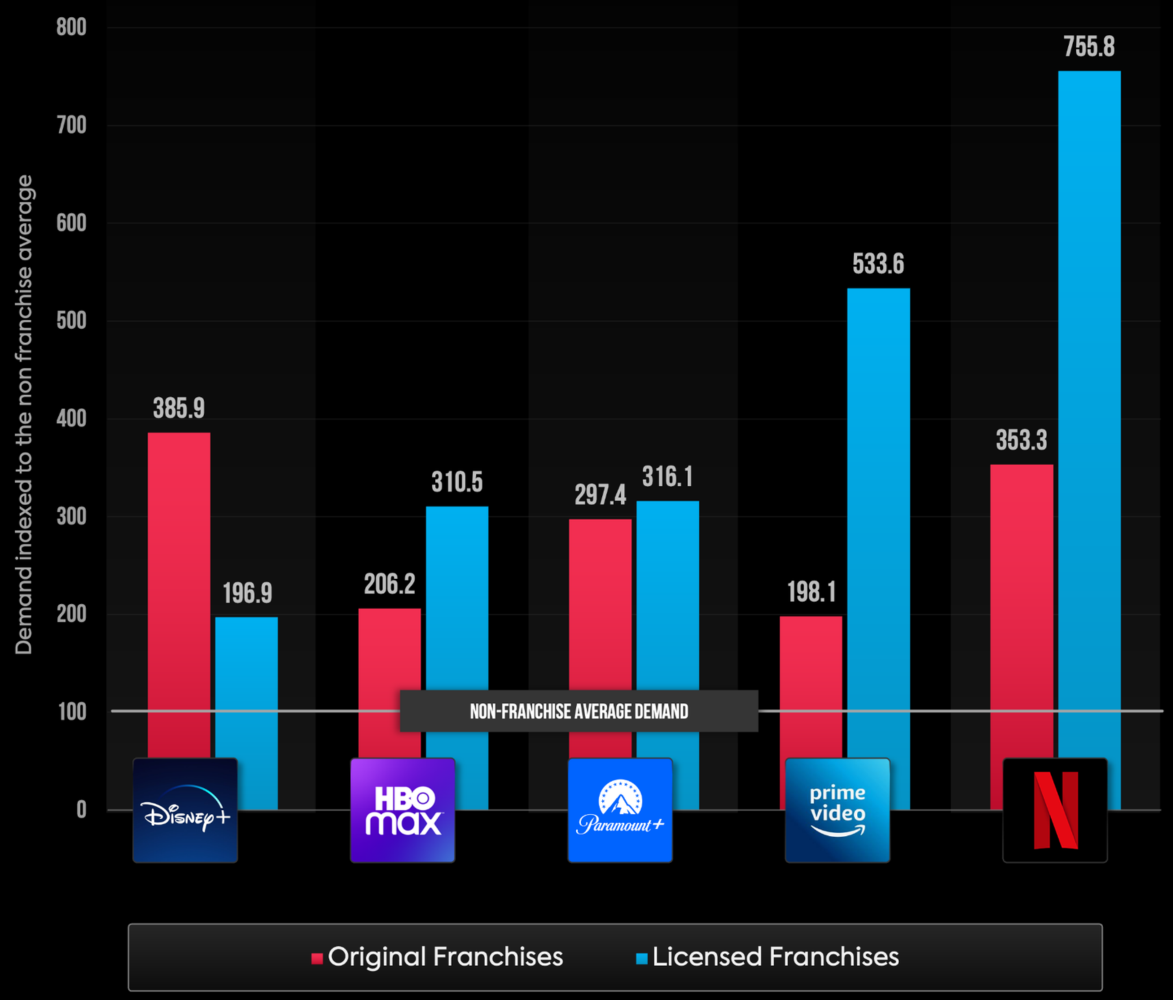
Growing demand for Paramount+'s slate of originals has powered this growth, as the streamer's 'quality over quantity' strategy for original content seems to be paying off. Demand growth for Paramount+ originals maintained or trailed that of all other streaming services through Q3 2021, but since Q4 2021, demand for Paramount+ originals have grown at a significantly faster pace than that of other services. Since Q1 2021, the total demand for Paramount+ originals grew 76%, much higher than the growth rate of all non-Paramount+ streaming originals, which were up 46%.

Looking Forward: While speculation has died down a bit of late, the biggest long term business question for Paramount Global will continue to be: is it up for sale? Our corporate demand share data shows that if Paramount were to combine forces with the media assets of NBCUniversal or Warner Bros. Discovery, either of those combos (regulatory hurdles notwithstanding) would leapfrog Disney as the dominant media group for cross-platform TV demand with US consumers.

In the meantime, as WBD and Disney execute and consider platform mergers of their leading SVODs — HBO Max & Discovery+, and Disney+ & Hulu, respectively — Paramount Global has two strong SVODs as well. Paramount+ is among the fastest growing services with both subscribers and demand share (not a coincident that it's both) but its sister platform SHOWTIME is also the home to some iconic and breakout TV series of the streaming era as well. Showtime has the premium glint so what happens now?

Average Demand of Franchise Series in Comparison to the Average of non-franchise Shows

(United States, May 2022)



Methodology note: Demand is indexed to the average demand of non-franchise shows (=100). For example, the average demand for Disney Plus's licensed franchise shows is 96.9% higher than the non-franchise Disney Plus average show

PARROT ANALYTICS

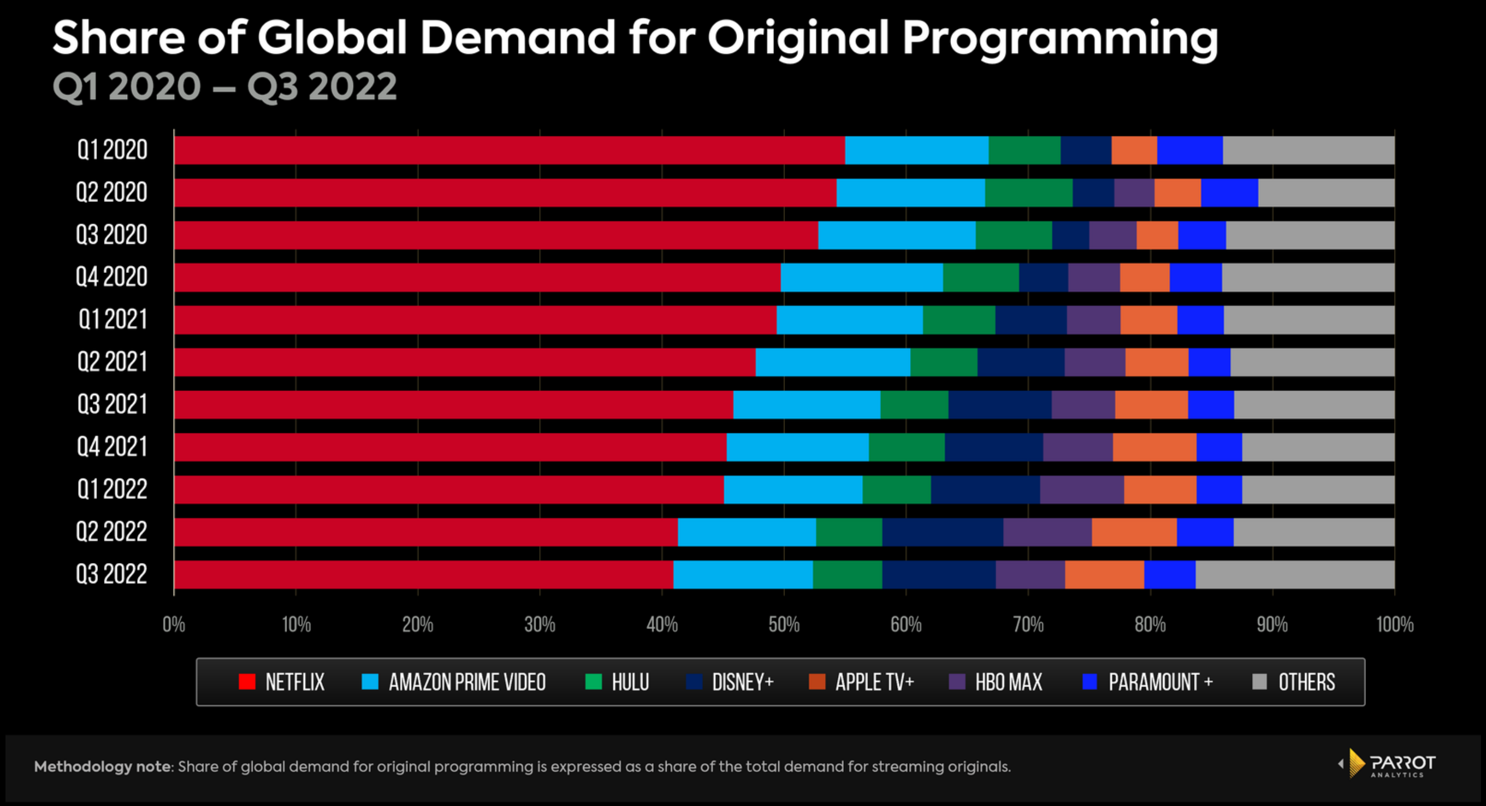
Demand Performance

Quarter 3 – 2022

Amazon Prime Video – Q3 2022	Number	Rank	Annual Charge	Quarterly Change
Corporate Demand Share (US)	1.8%	#7	+28.5% (1.4% IN Q3 '21)	FLAT (1.8% IN Q2 '22)
Originals Demand Share (US)	11.4%	#2	-5.7% (12.1% IN Q3 '21)	+0.8% (11.3% IN Q2 '22)
On-Platform Demand Share (US)	8.3%	#4	-12.6% (9.5% IN Q3 '21)	+1.2% (8.2% IN Q2 '22)

__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



One Key Chart: Amazon Prime Video's massively expensive *The Lord of the Rings: The Rings of Power* garnered 100 million viewers, according to Amazon Studios head Jennifer Salke, and paired with weekly NFL football broadcasts to help the streamer sell itself as a destination for appointment viewing in Q3. *Rings of Power* is partially responsible for Prime Video capturing 11.4% of global platform demand share for streaming originals in Q3, second only to Netflix (40.9%), while Amazon has delivered a steady diet of action-packed serialized procedurals this year (*Reacher*, *The Terminal List*).

The streamer has made strides in carving out value as a standalone product and not just an added bonus for Prime subscribers. The next step will be unlocking long-term recurring value from the MGM collection after Amazon's hefty $8.5 billion acquisition.

Looking Forward: Amazon will look to extend its hot streak with the December release of the third and final season of *Jack Ryan.* Yet as Prime Video looks to continue expanding into key overseas regions across the APAC market, as well as Australia and Canada, the streamer will need to decrease the wait time in between major original releases. Creating a release schedule in which must-see titles flow into one another from quarter-to-quarter is necessary to reduce churn and keep engagement consistent. This is how Prime Video can best leverage its impressive global audience demand and attract more subscribers in an increasingly competitive market. It's the value of consistency.

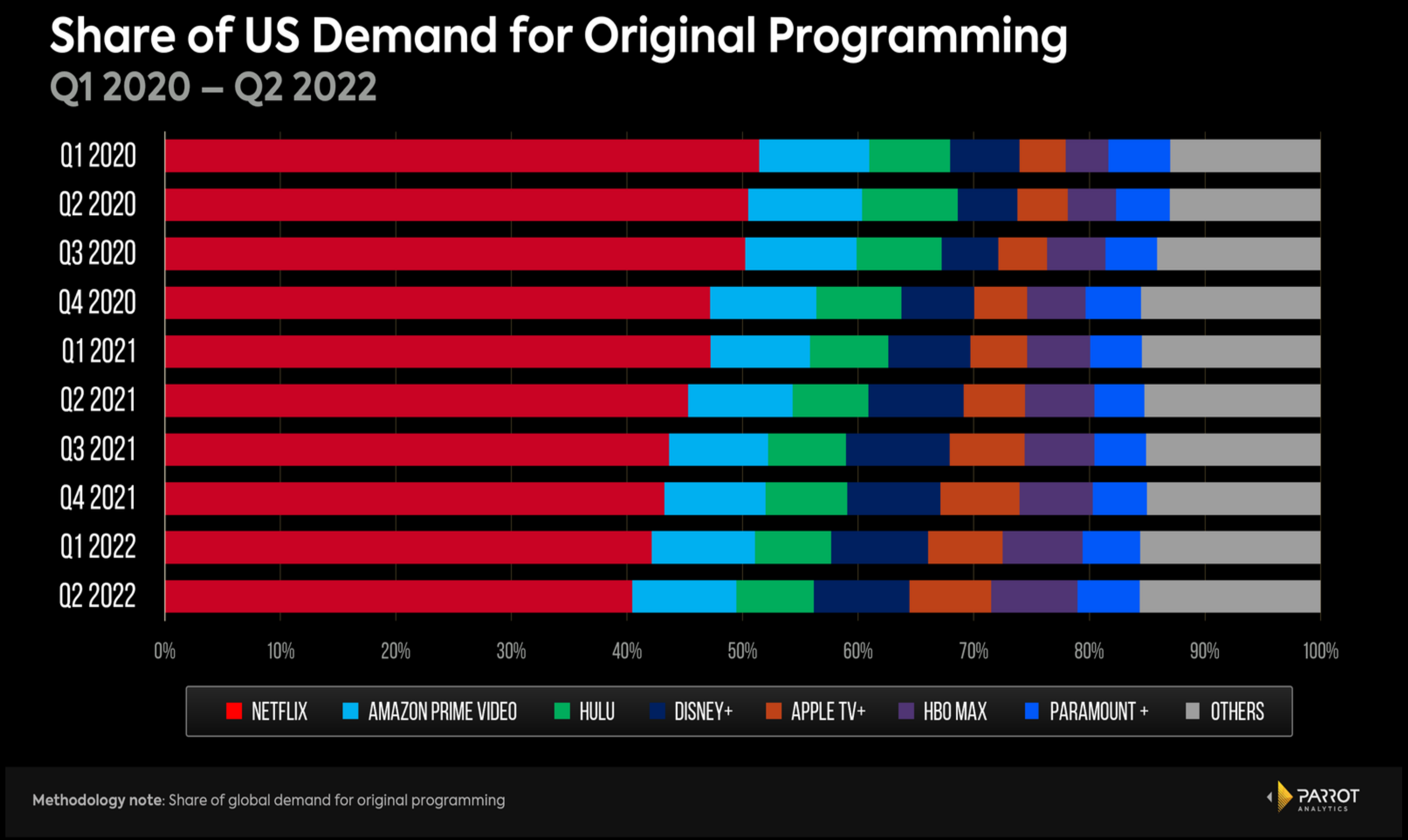
Demand Performance

Quarter 4 – 2022

Apple TV+ – Q4 2022	Number	Rank	Annual Charge	Quarterly Change
Corporate Demand Share (US)	1.4%	#9	+27.2% (1.1% IN Q3 '21)	FLAT (1.4% IN Q2 '22)
Originals Demand Share (US)	6.5%	#6	+6.5% (6.1% IN Q3 '21)	-7.1% (7% IN Q2 '22)
On-Platform Demand Share (US)	1.6%	#12	-11.1% (1.8% IN Q3 '21)	-15.7% (1.9% IN Q2 '22)

__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: In just three years, Apple TV+ has collected a 6.9% share of US demand for originals as of Q3, matching the output of legacy studio-backed streamers such as HBO Max (6.9%) and ahead of Paramount+ (5.1%). It's nothing short of a meteoric rise for the company which is still in its embryonic stages as an original content provider.

Flagship series *Ted Lasso* remains Apple TV+'s anchor as one of the 10 most in-demand streaming originals across all platforms in the US last quarter, despite not airing new episodes. Emmys darling *Severance* has given the streamer yet another buzzy critically acclaimed series while fellow series such as *For All Mankind*, *Mythic Quest* and *Pachinko* are all among the top 2.7% of most in-demand series this past quarter. Overall, Apple TV+ is building a roster of quality that is resonating with critics and industry insiders.

Looking Forward: Apple TV+ has proven itself as a destination for A-list creative talent, which has provided the streamer with legitimacy and quality early on its lifespan. The next stage in its development is cementing itself as a diverse destination for consistent usage.

Without the benefit of licensed titles or a studio library, Apple TV+ is relying exclusively on a small handful of originals to keep users within its digital ecosystem. A continued push for live sports can help ameliorate its size disadvantage while benefitting the Apple One bundle. With significant financial resources at its disposal, the company can outbid many of its rivals for valuable sports packages.

Given the breadth of quality originals Apple TV+ has developed, providing more room on the release calendar for each new series to organically find an audience would help each title stand out more. In a rush to build up its library size, the service has released an avalanche of releases on top of one another in recent months.