PARROT ANALYTICS

Q2 2024

Streaming Report Card

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The industry's most advanced

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The world's only global audience

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PARROT ANALYTICS

Financial and Demand Performance

Quarter 2 — 2024

Netflix – Q2 2024	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	277.6M	#1	⬆ Up from 238.39M	⬆ Up from 269.60M
New Subscribers (WW)	8.05M	#1	⬆ Up from 5.89M	⬇ Down from 9.33M
Quarterly Revenue (WW)	$9.55B	#1	⬆ Up from $8.18B	⬆ Up from $9.370B
Corporate Demand Share (US)	9.1%	#5	⬆ Up from 8.2%	⬆ Up from 8.9%
Originals Demand Share (US)	35.9%	#1	⬇ Down from 36.3%	⬇ Down from 36.8%
On-Platform Demand Share (US)	18.2%	#1	⬆ Up from 16.6%	⬇ Down from 18.8%

One Key Chart

H1 2024 Recap

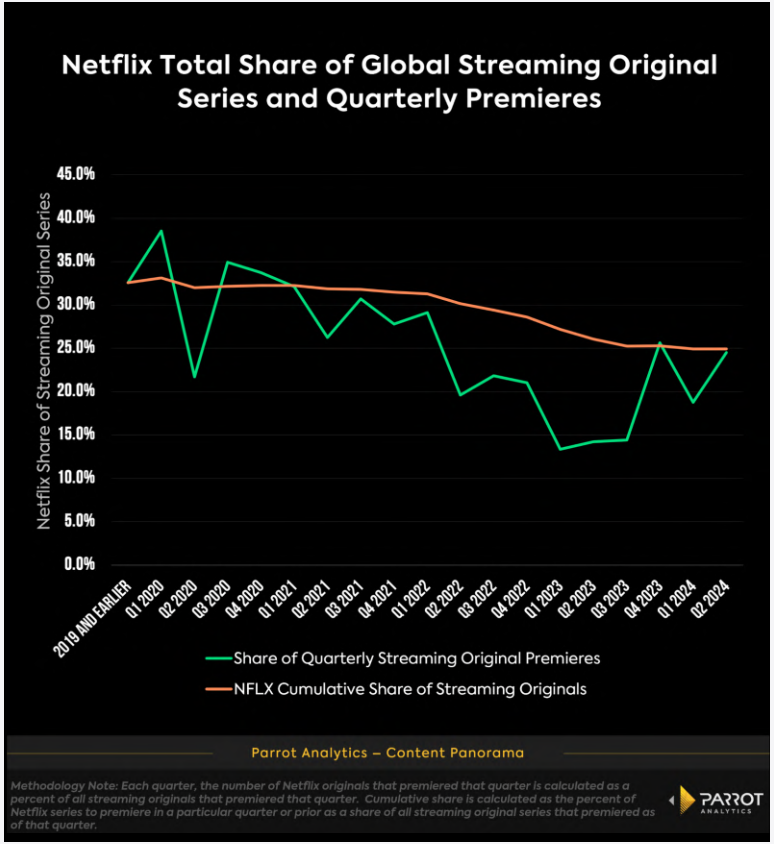
Netflix further established itself as the class of the streaming entertainment industry, adding about 17 million global subscribers in the first half of 2024. As of mid-August, the company's stock was up 35% for the year. The much-maligned password crackdown (by folks who had no impact on Netflix's bottom line) starting in 2023 has proven to be one of the best business decisions in recent Netflix history.

That plus the ad tier have sparked huge subscription growth. The crackdown started in Q2 2023. In the four quarters before that, Netflix's global subscriber base grew by 11.83M. In the four quarters since then, Netflix has added 39.26M new customers. The streamer also has a true homegrown franchise on its hand with Bridgerton, whose third season was the most in-demand streaming original in the world in Q2 2024.

H2 2024 Outlook

Netflix's announcement last quarter that it will not release subscriber data starting in 2025 carried the assumption that growth is dying down. If that is the case, how will Netflix keep its share price growing? The company is turning to two backbones of the very traditional TV industry it has spent the last few decades upending: advertising and live sports.

High profile events between now and then include the Joey Chestnut-Takeru Kobayashi "Unfinished Beef" Labor Day Hot Dog eating contest, and the Mike Tyson-Jake Paul boxing match scheduled for November, which has been delayed once. The biggest test will be the two Christmas Day NFL games. This match between the pillars of linear and streaming media will serve as a major test for Netflix's live sports future.



Financial and Demand Performance

Quarter 2 - 2024

Disney+ - Q2 2024	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	153.8M	#2	⬆ Up from 146.1M	⬆ Up from 153.6M
New Subscribers (WW)	200,000	#4	⬆ Up from -11.7M	⬇ Down from 4M
Quarterly Revenue (WW)	$5.80B	#2	⬆ Up from $5.045B	⬆ Up from $5.56B
Corporate Demand Share (US)	18.5%	#1	⬇ Down from 20.1%	⬇ Down from 19.5%
Originals Demand Share (US)	7.2%	#4	⬇ Down from 7.3%	⬆ Up from 6.7%
On-Platform Demand Share (US)	9.4%	#5	=	⬇ Down from 10%

One Key Chart

H1 2024 Recap

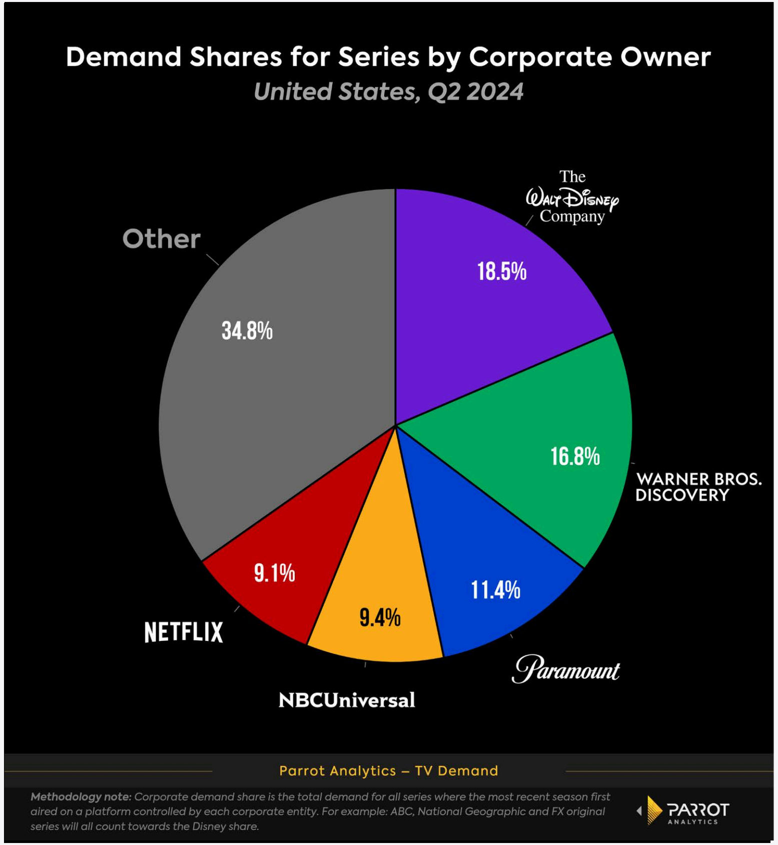
The Walt Disney Company claimed that its streaming division — which includes Disney+, Hulu and ESPN+ — turned a profit for the first time this past quarter, a full quarter ahead of original projections. However, this is a tad misleading as Disney included ESPN+'s financials despite separating Sports and Entertainment elsewhere in its financial reporting.

The company's Direct-to-Consumer operating income — which measures earnings after wages, taxes, and interest — was still in the red at negative $19 million (albeit a 96% smaller loss than the same quarter in 2023). Disney+ in particular has seen demand decline for recent Star Wars (The Acolyte) and Marvel (Echo) live-action series while the film library relied on older hits as Disney's theatrical studio struck out early in the year.

H2 2023 Outlook

Sticking with operating income, that 96% decline in D2C losses suggests that Disney's cost-cutting measures have been effective and true profitability is on the horizon. There's little doubt that billion dollar global blockbusters Inside Out 2 and Deadpool & Wolverine will help drive renewed engagement to Disney+'s film library.

But can upcoming Marvel and Star Wars series, Agatha All Along and Skeleton Crew, reverse the recent trends plaguing both small screen franchises? And outside of Percy Jackson, Disney+ is still looking for live-action hits that don't involve Jedi and superheroes. The company is likely hoping to see more subscriber growth among core streaming targets from its combination of Disney+ and Hulu and its ongoing bundling efforts over the second half of the year.



Financial and Demand Performance

Quarter 2 — 2024

Hulu – Q2 2024	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	51.1M	#5	⬆ Up from 48.3M	⬆ Up from 50.2M
New Subscribers (WW)	900,000	#3	⬆ Up from 100,000	⬇ Up from 700,000
Quarterly Revenue (WW)	$5.80B (Same as Disney)	#2 (Same as Disney)	⬆ Up from $5.045B (Same as Disney)	⬆ Up $5.56B (Same as Disney)
Corporate Demand Share (US)	18.5% (Same as Disney)	#1 (Same as Disney)	⬇ Down from 20.1% (Same as Disney)	⬇ Down from 19.5% (Same as Disney)
Originals Demand Share (US)	6.8%	#5	⬇ Down from 7.2%	⬆ Up from 6.7%
On-Platform Demand Share (US)	15.3%	#3	⬇ Up from 15.2%	=

One Key Chart

H1 2024 Recap

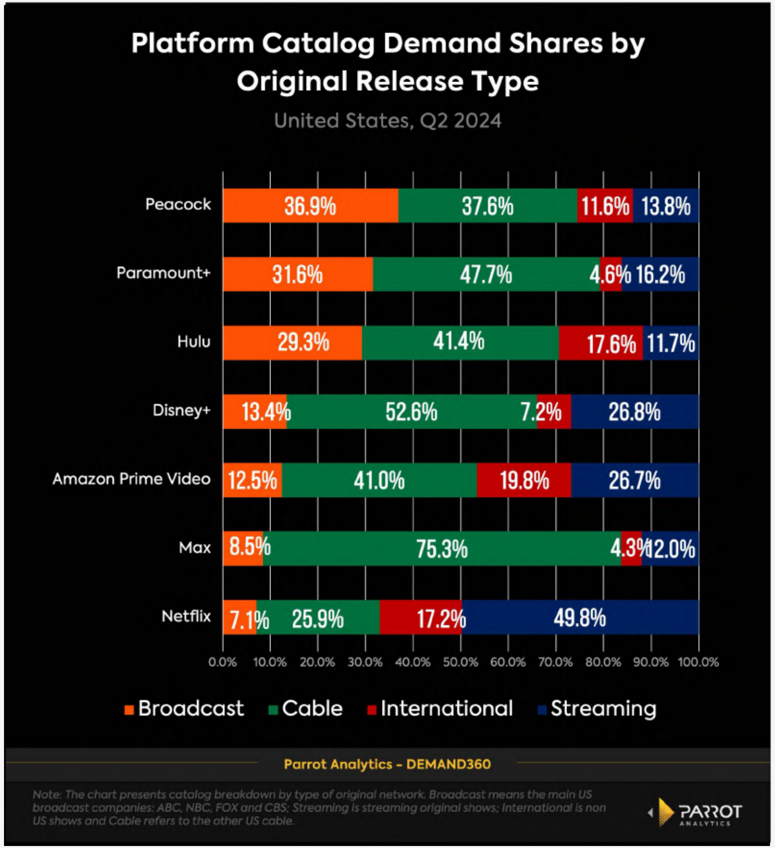
Nearly 71% of Hulu's US TV catalog demand is derived from shows that originally aired across broadcast and cable. The streamer, true to its origins, has become one of the go-to destinations for next-day air of linear programming. As a result, shows such as The Rookie, Family Guy, American Dad, The Simpsons, Rick and Morty, Law & Order: SVU, Modern Family and others in this vein consistently rank among the most in-demand titles available on the platform. Hulu's international programming, and specifically its collection of enticing Japanese anime, is a key contributor as well. This sort of habitual usage helps to train audiences to frequent Hulu multiple times a month.

The streamer has also benefitted recently from stand out performances of original titles such as Under the Bridge (8th most in-demand Hulu original year-to-date) and The Bear (most in-demand Hulu original YTD). Altogether, this helps explain why Hulu's SVOD only average revenue per user (ARPU) increased by 8% last quarter (Disney+'s domestic ARPU declined by 3%).

H2 2024 Outlook

Fans are eagerly anticipating the second season of Hulu's Futurama revival as well as the fourth season of Only Murders in the Building. But as we've learned, content can only take you so far. Disney is expected to finalize its acquisition of Comcast's remaining 33% stake in Hulu in the coming months, forking over several billions of dollars in the process. Though the company might be short on cash, rebranding Hulu + Live TV (Disney TV?) and reemphasizing the MVPD could be a smart long-term play after the service remained either flat or lost subs over the last three quarters.

Then again, it's not entirely clear what Disney's overall live TV streaming strategy is at the moment between Venu (the joint sports venture with Fox and WBD), ESPN+, the Disney+-Hulu-Max bundle and next year's launch of ESPN OTT. Clarifying its intentions and consolidating its marketing, tech, and content efforts into a smaller number of services will help with consumer confusion and convenience.



Financial and Demand Performance

Quarter 1 — 2024

Max – Q1 2024	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	103.3M	#3	⬆ Up from 95.8M	⬆ Up from 99.6M
New Subscribers (WW)	3.6M	#2	⬆ Up from -1.8M	⬆ Up from 1.9M
Quarterly Revenue (WW)	$2.56B	#3	⬇ Down from $2.73B	⬆ Up from $2.46B
Corporate Demand Share (US)	16.8%	#2	⬇ Down from 17.6%	⬇ Down from 16.9%
Originals Demand Share (US)	5.3%	#7	⬇ Down from 5.7%	=
On-Platform Demand Share (US)	16.6%	#2	⬆ Up from 16%	⬆ Up from 16.1%

One Key Chart

H1 2024 — Recap

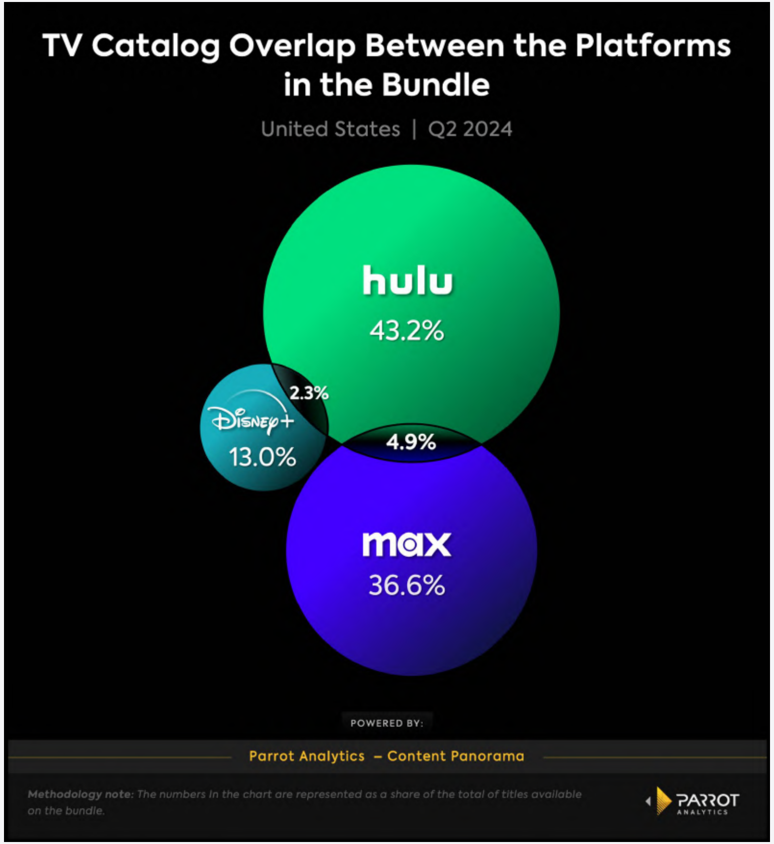
Warner Bros. Discovery's Max has a large and loyal base, but despite (or maybe because of) adding Discovery content and dropping 'HBO' from the name, the platform has struggled to scale up to the likes of Netflix, Disney and Amazon. While it did add global subscribers in Q2, those all came from outside of the US, with a fraction of the APRU of UCAN subscribers. In fact, UCAN subscribers went down in Q2, a major issue for a parent company struggling with basic unit economics.

That said, the return of HBO's House of the Dragon was a much needed boost of excitement for Max and its subs. The show's second season lifted up demand for the original Game of Thrones. House of the Dragon was the number one show worldwide across all platforms during its run, while Game of Thrones jumped all the way up to number three.

H2 2024 Outlook

WBD CEO David Zaslav seems to be in sales mode, so expect even more cost cutting in the quarters and years ahead. Losing NBA rights was a major blow to the future of WBD, TNT, and the Max platform. Without top tier live sports, Max will rely on its bread and butter — premium scripted content, and building out WBD's legacy IP. The DC Universe is in the early stages of a rebrand, with The Penguin coming to Max in September as an early test run and James Gunn's full reboot kicking off in earnest with 2025's Superman.

The company's most valuable and respected brand is HBO, which it removed from its flagship streamer's name last year, but seems to be reversing course in 2024. Several would be 'Max Originals' from the DC, Harry Potter, and It franchises are now set to become HBO linear debuts. While selling nostalgia to millennials works for now, how sustainable is it long term?



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Financial and Demand Performance

Quarter 1 — 2024

Max – Q1 2024	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	68M	#4	⬆ Up from 61M	⬇ Down from 71M
New Subscribers (WW)	-2.8M	#6	⬇ Down from 1M	⬇ Down from 3.7M
Quarterly Revenue (WW)	$1.88B	#4	⬆ Up from $1.66B	= Flat from $1.88B
Corporate Demand Share (US)	11.4%	#3	⬇ Down from 12.2%	⬇ Down from 12%
Originals Demand Share (US)	5.7%	#6	⬇ Down from 6.0%	⬆ Up from 5.5%
On-Platform Demand Share (US)	8.1%	#7	⬇ Down from 11.2%	⬇ Down from 8.6%

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One Key Chart

H1 2024 Recap

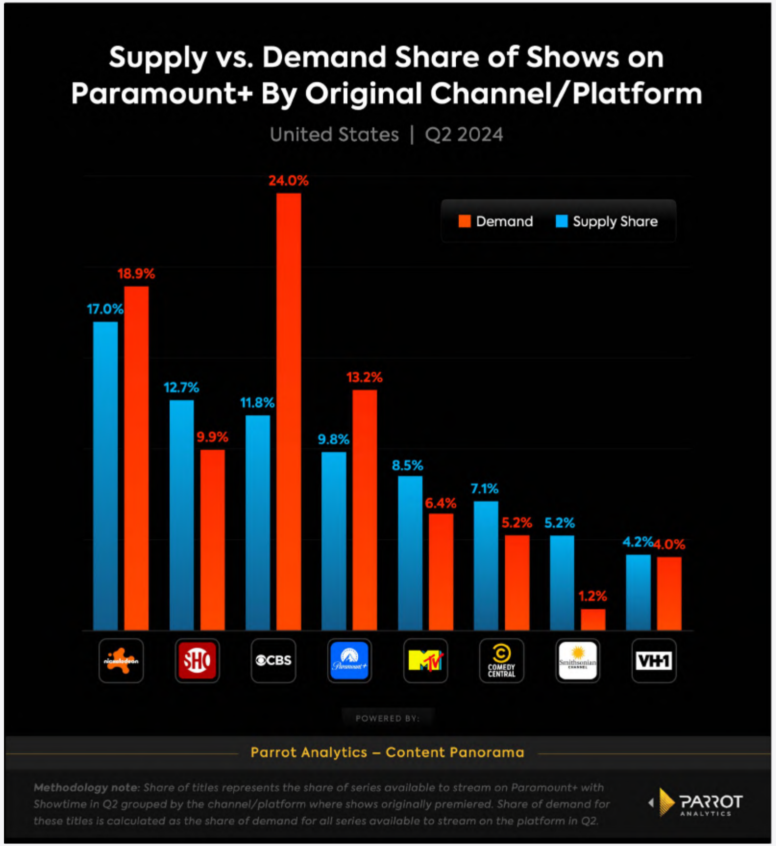
The biggest news for Paramount+ was its parent company finally being sold to David Ellison's Skydance Media. Assuming the sale goes through, Ellison is set to take over a valuable content library with a streaming service that has no clear strategy. Paramount+ (8.1%) has now finished behind Peacock (8.9%) in total catalog demand for three consecutive quarters. Peacock was consistently in last place of the major streamers in on-platform demand share until Q4 2023. It's worth remembering that Paramount Network's smash hit Yellowstone is still streaming on Peacock due to a late 2010s licensing deal.

Only three Paramount Global brands over-perform when we look at the share of audience demand they generate on Paramount+ compared to supply. Two of these are linear staples: Nickelodeon, and CBS. The kids shows on Nick and CBS's industry-leading sitcoms and procedurals, along with its expensive NFL rights, must play a key role Ellison's long term profit strategy. TV media accounted for a whopping 68% of the company's revenue last quarter after all. The surprise standout here is Paramount+ Originals. Largely led by Taylor Sheridan series and the Star Trek universe, these original series are over-performing in regards to demand vs supply. This suggests there is value in continuing these franchises, whether on an in house platform or licensing them elsewhere for top dollar.

H2 2024 Recap

Ellison will be taking over a high value library, as well as Paramount+'s 70M+ subscribers. He'll need to weigh fundamental questions such as what his streaming and licensing strategy will be, how to best leverage sports rights — especially the NFL on CBS — and even whether he wants to keep the company public or not. Ellison can also go the Sony route and become more of an arms dealer. However, Ellison stated goal of creating a "media and technology enterprise" suggests some kind of over the top offering must be included.

Paramount+ is the odd man out of the two major streaming bundles so far: Comcast's Streamsaver bundle, combining Peacock, Netflix, and Apple TV+, and the Disney-Max bundle. Finding strategic partners beyond Walmart may be necessary.



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Financial and Demand Performance

Quarter 1 — 2024

Peacock – Q1 2024	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	33M	#6	⬆ Up from 24M	⬇ Down from 34M
New Subscribers (WW)	-1M	#5	⬇ Down from 2M	⬇ Down from 3M
Quarterly Revenue (WW)	$1.0B	#5	⬆ Up from $820M	⬇ Down from $1.1B
Corporate Demand Share (US)	9.4%	#4	⬇ Down from 9.8%	⬇ Down from 9.8%
Originals Demand Share (US)	3.8%	#8	⬆ Up from 3.7%	=
On-Platform Demand Share (US)	8.9%	#6	⬆ Up from 7.5%	⬆ Up from 8.8%

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PARROT ANALYTICS

One Key Chart

H1 2024 Recap

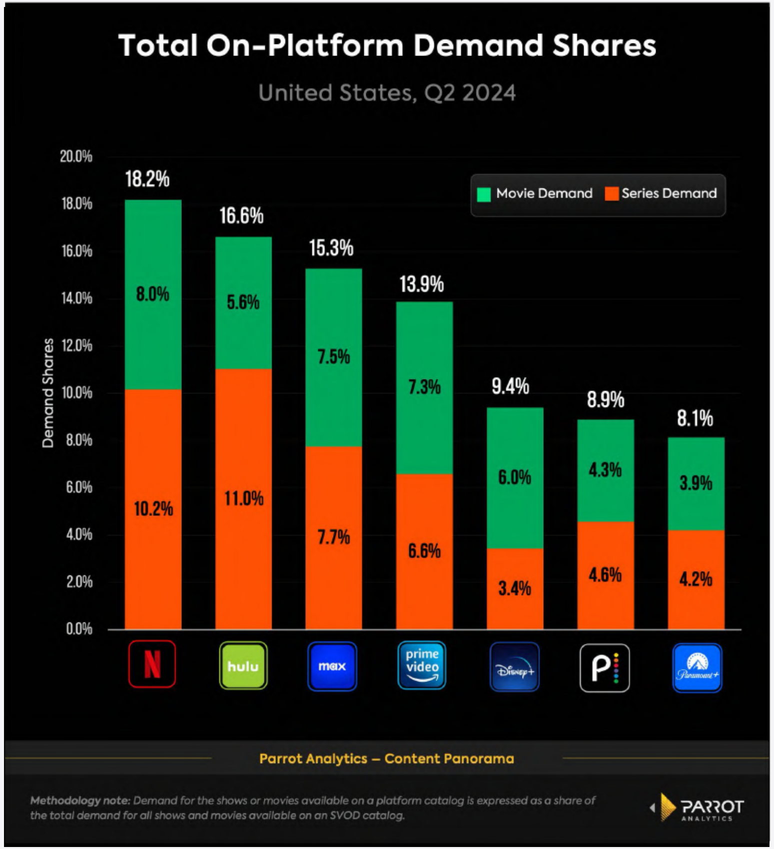
While demand for original content drives subscription growth, library content is key for customer retention, which will be tested now that the Paris Olympics have come to an end. Before Q4 2023, Peacock was consistently in last place in on-platform demand share, but it has now finished ahead of Paramount+ for three consecutive quarters. In Q2 2024 Peacock expanded its lead over Paramount+ in this category, from a 0.2% lead to up 0.8%. It also significantly closed the gap to Disney+, from down 1.2% to down 0.5%.

This data shows the strength of Peacock's varied content slate across film and TV — from the Universal-backed movie slate to next-day NBC broadcast series. Universal movies also go to Netflix and Amazon after four months on Peacock, meaning Comcast is beefing up its own platform without sacrificing key licensing revenue.

H2 2023 Outlook

Peacock proved to be stickier than expected after keeping the majority of subscribers who signed up for an NFL playoff game earlier this year. Will that again be the case following the Paris Olympics?

The real key will be to see what NBCUniversal does on the macro level. Strategic partnerships with brands such as Instacart and JetBlue are merely bandaids while larger initiatives such as the StreamSaver bundle for Comcast customers feel more robust. Comcast has cash on hand though it remains to be seen if the company is in the hunt for a splashy asset via M&A (as CEO Brian Roberts has attempted previously) or willing to spinoff NBCU into a new entity. With a broadband and parks business capable of partially propping up the economics of modern media, Comcast is in the enviable position of being able to be a buyer at a time of depressed valuations.



Financial and Demand Performance

Quarter 2 - 2024

Apple TV+ – Q2 2024	Number	Rank	Annual Change	Quarterly Change
Corporate Demand Share (US)	2.0%	#8	⬆ Up from 1.8%	⬆ Up from 1.8%
Originals Demand Share (US)	8.4%	#3	⬆ Up from 8.3%	⬆ Up from 8.1%
On-Platform Demand Share (US)	3.1%	#8	⬆ Up from 1.3%	⬆ Up from 1.7%

One Key Chart

H1 2024 Recap

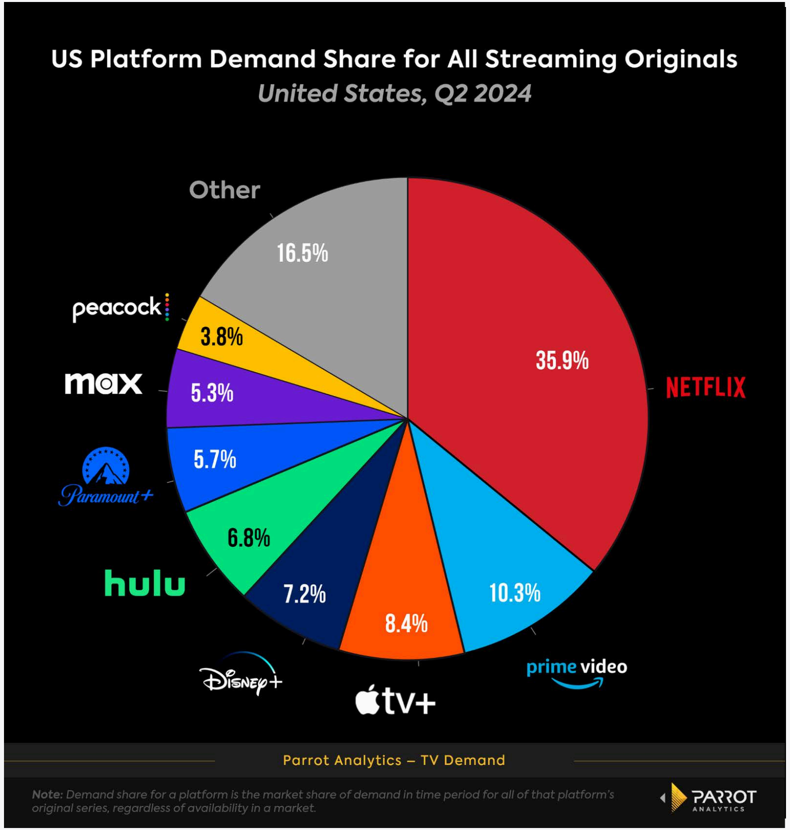
Apple TV+ is HBO 2.0 with a collection of high-quality premium original programming and starry big-budget projects. Yet that hasn't translated to consistent commercial success. The studio is re-thinking its theatrical strategy after Killers of the Flower Moon (which carried a budget between $200 million-$215 million), Napoleon, ($130 million-$200 million), Argylle ($200 million) and Fly Me to the Moon ($100 million) all flopped at the box office over the last 10 months.

Despite small screen successes such as Silo, Hijack and Presumed Innocent, the service no longer has an anchor series to drive subscription growth now that Ted Lasso is over (where's our spinoff, Apple?!). Inclusion in Comcast's Stream Saver bundle with Netflix and Peacock is a small step in the right direction, but more is needed.

Q3 2024 Outlook

Apple TV+ is reportedly more interested in licensing programming from other studios, overhauling its compensation structure to better monetize its programming, and holding internal discussions regarding an ad-supported tier. In other words, the service is growing into maturity by adopting the tried and true strategies that have long been associated with the entertainment business. (Nearly every major SVOD services has done the same over the last several years).

Premium programming alone isn't enough to scale the platform to where Apple wants as it transitions from a products-driven business to a service-oriented model. The all-important Apple brand will surely survive the inclusion of middlebrow programming within the streamer.



PARROT ANALYTICS

Financial and Demand Performance

Quarter 2 — 2024

Prime Video – Q2 2024	Number	Rank	Annual Change	Quarterly Change
Corporate Demand Share (US)	2.4%	#7	⬆ Up from 1.9%	⬆ Up from 2.2%
Originals Demand Share (US)	10.4%	#2	⬆ Up from 8.6%	⬆ Up from 10.1%
On-Platform Demand Share (US)	13.9%	#4	⬆ Up from 11.3%	⬆ Up from 13.3%

One Key Chart

H1 2024 Recap

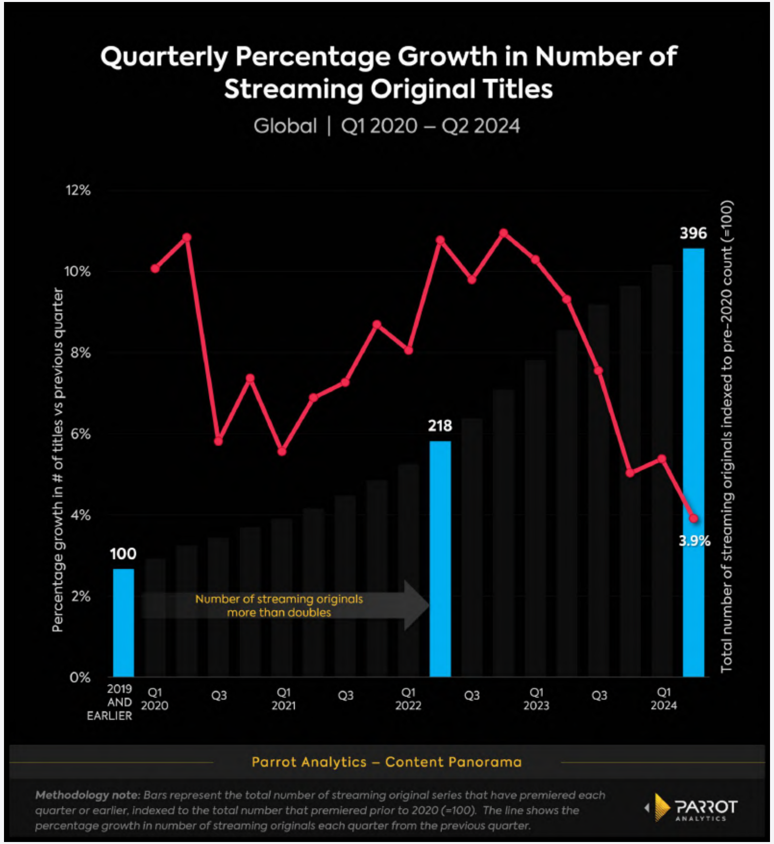
One of Amazon's early original hits, The Boys, came out swinging in its fourth season, and was the number one show across all platforms during much of its run. Coupled with hits from earlier this year such as Hazbin Hotel and Fallout, it's clear that Amazon is enjoying a solid run with its scripted programming. Prime Video also established itself as a major player in the future of sports broadcasting by nabbing the NBA's new C package alongside the growing Thursday Night Football slate. Importantly, Amazon is slowly building a brand for its streaming service through adult animation, superhero programming and "Dad TV" efforts such as Reacher and Jack Ryan.

Overall, these developments have been instrumental in Prime Video's successful conversion of all subscribers to the ad-supported tier (unless customers opt for the more expensive ad-free version). This transition has proven to be such a victory that it's forced Netflix to lower what it charges advertisers. That's a multilayered win for Jeff Bezos' baby.

H2 2023 Outlook

The third season of TNF on Amazon Prime kicks off in just a few short weeks. Starting next fall, Amazon Prime Video will have exclusive rights to at least parts of the NFL, NBA and MLB in the United States, as well as the NHL in Canada. Joining this lineup of acquisition-driving sports programming is the second season of Lord of the Rings: Rings of Power, which Amazon hopes will perform better than Season 1 given the record-shattering cost.

Also on the horizon is reality competition series Are You Smarter Than a Celebrity (hosted by Kansas City Chiefs star Travis Kelce), action spy thriller spinoff Citadel: Diana, and more. Can Amazon Prime Video maintain the momentum it has built over the first half of the year?



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Los Angeles, US HQ
750 N San Vicente Blvd
West Hollywood, CA 90069

Auckland, NZ
20 Augustus Terrace
Parnell, 1052

New York, US
12 East 49th St,
11th Floor NY 10017

London, UK
16 Great Chapel St
London, W1F 8FL

Sao Paulo, BR
Av. Paulista, 2537
SP 01311-300