Revenue, profit and cash

For the teacher. Every number comes from the filing named next to it.

Part A. Warm-up (made-up numbers)

May: Cash in or out: −$1,000; Profit recorded: $0

June: Cash in or out: +$1,400; Profit recorded: $400

A1. June. That is when Jordan sold the sneakers and recorded a $400 profit ($1,400 − $1,000).

A2. May. Jordan paid $1,000 before any sneakers were sold.

Part B. Three words

Revenue: money a company earns from customers in a period.

Net income (profit): what is left after all costs, interest and taxes recorded for the period.

Cash from operations: cash that came in from running the business, minus cash that went out.

B1. The income statement. Netflix calls it "Consolidated Statements of Operations." Chipotle calls it "Consolidated Statements of Income and Comprehensive Income." Both are in Item 8.

B2. The cash flow statement, "Consolidated Statements of Cash Flows," in Item 8.

Part C. Three real cases

A. Netflix FY2021: Figure: Revenue; Value (US$ million): 29,697.8; Statement and line: Consolidated Statements of Operations, "Revenues"; Filing and page: Form 10-K FY2021, p. 39

A. Netflix FY2021: Figure: Net income; Value (US$ million): 5,116.2; Statement and line: Consolidated Statements of Operations, "Net income"; Filing and page: Form 10-K FY2021, p. 39

A. Netflix FY2021: Figure: Cash from operations; Value (US$ million): 392.6; Statement and line: Consolidated Statements of Cash Flows, "Net cash provided by (used in) operating activities"; Filing and page: Form 10-K FY2021, p. 41

B. Netflix FY2025: Figure: Revenue; Value (US$ million): 45,183.0; Statement and line: Consolidated Statements of Operations, "Revenues"; Filing and page: Form 10-K FY2025, p. 39

B. Netflix FY2025: Figure: Net income; Value (US$ million): 10,981.2; Statement and line: Consolidated Statements of Operations, "Net income"; Filing and page: Form 10-K FY2025, p. 39

B. Netflix FY2025: Figure: Cash from operations; Value (US$ million): 10,149.3; Statement and line: Consolidated Statements of Cash Flows, "Net cash provided by operating activities"; Filing and page: Form 10-K FY2025, p. 41

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C. Chipotle FY2025: Figure: Revenue; Value (US$ million): 11,925.6; Statement and line: Consolidated Statements of Income and Comprehensive Income, "Total revenue"; Filing and page: Form 10-K FY2025, p. 37

C. Chipotle FY2025: Figure: Net income; Value (US$ million): 1,535.8; Statement and line: Consolidated Statements of Income and Comprehensive Income, "Net income"; Filing and page: Form 10-K FY2025, p. 37

C. Chipotle FY2025: Figure: Cash from operations; Value (US$ million): 2,113.9; Statement and line: Consolidated Statements of Cash Flows, "Net cash provided by operating activities"; Filing and page: Form 10-K FY2025, p. 39

Bigger number: A, net income. B, net income (slightly). C, cash from operations.

C1. The gaps (Cityfort calculations, subtraction of the figures above):

A: $5,116.2 − $392.6 = $4,723.6 million. Net income was about 13 times cash from operations ($5,116.2 ÷ $392.6 = 13.0).

B: $10,981.2 − $10,149.3 = $831.9 million. About 8% of cash from operations ($831.9 ÷ $10,149.3 × 100 = 8.2%).

C: $2,113.9 − $1,535.8 = $578.1 million. About 38% of net income ($578.1 ÷ $1,535.8 × 100 = 37.6%).

Part D. Why are they different?

D1. Accept answers that say timing changed. In FY2025, the cash Netflix paid for shows was close to the cost it recorded. In FY2021, it paid much more cash for shows than it recorded as cost.

Netflix's page shows FY2025 content amortization of $16.4 billion and cash content spend of $17.7 billion. Cash content spend is a Cityfort calculation on that page.

Netflix's FY2021 10-K (Item 7, "Critical Accounting Estimates – Content," p. 27, and Note 1) says payment terms for certain content licenses and productions "require more upfront cash payments relative to the amortization expense." This describes Netflix's general payment terms.

For FY2021 itself, the 10-K's cash flow discussion (Item 7, "Free Cash Flow," pp. 26–27) says cash payments for content were larger than content amortization. It adds that pandemic delays in 2020 shifted some production payments into 2021.

D2. Accept answers that name costs that lower profit but use no cash in that year.

Depreciation and amortization: $361.4 million in FY2025 (Consolidated Statements of Cash Flows, p. 39). This cost was recorded in FY2025, but the cash for those restaurants was paid when they were built.

Chipotle did pay cash to build restaurants in FY2025: $666.3 million, "Purchases of leasehold improvements, property and equipment." Its cash flow statement lists that under investing activities,

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outside cash from operations (p. 39). Netflix's 10-K counts the cash it pays for content inside cash from operations (FY2025 10-K, Note 1).

Stock-based compensation: $119.5 million in FY2025 (same statement). This is pay given as shares, not cash.

Some students may notice that the cash flow statement lists other items too. They do not need to name them.

Part E. What did they do with their cash in FY2025?

Accept any accurate description without a verdict. Example: "Netflix used cash to repurchase $9.1 billion of its own stock and paid no dividend. Chipotle opened 334 restaurants and repurchased $2.4 billion of its stock."

Not accepted: "smart," "wasteful," "good," "bad" or any view on which company made the right choice.

Advanced (Cityfort calculations, formula given on the worksheet)

A. Netflix FY2021: Capital spending ÷ cash from operations × 100: $524.6 ÷ $392.6 × 100 = 133.6%

B. Netflix FY2025: Capital spending ÷ cash from operations × 100: $688.2 ÷ $10,149.3 × 100 = 6.8%

C. Chipotle FY2025: Capital spending ÷ cash from operations × 100: $666.3 ÷ $2,113.9 × 100 = 31.5%

Netflix: in FY2021, capital spending was larger than cash from operations. In FY2025 it was a small share of it. Accept descriptions of the change without judgment words.

Exit ticket

Revenue: b. Net income (profit): c. Cash from operations: a.

False. Netflix records each title's cost over up to ten years, not all at once.

The cash flow statement ("Consolidated Statements of Cash Flows"), in Item 8 of the 10-K.

Notes

- Data checked Nov 7, 2026. Page numbers are the printed page numbers in each 10-K. All companies' figures are in US$ million, as stored on their Cityfort pages (the 10-Ks report them in thousands).

Sources

1. S1: Netflix: Form 10-K for fiscal year 2025 (year ended Dec 31, 2025), Netflix, Inc. (SEC EDGAR), Jan 23, 2026. https://www.sec.gov/Archives/edgar/data/1065280/000106528026000034/nflx-20251231.htm
2. S2: Netflix: Form 10-K for fiscal year 2021 (year ended Dec 31, 2021), Netflix, Inc. (SEC EDGAR), Jan 27, 2022. https://www.sec.gov/Archives/edgar/data/1065280/000106528022000036/nflx-20211231.htm

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3. S3: Netflix: Form 10-K for fiscal year 2022 (comparative FY2021 figures), Netflix, Inc. (SEC EDGAR), Jan 26, 2023. https://www.sec.gov/Archives/edgar/data/1065280/000106528023000035/nflx-20221231.htm
4. S4: Chipotle: Form 10-K for fiscal year 2025 (year ended Dec 31, 2025), Chipotle Mexican Grill, Inc. (SEC EDGAR), Feb 4, 2026. https://www.sec.gov/Archives/edgar/data/1058090/000105809026000009/cmg-20251231.htm

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