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**Roku, Inc.** (ROKU)

Q4 2025 Earnings Call

## CORPORATE PARTICIPANTS

**Conrad Grodd**

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

**Charles Collier**

*President-Roku Media, Roku, Inc.*

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## OTHER PARTICIPANTS

**Shyam Patil**

*Analyst, Susquehanna Financial Group LLLP*

**Cory A. Carpenter**

*Analyst, JPMorgan Securities LLC*

**Michael Morris**

*Analyst, Guggenheim Securities LLC*

**Jason Stuart Helfstein**

*Analyst, Oppenheimer & Co., Inc.*

**Steven Cahall**

*Analyst, Wells Fargo Securities LLC*

**Laura Martin**

*Analyst, Needham & Co. LLC*

**Rob Sanderson**

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**Matthew Condon**

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**Thomas Champion**

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**Robert Coolbrith**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Hello, and thank you for standing by. Welcome to Roku's Fourth Quarter 2025 Earnings Conference Call. At this time all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] We ask that you limit yourself to one question only.

I would now like to turn the call over to Conrad Grodd, Vice President of Investor Relations. Sir, you may begin.

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### Conrad Grodd

*Vice President-Investor Relations, Roku, Inc.*

Good afternoon. Welcome to Roku's fourth quarter and year-end 2025 earnings call. Joining us on today's call are Anthony Wood, Roku's Founder and CEO; Dan Jedda, our CFO and COO; Charlie Collier, President, Roku Media; and Mustafa Ozgen, President, Devices.

On this call, we'll make forward-looking statements which are subject to risk and uncertainties. Please refer to our Shareholder Letter and periodic SEC filings for risk factors that could cause our actual results to differ materially from these forward-looking statements.

We'll also present GAAP and non-GAAP financial measures. Reconciliations of non-GAAP measures to the most comparable GAAP financial measures are provided in our Shareholder Letter. Unless otherwise stated, all comparisons will be against our results for the comparable 2024 period.

With that, operator, our first question, please.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] Our first question comes from the line of Shyam Patil with Susquehanna. Your line is open.

**Shyam Patil**

*Analyst, Susquehanna Financial Group LLLP*

Q

Hey guys, congrats on the strong 2025 and 2026 outlook. I have a couple of questions. The first one, can you help us bridge the 1Q revenue outlook of over 21% growth to the full-year outlook of about 18% growth? And then I have a follow-up question.

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

Hey Shyam, this is Anthony. I'll kick this off and then turn it over to Dan who can talk more about the outlook. So, let me just start by taking a minute to reflect on our execution over the past several years.

In 2023, our priority was to rightsize our cost structure and reach adjusted EBITDA breakeven in 2024. And we achieved that goal a full year ahead of schedule. And this early progress positioned us to invest further in our platform monetization initiatives. As a result, in advertising, we deepened integration with leading demand-side platforms and scaled our measurement and performance capabilities.

In subscriptions, Q4 was our biggest quarter ever for premium subscription net adds. We expect to add more Tier 1 partners and roll out bundles this year, and we plan to expand Howdy beyond Roku and take it to additional platforms.

So these initiatives are paying off for us. We grew platform revenue 18% in 2025 and we accomplished all of this while growing our streaming households both in the US and globally.

Looking ahead to 2026 and beyond, we're confident in our ability to sustain double-digit platform revenue growth while continuing to grow profitability. So with that introduction, let me turn it over to Dan.

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

Thanks, Anthony, and thanks for the question. Let me just add a little bit to what Anthony said.

Exactly two years ago, when we were entering 2024, we said that now that we rightsized our cost structure, we would relentlessly focus on growing our platform revenue, improving our monetization, and driving profitability, including free cash flow.

In Q4, we grew platform revenue over 18% surpassing \$1.2 billion. We achieved adjusted EBITDA of \$169 million, and net income of \$80 million. All were records for us.

For full year, we also grew our platform revenue 18%, achieved adjusted EBITDA of \$421 million, which represents a margin expansion of 255 basis points, and we generated free cash flow of \$484 million, also a record for us and over 100% year-over-year growth.

With our strong free cash flow, we purchased \$150 million of Roku stock through our share buyback program and achieved near 0% dilution for Q4, the lowest dilution we have ever reported.

This year, our outlook for platform revenue growth is more than 21% in Q1 and 18% for full year as we continue to execute on our monetization initiatives. Our full-year adjusted EBITDA guidance of \$635 million represents over 50% year-over-year growth and margin expansion of 267 basis points to 11.6%.

I expect that free cash flow will again be above adjusted EBITDA as we remain CapEx light. And it's also worth noting that we have over \$1 billion of a deferred tax asset which will keep our cash taxes low for many years.

I see our free cash flow continuing to be strong and outpacing EBITDA beyond this year. In fact, I see a path to over \$1 billion in free cash flow by the end of 2028, if not sooner, which will be a significant milestone for us. We have incredibly strong momentum going into 2026, and our focus is on sustaining growth.

So to get your question specifically on Q1 versus full year, a few factors are shaping our Q1 outlook. First, Q1 last year was our easiest comp at just under 17% year-over-year. Second, Q1 of this year includes the full benefit of Frndly, as you recall, we closed that acquisition in Q2 of last year. And I guess finally, we have stronger visibility into Q1 versus the second half of the year. So as we gain better visibility into political and into H2, we'll provide updated guidance.

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**Shyam Patil**

*Analyst, Susquehanna Financial Group LLLP*

Q

Thank you for all that color. It was really helpful. I did have a quick follow-up. Can you comment on your retail distribution strategy for 2026 given that Walmart is switching its house TV to Vizio's operating system?

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

Hey Shyam, this is Anthony again. Yeah, let me take that. So, as Walmart focuses more on Vizio OS for their house brand, we're focused on broadening and diversifying our retail distribution and we remain extremely well positioned in the market.

With hundreds of millions of dollars a year of investment in distribution we have flexibility in how we invest this budget and we'll continue to optimize this investment across both our retail and our OEM partners. We're already widely distributed obviously including at Walmart and I'll share a few examples of how we're expanding our distribution.

At Best Buy, we expanded with the addition of Pioneer Roku TVs, which we recently launched. At Target, we expanded with Hiro Roku-made TVs and they're doing extremely well. At regional and national retailers like Amazon, we've expanded our presence.

And in addition to retailers, TV OEMs are key strategic partners for us and we've expanded our licensing and distribution agreements with two of our largest and longest-term Roku TV partners, TCL and Hisense, as well as several others. We also have first-party TVs, and for our first-party TVs, we expect sales to increase after shifting our TV production to Mexico, which will help us lower our cost.

And then of course we expect streaming players to continue to be a meaningful contributor to overall Roku OS distribution. So those are some of the things we're doing in 2026. This work has started but we expect to see the impact predominantly in the second half of the year as each cycle takes time to scale.

So, in addition to this work that I just outlined, I want to take a second and just talk about some of the strategic assets that we have that create a strong foundational competitive advantage for Roku that are really important.

One is of course the Roku brand. It's a brand that consumers love and ask for by name and it's resulted in Roku in over – resulted in Roku being used in over half of US broadband households. Nearly half of all TV streaming in the US happens on the Roku platform and importantly we're best-in-class at monetization which gives us a lot of flexibility to invest in building scale and distribution. We're also globally scaled and we have successful Roku TV partnerships with dozens of TV partners, factories, and retailers.

And then one of the main ways we've achieved our success is with the Roku OS which is a purpose-built operating system designed specifically for TV. It's the only purpose-built OS for TV. It has a lot of intrinsic advantages. One of those is the lowest BOM cost in the industry and one of the reasons for that is we have the lowest memory footprint in the industry. And as everyone knows, memory prices are going up right now. And so, as memory prices continue to go up, that's a cost advantage that accrues to us and keeps growing as memory prices increase.

So the number of Roku TV units sold, it may go up or down from quarter-to-quarter, but overall we expect to continue to grow our scale of streaming households in the US and globally, and we're on track to surpass 100 million streaming households this year.

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**Shyam Patil**

*Analyst, Susquehanna Financial Group LLLP*

Q

Great. Thank you, Anthony. Thank you, Dan.

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**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Cory Carpenter with JPMorgan. Your line is open.

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**Cory A. Carpenter**

*Analyst, JPMorgan Securities LLC*

Q

Hey, good afternoon. So generative video, the advancements have really caught investors' attention of late. We saw Seedance yesterday, Google Genie, both recent examples. I think one interpretation from this we're hearing is that it's likely to significantly increase the amount of content available, perhaps shift time spent more to short-form videos. So, Anthony, the question for you really is, I thought it'd be helpful to hear how do you think AI could impact the streaming landscape and what do you think it means for Roku? Thank you.

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

Sure. Yeah, I mean, personally, I'm super excited about AI and how it's going to impact content specifically. I think to answer your – let me – I'll answer your question directly and then let me talk about some of the kind of bigger picture ways that we think about AI generally.

So just in terms of content, it's very clear to me that AI is going to reduce the cost of content significantly over time and as content – including long-form content. And as long-form content costs come down, that's going to grow

engagement on our platform and we monetize engagement. That's basically our business model is monetizing engagement. So I view it as all very positive for our business.

But if I just take it a level up and think about – how do we think about AI generally and its impact on our business? Let me start by saying that I think AI is a significant opportunity for Roku. We view it as a powerful tailwind to our business. It's not a disruptor for us and we're integrating it across our entire technology stack. We're applying AI across our platform to improve discovery, increase engagement, and unlock major new monetization opportunities.

So let me just talk about a few of those. On the viewer experience, AI helps personalize and simplify how people find what to watch, which increases engagement. For example, on our Content Row, we're improving recommendations and introducing new features that surface trending content.

On our content details page, we're using AI to generate why-to-watch summaries to go beyond just plot overviews. We've updated Roku Voice recently and now viewers can ask more conversational entertainment-based questions and get contextual answers directly on their TV screen. So that's just some examples in the viewer experience.

But I would say also equally important for us is on the advertising side, if not more important. AI is a major driver of opportunity in the advertising side of our business. AI helps us build the most performant Connected TV ad platform. AI is opening the entire new market of small and medium-sized businesses which we're addressing with Ads Manager.

I mean, that's an entire new segment in the ad business that was not accessible to TV platforms before but is now because of AI. AI allows products like Ad Manager to exist and AI tools make it easier for advertisers to create high-quality video ads, and the easier it is to create video ads, the more – larger the number of advertisers that can advertise on a TV platform.

And then AI is automating workflows that were previously manual, such as reviewing and adapting ad formats. And then finally, we're using AI internally across the company to drive operational efficiency and productivity. So overall, AI strengthens our platform, it improves monetization, and it enhances the performance of our business overall.

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**Cory A. Carpenter**

*Analyst, JPMorgan Securities LLC*

Q

Great. Thank you.

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**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Michael Morris with Guggenheim Securities. Your line is open.

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**Michael Morris**

*Analyst, Guggenheim Securities LLC*

Q

Thank you. Good afternoon. Wanted to ask about how the third-party ad demand partnership that you have with Amazon is impacting the business so far and how you expect it to progress throughout the year. Is it additive to growth yet or has it cannibalized revenue in any way as it has come online?

And then if I could just briefly on the platform gross margin, you provided the 51% to 52% range for 2026 which is very helpful. What are you expecting for the first quarter and how much variability do you expect in this quarter-to-quarter throughout the year? Thank you.

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

Hey Michael. Charlie will take your first question on third-party ad demand partnerships.

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**Charles Collier**

*President-Roku Media, Roku, Inc.*

A

Great. Thanks Anthony. Hey, Michael. Look, just stepping back for a second, our strategy has been to be open and interoperable and be deeply integrated with all the DSPs so really that we can meet clients anywhere they want to transact.

So the Amazon partnership was natural in that context. And really overall we strive to be the most performant CTV ad platform in the industry. So, I'd say to your question of impact this year, it's early innings. Amazon's working hard to bring new clients over to its DSP, and the combination of our TV OS footprints makes for an impressive offering.

To put it in context, over the last year, we've added dozens of ad tech partners, Michael, from the Yahoo DSP to AppLovin and Wurl to Magnite. And then once they're onboarded, just like with Amazon, we begin deepening our relationships with each of them and they start to ramp. And that'll continue. And that's the case for all of them.

So, our goal with all these partnerships is to drive greater outcomes and greater performance for our marketing partners and we're bullish about our position not just as the open interoperable partner in a marketplace with so many walled gardens but the ability of this to grow as we deepen the integrations. Dan, do you want to...

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**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

Yeah. Let me just add that in terms of how it will affect the business this year, I'll add to that and then I'll answer your gross margin question. As Charlie said, the ramp of Amazon DSP will take time; obviously we're fully integrated, we are ramping, we are on, it's going as expected.

And I think across all the DSPs we feel very good about how we're performing on that. Specific to Amazon, as the Amazon DSP grows and becomes – and is successful, which we think it will be, we'll be successful along with it. It does take time for these to ramp though and we don't obviously break it out, but again it's tracking as we'd expect and we expect it to be more of a contribution over time.

With respect to platform gross margins, the guide was 51% to 52%. For the full year of 2025, we did end at 52%. I'll say that I don't expect a lot of variability from quarter-to-quarter. It does depend to some extent on the mix of our different activities in the platform business. We saw some stabilization in M&E in Q4, which was great, which helped margins. We're tracking that stability is happening in Q1 as well. We'll see how M&E goes forward. We're liking what we see there.

But specifically, I don't expect a lot of variability. I will say again, we have a lot of mix – different activities growing at different rates and it's not lost on me and us that we don't give – we don't break out a lot of detail. One thing we are working on is some more detail on our different activities and giving you a bit more color into the margin



profile and the different activities in platform. And I hope to share some more data on that next quarter. It's something we're working on.

**Michael Morris**

*Analyst, Guggenheim Securities LLC*

Q

Thank you. It's very helpful.

**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Jason Helfstein with Oppenheimer. Your line is open.

**Jason Stuart Helfstein**

*Analyst, Oppenheimer & Co., Inc.*

Q

Thanks for taking the question. So in the prepared remarks, you kind of alluded to the success you're seeing with the international viewership and how it's early days of monetization. I guess, is there a way to, as we think about what the opportunity is relative to the platform business today – back in the early days of Netflix we would be like, oh, international's X times potentially bigger than the US opportunity.

And then I guess, just if you want to take a step back, I guess, like where does that fit in with where you think the kind of biggest opportunity is in the business? So, comparing let's say the international revenue opportunity advertising to other opportunities that you're looking at right now? Thank you.

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

Hey Jason, Dan will take that question.

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

Yeah, so we talked about international in our focus countries and we're at different stages depending on the country. So, let me just give you some examples of this. So, for example, in Canada and in Mexico we actually have scale and we're starting to monetize that more.

In Mexico, we have incredible scale and we're really starting to focus on the monetization side of that – of our strategy. In Brazil, where the ad market isn't quite there yet, we're still building scale. That's a little bit farther – a little bit farther off in terms of focus on the monetization. So, we're very focused on building scale and making great progress into Brazil and the rest of Latin America. We're making progress on the UK, but the monetization is really starting to take hold in Mexico and Canada for slightly different reasons.

In Canada, the market's very good. From a digital perspective, our ARPU is actually quite strong in Canada. We're growing our streaming households and our ARPU along with it. And so, we like what we see there.

In Mexico, the ad market hasn't shifted to digital like it has in the US, although we expect that to happen over time. So, we have incredible scale in Mexico. It actually rivals the US in terms of scale in Mexico, which is great. We're really starting to focus on monetization of subscriptions and advertising across all our international locations. So, for example, we launched premium subscriptions in Mexico recently and we'll likely launch more countries over time. So, we're very focused not just on advertising, but on leveraging our amazing subscription business in our international countries. And we like what we see there. That is also an opportunity. And over time,

I do believe that international will become a larger percent of our overall platform revenue. But it's still pretty early on. So, there's a lot of room to grow in these international locations.

**Jason Stuart Helfstein**

*Analyst, Oppenheimer & Co., Inc.*

Q

And how would you rank that relative to like the opportunities you're looking at now that for growth like, is this number one?

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

You mean relative to the US?

**Jason Stuart Helfstein**

*Analyst, Oppenheimer & Co., Inc.*

Q

Yeah, relative to US or just other things you're looking at from here?

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

The international is an incredible opportunity for us to grow. I mean, like I said, subscriptions alone is a big opportunity. The Roku Channel is doing very well in our international locations. We're doing more. We're having – engagement is growing very well. In Brazil, where we have scale, we recently launched FAST which is doing very well. So, I think it's a big opportunity. The question is how did the digital ad markets migrate over? And that is a country by country specific situation. But subscriptions, including, for example, Howdy, can grow really well in these locations. And that's a really big opportunity for us.

**Jason Stuart Helfstein**

*Analyst, Oppenheimer & Co., Inc.*

Q

Thank you.

**Operator:** Please standby for our next question. Our next question comes from the line of Steven Cahall with Wells Fargo. Your line is open.

**Steven Cahall**

*Analyst, Wells Fargo Securities LLC*

Q

Thanks. Dan, just following up on the platform guide in the first quarter. I don't know how much kind of political or friendly is in both the current Q1 and the prior Q1. But it seems like there is a little bit of a deceleration in kind of same-store sales in platform from Q4 to Q1 and the comp is slightly easier. Just wanted to know if that's conservatism? Is there some natural deceleration because you've gotten to such big scale or am I doing the math wrong there?

And then also, if we just think about your revenue and platform outlook for 2026. Just curious how you're thinking about the contribution of political dollars in there? I think you did about \$90 million in 2024. That kind of came out of nowhere. So wondering what you're thinking for 2026? Thanks.

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

Yeah, yeah. Thanks. Thanks for the question, Steven. To the point, first of all, Q1 didn't have a lot of political in it in general. So, I wouldn't say that's an impact for Q1, although, it will be impactful in H2. Yes, Frndly is impactful for Q1 and that does add a couple of points. With respect to Q1 versus H2 or Q1 versus the full year, to the answer I gave in my first question, we just have a lot more visibility into Q1.

And so, we're waiting to see how political shapes up, how the spending shapes up. I do believe that if the market is similar in the mid-terms versus the general like we will do well in that market. Charlie and team have built out a very good strong political sales funnel. We're very good at targeting. We're a great platform of which to advertise on. So again, like it's just a question of having more visibility right now in Q1 versus H2 and how political will transpire. And we'll update you as we go forward. So yes, I would agree with the comment that the back half is a little bit more conservative, just given how much visibility we have into Q1.

**Steven Cahall**

*Analyst, Wells Fargo Securities LLC*

Thanks.

**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Laura Martin with Needham. Your line is open.

**Laura Martin**

*Analyst, Needham & Co. LLC*

Hey, congratulations on really great numbers. I want to follow up on one of the GenAI questions asked earlier. So, Netflix is telling us that they are going to put short-form video and user generated content on their platform because they think engagement is what they are solving for. Anthony, you just said something similar in an earlier question that engagement is your like North Star. However, I think one of the reasons you get so many really high quality brand advertisers is that you're top-of-funnel premium-only video. So, how do you think from a judgment point of view, a balancing in driving engagement, which would mean vertical video and adding user generated content even short-form compared with protecting your ad environment, so that you continue to get high quality advertisers? That's my first question.

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

Yeah. Let me, I'll give you my opinions and I'll turn to see if Charlie has anything to add. We do have short-form content on our platform. We're always experimenting with different kinds of short-form and how to place in our UI. There's lots of ways we drive engagement on our platform, mostly around our user interface and the personalization of the experience, but also around the content that's on the platform.

I think that, I mean, as a platform, we're a big screen TV platform primarily and that does mean generally long form content. That's generally what gets consumed. So, although we do have some shorter form video and I'm sure that will grow, our focus really is on long form video. That's what people generally look for when they turn on their TV.

And I mean, I strongly believe that as content costs come down, that's going to, anything when you lower the cost of something, people consume more. And so, we'll see more engagement of long form video and that's a big opportunity for us as a platform. In terms of the advertisers, let me – I'll ask Charlie to take that question.

**Charles Collier**

*President-Roku Media, Roku, Inc.*

A

Sure. Hey, Laura, it's a good question. One thing I think we have a few real advantages. One is, our FAST channel environment has been really powerful. And so, for example, Mr. Beast launched his own FAST channel and it premiered on Roku. And because of our scale, of course, that did really well and we got to see the type of viewers who consume that content. And that last point is really one of our advantages. We really do understand the cohorts of viewers. And one of the things we've been able to do is create content around different interests. And I think as we get more into short-form, when we do as Anthony said, we do it against specific cohorts and really try to super serve audiences that we understand.

We are known for premium content and in the foreseeable future it's going to be the majority of what we do and do well. But I very much like the ability of our platform to sort of figure out what the viewer want to watch and how. Some of the example to that, beyond just the content creators you might be thinking about or even in places like our Sports Zone where we'll do shoulder content, they'll go in to watch the game, they'll get short-form clips, they'll get short-form commentary and other information. And we do that with the league. So, there's all sorts of ways you can do it and Roku is really good at putting it in context.

**Laura Martin**

*Analyst, Needham & Co. LLC*

Q

Super helpful. My second question is on Upfront versus SMB. It's a similar judgment question, which is, a lot of the letter is talking about your investments in Ads Manager and your focus on SMB because it is a large market. But what we hear from [ph] Mountain (00:28:25), which is 100% performance Pay TV, is that those types of advertisers are really 100% focused on performance like within three days, like super short-term performance. And my recollection is you guys do more than \$1 billion in Upfront guarantees, which is like a quarter of your revenue. So, as you think about investing in this bottom of funnel, making yourself a full funnel CTV auction for advertising, over time, do you think you're going to pivot from like towards the more performance oriented, which I would think would have lower margins than top-of-funnel but correct me if you think I'm wrong on that thinking. Thank you.

**Charles Collier**

*President-Roku Media, Roku, Inc.*

A

Yeah. Sure. Laura, it's Charlie again. I think it's sort of different horses for different courses. So, let me tell you what I mean by that. Yeah, we do a lot of guaranteed business at the top-of-the-funnel with enterprise clients. And they, by the way, and I believe they're performant, too. They measure perhaps different things, and as you said, conversion in a few days. But the shift to performance marketing and the opening of our platform to small- and medium-sized businesses is absolutely a tailwind, but we can manage it in a very different way. We've talked a lot in past calls about how unique our situation is as a platform, which is that we can price up and down the pricing curve and the demand curve. And I think in that context, you'll see us manage very well the opportunity to both perform and to serve the high end clients.

One way to break this out for you is the way we price our inventory, you'll have specific units and opportunities at the high end of the pricing curve. Our sponsorships, our Roku Originals, our Sports, our Home Screen units or anytime we do a deep digital integration, that's – that comes with a price tag because of exactly what those are. And then on the other end of the business, and this might be some of the business that you're picturing when you ask the question. You've got some advertisers who have different needs, who are priced at a much lower price point but they certainly don't get inventory with the same quality signal. They don't get certainly any of the unique units or sponsorships that I was talking about on the other end.

So, look, we are the largest CTV footprint and we have really ways to expand our inventory thoughtfully as we grow. And so, I think our ability to price up and down the demand curve allows us to not just do well in the current CTV landscape, but as we push to be the most performant CTV platform and welcoming small- and medium-sized businesses. They will spend \$600 billion on advertising this year in small- and medium-sized businesses. And if the enterprise trend is any indication, you combine the visual impact of television with the performance of digital and Roku Ads Manager, I think is uniquely positioned to lead in that transition. And we'll price it properly at both ends of the curve.

**Laura Martin**

*Analyst, Needham & Co. LLC*

Thanks Charlie.

Q

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

This is Anthony. Let me just add. I'll just – yeah, I'll just add a few comments. I think just generally, we're hearing from all of our advertisers, both traditional high, top-of-the-funnel brand advertisers, all the way to lower funnel advertisers, of which we have a whole range that they're all focused on performance. And it's a key strategy for us to be the most performant, connected TV platform in the industry. And we're putting a lot of effort into that. And we're integrating a lot of generative AI technology to help us achieve that. And it's going well.

A

And you can see – I mean, it's early days, but Roku Ads Manager is doing extremely well and we're seeing strong growth. And so, that strategy is working for us. So, the whole advertising business is moving to performance. Different advertisers have different definitions of how they're measuring performance and what they're looking for. It's not all the same. It's like a traditional social media advertiser type performance but it is moving more and more into performance. Results are being measured and we're seeing it. It's working. Like we're seeing those advertisers start to move over.

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

I think I'll just...

A

**Laura Martin**

*Analyst, Needham & Co. LLC*

Very helpful.

Q

**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

...add on one more thing Laura. To your point, I do think it's important to understand that I agree with everything, Charlie and Anthony said but your comment on the pivot towards lower margin, more performant ads, they're not lower margin for us. We are very – it's not where like a performance based ad that is focused on a site visit that's focused on ROAS, that is focused on a click. They are not lower margin for us in this area. So, you should not think that as we focus on the SMBs that it drags down margins. It does not.

A

**Laura Martin**

*Analyst, Needham & Co. LLC*

Q

Thanks, guys. Very helpful.

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

Thank you.

A

**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Rob Sanderson with Loop Capital. Your line is open.

**Rob Sanderson**

*Analyst, Loop Capital Markets LLC*

Thank you for the opportunity. I wanted to ask a little bit about just expanding your advertising opportunity on the Home Screen outside of M&E and into the much larger advertising landscape. I'm sure there's lots of interesting things you can do here. But any color on the types of ad formats you might be thinking about, that's something that we're likely to learn more about through 2026?

Q

And then on – just thoughts on go-to-market, these would be completely unique and probably require some education for advertisers. Maybe not something your third-party demand partners could help you with. Is that something that you think you'd have to take on a direct basis or anything you can sort of share on go-to-market?

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

Hey, Rob. Charlie will take that question.

A

**Charles Collier**

*President-Roku Media, Roku, Inc.*

Yeah. Sure. Well, it's happening already, Rob. It's a great question and we've expanded well beyond M&E over the last couple of years. Actually, I think if you saw the Home Screen or you're looking at the Home Screen right now, Roku City, which is our beloved interactive world that's living inside your television. Right now, if you look at it, it's got the Olympics on it and some of our sponsors actually, I think most of which are not M&E at all.

A

We also added video to the home screen inside of our marquee unit, which is that big unit on the right-hand side of the screen. And that is really performing well for all sorts of categories beyond M&E.

So, we are testing several variations of home screen design and we're obviously proving that it drives more engagement and viewer satisfaction which is good. But you're going to see us do a lot of it and as to your question about whether it's programmatic, to-date it is not. There are lots of reasons we got a question earlier about upfront versus SMB, obviously with our enterprise clients and our advertising agencies, they are very focused on these unique units and these performant units and you'll see more of it moving forward.

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

And hey Rob, this is Anthony again. I'll just – in terms of new ad units, we mentioned before that we have a new home screen design that we're working on. It's one of our major initiatives. It's in testing right now. And we're testing several different variations of the home screen. It is going well. We're striving more engagement and viewer satisfaction. We believe it'll increase monetization over time whether that's getting viewers to sign up for

A

subscriptions or watch more ad-supported content and we hope to roll it out sometime this year. But the new home – I'll just say that the new home screen – one, it's got a lot of improvements. One of the changes is we're testing new types of ad units and we're also looking hard at how we can – and we're testing different ways to increase impressions of current ad units and also increase click-through of current ad units as well.

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**Rob Sanderson**

*Analyst, Loop Capital Markets LLC*

Thank you, Anthony and thank you, Charlie.

Q

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**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Vikram with Baird. Your line is open.

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**Vikram Kesavabhotla**

*Analyst, Robert W. Baird & Co., Inc.*

Yeah. Hi. Thanks for taking the question. I wanted to ask about the Howdy launch as well as the Frndly acquisition. Could you talk more about how each of those integrations is going so far and what are your plans for those businesses in 2026? Thanks.

Q

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

Hey Vikram, this is Anthony. Both of those are going well. We haven't broken out numbers but the – like I'm extremely happy with how the Howdy launch is going. Subscribers are continuing to grow nicely. And I'll just say that for those that don't know, Howdy and Frndly, they're part of Roku's portfolio of owned and operated services, which started with The Roku Channel.

A

And adding Howdy and Frndly is a strategic expansion into subscriptions that's going to add incremental revenue. We're using the power of our platform, the – our user experience to drive engagement in both of those. We're seeing increased engagement on both of them. I mean, we're definitely increasing engagement and sign-ups for Frndly since we took over that service.

And of course, that platform is how we're launching and growing the Howdy business. We have plans – Frndly is already available on platforms outside of Roku. And we have plans to launch Howdy on platforms off of Roku as well. So I mean, I'm very excited about both of them. And Howdy in particular, I think, has the opportunity – the potential over time to become a very large service for us.

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**Vikram Kesavabhotla**

*Analyst, Robert W. Baird & Co., Inc.*

Okay, thank you.

Q

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**Operator:** Thank you. Our next question comes from the line of Matt Condon with Citizens Bank. Your line is open.

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**Matthew Condon**

*Analyst, Citizens JMP Securities LLC*

Thank you so much for taking my question. I just wanted to ask as Netflix is pending the acquisition of Warner Brothers and this is changing potentially just the broader streaming landscape. Can you just talk about if they

Q



become more guarded about how they distribute their content, how this could potentially impact Roku both on the advertising side and the subscription side.

And then maybe just a quick follow-up, Dan, just mid-single-digit OpEx growth going forward. Is that the right way to continue to think about this? And if revenue growth comes in above expectations, how do you just think about reinvesting some of that growth back into the business? Thank you so much.

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

Hey Matt, this is Anthony. I'll just say in the US, as we've said before, we're in more than half of broadband households and half of all TV streaming happens on the Roku platform. I mean, that's a lot of scale. This makes us an essential partner to every content owner and streaming service and we don't anticipate that changing regardless of how the industry consolidates or how that consolidation plays out. In any scenario, the streaming sector remains extremely robust, is continuing to grow quite nicely, and we remain well positioned to help our streaming and content partners drive engagement, find viewers, and sign up customers. And I'll let Dan take the question.

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**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

Yeah, thanks for the question, Matt. With respect to OpEx, we remain focused on execution and operational discipline, ensuring we invest where we see the highest returns. We grew our OpEx 3% in 2025, a little bit lower than I expected, which is fine because we're investing well in these – all these initiatives that we've laid out here both in the Shareholder Letter and what we've talked about on this Q&A.

I do expect our OpEx to grow in that mid-single digits. As we've said many times, we expect our platform revenue to grow double digits. I think I gave some pretty concise guidance on gross margin where we don't expect any major decel in gross margin, in fact, we expect it to stay in this 51% to 52% and that will translate into improved EBITDA margins over time.

It's also one of the reasons why I feel like we're on a good path to achieving \$1 billion in free cash flow by 2028. So – and all this is to say we are absolutely investing. We're adding head count, mostly on the engineering side, to invest in these incredible initiatives that we have in front of us. So a lot of good things happening. I think it's also one thing I will say that's helping our OpEx growth is our SBC continues to come down. We've done a lot of work in SBC and that is actually trending – going backwards from 2025 into 2026. Our guide contemplates that and that's one of the things that's helping our OpEx stay in that mid-single-digit range.

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**Matthew Condon**

*Analyst, Citizens JMP Securities LLC*

Q

Thank you.

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**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Tom Champion with Piper Sandler. Your line is open.

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**Thomas Champion**

*Analyst, Piper Sandler & Co.*

Q

Hi, good afternoon guys. We can see from your discussion around 2026 expectations a pretty solid top-line revenue guidance, but I think you've been sort of indicating that you see a path for a very solid multi-year CAGR



in revenue growth. And you've talked about some of the near-term drivers, but I'm just wondering if you could talk a little bit about maybe more intermediate or longer-term dynamics in the business that would give you confidence in sort of the solid growth trajectory beyond this year and in 2026. Any thoughts would be welcome. And then maybe for Dan, just a clarification: Is it \$250 million that remains on the buyback? Thank you.

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

This is Anthony, I'll start and then turn it over to Dan. In terms of what's driving our growth, our two big businesses are advertising and subscriptions and they're both doing nicely. So on the advertising side, we've talked about deepening our relationship with third-party DSPs and partners. There's still room to continue to do that.

There's still a lot of ad dollars that is in the traditional linear ecosystem that's still moving to streaming. We're taking, I would say, more than our fair share of those dollars. So we're continuing to see growth there. We have initiatives in place like our new home screen that we're launching which I think will grow – which I believe will grow monetization over time based on the testing results I'm seeing.

So – and then on subscriptions, one of the big trends in the industry that we're seeing is aggregation of streaming services. I think increasingly over time, it's only going to be a small number of services that can maintain a profitable app and that a much more profitable way to distribute a streaming service will be through something like Roku's premium subscriptions. And that's one of the reasons we're seeing every major streaming service other than the top few sign up to be a participant in premium subscriptions because it's just good economics.

It drives more subscribers on a more economical basis and I think that – so I think premium subscriptions are going to be a big growth driver and a big secular trend in the industry for quite some time. Things like Ads Manager are opening up huge new ad markets for us that just were not available to TVs before. Those new markets are now accessible because of AI – essentially AI that can create video very quickly or instantaneously at very low cost and then provide the targeting and then provide the granular self-serve capabilities that open up to a large number of advertisers.

So those are some of the areas we're working on and there's other activities and research projects that we have in place that we haven't disclosed yet. So there's just a lot of opportunity in the streaming space and there's a lot of ways to continue to grow monetization on our platform as well as obviously we're going to continue to grow the scale of our platform both outside the US and inside the US. I don't know Dan, did you have anything?

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**Dan Jedda**

*Chief Financial Officer & Chief Operating Officer, Roku, Inc.*

A

Yeah, I'll answer the second part of your question. We purchased \$50 million in Q3 and \$100 million in Q4. So yes, there's \$250 million remaining on the buyback. I will say, as we noted in the Shareholder Letter, we see a clear path to offsetting dilution for FY2026 and we have very strong free cash flow as our guide contemplates of the \$635 million of adjusted EBITDA and my comments with respect to we believe free cash flow will be above adjusted EBITDA for the year.

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**Thomas Champion**

*Analyst, Piper Sandler & Co.*

Q

Thanks a lot, guys.

**Operator:** Thank you. Our next question comes from the line of Robert Coolbrith with Evercore ISI. Your line is open.

**Robert Coolbrith**

*Analyst, Evercore Group LLC*

Q

Great. Thank you very much for taking our questions. Just wanted to go back to Ad Manager maybe for another follow-up. Could you talk about maybe the performance orientation or some of the ways that the product is different from OneView? Or did you use OneView as a base and try to sort of bake more performance into the platform? Just anything you could tell us about the starting point for Ad Manager and how your attempt to serve the needs of performance-based advertisers.

And then secondly there, if you could talk a little bit more about maybe the go-to-market for how you identify maybe your high-value SMB prospects, how you reach out to them, how you onboard them or get them into the funnel and then onboard them into the platform. Anything more you could tell us would be really helpful. Thank you.

**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

Hey Robert, this is Anthony. I'll take the first part and then turn it over to Charlie for the second part. I'll just say – well, first of all OneView was a technology platform but it was also a business strategy and I would say the business strategy is what's changed. So the OneView technology is still integrated throughout our platform and pieces of it are in Roku Ad Manager for example as well as a lot of homegrown technology as well.

Our ad stack wasn't just OneView but that was a piece of it, but OneView was really a strategy around us making that essentially our exclusive DSP on our platform. And that changed a few years ago to like we're not going to have OneView be the DSP on our platform. We're going to work with all the large DSPs that are out there that customers are using and want to continue using. So that's when we completely switched our strategy to working with third-party partners. That's when we started deeper integration with Trade Desk, with Amazon, with all the other partners that are out there that we work with as third-party platforms.

So that was really a strategy change, I would say, and that strategy change has been extremely effective; like that's working well for us. I don't know, Charlie, do you want to take the second part or add to that?

**Charles Collier**

*President-Roku Media, Roku, Inc.*

A

Well, it's a very different sales funnel obviously than going to the agencies and clients the way we do with enterprise. I'll say for my career, it is such a joy to be able to serve top-of-the-funnel, middle-of-the-funnel, and bottom-of-the-funnel. And it is really the bottom-of-the-funnel that we're working on with the Ads Manager product.

Driving it all – to your point about outcomes, driving it all is really just trying to prove performance and Anthony said earlier in the call that's spot on: really people define performance in very different ways and so we've announced a bunch of partnerships, for example iSpot, AppsFlyer, INCRMTAL, and each of them in one way or another is about measurement of performance. And so, I won't go deep into how we identify the high-value SMB prospects except to say we've created a very different sales force and sales approach.

We do a lot of lead gen. We market into this group and then the best advertising for this is actually the performance itself because unlike our enterprise clients who come in with budgets, when this works people will

leave it on and continue to come back to Ads Manager for more. So in the letter and actually in the recording right before the call, you heard about a client with specific objectives who came in, saw the return on ad spend, and then not only do they continue to come back, but we see a lot of proof of performance lead to other advertisers in the category doing the same.

So really in many ways it's the purest form of advertising because you invest, we tweak and optimize results and outcomes, and then we improve performance and then we become good partners. And so I'm very excited about the ramp of this. I think we can move from going hundreds to thousands to tens of thousands of advertisers.

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

A

This is Anthony. I'll just say one other point which is that although Ad Manager is doing well for us, it's not exclusive, like we are working with other third-party partners that are targeting the same target customers, the same SMBs. tvScientific, for example, is just one. But I do think that there are some significant competitive advantages to building our own self-serve platform in terms of integrating it more deeply into our platform that will result in better performance. And so I think that – one of the reasons we're doing it ourselves is we think we can build a better product by integrating it ourselves into our platform.

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**Robert Coolbrith**

*Analyst, Evercore Group LLC*

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Got it. Thank you very much.

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**Operator:** Thank you. Ladies and gentlemen, just in the interest of time I would now like to turn the call back to CEO, Anthony Wood for closing remarks.

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**Anthony J. Wood**

*Founder, Chairman & Chief Executive Officer, Roku, Inc.*

I'd just like to thank our employees, customers, advertisers, and content partners. And thank you for listening.

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**Operator:** Ladies and gentlemen, that concludes today's conference call. Thank you for your participation. You may now disconnect.

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