

Financial Update

1Q | 25

**20
25**

1Q25 Financial Overview

ALL COMPARISONS ARE TO 1Q24

Revenue was \$1.48 billion, an increase of 40%.

Advertising revenue grew 71% to \$1.16 billion. Net revenue per installation increased 49% and installations increased 22%. Segment Adjusted EBITDA increased 92% to \$943 million, an 81% margin.

Apps revenue decreased 14% to \$325 million. Segment Adjusted EBITDA increased 9% to \$62 million, a 19% margin.

Net Income was \$576 million, a net margin of 39% compared to net income of \$236 million and a net margin of 22%.

Adjusted EBITDA increased 83% to \$1.01 billion, an Adjusted EBITDA margin of 68%.

Cash Flow: We generated \$832 million of net cash from operating activities and \$826 million of Free Cash Flow.

Revenue
(\$ millions)



Advertising Revenue
(\$ millions)



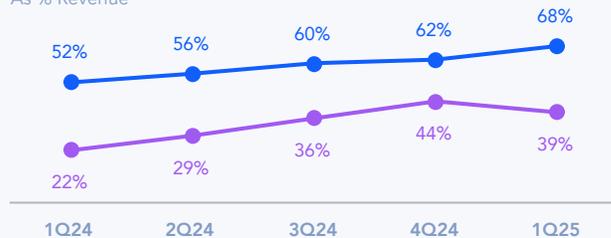
Advertising Adjusted EBITDA
(\$ millions)



Net Income, Adjusted EBITDA
(\$ millions)



As % Revenue



Cash Flow and Shares Outstanding
(\$ and shares in millions)



Note: Totals may not sum due to rounding

1 Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow are non-GAAP measures. Please see "Non-GAAP Financial Measures" and the reconciliation from GAAP to non-GAAP measures later in this update.

Non-GAAP Financial Metrics

To supplement our financial information presented in accordance with generally accepted accounting principles in the United States ("GAAP"), this shareholder letter includes certain financial measures that are not prepared in accordance with GAAP, including Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow. A reconciliation of each such non-GAAP financial measure to the most directly comparable GAAP measure can be found below.

We define Adjusted EBITDA for a particular period as net income before interest expense and loss on settlement of debt, other income, net (excluding certain recurring items), provision for (benefit from) income taxes, amortization, depreciation and write-offs and as further adjusted for non-operating foreign exchange (gains) losses, stock-based compensation expense, transaction-related expense, goodwill impairment, restructuring costs, loss on disposal of long-lived assets, as well as certain other items that we believe are not reflective of our core operating performance. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue for the same period.

We define Free Cash Flow as net cash provided by operating activities less purchases of property and equipment and principal payments on finance leases. We subtract both purchases of property and equipment and payment of finance leases in our calculation of Free Cash Flow because we believe these items represent our ongoing requirements for property and equipment to support our business, regardless of whether we utilize a finance lease to obtain such property or equipment.

We believe that the presentation of these non-GAAP financial measures provides useful information to investors regarding our results of operations and operating performance, as they are similar to measures reported by our public competitors and are regularly used by securities analysts, institutional investors, and other interested parties in analyzing operating performance and prospects.

Adjusted EBITDA and Adjusted EBITDA margin are key measures we use to assess our financial performance and are also used for internal planning and forecasting purposes. We believe Adjusted EBITDA and Adjusted EBITDA margin are helpful to investors, analysts, and other interested parties because they can assist in providing a more consistent and comparable overview of our operations across our historical financial periods. We use Adjusted EBITDA and Adjusted EBITDA margin in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance. We believe that the presentation of certain measures adjusted for publisher bonuses are useful in understanding the ongoing results of our operations and for comparability to prior periods. We use Free Cash Flow in addition to GAAP measures to help manage our business and prepare budgets and annual planning, and we believe Free Cash Flow provides useful supplemental information to help investors understand underlying trends in our business and our liquidity.

These measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statement of operations that are necessary to run our business. Our definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our non-GAAP financial measures should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

Key Metrics

We review the following key metrics on a regular basis to evaluate the health of our Apps segment, identify trends affecting its performance, prepare financial projections, and make strategic decisions.

Quarterly Key Metrics

Monthly Active Payers (MAPs). We define a MAP as a unique mobile device active on one of our apps in a month that completed at least one In-App Purchases (IAP) during that time period. A consumer who makes IAPs within two separate apps on the same mobile device in a monthly period will be counted as two MAPs. MAPs for a particular time period longer than one month are the average MAPs for each month during that period. We estimate the number of MAPs by aggregating certain data from third-party attribution partners. We estimate that our counted MAPs generated substantially all of our IAP revenue during the three months ending March 31, 2025, and as such, management believes that MAPs are a useful metric to measure the engagement and monetization potential of our games.

Average Revenue Per Monthly Active Payer (ARPMAP). We define ARPMAP as (i) the total IAP Revenue derived from our Apps in a monthly period, divided by (ii) MAPs in that same period. ARPMAP for a particular time period longer than one month is the average ARPMAP for each month during that period. ARPMAP shows how efficiently we are monetizing each MAP.

	1Q 2025	1Q 2024
Monthly Active Payers (millions)	1.5	1.8
Average Revenue per Monthly Active Payer (ARPMAP)	\$52	\$48

Our key metrics are not based on any standardized industry methodology and are not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies. Similarly, our key metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. The numbers that we use to calculate MAPs and ARPMAP are based on internal data. While these numbers are based on what we believe to be reasonable judgments and estimates for the applicable period of measurement, there are inherent challenges in measuring usage and engagement. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy.

AppLovin Corporation

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)
(Unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 551,024	\$ 741,411
Accounts receivable, net	1,577,812	1,414,246
Prepaid expenses and other current assets	238,498	156,533
Total current assets	2,367,334	2,312,190
Property and equipment, net	161,655	160,530
Goodwill	1,639,796	1,803,426
Intangible assets, net	855,046	896,677
Other assets	682,870	696,436
Total assets	<u>\$ 5,706,701</u>	<u>\$ 5,869,259</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 595,219	\$ 563,427
Accrued and other current liabilities	541,381	424,206
Short-term debt	200,000	—
Deferred revenue	72,624	69,839
Total current liabilities	1,409,224	1,057,472
Long-term debt	3,509,964	3,508,983
Other non-current liabilities	212,092	212,986
Total liabilities	<u>5,131,280</u>	<u>4,779,441</u>
Stockholders' equity:		
Preferred stock, \$0.00003 par value—100,000,000 shares authorized, no shares issued and outstanding as of March 31, 2025 and December 31, 2024	—	—
Class A, Class B, and Class C Common Stock, \$0.00003 par value—1,850,000,000 (Class A 1,500,000,000, Class B 200,000,000, Class C 150,000,000) shares authorized, 338,361,559 (Class A 307,673,018, Class B 30,688,541, Class C nil) and 340,041,739 (Class A 309,353,198, Class B 30,688,541, Class C nil) shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	11	11
Additional paid-in capital	474,642	593,699
Accumulated other comprehensive loss	(73,185)	(103,096)
Retained earnings	173,953	599,204
Total stockholders' equity	<u>575,421</u>	<u>1,089,818</u>
Total liabilities and stockholders' equity	<u>\$ 5,706,701</u>	<u>\$ 5,869,259</u>

AppLovin Corporation

Condensed Consolidated Statements of Operations

(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Revenue	\$ 1,484,021	\$ 1,058,115
Costs and expenses:		
Cost of revenue	271,232	294,148
Sales and marketing	182,956	226,687
Research and development	122,918	155,323
General and administrative	54,501	42,398
Goodwill impairment	188,943	—
Total costs and expenses	<u>820,550</u>	<u>718,556</u>
Income from operations	663,471	339,559
Other income (expense):		
Interest expense	(52,888)	(74,182)
Other income, net	7,811	2,568
Total other expense, net	<u>(45,077)</u>	<u>(71,614)</u>
Income before income taxes	618,394	267,945
Provision for income taxes	41,975	31,762
Net income	<u>576,419</u>	<u>236,183</u>
Less: Net income attributable to participating securities	144	1,451
Net income attributable to common stock—Basic	<u>\$ 576,275</u>	<u>\$ 234,732</u>
Net income attributable to common stock—Diluted	<u>\$ 576,277</u>	<u>\$ 234,784</u>
Net income per share attributable to Class A and Class B common stockholders:		
Basic	<u>\$ 1.70</u>	<u>\$ 0.70</u>
Diluted	<u>\$ 1.67</u>	<u>\$ 0.67</u>
Weighted-average common shares used to compute net income per share attributable to Class A and Class B common stockholders:		
Basic	<u>339,837,238</u>	<u>335,794,739</u>
Diluted	<u>344,877,542</u>	<u>348,596,295</u>

AppLovin Corporation

Condensed Consolidated Statements of Cash Flows

(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Operating Activities		
Net income	\$ 576,419	\$ 236,183
Adjustments to reconcile net income to operating activities:		
Amortization, depreciation and write-offs	79,887	112,667
Goodwill impairment	188,943	—
Stock-based compensation, excluding cash-settled awards	61,281	95,253
Other	8,086	8,540
Changes in operating assets and liabilities:		
Accounts receivable	(167,382)	(84,836)
Prepaid expenses and other assets	(51,861)	26,813
Accounts payable	32,545	18,056
Accrued and other liabilities	103,794	(19,897)
Net cash provided by operating activities	<u>831,712</u>	<u>392,779</u>
Investing Activities		
Purchase of non-marketable equity securities	(18,678)	(28,333)
Other investing activities	(3,986)	(3,302)
Net cash used in investing activities	<u>(22,664)</u>	<u>(31,635)</u>
Financing Activities		
Repurchases of common stock	(1,000,911)	(752,224)
Principal repayments of debt	—	(668,972)
Payment of withholding taxes related to net share settlement	(185,667)	(80,144)
Payments of licensed asset obligation	(13,532)	—
Proceeds from issuance of debt	200,000	1,072,330
Proceeds from exercise of stock options	5,329	9,782
Other financing activities	(7,436)	(5,384)
Net cash used in financing activities	<u>(1,002,217)</u>	<u>(424,612)</u>
Effect of foreign exchange rate on cash and cash equivalents	<u>2,782</u>	<u>(2,348)</u>
Net decrease in cash and cash equivalents	(190,387)	(65,816)
Cash and cash equivalents at beginning of the period	741,411	502,152
Cash and cash equivalents at end of the period	<u>\$ 551,024</u>	<u>\$ 436,336</u>

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Reconciliation of Net Cash Provided By Operating Activities to Free Cash Flow

(In thousands)

The following table provides a reconciliation of net cash provided by operating activities to Free Cash Flow for the periods presented:

	Quarter Ended				
	1Q24	2Q24	3Q24	4Q24	1Q25
Net cash provided by operating activities	\$ 392,779	\$ 454,527	\$ 550,702	\$ 701,003	\$ 831,712
Less:					
Purchase of property and equipment	(227)	(3,928)	(131)	(490)	(138)
Principal payments on finance leases	(4,959)	(5,089)	(5,476)	(5,351)	(5,843)
Free Cash Flow	<u>\$ 387,593</u>	<u>\$ 445,510</u>	<u>\$ 545,095</u>	<u>\$ 695,162</u>	<u>\$ 825,731</u>
Net cash used in investing activities	\$ (31,635)	\$ (68,356)	\$ (6,396)	\$ (367)	\$ (22,664)
Net cash used in financing activities	\$ (424,612)	\$ (361,000)	\$ (441,075)	\$ (523,157)	\$(1,002,217)

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Reconciliation of Net Income to Adjusted EBITDA

(in thousands, except percentages)

The following table provides our Adjusted EBITDA and Adjusted EBITDA Margin and a reconciliation of Net Income to Adjusted EBITDA for the periods presented:

	Quarter Ended				
	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue	\$1,058,115	\$1,080,119	\$1,198,235	\$1,372,779	\$1,484,021
Net income	236,183	309,969	434,420	599,204	576,419
Net margin	22%	29%	36%	44%	39%
Adjusted as follows:					
Interest expense and loss on settlement of debt	74,182	74,666	75,213	94,199	52,888
Other income, net	(3,397)	(9,241)	(4,500)	(8,302)	(9,042)
Provision for (benefit from) income taxes	31,762	15,298	33,249	(84,080)	41,975
Amortization, depreciation and write-offs	112,667	108,541	99,635	127,837	79,887
Goodwill impairment	—	—	—	—	188,943
Loss on disposal of long-lived assets	1,646	—	—	—	—
Non-operating foreign exchange (gain) loss	106	(330)	(935)	1,450	(40)
Stock-based compensation	95,253	98,724	81,557	100,921	61,383
Transaction-related expense	369	485	26	5	6,005
Restructuring costs	—	3,082	2,951	16,790	6,609
Total adjustments	312,588	291,225	287,196	248,820	428,608
Adjusted EBITDA	\$548,771	\$601,194	\$721,616	\$848,024	\$1,005,027
Adjusted EBITDA Margin	52 %	56 %	60 %	62 %	68 %

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Reconciliation of Segment Adjusted EBITDA to Income Before Taxes

(In thousands, except percentages)

The following table provides selected financial data for our reportable segments for the periods indicated:

	Quarter Ended				
	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue:					
Advertising	\$678,370	\$711,015	\$835,186	\$999,487	\$1,158,974
Apps	379,745	369,104	363,049	373,292	325,047
Total Revenue	<u>\$1,058,115</u>	<u>\$1,080,119</u>	<u>\$1,198,235</u>	<u>\$1,372,779</u>	<u>\$1,484,021</u>
Segment Adjusted EBITDA:					
Advertising	\$492,020	\$520,482	\$653,396	\$776,699	\$943,228
Apps	56,751	80,712	68,220	71,325	61,799
Total Segment Adjusted EBITDA	<u>\$548,771</u>	<u>\$601,194</u>	<u>\$721,616</u>	<u>\$848,024</u>	<u>\$1,005,027</u>
Interest expense and loss on settlement of debt	\$(74,182)	\$(74,666)	\$(75,213)	\$(94,199)	\$(52,888)
Other income, net	3,397	9,241	4,500	8,302	9,042
Amortization, depreciation and write-offs	(112,667)	(108,541)	(99,635)	(127,837)	(79,887)
Goodwill impairment	—	—	—	—	(188,943)
Loss on disposal of long-lived assets	(1,646)	—	—	—	—
Non-operating foreign exchange gain (loss)	(106)	330	935	(1,450)	40
Stock-based compensation	(95,253)	(98,724)	(81,557)	(100,921)	(61,383)
Transaction-related expense	(369)	(485)	(26)	(5)	(6,005)
Restructuring costs	—	(3,082)	(2,951)	(16,790)	(6,609)
Income before income taxes	<u>\$267,945</u>	<u>\$325,267</u>	<u>\$467,669</u>	<u>\$515,124</u>	<u>\$618,394</u>
Segment Adjusted EBITDA Margin:					
Advertising	73 %	73 %	78 %	78 %	81 %
Apps	15 %	22 %	19 %	19 %	19 %



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