

Financial Update

4Q | 24

**20
24**

2024 Financial Overview

ALL COMPARISONS ARE TO 2023

Revenue was \$4.7 billion, an increase of 43%.

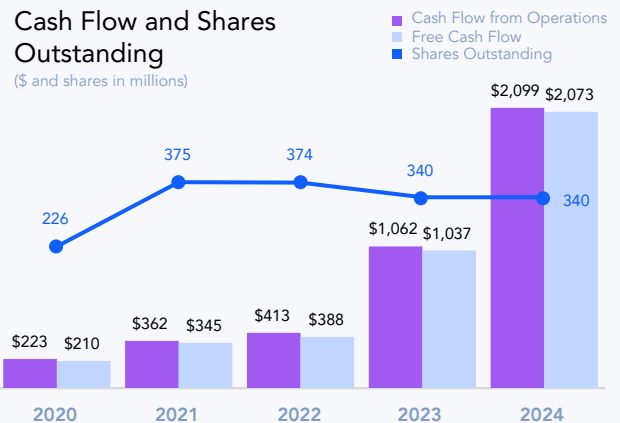
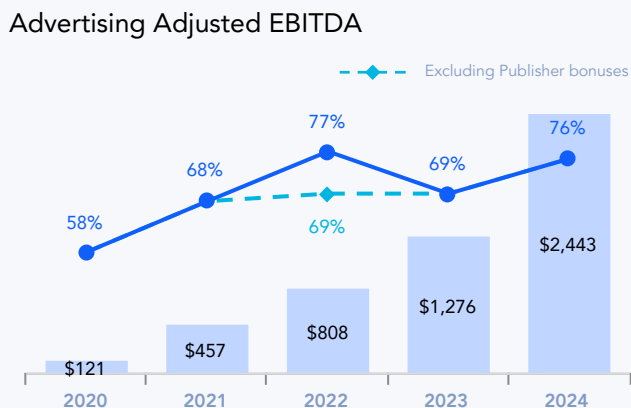
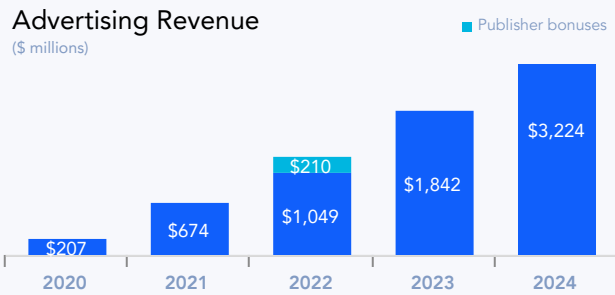
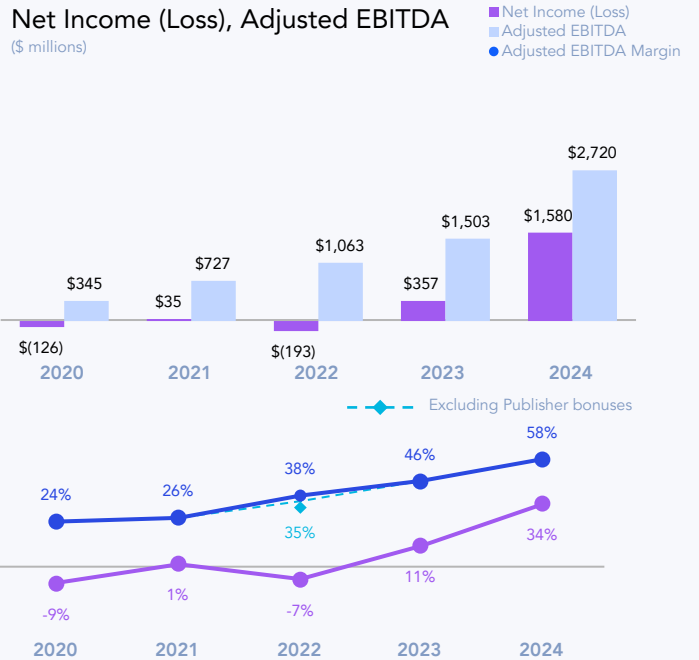
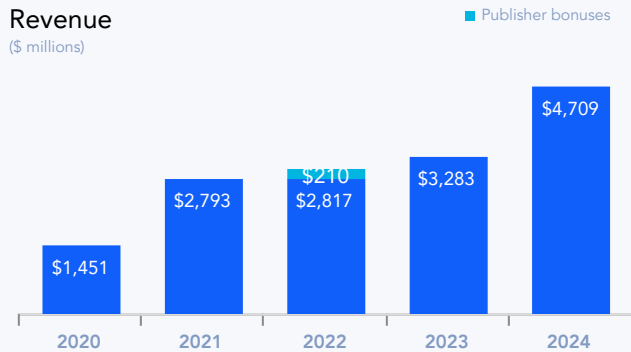
Advertising Revenue¹ grew 75% to \$3.2 billion. Segment Adjusted EBITDA increased 91% to \$2.4 billion, a 76% margin.

Apps Revenue grew 3% to \$1.5 billion. Segment Adjusted EBITDA increased 22% to \$277 million, a 19% margin.

Net Income was \$1.6 billion, a net margin of 34% compared to net income of \$357 million and a net margin of 11%.

Adjusted EBITDA increased 81% to \$2.7 billion, an Adjusted EBITDA margin of 58%.

Cash Flow: We generated \$2.1 billion of net cash from operating activities and \$2.1 billion of Free Cash Flow.



Note: Totals may not sum due to rounding

1 Our core advertising business now represents substantially all of the revenue in this segment and our future focus for the company. As a result, we have renamed our "Software Platform" segment to "Advertising" to better align with the nature of this business.

2 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.

4Q24 Financial Overview

ALL COMPARISONS ARE TO 4Q23

Revenue was \$1.4 billion, an increase of 44%.

Advertising revenue grew 73% to \$999 million. Net revenue per installation increased 49% and installations increased 22%. Segment Adjusted EBITDA increased 85% to \$777 million, a 78% margin.

Apps revenue decreased 1% to \$373 million. Segment Adjusted EBITDA increased 27% to \$71 million, a 19% margin.

Net Income was \$599 million, a net margin of 44% compared to net income of \$172 million and a net margin of 18%.

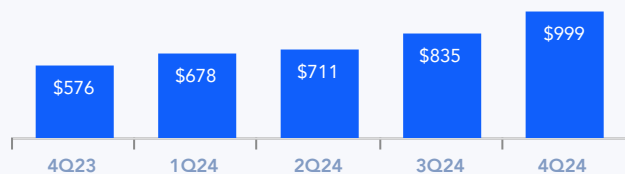
Adjusted EBITDA increased 78% to \$848 million, an Adjusted EBITDA margin of 62%.

Cash Flow: We generated \$701 million of net cash from operating activities and \$695 million of Free Cash Flow.

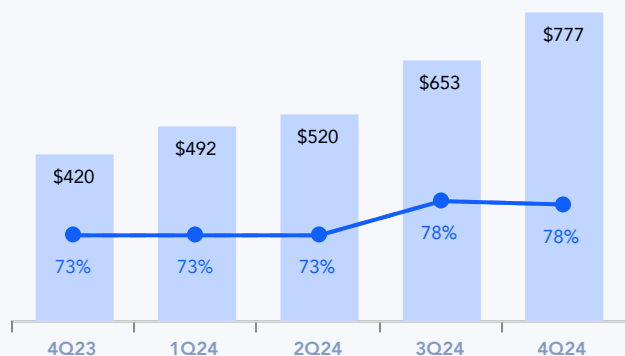
Revenue
(\$ millions)



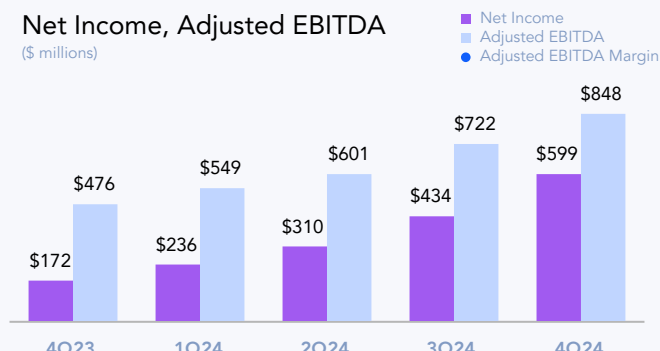
Advertising Revenue
(\$ millions)



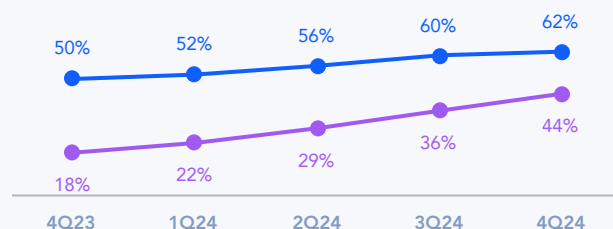
Advertising Adjusted EBITDA



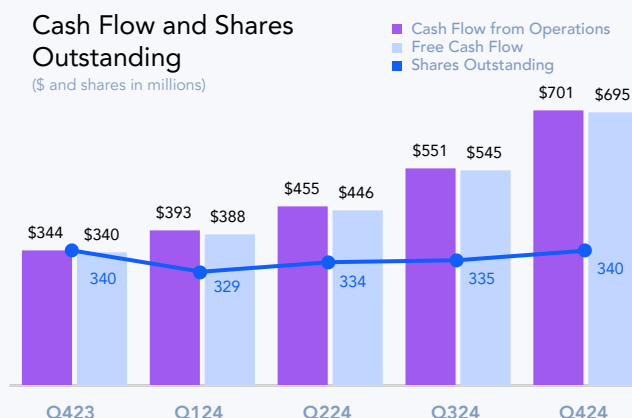
Net Income, Adjusted EBITDA
(\$ millions)



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 (loss) 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, acquisition-related expense, publisher bonuses, 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.

In association with the MoPub acquisition, we incurred certain costs to incentivize publishers to migrate to our MAX mediation solution, including existing publishers of MoPub as well as publishers on other competitor offerings. We have not historically incurred significant publisher migration costs, nor do we currently intend to incur significant publisher migration costs in the future. As such, we have removed the impact of these costs from Adjusted EBITDA.

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 business, identify trends affecting our 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 December 31, 2024, 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.

	4Q 2024	4Q 2023
Monthly Active Payers (millions)	1.6	1.8
Average Revenue per Monthly Active Payer (ARPMAP)	\$52	\$47

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

Consolidated Balance Sheets

(in thousands, except share and per share data)
(unaudited)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 741,411	\$ 502,152
Accounts receivable, net	1,414,246	953,810
Prepaid expenses and other current assets	156,533	160,201
Total current assets	2,312,190	1,616,163
Property and equipment, net	160,530	173,331
Operating lease right-of-use assets	38,069	48,210
Goodwill	1,803,426	1,842,850
Intangible assets, net	896,677	1,292,635
Other assets	658,367	385,998
Total assets	<u>\$ 5,869,259</u>	<u>\$ 5,359,187</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 563,427	\$ 371,702
Accrued and other current liabilities	409,392	265,256
Short-term debt	—	215,000
Deferred revenue	69,839	78,559
Operating lease liabilities, current	14,814	13,605
Total current liabilities	1,057,472	944,122
Long-term debt	3,508,983	2,905,906
Operating lease liabilities, non-current	32,608	42,905
Other non-current liabilities	180,378	209,925
Total liabilities	4,779,441	4,102,858
Stockholders' equity:		
Preferred stock, \$0.00003 par value—100,000,000 shares authorized, no shares issued and outstanding as of December 31, 2024 and 2023	—	—
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, 340,041,739 (Class A 309,353,198, Class B 30,688,541, Class C nil) and 339,886,712 (Class A 268,774,090, Class B 71,112,622, Class C nil) shares issued and outstanding as of December 31, 2024 and 2023, respectively	11	11
Additional paid-in capital	593,699	2,134,581
Accumulated other comprehensive loss	(103,096)	(65,274)
Retained earnings (Accumulated deficit)	599,204	(812,989)
Total stockholders' equity	1,089,818	1,256,329
Total liabilities and stockholders' equity	<u>\$ 5,869,259</u>	<u>\$ 5,359,187</u>

AppLovin Corporation

Consolidated Statements of Operations

(in thousands, except per share data)
(unaudited)

	Quarter Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
Revenue	\$ 1,372,779	\$ 953,261	\$ 4,709,248	\$ 3,283,087
Costs and expenses:				
Cost of revenue	320,452	273,607	1,166,806	1,059,191
Sales and marketing	214,662	222,963	849,209	830,718
Research and development	169,480	150,823	638,689	592,386
General and administrative	60,205	36,354	181,085	152,585
Total costs and expenses	764,799	683,747	2,835,789	2,634,880
Income from operations	607,980	269,514	1,873,459	648,207
Other income (expense):				
Interest expense and loss on settlement of debt	(94,199)	(71,584)	(318,260)	(275,665)
Other income (expense), net	1,343	(19,034)	20,806	8,028
Total other expense, net	(92,856)	(90,618)	(297,454)	(267,637)
Income before income taxes	515,124	178,896	1,576,005	380,570
Provision for (benefit from) income taxes	(84,080)	6,663	(3,771)	23,859
Net income	599,204	172,233	1,579,776	356,711
Net income attributable to AppLovin	\$ 599,204	\$ 172,233	\$ 1,579,776	\$ 356,711
Less: Net income attributable to participating securities	150	714	2,717	1,769
Net income attributable to common stock—Basic	\$ 599,054	\$ 171,519	\$ 1,577,059	\$ 354,942
Net income attributable to common stock—Diluted	\$ 599,057	\$ 171,540	\$ 1,577,144	\$ 354,993
Net income per share attributable to Class A and Class B common stockholders:				
Basic	\$ 1.77	\$ 0.51	\$ 4.68	\$ 1.01
Diluted	\$ 1.73	\$ 0.49	\$ 4.53	\$ 0.98
Weighted average common shares used to compute net income per share attributable to Class A and Class B common stockholders:				
Basic	339,168,374	337,136,956	336,921,483	351,952,187
Diluted	346,423,848	347,492,545	347,807,555	362,589,246

AppLovin Corporation

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Year Ended December 31,	
	2024	2023
Operating Activities		
Net income	\$ 1,579,776	\$ 356,711
Adjustments to reconcile net income to operating activities:		
Amortization, depreciation and write-offs	448,680	489,008
Stock-based compensation, excluding cash-settled awards	369,367	363,107
Impairment of investments	—	27,953
Loss on settlement of debt	28,375	4,337
Change in operating right-of-use assets	12,689	17,842
Amortization of debt issuance costs and discount	5,460	9,363
Loss on disposal of long-lived assets	1,646	—
Other	2,557	1,863
Changes in operating assets and liabilities:		
Accounts receivable	(467,028)	(261,279)
Prepaid expenses and other current assets	4,056	(12,280)
Other assets	(189,387)	(121,688)
Accounts payable	189,585	98,574
Operating lease liabilities	(14,106)	(18,612)
Accrued and other liabilities	133,974	92,754
Deferred revenue	(6,633)	13,857
Net cash provided by operating activities	2,099,011	1,061,510
Investing Activities		
Purchase of non-marketable equity securities	(76,983)	(17,934)
Acquisitions of businesses and intangible assets	(25,553)	(63,899)
Purchase of property and equipment	(4,776)	(4,246)
Proceeds from sale of assets and other	558	8,250
Net cash used in investing activities	(106,754)	(77,829)
Financing Activities		
Principal repayments of debt	(4,225,223)	(497,994)
Payments of withholding taxes related to net share settlement	(1,143,525)	(246,435)
Repurchases of common stock	(981,297)	(1,153,593)
Payments of deferred acquisition costs	—	(33,903)
Payments of licensed asset obligation	—	(27,110)
Payments of debt issuance cost	(35,563)	(4,655)
Principal payments of finance leases	(20,875)	(20,170)
Proceeds from issuance of debt	4,614,841	395,281
Proceeds from issuance of common stock upon exercise of stock options and purchase of ESPP shares	41,798	25,788
Net cash used in financing activities	(1,749,844)	(1,562,791)
Effect of foreign exchange rate on cash and cash equivalents	(3,154)	778
Net (decrease) increase in cash and cash equivalents	239,259	(578,332)
Cash and cash equivalents at beginning of the period	502,152	1,080,484
Cash and cash equivalents at end of the period	\$ 741,411	\$ 502,152

AppLovin Corporation

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				
	4Q23	1Q24	2Q24	3Q24	4Q24
Net cash provided by operating activities	343,988	392,779	454,527	550,702	701,003
Less:					
Purchase of property and equipment	(244)	(227)	(3,928)	(131)	(490)
Principal payments on finance leases	(3,979)	(4,959)	(5,089)	(5,476)	(5,351)
Free Cash Flow	<u>\$ 339,765</u>	<u>\$ 387,593</u>	<u>\$ 445,510</u>	<u>\$ 545,095</u>	<u>\$ 695,162</u>
Net cash used in investing activities	\$ (6,804)	\$ (31,635)	\$ (68,356)	\$ (6,396)	\$ (367)
Net cash used in financing activities	\$ (170,524)	\$ (424,612)	\$ (361,000)	\$ (441,075)	\$ (523,157)

	Year Ended December 31,				
	2020	2021	2022	2023	2024
Net cash provided by operating activities	222,883	361,851	412,773	1,061,510	2,099,011
Less:					
Purchase of property and equipment	(3,241)	(1,390)	(662)	(4,246)	(4,776)
Principal payments on finance leases	(9,708)	(15,271)	(24,083)	(20,170)	(20,875)
Free Cash Flow	<u>\$ 209,934</u>	<u>\$ 345,190</u>	<u>\$ 388,028</u>	<u>\$ 1,037,094</u>	<u>\$ 2,073,360</u>
Net cash used in investing activities	\$ (679,891)	\$ (1,214,930)	\$ (1,371,468)	\$ (77,829)	\$ (106,754)
Net cash provided by (used in) financing activities	\$ 377,855	\$ 3,109,546	\$ (526,848)	\$ (1,562,791)	\$ (1,749,844)

AppLovin Corporation

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				
	4Q23	1Q24	2Q24	3Q24	4Q24
Revenue	\$953,261	\$1,058,115	\$1,080,119	\$1,198,235	\$1,372,779
Net income	\$172,233	\$236,183	\$309,969	\$434,420	\$599,204
<i>Net Margin</i>	18%	22%	29%	36%	44%
Interest expense and loss on settlement of debt	71,584	74,182	74,666	75,213	94,199
Other income (expense), net	18,528	(3,397)	(9,241)	(4,500)	(8,302)
Provision for (benefit from) income taxes	6,663	31,762	15,298	33,249	(84,080)
Amortization, depreciation and write-offs	119,111	112,667	108,541	99,635	127,837
Loss on disposal of long-lived assets	—	1,646	—	—	—
Non-operating foreign exchange loss (gain)	(65)	106	(330)	(935)	1,450
Stock-based compensation	88,049	95,253	98,724	81,557	100,921
Acquisition-related expense	52	369	485	26	5
Restructuring costs	—	—	3,082	2,951	16,790
Total adjustments	303,922	312,588	291,225	287,196	248,820
Adjusted EBITDA	\$476,155	\$548,771	\$601,194	\$721,616	\$848,024
<i>Adjusted EBITDA Margin</i>	50 %	52 %	56 %	60 %	62 %

AppLovin Corporation

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(in thousands, except percentages)

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

	Year Ended December 31,				
	2020	2021	2022	2023	2024
Revenue	\$1,451,086	\$2,793,104	\$2,817,058	\$3,283,087	\$4,709,248
Net income (loss)	\$(125,934)	\$ 35,338	\$(192,947)	\$356,711	\$1,579,776
<i>Net Margin</i>	(9)%	1%	(7)%	11%	34%
Interest expense and loss on settlement of debt	77,873	103,170	171,863	275,665	318,260
Other income, net	(6,183)	(7,545)	(18,647)	(7,831)	(25,440)
Provision for (benefit from) income taxes	(9,772)	10,973	(12,230)	23,859	(3,771)
Amortization, depreciation and write-offs	254,951	431,063	547,084	489,008	448,680
Loss on disposal of long lived assets	—	—	127,892	—	1,646
Non-operating foreign exchange loss (gain)	1,210	(1,537)	(164)	(1,224)	291
Stock-based compensation	62,387	135,468	191,612	363,107	376,455
Acquisition-related expense and transaction bonus	7,850	16,887	21,279	1,047	885
Publisher bonuses	—	3,227	209,635	—	—
MoPub acquisition transition services	—	—	6,999	—	—
Restructuring costs	—	—	10,834	2,316	22,823
Change in the fair value of contingent consideration	442	(230)	—	—	—
Lease modification and abandonment of leasehold improvements	7,851	—	—	—	—
Loss on extinguishments of acquisition related contingent consideration	74,820	—	—	—	—
Total adjustments	471,429	691,476	1,256,157	1,145,947	1,139,829
Adjusted EBITDA	\$345,495	\$726,814	\$1,063,210	\$1,502,658	\$2,719,605
<i>Adjusted EBITDA Margin</i>	24 %	26 %	38 %	46 %	58 %

AppLovin Corporation

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				
	4Q23	1Q24	2Q24	3Q24	4Q24
Revenue:					
Advertising	\$576,489	\$678,370	\$711,015	\$835,186	\$999,487
Apps	376,772	379,745	369,104	363,049	373,292
Total Revenue	\$953,261	\$1,058,115	\$1,080,119	\$1,198,235	\$1,372,779
Segment Adjusted EBITDA:					
Advertising	\$420,008	\$492,020	\$520,482	\$653,396	\$776,699
Apps	56,147	56,751	80,712	68,220	71,325
Total Segment Adjusted EBITDA	\$476,155	\$548,771	\$601,194	\$721,616	\$848,024
Interest expense and loss on settlement of debt	(71,584)	(74,182)	(74,666)	(75,213)	(94,199)
Other income (expense), net	(18,528)	3,397	9,241	4,500	8,302
Amortization, depreciation and write-offs	(119,111)	(112,667)	(108,541)	(99,635)	(127,837)
Loss on disposal of long-lived assets	—	(1,646)	—	—	—
Non-operating foreign exchange gain (loss)	65	(106)	330	935	(1,450)
Stock-based compensation	(88,049)	(95,253)	(98,724)	(81,557)	(100,921)
Acquisition-related expense	(52)	(369)	(485)	(26)	(5)
Restructuring costs	—	—	(3,082)	(2,951)	(16,790)
Income before income taxes	\$178,896	\$267,945	\$325,267	\$467,669	\$515,124
Segment Adjusted EBITDA Margin:					
Advertising	73 %	73 %	73 %	78 %	78 %
Apps	15 %	15 %	22 %	19 %	19 %

AppLovin Corporation

Reconciliation of Segment Adjusted EBITDA to Income (Loss) Before Taxes

(in thousands, except percentages)

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

	Year Ended December 31,				
	2020	2021	2022	2023	2024
Revenue:					
Advertising	\$207,285	\$673,952	\$1,049,167	\$1,841,762	\$3,224,058
Apps	1,243,801	2,119,152	1,767,891	1,441,325	1,485,190
Total Revenue	\$1,451,086	\$2,793,104	\$2,817,058	\$3,283,087	\$4,709,248
Segment Adjusted EBITDA:					
Advertising	\$121,114	\$457,302	\$808,415	\$1,275,705	\$2,442,597
Apps	224,381	269,512	254,795	226,953	277,008
Total Segment Adjusted EBITDA	\$345,495	\$726,814	\$1,063,210	\$1,502,658	\$2,719,605
Interest expense and loss on settlement of debt	(77,873)	(103,170)	(171,863)	(275,665)	(318,260)
Other income, net	6,183	7,545	18,647	7,831	25,440
Amortization, depreciation and write-offs	(254,951)	(431,063)	(547,084)	(489,008)	(448,680)
Loss on disposal of long-lived assets	—	—	(127,892)	—	(1,646)
Non-operating foreign exchange gain (loss)	(1,210)	1,537	164	1,224	(291)
Stock-based compensation	(62,387)	(135,468)	(191,612)	(363,107)	(376,455)
Acquisition-related expense and transaction bonus	(7,850)	(16,887)	(21,279)	(1,047)	(885)
Publisher bonuses	—	(3,227)	(209,635)	—	—
MoPub acquisition transition services	—	—	(6,999)	—	—
Restructuring costs	—	—	(10,834)	(2,316)	(22,823)
Change in the fair value of contingent consideration	(442)	230	—	—	—
Lease modification and abandonment of leasehold improvements	(7,851)	—	—	—	—
Loss on extinguishments of acquisition related contingent consideration	(74,820)	—	—	—	—
Income (loss) before income taxes	\$(135,706)	\$ 46,311	\$(205,177)	\$380,570	\$1,576,005
Segment Adjusted EBITDA Margin:					
Advertising	58 %	68 %	77 %	69 %	76 %
Apps	18 %	13 %	14 %	16 %	19 %



APPLOVIN.COM