APPLOVIN

3Q | 25

2025

3Q25

Financial Overview

ALL COMPARISONS ARE TO 3Q24

Revenue grew 68% to $1.41 billion. Net revenue per installation increased 75% and installations decreased 1%.

Net Income from Continuing Operations grew 93% to $836 million, a net margin from continuing operations of 59%.

Adjusted EBITDA[1] increased 79% to $1.16 billion, an 82% margin.

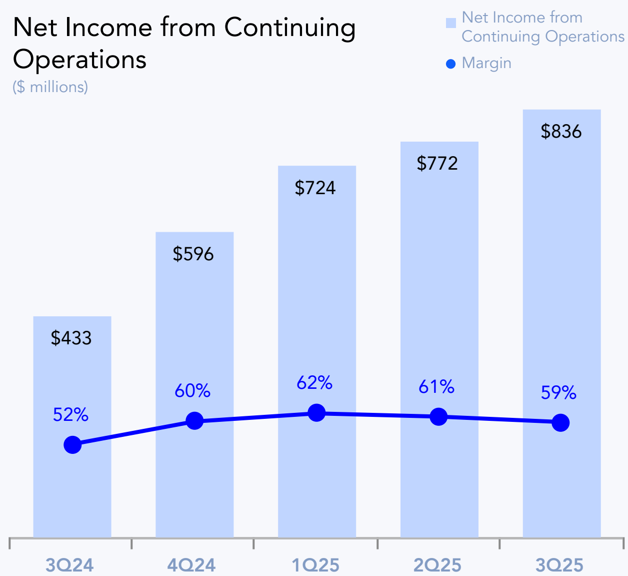
Cash Flow[1]**:** We generated $1.05 billion of net cash from operating activities and $1.05 billion of Free Cash Flow.

Revenue

($ millions)

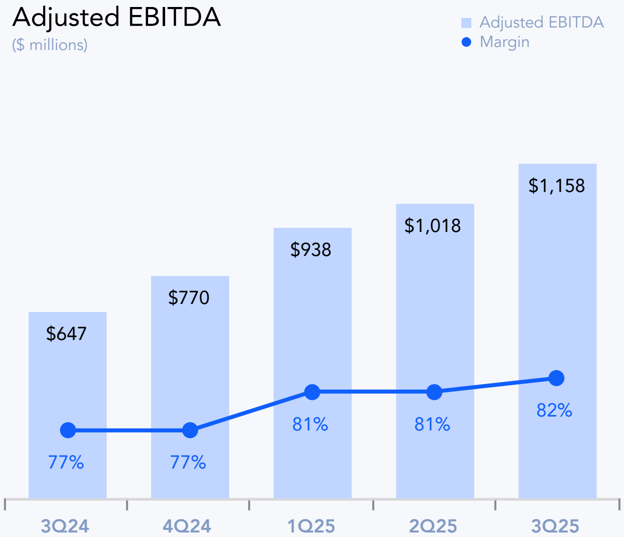
Net Income from Continuing Operations

($ millions)



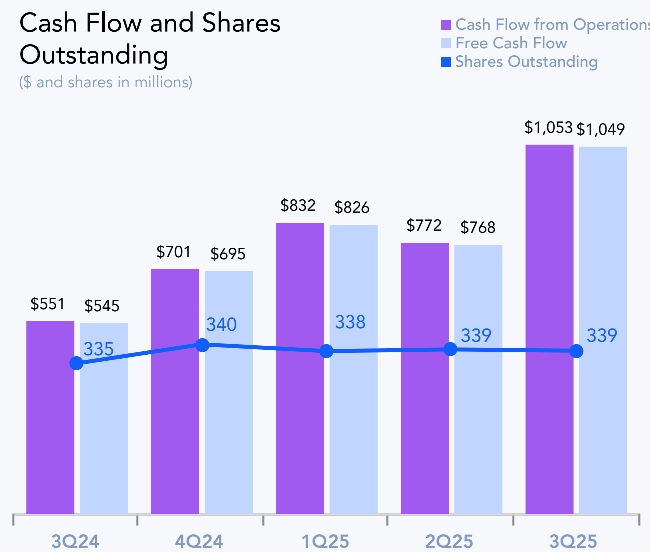
Adjusted EBITDA

($ millions)



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 Measures

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 adjusted for loss (income) from discontinued operations, net of income taxes, interest expense and loss on settlement of debt, other (income) expense, 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 (gain) loss, stock-based compensation, transaction-related expense, restructuring costs, 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 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 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. Free Cash Flow reflects cash flows from both of continuing and discontinued operations. 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.

AppLovin Corporation
Condensed Consolidated Balance Sheets
(In thousands, except per share data)
(Unaudited)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 1,666,899	$ 697,030
Accounts receivable, net	1,603,953	1,283,335
Prepaid expenses and other current assets	216,714	140,470
Current assets of discontinued operations	—	191,355
Total current assets	3,487,566	2,312,190
Property and equipment, net	130,815	159,970
Goodwill	1,540,889	1,457,685
Intangible assets, net	421,868	472,851
Other non-current assets	761,897	529,314
Non-current assets of discontinued operations	—	937,249
Total assets	$ 6,343,035	$ 5,869,259
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 516,438	$ 504,302
Accrued and other current liabilities	510,947	379,004
Deferred revenue	45,748	37,053
Current liabilities of discontinued operations	—	137,113
Total current liabilities	1,073,133	1,057,472
Long-term debt	3,511,965	3,508,983
Other non-current liabilities	284,017	211,572
Non-current liabilities of discontinued operations	—	1,414
Total liabilities	4,869,115	4,779,441
Stockholders' equity:		
Preferred stock, $0.00003 par value—100,000 shares authorized, no shares issued and outstanding as of September 30, 2025 and December 31, 2024	—	—
Class A, Class B, and Class C Common Stock, $0.00003 par value—1,850,000 (Class A 1,500,000, Class B 200,000, Class C 150,000) shares authorized, 338,533 (Class A 308,176, Class B 30,358, Class C nil) and 340,042 (Class A 309,353, Class B 30,689, Class C nil) shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	11	11
Additional paid-in capital	427,998	593,699
Accumulated other comprehensive loss	(2,659)	(103,096)
Retained earnings	1,048,570	599,204
Total stockholders' equity	1,473,920	1,089,818
Total liabilities and stockholders' equity	$ 6,343,035	$ 5,869,259

AppLovin Corporation

Condensed Consolidated Statements of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
Revenue	$ 1,405,045	$ 835,186	$ 3,822,773	$ 2,224,571
Costs and expenses:				
Cost of revenue	174,855	120,919	481,611	367,220
Sales and marketing	48,575	62,984	154,875	190,859
Research and development	43,852	80,776	144,290	268,847
General and administrative	58,756	36,208	165,326	115,023
Total costs and expenses	326,038	300,887	946,102	941,949
Income from operations	1,079,007	534,299	2,876,671	1,282,622
Other income (expense):				
Interest expense	(51,429)	(74,937)	(155,726)	(223,280)
Other income (expense), net	(6,632)	8,367	(21,389)	17,873
Total other expense, net	(58,061)	(66,570)	(177,115)	(205,407)
Income before income taxes	1,020,946	467,729	2,699,556	1,077,215
Provision for income taxes	185,401	34,656	368,617	83,803
Net income from continuing operations	835,545	433,073	2,330,939	993,412
Income (loss) from discontinued operations, net of income taxes	—	1,347	(99,444)	(12,840)
Net income	$ 835,545	$ 434,420	$ 2,231,495	$ 980,572
Net income (loss) per share attributed to Class A and Class B common stockholders - Basic:				
Continuing operations	$ 2.47	$ 1.29	$ 6.87	$ 2.95
Discontinued operations	—	—	(0.29)	(0.04)
Basic net income per share	$ 2.47	$ 1.29	$ 6.58	$ 2.91
Net income (loss) per share attributed to Class A and Class B common stockholders - Diluted:				
Continuing operations	$ 2.45	$ 1.24	$ 6.80	$ 2.85
Discontinued operations	—	0.01	(0.29)	(0.04)
Diluted net income per share	$ 2.45	$ 1.25	$ 6.51	$ 2.81
Weighted-average common shares used to compute net income (loss) per share attributable to Class A and Class B common stockholders:				
Basic	338,531	336,931	338,990	336,167
Diluted	340,974	348,225	342,668	348,273

AppLovin Corporation

Condensed Consolidated Statements of Cash Flows

(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2025	2024
Operating Activities		
Net income	$ 2,231,495	$ 980,572
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization, depreciation and write-offs	162,042	320,843
Goodwill impairment	188,943	—
Stock-based compensation, excluding cash-settled awards	130,167	275,534
Gain on divestiture, net of transaction costs	(106,229)	—
Other	80,887	17,229
Changes in operating assets and liabilities:		
Accounts receivable	(326,747)	(237,530)
Prepaid expenses and other assets	84,474	33,199
Accounts payable	2,069	55,575
Accrued and other liabilities	210,259	(47,414)
Net cash provided by operating activities	2,657,360	1,398,008
Investing Activities		
Proceeds from divestiture, net of cash divested	407,297	—
Purchase of non-marketable equity securities	(20,178)	(76,983)
Other investing activities	(27,863)	(29,404)
Net cash provided by (used in) investing activities	359,256	(106,387)
Financing Activities		
Repurchases of common stock	(1,774,329)	(980,672)
Payment of withholding taxes related to net share settlement	(316,882)	(644,442)
Principal repayments of debt	(200,000)	(686,754)
Payments of licensed asset obligation	(13,532)	—
Proceeds from issuance of debt	200,000	1,072,330
Proceeds from issuance of common stock upon exercise of stock options and purchase of ESPP shares	21,014	28,800
Other financing activities	(16,125)	(15,949)
Net cash used in financing activities	(2,099,854)	(1,226,687)
Effect of foreign exchange rate on cash and cash equivalents	8,726	510
Net increase in cash and cash equivalents, including cash classified within current assets of discontinued operations	925,488	65,444
Less: net decrease in cash classified within current assets of discontinued operations	(44,381)	—
Net increase in cash and cash equivalents	969,869	65,444
Cash and cash equivalents at beginning of the period	697,030	502,152
Cash and cash equivalents at end of the period	$ 1,666,899	$ 567,596

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				
	3Q24	4Q24	1Q25	2Q25	3Q25
Net cash provided by operating activities	$ 550,702	$ 701,003	$ 831,712	$ 772,226	$ 1,053,422
Less:					
Purchase of property and equipment	(131)	(490)	(138)	(42)	(105)
Principal payments of finance leases	(5,476)	(5,351)	(5,843)	(4,121)	(4,318)
Free Cash Flow	$ 545,095	$ 695,162	$ 825,731	$ 768,063	$ 1,048,999
Net cash provided by (used in) investing activities	$ (6,396)	$ (367)	$ (22,664)	$ 401,548	$ (19,628)
Net cash used in financing activities	$ (441,075)	$ (523,157)	$(1,002,217)	$ (537,377)	$ (560,260)

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				
	3Q24	**4Q24**	**1Q25**	**2Q25**	**3Q25**
Revenue	$ 835,186	$ 999,487	$1,158,974	$1,258,754	$1,405,045
Net income	434,420	599,204	576,419	819,531	835,545
Net margin	*52 %*	*60 %*	*50 %*	*65 %*	*59 %*
Loss (income) from discontinued operations, net of income taxes	(1,347)	(3,092)	147,119	(47,675)	—
Net income from continuing operations	433,073	596,112	723,538	771,856	835,545
Net margin from continuing operations	*52%*	*60%*	*62%*	*61%*	*59%*
Adjusted as follows:					
Interest expense and loss on settlement of debt	$ 74,937	$ 93,929	$ 52,888	$ 51,409	$ 51,429
Other (income) expense, net	(3,778)	(7,841)	(8,644)	12,798	9,079
Provision for (benefit from) income taxes	34,656	(61,384)	71,068	112,148	185,401
Amortization, depreciation and write-offs	32,369	34,263	31,946	31,064	34,978
Non-operating foreign exchange (gain) loss	(2,479)	2,710	(320)	(1,210)	(570)
Stock-based compensation	77,402	97,526	59,115	34,552	33,767
Transaction-related expense	26	5	4,583	5,097	6,565
Restructuring costs	811	14,512	3,598	633	1,460
Total adjustments	213,944	173,720	214,234	246,491	322,109
Adjusted EBITDA	$ 647,017	$ 769,832	$ 937,772	$1,018,347	$1,157,654
Adjusted EBITDA margin	*77 %*	*77 %*	*81 %*	*81 %*	*82 %*

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