

# APPLOVIN CORPORATION FY 2025

## Earnings Report Update

**PREPARED BY:  
SAVEST RESEARCH**

 +234 913 444 6070

 [globaladvisory@savest-financial.com](mailto:globaladvisory@savest-financial.com)

 [www.savest-financial.com](http://www.savest-financial.com)

AppLovin Corporation, headquartered in Palo Alto, builds a software platform that helps advertisers and app developers optimize marketing and monetization globally. Its core offerings include AppDiscovery for targeted advertising, MAX for in-app bidding, Adjust for analytics, and Wurl for connected TV distribution. Serving advertisers, publishers, and developers, AppLovin also supports mobile game development and app management through its integrated technology solutions.

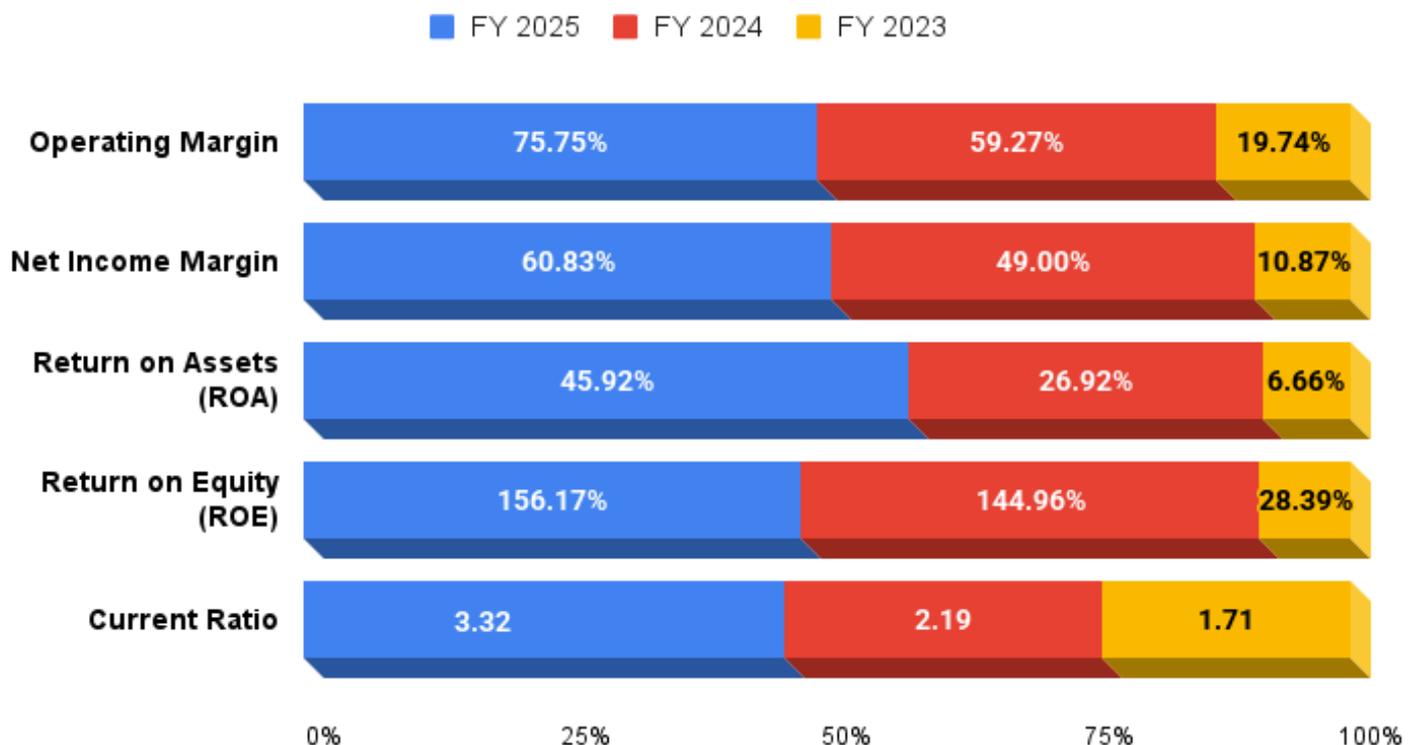
## GUIDANCE

For the first quarter of 2026, the company projects revenue between \$1,745–\$1,775 million, adjusted EBITDA of \$1,465–\$1,495 million, with an adjusted EBITDA margin of approximately 84%.

## Expectation Analysis

USD (\$)	Q4 2025	ESTIMATE	BEAT/MISS
REVENUE	1.66B	1.61B	2.80%
EBITDA	1.40B	1.33B	5.30%
EBIT	1.28B	1.24B	2.60%
EPS (adjusted)	3.48	3.11	11.90%

## Margin and Efficiency Analysis



Revenue/Profitability Summary			
Million USD(\$), except EPS	FY 2025	Q4 2025	YOY
Revenue	5,480.72	1,657.94	69.99%
Income from operations	4,151.91	1,275.24	117.27%
Income before taxes	3,952.91	1,253.35	145.23%
Net income	3,333.75	1,102.26	111.03%
Earnings per share	9.75	3.24	115.23%
Cost/Expenses Summary			
Million USD(\$)	FY 2025	Q4 2025	YOY
Cost of revenue	665.14	183.53	27.76%
Sales and marketing	203.65	48.78	-19.46%
Research and development	226.51	82.22	-39.55%
General and administrative	233.50	68.18	41.59%
Interest expense	207.02	51.29	-34.74%
Provision for income taxes	519.72	151.10	2218.19%
Cash Flow Summary			
Million USD(\$)	FY 2025		YOY
Net cash from operations	3,971.09		89.19%
Net cash used in investing	358.43		435.75%
Net cash used in financing	-2,593.07		-48.19%
Closing cash balance	2,487.10		235.45%
Key Items of Financial Position Summary			
Million USD(\$)	31st Dec, 2025	QOQ	YOY
Current assets	4,430.79	27.05%	91.63%
Non-current assets	2,828.82	-0.93%	-20.47%
Total assets	7,259.61	14.45%	23.69%
Current liabilities	1,333.79	24.29%	26.13%
Long-term liabilities	3,791.15	-0.13%	1.86%
Total liabilities	5,124.94	5.25%	7.23%
Total equities	2,134.67	44.83%	95.87%

# Performance Highlights

- AppLovin delivered exceptional top-line momentum in FY2025, with full-year revenue rising 70% year-on-year to \$5.48 billion, while fourth-quarter revenue expanded 66% to \$1.66 billion. Growth was primarily driven by sustained demand for its AI-powered advertising engine, improved monetization efficiency across mobile gaming ecosystems, and deeper penetration of performance-based marketing solutions.
- Profitability strengthened materially, as full-year net income increased 111% year-on-year to \$3.33 billion and fourth-quarter net income advanced 84%. Margin expansion was supported by higher algorithmic ad-targeting efficiency, disciplined variable cost control, and improved revenue mix toward high-margin software platform services rather than lower-margin legacy publishing operations.
- Continuing operations reflected structural earnings durability, with net income from continuing operations climbing 116% year-on-year for the full year and 85% in the fourth quarter. This improvement was driven by divestiture of underperforming business units, optimization of operational workflows, and reduced exposure to volatile non-core segments.
- Adjusted EBITDA growth remained robust, rising 87% year-on-year for FY2025 and 82% in the fourth quarter, with margins expanding to approximately 82%–84%.
- Cash-flow generation improved significantly, with operating cash flow increasing nearly 89% year-on-year to \$3.97 billion, while quarterly operating cash flow rose strongly. This performance was underpinned by improved receivables management, stronger billing cycles, and reduced non-cash expense burdens relative to revenue growth.
- Free cash flow expanded approximately 91% year-on-year to \$3.95 billion, reflecting limited capital expenditure intensity and efficient asset utilization. The company's software-centric business model enabled high conversion of earnings into cash, reinforcing internal funding capacity for innovation and shareholder returns.
- Balance-sheet liquidity strengthened markedly, as cash and cash equivalents more than tripled year-on-year, driven by elevated operating inflows and divestiture proceeds. This liquidity expansion enhances strategic flexibility for acquisitions, debt servicing, and sustained buyback programs without immediate reliance on external financing.
- Operational efficiency improved as cost of revenue grew at a slower pace than total revenue, resulting in enhanced gross profitability. Concurrent reductions in sales and marketing and research and development expenses relative to revenue indicate improved automation, better customer acquisition efficiency, and platform maturity.

## Concerns Raised

- Despite strong earnings, goodwill impairment charges and investment write-downs indicate potential overvaluation risks in prior acquisitions, which may introduce periodic earnings volatility and raise questions regarding capital allocation discipline if repeated.
- Long-term debt levels remain elevated relative to equity, increasing sensitivity to interest-rate fluctuations and refinancing risk. Although cash reserves have strengthened, sustained leverage could constrain financial flexibility during cyclical downturns in digital advertising demand.
- Accounts receivable growth outpaced revenue expansion, suggesting potential collection-cycle elongation and counterparty credit risk. If advertiser payment timelines weaken, short-term liquidity efficiency and working-capital turnover metrics may deteriorate.
- High dependence on AI-driven advertising algorithms introduces technological and competitive risk, as rapid innovation by rival ad-tech platforms or regulatory scrutiny over data usage could compress margins and moderate the current high-growth trajectory.

### OUR INSIGHT

“

AppLovin delivered exceptional FY2025 performance, with revenue up 70% to \$5.48 billion and Q4 exceeding estimates by 2.8%, driven by AI-powered ad monetization and mobile gaming ecosystem expansion. Net income surged 111% YoY, supported by high-margin software services and cost efficiencies, while adjusted EBITDA beat expectations by 5.3%, highlighting scalable operations. Strong cash flow and share repurchases underpin shareholder value. Key investment considerations include robust AI-driven growth potential, though elevated debt, goodwill risks, and accounts receivable trends warrant monitoring.

”

## INVESTMENT ADVISOR & INTER-DEALER BROKER

INDIVIDUALS

FAMILY OFFICES

INSTITUTIONS

### CONTACT US



+234 913 444 6070



globaladvisory@savest-financial.com



Scan the QR Code to access our  
website

### DISCLAIMER:

*Savest Financial Services Limited ("Savest Financial"), a SEC-registered investment advisor in Nigeria, provides this report strictly for informational purposes. This material does not constitute an offer, solicitation, or recommendation to buy or sell any security or investment product. The information contained herein is based on sources believed to be reliable; however, Savest makes no representation or warranty, express or implied, as to its accuracy or completeness. Opinions and estimates reflect the judgment of Savest as of the report date and are subject to change without notice. Past performance is not indicative of future results.*

*At the time of this analysis, Savest Financial model portfolios has a position in this company stock. Neither Savest nor any of its representatives accepts any liability for any direct or consequential loss arising from the use of this report or its contents.*