

AppLovin Corporation (APP)

NASDAQ: APP | Digital Advertising / Adtech | Price-level review | 5 October 2026

WATCHLIST

Unchanged. The \$300 level is a close to be won back, not a price to buy down to

Last close (2 Oct 2026)	\$268.22
Change since the 2 Oct review	-4.7%
Price of interest	\$300 close, unchanged
New 52-week low (2 Oct)	\$266.84
Probability-weighted fair value	\$453, from \$476
Implied upside to fair value	+68.9%
Investment score	70.5/100, from 73

The rating stays at Watchlist. At \$268.22 the shares sit 10.6% below the \$300 price of interest, but that level was never an entry to be bought on the way down. It marks the bottom of the base that broke on 30 September, and the condition attached to it is a close back above it on volume above the twenty-day average, which would show the break was a shakeout rather than a change of trend. A price further below it means the condition is further from being met, not closer. On 2 October the shares fell another 4.7% on 8.9 million shares, about 1.8 times the twenty-day average, and closed through the \$275.13 low of the day before. The intraday low of \$266.84 is the lowest trade in more than a year. The Nasdaq Composite rose 1.2% the same day, so the fall was AppLovin's own.

Three items arrived on 2 October. A San Francisco court declined AppLovin's request for a temporary restraining order against Unity's Ad Quality kit, which leaves the dispute to private arbitration. Evercore's checks with advertising buyers came back more cautious on AppLovin, describing an expansion beyond gaming that is progressing but held back by uneven returns and gaps in verification. Piper Sandler kept its neutral stance and \$325 target. None of these is company information, and the second-quarter numbers and third-quarter guidance stand as they were. Taken with the Wells Fargo traffic reading of 30 September, though, the outside evidence against the e-commerce pillar now comes from two different kinds of data, and none has pointed the other way since Citi's advertiser count of 21 September. That is enough to cut the bull-case probability to 20% from 25% and raise the bear case to 30%. The base case is untouched. Fair value moves to \$453 from \$476. The third-quarter report, expected on 4 November, remains the event that can settle the question. All figures as at the 2 October 2026 close.

Do the published levels still hold?

Level	2 Oct review	Now	Status
Price of interest	\$300 close on above-average volume	\$300 close, unchanged	Price 10.6% below, about 2.0 average true ranges. Anchored to fixed lows (\$297.50 and \$300.09), which have not moved
Stop for a restored Buy	Beneath the \$275.13 low	Beneath the low then standing, now \$266.84	The \$275.13 low broke on the 2 October close
Withdrawn cut-loss	\$284, triggered 1 Oct	Construction recomputes to \$284.44	Price 5.7% below it; the exit stands
Entry, buy range, targets	Withdrawn	Withdrawn	No position is held under a Watchlist rating
Earnings route back	Q3 revenue at or above \$2.055bn - \$2.085bn	Unchanged	Report expected 4 November; date not yet announced by the company
Fair value	\$476	\$453	Bull-case probability cut to 20% from 25%; values unchanged

Average true range and all moving averages recomputed from 300 completed sessions to 2 October 2026. ATR(14) was \$15.74 at the last review and is now \$15.65.

Whether \$300 is still the right number was tested against two alternatives. The first is the twenty-day average, now \$312.46 and falling toward \$300, which would give a moving target that drifts lower each session the decline continues.

Fixed lows are the better anchor here because they describe the structure that broke, and that structure has not changed. The second is a valuation floor: the bear-case value of \$238, fourteen times \$17 of 2027 earnings, is now only 11.3% below the price. It is not offered as a level to buy, because the variable that separates the base case from the bear case, the pace of model improvements and of e-commerce adoption, cannot be observed until 4 November, and a purchase ahead of that report would carry no stop with structure beneath it. One consequence follows for the chart route. A Buy restored by a close above \$300 would need its stop under the low then standing, at present \$266.84, which is about 11% beneath \$300. That is wider than this name's recent stops and would call for a smaller position or a higher low first. It is a reason the earnings route is the more likely of the two.

What moved the stock

The court decision was the headline. AppLovin had asked for an order stopping Unity's Ad Quality kit from collecting data on ads served through AppLovin's MAX mediation platform within five business days. The court declined to grant emergency relief and did not rule on the merits, which now go to private arbitration, with a hearing on sealing reported for 23 October. Unity maintains that Ad Quality is a tool publishers authorise and sits outside its bidding arrangements. The ruling changes nothing in AppLovin's reported numbers. What it does is remove the quickest way to slow a competitor that AppLovin itself has said it regards as a threat. Wedbush, commenting the same day, pointed to the pace of growth in Unity's own ad network and said stronger Unity bidding inside MAX auctions could weigh on AppLovin's take rate, while judging that AppLovin is unlikely to restrict Unity's access because doing so would cost publishers yield and draw antitrust attention.

The Evercore checks matter more for the thesis than the ruling. They are a different kind of evidence from the Wells Fargo note: one weights new merchant sites by web traffic, the other asks the people who buy the advertising. Both point to e-commerce adoption that is real but slower and less repeatable than the bull case needs. Each is still an outside reading of a business the company does not report in this form, and each on its own would not move a probability. Two readings built on different data and pointing the same way, with nothing on the other side for two weeks, are a different matter. Since the 21 September close of \$330.17 the stock has fallen nine sessions in a row and lost 18.8%.

Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Legal action against Unity over the Ad Quality SDK	Restraining order denied 2 Oct 2026, San Francisco Superior Court; arbitration under way; sealing hearing reported for 23 Oct	AppLovin alleges Unity's Ad Quality kit collects data on ads it wins through MAX and uses it in competing bidding models. The court declined emergency relief and did not decide the merits. Unity says the tool is publisher-authorised and outside its bidding agreement.	Wedbush (2 Oct): stronger Unity bidding in MAX could pressure AppLovin's take rate; AppLovin unlikely to restrict Unity's access. No damages figure disclosed.	Medium
Securities class action	Filed 22 Sep 2026, N.D. Cal.; lead-plaintiff deadline 16 Nov 2026	Further firms announced suits through 1 and 2 October, covering 12 Feb to 5 Aug 2026 with the same allegations on AI model progress and the generative video tool.	No damages estimate. The 10-Q states legal matters are not expected to be material.	Medium
Meta Horizon Create and Horizon Studio	Announced 24 Sep 2026; testing	AI game-creation tools inside Meta's apps, with no advertising component announced. Nothing new since.	None published.	Low
Company announcements	None in the period	No press release, 8-K, buyback, financing, pricing or leadership change since the 5 August second-quarter report.	Third-quarter report expected 4 November; not yet announced by the company. The third quarter of 2025 was reported on 5 November 2025.	-

Status and dates from company filings, court and plaintiffs' firm releases, and established financial and trade press. The ruling is described as reported; neither company has published the order.

Nothing in the period reaches High materiality. The Unity ruling is a procedural loss on a narrow question, and the arbitration that follows is unlikely to change AppLovin's earnings either way. Its weight is as evidence about the gaming pillar: AppLovin chose to litigate, the court would not act quickly, and an outside analyst now says the rival is gaining inside AppLovin's own auction. None of that can be sized from published figures, so it does not move the scenarios, and Competitive Advantage stays at 7. The class action has grown in the number of firms, not in substance. The verdict would be the same without either item. The change in fair value comes from the buyer checks, which are market evidence rather than a company development.

Valuation

Method	Input	At \$268.22	At \$281.31 (1 Oct)	Assessment
Price / FY26E adj. EPS	\$16.67 consensus	16.1x	16.9x	Consensus unchanged since the last review
Price / FY27E adj. EPS	\$21.00, base case	12.8x	13.4x	Consensus \$20.98, in line with the base case
Street average target	\$497, 33 analysts	+85.3%	+76.7%	Range \$325 - \$790; low end held by two brokers
Probability-weighted	\$453, from \$476	+68.9%	+69.2%	Lower value, lower price; the gap is about the same
Bear-case value	\$238, 14x \$17.00	-11.3%	-15.4%	The price is now close to pricing the bear case

Consensus estimates and targets as of 5 October 2026. FY27 EPS and scenario values are this report's own estimates, not company measures.

On the numbers the stock is cheaper again: 16.1 times this year's estimate and 12.8 times the base case for next year. The probability-weighted value falls to \$453 because the bull case, which needs consumer advertising near a fifth of revenue by 2027, has lost probability to the bear case. With the earlier weights the value would still be \$476, so the change rests entirely on that judgement and the range of reasonable values is \$453 to \$476. Either way the price sits well below the weighted value. What it says is that the market is assigning much more weight to the bear case than this report does, and at 11% above the bear value the market is close to pricing that case outright. That is the argument for patience rather than for selling, and it is why the rating is Watchlist and not Avoid.

The macro variables that matter here. The same two as at the last review. The first is the long-end discount rate, because most of the value sits in earnings two or more years out. The ten-year Treasury touched about 5.33% during the session on 1 October, the highest since 2002, and closed 2 October at 5.28%, up four basis points on the day even as a weak jobs report pulled down expectations of another Fed increase. The base multiple was cut a turn for this on 29 September and is not cut again. The second is advertiser budgets, which follow discretionary demand. September payrolls rose by only 29,000, unemployment rose to 4.2% and hourly earnings rose 0.1%, after consumer confidence had fallen to 81.9 in September. For a business whose newest vertical sells to online merchants, a slower jobs market is the first hard sign that the softer confidence readings may reach spending. The fourth quarter, the seasonally strongest for e-commerce, is where it would show.

Sentiment and positioning

Indicator	Latest	At last review	Interpretation
Analyst consensus	Buy; 33 analysts (20 Strong Buy, 7 Buy, 6 Hold)	Buy; 33 analysts	No downgrades in the period
Average target	\$497; range \$325 - \$790	\$497	Flat
Broker actions since 2 Oct	Piper Sandler neutral, \$325; Evercore buyer checks cautious; Wedbush note on Unity (all 2 Oct)	Wells Fargo Equal Weight, \$325 (30 Sep)	Three more sceptical outside readings, none a rating change
Short interest	10.94m shares, 4.1% of float	10.94m shares	No new reading since the last review
Insider activity	No Form 4 sales since 21 Aug	None since 21 Aug	No sign of insiders selling into the fall

Indicator	Latest	At last review	Interpretation
Options activity, 2 Oct	86,116 contracts; 395,550 open interest	97,122; 380,030 (1 Oct)	Open interest still building
Reported holdings (13F)	Cautionary, Moderate confidence	Cautionary	As of 30 June 2026; see below

Consensus, targets and short interest as of 5 October 2026; broker actions and company notices to 2 October 2026.

Reported holdings as of 30 June 2026, filings through 19 August 2026, read Cautionary with Moderate confidence. Active managers made a net reduction of about 3.0% of reported shares over four quarters and 1.2% in the latest quarter, with 38 managers cutting against 21 adding. Four of the last six quarters were clearly negative, active ownership has shrunk while passive ownership grew, and one large manager accounts for most of the buying; without it the four-quarter reduction would be more than twice as large. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure. The read describes positioning before the August guidance miss and is not a scored input.

The tone of news and research over the period is bearish: a court loss, cautious buyer checks, a neutral rating reiterated at the low end of the target range, and a fresh low on rising volume, against no new positive company information. The rated brokers still have not moved, and the average target implies more than 80% upside. A gap that wide between ratings and price usually closes through the price recovering or the targets coming down, and the third-quarter report is where one or the other is likely to start.

Technical picture

Indicator	Value	Reading
Close, 2 Oct 2026	\$268.22	52-week range \$266.84 - \$738.01; 0.5% above the new low
SMA 20 / EMA 20	\$312.46 / \$308.34	Price 14.2% and 13.0% below
SMA 50 / EMA 50	\$330.71 / \$339.81	Price 18.9% below the 50-day
SMA 100 / SMA 200	\$415.44 / \$456.22	Price 35.4% and 41.2% below; bearish sequence intact
RSI (14)	28.4	Oversold, from 32.0 at the last review
MACD (12,26,9)	-13.01 vs -9.77	Histogram -3.24; gap below signal widening
ATR (14)	\$15.65	5.8% of price
Volume, 2 Oct vs 20-day	8.9m vs 5.06m	1.8 times average; third rising-volume decline in a row

Computed from 300 completed daily sessions, 2025-07-25 to 2 October 2026. Distances measured against the \$268.22 price of record. Volume ratio against the twenty sessions to 1 October.

The break described in the last review has extended rather than reversed. Three closes in a row below the base, each lower and each on heavier volume, is the pattern of distribution rather than a shakeout. RSI at 28 is now oversold, which raises the chance of a reflex bounce but says nothing about where one would stop; the broken base at \$297.50 to \$300.09 sits overhead, with the twenty-day average just above it at \$312. There is no tested support inside the past year below the \$266.84 low. For timing only, the \$300 level is kept because a close back above the base on above-average volume would be the first evidence that sellers have finished. Technicals inform timing and do not set the fair value.

Risks

Risk	Probability	Severity	Comment
Model-release cadence remains unobservable	Medium	High	The variable the case turns on stays untested until the third-quarter report expected on 4 November.
E-commerce adoption slower than the case assumes	Medium-High	Medium	Traffic-weighted pixel data and ad-buyer checks both point to slower, less repeatable adoption; the bull case needs consumer near a fifth of revenue.

Risk	Probability	Severity	Comment
Competitive share in game advertising	Medium	Medium	The court declined emergency relief against Unity; an outside analyst sees the rival gaining inside MAX auctions. Unproven in reported numbers.
Technical breakdown and high volatility	High	High	Nine straight lower closes to a 52-week low, five-year beta of 2.49, no tested support below \$266.84.
Discount-rate sensitivity	Medium	Medium	The ten-year closed at 5.28% on 2 October after an intraday high near 5.33%; a further sustained rise would cut the base multiple again.
Litigation on two fronts	Medium	Low	A securities class action (lead-plaintiff deadline 16 November) and the Unity arbitration; neither carries a disclosed financial exposure.

Scorecard

Criterion	Weight	Score		Prior	Rationale and what moved
Business Quality	15%		8/10	8/10	Unchanged. Nothing disclosed changes an 88.5% gross margin and a 66% free cash flow margin.
Financial Strength	10%		9/10	9/10	Unchanged. Net debt near zero against earnings; buyback capacity in place at 30 June.
Competitive Advantage	15%		7/10	7/10	Unchanged. The court declined emergency relief against Unity and the dispute goes to arbitration. A rival's gains inside the auction are an outside reading, not a reported loss.
Management	10%		7/10	7/10	Unchanged. No insider sales since 21 August; the class action has added firms, not allegations.
Growth Potential	20%		7/10	8/10	Lowered one. Ad-buyer checks now join the traffic data in doubting the pace of e-commerce adoption, so the bull path is less likely. Base case intact.
Valuation	15%		8/10	8/10	Unchanged. 16.1x this year's estimate against 16.9x; the cheaper price is offset by a lower fair value.
Risk (10 = lowest risk)	10%		5/10	5/10	Unchanged. No solvency question; the open questions are the same ones, with no tested support under the price.
Technical Setup	5%		2/10	3/10	Lowered one. Ninth straight lower close, through the \$275.13 low on 1.8 times average volume; RSI oversold at 28.

Scored 1-10, where 10 is always best, including Risk. The 2 October review used the same direction, so no restatement was required. Weighted total computed in code: 70.5 out of 100, against 73.

Overall Investment Score: 70.5 / 100

Risk at 5 describes a business with no solvency question and very high margins that carries an unusually large share of unresolved questions for its size: an unobservable model cadence, a disputed e-commerce trajectory, a rival gaining inside its own auction, and a 2.5-beta share price in a nine-session decline. The Risks section describes the same profile, so the two agree. The composite falls 2.5 points, from Growth Potential and Technical Setup. A score near 70 alongside a Watchlist rating is not a contradiction: the score grades the company, while the rating also answers whether to commit money now, before the one report that can settle the open questions.

Recommendation

Rating: WATCHLIST, unchanged. The rating is the same and most of the reasoning is the same: a business that still looks undervalued on its base case, behind a broken chart and two open questions that only the company can answer. One part of the reasoning has changed. At the last review the Watchlist rested on the triggered stop alone, with the scenarios untouched. It now also rests on a modestly weaker case, because the outside evidence on e-commerce has firmed against the bull scenario. That is a reason for more patience, not for Avoid: the base case has not been contradicted by anything the company has reported, and the stock already trades close to the bear value.

There are still two routes back. The first is a close above **\$300**, the bottom of the base that broke, on volume above the twenty-day average, which would justify a Buy with fresh levels and a stop beneath the low then standing, currently \$266.84. The second is the third-quarter report, expected on 4 November: revenue at or above the guided \$2.055bn to \$2.085bn, with evidence that model uplift has resumed and that consumer advertising is growing, would restore the Buy at the prevailing price whatever the chart is doing. A second light quarter would point to Avoid. No entry, cut-loss or take-profit is published under this rating, because no position is held.

Condition	Consequence
A third-quarter revenue print at or above the guided \$2.055bn to \$2.085bn, with model uplift resuming, expected 4 November	Restore Buy with fresh levels at the prevailing price.
A close back above \$300 on volume above the twenty-day average	Restore Buy with fresh levels and a stop beneath the low then standing (now \$266.84).
A second consecutive quarter of light model uplift at the third-quarter report	Move to Avoid. Turns a timing explanation into a structural one.
Company disclosure of e-commerce advertiser or spend growth, or outside readings turning up	Restore the bull-case probability; addresses the doubt behind this cut.
Fourth-quarter consumer advertiser spend failing to exceed the third quarter's	Move to Avoid. The seasonally strong quarter is where e-commerce must show.
An arbitration outcome restricting Unity's Ad Quality data collection	Modestly positive for the gaming pillar; does not move the rating alone.
A sustained further rise in long-end yields beyond the early-October highs	Trim the base multiple again.
A sustained rise in jobless claims alongside softer consumer spending into the holiday quarter	Lower the base-case consumer contribution.
The class action adding a new factual allegation beyond what management disclosed in August	Review the Management and Risk scores.

Scenario analysis

Case	Prob.	FY27 revenue	Adj. EPS	Multiple	Fair value	Assumptions
Bull	20%	\$11.0bn	\$25.00	28x	\$700	Model cadence normalises and consumer reaches a fifth of revenue. Probability cut from 25%
Base	50%	\$10.4bn	\$21.00	23x	\$483	Third-quarter guide met, growth near 28%; does not need an e-commerce turn before 2027. Unchanged
Bear	30%	\$9.2bn	\$17.00	14x	\$238	Model uplift fades, gaming saturates, consumer stalls. Probability raised from 25%
Weighted	100%				\$453	+68.9% versus the close; from \$476

Probabilities sum to 100%. Weighted value 452.9, computed in code. Scenario figures are this report's own estimates, not company measures.

Values, revenue and earnings in each case are unchanged; only the weights moved. Five points of probability go from the bull case to the bear case. The bull case is the one that depends on consumer advertising reaching about a fifth of revenue by 2027, and that is the question the buyer checks and the traffic data both address. The base case does not need an e-commerce turn this year, so its weight stays at half. The move is deliberately small, because both readings come from outside the company and a five-week wait will replace them with reported figures. The bear case at \$238 is now 11.3%

below the price, against 15.4% at the last review and 22.8% at the review before that.

Final verdict

Not yet. The shares are cheaper than at any review this year, and at 16 times this year's earnings the price leaves little room between today and the bear case. But the chart has kept breaking, the outside evidence on e-commerce has turned further against the most optimistic outcome, and nothing the company can say before 4 November is likely to change either. The single biggest concern is still that no one outside the company can see whether the model improvements behind the gaming business are back on schedule, and the newest concern is that the second growth leg looks slower than hoped. A close back above \$300 on strong volume, or a third-quarter report that shows model uplift and consumer growth, brings the name back to Buy. Until then it is watched, not held.

Sources

- Company: AppLovin second-quarter 2026 results release and 10-Q; investor relations news releases (investors.applovin.com); third-quarter 2025 results release, 5 Nov 2025 (Business Wire)
- Price of record: Alpha Vantage global quote, 2 Oct 2026. Technicals: Twelve Data daily series of 300 completed sessions, computed in code
- Legal: Investing.com, 'AppLovin shares fall after court denies request against Unity' (2 Oct 2026); Seeking Alpha (2 Oct 2026); GuruFocus (2 Oct 2026); Wedbush comment via The Fly/TipRanks (2 Oct 2026); plaintiffs' firm releases via Business Wire, PR Newswire and GlobeNewswire, 22 Sep to 2 Oct 2026
- Research and news: Evercore ad-buyer survey via Investing.com and The Fly/TipRanks (2 Oct 2026); Piper Sandler via moomoo research channel (2 Oct 2026); Wells Fargo note of 30 Sep 2026; moomoo news, notice and research channels, 2 to 5 Oct 2026
- Consensus, targets and short interest: StockAnalysis.com, 5 Oct 2026
- Macro: Beating The Bull economic data posts of 30 Sep, 1 Oct and 2 Oct 2026, and earlier September posts for consumer confidence
- Institutional positioning: Q2 2026 13F holdings read, quarter ended 30 June 2026, filings through 19 August 2026

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