

AppLovin Corporation (APP)

NASDAQ: APP | Digital Advertising / Adtech | Price-level review | 8 October 2026

WATCHLIST

Unchanged. The low has held, but \$300 has not been won back

Last close (7 Oct 2026)	\$281.29
Change since the 5 Oct review	+4.9%
Price of interest	\$300 close, unchanged
52-week low (2 Oct), holding	\$266.84
Probability-weighted fair value	\$453, unchanged
Implied upside to fair value	+61.0%
Investment score	71.0/100, from 70.5

The rating stays at Watchlist, and so does the reasoning. The shares have recovered 4.9% since the last review to \$281.29, which is still 6.2% below the \$300 price of interest. That level is a close to be won back on volume above the twenty-day average, not a price to buy down to, and it has not been reached. What has changed is the chart's direction. On 5 October the nine-session losing run ended with a 5.1% gain on 6.9 million shares, about 1.3 times the twenty-day average, and the \$266.84 low of 2 October has held through three sessions. The same day's high of \$287.20 was sold, and the two sessions since have traded quietly in the high \$270s and low \$280s.

Two items arrived in the period. On 5 October San Diego County sued AppLovin in state court, alleging that it bypassed parental controls and ad-tracking opt-outs to collect children's data and served adult-themed ads in apps rated for children. On 7 October the company set its third-quarter report for 4 November after the market close, which turns the date the case has been waiting for from an expectation into a fixed milestone. Neither changes the numbers. The suit names no penalty and is a new risk rather than a new estimate, and the second-quarter figures and third-quarter guidance stand as they were. Fair value stays at \$453 and the scenarios are unchanged. All figures as at the 7 October 2026 close.

Do the published levels still hold?

Level	5 Oct review	Now	Status
Price of interest	\$300 close on above-average volume	\$300 close, unchanged	Price 6.2% below, about 1.2 average true ranges. Anchored to fixed lows (\$297.50 and \$300.09), which have not moved
Stop for a restored Buy	Beneath the low then standing, \$266.84	Unchanged at \$266.84	The low has held; lowest trade since is \$269.41
Entry, buy range, targets	Withdrawn	Withdrawn	No position is held under a Watchlist rating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 confirmed for 4 November after the close
Fair value	\$453	\$453	Scenario values and weights unchanged

Average true range and all moving averages recomputed from 300 completed sessions to 7 October 2026. ATR(14) was \$15.65 at the last review and is now \$15.02.

The \$300 level was tested again against the moving averages it now sits among. The twenty-day exponential average is \$301.16 and the twenty-day simple average \$307.68, both falling, so within a few sessions the averages and the fixed level will roughly coincide. That strengthens the level rather than replacing it: a close above \$300 would then also reclaim the short-term trend, and the anchor stays on the fixed lows because they describe the base that broke. The stop that would attach to a restored Buy is the problem it was three days ago. The low then standing is \$266.84, about 11% beneath \$300, which is wide for this name and would call for a smaller position or a higher low first. A higher low may now be forming, but three sessions are too few to name one. The earnings route on 4 November remains the more likely of the two.

What moved the stock

The rebound on 5 October came without company news and in a session when the Nasdaq Composite rose about 1%. It looks like relief after a run that had taken the shares down 19% in nine sessions, with RSI oversold at 28. Three brokers that rate the stock a Buy published in the period. Citi held its \$600 target on 5 October and Needham reiterated its Buy with a \$475 target on 6 October, citing the quality of advertisers joining the platform. HSBC kept its Buy rating while lowering its target to \$409 from \$450. None of these is company information, and none adds evidence on the two open questions, the pace of model improvements and of e-commerce adoption. They are noted here as the sell side holding its ratings while the average target edges down, consistent with the reading at the last review.

Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
San Diego County suit over children's data	Filed 5 Oct 2026, San Diego Superior Court	Brought by the county's new consumer fairness unit. Alleges AppLovin bypassed parental controls and ad-tracking opt-outs, used device fingerprinting to track children without consent, and served dating, alcohol, vaping and sexual ads in apps rated for children. No penalty amount published. The company had not commented.	None published. Management said on the August call that the SEC closed its review of advertising practices without recommending action.	Medium
Third-quarter results date	Announced 7 Oct 2026; report 4 Nov after the close, webinar 5:00pm ET	Confirms the date the previous review carried as expected.	Management guide: revenue \$2.055bn to \$2.085bn.	Low
Legal action against Unity over the Ad Quality SDK	Arbitration under way; sealing hearing reported for 23 Oct	No new ruling since the court declined a restraining order on 2 Oct.	No damages figure disclosed.	Medium
Securities class action	Filed 22 Sep 2026, N.D. Cal.; lead-plaintiff deadline 16 Nov 2026	No new allegations since the last review.	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	Nothing new; still no advertising component announced.	None published.	Low

Status and dates from the company's results-date release, court and county filings as reported, and established financial and legal press.

The San Diego suit. The plaintiff is a US government body and the subject is the data practices behind the ad model, which is why it rates Medium rather than Low. A privacy action brought by advocates in the Netherlands in May 2026 covers similar ground. No penalty amount has been published. A consumer-protection case of this kind usually ends in civil penalties and an agreed change to practices rather than a business-level remedy. Penalties of that sort would be small against free cash flow running at several billion dollars a year. The part that could matter is the remedy. If a settlement or ruling restricted how AppLovin collects device signals inside apps aimed at children, it would touch the data that feeds its ad model, though the size of that slice of inventory is not disclosed. That cannot be sized from published facts, so the scenarios do not move. The suit adds a row to the risks and a condition to the table of what would change the view. The verdict would be the same without it.

Valuation

Method	Input	At \$281.29	At \$268.22 (2 Oct)	Assessment
Price / FY26E adj. EPS	\$16.67 consensus	16.9x	16.1x	Consensus unchanged since the last review
Price / FY27E adj. EPS	\$21.00, base case	13.4x	12.8x	Base case unchanged
Street average target	\$496, 33 analysts	+76.2%	+85.3%	Range \$325 - \$790; median \$475
Probability-weighted	\$453, unchanged	+61.0%	+68.9%	Same value, higher price
Bear-case value	\$238, 14x \$17.00	-15.4%	-11.3%	The rebound has added distance from the bear case

Consensus estimates and targets as of 8 October 2026. FY27 EPS and scenario values are this report's own estimates, not company measures.

The stock trades at 16.9 times this year's consensus estimate and 13.4 times the base case for next year, a little dearer than three days ago only because the price is higher. The probability-weighted value of \$453 implies 61% upside, and the bear-case value is 15% below the price. The reading is the same as at the last review: the market is weighting the bear case much more heavily than this report does, and the difference will be settled by reported numbers, not by argument. The county suit does not change any input.

The macro variables that matter here. The same two as before. 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 closed at 5.28% on 7 October, after touching 5.31% on 5 October, and the thirty-year reached about 5.66%. Minutes of the Fed's September meeting showed most participants seeing another rate increase as likely appropriate by year end, and ISM services prices reached 74.0, the highest since July 2022. The base multiple was cut a turn for higher yields on 29 September and is not cut again; a further sustained rise would cut it. The second is advertiser budgets, which follow discretionary demand. September payrolls rose by only 29,000 and unemployment rose to 4.2%. For a business whose newest vertical sells to online merchants, the holiday quarter is where any slowdown in spending would show first.

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 rating changes in the period
Average target	\$496; median \$475; range \$325 - \$790	\$497	Edging down
Broker actions since 2 Oct	Citi Buy, \$600 (5 Oct); HSBC Buy, \$409 from \$450 (5 Oct); Needham Buy, \$475 (6 Oct)	Piper Sandler Hold, \$325 (2 Oct)	Ratings held; one target trimmed
Short interest	10.94m shares, 4.1% of float	10.94m shares	Up from 10.56m the month before
Insider activity	No Form 4 sales since 21 Aug	None since 21 Aug	No sign of insiders selling into the fall
Reported holdings (13F)	Cautionary, Moderate confidence	Cautionary	As of 30 June 2026; see below

Consensus, targets and short interest as of 8 October 2026; broker actions and company notices to 7 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 over four quarters and in the latest quarter, with many more managers cutting than adding, and one large manager accounts for most of the offsetting purchases. 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 mixed. Against a new government lawsuit and a lower HSBC target stand three reiterated Buy ratings, a confirmed report date and a rebound off the low. None of it is new evidence on the business. The gap between the average target and the price, about 76%, is still wide enough that it is more likely to close through targets coming down or the price recovering after 4 November than through either before.

Technical picture

Indicator	Value	Reading
Close, 7 Oct 2026	\$281.29	52-week range \$266.84 - \$738.01; 5.4% above the low
SMA 20 / EMA 20	\$307.68 / \$301.16	Price 8.6% and 6.6% below; both falling toward \$300
SMA 50 / EMA 50	\$323.10 / \$333.12	Price 12.9% below the 50-day
SMA 100 / SMA 200	\$409.57 / \$450.28	Price 31.3% and 37.5% below; bearish sequence intact
RSI (14)	37.0	Out of oversold, from 28 at the last review
MACD (12,26,9)	-14.12 vs -11.81	Histogram -2.31; still below signal
ATR (14)	\$15.02	5.3% of price
Volume, 5 Oct vs 20-day	6.9m vs 5.28m	1.3 times average on the up day; 3.5m on 7 Oct

Computed from 300 completed daily sessions, 2025-07-30 to 7 October 2026. Distances measured against the \$281.29 price of record. Volume ratio against the twenty sessions to 2 October.

The decline has paused rather than turned. The up day on 5 October came on above-average volume, which is what a selling climax usually looks like, and the low has held since. But the rally stopped at \$287.20, well short of the broken base at \$297.50 to \$300.09, and volume has faded on the two sessions since. RSI at 37 is back in neutral ground and the MACD line remains below its signal. Every moving average is overhead, with the twenty-day pair converging on \$300 from above. For timing only, the \$300 level is kept: a close above it on above-average volume would be the first sign that the trend has changed rather than paused. 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 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.
Competitive share in game advertising	Medium	Medium	Unity's data collection inside MAX continues while arbitration runs. Unproven in reported numbers.
Technical weakness and high volatility	High	High	A 52-week low only days old, five-year beta of 2.56, every moving average overhead; the \$266.84 low is the only tested support.
Discount-rate sensitivity	Medium	Medium	The ten-year closed at 5.28% on 7 October and Fed minutes lean toward another increase; a further sustained rise would cut the base multiple again.
Litigation and regulation on several fronts	Medium	Medium	A county consumer-protection suit over children's data (5 October), the securities class action (lead-plaintiff deadline 16 November), the Unity arbitration and a Dutch privacy action. None carries a disclosed financial exposure; the risk is a remedy limiting data collection.

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 Unity dispute sits in arbitration with no new ruling; no reported loss of share.
Management	10%		7/10	7/10	Unchanged. No insider sales since 21 August. The county suit makes allegations about data practices that are untested in court.
Growth Potential	20%		7/10	7/10	Unchanged. No new evidence on e-commerce adoption either way since the last review.
Valuation	15%		8/10	8/10	Unchanged. 16.9x this year's estimate against 16.1x; fair value unchanged at \$453.
Risk (10 = lowest risk)	10%		5/10	5/10	Unchanged. A third legal front adds a regulatory question, offset by the low holding; no solvency issue.
Technical Setup	5%		3/10	2/10	Raised one. The nine-day losing run ended on 1.3 times average volume and the \$266.84 low has held; still below every average.

Scored 1-10, where 10 is always best, including Risk. The 5 October review used the same direction, so no restatement was required. Weighted total computed in code: 71.0 out of 100, against 70.5.

Overall Investment Score: 71.0 / 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 inside its own auction, a growing list of legal actions, and a share price with a beta above 2.5. The Risks section describes the same profile, so the two agree. The new suit is a reason Risk does not rise as the chart steadies; it is not a reason for it to fall. The composite rises half a point, from Technical Setup alone.

Recommendation

Rating: WATCHLIST, unchanged, on the same grounds. The business still looks undervalued on its base case, behind a broken chart and two open questions that only the company can answer, and the outside evidence that trimmed the bull case three days ago has not been answered. The rebound has stopped the chart getting worse but has not repaired it. The county suit is a new risk rather than a new estimate. A reaffirmation is the honest outcome here, and there is nothing in the period that argues for Avoid.

The two routes back are unchanged. 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 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, on 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).

Condition	Consequence
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.
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 ruling, settlement or further government action that limits how AppLovin collects device data	Review Growth Potential and Risk; size the inventory affected.
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. Unchanged
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. Unchanged
Weighted	100%				\$453	+61.0% versus the close; unchanged

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

Nothing in the scenarios moves. The weights were set three days ago on the outside evidence about e-commerce, and no new evidence on that question has arrived. The county suit is not built into any case because its remedy cannot be sized; if a remedy limiting data collection becomes likely, it would weigh first on the base-case growth rate. The bear case at \$238 is now 15.4% below the price, against 11.3% at the last review.

Final verdict

Not yet. At 17 times this year's earnings the shares are cheap against the base case, and the low has held. But a three-day bounce on fading volume is not the close above \$300 that would show the trend has turned, and the questions that cut the bull case are still open. The single biggest concern is unchanged: no one outside the company can see whether the model improvements behind the gaming business are back on schedule. The 4 November report, now confirmed, is where that gets answered. Until then the name is watched, not held.

Sources

- Company: AppLovin, 'AppLovin to Announce Third Quarter 2026 Results' (Business Wire, 7 Oct 2026); second-quarter 2026 results release and 10-Q
- Price of record: Alpha Vantage global quote, 7 Oct 2026. Technicals: Twelve Data daily series of 300 completed sessions, computed in code
- Legal: Bloomberg via Claims Journal, 'San Diego Sues AppLovin Over Explicit Ads Shown to Kids' Devices' (6 Oct 2026); The Next Web (6 Oct 2026); Law360 (Oct 2026); JURIST on the Dutch privacy suit (May 2026); plaintiffs' firm releases on the securities class action
- Research and news: Needham, Citi and HSBC actions via TipRanks and moomoo research channel (5 to 6 Oct 2026); moomoo news, notice and research channels, 2 to 8 Oct 2026; 24/7 Wall St on the 5 Oct move
- Consensus, targets, short interest and beta: StockAnalysis.com, 8 Oct 2026
- Macro: Beating The Bull economic data posts of 1 to 7 Oct 2026

- Institutional positioning: Q2 2026 13F holdings read, quarter ended 30 June 2026, filings through 19 August 2026

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