

AppLovin Corporation (APP)

NASDAQ: APP | Digital Advertising / Adtech | Price-level review | 2 October 2026

WATCHLIST

Moved from Buy. The published cut-loss closed through on heavy volume

Last close (1 Oct 2026)	\$281.31
Change since the 29 Sep review	-8.7%
Published cut-loss	\$284, closed through 1 Oct
Probability-weighted fair value	\$476
Implied upside to fair value	+69.2%
Price that restores the Buy case	\$300 close
Investment score	73/100, from 75

The rating moves from Buy to Watchlist. The 29 September review set a cut-loss at \$284 and said in advance what would trigger it: a close below that level on volume above the twenty-day average. On 1 October the shares traded as low as \$275.13 and closed at \$281.31, on about 8.0 million shares, roughly 1.6 times the twenty-day average of 4.85 million. Both conditions were met on a closing basis, not only intraday. The stop is honoured as published. It is not lowered, widened or explained away, and the entry range, both take-profit targets and the position guidance are withdrawn with it.

The business has not changed in the three days since the last review, and the fair value of \$476 is unchanged. What changed is the evidence around one pillar of the case and the behaviour of the price. Wells Fargo argued on 30 September that a recent jump in e-commerce pixel installs came mostly from storefronts with little or no traffic, and that a real e-commerce turn looks like a 2027 story. AppLovin went to court against Unity over data collection in a rival software kit. The stock fell eight sessions in a row to its lowest close in more than a year, through a base that had held two tests. A broken stop on a thesis that cannot be tested until the third-quarter report, expected on 4 November, is a reason to stand aside, not to average down. A close back above \$300, or a third-quarter report that shows model uplift returning, would restore the Buy case with fresh levels. All figures as at the 1 October 2026 close.

The cut-loss, and why it stands

The \$284 level was set one average true range below the 10 September retest low of \$300.09. Recomputed on the current series, the fourteen-day average true range is \$15.74, which puts the same construction at \$284.35. The level did not drift, the anchor still describes the structure it was built on, and the close of \$281.31 sits below both the published and the recomputed figure. The breach is genuine. The base it protected, the \$297.50 low of 24 August and the \$300.09 retest of 10 September, gave way on 30 September with a close of \$290.43, and the cut-loss went the next day.

Reference point	Price	Versus today	What it was
Close, 28 Sep (last review)	\$308.24	-8.7%	Inside the \$300 to \$325 ideal buy range
Close, 21 Sep	\$330.17	-14.8%	Last higher close before eight straight declines
Retest low, 10 Sep	\$300.09	-6.3%	The level the cut-loss was anchored beneath
Close, 30 Sep	\$290.43	-3.1%	First close below the base, on 6.7m shares
Published cut-loss	\$284.00	-0.9%	Exit on a close below it with volume above average
Close, 1 Oct	\$281.31	-	Below the stop on 8.0m shares; new 52-week low
Intraday low, 1 Oct	\$275.13	+2.2%	The lowest trade in the past year

Price path from completed daily sessions. Volume ratio measured against the twenty sessions to 30 September. The 1 October close is the price of record.

A stop exists to remove judgement at the moment judgement is least reliable, so the question here is not whether the stock is cheap. It is. The question is whether anything since the last review gives a reason to override a rule set three days earlier, and nothing does. No company disclosure moved the price. The two items that did are a broker's reading of third-party web data and a lawsuit the company itself filed. Neither is proof that the case is broken. Equally, neither is proof that it is intact, and the only evidence that can settle it arrives on 4 November.

Do the published levels still hold?

Level	29 Sep review	Now	Status
Recommended entry	\$300 - \$335, three tranches	Withdrawn	Price is below the range and the stop beneath it has gone
Ideal buy range	\$300 - \$325	Withdrawn	17.9x to 19.4x this year's earnings; the base it rested on broke
Cut-loss	\$284	Triggered 1 Oct	Close \$281.31 on 1.6x average volume; recomputed anchor \$284.35
Take-profit 1 / 2	\$420 / \$475	Withdrawn	No position is held under a Watchlist rating
Price of interest	-	\$300 close	Back above the broken base on above-average volume
Fair value	\$476	\$476	Unchanged; scenarios and multiples unchanged

Average true range and all moving averages recomputed from 300 completed sessions to 1 October 2026. At the last review ATR(14) was \$16.27; it is now \$15.74.

What moved the stock

Two items arrived in the last three sessions of September, and the market treated them as one story about competition and the e-commerce business. On 30 September Wells Fargo kept its Equal Weight rating and \$325 target and published its reading of AppLovin's e-commerce pixel data. Raw installs rose over the prior two weeks, but most of the new sites were Asia-Pacific Shopify storefronts with little or no measurable web traffic. The share of new sites with no measurable traffic had risen to about 85%, against about 30% before June, and on a traffic-weighted basis the broker saw no meaningful pickup. It called the spike a false start and placed a genuine e-commerce inflection in 2027. The shares gapped lower that morning and closed down 5.0% at \$290.43.

This sits against Citi's count of 21 September, which had e-commerce advertisers up 5.1% in a week to 13,105. The two are not contradictory as much as they measure different things: Citi counts advertisers, Wells Fargo weights new merchant sites by traffic. Both are outside readings of data the company does not publish, and the right weight on each remains small. What has changed is the balance. The last review had one outside view on each side. Wells Fargo adds a second sceptical reading, on the e-commerce pillar rather than the gaming one, and it is the more specific of the two.

On 1 October the shares fell another 3.1% while the Nasdaq Composite closed slightly higher, so the move was AppLovin's own. Over the eight sessions since 21 September the stock lost 14.8%. Short interest rose to 10.94 million shares from 10.56 million, the first increase after four consecutive declines.

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	Arbitration demand 27 Sep; court petition 28 Sep; restraining-order hearing 30 Sep 2026, San Francisco Superior Court	AppLovin alleges Unity's Ad Quality kit read data on ads AppLovin wins (creatives, impression revenue, user and device data) and used it to train competing bidding models. It seeks an order to stop collection within five business days and modify the kit within 30 days. Unity calls the suit a dominant incumbent's response to competition and opposed the application.	No ruling reported. No damages figure disclosed.	Medium
Securities class action	Filed 22 Sep 2026, N.D. Cal.; lead-plaintiff deadline 16 Nov 2026	Further law firms announced suits and investigations through 2 October, covering 12 Feb to 5 Aug 2026 and 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

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Meta Horizon Create and Horizon Studio	Announced 24 Sep 2026; testing	AI game-creation tools distributed 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; the date has not been announced by the company.	-

Status and dates from company filings, court and plaintiffs' firm releases, and established trade press. The Unity dispute is described from court filings as reported; AppLovin has not commented publicly.

Nothing in the period reaches High materiality. The Unity action is the most informative item, though not for the obvious reason. Its outcome is a narrow question about one software kit, and a ruling either way changes little in AppLovin's earnings. What it reveals is that AppLovin considers Unity's recent improvement in ad performance serious enough to litigate, and believes part of it rests on AppLovin's own auction data. That is consistent with the independent research note of 23 September that said Unity was squeezing spreads in game advertising. It is a reason for a closer watch on the gaming pillar. It does not move the scenarios, because the effect cannot be sized from anything published, and the Competitive Advantage score stays where it is. The class action has grown in the number of firms but not in substance. The verdict would be the same without either item: it moves on the stop.

Valuation

Method	Input	At \$281.31	At \$308.24 (28 Sep)	Assessment
Price / FY26E adj. EPS	\$16.67 consensus	16.9x	18.4x	Estimate down about 0.5% from \$16.76
Price / FY27E adj. EPS	\$21.00, base case	13.4x	14.7x	Consensus \$20.98, in line with the base case
Street average target	\$497, 33 analysts	+76.7%	+61.7% (\$498)	Lowest target \$325, from Wells Fargo
Probability-weighted	\$476, unchanged	+69.2%	+54.4%	Gap to price widened by the fall, not by a change in value
Bear-case value	\$238, 14x \$17.00	-15.4%	-22.8%	The price now sits closer to the bear case

Consensus estimates and targets as of 2 October 2026. FY27 EPS and scenario values are this report's own estimates, not company measures.

On numbers alone the stock is cheaper than at any of the last three reviews: 16.9 times this year's estimate and 13.4 times the base case for next year, for a business whose base case still calls for revenue growth near 28% on an 88.5% gross margin. The fair value is unchanged at \$476 because the inputs are unchanged. Consensus moved by less than 1%, the ten-year yield is close to where it was, and an outside reading of pixel data is not strong enough evidence to move scenario probabilities. The point of the Watchlist is not that the valuation is wrong. It is that a valuation argument was already made at \$308, the rule set to protect it has been broken, and the market is pricing a different answer to the e-commerce question than the base case does. The cheapness is the market's statement of doubt, and the doubt is testable within five weeks.

The macro variables that matter here. Two variables matter, and they are the same as at the last review. The first is the long-end discount rate on earnings that sit mostly two or more years out. The ten-year Treasury reached 5.29% on 30 September, a fresh high for the cycle, before closing at 5.24% on 1 October, about where it stood at the last review. The base multiple was cut a turn for this on 29 September and does not move again. The second is advertiser budgets, which follow discretionary demand, and here the picture has split. The Conference Board's consumer confidence index fell to 81.9 in September, its lowest since 2014, with households citing prices and fuel. Hard data is firmer: private payrolls rose by 90,000, initial jobless claims were 197,000 and second-quarter GDP growth was revised up to 2.2%. Confidence matters most for the e-commerce vertical, the part of the case already in question, and the fourth quarter is where it has to show. Policy rates matter mainly through the first variable; the balance sheet carries little net debt.

Sentiment and positioning

Indicator	Latest	At last review	Interpretation
Analyst consensus	Buy; 33 analysts	Buy; 33 analysts	No downgrades from rated brokers in the period
Average target	\$497; range \$325 - \$790	\$498	Drifting lower by small amounts
Broker actions since 29 Sep	Wells Fargo Equal Weight, \$325, pixel data note (30 Sep)	Citi Buy \$600; Edgewater cautious	The second sceptical outside reading in a fortnight
Short interest	10.94m shares	10.56m shares	First rise after four consecutive declines
Insider activity	No Form 4 sales since 21 Aug	None in September	No sign of insiders selling into the fall
Options activity, 1 Oct	97,122 contracts; 380,030 open interest	-	Heavy trading on the day of the break
Reported holdings (13F)	Cautionary, Moderate confidence	Cautionary	As of 30 June 2026; see below

Consensus, targets and short interest as of 2 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 net reduction would be roughly 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: the pixel note, the lowest close in more than a year and heavy options volume on the day of the break, against no new positive company information. The rated brokers have not moved. That gap between unchanged ratings and a falling price is the same one the last two reviews described, and it has widened.

Technical picture

Indicator	Value	Reading
Close, 1 Oct 2026	\$281.31	52-week range \$275.13 - \$738.01; 2.2% above the new low
SMA 20 / EMA 20	\$314.73 / \$312.57	Price 10.6% and 10.0% below
SMA 50 / EMA 50	\$333.33 / \$342.73	Price 15.6% below the 50-day
SMA 100 / SMA 200	\$417.54 / \$458.25	Price 32.6% and 38.6% below; bearish sequence intact
RSI (14)	32.0	Weak, not yet oversold
MACD (12,26,9)	-10.73 vs -8.96	Histogram -1.77; line back below signal
ATR (14)	\$15.74	5.6% of price
Volume, 1 Oct vs 20-day	8.0m vs 4.85m	1.6 times average on the break

Computed from 300 completed daily sessions, 24 July 2025 to 1 October 2026. Distances measured against the \$281.31 price of record.

The last review described a stock drifting inside a base, and said a close through it would be a genuine break. That is what happened, and in the form that carries most weight: two closes outside, the second through the stop, each on rising volume, with the MACD line turning back below its signal. RSI at 32 leaves room for a further fall before the stock is stretched. The nearest reference above is the broken base at \$297.50 to \$300.09, now overhead, then the twenty-day average near \$315. There is no tested support below the \$275.13 low inside the past year. For timing only, the \$300 level is chosen because a close back above the base on above-average volume would show the break was a shakeout rather than a trend change. 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	A broker's traffic-weighted reading shows no meaningful pickup and places the turn in 2027; the bull case needs consumer near a fifth of revenue.
Competitive share in game advertising	Medium	Medium	AppLovin's own suit against Unity shows it treats the rival's improvement as serious; unproven in reported numbers.
Technical breakdown and high volatility	High	High	Stop and base broken at a 52-week low, five-year beta of 2.49, no tested support below \$275.13.
Discount-rate sensitivity	Medium	Medium	The ten-year touched 5.29% on 30 September; 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 dispute; 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. AppLovin now alleges in court that a rival's gains rest partly on its data; Unity calls it a reaction to competition. Undecided.
Management	10%		7/10	7/10	Unchanged. No insider sales since 21 August; more law firms have joined the class action without new allegations.
Growth Potential	20%		8/10	8/10	Unchanged. A broker's traffic data puts the e-commerce turn in 2027; the base case does not need it sooner. Q3 guide untested.
Valuation	15%		8/10	8/10	Unchanged. 16.9x this year's estimate against 18.4x; held at 8 because part of the discount answers evidence against the e-commerce timeline.
Risk (10 = lowest risk)	10%		5/10	6/10	Lowered one. A second outside dataset disputes a pillar of the case, short interest rose for the first time in five readings, and litigation is active on two fronts.
Technical Setup	5%		3/10	5/10	Lowered two. Closed through the published stop on 1.6 times average volume at a 52-week low, after eight straight lower closes.

Scored 1-10, where 10 is always best, including Risk. The 29 September review used the same direction, so no restatement was required. Weighted total computed in code: 73.0 out of 100, against 75.

Overall Investment Score: 73 / 100

Risk at 5 describes a business with no solvency question and very high margins, carrying an unusually large share of unresolved questions for its size: an unobservable model cadence, a disputed e-commerce trajectory, a rival it is now suing, and a share price with a 2.5 beta that has just broken its base. The Risks section describes the same profile. The composite falls only two points because most of what changed is the price and the evidence around one pillar, not the business. A 73 with a Watchlist rating is not a contradiction: the score grades the company, and the rating also answers whether to commit money now, under a rule that has just been triggered.

Recommendation

Rating: WATCHLIST, moved from Buy. The change is driven by the triggered cut-loss, not by a change in fair value or in the long-run case. The case is still that the second-quarter shortfall was a model-release timing problem, that the consumer vertical is building, and that this margin structure deserves more than 17 times earnings if that is right. What has gone is the price structure that made a Buy at this point a defined risk. With the stop broken and no tested support below, a fresh Buy here would need a new stop with no structure beneath it, and that would be moving the stop under another name.

For a holder who followed the published plan, the exit was on the 1 October close. For anyone considering a position, there are two routes back. The first is a close back above **\$300**, the bottom of the base that broke, on volume above the twenty-day average. That would justify a Buy with fresh levels and a new stop beneath the \$275.13 low. 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, 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 \$275.13.
A second consecutive quarter of light model uplift at the third-quarter report	Move to Avoid. Turns a timing explanation into a structural one.
Traffic-weighted e-commerce adoption turning up, or company disclosure of e-commerce advertiser growth	Raise conviction; addresses the specific doubt behind this move.
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.
A court order 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 late-September highs	Trim the base multiple again.
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	25%	\$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	25%	\$9.2bn	\$17.00	14x	\$238	Model uplift fades, gaming saturates, consumer stalls. Unchanged
Weighted	100%				\$476	+69.2% versus the close; unchanged at \$476

Probabilities sum to 100%. Weighted value 476.0, computed in code. Scenario figures are this report's own estimates, not company measures.

Probabilities and values are unchanged. The Wells Fargo reading bears on the timing of the e-commerce turn, and the base case does not depend on that turn arriving this year. It is outside data on a business the company does not report in this form, and moving a probability on it would give a single broker note more weight than the evidence carries. The bear case at \$238 is now 15% below the price, against 23% at the last review. The asymmetry still favours the upside on these numbers. The rating does not follow from the asymmetry alone, because the bear case has gained a little supporting evidence each week since August and the price has fallen toward it.

Final verdict

Not today. The stock is cheaper than at the last review and the long-run case is intact on paper, but the rule set to protect the last Buy has been triggered, and honouring it is the point of having it. Moving the stop down to stay in the trade would turn a defined risk into an open one, three days after writing that the stop exists for exactly this. The single biggest concern is unchanged: nobody outside the company can see whether the model improvements that drive gaming growth are back on schedule, and now a second outside reading questions the e-commerce timeline as well. The evidence arrives on 4 November. A close back above \$300, or a third-quarter report that shows model uplift resuming, brings the name back to Buy with new levels. 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)
- Price of record: Alpha Vantage global quote, 1 Oct 2026. Technicals: Twelve Data daily series of 300 completed sessions, computed in code
- Legal: Digiday (Ronan Shields, 29 Sep 2026); PPC Land (30 Sep 2026); Mobilegamer.biz (1 Oct 2026); PocketGamer.biz; plaintiffs' firm releases via GlobeNewswire, PR Newswire and Business Wire, 22 Sep to 2 Oct 2026
- Research and news: Wells Fargo note of 30 Sep 2026 as reported by Stocktwits/TradingView, 24/7 Wall St. and Dow Jones Market Talk; Benzinga (1 Oct 2026); Trefis (1 Oct 2026); moomoo news, notice and research channels, 2 Oct 2026; Citi via TipRanks (21 Sep 2026)
- Consensus, targets and short interest: StockAnalysis.com, 2 Oct 2026
- Macro: Beating The Bull economic data posts of 16, 17 and 29 Sep and 30 Sep and 1 Oct 2026
- Institutional positioning: Q2 2026 13F holdings read, quarter ended 30 June 2026, filings through 19 August 2026

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