

# Meta Platforms, Inc. (NASDAQ: META)

Equity research report · 25 October 2026 · Data as of 23 October 2026 close

| Item                                   | Summary                                                                                                                      |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>Verdict</b>                         | <b>Watchlist</b> , from fundamentals. Unchanged. Becomes interesting at <b>\$580 to \$605</b> .                              |
| <b>Technical read (chart only)</b>     | <b>Neutral</b> . A pullback inside a rising trend; the tag reflects the price chart only and does not change the verdict.    |
| <b>Price (23 October 2026 close)</b>   | \$642.62, down 7.9% from \$697.52 on 21 October, before the third-quarter results                                            |
| <b>Probability-weighted fair value</b> | \$673.21 (4.8% above the price); base case \$689.89                                                                          |
| <b>Investment Score</b>                | 69.5 / 100 (22 October: 72.0)                                                                                                |
| <b>Market value / forward P/E</b>      | About \$1.65 trillion; 18.9x 2027 consensus EPS of \$33.95                                                                   |
| <b>New this report</b>                 | A \$25bn New Mexico consumer-protection judgment of 21 October, under appeal (High; worth \$9.72 a share at the full amount) |
| <b>Next results</b>                    | Q4 2026, expected late January 2027 (date not yet announced); 2027 capital guide due then                                    |

**Core thesis.** The shares fell through the level at which the last report said Meta becomes interesting, but the reasons for the fall also lowered what the shares are worth. The day after results the stock dropped 7.0%, and it has since closed at \$642.62, 7.9% below the pre-results close. The quarter itself was strong: revenue of \$64.6bn rose 26% and the fourth-quarter guide of \$73-76bn sits above expectations. The problem is cash. Capital spending of \$34.9bn turned free cash flow negative at -\$2.12bn, buybacks remain suspended, and the cost of insuring Meta's debt against default reached a record. On the same day a New Mexico judge set a \$25bn penalty for misleading users about their data, which Meta will appeal. The base case is now worth \$689.89 and the weighted value \$673.21, only 4.8% above the price. The verdict stays Watchlist, and the level of interest moves down to \$580 to \$605.

**Biggest risk.** A 2027 capital guide in January that rises well above 2026 without a return case, funded partly by new equity under the non-voting share class, while legal payments draw on the same cash.

## Investment memo

Would this be a purchase with new money today? Not yet. The advertising engine is as strong as it has been: impressions up 10%, price per ad up 14%, and a guide that implies 22-27% growth in the fourth quarter. At 18.9 times 2027 consensus earnings the multiple is lower than at any point in this coverage. Against that, every dollar of operating cash in the third quarter went into data centres, the balance sheet has moved from a large net cash position to roughly level, and Meta now carries about \$19.9bn of legal accruals plus a \$25bn judgment under appeal. Three cases give \$898.66, \$689.89 and \$466.28, weighted 22/50/28 to \$673.21. A 4.8% margin to the weighted value, and 7% to the base case, is not enough when 28% of the outcome sits near \$466. The name becomes interesting at \$580 to \$605, where the base case offers 14% to 19%, or sooner if the January guide shows 2027 spending with a return case. What would invalidate a buy at that level is equity issuance in size under the new share class or an advertising slowdown that cuts 2027 earnings below \$30.

## 1. What has changed since the 22 October report

The 22 October report rated Meta Watchlist at \$697.52, the close before the results, with a weighted fair value of \$730.26 and a base case of \$725.89. It named \$661 to \$690 as the level at which the name becomes interesting, with the 50-day average at the lower edge. The stock reached that band the next morning and fell through it the same day, closing at \$648.85, then \$642.62 on 23 October. The market read the results as a cash problem rather than an earnings problem: free cash flow turned negative, the company gave no 2027 spending figure, and several analysts pointed to a possible equity raise. Reports also put Meta's five-year default-swap spread at a record.

The band is withdrawn rather than triggered, because the value it rested on is lower. Three things changed. First, the bear case is more likely: negative free cash flow, an unguided 2027 build, the new share class and the credit market's reaction now point the same way, so it carries 28% against 23%, and the bull case 22% against 30%. Second, the base case uses 2027 EPS of \$33.00 at 21 times, against \$33.76 at 21.5 times, because analysts are raising their 2027 capital spending estimates (Wedbush to \$249bn) and the depreciation that follows has not fully reached consensus earnings. Third, the New Mexico judgment of 21 October, which the last report did not include, takes between \$1.34 and \$9.72 a share off each

case. The base case falls to \$689.89 from \$725.89 and the weighted value to \$673.21 from \$730.26. The bull case is close to unchanged at \$898.66: its 2027 EPS of \$37.50 and 24 times multiple are the same inputs as before, less the low-end legal cost.

The 50-day average the old band was anchored to has moved little, to \$663.81, and the stock now sits 3.2% below it. The new band is not anchored to an average. It is set where the base case pays 14% to 19%. The Investment Score falls to 69.5 from 72.0, with Financial Strength and Risk each down a point.

## 2. Business and industry

Meta earns almost all of its revenue from advertising across Facebook, Instagram, WhatsApp and Messenger, used by 3.64bn people a day. Reality Labs, which makes headsets and glasses, loses money, and management expects those losses to narrow to about \$15bn next year. The company is spending heavily to build its own frontier models and the computing capacity to train and serve them, and it has begun to sell AI products directly through Muse and the Meta One subscription. Digital advertising remains a concentrated market, and Meta's measured gains in ad pricing show it is taking share as its AI ranking improves. The industry question has shifted from demand to returns: every large platform is spending at a record pace, and investors are now asking how that spending will be paid for.

## 3. Financials

| Measure                        | Q3 2026         | Q3 2025    | Comment                                                           |
|--------------------------------|-----------------|------------|-------------------------------------------------------------------|
| Revenue                        | \$64,601m       | +26%       | Above the top of Meta's own guide; Q4 guided \$73-76bn            |
| Operating income               | \$12,988m (20%) | 40% margin | \$22.88bn (35%) excluding the \$9.89bn legal charge               |
| Diluted EPS                    | \$3.83          | \$1.05     | \$7.40 excluding the charge; Q3 2025 carried a one-off tax charge |
| Operating cash flow            | \$32,790m       | n/a        | Capital spending incl. finance leases \$34.91bn                   |
| Free cash flow                 | -\$2,120m       | n/a        | First negative quarter in this coverage                           |
| Cash and marketable securities | \$82,449m       | n/a        | 30 September 2026                                                 |
| Long-term debt                 | \$80,922m       | \$58,740m* | *31 December 2025                                                 |
| Legal-related accruals         | \$19,881m       | \$7,317m*  | Current \$11.58bn, non-current \$8.30bn; *31 December 2025        |
| Share repurchases              | None            | \$3.33bn   | Dividends of \$1.36bn continue                                    |

Company Q3 2026 results release and Form 10-Q, 21 October 2026. Legal accruals are the sum of the current and non-current lines.

Operating performance is not the issue. Excluding the legal charge, the operating margin was 35% while headcount fell 15%. The pressure is capital intensity. Full-year capital spending of \$135-145bn implies \$49-59bn in the fourth quarter, and on the nine-month figures free cash flow is about \$11.0bn (our calculation: operating cash flow \$96.87bn less capital spending \$83.06bn and finance lease payments \$2.77bn). Long-term debt rose by \$22bn this year, and cash and debt are now roughly equal. Total 2026 expenses are guided at \$175-179bn including the legal charge, and the fourth-quarter tax rate at 15-17%. Meta gave no 2027 revenue or spending figures, saying only that it expects strong growth and continued heavy investment.

## 4. Company developments

| Development                             | Status and date                      | What is known                                                                                                                     | What is forecast (and by whom)                                                                                | Impact |
|-----------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------|
| New Mexico consumer-protection judgment | Judgment 21 Oct 2026; appeal planned | \$25bn penalty set by Judge Francis Mathew after a jury found 26 of 29 statements misleading and more than 43 million violations. | Meta says it is confident it will win on appeal. Our cases assume \$3.45bn to \$25bn.                         | High   |
| Q3 results and 2027 commentary          | Reported 21 Oct 2026                 | Revenue \$64.6bn (+26%); Q4 guide \$73-76bn; 2026 capital spending \$135-145bn; no 2027 guide.                                    | Management expects strong 2027 growth and Reality Labs losses near \$15bn. 2027 capital guide due in January. | Medium |

| Development                                   | Status and date             | What is known                                                                                                                    | What is forecast (and by whom)                                                                      | Impact |
|-----------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------|
| <b>Class C non-voting share</b>               | Effective 19 Jan 2027       | One Class C share per Class A and B share; trading expected late January; voting power unchanged.                                | Management cites capital raising, compensation and acquisitions; no plan announced.                 | Medium |
| <b>Teen mental health settlement</b>          | Charged in Q3 2026          | \$9.89bn charge under an August agreement with 52 attorneys general providing for up to about \$18.59bn.                         | Further youth-related trials are scheduled.                                                         | Medium |
| <b>Muse and Meta One</b>                      | Usage disclosed 21 Oct 2026 | More than 10 million Muse set-ups in the US and Canada; Meta One past 15 million subscriptions and trials. No revenue disclosed. | Management expects AI revenue to start contributing in 2027. Our base case: about 0.5% of 2027 EPS. | Medium |
| <b>Agentic commerce protocol</b>              | In development              | Personal Agent Protocol with partners including Walmart, Stripe and Shopify.                                                     | None.                                                                                               | Medium |
| <b>Meta Enterprise Platform</b>               | Launched 29 Sep 2026        | New unit with a model API, coding tools and business agents. No pricing given.                                                   | None.                                                                                               | Low    |
| <b>Delay to new commercial terms</b>          | Reported 23 Oct 2026        | Meta is delaying commercial terms that publishers and advertisers had criticised.                                                | None.                                                                                               | Low    |
| <b>Arrangement on proposed California tax</b> | Reported 23 Oct 2026        | An arrangement between Zuckerberg and Meta tied to a proposed California billionaire tax, disclosed in the quarterly filing.     | None; the tax is a proposal.                                                                        | Low    |

*Company results release, Form 10-Q and newsroom, September-October 2026; court reporting of 21 October 2026; press reports of 23 October 2026.*

## The New Mexico judgment

**What is known.** On 21 October Judge Francis Mathew in Santa Fe ordered Meta to pay \$25bn. A jury had found on 25 September that 26 of 29 statements by Meta and its leaders misled users about who could access their data and how harmful content was handled, a case that grew out of the Cambridge Analytica episode. The jury counted more than 43 million violations; state law allows up to \$5,000 each, and the judge said a penalty above \$219bn was available. The state had asked for \$35-40bn and Meta for a cap of \$3.45bn. Meta's chief legal officer said the company is confident it will prevail on appeal. It is the second New Mexico verdict against Meta in six months, after a teen-safety case that ended in \$375m of penalties and a \$567m payment.

**Why it matters here.** The judgment does not touch revenue. It touches cash, which is exactly where the thesis is now stretched. At the full amount it equals \$9.72 a share, 1.5% of market value, and more than twice the roughly \$11bn of free cash flow Meta produced in the first nine months. It also lands on top of up to \$18.59bn under the August settlement. Civil penalties of this kind are generally not tax-deductible, so this report treats the cost as after-tax.

**What success and failure look like.** Success is a large reduction on appeal, toward the \$3.45bn cap Meta proposed or below. Failure is the full amount upheld, with interest accruing while the appeal runs. The observable markers are whether Meta must post a bond or other collateral, what it discloses about the matter in its annual report early next year, and the appellate rulings, which are likely to take well over a year.

**Economics and precedent.** Nothing is payable until appeals end, so there is no effect on 2027 earnings in any case; the cost is a one-off cash item and is deducted from value, not earnings. Precedent and expert comment lean toward a reduction: the Federal Trade Commission's \$5bn penalty in 2019 remains the largest tied to the same episode, and six other states settled related claims for \$459.2m in August. A litigation partner quoted on the ruling said Meta should not be assumed to pay anything close to \$25bn, while the judge wrote that the conduct goes to the heart of Facebook's core business practices, which makes a full reversal less likely.

| Case        | Assumed eventual payment            | Per share | Effect on case value |
|-------------|-------------------------------------|-----------|----------------------|
| <b>Bull</b> | \$3.45bn (Meta's proposed cap)      | \$1.34    | -\$1.34              |
| <b>Base</b> | \$8bn (a large reduction on appeal) | \$3.11    | -\$3.11              |

| Case | Assumed eventual payment | Per share | Effect on case value |
|------|--------------------------|-----------|----------------------|
| Bear | \$25bn (upheld in full)  | \$9.72    | -\$9.72              |

Our calculation: assumed payment divided by 2,573 million diluted shares (Q3 2026). Excludes post-judgment interest. No effect on EPS in any case.

**What the price already assumes.** The judgment was public on the afternoon of 21 October, the same day as the results, so the 7.0% fall on 22 October cannot be split cleanly between the two. Coverage of the fall pointed to capital spending, negative free cash flow and credit spreads. The stock has lost about \$141bn of market value since 21 October, several times the full penalty, so the judgment can explain only part of the move. **What is still unknown** is how much Meta has accrued for it, whether a bond is required and how long the appeal takes. Without the judgment the base case would be \$693.00 rather than \$689.89, and the band would sit about \$3 higher; the verdict would be the same.

## 5. Growth drivers

| Driver                                      | Status and date                     | Likelihood | Impact      | Fact or forecast                            |
|---------------------------------------------|-------------------------------------|------------|-------------|---------------------------------------------|
| Ad pricing from better AI ranking           | Price per ad +14% in Q3 2026        | High       | High        | Fact: reported. Durability is a forecast    |
| Impression growth from video and engagement | Impressions +10% in Q3 2026         | High       | Medium      | Fact: reported                              |
| Q4 2026 revenue                             | Guided \$73-76bn on 21 Oct          | High       | High        | Forecast (management): 22-27% growth        |
| Muse and Meta One revenue                   | Usage disclosed; no revenue         | Medium     | Low in 2027 | Forecast (management): AI revenue from 2027 |
| Business messaging and agents               | Enterprise platform launched 29 Sep | Medium     | Low-Medium  | Fact: launched. No pricing                  |
| Reality Labs losses narrowing               | About \$15bn expected next year     | Medium     | Medium      | Forecast (management)                       |

## 6. Competitors

| Company                    | Overlap                                       | Position against Meta                                        |
|----------------------------|-----------------------------------------------|--------------------------------------------------------------|
| Alphabet (Google, YouTube) | Search and video advertising, frontier models | Larger ad business and its own chips; reports on 28 October. |
| Amazon                     | Retail media and shopping agents              | Fastest-growing ad rival; blocks Muse's shopping agent.      |
| TikTok                     | Short video and ads                           | Still the main competitor for younger users' time.           |
| OpenAI and Anthropic       | Consumer and business AI                      | Compete with Muse and the enterprise platform.               |

Meta's advantage is reach and data at a scale only Alphabet matches, which feeds the ranking gains behind its pricing. Its disadvantage is that it must build all of its own computing capacity without a cloud business to rent it out, so every dollar of capacity has to be earned back through ads and new AI products.

## 7. Management

Management keeps beating its own revenue guidance and cut headcount 15% while growing revenue 26%, which shows operating discipline. Its weaker side is capital disclosure. It deferred any 2027 spending figure to January, stopped buybacks without a stated return framework, and created a non-voting share class whose stated purposes include raising capital. Founder control is unchanged by the new class. The legal record has worsened in 2026, with a \$9.89bn settlement charge and a \$25bn judgment both tied to past conduct.

## 8. Risks

| Risk                              | Probability | Severity | Comment                                                                          |
|-----------------------------------|-------------|----------|----------------------------------------------------------------------------------|
| Capital spending and depreciation | Occurring   | High     | Q4 implied at \$49-59bn; 2027 unguided; analyst estimates rising toward \$250bn. |

| Risk                                         | Probability  | Severity | Comment                                                                  |
|----------------------------------------------|--------------|----------|--------------------------------------------------------------------------|
| Negative free cash flow, no buybacks         | Occurring    | High     | -\$2.12bn in Q3; cash and long-term debt roughly equal.                  |
| New Mexico judgment upheld                   | Low-Medium   | Medium   | \$25bn, about \$9.72 a share; appeal planned.                            |
| Further youth trials and settlement payments | High         | Medium   | Up to about \$18.59bn under the August agreement; more trials scheduled. |
| Equity issuance under the Class C share      | Moderate     | Medium   | Structure effective 19 January 2027; no plan announced.                  |
| Credit market pressure                       | Moderate     | Medium   | Default-swap spreads reported at a record after the results.             |
| Advertising slowdown                         | Low-Moderate | High     | Labour market still firm; claims at 194,000.                             |
| Higher long-dated yields                     | Moderate     | Medium   | 10-year at 5.00%; Fed meets 27-28 October.                               |

The business risk is low and the financial risk has risen. A strong ad franchise now funds a capital programme larger than its cash flow, with two large legal obligations alongside. The Risk score of 4 out of 10 (where 10 is lowest risk) agrees with that profile.

## 9. Valuation

Meta is valued on 2027 earnings per share at a multiple, less the after-tax cost of the New Mexico judgment assumed in each case. Consensus 2027 EPS is \$33.95, little changed over the past month even as capital spending estimates rose. The base case uses \$33.00, slightly below consensus, to allow for depreciation from a 2027 build that analysts now put well above 2026, and 21 times, below the 24 times the bull case applies, because free cash flow is negative and buybacks have stopped. At \$642.62 the market pays 18.9 times consensus.

| Case     | Probability | Revenue and earnings outlook                                                                                                | Inputs                                       | Fair value      |
|----------|-------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------|
| Bull     | 22%         | Ads grow in the mid-twenties through 2027, Muse fees begin, the January guide comes with a return case and buybacks resume. | 2027 EPS \$37.50 at 24x; New Mexico \$3.45bn | \$898.66        |
| Base     | 50%         | Ads grow in the low twenties, Muse stays immaterial, capital spending rises again and free cash flow stays thin.            | 2027 EPS \$33.00 at 21x; New Mexico \$8bn    | \$689.89        |
| Bear     | 28%         | Ads slow with a weaker labour market, 2027 spending is guided far above 2026, equity is issued and the judgment is upheld.  | 2027 EPS \$28.00 at 17x; New Mexico \$25bn   | \$466.28        |
| Weighted | 100%        |                                                                                                                             |                                              | <b>\$673.21</b> |

*Our calculation: 2027 EPS times multiple, less the assumed New Mexico payment per share. 2027 consensus EPS of \$33.95 from 55 analysts, as published 25 October 2026.*

**Probabilities.** The bull case needs a January guide that shows spending peaking or earning a visible return, and Muse revenue starting; the fourth-quarter guide above expectations supports the ad half, but nothing yet supports the capital half, so it carries 22%. The base case, at 50%, is the path the company's own commentary describes. The bear case carries 28%: free cash flow is already negative, analysts openly discuss an equity raise, the credit market has reacted, and the legal bill has grown. A labour market that is still firm keeps it from going higher.

**Macro drivers.** Two matter. The first is advertising demand, which follows consumer spending and hiring: initial jobless claims were 194,000 in the week to 17 October and September retail sales rose 0.8%, so demand is not yet the constraint. The second is the cost of capital, which matters more than it did a year ago because Meta now borrows to build: the 10-year Treasury yield closed at 5.00% on 23 October, September consumer prices rose 3.7% on the year, and the Federal Reserve meets on 27 and 28 October after raising rates in September. Higher yields lower the multiple a market will pay for earnings that depend on a long build.

## 10. Sentiment

| Firm             | Rating                     | Target             |
|------------------|----------------------------|--------------------|
| Pivotal Research | Buy, maintained            | \$960 (from \$930) |
| JPMorgan         | Maintained                 | \$940 (from \$920) |
| Citigroup        | Buy, maintained            | \$905 (from \$895) |
| KeyBanc          | Overweight, maintained     | \$905 (from \$900) |
| Piper Sandler    | Maintained                 | \$850 (from \$875) |
| Susquehanna      | Positive, maintained       | \$850 (from \$650) |
| BofA Securities  | Buy, maintained            | \$845 (from \$810) |
| Wedbush          | Neutral, maintained        | \$730 (from \$700) |
| BMO Capital      | Maintained                 | \$685 (from \$580) |
| Scotiabank       | Sector Perform, maintained | \$650 (from \$600) |

Broker actions after the Q3 results as published, 22-24 October 2026.

Analysts mostly kept their ratings and nudged targets up after the results, crediting the advertising beat and the fourth-quarter guide. The cautious minority, including Wedbush, Scotiabank and Needham, pointed to the lack of 2027 cost visibility and the possibility of an equity raise. The market sided with the cautious group: the stock fell 7.0% the day after results as most targets rose.

Institutional positioning is **Mixed**, as of 30 June 2026, filings through 19 August 2026, with moderate confidence. Active managers made a broad but not persistent net reduction of about 2.5% of reported shares over four quarters, with no dominant seller, and the latest quarter was roughly flat. The read leans cautious and predates the results, the judgment and the new share class. 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.

## 11. Investment Score

| Criterion               | Score                                                                                    | Weight | Change    | Basis                                                                                                                                                          |
|-------------------------|------------------------------------------------------------------------------------------|--------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Quality        |  9/10 | 15%    | unchanged | Revenue +26% in Q3 on 10% more impressions and 14% higher prices; 3.64bn daily people.                                                                         |
| Financial Strength      |  4/10 | 15%    | -1        | Q3 free cash flow -\$2.12bn, cash of \$82.45bn against \$80.92bn of long-term debt, a \$25bn judgment under appeal on top of about \$19.9bn of legal accruals. |
| Competitive Advantage   |  9/10 | 15%    | unchanged | Ranking and ad-pricing gains and a frontier model family; Amazon's block on agentic shopping is the offset.                                                    |
| Management              |  7/10 | 10%    | unchanged | Beat its own revenue guide; 2027 spending left to January and a non-voting share class created.                                                                |
| Growth Potential        |  9/10 | 15%    | unchanged | Q4 guide of \$73-76bn implies 22-27% growth; Muse has usage but no revenue yet.                                                                                |
| Valuation               |  6/10 | 20%    | unchanged | 18.9x 2027 consensus EPS and 7% below the base case after the fall; base case also lower.                                                                      |
| Risk (10 = lowest risk) |  4/10 | 10%    | -1        | Negative free cash flow, a \$25bn judgment, more youth trials, possible equity issuance and record default-swap spreads.                                       |
| Investment Score        |                                                                                          | 100%   | -2.5      | <b>69.5 / 100</b>                                                                                                                                              |

Scored 1-10, where 10 is always best, including Risk. The Investment Score is the weighted sum of the seven factor scores.

Two scores move. Financial Strength falls from 5 to 4 because the \$25bn judgment adds to about \$19.9bn of legal accruals at a time when free cash flow is negative and cash and debt are level. Risk falls from 5 to 4 for the same reasons,

plus the credit market's reaction. The judgment is the High development behind both moves. Valuation stays at 6: the multiple is lower at 18.9 times, but the base case is also lower, so the margin to it is only 7%. Business Quality, Competitive Advantage and Growth Potential stay at 9, because the advertising results and guide behind them are the same ones the last report scored. Management stays at 7: the 2027 disclosure gap and the new share class were already scored. The 22 October report already scored Risk with 10 as lowest risk and used the same weights, so no restatement applies.

## 12. Recommendation

**Watchlist at \$642.62**, unchanged. The last report wanted a price 5% to 9% below its base case; the price is now below that band, but the base case has fallen with it, and the margin is 7%. The name becomes interesting at **\$580 to \$605**, where the base case of \$689.89 offers 14% to 19%. That is a wider margin than the last band asked for, because the bear case now carries 28%. The range is meant for use before or after the January results; a January guide that shows 2027 capital spending with a return case, or buybacks resuming, would justify revisiting it upward. No cut-loss or take-profit applies because no position is recommended. The High development, the New Mexico judgment, lowers each case by \$1.34 to \$9.72 a share and moved two factor scores; without it the band would sit about \$3 higher and the verdict would be the same.

| What would change the view                                               | Direction    |
|--------------------------------------------------------------------------|--------------|
| A price in the \$580 to \$605 range without a new shock                  | Toward Buy   |
| A January 2027 capital guide with a return case, or buybacks resuming    | Toward Buy   |
| Paying Muse or Meta One subscribers disclosed, with a revenue figure     | Toward Buy   |
| The New Mexico penalty cut sharply on appeal                             | Toward Buy   |
| 2027 capital spending guided far above 2026 without a return case        | Toward Avoid |
| A large equity issuance under the Class C share tied to the capital plan | Toward Avoid |
| Further large settlements or adverse verdicts in the youth trials        | Toward Avoid |
| Advertising decelerating as the labour market cools                      | Toward Avoid |
| A further rise in long-dated yields alongside another rate increase      | Toward Avoid |

## 13. Technical read

### Chart as of 23 October 2026 close

Verdict: Watchlist, from fundamentals. Technical read (chart only): Neutral. The stock is in a pullback inside a rising trend; watch whether it holds the 200-day average near \$632.53 and the 20-day low of \$633.27, or loses them on volume, before any approach to the \$580 to \$605 range.

The chart state is a pullback: the 50-day average is still rising, the price has not set a new 60-session closing low in the past five sessions and has not closed below the 200-day average in the past ten. It sits 10.5% below the 20-day average and 3.2% below the 50-day, but 1.6% above the 200-day and 1.9% above the 100-day. RSI of 35.7 is weak but not oversold. The MACD is negative and below its signal line.

| Indicator                | Value                | Reading                                                     |
|--------------------------|----------------------|-------------------------------------------------------------|
| <b>Trend</b>             | Pullback             | Below the 20 and 50-day averages, above the 100 and 200-day |
| <b>20-day SMA / EMA</b>  | \$717.65 / \$701.70  | Price 10.5% / 8.4% below                                    |
| <b>50-day SMA / EMA</b>  | \$663.81 / \$678.55  | Price 3.2% / 5.3% below                                     |
| <b>100-day SMA / EMA</b> | \$630.81 / \$654.61  | Price 1.9% above / 1.8% below                               |
| <b>200-day SMA / EMA</b> | \$632.53 / \$651.69  | Price 1.6% above / 1.4% below                               |
| <b>RSI (14)</b>          | 35.7                 | Weak, not oversold                                          |
| <b>MACD (12,26,9)</b>    | -1.97 / signal 12.29 | Negative and below signal                                   |
| <b>ATR (14)</b>          | \$26.08              | 4.1% of price a day                                         |

| Indicator         | Value                        | Reading                                                        |
|-------------------|------------------------------|----------------------------------------------------------------|
| <b>Volume</b>     | 20-day 19.3m vs 50-day 20.2m | Participation fading (-4.8%) despite a 40.6m day on 22 October |
| <b>Support</b>    | \$632.53-\$633.27; \$543.67  | 200-day average and 20-day low; 60-session closing low         |
| <b>Resistance</b> | \$663.81; \$717.65           | 50-day and 20-day averages                                     |

*Computed from daily prices, 300 completed sessions from 15 August 2025 to 23 October 2026; distances measured against the \$642.62 closing price.*

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score and only guides entry timing.

## Sources

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