

Unity Software (NYSE: U)

The engine is fixed, the ads business is compounding, and cash is real. But at 36 times trailing adjusted EBITDA, the market already assumes the leverage story plays out.

Reference price: **\$44.10** (September 23, 2026 close) · Market cap ~**\$19.4B**

75

SCORE / 100

Positive

VERDICT

Positive. The turnaround is working; the price assumes the leverage story.

FY2029 targets: **\$14** bear / **\$57** base / **\$93** bull, from \$44.10. Five pillars: 4 pass, 1 partial (moat).

FUNDAMENTAL

B+

Turnaround delivering, growth reaccelerating

BALANCE SHEET

B

Net cash, but convert maturities to manage

TECHNICAL

B+

Strong momentum, extended

VALUATION

B-

Priced for margin expansion

Report map

REFERENCE PRICE

\$44.10

September 23, 2026 close

MARKET CAP

~\$19.4B

439.99M shares (June 30, 2026)

TTM REVENUE

~\$2.03B

Estimate; P/S ~9.6x

ADJ. EBITDA MARGIN

29%

Q2 2026; guided ~33% Q3

TTM FREE CASH FLOW

~\$533M

Estimate; Q2 \$202M, +59%

NET CASH

~\$115M

\$2.352B cash vs \$2.237B converts

Five questions this report answers

1. What does Unity actually sell, and which half is growing? pp. 3-4
2. How does a 29% EBITDA margin become 37% by FY2029? pp. 7-8
3. What does Meta Connect 2026 change for the thesis? p. 10
4. What is the stock already pricing in? pp. 11-13
5. What breaks the leverage story? pp. 15-17

The one-paragraph version

Unity is two businesses: Create (the game engine, subscriptions) and Grow (the mobile ads business, rebuilt around Vector). Both were broken in different ways, Create by the 2023 Runtime Fee disaster and Grow by a bloated ironSource inheritance. Since May 2024, CEO Matthew Bromberg has fixed the engine's trust problem, killed the bad ads assets, and expanded adjusted EBITDA margins from 19% to 29% in six quarters. The investment question is whether that margin can reach the high 30s by FY2029 while revenue compounds in the mid teens. The evidence says yes, if Vector keeps scaling and the cost base stays reset. The price, at 36x trailing adjusted EBITDA, already assumes it.

The business: two engines, one turnaround

Unity sells the tools to make interactive 3D content and the tools to make money from it. Management reports two segments:

CREATE SOLUTIONS

\$157M/qtr

Engine subscriptions (Pro, Enterprise, Industry), cloud services, professional services. Strategic Create was \$157.5M in Q2 2026, up 5% reported; management said ~14% excluding a \$12M prior-year item. This is the subscription engine: recurring, high gross margin, priced per seat.

GROW SOLUTIONS

\$389M/qtr

Mobile advertising: the Unity Ads network rebuilt on the Vector platform, LevelPlay mediation, offerwalls. Strategic Grow was \$329.0M in Q2 2026, up 63%. This is the volatile engine: tied to the mobile ad cycle, facing AppLovin.

The strategic versus non-strategic split matters more than the segment split

Since the portfolio reset, Unity reports "strategic" revenue (the businesses it is keeping) separately from "non-strategic" (the legacy and discontinued pieces being wound down). In Q2 2026, strategic revenue was \$486.4M, up 38%, while non-strategic was \$60.1M, down 33%. For Q3, management guides non-strategic down to ~\$20M, roughly 4% of revenue. The headline growth rate will converge to the strategic growth rate as this drag disappears, which mechanically lifts reported growth without any change in the underlying businesses.

The key disclosure gap: Unity does not report gross margins separately for Create and Grow. Any margin bridge must therefore be built at the consolidated level. Segment-level economics in this report are discussed qualitatively, and the bridge is labeled an analytical estimate wherever it appears.

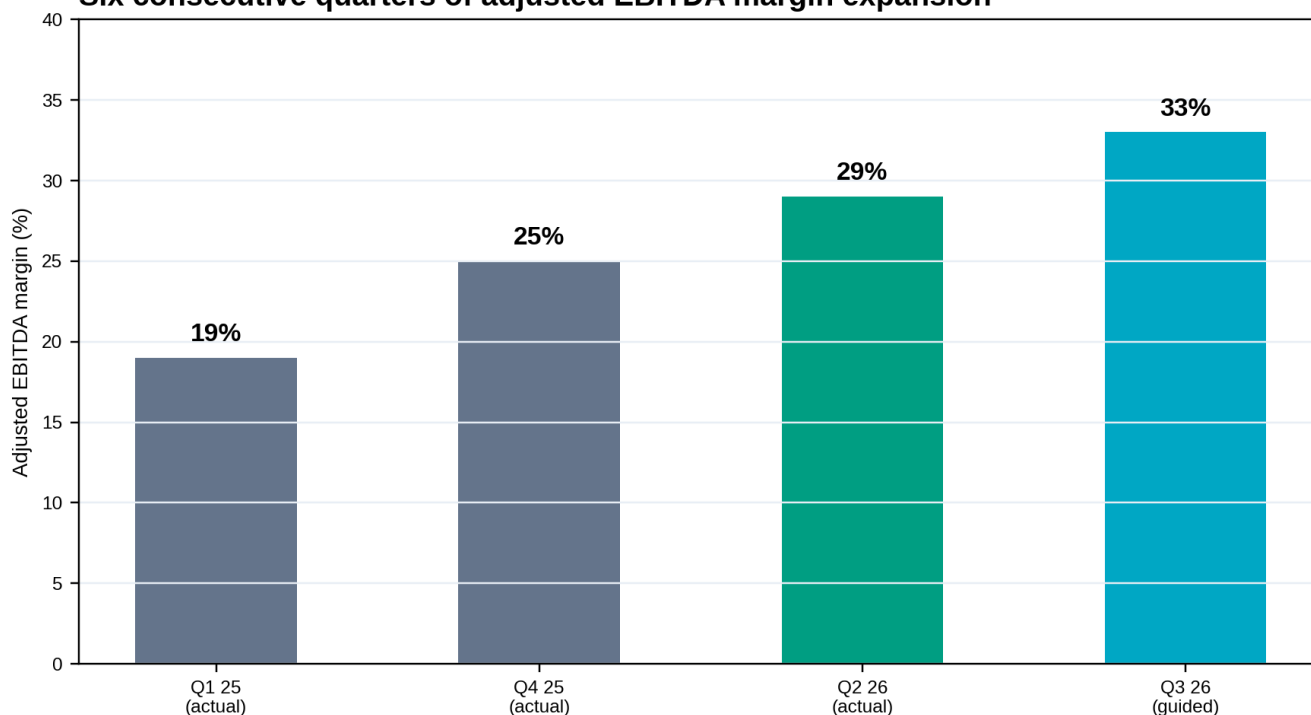
The turnaround under Matthew Bromberg

Matthew Bromberg became CEO on May 15, 2024, inheriting a company in a trust crisis. His predecessor, John Riccitiello, had announced the Runtime Fee on September 12, 2023, a per-install charge that triggered a developer revolt; Riccitiello retired a month later. Bromberg canceled the Runtime Fee on September 12, 2024, exactly one year later, and raised subscription prices instead: secondary reporting puts the Pro increase at 8% and Enterprise at 25%. The lesson he drew was that developers pay for seats, not for installs.

What he has done since

- **Portfolio reset.** Shut down the legacy ironSource Ads Network on April 30, 2026; sold the Supersonic mobile games studio to Triplicated, closing August 4, 2026; kept LevelPlay mediation. The ironSource merger's promised \$300M+ of annual EBITDA synergies by year three were never authoritatively confirmed as realized; this report does not claim they were.
- **Cost reset.** Headcount fell from 7,703 at the end of 2022 to 4,987 at the end of 2024, including a January 2024 cut of ~1,800 people (about a quarter of the workforce); 23 offices were closed in 2024. In Q2 2026, adjusted sales and marketing and adjusted G&A fell in absolute dollars while revenue grew 24%.
- **Beat and raise.** Unity beat its own guidance in Q1 and Q2 2026. For Q3 2026 it guides strategic revenue of \$540-550M (up 44-47%), strategic Grow of \$380-385M (up 68-70%), strategic Create of \$159-163M (up 7-10%), and adjusted EBITDA of \$185-190M, an implied margin of ~33%. Management expects GAAP profitability in Q3, one quarter earlier than its previous target.
- **Balance sheet repair.** Flipped to net cash of ~\$115M at June 30, 2026, with the \$558M of 2026 converts to be repaid from cash in November 2026.

Six consecutive quarters of adjusted EBITDA margin expansion



Adjusted EBITDA margin: ~19% (Q1 2025) to 25% (Q4 2025) to 29% (Q2 2026), with Q3 2026 guided at ~33%. Six consecutive quarters of expansion.

Grow: Vector is the whole story

The Grow turnaround has one name: **Vector**, Unity's AI-driven advertising platform. In Q2 2026, Vector grew 23% sequentially, against management's prior expectation of 12-13%, and passed a \$1B annualized revenue run rate two quarters ahead of plan. Day 28 campaign spend nearly tripled sequentially; Day 28 ROAS adoption exceeded 25% of Unity's advertising base; and late in the quarter, runtime data from ~3B monthly consumers began feeding Vector's live models. The flywheel is visible: more advertisers, more spend per campaign, better models, more advertisers.

The ironSource unwind is nearly complete

The 2022 ironSource merger was supposed to make Unity a mobile-advertising powerhouse; instead it left a bloated portfolio. The cleanup is almost done: the legacy ironSource Ads Network was shut on April 30, 2026, Supersonic was sold to Triplicated in August 2026, and LevelPlay mediation was retained. Non-strategic revenue, which was \$60.1M in Q2 (down 33%), is guided to ~\$20M in Q3. What remains is a cleaner, Vector-led ads business growing at 60%+.

The honest competitive read. AppLovin remains the core Grow competitor and operates at far higher margins. A sample-specific 2025 study found AppLovin MAX far ahead of LevelPlay in top-downloaded and top-grossing ad-monetized games. Unity's Ads SDK presence is high in sampled Android games, but SDK presence is not mediation share or revenue share. Vector's momentum is real, but Unity is the challenger here, not the leader.

What to watch: whether Vector's sequential growth sustains past the initial migration wave; whether LevelPlay regains mediation share; and how the mobile ad cycle, which is currently recovering, behaves in a downturn.

Create: the subscription engine, repriced

Create is the steadier half: engine subscriptions sold per seat to game developers and, increasingly, to industrial and enterprise users. Strategic Create grew ~14% in Q2 2026 excluding a \$12M prior-year item, and is guided to \$159-163M in Q3 (up 7-10%). The economics improved when Bromberg replaced the Runtime Fee with straightforward price increases on Pro and Enterprise tiers.

Unity 7 and the product pipeline

- **Unity 7**, announced July 21, 2026 at Unite Seoul, targets beta in December 2026 and full release in Q1 2027, with no breaking changes from the Unity 6 architecture. It adds CoreCLR, new rendering tools, coding-agent support, commerce tools, and deeper Vector integration.
- **Unity AI** entered open beta on May 4, 2026; Muse Chat was retired in October 2025 in favor of an in-editor assistant; Sentis remains the runtime inference engine. No material Unity AI revenue or paid-seat count has been verified, so this report treats AI as optionality, not forecast revenue.
- **Distribution partnerships:** Unity and Epic announced on November 19, 2025 that Unity games will be able to publish into Fortnite and Unity commerce will support Unreal Engine; a multiyear Netflix games partnership extends Unity's reach into new gaming surfaces.
- **Enterprise and industrial** (digital twins, automotive, AEC) are a stated growth vector, but revenue and customer counts are not disclosed. Treat as upside, not base case.

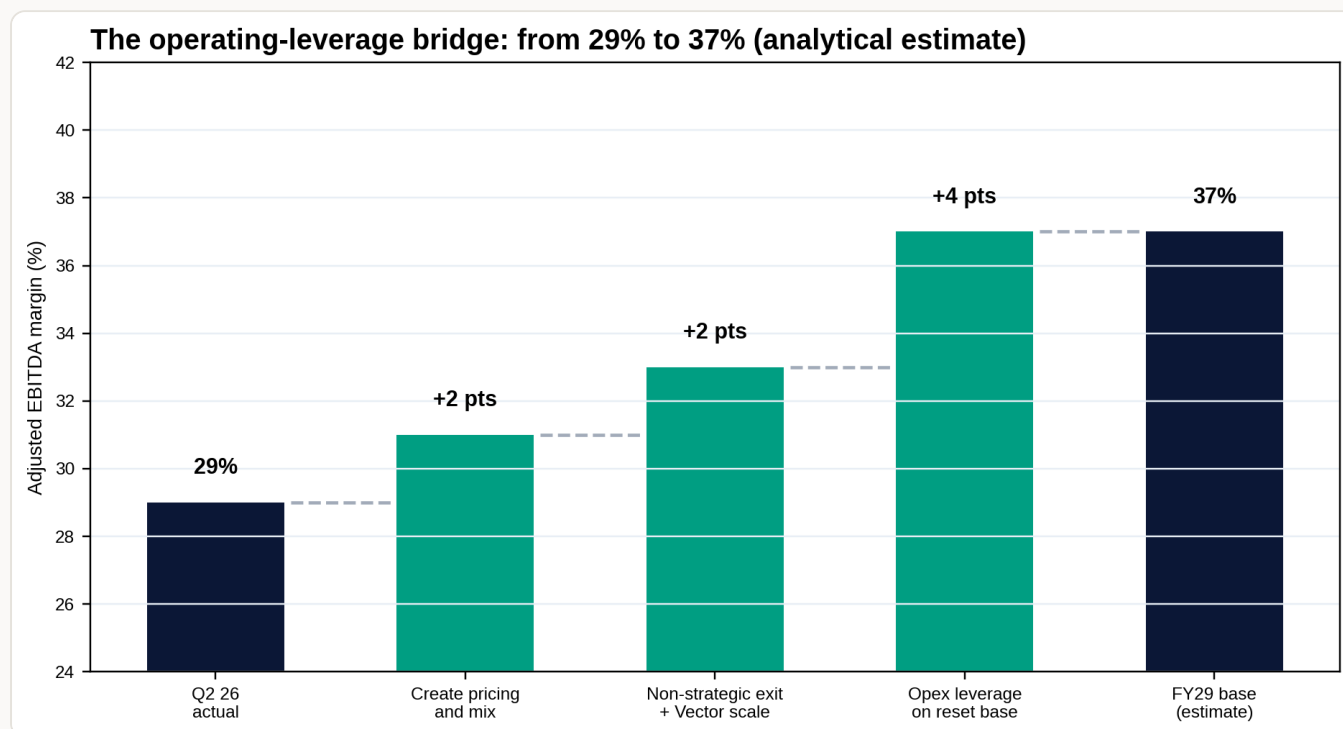
Competitive position. Unreal Engine dominates high-end PC and console; Unity dominates mobile. AI-native creation tools and Roblox-native tooling are emerging threats at the low end. Avoid unsupported engine market-share claims: the moat here is switching costs and ecosystem depth in mobile, not a monopoly.

Operating leverage: the core of the thesis

This is the section that decides the investment. Unity's adjusted EBITDA margin went from ~19% in Q1 2025 to 29% in Q2 2026, with ~33% guided for Q3. The question is how much further it can go, and what carries it there.

The margin bridge: 29% to 37%

The FY2029 base case assumes a 37% adjusted EBITDA margin, the midpoint of a 35-39% range. The bridge from Q2 2026's 29%:



Analytical estimate, not company guidance. Segment gross margins are not disclosed, so the bridge is built at the consolidated level.

- **Create pricing and mix (+2 points).** The Pro and Enterprise price increases flow straight to the subscription line, which carries software gross margins. As Create shifts toward higher-value Enterprise and Industry seats, average revenue per seat rises against a largely fixed R&D base.
- **Non-strategic exit plus Vector and Grow scale (+2 points).** The \$60M/quarter of shrinking, lower-quality non-strategic revenue becomes ~\$20M in Q3 and then ~zero; removing it mechanically lifts the margin. Vector, built on Unity's own platform, scales better than the discontinued ironSource Ads Network it replaces.
- **Opex leverage on the reset cost base (+4 points).** This is the largest piece and the most evidence-backed: adjusted S&M and adjusted G&A already fell in absolute dollars in Q2 2026 while revenue grew 24%. Headcount is down 35% from the 2022 peak. If revenue compounds in the mid teens while opex grows in the low single digits, four points of margin fall out arithmetically.

What SBC does and does not do. Stock-based compensation fell from 32.9% of revenue in FY2024 to 20.8% in FY2025 to 14.6% in Q2 2026. That normalization improves GAAP profitability and per-share

economics, but it does *not* raise adjusted EBITDA, which already excludes SBC. Do not double-count it in the bridge.

Stress-testing the leverage story

A margin bridge is a promise. Here is what breaks it, in rough order of likelihood:

1. Vector decelerates. The 23% sequential growth and \$1B run rate are the engine of the Grow margin story. If that was a one-time migration surge rather than a compounding flywheel, the +2 points from Vector scale do not materialize, and the bull case collapses.

2. The mobile ad cycle turns. Grow is two-thirds of revenue and cyclically exposed. In a mobile-ad downturn, the high incremental margins of the ads business work in reverse.

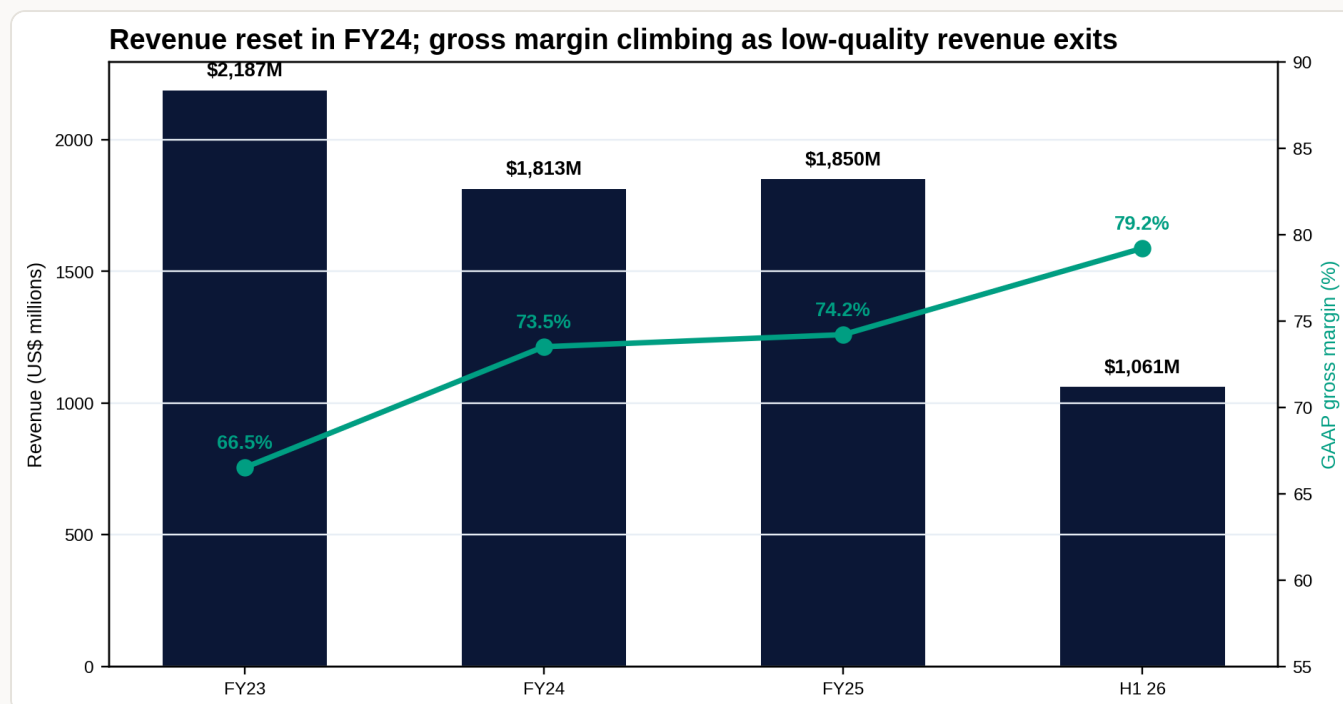
3. AppLovin keeps winning mediation. If LevelPlay continues to lose share to MAX, Unity's ads growth comes entirely from its own network, capping the scale benefit.

4. Create seat churn. Poor price elasticity on the Pro/Enterprise increases, or drift toward Unreal, Godot, or AI-native tools, would stall the highest-margin revenue line. The Runtime Fee episode showed how fast developer trust can break; it has been repaired, not made permanent.

5. The cost base reaccelerates. The +4 points from opex leverage assume the reset holds. Cloud costs, AI R&D, or a renewed hiring wave would eat it. SBC rebounding would not hit adjusted EBITDA, but it would dilute shareholders.

The bear case in one line: if Vector stalls and opex discipline slips, the margin settles in the low 20s instead of the high 30s, and a stock priced at 36x trailing adjusted EBITDA has a long way down. That is the \$14 bear target.

Financial quality: cash is real



Revenue fell in FY2024 as the portfolio reset began; GAAP gross margin has climbed from 66.5% (FY2023) to 79.2% (H1 2026) as low-quality revenue exited.

Free cash flow

Free cash flow is the strongest evidence that the turnaround is not an accounting exercise. Q2 2026 FCF was \$202M, up 59% year over year; trailing-twelve-month FCF is ~\$533M (estimate); FY2025 FCF exceeded \$400M, up 41%, converting at ~99% of adjusted EBITDA. The business now funds itself.

The GAAP path

Unity still reports GAAP losses (Q2 2026: -\$22.7M), but the gap is closing fast: SBC is normalizing (14.6% of revenue in Q2 2026, down from 32.9% in FY2024), amortization from the ironSource deal is rolling off, and management expects GAAP profitability in Q3 2026, a quarter earlier than planned. For a company that lost money for a decade, that milestone matters more for credibility than for cash.

Period	Revenue	GAAP gross margin	Operating expenses	SBC
FY2023	\$2.187B	66.5%	\$2.286B	\$649M
FY2024	\$1.813B	73.5%	\$2.088B	\$596M
FY2025	\$1.850B	74.2%	\$1.851B	\$385M
H1 2026	\$1.061B	79.2%	n/a	~14.6% of rev (Q2)

Annual figures from audited 10-Ks; H1 2026 from quarterly releases. SBC as a share of revenue is the cleanest single indicator of the cost reset.

Meta Connect 2026: a modest tailwind, not a catalyst

Meta Connect 2026 opened on September 23, 2026, the day of this report's reference price. The read-through for Unity:

- **New VR glasses, spring 2027, \$1,299.99, Quest catalog compatible.** A lighter, glasses-style form factor with a separate compute puck expands the potential hardware base for XR applications. Since Unity is a leading engine for building Quest content, a larger compatible installed base is a modest positive for Create seat demand and XR-related revenue over time.
- **No new Quest-branded headset** was announced in the opening keynote. The XR hardware cycle is evolutionary, not a step change.
- **Meta's Horizon-native creation tooling** competes for lower-complexity creators, but Unity remains the choice for full native games and cross-platform applications. The overlap is at the casual end, not Unity's core.
- **Meta's official developer agenda** listed a September 24 session covering SDK updates for Unity, Unreal, and native engines. No Unity-specific partnership or enterprise/digital-twin announcement was identified in the September 23 keynote coverage.

Assessment: modestly positive to neutral

The XR optionality in the Unity thesis is intact and slightly improved: more Quest-compatible hardware means more surfaces for Unity-built content. But this is not a standalone catalyst, and it does not change the FY2029 model. The September 24 developer sessions are worth checking for SDK-level detail, but the investment case does not depend on them.

Balance sheet: net cash, with a convert calendar to manage

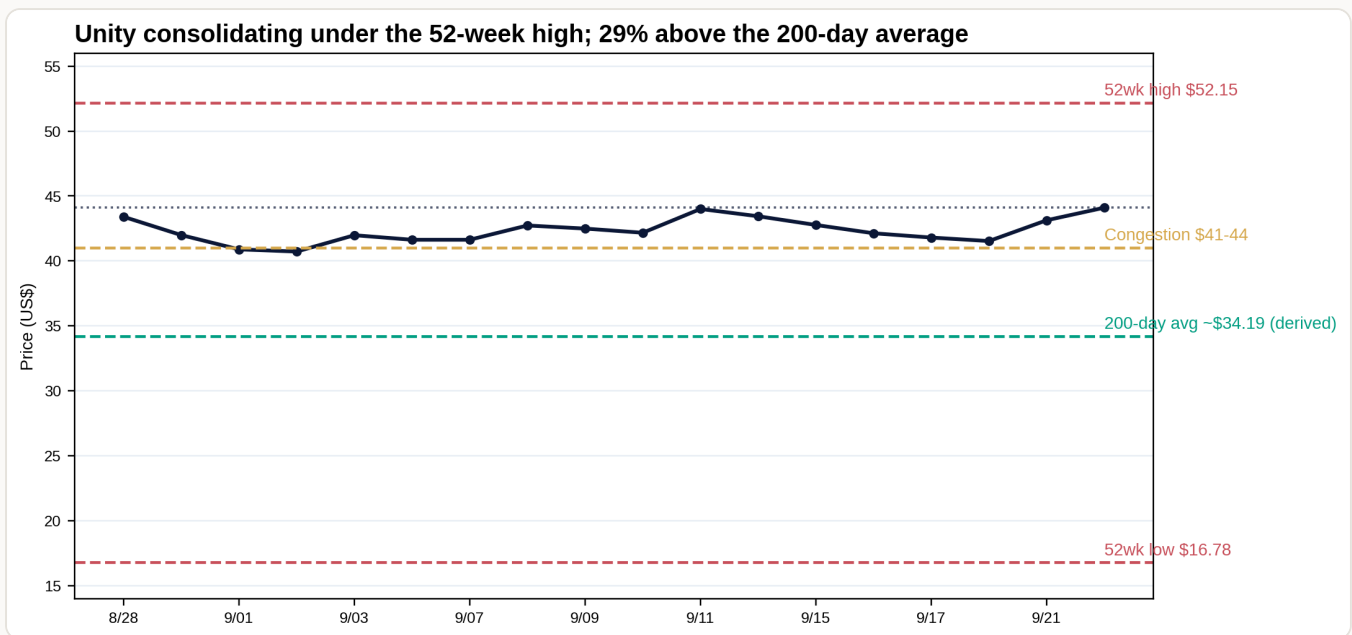
At June 30, 2026, Unity held \$2.352B of unrestricted cash against \$2.237B of convertible-note carrying value: net cash of ~\$115M. That is a genuine repair from the cash-burning years, and the B grade reflects it. But the maturity calendar demands attention:

Notes	Principal	Terms	Status
2026 converts	~\$558M	Due November 2026	To be repaid from cash
2027 converts	\$1.0B	2% coupon, converts at \$48.89	The key test: above \$48.89 they convert to equity; below, Unity repays \$1B in cash
2030 converts	\$690M	0% coupon, converts at \$36.15	Already in the money at \$44.10

With the stock at \$44.10, the 2030 notes are in the money and the 2027 notes are ~11% out of the money. In the base case, continued execution pushes the stock through \$48.89 and the 2027 notes convert, turning a maturity wall into equity. In the bear case, Unity repays \$1B from a cash pile that would then be materially smaller, which is one reason the bear target assumes roughly zero net cash by FY2029.

Dilution math: conversion of the 2027 and 2030 notes would add roughly 35M shares (~8% of the current 440M). The FY2029 model uses ~470M diluted shares in the base case, which absorbs this plus ongoing SBC dilution of ~2% a year. SBC at 14.6% of revenue is still elevated versus mature software peers; continued normalization is part of the per-share story.

Technical analysis: momentum intact, extended



Daily closes from late August to September 23, 2026 (MarketBeat; September 23 is the \$44.10 reference close). The 200-day average (~\$34.19) is derived from the reported ~29% premium, not from a full candle series.

- **Trend:** the stock is up roughly 96-136% over six months and sits ~29% above its 200-day average. The primary trend is firmly up; the February 2026 low of \$16.78 looks like a completed bottom.
- **Structure:** \$41-44 has been a month-long congestion zone. A clean break above \$44-45 opens a run at the 52-week high of \$52.15 (December 11, 2025); failure to hold \$41 exposes the 200-day average near \$34 as the next real support.
- **Momentum caveat:** six months of near-doubling with the stock 29% above its long-term average is extended by any measure. Momentum names that miss a quarter can retrace a third of the move in days. Position sizing should respect that the easy part of this chart is behind it.

Technical grade: B+. Trend and structure are bullish, but extension tempers the grade. This is a chart to buy on pullbacks toward support, not to chase into strength.

Valuation: priced for the leverage story

At \$44.10, Unity trades at ~9.6x trailing revenue and ~36x trailing adjusted EBITDA. The trailing multiple is the whole debate: it prices in several more years of margin expansion. The comps set the boundaries:

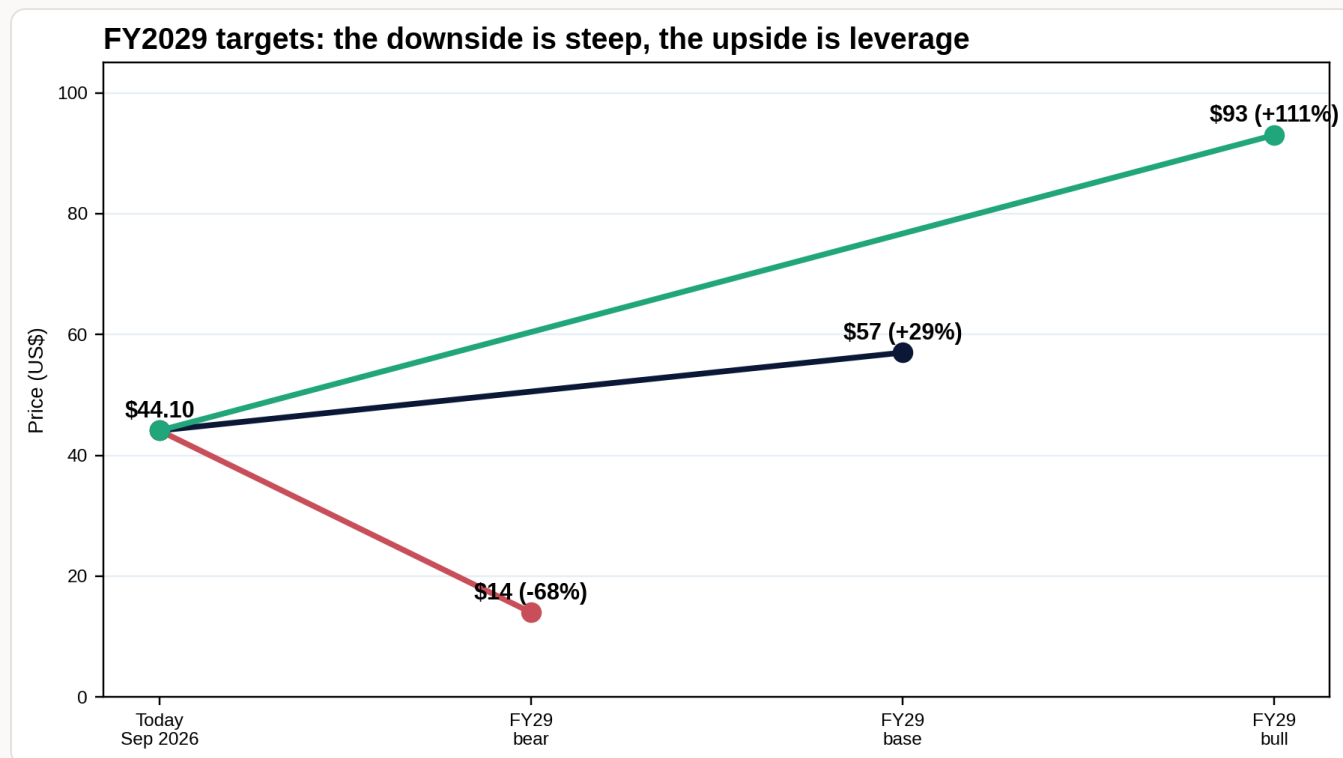
Company	Price (Sep 23, 2026)	P/S (TTM)	EV / adj. EBITDA
Unity	\$44.10	9.6x	~36x (trailing)
AppLovin	\$315.17	16.1x	19.3x
Roblox	\$48.90	6.1x	n/a
Autodesk	\$217.41	5.8x	20.6-22.7x
PTC	\$140.84	5.0x	12.7x

AppLovin, the closest Grow comp, trades at 19.3x trailing EBITDA but earns 82-84% EBITDA margins. Autodesk, the closest Create comp, trades at ~21x with mid-30s margins and slower growth. Unity at 36x trailing is paying a full price for a margin story that has not finished: the multiple only makes sense if FY2029 EBITDA is roughly double today's, which is exactly what the 37% margin on ~\$3.4B of revenue delivers.

Valuation grade: B-. This is not a cheap stock; it is a fairly priced turnaround where the upside must be earned through execution. The base-case return of +29% over three years reflects multiple compression (36x to 20x) even as EBITDA more than doubles. That is the honest arithmetic of buying a priced-in recovery.

Scenario targets: FY2029

Targets use an EV / adjusted EBITDA framework with net-cash adjustments, the cleanest lens for a company where SBC still distorts GAAP earnings. All three scenarios share the margin-bridge logic from page 7.



FY2029 price targets from the \$44.10 reference. The bear case is a genuine capital loss; the return is asymmetric only if the leverage story holds.

	Bear	Base	Bull
FY2029 revenue	\$2.5B	\$3.4B	\$4.3B
Implied revenue CAGR	~7%	~16%	~23%
Adj. EBITDA margin	22%	37%	40%
Adj. EBITDA	\$550M	\$1.26B	\$1.72B
EV / EBITDA multiple	12x	20x	24x
Net cash	~\$0	+\$1.5B	+\$2.0B
Diluted shares	480M	470M	465M
Target	\$14	\$57	\$93
Return from \$44.10	-68%	+29%	+111%

What each scenario assumes

- **Bear (\$14):** Vector stalls, Growth collapses to mid single digits, Create churns on price increases, the margin settles in the low 20s, and the 2027 converts are repaid from cash. 12x is a no-growth software multiple.

- **Base (\$57):** Grow compounds at ~20% on Vector momentum, Create at ~10% on pricing and Unity 7, the margin bridge delivers 37%, the 2027 converts convert to equity, and the multiple compresses from 36x to 20x as earnings compound. The return is modest because the starting price already assumes most of this.
- **Bull (\$93):** Vector sustains 25-30% growth, enterprise/industrial becomes material, margins reach 40%, and the market pays 24x for a genuine growth compounder.

Leadership: the operator who ended the chaos

Matthew Bromberg, CEO since May 15, 2024, is a former Zynga COO and a senior EA Mobile and BioWare operator. He had run a game-company turnaround before, which is the specific experience Unity needed. His record in 28 months:

- Canceled the Runtime Fee and replaced it with seat pricing developers accept.
- Reset the portfolio: shut the ironSource Ads Network, sold Supersonic, kept LevelPlay.
- Expanded adjusted EBITDA margin from ~19% to 29%, with ~33% guided.
- Beat guidance two quarters running and pulled GAAP profitability forward to Q3 2026.
- Took Vector past a \$1B run rate two quarters ahead of plan.
- Flipped the balance sheet to net cash with the 2026 converts covered.

The prior era is worth one paragraph for context: John Riccitiello's September 2023 Runtime Fee announcement caused a developer revolt that damaged trust in the engine business; he retired in October 2023. Bromberg's first year was substantially an exercise in undoing that damage, and the repair appears to have held: Create is growing again and pricing power has returned.

Assessment. Bromberg passes the engine's leadership test: he has scaled a turnaround before (Zynga), and he has done what he said he would do, quarter after quarter. The remaining question is whether he can manage a growth company rather than a turnaround, a test that starts about now.

Risks

- **Grow concentration and cyclical.** Advertising is roughly two-thirds of revenue. A mobile-ad downturn hits the highest-incremental-margin line first.
- **AppLovin.** The best-capitalized competitor in Unity's largest growth business, operating at 80%+ EBITDA margins with dominant mediation share. Unity is the challenger.
- **Vector execution.** The \$1B run rate and 23% sequential growth need to compound. A deceleration breaks the margin bridge and the growth narrative simultaneously.
- **Developer trust.** The Runtime Fee episode proved trust is fragile. Price increases, AI-monetization missteps, or a Unity 7 stumble could reopen it.
- **Engine competition.** Unreal at the high end, Godot and AI-native tools at the low end. Unity's moat is real in mobile but not absolute anywhere.
- **Convert maturities.** \$1B of 2027 notes must convert (needs the stock above \$48.89) or be repaid from cash. In a bear case this is a genuine liquidity event.
- **SBC and dilution.** 14.6% of revenue is still elevated; ongoing dilution of ~2% a year is baked into the targets.
- **Enterprise/industrial may stay small.** Digital twins and automotive are promising but undisclosed; the model assumes they contribute optionality, not base-case revenue.
- **Expectations.** At 36x trailing adjusted EBITDA, the stock has no room for a stumble. A single weak Vector quarter could cost 20-30% quickly.

Catalysts and what to watch

Catalysts (next 12 months)

- **Q3 2026 earnings (November).** The guided quarter: ~33% EBITDA margin and the first GAAP-profitable quarter. A beat-and-raise here is the single most important near-term event.
- **Unity 7 beta (December 2026) and release (Q1 2027).** Adoption pace and developer reception set the Create growth rate for 2027.
- **Vector quarterly prints.** Sequential growth sustaining above 15% keeps the flywheel narrative alive.
- **2026 converts repayment (November 2026).** A non-event if handled from cash, which is the expectation; watch the cash balance after.
- **Meta XR hardware cycle.** The spring 2027 VR glasses expand the Quest-compatible base; a positive surprise in XR developer activity would be Create upside.

What would change the thesis

More positive: Vector sustains 20%+ sequential growth for two more quarters; enterprise/industrial revenue gets disclosed and is material; the 2027 converts convert; SBC falls below 10% of revenue.

More negative: Vector decelerates sharply; strategic Grow growth falls below 20%; opex starts growing faster than revenue; the stock falls below \$36 and stays there into 2027 (the 2030 converts' strike), threatening the 2027 maturity.

Verdict

75

SCORE / 100

FUNDAMENTAL

B+

Turnaround delivering: 38% strategic growth, six quarters of margin expansion, FCF strongly positive.

BALANCE SHEET

B

Net cash ~\$115M; 2027 convert maturity is the item to manage.

TECHNICAL

B+

Strong uptrend, 29% above the 200-day; extended, so buy pullbacks.

VALUATION

B-

36x trailing EBITDA prices the leverage story; returns must be earned.

Positive. The turnaround is working; the price assumes the leverage story.

Unity under Bromberg is the rare turnaround where the numbers confirm the narrative: margins up ten points in six quarters, free cash flow compounding, the bad assets sold, the balance sheet repaired. The operating-leverage bridge to a 37% EBITDA margin by FY2029 is arithmetically sound if Vector keeps scaling and the cost base stays reset, and the \$57 base target reflects it. But nothing here is cheap: at \$44.10 the market has already underwritten most of the recovery, the bear case is a genuine -68%, and AppLovin is not standing still. This is a quality-execution story at a full price. Size it for the execution risk, and let the quarterly Vector prints do the talking.

Five pillars: 4 of 5 pass. Sunrise pass, Leadership pass, Moat partial, Iron-fortress pass, Free cash flow pass. See the companion five-pillar analysis for the full grading.

Sources and methodology

All company figures come from Unity's official releases and filings: the Q2 2026 shareholder letter and earnings release (August 6, 2026), the Q1 2026 release (May 7, 2026), the FY2025 10-K, and the June 30, 2026 balance sheet. Market data is as of the September 23, 2026 close unless stated. Competitor multiples use September 23, 2026 closing prices.

Estimates are labeled as such wherever they appear. The FY2029 scenarios, the margin bridge, trailing-twelve-month revenue and free cash flow, and the 200-day average derivation are analytical estimates built from disclosed figures, not company guidance. Segment-level gross margins are not disclosed by Unity; the margin bridge is constructed at the consolidated level and discussed qualitatively by segment.

What this report does not claim. It does not claim the original ironSource synergy targets were achieved (no authoritative disclosure confirms it). It does not claim verified effective dates or per-seat prices for the 2024 subscription increases (secondary reporting only). It does not assert Unity engine market-share figures or material Unity AI revenue (neither is verified). Meta Connect 2026 coverage reflects the September 23 opening keynote; the September 24 developer sessions postdate this report's reference price.

Methodology. Targets use an EV / adjusted EBITDA framework with net-cash adjustments and diluted-share counts that absorb convert conversion and ongoing SBC dilution. Grades follow the DalalBytes rubric: fundamental (business quality and trajectory), balance sheet (liquidity and leverage), technical (trend, structure, momentum), valuation (what the price assumes).

Fact pack compiled September 24, 2026. Reference price \$44.10 (September 23, 2026 close). This report is for educational purposes only and is not investment advice.