

Robinhood Markets, Inc.

NASDAQ: HOOD | Retail brokerage, crypto and prediction markets | 28 October 2026 | Third-quarter 2026 results

Verdict	Watchlist (unchanged)	Price (27 Oct close)	\$94.56
Weighted fair value	\$101.02 (+6.8%)	Base case	\$101.75
Becomes interesting	\$79-84	Base 2027 clean EPS	\$2.75 (34.4x)
Investment Score	63.5 / 100 (was 63.5)	Q3 adjusted EPS	\$0.60 (GAAP \$0.51)
Technical read (chart only)	Conflicts	Q3 event-contract revenue	\$173m (Q2: \$156m)

Price timing. Robinhood reported after the market closed on 27 October. The price used throughout this report is that day's close of \$94.56, set before the results were public, so it does not reflect the market's reaction. The shares fell in after-hours trading. The technical section describes the chart as it stood before the news.

Prediction Markets Delivered. The Rest of the Quarter Was Thinner

The last report named one test for the quarter: event-contract revenue at or above the second quarter's \$156m. Robinhood cleared it with \$173m, and event contracts traded rose more than sevenfold on the year to 16.4bn. Total net revenue reached a record \$1.42bn, up 12%, but slightly short of forecasts. Crypto revenue fell 55% to \$120m, net interest revenue fell 9% to \$415m, and GAAP diluted EPS dropped to \$0.51 from \$0.61 as a \$67m mark-to-market loss on the company's venture fund and a higher tax rate weighed. The company introduced an adjusted EPS measure that excludes investment gains and losses; on that basis EPS was \$0.60.

The operating picture is mixed rather than weak. Net deposits were \$15.7bn, platform assets \$396bn, Gold subscribers 5.2m and the margin book a record \$22.1bn. Management lowered the top of its 2026 expense range by \$25m. October started with event-contract volumes up about 10% on the third-quarter pace and equities, options and crypto within about 5% of it, with spreads a little tighter.

Verdict: Watchlist, unchanged, from fundamentals. Technical read (chart only): Conflicts. The chart was recovering its 200-day average before the results, which is turning ahead of the fundamentals; watch whether the price holds the 200-day at \$93.04 after the reaction, without changing the rating. The weighted fair value is \$101.02, +6.8% above the price, and the base case is \$101.75. The name becomes interesting at \$79-84.

1. What the quarter showed

Measure	Q3 2026	Q3 2025	Change	Q2 2026
Total net revenues	\$1,424m	\$1,274m	+12%	\$1,308m
Transaction-based revenues	\$867m	\$730m	+19%	\$776m
of which options / equities	\$399m / \$121m		+31% / +41%	
of which crypto / event contracts	\$120m / \$173m		-55% / >6x	n/a / \$156m
Net interest revenues	\$415m	\$456m	-9%	\$389m
Other revenues	\$142m	\$88m	+61%	\$143m
Income before tax	\$625m	\$634m	-1%	\$709m
Effective tax rate	23.8%	12.3%		19.2%
Diluted EPS (GAAP) / adjusted	\$0.51 / \$0.60	\$0.61 / \$0.62	-16% / -3%	\$0.62 / \$0.50
Adjusted EBITDA	\$808m	\$742m	+9%	\$741m
Adjusted opex and SBC	\$664m	\$613m	+8%	\$641m

Company Q3 2026 earnings release (27 Oct 2026). Tax rates are income tax provision over income before tax, own calculation.

The headline EPS needs two adjustments before it says anything about operations. The first is the venture-fund mark: a \$67m loss, about \$0.07 a share, that has nothing to do with trading or banking and swung from a \$129m gain in the second quarter. The company's adjusted EPS removes it. The second is tax. Pre-tax income was \$625m against \$709m in the

second quarter, and the effective tax rate rose to 23.8% from 19.2%. At the second-quarter rate, net income would have been about \$505m, or about \$0.55 a diluted share (own calculation: \$625m at 19.2% over 911m shares). Either way the quarter's underlying earnings were flat to slightly lower than the second quarter's, not higher.

The mix explains why. Options and equities grew strongly on record volumes, and the rise in event contracts roughly offset the fall in crypto. But crypto revenue fell by more than half on the year as notional volume dropped 38% and the take rate fell; management attributed part of the lower take rate to its stablecoin product, which earns less. Net interest revenue rose on the quarter but fell on the year, despite record margin balances, so higher policy rates have not translated into more interest income.

2. Guidance against the last outlook

Robinhood gives no revenue or earnings guidance. Its one formal outlook is expenses, and that came in better: adjusted operating expenses and stock compensation for 2026 are now \$2.675-2.75bn, with the top end cut by \$25m. Third-quarter adjusted expenses of \$664m sat within the range implied earlier in the year. Management expects about \$100m of 2026 spending on Trump Accounts, with some increase in the fourth quarter, and will give a 2027 plan in January or February.

Three answers on the call were less direct than the rest. Asked about the strategy of Rothera, the prediction-market exchange that now carries much of Robinhood's event-contract volume, management said it does not operate the exchange and would not discuss its plans for clearing members. Asked when its KPI option contracts would launch, the CFO said only 'in the near term', pending approvals. Asked about the 2027 expense run rate, he deferred to the January plan. The call did not address state actions against sports event contracts, which remain the largest risk to the line that carried the quarter.

3. Company developments

Items from 13 October to 28 October 2026 that bear on what Robinhood earns or how it competes. One is High: the third-quarter results, in particular the event-contract line.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Q3 2026 results	Reported 27 Oct	Revenue \$1.42bn; event contracts \$173m; crypto \$120m (-55%); GAAP EPS \$0.51	October event-contract volume up about 10% on Q3 (management)	High
Ohio action on prediction markets	Cease-and-desist deadline 16 Oct; licensee warning 20 Oct	Robinhood among 10 operators and brokers ordered to stop sports contracts; Ohio licensees told to confirm by 30 Oct that they do not support them	None	Medium
2026 expense outlook	Lowered 27 Oct	Adjusted opex and SBC \$2.675-2.75bn, top end cut by \$25m	2027 plan in Jan-Feb (company)	Medium
International licences	Disclosed on the 27 Oct call	Dubai authorization received; in-principle approval from Singapore's regulator; Canada live	Management aims for over half the business outside the US over time	Low
Trump Accounts deposits	October	Net deposits above \$13bn in October, including about \$6bn from one family's gift to Trump Accounts	About \$100m of 2026 spending (company)	Low

Company Q3 2026 earnings release and call, 27 Oct 2026; Ohio Casino Control Commission letter, 20 Oct 2026.

3a. High item: the third quarter, and event contracts in particular

What is known. Event-contract revenue was \$173m, up from \$156m in the second quarter, on a record 16.4bn contracts. Non-sports contracts were about 30% of activity, up from about 15%, and October volumes started about 10% above the third-quarter pace. **Why it matters.** Event contracts were 12% of revenue in the quarter and the fastest-growing line; their growth roughly offset the fall in crypto revenue. **Success and failure** will show in fourth-quarter event-contract revenue, in the non-sports share, and in whether more states follow Ohio. **Economics.** Event contracts are high margin and need little capital, but Robinhood is a broker on them, so it depends on the exchanges it routes to and on how states treat the product.

Sizing. A 30% cut to the annualised event-contract run rate (about \$690m) would remove about \$210m of revenue and, at an 80% incremental margin and a 24% tax rate, about \$0.14 of annual EPS, roughly 5% of the base case (own calculation over 911m shares). Growth of the same size would add a similar amount. **What the price assumes.** At 34 times base-case 2027 clean EPS, the price assumes the line keeps growing. **Effect on this report.** The test the last report set was passed, which keeps the bear case from rising and supports Growth Potential at 7. The verdict would be the same without the item, because the weaker crypto and interest lines lower the base case by more than event contracts raise it.

4. Business and financials

Robinhood earns money from trading (options, equities, crypto and event contracts), from interest on customer cash, margin loans and securities lending, and from Gold subscriptions. It has 28.7m funded customers and \$396bn of platform assets, and trailing net deposits of \$71bn. The balance sheet carries no meaningful net debt and the company bought back \$25m of stock in the quarter, a small amount against its market value. The weakness of the model is visible this quarter: revenue swings with retail trading, and above all with crypto.

5. Growth drivers

Driver	Status	Likelihood	Impact
Event contracts and prediction markets	Q3 \$173m; October up about 10%	Medium	High
Options and equities share gains	Record volumes in Q3	High	Medium
Gold, banking and credit card	Gold 5.2m (+34%)	Medium	Medium
International expansion	Dubai, Singapore in principle, Canada	Medium	Low
Crypto recovery	Revenue -55% in Q3; spreads tighter in October	Low	Medium

Company disclosures to 27 Oct 2026; likelihood and impact are this report's assessments.

6. Valuation at \$94.56

Case	2027 clean EPS	P/E	Value
Bull	\$3.30	44x	\$145.20
Base	\$2.75	37x	\$101.75
Bear	\$2.10	28x	\$58.80

Own calculation. Clean EPS excludes investment gains and losses.

Next year's clean EPS is the right base, because reported EPS carries venture-fund marks that swing by more than \$0.20 a share between quarters. The base case takes 2027 clean EPS of \$2.75, down from \$2.85 in the last report: event contracts beat, but crypto revenue halved, net interest revenue fell on the year and October spreads are tighter, and those lines are larger. The multiple stays at 37 times, a premium for growth that still assumes no lasting loss of the event-contract line. That gives \$101.75. The third quarter's adjusted EPS of \$0.60, annualised, is \$2.40, so the base case needs about 15% growth from here.

The macro variables that matter here. Retail risk appetite, which drives trading volumes and shows up first in crypto: crypto notional volume fell 38% on the year. Consumer confidence rose to 91.7 in October and jobless claims were 194,000 in mid-October, which support activity. The second is the policy rate. The Federal Reserve raised the funds rate to 3.75-4.00% in September and a hold was expected at the 27-28 October meeting; higher rates should help interest income on customer cash, but net interest revenue fell 9% on the year in the third quarter.

7. Sentiment

Indicator	Reading	Read
Broker actions	Rosenblatt Buy, \$135 initiation (20 Oct); Needham Buy, target to \$126 (21 Oct); JPMorgan Neutral, target to \$115 (20 Oct); Wells Fargo Equal-Weight, target to \$120 (14 Oct)	Mildly positive

Indicator	Reading	Read
Price reaction	Fell in after-hours trading on 27 Oct after the release	Negative
Insiders	Director Form 4 (23 Oct) and Rule 144 sale notices (15 and 21 Oct), in line with the usual cadence	Steady selling
Institutional positioning	Mixed, moderate confidence (see below)	Neutral

Broker actions as reported to 28 Oct 2026; reported holdings as of 30 June 2026, filings through 19 August 2026.

Reported holdings by active managers read Mixed, at moderate confidence, as of 30 June 2026, filings through 19 August 2026. Three quarters of net reduction gave way to a net addition of about 4.6% of reported shares in the June quarter, leaving about +1.0% over four quarters, with 33 managers adding and 17 cutting. That may be a turning point, but it rests on one quarter. 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 positioning predates the third-quarter results.

8. Risks

Risk	Probability	Severity	Comment
State action on sports contracts	High	High	Ohio is pressing operators and its own licensees; more states could follow.
Crypto activity	High	Medium	Revenue -55% in Q3 and spreads tighter in October.
Retail risk appetite	Medium	High	A risk-off market cuts every trading line at once.
Valuation and volatility	High	High	34x base-case 2027 clean EPS; ATR 5.7% of price.
Earnings quality	Medium	Medium	Venture-fund marks swing reported EPS by \$0.20 a share between quarters.
Rate path	Medium	Medium	Net interest revenue fell on the year despite higher rates.
Insider selling	High	Low	Regular sales by founders and officers.

Probability and severity are this report's assessments.

9. Scorecard

Criterion	Score	Weight	Change	Basis
Business Quality		7/10 15%	unchanged	Strong product cadence and record volumes; revenue still swings with retail trading and crypto.
Financial Strength		8/10 15%	unchanged	No meaningful net debt; \$808m of adjusted EBITDA in the quarter.
Competitive Advantage		7/10 15%	unchanged	Share gains in options and equities; relies on outside exchanges for event contracts.
Management		7/10 10%	unchanged	Expense outlook trimmed; less direct on Rothera, KPI timing and 2027 costs.
Growth Potential		7/10 15%	unchanged	Event contracts beat the test; crypto and interest revenue fell.
Valuation		5/10 20%	unchanged	34x base-case 2027 clean EPS, with about 8% to the base case.
Risk (10 = lowest risk)		3/10 10%	unchanged	State action on sports contracts, crypto and volatile earnings.

Scored 1-10, where 10 is always best, including Risk. Investment Score 63.5 / 100 (weights 15/15/15/10/15/20/10); previous report 63.5.

No score moved. The quarter improved one input (event contracts) and weakened two others (crypto and interest revenue), and the net effect on growth, valuation and risk is small. The Risk score agrees with the risks above: a business

whose newest growth line faces live state action and whose earnings swing with retail activity.

10. Scenarios

Case	Probability	2027 revenue	EPS x P/E	Value
Bull. Event contracts keep growing with no new state orders, KPI options launch, crypto steadies and trading volumes hold near records.	25%	above \$7.0bn	\$3.30 x 44	\$145.20
Base. Event contracts grow modestly, crypto stays weak, interest revenue flat; expense discipline holds.	48%	about \$6.3bn	\$2.75 x 37	\$101.75
Bear. More states act against sports contracts, crypto keeps falling and a risk-off market cuts volumes.	27%	about \$5.4bn	\$2.10 x 28	\$58.80
Weighted	100%			\$101.02

Own calculation.

The bear case falls to 27% from 30%: the event-contract line grew through the quarter despite Michigan's exit and Ohio's orders, and October started higher. It stays above a quarter because Ohio is now pressing its own licensees and the call did not address state risk. The bull case holds at 25%, with record trading volumes on one side and a halving of crypto revenue on the other. The base case takes the rest.

11. Recommendation

Watchlist, unchanged. The quarter passed the test the last report set on event contracts, but the rest of the revenue base was thinner than expected and reported earnings fell. The base case moves down slightly to \$101.75, about 8% above the pre-results price, against about 38% to the bear case. That is not enough to pay for the risk on the line that carried the quarter. The verdict is the same as before, but the grounds have shifted: the question is no longer whether event contracts hold up, but whether they can carry the business while crypto and interest income shrink.

The name becomes interesting at \$79-84, where the base case pays about 21% to 29%. That is a little lower than the last report's \$82-87, because the base case is lower. A fourth quarter that shows event-contract revenue growing again with no new state orders, and crypto revenue stabilising, would also bring a Buy nearer the current price.

What would change the view	Direction
The price reaches \$79-84 with the operating case intact	Better
Q4 event-contract revenue above Q3's \$173m with no new state orders	Better
Crypto revenue stops falling year on year	Better
The Supreme Court takes a prediction-market case, or a federal framework that states accept	Better
Another state orders Robinhood to stop sports contracts, or Robinhood exits Ohio	Worse
Net interest revenue keeps falling despite higher policy rates	Worse
A sustained fall in retail trading volumes alongside weaker consumer spending	Worse

Conditions are this report's; none is a forecast.

12. Technical read

Chart as of 27 October 2026 close (before the results)

Verdict: Watchlist, from fundamentals. Technical read (chart only): Conflicts. Before the results the price was reclaiming its 200-day average after closing below it within the last ten sessions, with the 50-day average still rising. That is the chart turning before the fundamentals have, so it is worth watching closely, without changing the rating. Watch whether the price holds the 200-day at \$93.04 once the after-hours reaction reaches the regular session; a close below the 60-day closing low of \$90.71 would cancel the recovery.

Indicator	Value	Reading
Price of record	\$94.56	27 Oct close, before results
20-day SMA / EMA	\$104.37 / \$102.69	Price 9.4% / 7.9% below
50-day SMA / EMA	\$108.78 / \$105.33	Price 13.1% / 10.2% below; 50-day rising
100-day SMA / EMA	\$104.01 / \$102.90	Price 9.1% / 8.1% below
200-day SMA / EMA	\$93.04 / \$104.37	Price 1.6% above / 9.4% below
RSI(14)	37.3	Neutral, near weak
MACD (12,26,9)	-4.56, signal -3.21	Below signal
ATR(14)	\$5.35	5.7% of price
Volume, 20-day vs 50-day	19.3m vs 21.3m	Participation fading
Support / resistance	\$93.04 (200-day), \$91.63 (20-day low), \$90.71 (60-day closing low) / \$104.37, \$108.78	52-week range \$63.52-150.47

Daily bars to 27 Oct 2026; indicators computed by this report.

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

13. Final verdict

Not at \$94.56. Robinhood is still gaining share in options and equities and its prediction-market business passed the test this quarter. The single biggest concern is that event contracts are now carrying more of the growth just as states push harder against the sports contracts that drive them, while crypto revenue has halved. At 34 times base-case clean 2027 EPS, the price leaves about 8% to the base case. A move to \$79-84, or a fourth quarter with event contracts growing, crypto steadier and no new state orders, would change the answer. The third-quarter report is the High development behind this update; it changed the reasons for the rating, not the rating.

Sources

Robinhood Q3 2026 earnings release (Exhibit 99.1), 27 Oct 2026, investors.robinhood.com

Robinhood Q3 2026 earnings call, 27 Oct 2026, transcript via [Investing.com](https://investing.com)

Ohio Casino Control Commission letter to licensees, 20 Oct 2026, as reported by [Covers](https://covers.com)

moomoo news, notices and research channels to 28 Oct 2026 (broker actions, Form 4 and Rule 144 filings)

Price: Alpha Vantage global quote, 27 Oct 2026; daily bars: Twelve Data

Beating The Bull economic data posts, 17 Sep to 27 Oct 2026

Institutional positioning: Beating The Bull quarterly 13F read, Q2 2026

This report is for informational use only and is not financial advice. Figures are as of 28 October 2026 unless stated; prices are as of the 27 October close, before the results.