

Robinhood Markets, Inc. (HOOD)

Post-earnings equity research note | Q2 FY2026 reported 29 July 2026 | Prepared 5 August 2026

WATCHLIST

Unchanged from previous report

Last close (4 Aug 2026)	\$93.51
Reported diluted EPS	\$0.62 (+48%)
EPS excluding one-off gains	\$0.48 (+15% net income)
Crypto revenue	\$100m (-38%)
P/E on annualised clean EPS	~48.7x
Probability-weighted fair value	\$87.45

What the Quarter Changed

Robinhood reported record revenue, a large headline earnings beat, and record engagement across every trading category it discloses. The shares then fell 3.6% on the reaction day. That divergence is not irrational, and understanding it requires separating three things the headline numbers combine.

Total net revenue of \$1.31 billion rose 32% year over year, a record. Diluted earnings per share of \$0.62 rose 48% and beat a consensus estimate near \$0.42. But the company disclosed, in the same release, that net income included \$129 million of gains primarily related to the deconsolidation of Robinhood Ventures Fund I, equal to \$0.14 per share. Excluding that item, earnings were approximately \$0.48 per share and net income was roughly \$444 million, up about 15% year over year rather than 48%. The beat is real, the growth is real, and both are considerably smaller than the headline conveys.

The second complication is composition. Transaction-based revenue of \$776 million grew 44%, and the largest contributor to that acceleration was event contracts revenue of \$156 million, up more than tenfold. Prediction markets are a genuinely new and fast-growing business. They are also, as several analysts probed on the call, seasonal and event-driven, and the June quarter contained the FIFA World Cup. Management was asked directly about the outlook for prediction markets after the World Cup and into the American football season, which is the right question to ask of a revenue line that has grown tenfold in twelve months.

The third is that cryptocurrency revenue fell 38% to \$100 million. The business that once defined Robinhood's earnings volatility is now shrinking, and the growth is coming from options, equities, prediction markets and subscriptions instead. That is a healthier and more diversified mix, and it is also why revenue grew 32% while the highest-margin legacy line contracted.

Q2 FY2026 reported results

Measure	Q2 FY26	Q2 FY25	Change	Note
Total net revenues	\$1,308m	\$989m	+32%	Record
Transaction-based revenue	\$776m	\$539m	+44%	—
Event contracts	\$156m	~\$14m	+10x	World Cup quarter
Options	\$342m	\$265m	+29%	—
Equities	\$129m	\$66m	+95%	—
Cryptocurrencies	\$100m	\$161m	-38%	—
Net interest revenue	\$389m	\$357m	+9%	Lower short-term rates

Measure	Q2 FY26	Q2 FY25	Change	Note
Other revenue	\$143m	\$93m	+54%	Trump Accounts, Gold
Net income	\$573m	\$386m	+48%	Includes \$129m of RVI gains
Net income excluding RVI gains	~\$444m	\$386m	+15%	The underlying figure
Diluted EPS	\$0.62	\$0.42	+48%	Includes \$0.14 of RVI gains
Diluted EPS excluding RVI gains	~\$0.48	—	—	Still ahead of ~\$0.42 consensus
Total operating expenses	\$734m	\$552m	+33%	Restructuring, Trump Accounts, Rothera
Adjusted EBITDA	\$741m	\$549m	+35%	57% margin
Funded customers	28.4m	26.5m	+7%	—
Gold subscribers	4.8m	3.4m	+39%	Record; 17% adoption
Total platform assets	\$369bn	\$280bn	+32%	—
Net deposits	\$21.7bn	—	28% annualised	—
ARPU	\$187	\$151	+24%	—
Share repurchases	\$414m	—	—	4.4m shares at ~\$94 average

Source: Robinhood Markets Q2 2026 results release, 29 July 2026, and Q2 2026 earnings call transcript. Prior-year comparatives for individual revenue lines are derived from the disclosed growth rates and are approximate.

Guidance and Forward Commentary

Item	Guidance	Direction
FY2026 adjusted opex and SBC	\$2.675 - 2.775bn	Tightened downward from prior outlook
July trading activity	near Q2 record levels	Equities, options and event contracts
July net deposits	~\$4bn	Excluding Trump Accounts; seasonal easing expected
Q3 crypto volumes	slightly slower early in the month	Take rates near the Q2 average
Robinhood Social	public rollout by end of Q3 2026	New
Trump Accounts	7m sign-ups, ~\$1.5bn deposited	Launched 4 July 2026
International	Chain and stock tokens in 120+ countries	New Singapore licence

The reduction in full-year operating expense guidance deserves more attention than it received. A company launching this many products simultaneously, including a bank, a credit card, a licensed derivatives exchange and a blockchain, would normally be raising its spending outlook. Robinhood lowered it. Chief financial officer Shiv Verma described the business as delivering “double-digit revenue growth with strong adjusted EBITDA margins” and characterised it as a “Rule of 80+” company. On a 57% adjusted EBITDA margin with 32% revenue growth, that characterisation is

arithmetically fair.

Business Model and Diversification

The strategic achievement of the last two years is that Robinhood is no longer a leveraged bet on retail crypto speculation. The company now reports thirteen distinct business lines at more than \$100 million of annualised revenue, with Robinhood Legend and the credit card business the most recent to cross that threshold. The Gold Card passed one million customers with over \$17 billion of annualised purchase volume. Robinhood Banking holds over \$3 billion of deposits. Robinhood Strategies has more than 300,000 funded customers and roughly \$2 billion under management, while TradePMR has reached \$50 billion.

The monetisation engine is subscription and engagement rather than acquisition. Funded customers grew only 7% to 28.4 million, but Gold subscribers grew 39% to a record 4.8 million and average revenue per user rose 24% to \$187. Roughly 40% of new funded customers now sign up for Gold. Robinhood is extracting substantially more from a customer base that is barely growing, which is a higher-quality form of growth than the reverse but has a natural ceiling.

Two newer initiatives carry disproportionate weight in the forward case and disproportionate uncertainty. Prediction markets, operating through Rothera, a CFTC-licensed exchange and clearinghouse run as a joint venture with Susquehanna International Group, have processed more than 3.5 billion contracts. Trump Accounts, launched on 4 July, reached over seven million sign-ups and nearly \$1.5 billion of deposits within weeks. Both are early, both are regulatory-dependent, and neither has been observed through a full cycle.

Risks

Risk	Probability	Severity	Comment
Event-contract revenue normalising	High	Medium	\$156m up tenfold in a quarter containing the World Cup. Analysts asked directly what happens afterwards; the answer is not yet observable.
Headline earnings quality	High	Medium	\$0.14 of the \$0.62 came from a deconsolidation gain. Underlying net income grew 15%, not 48%.
Crypto decline continuing	Medium	Medium	Down 38% to \$100m. Diversification has cushioned it, but it was historically the highest-margin line.
Slowing customer growth	High	Medium	Funded customers +7%. Revenue growth now depends on monetising existing users, which has a ceiling.
Regulatory	Medium	High	Tokenisation, prediction markets and perpetual futures all depend on rules still being written
Valuation	High	High	~48.7x annualised clean earnings for a business with a beta of 2.34
Execution across many launches	Medium	Medium	Banking, cards, Chain, Social, Rothera and international all in flight simultaneously

Valuation

At \$93.51 with roughly 924 million diluted shares implied by the reported earnings, Robinhood carries a market capitalisation near \$86.4 billion. Against annualised clean earnings of approximately \$1.92 per share, that is about 48.7 times. Against the headline \$0.62 quarterly figure annualised it is 37.7 times, and the difference between those two multiples is precisely the analytical point of this report: which one an investor uses determines whether the share looks expensive or merely demanding.

On adjusted EBITDA the picture is friendlier. Annualising the quarter's \$741 million gives roughly \$2.96 billion, and against an enterprise value adjusted for \$5.4 billion of cash the multiple is near 27 times. For a business growing revenue 32% at a 57% margin with falling cost guidance, 27 times EBITDA is defensible.

The resolution is that Robinhood is priced for the new businesses to work. At 48.7 times clean earnings, the current brokerage, options and subscription franchise does not support the valuation on its own; prediction markets, Trump Accounts, tokenisation and international expansion have to contribute materially. Several of them may. None of them has yet been tested through a downturn, and one of them, event contracts, has just posted its strongest possible quarter for structural reasons that will not repeat until 2030.

Metric	Value	Assessment
Price (4 Aug 2026 close)	\$93.51	19.8% below the 15 Jul high of \$116.60
Implied market capitalisation	~\$86.4bn	~924m diluted shares
P/E on annualised headline EPS	~37.7x	Flattered by the RVI gain
P/E on annualised clean EPS	~48.7x	The figure this report uses
EV / annualised adjusted EBITDA	~27x	The most favourable framing
Adjusted EBITDA margin	57%	Genuinely exceptional
Cash and equivalents	\$5.4bn	Includes June 2026 convertible note proceeds
Probability-weighted fair value	\$87.45	Approximately 6.5% below the current price

Market Reaction and Technical Position

Robinhood closed at \$92.76 on 28 July and \$89.84 on 29 July, the day of the post-market release. It fell 3.6% to \$86.60 on 30 July, held at \$86.56 on 31 July, then recovered 4.4% to \$90.34 on 3 August and 3.5% to \$93.51 on 4 August. Net of everything, the shares are 4.1% above the 29 July close and 0.8% above the pre-release level.

The more informative context is the preceding month. Robinhood peaked at \$116.60 on 15 July and had already fallen roughly 14% in the week before results. The quarter therefore arrived into a de-rating that was already under way, and it arrested rather than reversed it. The shares sit below the twenty- and fifty-day averages but above the hundred-day, with a negative MACD histogram and a neutral relative strength index of 45.0. With an average true range of 6.9% of price and a reported beta of 2.34, this remains a high-volatility instrument.

Indicator (as of 4 Aug 2026)	Value	Reading
Close	\$93.51	Between the 100-day and 50-day averages
SMA20	\$101.37	Price 7.8% below
SMA50	\$97.28	Price 3.9% below
SMA100	\$86.77	Price 7.8% above — the nearest support
SMA200	not computed	Insufficient history in the 100-session series; not estimated
RSI(14)	45.0	Neutral
MACD / signal / histogram	-3.08 / -1.14 / -1.93	Bearish, but narrowing
ATR(14)	\$6.41	6.9% of price
100-session range	\$63.52 - \$120.05	Price mid-range

Indicators computed from 100 daily OHLCV sessions (12 Mar - 4 Aug 2026). The 200-day average could not be derived from that window and has deliberately not been estimated.

Scorecard

Category		Score	Comment
Business quality		7/10	57% adjusted EBITDA margin and thirteen lines above \$100m of annualised revenue
Financial strength		8/10	\$5.4bn cash, \$414m of buybacks, falling cost guidance
Competitive advantage		7/10	Brand and product velocity with younger investors; switching costs remain low
Management		7/10	Excellent cost discipline and execution; headline EPS presentation leans on a one-off gain
Growth potential		8/10	Prediction markets, Trump Accounts, tokenisation and international all in early innings
Valuation		4/10	~48.7x annualised clean earnings
Risk (higher = safer)		4/10	Beta 2.34, 6.9% daily ATR, and three growth lines dependent on evolving regulation
Technical setup		5/10	Below the 20- and 50-day averages, above the 100-day; MACD negative but narrowing

Overall Investment Score: 62/100

Weightings: valuation 17, growth 16, risk 15, business quality 14, competitive advantage 12, financial strength 11, management 10, technicals 5.

Recommendation: Watchlist (reaffirmed)

The rating remains Watchlist. Robinhood is executing better than at any point in its history as a public company, and it is priced as though that execution will continue without interruption into businesses that have not yet been tested.

The case for the company is strong and getting stronger. Thirteen revenue lines above \$100 million annualised, a 57% adjusted EBITDA margin, cost guidance revised downward while launching a bank, a credit card, a licensed exchange and a blockchain, Gold subscribers up 39% and average revenue per user up 24% are the marks of a business that has escaped its origins as a single-product crypto and meme-stock venue.

The case for waiting rests on three specific things rather than on general caution. First, the headline 48% earnings growth is roughly a third a deconsolidation gain; on a clean basis net income grew 15%, and the market appears to have noticed, which is the most plausible explanation for a 3.6% fall on a large apparent beat. Second, the single fastest-growing revenue line, event contracts at \$156 million and up more than tenfold, recorded its strongest possible quarter in a period containing the World Cup Final, and management was asked on the call what happens next without being able to answer definitively. Third, at roughly 48.7 times annualised clean earnings, the price already requires the new businesses to deliver.

The rating would move to Buy on either of two developments: a third quarter that shows event-contract revenue holding up post-World Cup, which would establish prediction markets as a structural rather than seasonal line, or a retreat toward the hundred-day average near \$87 and the June consolidation area below it, which would restore a margin of safety. A renewed decline in crypto revenue combined with event contracts normalising sharply would move the rating to Avoid.

Scenario analysis

Scenario	Prob.	Path	Fair value	Conditions
Bull	30%	FY27 clean EPS ~\$2.60	\$117	Prediction markets prove structural, Trump Accounts monetise, tokenisation scales internationally; multiple holds near 45x
Base	45%	FY27 clean EPS ~\$2.20	\$88	Event contracts normalise post-World Cup but new lines offset; multiple ~40x
Bear	25%	FY27 clean EPS ~\$1.70	\$51	Crypto weakness persists, event contracts fall sharply, a regulatory setback in tokenisation or perpetuals; multiple compresses to ~30x

Probabilities sum to 100%. Probability-weighted fair value: \$87.45, approximately 6.5% below the 4 August close of \$93.51.

Final Verdict

This was a very good quarter reported in a way that made it look like a spectacular one, and the market discounted the difference within a session.

Strip out the \$129 million deconsolidation gain and Robinhood grew net income 15% on 32% revenue growth, with operating expenses rising 33%. That is a business investing heavily and still expanding profitably, which is creditable, but it is not the 48% earnings growth the headline advertises. Add that the most spectacular growth line, event contracts up more than tenfold, banked a World Cup quarter, and that crypto revenue fell 38%, and the quality of the 32% revenue growth becomes a genuine question rather than a rhetorical one.

None of this is bearish about the company. Robinhood has built, in roughly three years, a diversified consumer financial platform with thirteen material revenue lines and a 57% adjusted EBITDA margin, and it lowered its cost guidance while doing so. The issue is entirely one of price and proof. At close to 49 times clean annualised earnings, an investor is paying in advance for prediction markets to be durable, Trump Accounts to monetise and tokenisation to scale across 120 countries. The third quarter will supply the first real evidence on the first of those, and there is no cost to waiting for it.

Sources

Robinhood Markets, Inc. — Q2 2026 results release via GlobeNewswire (29 Jul 2026) • Investing.com — Robinhood Q2 2026 earnings call transcript, guidance and analyst Q&A • Alpha Vantage — daily OHLCV series, 12 Mar to 4 Aug 2026 • MarketBeat — Robinhood Q2 2026 earnings report page

This document is produced for informational and educational purposes only. It is not financial advice, not a recommendation to buy or sell any security, and does not take account of any individual's circumstances or objectives. Figures are drawn from the sources listed above as at 5 August 2026 and may subsequently change. The earnings call transcript was obtained and reviewed via Investing.com; MarketBeat's transcript page for this company had not been populated at the time of writing.