

October 18, 2025

Robinhood Markets Inc

HOOD-US USD 134.15

Industry Group: Financial Technology (Fintech)
 52 Week Range: USD 23.00 - USD 153.86
 Market Cap: USD 119215.76 Mil.

Data as of Last Available Filing

Annual: 2024-12-31
 Semi Annual: N/A
 Quarterly: 2025-06-30

Peer Group

Coinbase Global Inc (COIN-US)
 Circle Internet Group Inc (CRCL-US)
 eToro Group Ltd (ETOR-US)
 Galaxy Digital Inc (GLXY-US)
 Charles Schwab Corp (SCHW-US)
 SoFi Technologies Inc (SOFI-US)
 Robinhood Markets Inc (HOOD-US)

Company numbers are TTM (trailing twelve months) or latest available. Share price data is previous day's close unless otherwise stated.

Overview

- HOOD-US's relatively strong net income margin for the last twelve months combined with relatively high accruals suggest possible conservative accounting and an understatement of its reported net income.
- The company's accrual levels over the last twelve months are both positive and greater than the peer median suggesting the company is not only building reserves but is doing so in a relatively strong manner compared to its peers.
- Excluding the effects of change in revenue, the accounting categories causing the most impact on the movement of net income from the prior period to the current period are Accounts Payable, SG&A and Accounts Receivable.

Earnings: From Accounting or Cash Flow?

Net Income = Net Operating Cash Flow - "Accruals"

Accruals are estimates by company management of non-cash expenses, assets and liabilities that are recognized before they are paid. They are calculated as net operating cash flow less net income.

The analysis of accruals can help signal possible earnings management of reported net income and EPS results. For example, 'Over-Accrued' can signal under reported net income and/or the building of balance sheet reserve accounts, while 'Under-Accrued' can signal inflated Net Income results and/or release of balance sheet reserves to aid reported earnings.

Recent trend for HOOD-US's accruals

The annual trend suggests that HOOD-US's accruals to revenue ratio is its lowest over the last five years and compares to a high of 194.90% in 2020.

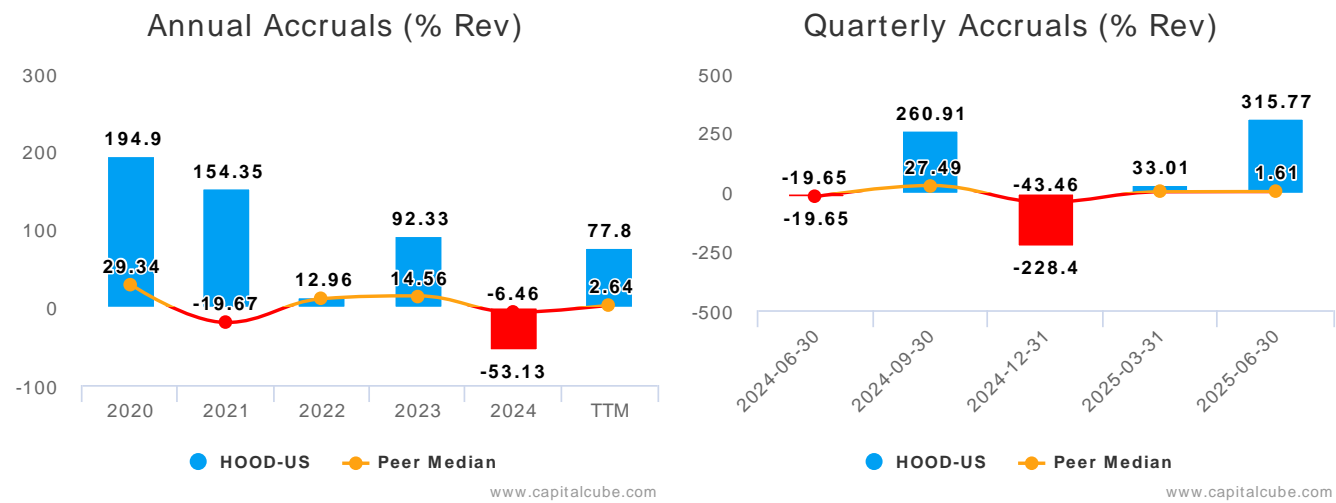
The decrease in its accruals to revenue ratio to -53.13% from 92.33% (in 2023) was also accompanied by a decrease in its peer median during this period to -6.46% from 14.56%.

Relative to peers, accruals to revenue ratio fell 124.44 percentage points (and ended lower than its peer median).

On a quarterly basis, HOOD-US's accruals to revenue ratio is its highest over the last five quarters and compares to a low of -228.40% in December 31, 2024.

The increase in its accruals to revenue ratio to 315.77% from 33.01% was also accompanied by an increase in its peer median during this period to 1.61% from 0.79%.

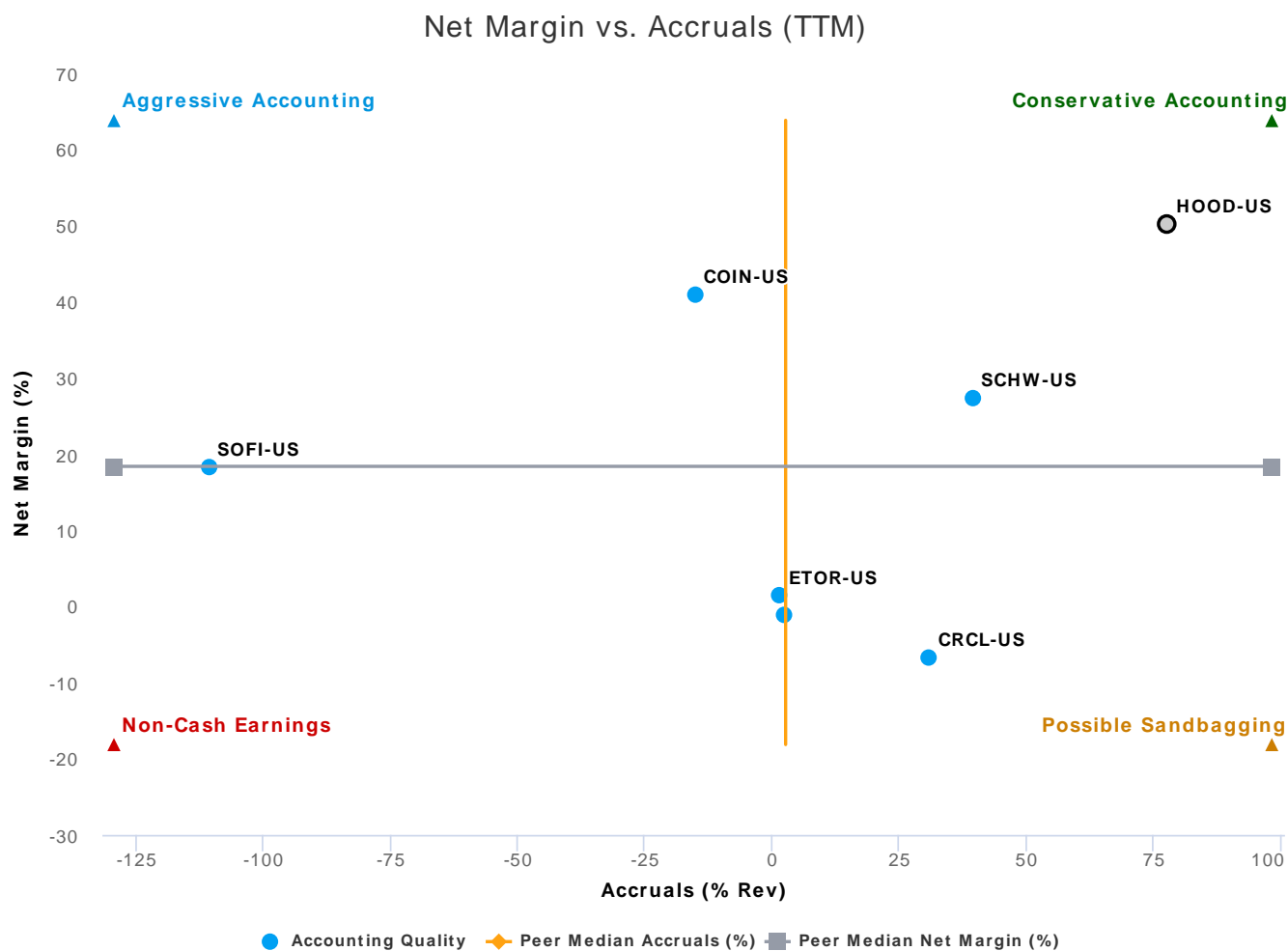
Relative to peers, accruals to revenue ratio rose 281.95 percentage points.



Accounting Quality

Financials suggest possible conservative accounting with understatement of net income.

HOOD-US has reported relatively strong net income margin for the last twelve months (50.13% vs. peer median of 18.37%). This margin performance combined with relatively high accruals (77.80% vs. peer median of 2.64%) suggests possible conservative accounting and an understatement of its reported net income.



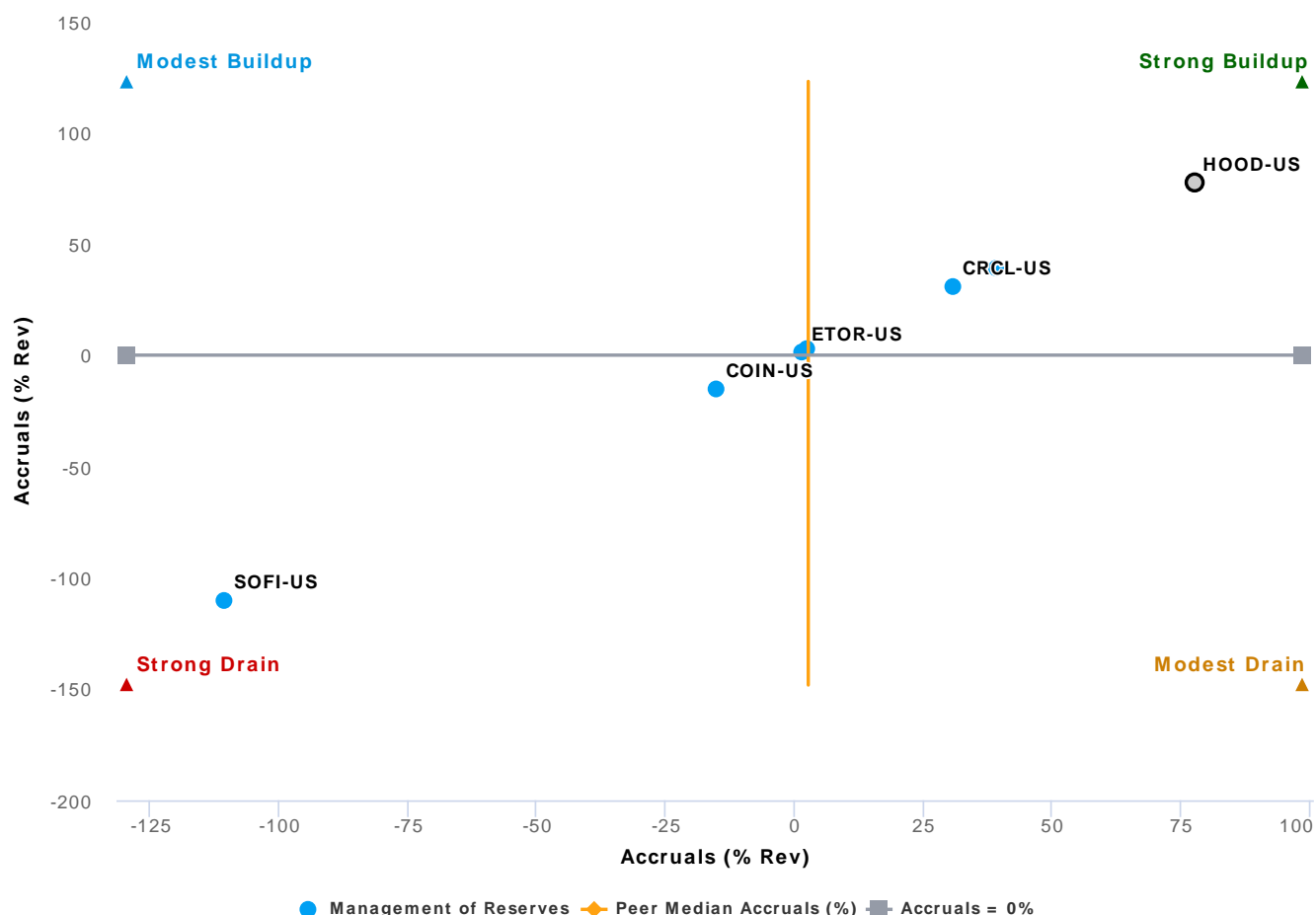
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Management of Reserves

HOOD-US's accounting suggests a relatively strong buildup in its reserves.

HOOD-US's accruals over the last twelve months are positive suggesting a buildup of reserves. In addition, the level of accrual is greater than the peer median -- which suggests a relatively strong buildup in reserves compared to its peers.

Reserves Buildup/Drain



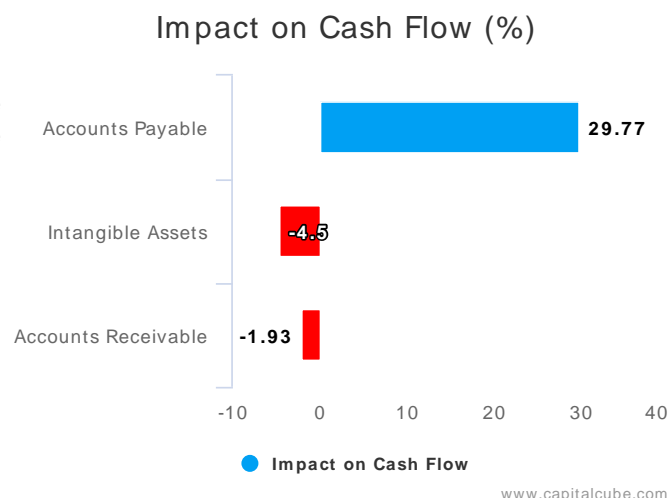
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Key Items Impacting Cash Flow

Accounts Payable, Intangible Assets and Accounts Receivable have the most material impact on the movement of net income.

We assess the impact of various categories on the cash flow of the company by performing a variance analysis. For each category, this variance analysis measures the movement between the current and previous periods, normalized for the size of the company (e.g. days outstanding or percentage of revenues). This normalization eliminates any movement attributable to period-by-period growth and helps isolate the impact of any accounting policy changes the company might have made in recording the values in each category.

The chart on the right shows the impact of the top accounting categories on Robinhood Markets Inc's cash flow for the current quarter. We consider both positive and negative impacts on the cash flow since the categories could have either decreased or increased the reported net income.



The table below details the impact of the major accounting categories on Robinhood Markets Inc's net operating cash flow for the current quarter. While we have identified the major accrual categories, and conduct several tests on this standardized set, it should be noted that companies can sometimes have a non-standard accrual item that has a higher impact on the difference between net operating cash flow and net income.

Item	Latest Quarter	Previous Quarter	Impact On Cash Flow (mn)	Impact On Cash Flow (%)
Accounts Receivable DSO	896.8	890.56	-67.74	-1.93
Inventory DSO	0	0	0	0
Accounts Payable DSO	810.95	714.85	1044.46	29.77
PPE DSO	22.36	23.12	8.25	0.24
Intangible Assets DSO	44.86	30.33	-157.83	-4.5
R&D DSO	19.69	21.01	14.31	0.41
SG&A DSO	22.63	25.03	26.06	0.74
Tax Rate (%)	12.67	9.43	-49.31	-1.41
Restructuring Expense (% Revenue)	N/A	N/A	0	0
Other Income (% Revenue)	0.71	0	-7	-0.2

Supporting Tests and Analytics

For further reference, we provide an extended analysis of the quality of accounting for each accrual category and the company's results. We judge these results by comparing (i) against the company's previous accounting policy -- to ascertain if the policy has changed or (ii) against the peer group -- to check if the company is being more aggressive or conservative than the peers or (iii) the appropriateness of the change and its implication.

Accounts Receivable Accruals (Quarterly Data)

Changes in the levels or policies of Accounts Receivable could be indicative of overstated revenues. Increases in days receivables outstanding may suggest that the company extended unusual credit terms to increase current period revenue or engaged in other sales pull-in activities or alternatively, that unsatisfied customers are refusing to settle receivables due to poor product/service quality. In addition, because their estimation involves substantial discretion, it is relatively easy for firms to 'manage' the allowances for uncollectible accounts and related expense. HOOD-US HAS 1 POTENTIAL ISSUES AMONG THE POSSIBLE 4 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
AR growth is higher than Revenue growth (%)	6.62	6.69	Not an Issue
AR Days level is higher compared to the peer average (DSO)	896.8	40.87	Potential Issue
AR Days are growing at a faster rate than the peer average (%)	0.7	33.31	Not an Issue
Reserve for doubtful accounts is higher compared to the peer average (DSO)	0	0	N/A
Reserve for doubtful accounts is growing faster than the peer average (%)	N/A	N/A	Not an Issue

Inventory Accruals (Quarterly Data)

Changes in the levels or policies of Inventory could be indicative of understated costs. A decrease in inventory turnover may indicate that earnings are overstated. In addition, changes in the relation between inventory and sales may also indicate actual or expected demand shocks. HOOD-US HAS 0 POTENTIAL ISSUES AMONG THE POSSIBLE 1 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
Inventory growth is higher than Revenue growth (%)	N/A	6.69	Not an Issue
Inventory Days level is higher compared to the peer average (DSO)	0	0	N/A
Inventory Days are growing at a faster rate than the peer average (%)	N/A	N/A	Not an Issue

Accounts Payable Accruals (Quarterly Data)

Changes in the levels or policies of Accounts Payable could be signaling waning confidence among the company's suppliers. HOOD-US HAS 1 POTENTIAL ISSUES AMONG THE POSSIBLE 3 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
AP growth is lower than Revenue growth (%)	47.71	6.69	Not an Issue
AP Days level is lower compared to the peer average (DSO)	810.95	3.06	Not an Issue
AP Days are growing at a lower rate than the peer average (%)	13.44	18.45	Potential Issue

PP&E Accruals (Quarterly Data)

Changes in the levels or policies of PPE, Depreciation and Capital Expenditure could be a signal of overcapitalization and/or understated depreciation amounts. HOOD-US HAS 3 POTENTIAL ISSUES AMONG THE POSSIBLE 10 TESTS IN THIS CATEGORY

Test Category	Company Value	Comparable Value	Result
PP&E growth is higher than Revenue growth (%)	4.2	6.69	Not an Issue
PP&E Days level is higher compared to the peer average (DSO)	22.36	20.66	Potential Issue
PP&E Days are growing at a faster rate than the peer average (%)	-3.28	15.78	Not an Issue
Cap-Ex growth is higher than Revenue growth (%)	300	6.69	Potential Issue
Cap-Ex to Depreciation ratio is higher compared to the peer average	0.5	1.16	Not an Issue
Cap-Ex to Depreciation ratio is higher compared to the prior period	0.5	0.13	Potential Issue
Cap-Ex to Operating Cash Flow ratio is higher compared to the peer average	0	0.03	Not an Issue
Cap-Ex to Operating Cash Flow ratio is higher compared to the prior period	0	0	Not an Issue
Gross PP&E to Depreciation ratio is higher compared to the peer average	0	0	N/A
Gross PP&E to Depreciation ratio is higher compared to the prior period	0	0	N/A

Intangibles Accruals (Quarterly Data)

Changes in the levels or policies of Intangible Assets could be a signal of overcapitalization of intangibles, insufficient amortization or unsuccessful investments. HOOD-US HAS 2 POTENTIAL ISSUES AMONG THE POSSIBLE 3 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
Intangible Assets growth is higher than Revenue growth (%)	43.14	6.69	Potential Issue
Intangible Asset Days level is higher compared to the peer average (DSO)	44.86	72.79	Not an Issue
Intangible Asset Days are growing at a faster rate than the peer average (%)	47.88	36.35	Potential Issue

R&D Accruals (Quarterly Data)

Changes in the levels or policies of R&D expenses could be a signal of under investing or looking for short term gains at the expense of long term value creation. HOOD-US HAS 2 POTENTIAL ISSUES AMONG THE POSSIBLE 3 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
R&D growth is lower than Revenue growth (%)	0	6.69	N/A
R&D Days level is lower compared to the peer average (DSO)	19.69	0.85	Not an Issue
R&D Days are growing at a lower rate than the peer average (%)	-6.27	20.97	Potential Issue

SG&A Accruals (Quarterly Data)

Changes in the levels or policies of SG&A expenses could be a proxy for changes in soft investments like advertising and training. These are indicative of under investing or the company likely looking for short term gains at the expense of long term value creation. HOOD-US HAS 2 POTENTIAL ISSUES AMONG THE POSSIBLE 3 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
SG&A growth is lower than Revenue growth (%)	-3.53	6.69	Potential Issue
SG&A Days level is lower compared to the peer average (DSO)	22.63	22.63	Not an Issue
SG&A Days are growing at a lower rate than the peer average (%)	-9.58	16.15	Potential Issue

Taxes Accruals (Quarterly Data)

Changes in earnings because of taxes could be indicative of 'greater than normal' aggressive tax policies and any derived from such changes are probably not sustainable. HOOD-US HAS 1 POTENTIAL ISSUES AMONG THE POSSIBLE 5 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
Tax Provision is lower than Cash Taxes (%)	12.67	11.99	Not an Issue
Difference in Accounting and Cash Taxes is higher compared to the previous period (US \$)	3	6	Not an Issue
Difference in Tax Provision and Cash Tax Rates is higher compared to the previous period (%)	0.01	0.02	Not an Issue
Tax Provision is lower compared to the previous period (%)	12.67	9.43	Not an Issue
Tax Provision is lower compared to the peer average (%)	12.67	18.45	Potential Issue

Restructuring Liability Accruals (Quarterly Data)

Robinhood Markets Inc and/or its selected peers do not have the necessary data available and verifiable to test for changes in accruals in this category.

Test Category	Company Value	Comparable Value	Result
Restructuring Expense (as a percent of Revenue) is higher compared to the peer average (%)	N/A	N/A	Not an Issue
Restructuring Expense (as a percent of Revenue) is lower compared to the prior period (%)	N/A	N/A	Not an Issue
Restructuring Expenses (as a percent of Revenue) grew higher compared to the peer average (%)	N/A	N/A	Not an Issue
Restructuring Expenses growth is higher than Revenue growth (%)	N/A	6.69	Not an Issue

Other Income Accruals (Quarterly Data)

Changes in the amount of Other Income category are likely not sustainable. HOOD-US HAS 0 POTENTIAL ISSUES AMONG THE POSSIBLE 2 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
Other Income (as a percent of Revenue) is lower compared to the prior period (%)	0.01	0	N/A
Other Income (as a percent of Revenue) is lower compared to the peer average (%)	0.01	0	N/A
Other Income (as a percent of Revenue) grew higher compared to the peer average (%)	N/A	83.16	Not an Issue

Share Count Accruals (Quarterly Data)

Changes in EPS could be due to changes in the share count and not because of improvement in operating performance. HOOD-US HAS 0 POTENTIAL ISSUES AMONG THE POSSIBLE 1 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
EPS grew at a higher rate than Net Income (%)	14.36	14.88	Not an Issue

Pension Accruals (Annual Data)

Changes in the assumptions and policies of Pension plans could be a signal of the company's attempts to smooth or manage earnings. HOOD-US HAS 0 POTENTIAL ISSUES AMONG THE POSSIBLE 3 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
Underfunded Pension Liability growth is higher than Revenue growth (%)	N/A	58.23	Not an Issue
Underfunded Pension Liability level (as a percent of Revenues) is higher compared to the peer average (%)	0	0	N/A
Underfunded Pension Liability (as a percent of Revenue) is growing at a higher rate than the peer average (%)	N/A	N/A	Not an Issue
Discount Rate for Pension Liability calculations is higher than the peer average (%)	0	0	N/A
Expected rate of return on Pension Assets is higher than the peer average (%)	N/A	N/A	Not an Issue
Percentage of equity investments in Pension Assets is higher than the peer average (%)	0	0	N/A

Business Combination Reserves (Annual Data)

Changes in the recognition of Business Combination Reserves could be a signal of the company's attempts to smooth or manage earnings. The primary earnings quality concern regarding business acquisition reserves is the overstatement of income in subsequent years through the reversal of the reserves. HOOD-US HAS 2 POTENTIAL ISSUES AMONG THE POSSIBLE 2 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
Business Combination Reserves growth is higher than Revenue growth (%)	N/A	58.23	Not an Issue
Business Combination Reserves level (as a percent of Revenue) is higher compared to the peer average (%)	0	0	Potential Issue
Five year Business Combination Reserves average is higher than the peer average (US \$)	26.89	12.74	Potential Issue

Capitalized Lease Accruals (Annual Data)

Changes in the amount of Capitalized Leases could be a signal of the company's attempts to smooth or manage earnings. Leases are absent from the cash flow statement measure of capital expenditures and thus, for many firms with extensive leases, reported capital expenditures significantly understate the true investment in operating capacity. HOOD-US HAS 0 POTENTIAL ISSUES AMONG THE POSSIBLE 1 TESTS IN THIS CATEGORY.

Test Category	Company Value	Comparable Value	Result
Capitalized Leases growth is higher than Revenue growth (%)	N/A	58.23	Not an Issue
Capitalized Leases level (as a percent of Revenue) is higher compared to the peer average (%)	0	0	N/A
Capitalized Leases (as a percent of Revenue) are growing at a higher rate than the peer average (%)	N/A	-21.12	Potential Issue

Company Profile

Robinhood Markets, Inc. is creating a financial services platform for everyone, regardless of their wealth, income, or background. It uses technology to provide access to the financial system. Its offerings include Brokerage, Robinhood Crypto, Custody, Robinhood Wallet, Robinhood Gold, and Robinhood Gold Card. Its Brokerage services include investing, options trading, fractional trading, recurring investment, access to investing on margin, fully paid securities lending, cash sweep, instant withdrawals, Robinhood retirement, 24-hour market, joint investing accounts, and event contracts. It also offers a variety of ways for its customers to grow their financial knowledge, including Robinhood Learn, In-App Education, Newsfeeds, Sherwood Snacks, and Crypto Learn and Earn. Its self-clearing system, order routing system, data platform, and other back-end infrastructure deliver the capabilities that allow its customers to focus on investing, saving and spending.

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