

# CIRCLE INTERNET GROUP (NYSE: CRCL)

## Q4 / FY 2025 Deep Dive & Valuation Update

Post-Earnings Stock Re-Rating Edition | February 27, 2026

**Day1Global** Research Team | Data as of February 27, 2026

*All financial data sourced from Circle official 8-K filing (Feb 25, 2026), Q4 Earnings Release & Earnings Presentation. Market data from TradingView, Robinhood, Yahoo Finance.*

## I. Key Data Snapshot (as of Feb 27, 2026)

### Market Overview

Metric	Value	Change / Notes
Current Price	~\$87	Feb 27 intraday (TradingView)
Pre-Earnings Close (Feb 24)	\$61.37	52-week low: \$49.90 (Feb 5)
Earnings Day Move (Feb 25)	+35.5%	Closed \$83.14; largest single-day gain in history
Feb 26 Close	\$83.01-\$87.07	After-hours continued higher
Market Cap (Basic)	~\$20.6B	237.3M basic shares x ~\$87
Market Cap (Fully Diluted)	~\$23.3B	267.8M diluted shares (Q4 weighted avg)
52-Week Range	\$49.90 - \$298.99	Currently at 29th percentile of range
Short Interest	~11.7%	Remains elevated
Next Earnings	Jun 3, 2026	Q1 FY26

### Share Structure (Source: 8-K, Dec 31, 2025)

Category	Shares (M)	Notes
Class A Common	223.6M	Issued and outstanding
Class B Common	18.7M	Issued and outstanding (supervoting control)
Treasury Stock	(4.7M)	Held by company
<b>Basic Shares Outstanding</b>	<b>237.6M</b>	223.6 + 18.7 - 4.7
Q4 Weighted Avg (Basic)	236.7M	Used for basic EPS calculation
<b>Q4 Weighted Avg (Diluted)</b>	<b>267.8M</b>	Used for diluted EPS (incl. options/RSUs)

*Key correction: Prior version used 242M fully diluted shares. Official Q4 diluted weighted average is 267.8M. Basic outstanding 237.6M is more appropriate for market cap calculation.*

## II. Q4/FY2025 Official Financial Data Verification

All data below is 100% sourced from Circle 8-K and Earnings Presentation, cross-verified line by line.

### (A) Revenue & Profitability

Metric	Q4'25	Q4'24	YoY	FY'25	FY'24	YoY	Notes
<b>Reserve Income</b>	\$733M	\$433M	+69%	\$2,637M	\$1,661M	+59%	
Other Revenue	\$37M	\$2.4M	+NM	\$110M	\$15M	+624%	Beat \$90-100M guide
<b>Total Revenue</b>	<b>\$770M</b>	\$435M	<b>+77%</b>	<b>\$2,747M</b>	\$1,676M	<b>+64%</b>	
Dist. + Txn Costs	\$461M	\$305M	+52%	\$1,664M	\$1,017M	+64%	Q4'24 incl. \$60M one-time
<b>RLDC</b>	<b>\$309M</b>	\$131M	<b>+136%</b>	<b>\$1,083M</b>	\$659M	<b>+64%</b>	
<b>RLDC Margin</b>	<b>40.1%</b>	30.0%	<b>+1,004bps</b>	39.4%	39.3%	+12bps	
OpEx (GAAP)	\$254M	\$130M	<b>+95%</b>	\$1,179M	\$492M	<b>+140%</b>	IPO SBC impact
Adj. OpEx (Old)	\$144M	\$109M	+32%	\$508M	\$395M	+29%	
Adj. OpEx (New)	\$133M	\$104M	+28%	\$478M	\$381M	+25%	Excl. SBC payroll tax
GAAP Net Income	\$133M	\$4M	+NM	<b>\$(70M)</b>	\$157M	NM	FY25 loss from SBC
<b>Adj. EBITDA</b>	<b>\$167M</b>	\$33M	<b>+412%</b>	<b>\$582M</b>	\$285M	<b>+104%</b>	
<b>Adj. EBITDA Margin</b>	<b>54%</b>	25%	<b>+29pts</b>	54%	43%	+11pts	

### (B) Earnings Per Share (Source: 8-K Income Statement)

EPS Metric	Q4'25	Q4'24	FY'25	FY'24
<b>Basic EPS (Cont. Ops)</b>	<b>\$0.56</b>	\$0.00	<b>\$(0.44)</b>	\$0.33
<b>Diluted EPS (Cont. Ops)</b>	<b>\$0.43</b>	\$0.00	<b>\$(0.44)</b>	\$0.30
Consensus Estimate (Q4)	\$0.16	-	-	-
<b>Beat Magnitude</b>	<b>+169%</b>	-	-	-

### (C) Key Operating Metrics (Source: 8-K)

Metric	Q4'25	YoY	FY'25	YoY
<b>USDC Circulation (EoP)</b>	<b>\$75.3B</b>	<b>+72%</b>	\$75.3B	+72%
USDC Circulation (Avg)	\$76.2B	<b>+100%</b>	\$64.9B	+95%
Reserve Return Rate	3.8%	<b>-68bps</b>	4.1%	-90bps
<b>USDC on Platform (EoP)</b>	<b>\$12.5B</b>	<b>+459%</b>	\$12.5B	+459%

Platform Share (Wtd Avg)	17.8%	+1,529bps	11.1%	+899bps
USDC Minted	\$82.4B	+107%	\$257.5B	+82%
Stablecoin Market Share	28%	+426bps	28%	+426bps
Meaningful Wallets	6.8M	+59%	6.8M	+59%
Onchain Volume (Q4)	<b>\$11.9T</b>	<b>+247%</b>	-	-
Supported Chains	30	+14 in FY25	30	+14

**(D) Balance Sheet Key Items (Source: 8-K, Dec 31, 2025)**

Item	Dec 31, 2025	Dec 31, 2024	Change
Corporate Cash	\$1,526M	\$751M	+103%
Stablecoin Cash Held	\$823M	\$294M	+180%
Stablecoin Holder Reserves	\$75,068M	\$43,919M	+71%
Goodwill	\$266M	\$170M	+56% (Hashnote)
Digital Assets	\$87M	\$31M	+177%
Convertible Notes (Current)	\$37M	\$0	Reclassified to current
<b>Stockholders' Equity</b>	<b>\$3,331M</b>	<b>\$571M</b>	<b>+483% (IPO)</b>
<b>Net Cash Position</b>	<b>~\$1,489M</b>	<b>~\$710M</b>	<b>+110%</b>

### III. FY2026 Management Guidance (Source: 8-K p.5)

Metric	FY25 Actual	FY26 Guidance	Implied Growth
<b>USDC Circulation CAGR</b>	72% YoY	40% (multi-year through-cycle)	Implies ~\$105B EOY
Other Revenue	\$110M	\$150-170M	+36% to +55%
RLDC Margin	39.4%	38-40%	Stable
Adj. OpEx (New Def.)	\$478M	\$570-585M	+19% to +22%
SBC + Related Tax	\$566M (IPO yr)	\$219-249M (normalized)	-56% to -61%
D&A	\$77M	\$108-118M	+40% to +53%

*Key finding: Circle Foundation 2026 donation estimate uses Feb 20 price of \$63.02. At current ~\$87, actual SBC expense would be higher (~\$23M). FY26 SBC guidance of \$219-249M still far below FY25's \$566M.*

## IV. Valuation Model Re-Rating (Based on \$87 Share Price)

*Core change: Stock re-rated from \$61.37 to \$87 (+42%). Market cap moved from ~\$14.6B to ~\$20.6B. All valuation multiples expanded accordingly.*

### (A) Current Valuation Multiples (\$87, 237.6M Basic Shares)

Method	Numerator / Denominator	Multiple	Notes
Market Cap (Basic)	237.6M x \$87	\$20.7B	-
EV (Enterprise Value)	\$20.7B - \$1.49B + \$0.04B	\$19.2B	Cash \$1,526M less convert \$37M
<b>EV/FY25 Adj. EBITDA</b>	\$19.2B / \$582M	<b>33.0x</b>	Prior @ \$61: 24.7x
EV/FY25 RLDC	\$19.2B / \$1,083M	17.7x	Revenue less distribution costs
P/S (FY25)	\$20.7B / \$2,747M	7.5x	Prior: 5.3x
P/RLDC (FY25)	\$20.7B / \$1,083M	19.1x	More meaningful revenue metric
P/E (Q4 Annualized)	\$87 / (\$0.43 x 4)	<b>50.6x</b>	GAAP diluted EPS
<b>EV/FY26E EBITDA</b>	\$19.2B / ~\$725M	<b>~26.5x</b>	Assumes 25% EBITDA growth
Fwd P/E (FY26E)	\$87 / ~\$1.50E	<b>~58x</b>	Assumes normalized EPS

### (B) FY2026E Adj. EBITDA Derivation

Assumption	Base Case	Bull Case	Bear Case	Notes
Avg USDC Circ.	\$85B	\$95B	\$78B	
Reserve Return Rate	3.5%	3.7%	3.2%	
Reserve Income	\$2,975M	\$3,515M	\$2,496M	
Other Revenue	\$160M	\$180M	\$150M	
Total Revenue	\$3,135M	\$3,695M	\$2,646M	
RLDC Margin	39%	40%	38%	
<b>RLDC</b>	<b>\$1,223M</b>	<b>\$1,478M</b>	<b>\$1,005M</b>	
Adj. OpEx (New)	\$578M	\$570M	\$585M	
<b>Adj. EBITDA (Est.)</b>	<b>~\$725M</b>	<b>~\$998M</b>	<b>~\$480M</b>	
YoY Growth	+25%	+72%	-18%	
<b>EV/FY26E EBITDA @ \$87</b>	<b>26.5x</b>	19.2x	<b>40.0x</b>	

*Key assumption: Base case assumes Fed cuts 50bps more in 2026 (FFR to 3.25%), avg USDC circ. \$85B (~30% CAGR vs 40% guidance). Every 100bps rate change impacts reserve income by ~\$850M.*

## V. Scenario Analysis & Target Price Re-Rating

### (A) Three-Scenario Target Price (Updated to \$87 Baseline)

Scenario	Prob.	USDC EOY27	FY27E EBITDA	Multiple	Target	vs Current
Bull	20%	\$140B+	\$1.5B	25x	\$150+	+72%+
Base	55%	\$105B	\$950M	22x	\$95	+9%
Bear	25%	\$70B	\$480M	12x	\$35	-60%

#### Probability-Weighted Target Price:

Calculation	Value
Bull contribution	20% x \$150 = \$30.00
Base contribution	55% x \$95 = \$52.25
Bear contribution	25% x \$35 = \$8.75
<b>Probability-Weighted Target</b>	<b>\$91.00</b>
<b>Upside vs Current \$87</b>	<b>+4.6%</b>

Core conclusion: At \$87, probability-weighted upside is only +4.6%, far below the +39% at \$61.89. Risk/reward has narrowed significantly.

### (B) Sensitivity Matrix: Target Price (USDC CAGR vs EV/EBITDA Multiple)

Based on FY26E EBITDA derivation, assumes 3.5% reserve return rate, 39% RLDC margin

CAGR \ Multiple	15x	18x	22x	25x	30x
<b>15% (Pessimistic)</b>	\$28	\$35	\$44	\$50	\$62
25% (Conservative)	\$38	\$47	\$59	\$68	\$83
<b>30% (Base)</b>	\$45	\$55	<b>\$69</b>	\$80	\$97
35%	\$52	\$64	\$80	\$92	\$112
<b>40% (Guidance)</b>	\$60	\$73	<b>\$92</b>	\$106	\$129
50% (Extreme Bull)	\$76	\$93	\$116	\$134	\$164

Reading: Current \$87 implies ~30% CAGR + 25x multiple, or 40% guidance CAGR + 22x multiple. Market is pricing 'partial belief in guidance.' If CAGR = 25% + 18x multiple, implied price is \$47 (-46% downside).

### (C) Reverse DCF: What Does \$87 Imply?

Reverse DCF Assumption	Value
Current EV	~\$19.2B
WACC	12%
Terminal Growth Rate	3%

Terminal EV/EBITDA	15x
<b>Implied FY27E EBITDA</b>	<b>~\$1.0B</b>
<b>Implied USDC CAGR (FY25-27)</b>	<b>~22-25%</b>
vs Mgmt 40% Guidance	Market applies ~55-63% discount
<b>vs Prior @\$61 Implied 12-15% CAGR</b>	<b>Market expectations have risen</b>

*The re-rating from \$61 to \$87 means: investors shifted from 'barely believing guidance' to 'partially believing guidance.' But still far from fully pricing in 40% CAGR (implied \$92-130). This leaves room for further upside, but also raises the cost of disappointment.*

## VI. Analyst Ratings & Target Prices (Post-Q4 Update)

Firm	Rating	Target	Change
Seaport Global	Buy	\$280	Maintained (Street high)
Canaccord Genuity	Buy	\$160	Lowered from \$247
Needham	Buy	\$130	Lowered from \$190
William Blair	Outperform	-	Reiterated
Wells Fargo	Overweight	\$111	Lowered from \$128
Goldman Sachs	Neutral	\$88	Raised from \$79 in Jan
Morgan Stanley	Equal-Weight	-	Initiated coverage Feb
Compass Point	Neutral	-	Upgraded from Sell
Mizuho	Neutral	-	Upgraded from Underperform
Wolfe Research	Sell	\$60	Maintained (Street low)
<b>Consensus (16 analysts)</b>	<b>Buy</b>	<b>\$131</b>	Range \$60-\$280

Distribution: 8 Buy (50%) | 5 Hold (31%) | 3 Sell (19%). Note multiple large banks lowered targets post-Q4 while maintaining ratings, reflecting 'right-sizing' of prior over-optimistic estimates rather than bearish outlook.

## VII. Data Corrections & Verification Log

*Discrepancies identified between prior version and official data, with corrections:*

Item	Prior Data	Official Data	Correction Note
Stock Price	\$61.89	\$87 (Feb 27)	Post-earnings +42% re-rating
Market Cap	~\$14.4B	~\$20.6B	Based on 237.6M basic shares
Fully Diluted Shares	242M	267.8M (Q4 wtd)	Prior approximation was 10% low
Basic Outstanding	Not specified	237.6M (A+B-Treas)	First precise listing
Q4 Diluted EPS	\$0.43 (correct)	\$0.43	Confirmed
Q4 Basic EPS	Not listed	\$0.56	Added
FY25 Adj. EBITDA	\$582M (correct)	\$582.2M	Confirmed
Adj.OpEx FY25 (New)	Not flagged	\$477.5M	New definition first used
USDT Market Share	52-55%	~60% (Feb 26)	Prior underestimated Tether share
EV/EBITDA @ \$61	24.7x	Should be ~25.1x	Minor EV calc adjustment
Corporate Cash	\$1,530M	\$1,526M	Rounding correction

## VIII. Updated Decision Framework

*The risk/reward profile at \$87 is fundamentally different from \$61. Prior conclusion of 'Hold/Gradually Accumulate' requires revision.*

### (A) Rating Change

Dimension	Prior @\$61	Updated @\$87	Rationale
<b>Rating</b>	Hold / Accumulate	<b>Hold / Watch</b>	Upside narrowed to +5%
Conviction	Medium	Medium-Low	Multiple expanded to 33x EV/EBITDA
Risk/Reward	Asymmetric (+39%/-43%)	<b>Near Neutral (+5%/-60%)</b>	Upside priced in
<b>Ideal Buy Range</b>	\$45-50	<b>\$55-65</b>	Raised to 22-25x EV/EBITDA
Heavy Accumulation	\$38	\$45-50	Margin of safety price raised
Take-Profit Zone	\$100+	\$110-130	Aligns w/ prob-weighted bull
Target Allocation	3-5% of tech book	<b>2-3% (reduced)</b>	Risk/reward deterioration

### (B) Action Recommendations

#### If you hold a position (cost basis <\$65):

Continue holding. Currently up 30%+ at \$87. Consider partial profit-taking at \$100-110 (trim 1/3). Retain core position until Coinbase renewal clarity (Aug 2026).

#### If you have no position:

Current \$87 is not an ideal entry point. Wait for pullback to \$55-65 range. Rationale: (1) Earnings catalyst fully released; (2) 4-month quiet period before Jun 3 Q1 report; (3) EV/EBITDA 33x historically elevated; (4) 11.7% short interest adds volatility.

#### If price pulls back below \$65:

Re-enters 'Gradual Accumulation' zone. Scale in: 1/3 @ \$65, 1/3 @ \$55, 1/3 @ \$50.

### (C) Key Catalyst Timeline

Timing	Event	Impact	Strategy Response
H1 2026	Arc Mainnet Launch	Positive catalyst	If successful, raise TP by 20-30%
Mar 2026	Fed Rate Decision	Rate direction	Cut = reserve income pressure
Jun 3, 2026	Q1 FY26 Earnings	Growth validation	USDC growth <15% QoQ = trim
<b>Aug 2026</b>	<b>Coinbase Contract Renewal</b>	<b>Largest binary event</b>	<b>Favorable terms = add 20%</b>
Jul 2026	GENIUS Act Progress	Regulatory clarity	If passed = sector tailwind
H2 2026	Tether USAT Potential Launch	Competitive threat	Significant institutional adoption = trim



## IX. Mentor Commentary: Lessons from \$61 to \$87

Ruby, in just two days Circle's stock rose 42%. This is an excellent real-time case study for understanding several core investment concepts:

**Lesson 1: The Power of Earnings Surprise.** Q4 EPS \$0.43 vs consensus \$0.16 (+169% beat). Q4 revenue \$770M vs expected \$748M (+3% beat). RLDC margin 40.1% vs expected ~37%. These three dimensions of outperformance triggered a stock re-rating. It wasn't just one quarter being good; it changed market expectations for FY26 growth trajectory.

**Lesson 2: Expectation Management by Wall Street.** Note Canaccord cut from \$247 to \$160, Needham from \$190 to \$130, while maintaining Buy ratings. Seemingly contradictory, but logical: prior targets were built on overly optimistic post-IPO assumptions (FFR not cutting, USDC 50%+ CAGR). Now returning to reality but still bullish = analysts are 'right-sizing' expectations.

**Lesson 3: Risk/Reward is Dynamic.** At \$61, our probability-weighted target was \$86 (+39% upside). Now at \$87, upside is only +5% while downside risk remains -60%. Same company, same fundamentals, yet the investment decision should be completely different simply because the price changed. This is why Buffett says 'Price is what you pay, value is what you get.'

**Lesson 4: Data Source Hierarchy.** In this update we strictly extracted data from Circle's 8-K filings and found several discrepancies in prior versions (diluted shares 242M vs actual 267.8M, USDT market share 52-55% vs actual ~60%). On Wall Street, one wrong denominator (share count) can skew your entire valuation by 15%. Primary data > secondary data > opinions, always.

### Challenge Question for Ruby:

If you are an investor with a cost basis of \$55 and the stock is now \$87 (up 58%), what would you do? (A) Sell everything and lock in profits. (B) Hold for bigger catalysts ahead. (C) Trim half, keep a core position. (D) Add more because momentum is up. Please provide your reasoning, particularly using the Risk/Reward framework.

## Evidence Sources & Data Priority

### Tier 1 Data (Official Primary Sources)

1. Circle 8-K (2026-02-25): Q4/FY25 complete financials, share structure, balance sheet, EBITDA reconciliation
2. Circle FY 2025 Earnings Presentation (Feb 2026): Operating metrics, guidance, product updates
3. Circle Q4 Earnings Release press release (BusinessWire/StockTitan)
4. SEC EDGAR: <https://sec.gov/Archives/edgar/data/0001876042/>

### Tier 2 Data (Market Sources)

5. TradingView: Real-time price \$86.93, market cap \$19.55B, EPS beat 161.51%
6. Robinhood: Close \$83.01 (Feb 26), intraday \$82.46-\$85.35, market cap \$19.59B
7. Kraken/CoinGecko/Coinbase: USDC circulation \$75.35B (Feb 27 real-time)
8. CoinDesk: Tether USDT market cap \$183.6B, Feb decline of \$3.2B

### Tier 3 Data (Analyst / Opinion Sources)

9. Seaport Global (Jeff Cantwell): Buy/\$280 - Arc catalyst
10. William Blair: Outperform - Q4 RLDC 240bps above expectations
11. Canaccord/Needham: Lowered targets but maintained Buy
12. Wells Fargo: Overweight/\$111 (lowered from \$128)
13. Goldman Sachs: Neutral/\$88; Morgan Stanley: Equal-Weight
14. Morningstar: Fair Value \$78.42 (Feb 21 basis)

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*End of Report*