

Robinhood seeks \$35B IPO valuation to cap year of record revenue

Article

The news: The US trading fintech giant estimates that it will raise **\$2 billion** from the sale of its Class A common stock, [per](#) its updated SEC filing.

Zooming in on its finances: Going into the public market, Robinhood can boast of its relentless revenue growth.

Its total revenue grew **245%** in 2020 to **\$959 million**. For Q1, it already has reached **\$522 million**, indicating the likelihood of even higher revenue by the end of 2021.

Likely it owes some of its success to riding the crypto investing wave, as **9.5 million** customers traded cryptos on its app in Q1, up from **1.7 million** in the previous quarter. For context, Robinhood almost doubled its user base, reaching **17.7 million** users in Q1 compared to the same quarter last year.

Buy Robinhood IPO stock on Robinhood: The fintech will reserve between **20%** and **35%** of its common stock for its IPO investing platform, **IPO Access**, enabling its own users to invest in its public debut.

Allowing users to profit from its growth will help Robinhood shore up its customer relationships—a move much-needed after a year of controversies: Robinhood was recently hit with a **\$70 million** fine for app outages and misleading users, resulting in its base sustaining high trading losses.

Looking ahead: Although Robinhood’s growth has been impressive up to its IPO launch, investors will likely be speculating on whether it will continue beyond the unusual conditions created by the pandemic.

DriveWealth, which powers the underlying infrastructure for stock trading among fintechs like **MoneyLion**, **Stake**, and **Revolut**, **reported** a slowdown in trading for April and May following Q1’s record. Meanwhile, global crypto trading volumes were also down **40%** in June.

DriveWealth has identified everyday consumers as the culprit for the slowdown. Now that they’ve been vaccinated, they are stepping away from day trading and resuming their prepandemic activities. In Robinhood’s SEC filing, it admits that it expects “revenue for Q3 to be lower than Q2 as a result of decreased levels of trading activity relative to the record highs in trading activity, particularly in cryptos, during Q2.”

The dip suggests that the days of record-breaking trading volumes and account openings are done. We’re now moving toward a slowdown. Digital brokers like **Coinbase**, **eToro**, **Acorns**, **Bullish**, and now Robinhood have seen the writing on the wall and are rushing to go public and capitalize on the trading hype to attract investors.

Top 10 US Mobile Finance Apps, Ranked by Growth, Q1 2021

millions and % change vs. prior quarter

	Downloads	% change vs. prior quarter
1. TurboTax	3.8	829%
2. IRS2Go	3.8	729%
3. Pi Network	1.2	592%
4. Crypto.com	2.1	574%
5. Webull	2.4	323%
6. Coinbase	3.5	290%
7. TD Ameritrade	1.1	254%
8. Fidelity Investments	1.3	248%
9. Robinhood	5.2	221%
10. Google Pay	1.2	26%

Note: includes Android & iOS

Source: Sensor Tower, "Store Intelligence Data Digest: Q1 2021," April 15, 2021

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