



Robinhood Markets, Inc.

Earnings Presentation Second Quarter 2022

August 2, 2022

Disclaimers

This Presentation Relates to Robinhood’s Broader Earnings Announcement Disclosures

This presentation relates to the second quarter of 2022 earnings announcement webcast of Robinhood Markets, Inc. (including its consolidated subsidiaries, “we,” “Robinhood,” or the “Company”) scheduled for August 3, 2022 and should be read together with Robinhood’s earnings announcement press release dated August 2, 2022. Hyperlinks to our second quarter of 2022 webcast and press release can be found together with these slides on Robinhood’s investor relations website at investors.robinhood.com.

Key Performance Metrics

This presentation includes key performance metrics that our management uses to help evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions. Our key performance metrics include Net Cumulative Funded Accounts, Monthly Active Users (“MAU”), Assets Under Custody (“AUC”), and Average Revenue Per User (“ARPU”). Definitions of performance metrics can be found in the appendix to this presentation (the “Appendix”).

Non-GAAP Financial Measures and Where to Find Reconciliations to GAAP

This presentation includes financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Our non-GAAP financial measures include adjusted earnings before interest, taxes, depreciation, and amortization (“Adjusted EBITDA”), Adjusted EBITDA Margin, and operating expenses excluding share-based compensation. Explanations and reconciliations to the most comparable GAAP financial measures can be found in the Appendix.

Cautionary Note Regarding Forward-Looking Statements

This presentation and the related webcast contain forward-looking statements regarding our expected financial performance and our strategic and operational plans, including (among others) statements regarding our expectation that our new general manager structure will speed up decision making, increase accountability, and help us deliver faster for customers; our ambitious roadmap to deliver products that will provide an even better experience for customers and drive additional asset and account growth; our plans for brokerage to roll out retirement accounts later this year and to make our charting and technical indicators much better for advanced customers; our plans for crypto to launch a non-custodial crypto wallet app later this year, and our vision to be the most trusted platform for customers to invest in crypto, as well as the most trusted on-ramp to the decentralized web; our belief that our money offering has an opportunity through the Cash Card to become the primary place where customers deposit their paychecks and to drive additional customer loyalty as well as to diversify revenue over time; our belief that a combination of strong net deposits and long-term rising markets can drive meaningful asset growth over time; our expectation that rising interest rates would drive meaningful additional revenue from our interest earning assets; our plan to further diversify our revenues going forward; and our view that our position with no debt and \$6 billion of corporate cash on hand will provide us with the strength, flexibility, and financial runway to continue serving our customers, executing on our product roadmap, and evaluating potential acquisitions; as well as all statements about our financial outlook and all statements about reaching Adjusted EBITDA profitability by the end of 2022. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “believe,” “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “estimate,” “predict,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Our forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, and other factors that may cause our actual future results, performance, or achievements to differ materially from any future results expressed or implied in this presentation and the related webcast. Reported results should not be considered an indication of future performance. Factors that contribute to the uncertain nature of our forward-looking statements include, among others: our limited operating history; the difficulty of managing our business effectively, including our recent workforce reductions, and the risk of continued declining or negative growth; the fluctuations in our financial results and key metrics from quarter to quarter; our reliance on transaction-based revenue, including payment for order flow (“PFOF”), and the risk of new regulation or bans on PFOF and similar practices; the difficulty of raising additional capital (to satisfy any liquidity needs and support business growth and objectives) on reasonable terms or at all; the need to maintain capital levels required by regulators and self-regulatory organizations; the risk that we might mishandle the cash, securities, and cryptocurrencies we hold on behalf of customers, and our exposure to liability for operational errors in clearing functions; the impact of negative publicity on our brand and reputation; the risk that changes in business, economic, or political conditions, or systemic market events, might harm our business; our dependence on key employees and a skilled workforce; the difficulty of complying with an extensive and complex regulatory environment and the need to adjust our business model in response to new or modified laws and regulations; the possibility of adverse developments in pending litigation and regulatory investigations; the effects of competition; our need to innovate and invest in new products and services in order to attract and retain customers and deepen their engagement with us in order to maintain growth; our reliance on third parties to perform some key functions and the risk that operational or technological failures could impair the availability or stability of our platform; the risk of cybersecurity incidents, theft, data breaches, and other online attacks; the difficulty of processing customer data in compliance with privacy laws; our need as a regulated financial services company to develop and maintain effective compliance and risk management infrastructures; the volatility of cryptocurrency prices and trading volumes; the risk that our platform could be exploited to facilitate illegal payments of cash or cryptocurrency; and the risk that substantial future sales of Class A common shares in the public market could cause the price of our stock to fall. Because some of these risks and uncertainties cannot be predicted or quantified and some are beyond our control, you should not rely on our forward-looking statements as predictions of future events. More information about potential risks and uncertainties that could affect our business and financial results is included in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 as well as our other filings with the Securities and Exchange Commission (“SEC”), which are available on the SEC’s web site at www.sec.gov. Moreover, we operate in a very competitive and rapidly changing environment; new risks and uncertainties may emerge from time to time, and it is not possible for us to predict all risks nor identify all uncertainties. The events and circumstances reflected in our forward-looking statements might not be achieved and actual results could differ materially from those projected in the forward-looking statements. Except as otherwise noted, all forward-looking statements in this presentation are made as of the date of this presentation, August 2, 2022, and all forward-looking statements in the related webcast are made as of the date of the webcast, August 3, 2022, and are based on information and estimates available to us at those respective times. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. Except as required by law, Robinhood assumes no obligation to update any of the statements in this presentation and the related webcast whether as a result of any new information, future events, changed circumstances, or otherwise. You should view this presentation and the related webcast with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect. All second quarter 2022 financial information in this presentation is preliminary, based on our estimates and subject to completion of our financial closing procedures. Final results for the period, which will be reported in our Quarterly Report on Form 10-Q for the three months ended June 30, 2022, might vary from the information in this presentation. In particular, until our financial statements are issued in our Quarterly Report on Form 10-Q, we might be required to recognize certain subsequent events (such as in connection with contingencies or the realization of assets) which could affect our final results.

Trademarks

“Robinhood” and the Robinhood feather logo are registered trademarks of Robinhood Markets, Inc. All other names are trademarks and/or registered trademarks of their respective owners.

Q2 Results Highlights

Operational results

Net Cumulative Funded Accounts
22.9M
+100k accounts q/q

Monthly Active Users
14.0M
-1.9M MAUs q/q

Assets Under Custody
\$64B
-31% q/q

Net Deposits
\$5.2B
*22% annualized growth rate**

Financial results

Total Net Revenues
\$318M
+6% q/q

Adj. EBITDA
-\$80M
+\$63M q/q

GAAP Net Loss
-\$295M
+\$97M q/q

K = Thousands, M = Millions, B = Billions
* relative to prior period assets under custody
q/q = compared to the sequential prior quarter

Strong execution to date on our 2022 product roadmap

1H 2022 Recap

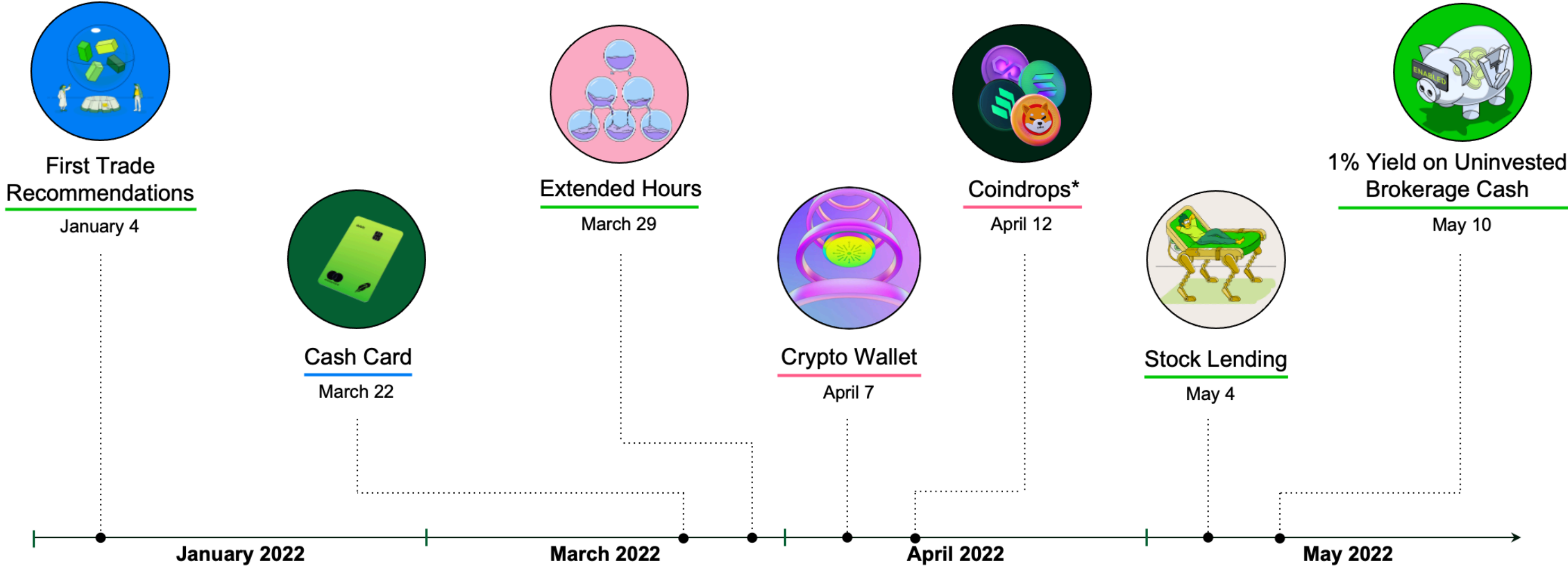
- Making great progress on our 2022 roadmap with innovation in our brokerage, crypto and money businesses
- Increasing our efficiency and productivity to continue to deliver innovation while also instilling a mindset of cost discipline

2H 2022 Roadmap

- On brokerage, we are excited about enhancing our long-term investing offering starting with retirement accounts as well as providing more tools for our advanced customers
- On crypto, we are making progress on our Non-Custodial Wallet and international expansion efforts
- On money, we are continuing our focus on onboarding customers to our cash card and improving incentives



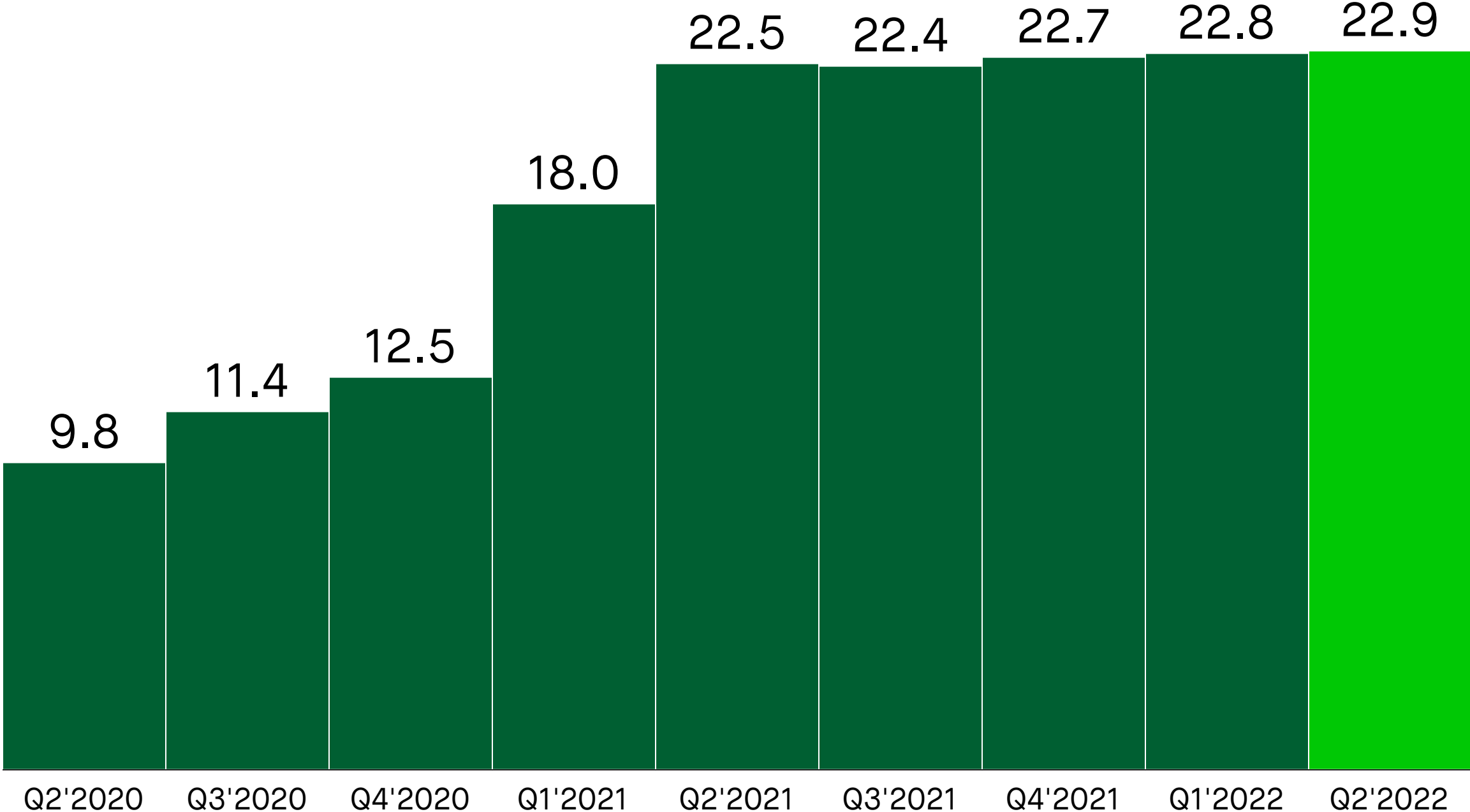
Continuing to deliver on our aggressive roadmap



*Launched four coins in Q2 and two in Q3 to date

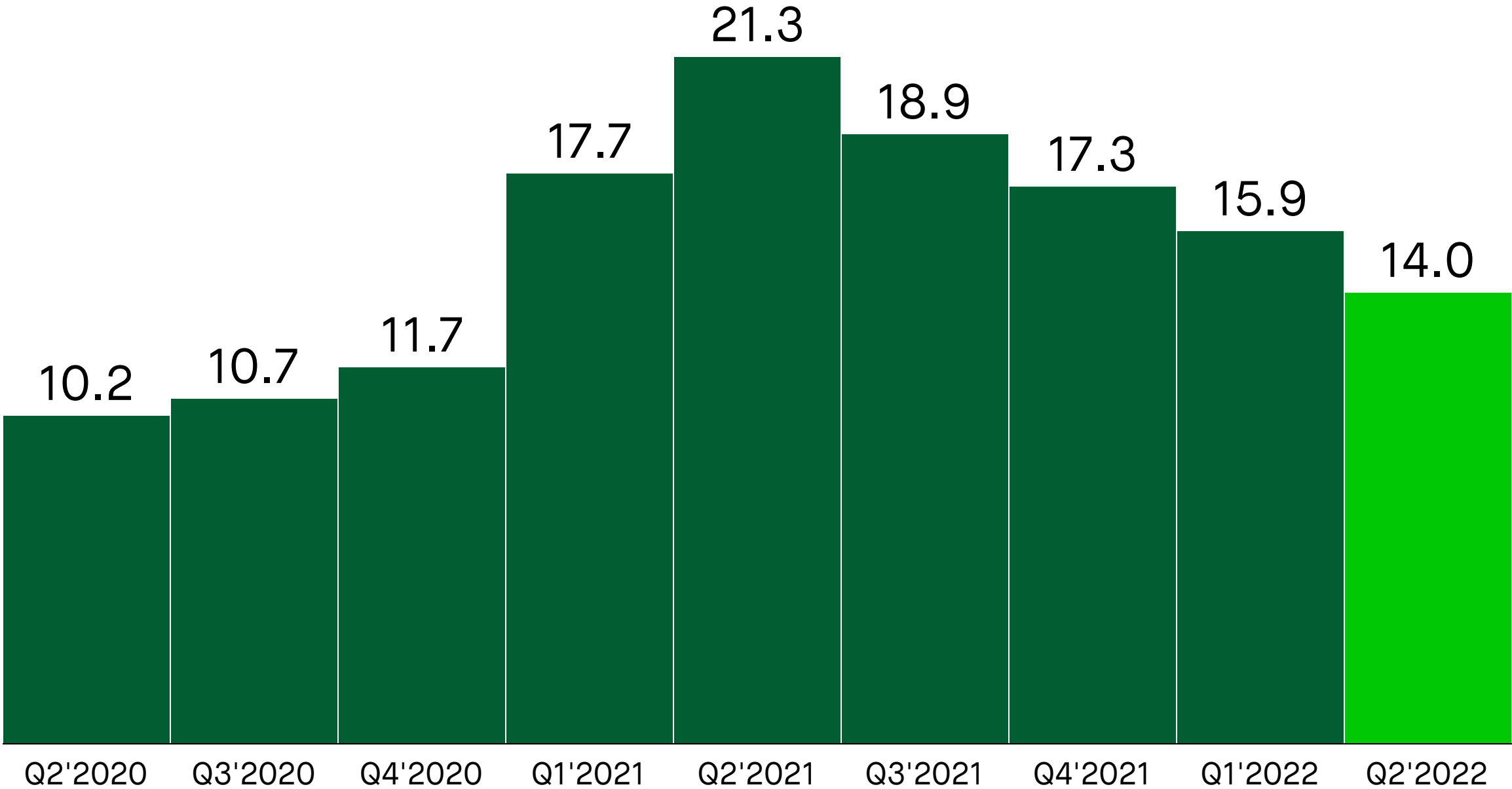
Net Cumulative Funded Accounts

in millions



Monthly Active Users (MAU)

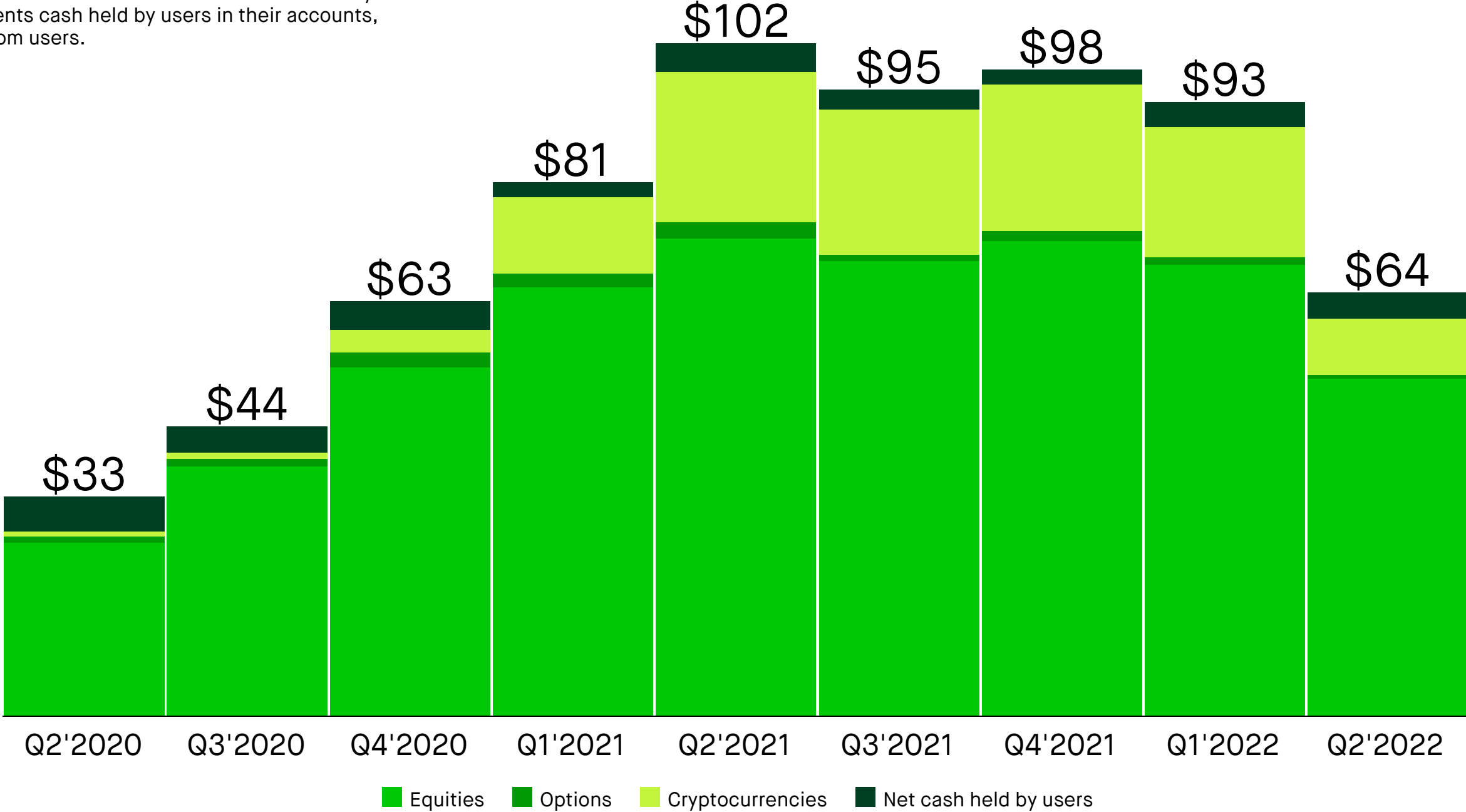
in millions



Assets Under Custody (AUC)

in billions

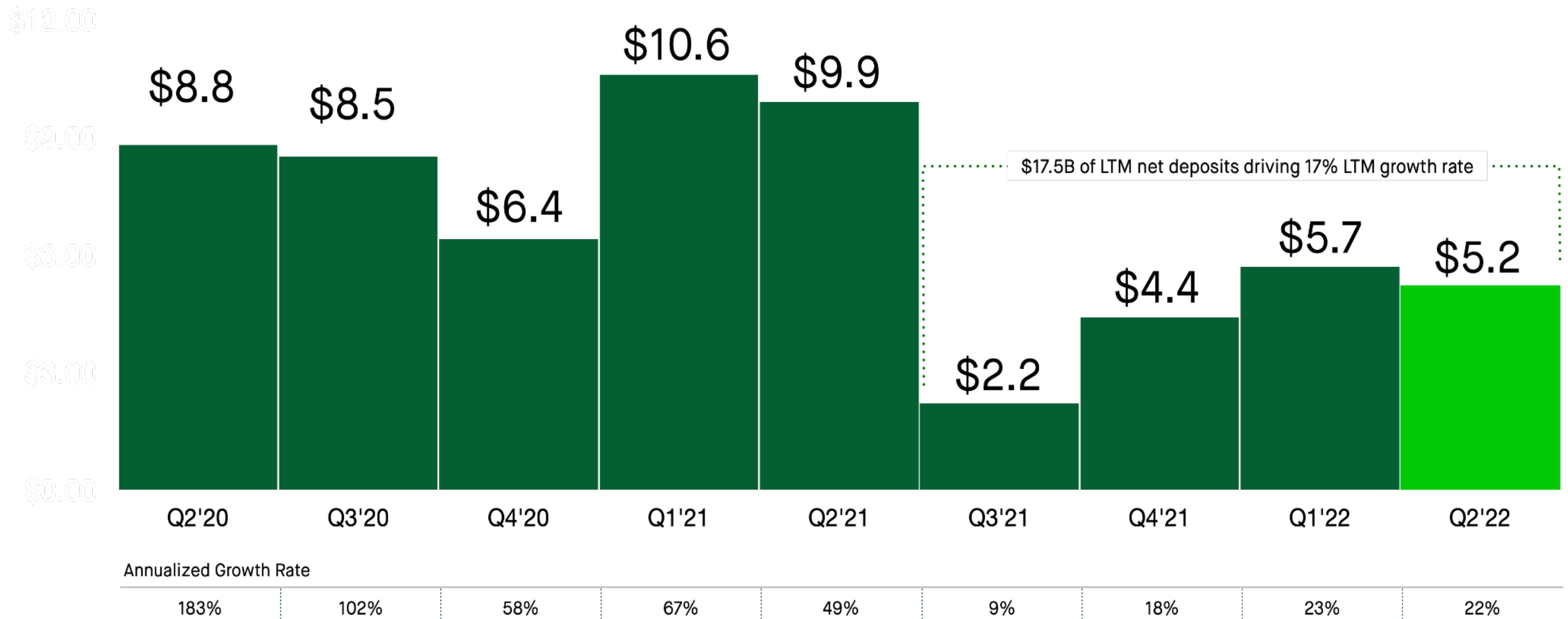
Refer to the Appendix for details of AUC and net cash held by users, which represents cash held by users in their accounts, net of receivables from users.



Net Deposits annualized growth rate was 22% in Q2 and 17% over the past twelve months

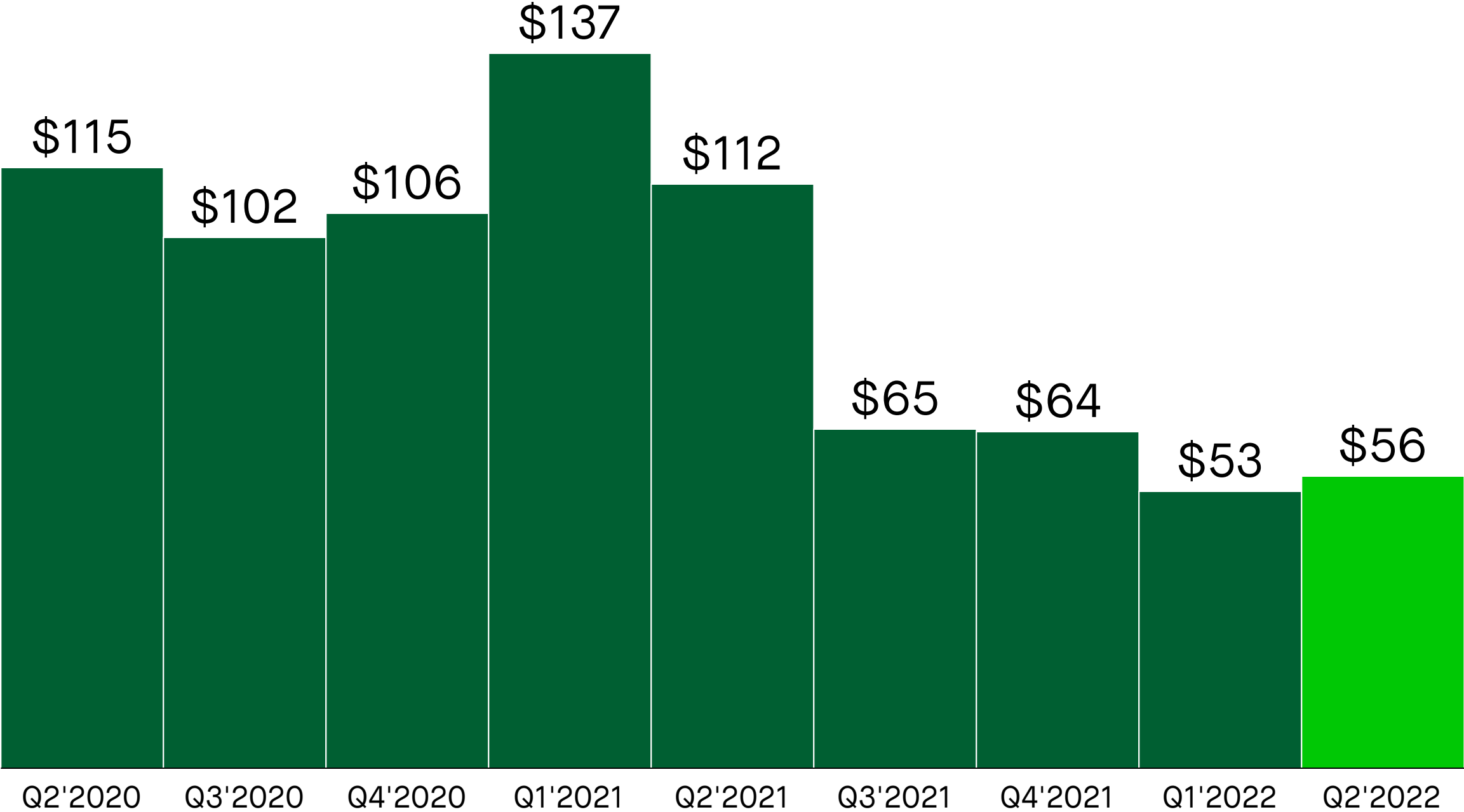
in billions

Refer to definitions in the Appendix for details on growth rate calculations.



Average Revenue Per User (ARPU)

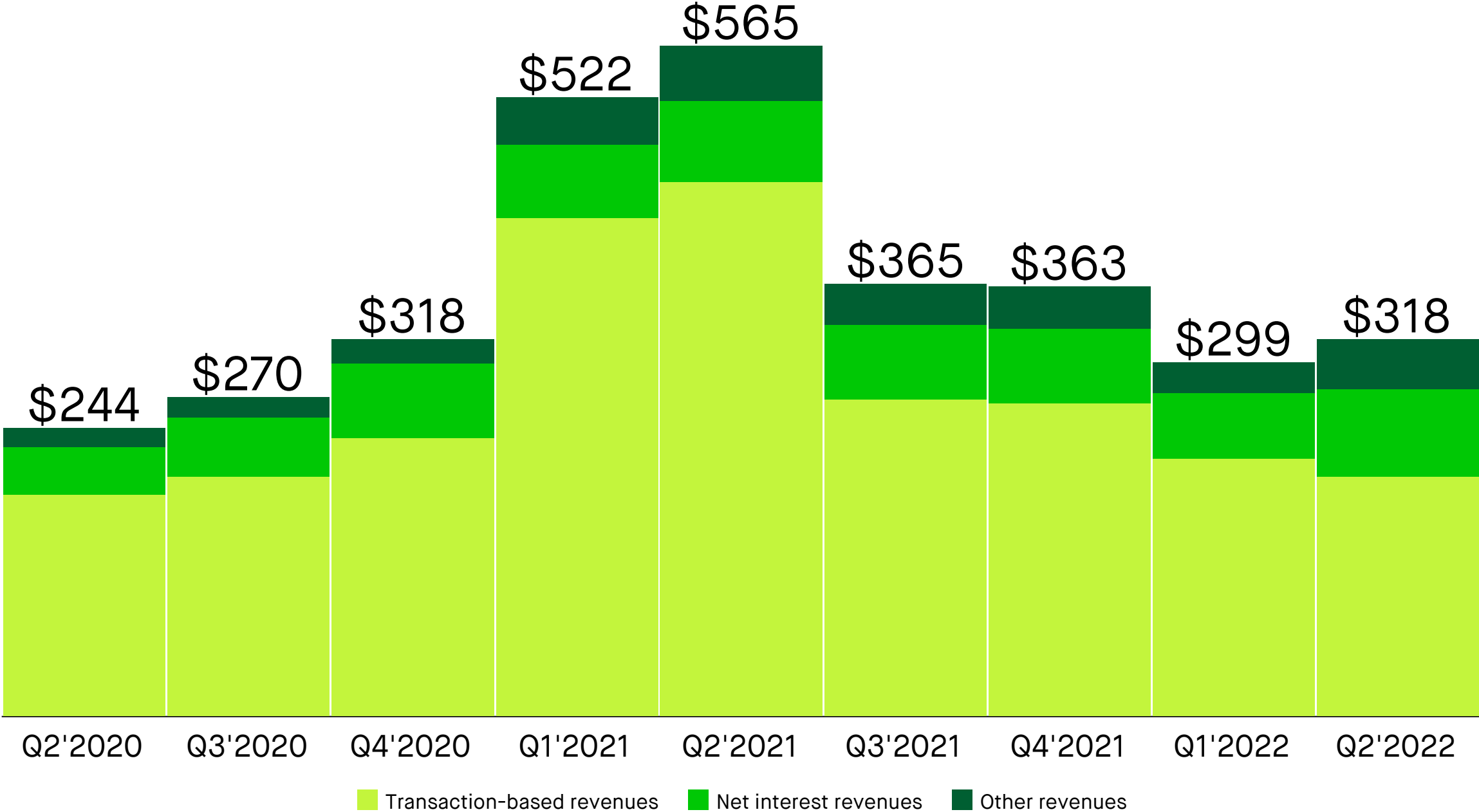
Quarterly ARPU amounts are presented on an annualized basis, see definition in Appendix.



Total Net Revenues

in millions

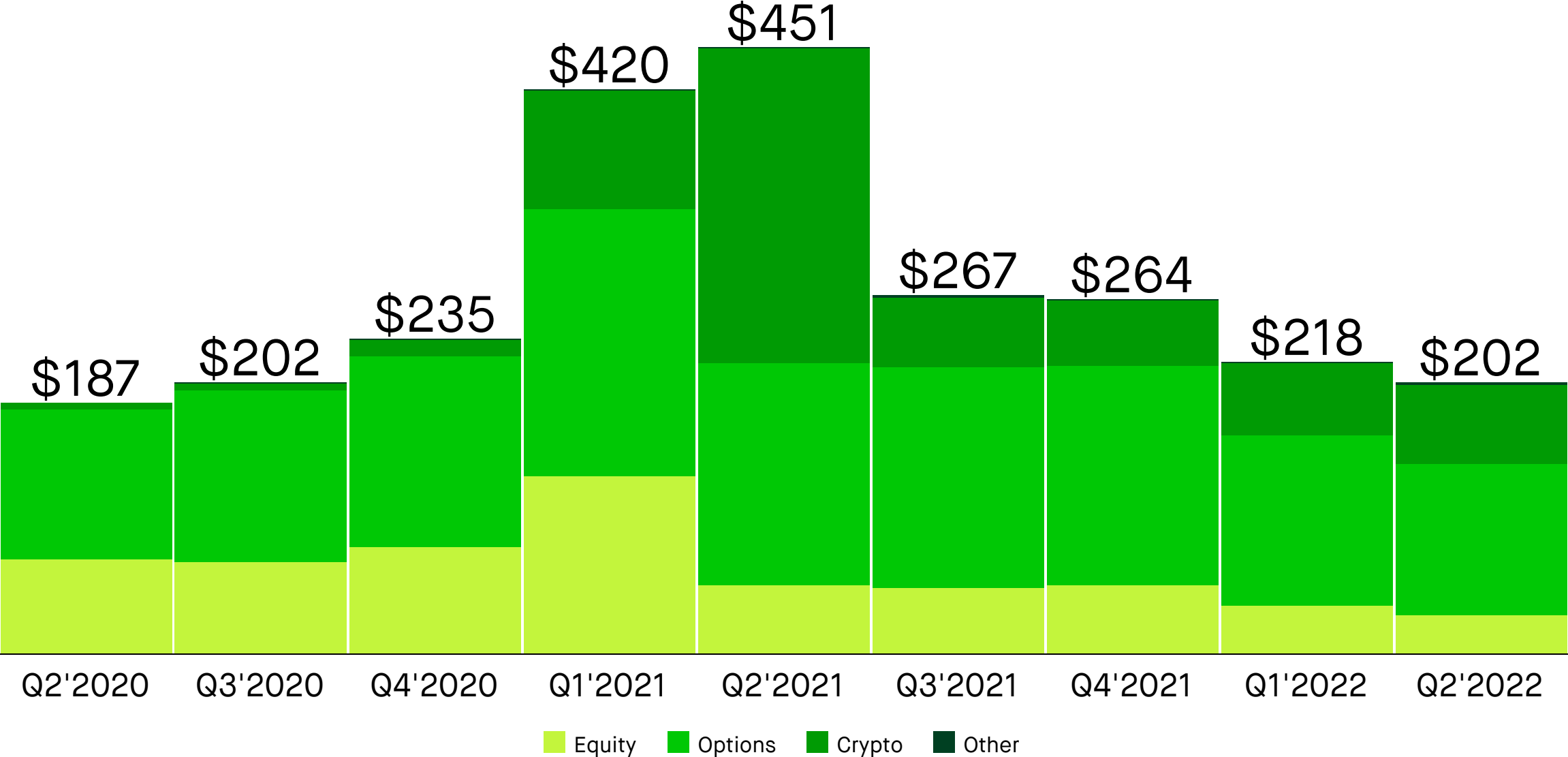
Refer to the Appendix for details of total net revenues.



Transaction-Based Revenues

in millions

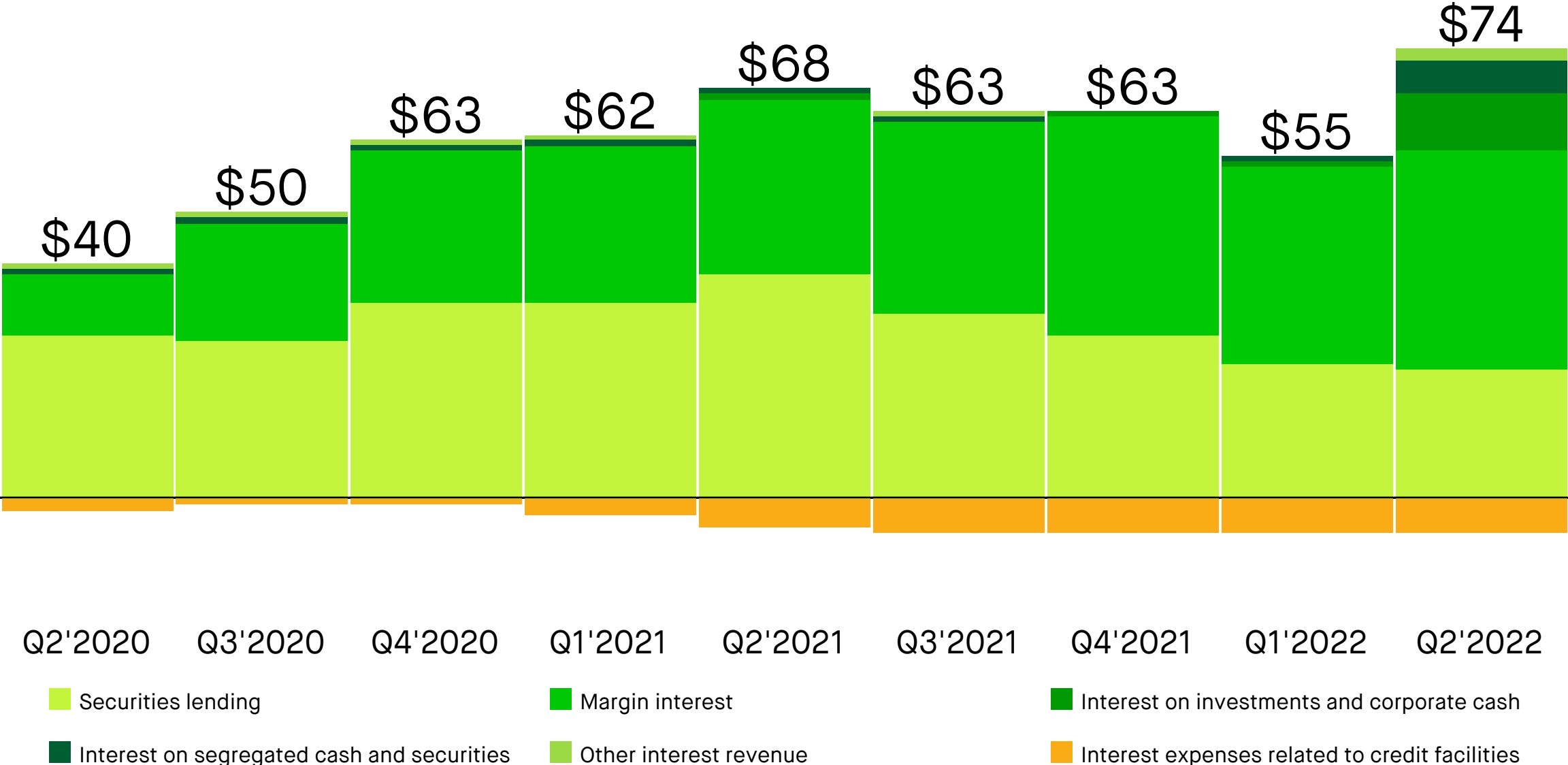
Refer to the Appendix for details of transaction-based revenues.



Net Interest Revenues

in millions

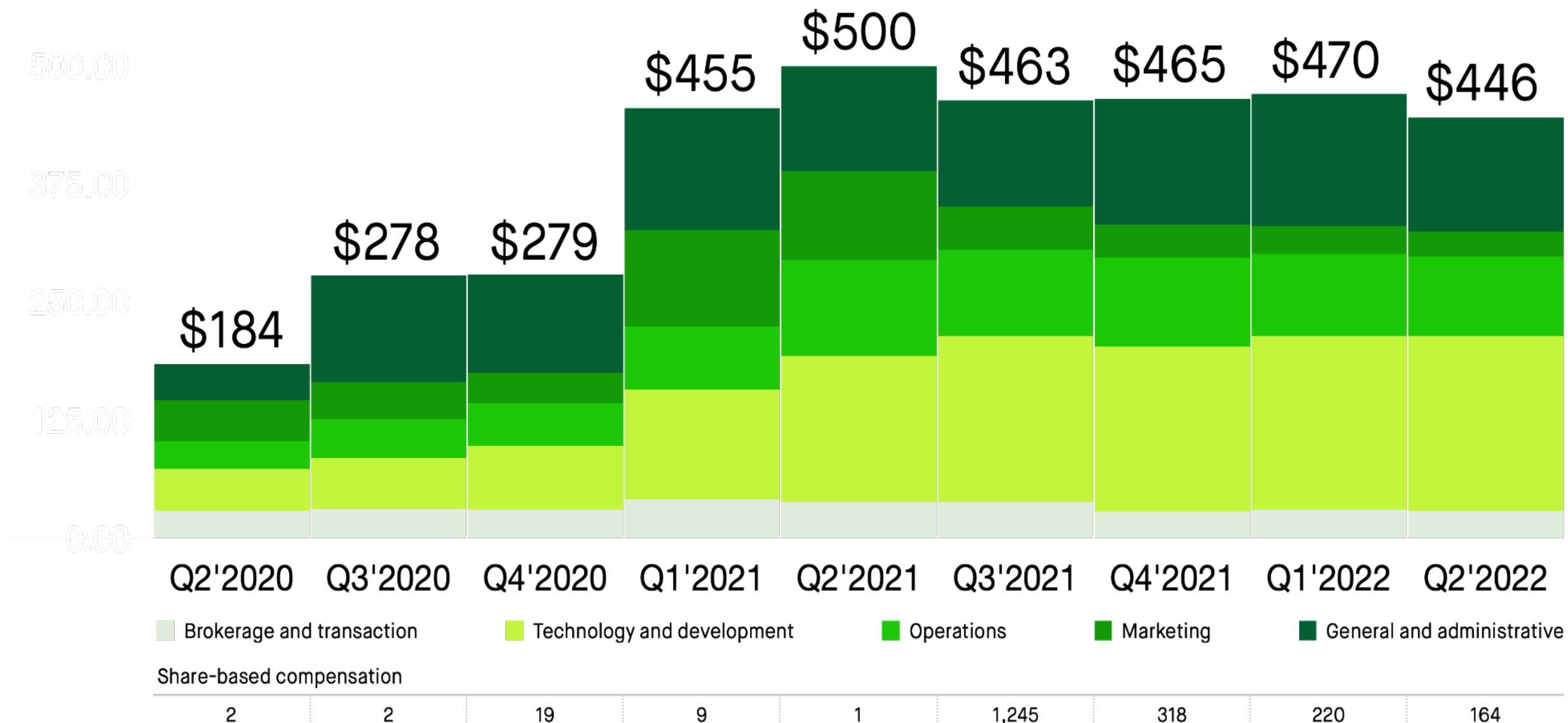
Refer to the Appendix for details of net interest revenues.



Operating Expenses excluding Share-Based Compensation

In millions

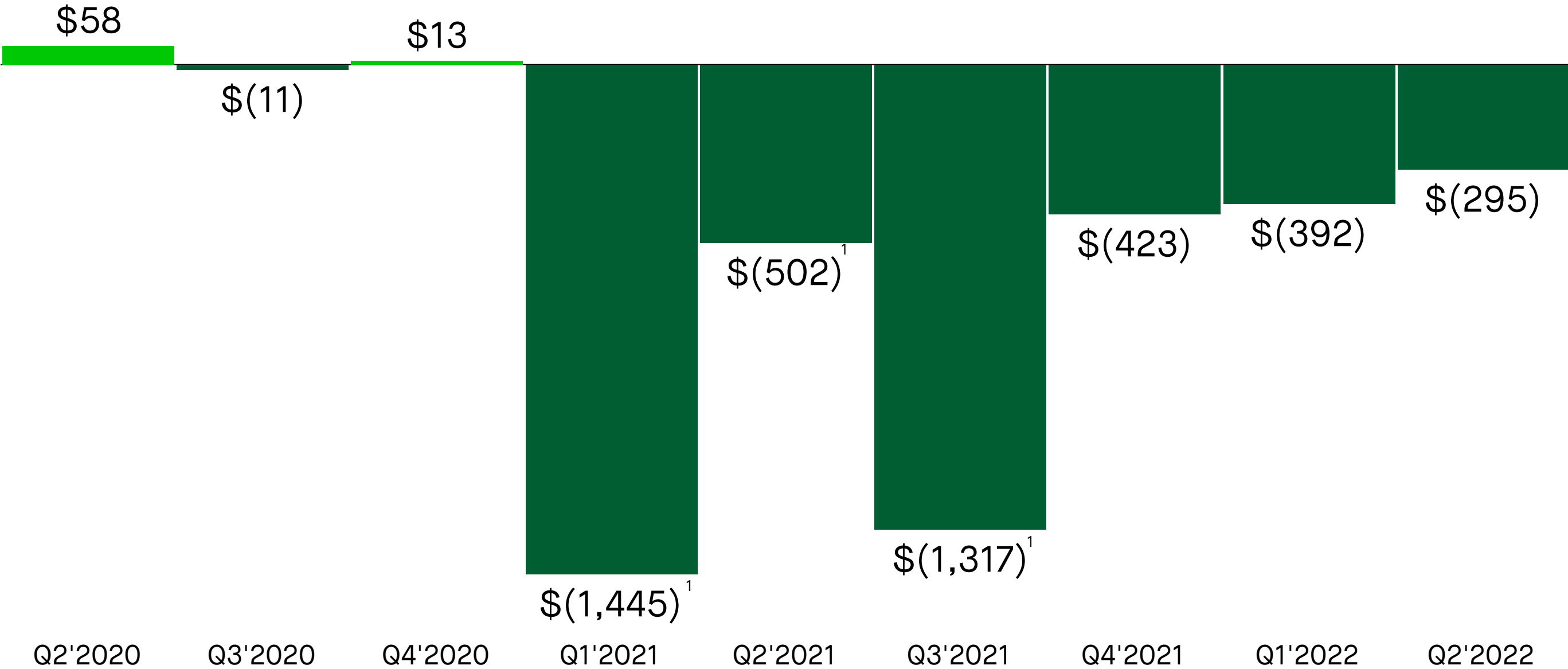
Operating expenses excluding share-based compensation is a non-GAAP financial measure. Refer to the Appendix for the reconciliations of operating expenses excluding share-based compensation to the most directly comparable GAAP measure, total operating expenses.



Net Income (Loss)

in millions

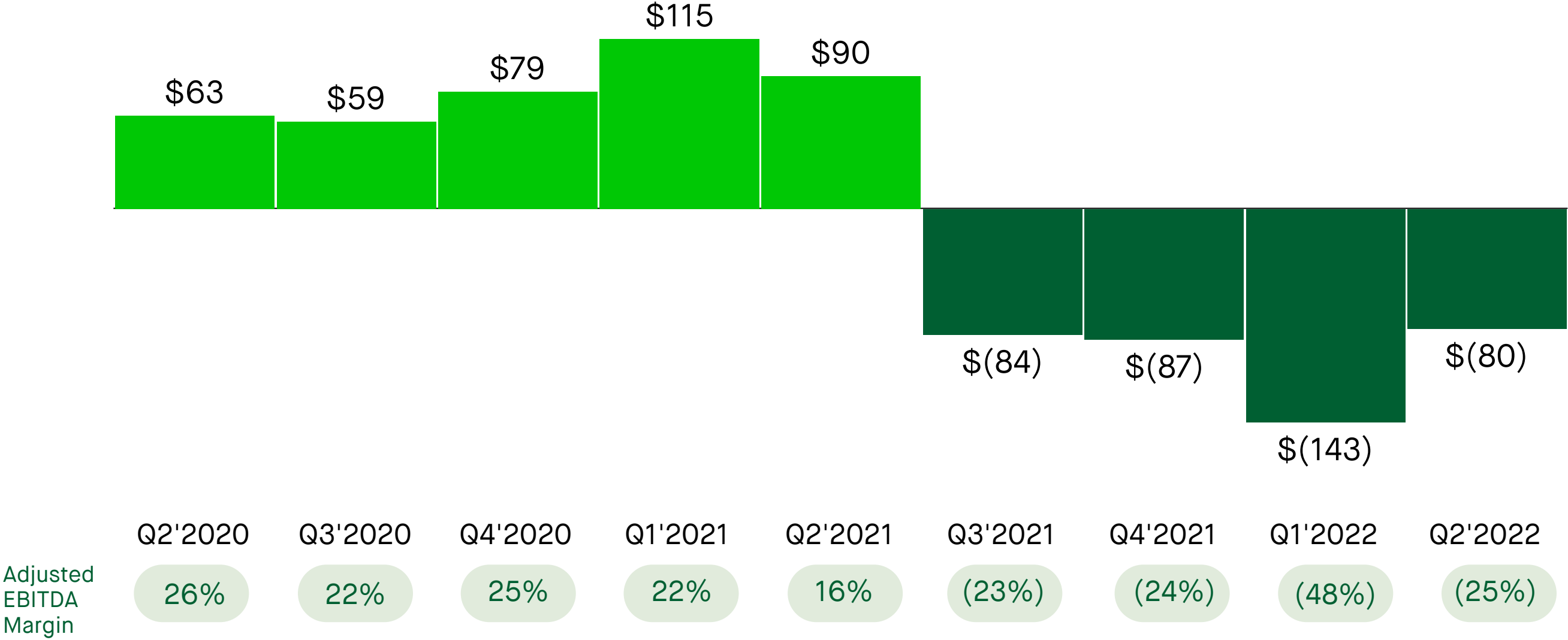
¹ Q1, Q2, and Q3 2021 included losses of \$1,492 million, \$528 million, and \$25 million for changes in fair value of our convertible notes and warrant liability due to mark-to-market adjustments. Q3 2021 also included \$1,245 million in share-based compensation of which \$1,008 million was recognized upon our IPO.



Adjusted EBITDA

in millions

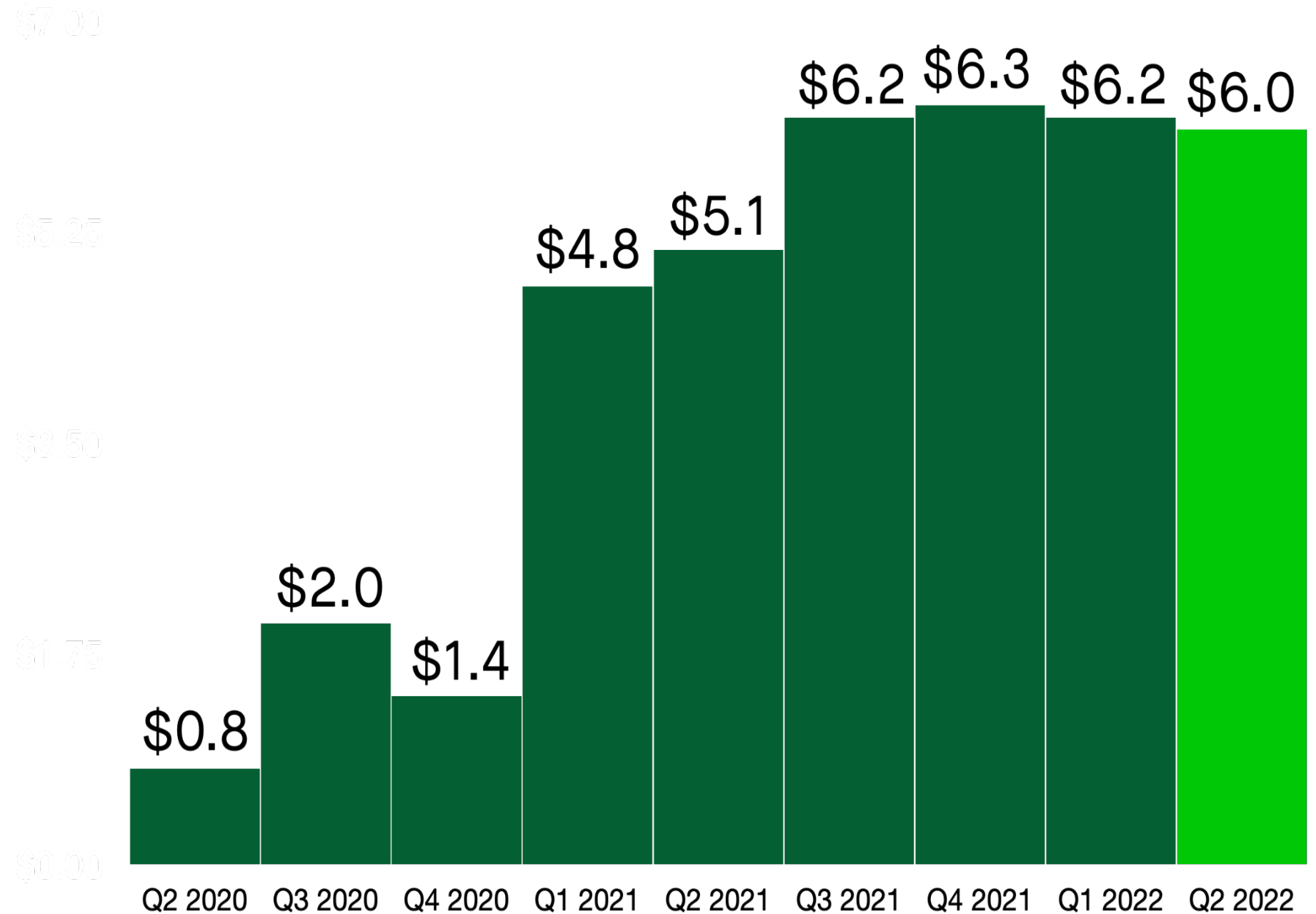
Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. Refer to the Appendix for the reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP measures, net income (loss) and net margin.



Corporate Cash

in billions

- We have approximately \$6B of corporate cash today, as well as approximately \$3B of available lines of credit
- We like this strong cash position that gives us flexibility to run and invest in our business, while staying flexible to evaluate opportunities for M&A
- As a reminder, this includes approximately \$2.5B of excess cash above our risk scenarios



Appendix

June Monthly Metrics

Robinhood Markets, Inc. and consolidated subsidiaries
 Monthly Metrics Report for June 2022
 (unaudited)



(M - in millions, B - in billions)

User growth (M)

	2021						2022						Change		
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Mo	Yr
Net cumulative funded accounts (NCFA)	22.5	22.4	22.4	22.3	22.5	22.7	22.7	22.7	22.8	22.8	22.8	22.8	22.9	0%	2%

Engagement (M)

MAU	21.3	19.5	18.7	18.9	19.5	18.6	17.3	17.3	16.7	15.9	15.7	14.6	14.0	-4%	-34%
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AUC (\$B)

Total AUC	\$102.0	\$94.7	\$103.5	\$95.4	\$111.2	\$107.5	\$98.0	\$86.8	\$86.9	\$93.1	\$78.5	\$73.9	\$64.2	-13%	-37%
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Cumulative net deposits

Net deposits	\$65.7	\$66.4	\$66.9	\$67.9	\$68.4	\$70.2	\$72.3	\$75.1	\$76.8	\$77.9	\$79.2	\$81.7	\$83.1	2%	26%
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Net deposits	\$1.0	\$0.7	\$0.6	\$1.0	\$0.5	\$1.9	\$2.0	\$2.9	\$1.6	\$1.2	\$1.2	\$2.5	\$1.5	-40%	50%
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Trading

Trading days (Equity and options)	22	21	22	21	21	21	22	20	19	23	20	21	21	0%	-5%
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Total trading volumes

Equity (\$B)	\$109	\$73	\$73	\$72	\$79	\$97	\$64	\$61	\$57	\$71	\$55	\$58	\$50	-14%	-54%
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Options contracts (M)	116	94	95	94	92	113	86	78	72	87	70	72	68	-6%	-41%
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Crypto (\$B)	\$30	\$13	\$22	\$16	\$18	\$15	\$11	\$9	\$7	\$7	\$7	\$7	\$6	-14%	-80%
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Daily average revenue trades (DARTs) (M)

Equity DARTs	3.1	2.3	2.1	2.1	2.2	2.5	1.9	1.9	1.7	1.8	1.6	1.6	1.5	-4%	-51%
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Option DARTs	0.9	0.7	0.8	0.7	0.7	0.9	0.7	0.7	0.7	0.6	0.6	0.6	0.5	-12%	-46%
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Total DARTs (Equity and Options)	4.0	3.0	2.9	2.9	2.9	3.5	2.6	2.6	2.4	2.5	2.2	2.2	2.0	-6%	-50%
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Crypto DARTs	1.1	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.4	-10%	-68%
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Margin (\$B)

Margin Book	\$5.4	\$5.6	\$5.6	\$6.1	\$6.0	\$6.6	\$6.5	\$5.5	\$5.3	\$5.3	\$5.2	\$4.2	\$4.1	-2%	-24%
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See Appendix for definitions.

Monthly percentage change represents the most recent calendar month as compared to the immediately preceding calendar month. Yearly percentage change represents the most recent calendar month as compared to the same month of the prior year.

Changes in Net Cumulative Funded Accounts

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Beginning balance	7.2	9.8	11.4	12.5	18.0	22.5	22.4	22.7	22.8
New funded accounts	2.7	1.9	1.4	5.7	5.1	0.7	0.8	0.5	0.4
Resurrected accounts	0.1	0.1	0.1	0.4	0.3	0.1	0.2	0.1	0.1
Churned accounts	(0.2)	(0.4)	(0.4)	(0.6)	(0.9)	(0.9)	(0.7)	(0.5)	(0.4)
Ending balance	9.8	11.4	12.5	18.0	22.5	22.4	22.7	22.8	22.9

Assets Under Custody (AUC)

in billions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Equities	\$26.4	\$37.6	\$53.0	\$65.1	\$72.5	\$69.2	\$72.1	\$68.5	\$51.2
Options	0.9	1.4	2.1	2.0	2.4	1.4	1.5	1.1	0.5
Cryptocurrencies	0.8	1.1	3.6	11.6	22.7	22.2	22.1	19.7	8.6
Net cash held by users	5.3	4.3	4.3	2.2	4.4	2.6	2.3	3.8	3.9
Assets under custody	\$33.4	\$44.4	\$63.0	\$80.9	\$102.0	\$95.4	\$98.0	\$93.1	\$64.2

Changes in Assets Under Custody (AUC)

in billions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Beginning balance	\$19.2	\$33.4	\$44.4	\$63.0	\$80.9	\$102.0	\$95.4	\$98.0	\$93.1
Net deposits	8.8	8.5	6.4	10.6	9.9	2.2	4.4	5.7	5.2
Net market gains (losses)	5.4	2.5	12.2	7.3	11.2	(8.8)	(1.8)	(10.6)	(34.1)
Ending balance	\$33.4	\$44.4	\$63.0	\$80.9	\$102.0	\$95.4	\$98.0	\$93.1	\$64.2

Total Net Revenues

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Transaction-based revenues	\$187	\$202	\$235	\$420	\$451	\$267	\$264	\$218	\$202
Net interest revenues	40	50	63	62	68	63	63	55	74
Other revenues	17	18	20	40	46	35	36	26	42
Total net revenues	\$244	\$270	\$318	\$522	\$565	\$365	\$363	\$299	\$318

Transaction-Based Revenues

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Options	\$111	\$127	\$142	\$198	\$165	\$164	\$163	\$127	\$113
Equities	71	69	80	133	52	50	52	36	29
Cryptocurrencies	5	5	12	88	233	51	48	54	58
Other	—	1	1	1	1	2	1	1	2
Total transaction-based revenues	\$187	\$202	\$235	\$420	\$451	\$267	\$264	\$218	\$202

Notional Trading Volume for Q2'2022

Equity notional volumes
down 14% q/q, driven
by:

Customers placing trades
-9% q/q

Notional volumes, per trader
-6% q/q

Total option contracts
down 11% q/q, driven
by:

Customers placing trades
-14% q/q

Contracts per trader
+5% q/q

Crypto notional volumes
down 19% q/q, driven
by:

Customers placing trades
-3% q/q

Notional volumes, per trader
-19% q/q

Net Interest Revenues

in millions

Commencing in Q2 2022 net interest revenues have been reclassified to include an additional category (interest on investments and corporate cash). Prior period amounts have been revised to conform to the current presentation.

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Securities lending	\$29	\$28	\$35	\$35	\$40	\$33	\$29	\$24	\$23
Margin interest	11	21	27	28	31	34	39	35	39
Interest on investments and corporate cash	—	—	—	—	1	—	1	1	10
Interest on segregated cash and securities	1	1	1	1	1	1	—	1	6
Other interest revenue	1	1	1	1	—	1	—	—	2
Interest expenses related to credit facilities	(2)	(1)	(1)	(3)	(5)	(6)	(6)	(6)	(6)
Total net interest revenues	\$40	\$50	\$63	\$62	\$68	\$63	\$63	\$55	\$74

Operating Expenses

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Brokerage and transaction	\$29	\$31	\$30	\$41	\$38	\$44	\$29	\$31	\$30
Technology and development	45	55	82	117	156	679	280	266	244
Operations	30	41	45	67	101	108	98	91	86
Marketing	43	39	33	102	94	87	44	34	24
General and administration	39	114	108	137	112	790	332	268	226
Total operating expenses	\$186	\$280	\$298	\$464	\$501	\$1,708	\$783	\$690	\$610

Operating Expenses Excluding Share-Based Compensation (SBC) Reconciliation

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Brokerage and transaction (GAAP)	\$29	\$31	\$30	\$41	\$38	\$44	\$29	\$31	\$30
Less: SBC	—	—	—	—	—	6	1	1	1
Brokerage and transaction excluding SBC (non-GAAP)	29	31	30	41	38	38	28	30	29
Technology and development (GAAP)	45	55	82	117	156	679	280	266	244
Less: SBC	1	1	14	1	1	503	105	82	59
Technology and development excluding SBC (non-GAAP)	44	54	68	116	155	176	175	184	185
Operations (GAAP)	30	41	45	67	101	108	98	91	86
Less: SBC	—	—	—	—	—	17	4	4	1
Operations excluding SBC (non-GAAP)	30	41	45	67	101	91	94	87	85
Marketing (GAAP)	43	39	33	102	94	87	44	34	24
Less: SBC	—	—	1	—	—	41	9	5	(2)
Marketing excluding SBC (non-GAAP)	43	39	32	102	94	46	35	29	26
General and administration (GAAP)	39	114	108	137	112	790	332	268	226
Less: SBC	1	1	4	8	—	678	199	128	105
General and administration excluding SBC (non-GAAP)	38	113	104	129	112	112	133	140	121
Total operating expenses (GAAP)	\$186	\$280	\$298	\$464	\$501	\$1,708	\$783	\$690	\$610
Less: SBC	2	2	19	9	1	1,245	318	220	164
Total operating expenses excluding SBC (non-GAAP)	\$184	\$278	\$279	\$455	\$500	\$463	\$465	\$470	\$446

Financial Outlook for Operating Expenses (GAAP to Non-GAAP Reconciliation)

	Year Ended December 31, 2021 <i>(in millions)</i>	Financial Outlook for the Year Ending December 31, 2022 <i>(year-over-year change)</i>	Financial Outlook for the Year Ending December 31, 2022 <i>(in millions)</i>	Change from FY'2022 Outlook presented in Q1'2022 Earnings <i>(in millions)</i>
Total operating expenses (GAAP)	\$3,456	decrease by 25% – 29%	\$2,460 – \$2,600	(\$290)
Less: SBC	\$1,572	decrease by 47% – 52%	\$760 – \$840 ²	(\$70)
Total operating expenses excluding SBC (non-GAAP)	\$1,884	decrease by 7% – 10%	\$1,700 – \$1,760 ¹	(\$220)

1. These amounts include severance and other restructuring charges of \$17 million in connection with the April 2022 Restructuring and an estimated \$45 million to \$60 million in connection with the August 2022 Restructuring.
2. These amounts include the benefit of share-based compensation reversal of \$24 million in connection with the April 2022 Restructuring and an estimated share-based compensation reversal of \$40 million to \$50 million in connection with the August 2022 Restructuring.

Net Cash Held by Users

in billions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Cash held by users	\$6.7	\$6.6	\$7.9	\$7.6	\$9.9	\$8.8	\$8.8	\$9.2	\$8.1
Receivables from users	(1.4)	(2.3)	(3.6)	(5.4)	(5.5)	(6.2)	(6.5)	(5.4)	(4.2)
Net cash held by users	\$5.3	\$4.3	\$4.3	\$2.2	\$4.4	\$2.6	\$2.3	\$3.8	\$3.9

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	Q1'2022	Q2'2022
Net income (loss)	\$58	(\$11)	\$13	(\$1,445)	(\$502)	(\$1,317)	(\$423)	(\$392)	(\$295)
Net margin ¹	24 %	(4)%	4 %	(277)%	(89)%	(361)%	(117)%	(131)%	(93)%
Add:									
Interest expenses related to credit facilities	2	1	1	3	5	6	6	6	6
Provision for (benefit from) income taxes	1	—	6	12	38	(50)	3	1	1
Depreciation and amortization	1	2	3	4	5	7	9	12	17
EBITDA (non-GAAP)	62	(8)	23	(1,426)	(454)	(1,354)	(405)	(373)	(271)
Share-based compensation	1	2	19	9	1	1,245	318	220	164
Change in fair value of convertible notes and warrant liability	—	—	—	1,492	528	25	—	—	—
Restructuring charges	—	—	—	—	—	—	—	—	17
Significant legal and tax settlements and reserves	—	65	37	40	15	—	—	10	10
Adjusted EBITDA (non-GAAP)	\$63	\$59	\$79	\$115	\$90	(\$84)	(\$87)	(\$143)	(\$80)
Adjusted EBITDA Margin (non-GAAP) ²	26 %	22 %	25 %	22 %	16 %	(23)%	(24)%	(48)%	(25)%

1. Net margin is calculated as net income (loss) divided by total net revenues.

2. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total net revenues.

Definitions

Performance Metrics

Net Cumulative Funded Accounts

A Robinhood account is designed to provide a user with access to any and all of the products offered on our platform. We define "Net Cumulative Funded Accounts" as New Funded Accounts less Churned Accounts plus Resurrected Accounts (each as defined below). A "New Funded Account" is a Robinhood account into which the account user makes an initial deposit or money or asset transfer, of any amount, during the relevant period. An account is considered "Churned" if it was ever a New Funded Account and its balance (measured as the fair value of assets in the account less any amount due from the user and excluding certain Company-initiated credits) drops to or below zero for at least 45 consecutive calendar days. Negative balances typically result from Fraudulent Deposit Transactions (as defined below) and, less often, from margin loans. An account is considered "Resurrected" in a stated period if it was a Churned Account as of the end of the immediately preceding period and its balance (excluding certain Company-initiated credits) rises above zero. Examples of credits excluded for purposes of identifying Churned Accounts and Resurrected Accounts are price correction credits, related interest adjustments, and fee adjustments.

"Fraudulent Deposit Transactions" occur when users initiate deposits into their accounts, make trades on our platform using a short-term extension of credit from us, and then repatriate or reverse the deposits, resulting in a loss to us of the credited amount.

Monthly Active Users ("MAU")

We define MAU as the number of Monthly Active Users during a specified calendar month. A "Monthly Active User" is a unique user who makes a debit card transaction, or who transitions between two different screens on a mobile device or loads a page in a web browser while logged into their account, at any point during the relevant month. A user need not satisfy these conditions on a recurring monthly basis or have a Funded Account to be included in MAU. Figures in this presentation reflect MAU for the last month of each period presented. We utilize MAU to measure how many customers interact with our products and services during a given month. MAU does not measure the frequency or duration of the interaction, but we consider it a useful indicator for engagement. Additionally, MAUs are positively correlated with, but are not indicative of, the performance of revenue and other key performance indicators.

Assets Under Custody ("AUC")

We define AUC as the sum of the fair value of all equities, options, cryptocurrency and cash held by users in their accounts, net of receivables from users, as of a stated date or period end on a trade date basis. Net Deposits and net market gains drive the change in AUC in any given period. We define "Net Deposits" as all cash deposits and asset transfers received from customers, net of reversals, customer cash withdrawals, and other assets transferred out of our platform (assets transferred in or out include debit card transactions, Automated Customer Account Transfer Service ("ACATS") transfers, and custodial crypto wallet transfers) for a stated period.

Average Revenue Per User ("ARPU")

We define ARPU as total revenue for a given period divided by the average of Net Cumulative Funded Accounts on the last day of that period and the last day of the immediately preceding period. Figures in this presentation represent annualized ARPU for each three-month period presented.

Daily Average Revenue Trades ("DARTs")

We define DARTs for any asset class as the total number of revenue generating trades for such asset class executed during a given period divided by the number of trading days for such asset class in that period.

The monthly metrics slide discloses each month's number of trading days for equities and options. For crypto, the number of trading days is equal to the number of calendar days in the month.

Growth Rate and Annualized Growth Rate with respect to Net Deposits

When used with respect to Net Deposits, "growth rate" and "annualized growth rate" provide information about Net Deposits relative to total AUC. "Growth rate" is calculated as aggregate Net Deposits over a specified 12 month period, divided by AUC for the fiscal quarter that immediately precedes such 12 month period. "Annualized growth rate" is calculated as Net Deposits for a specified quarter multiplied by 4 and divided by AUC for the immediately preceding quarter.

Cumulative Net Deposits

We define "Cumulative Net Deposits" as the total of Net Deposits from inception to a stated date or period end.

Margin Book

We define "Margin Book" as our period-end aggregate outstanding margin loan balances receivable (i.e., the period-end total amount we are owed by customers on loans made for the purchase of securities, supported by a pledge of assets in their margin-enabled brokerage accounts).

Notional Trading Volume

We define "Notional Trading Volume" or "Notional Volume" for any specified asset class as the aggregate dollar value (purchase price or sale price as applicable) of trades executed in that asset class over a specified period of time.

With respect to options, we also measure trading volume as the total number of option contracts bought or sold over a specified period of time. Each contract generally entitles the holder to buy or sell (as applicable) 100 shares of the underlying stock.

Definitions (continued)

Non-GAAP Financial Measures

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources and assess our performance. In addition to total net revenues, net income (loss) and other results under GAAP, we utilize Adjusted EBITDA, Adjusted EBITDA margin, and operating expense excluding share-based compensation. This non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with GAAP and may be different from similarly titled non-GAAP measures used by other companies. Reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are provided in this Appendix.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss), excluding (i) interest expenses related to credit facilities, (ii) provision for (benefit from) income taxes, (iii) depreciation and amortization, (iv) share-based compensation, (v) change in fair value of convertible notes and warrant liability, (vi) significant legal and tax settlements and reserves, and (vii) other significant gains, losses, and expenses (such as impairments, restructuring charges, and business acquisition- or disposition-related expenses) that we believe are not indicative of our ongoing results.

The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, or because the amount and timing of these items are unpredictable, are not driven by core results of operations and render comparisons with prior periods and competitors less meaningful. We believe Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our business performance. Moreover, Adjusted EBITDA is a key measurement used by our management internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting.

Adjusted EBITDA Margin

Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total net revenues. The most directly comparable GAAP measure is net margin (calculated as net income (loss) divided by total net revenues). We believe Adjusted EBITDA Margin provides useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our business performance. Adjusted EBITDA Margin is used by our management internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting.

Operating Expense excluding Share-Based Compensation

Operating expense excluding share-based compensation is defined as the applicable GAAP operating expense line item minus the share-based compensation (or SBC) included within such line item. We believe operating expense excluding SBC provides useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our cost structure.