

# Robinhood Markets, Inc. Investor Presentation

February 13, 2024

# Disclaimers

## ***This Presentation Relates to Robinhood’s Broader Financial and Operating Metrics Disclosures***

This presentation (the “Presentation”) is intended to provide summary information about the business of Robinhood Markets, Inc. (including its consolidated subsidiaries, “we,” “Robinhood,” or the “Company”) for informational purposes only. The information in this Presentation is not complete, comprehensive, or exhaustive and remains subject to change. This Presentation should be read in conjunction with Robinhood’s filings with the Securities and Exchange Commission (the “SEC”) and its fourth quarter and full year 2023 earnings release and presentation. Hyperlinks to our filings with the SEC and earnings materials can be found on Robinhood’s investor relations website at [investors.robinhood.com](https://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 Funded Customers, Assets Under Custody (“AUC”), Net Deposits, 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 Adjusted Operating Expenses (as defined in the Appendix). Definitions, explanations, and reconciliations to the most comparable GAAP financial measures can be found in the Appendix.

## ***Cautionary Note Regarding Forward-Looking Statements***

This Presentation contains forward-looking statements regarding our expected financial performance and our strategic and operational plans, including (among others) statements regarding that in 2024 we are focused on three main areas: winning the active trader market, increasing wallet share, and expanding internationally; that our strong balance sheet and cash generation provide flexibility to deploy capital; that we believe we have a significant global opportunity; that we believe we can continue growing and diversifying our revenues and our near-term growth and diversification opportunities; that we are focused on continuing to drive profitable growth; and that we are well positioned to deploy capital and that our corporate cash and investments and that 2023 Adjusted EBITDA provides us with flexibility to use excess cash to grow our business and drive shareholder value. 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 similar 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. 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 experience at our current scale; the difficulty of managing our business effectively, including the size of our workforce, 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; our exposure to fluctuations in interest rates and rapidly changing interest rate environments; the difficulty of raising additional capital (to provide liquidity needs and support business growth and objectives) on reasonable terms, if 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 processing, operational, or technical errors in clearing functions; the impact of negative publicity on our brand and reputation; the risk that changes in business, economic, or political conditions that impact the global financial markets, or a systemic market event, might harm our business; our dependence on key employees and a skilled workforce; the difficulty of complying with an extensive, complex, and changing 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 processing, 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 and services could be exploited to facilitate illegal payments; and the risk that substantial future sales of Class A common stock in the public market, or the perception that they may occur, 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 can be found in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (our “Q3 2023 10-Q”), as well as in our other filings with the SEC, all of which are available on the SEC’s web site at [www.sec.gov](https://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, February 13, 2024, and are based on information and estimates available to us at this time. 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 whether as a result of any new information, future events, changed circumstances, or otherwise. You should view this Presentation with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect. All fourth quarter and full year 2023 financial information in this Presentation is preliminary, based on our estimates and subject to completion of our financial closing procedures. Final results for the full year, which will be reported in our Annual Report on Form 10-K for the year ended December 31, 2023 (our “2023 10-K”), may vary from the information in this Presentation. In particular, until our financial statements are issued in our Annual Report on Form 10-K, we may 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.

# Robinhood at a Glance

Founded in 2013, our mission is to **democratize finance for all**.

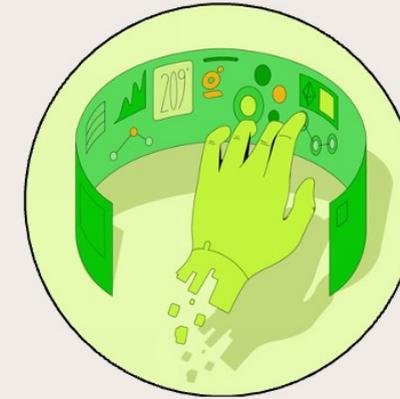
In 2024, we're focused on three main areas:

- Winning the **Active Trader** market
- Increasing **Wallet Share**
- Expanding **Internationally**

*As of December 31, 2023*

Funded Customers <sup>1</sup>	<b>23.4M</b>
Assets Under Custody (AUC)	<b>\$103B</b>
LTM Net Deposit Growth Rate <sup>2</sup>	<b>27%</b>
LTM Total Net Revenues	<b>\$1.9B</b>
LTM Adjusted EBITDA <sup>3</sup>	<b>\$536M</b>
Corporate Cash and Investments <sup>4</sup>	<b>\$5.3B</b>

We offer a comprehensive suite of financial products aimed at addressing all of our customers' critical financial needs...



## Brokerage

- Equities
- Options
- Margin
- Gold
- Retirement



## Crypto

- Crypto Trading
- Robinhood Wallet
- Robinhood Connect



## Money

- Credit Card
- Cash Card

# Robinhood Investment Highlights

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- 1 Bold mission and industry-leading innovation have led to 23M+ customer base
- 2 Robust organic asset growth of ~20% on an annualized basis<sup>1</sup>
- 3 Growing and diversified annual revenues approaching \$2B
- 4 Natural hedges between transaction-based and net interest revenues
- 5 Expense discipline driving operating leverage and increasing Adjusted EBITDA
- 6 Strong balance sheet and cash generation provide flexibility to deploy capital

# Our innovations are democratizing finance

## Mobile-First, Commission-Free Investing

Pioneered mobile-first, commission-free investing with no account minimums - democratizing access to the US equity markets.

## Robinhood Gold

Launched a premium subscription service providing access to larger instant deposits, top-tier research from Morningstar, advanced market data, and margin lending - all for \$5 a month.

## Options

Debuted commission-free, mobile-first options trading for experienced customer groups.

## Crypto

Launched commission-free cryptocurrency trading across several top coins including Bitcoin, Ethereum, and Dogecoin - all without requiring a hardware wallet.

## News & Education

Reimagined financial information with a weekly newsletter, daily podcast, personalized in-app newsfeed, and a new educational website, Robinhood Learn.

## Cash Management

Offered customers no-fee debit and virtual cards with a competitive interest rate on uninvested cash.

## Fractional Shares

Removed an additional barrier to entry in the financial markets by allowing customers to start investing with as little as \$1.

## Recurring Investments

Provided customers with a tool to establish consistent investing habits by allowing automatic investments in stocks and ETFs on a recurring basis.

## IPO Access

Introduced a way for users to purchase shares in IPOs at IPO price - historically accessible only to institutional and sophisticated investors - using a randomized allocation process to ensure fairness for all.

## Say Technologies

Gave retail shareholders the ability to communicate with firms of which they own shares through crowdsourcing retail investor questions and introduced technology-driven proxy voting and polling capabilities.

## Higher Yields on Gold Cash Sweep

Introduced higher yields on Cash Sweep balances for Robinhood Gold customers, providing access to another wealth creation tool.

## Cash Card

Launched a no-fee debit card with investable weekly round-ups, instant savings at select retailers, and access to direct deposits up to two days early - all linked to a convenient spending account.

## Retirement

Created the first IRA with a match, allowing customers without access to a match on retirement savings through their employers to build wealth for the future.

## 24 Hour Market

Became the first US brokerage to launch 24/5 trading of select symbols, allowing our customers to invest on their own schedules.

## UK Brokerage & EU Crypto

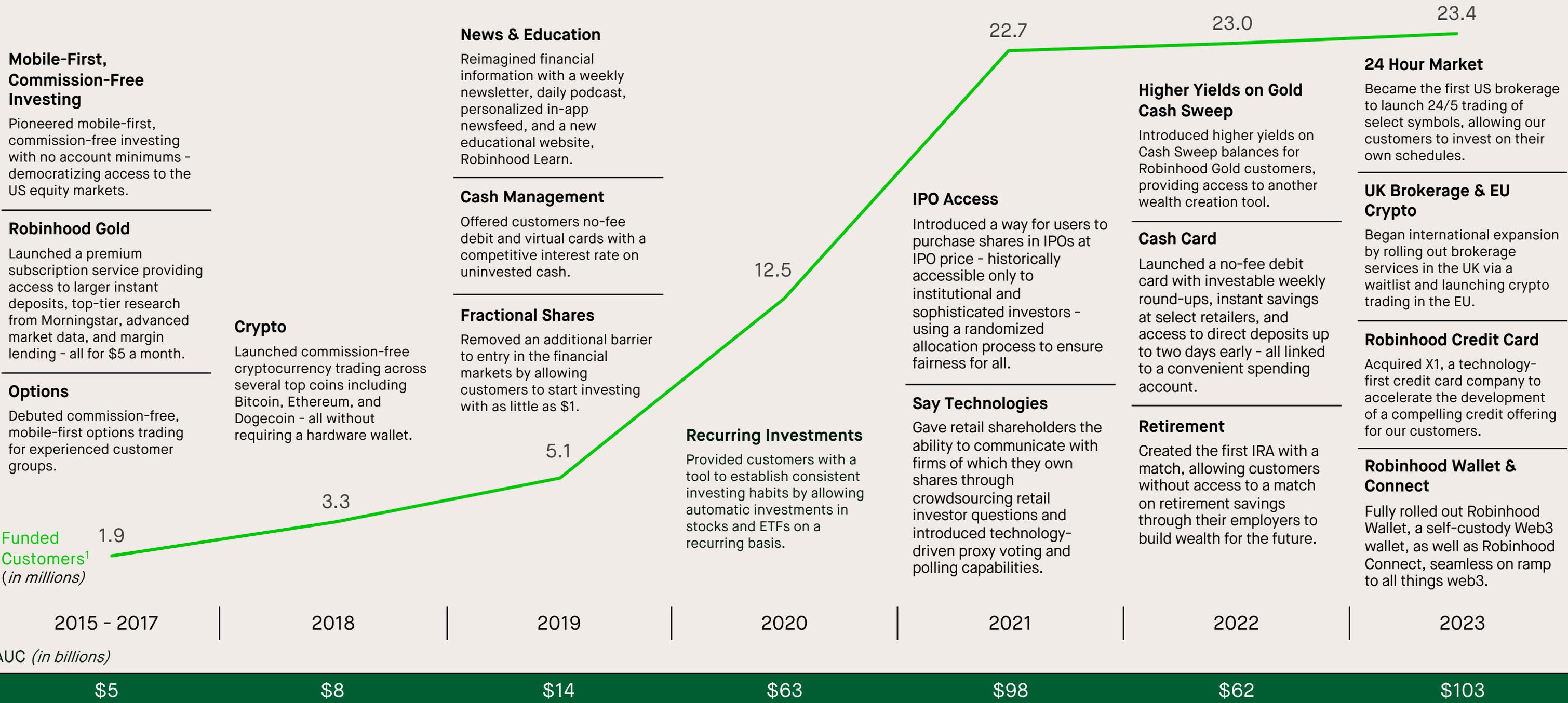
Began international expansion by rolling out brokerage services in the UK via a waitlist and launching crypto trading in the EU.

## Robinhood Credit Card

Acquired X1, a technology-first credit card company to accelerate the development of a compelling credit offering for our customers.

## Robinhood Wallet & Connect

Fully rolled out Robinhood Wallet, a self-custody Web3 wallet, as well as Robinhood Connect, seamless on ramp to all things web3.



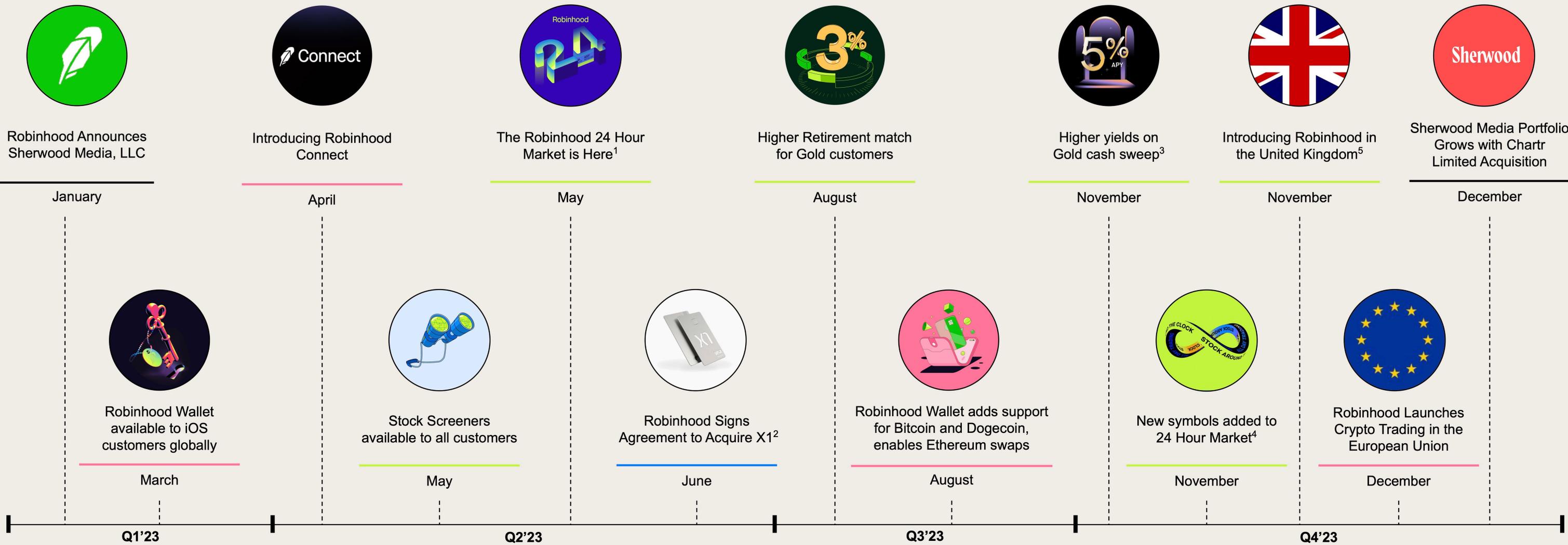
Funded Customers<sup>1</sup>  
(in millions)

AUC (in billions)

(1) Funded Customers previously referred to as Net Cumulative Funded Accounts (NCFA). Funded Customers includes unique persons who have at least one account with a Robinhood entity. Refer to the Appendix for full definition.

# We had strong product velocity in 2023

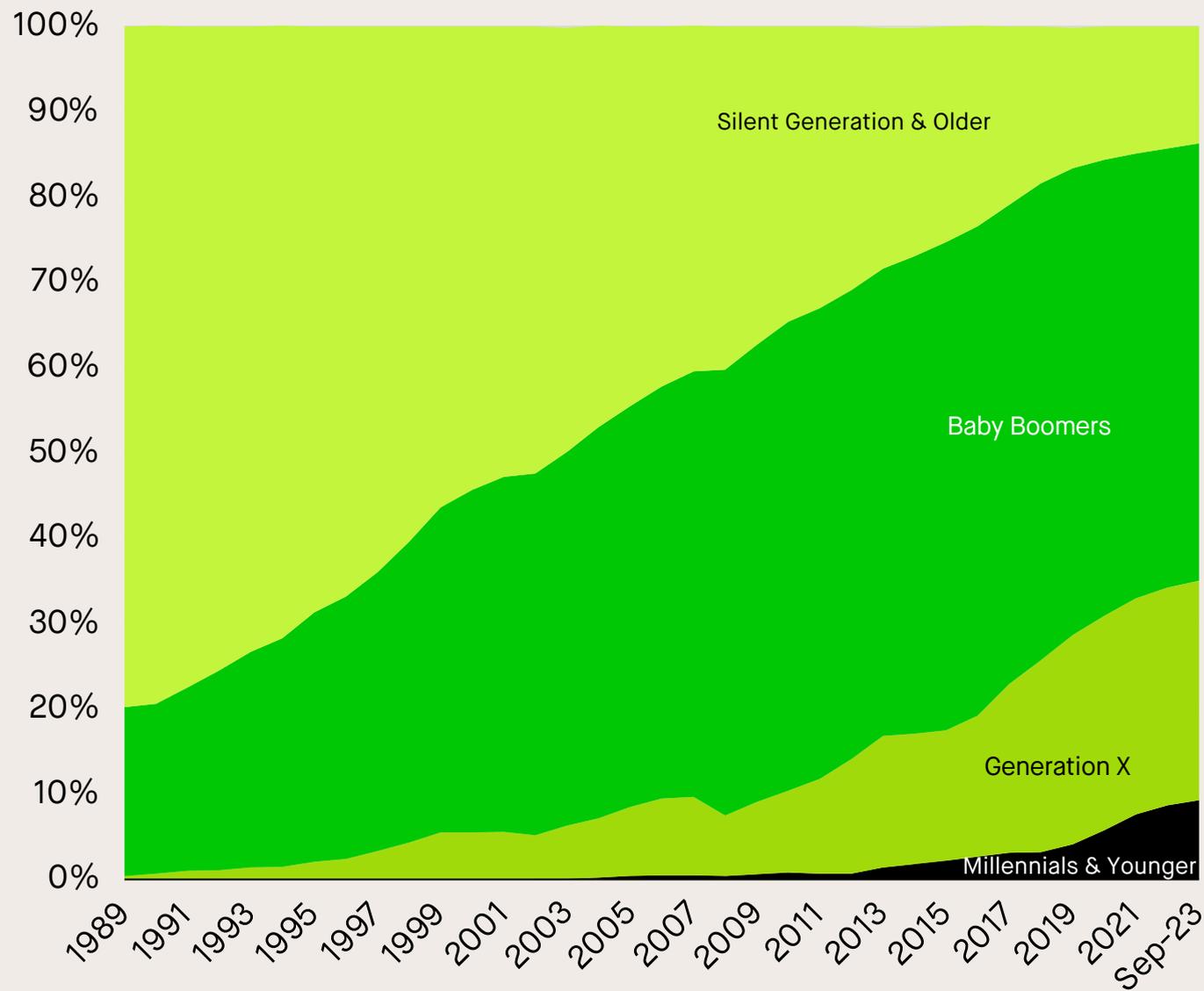
Brokerage
Crypto
Money
Corporate Event



(1) Robinhood 24 Hour Market was made available to 100% of customers in July 2023.  
 (2) X1 transaction closed on July 3, 2023, for ~\$104 million in cash, comprised of an estimated entity value of ~\$90 million and net cash of ~\$14 million.  
 (3) Up to 5.0% from 4.90%.  
 (4) More than doubled the number of symbols available to trade on 24 Hour Market in November 2023, bringing total to over 220 as of the end of Q4 2023.  
 (5) Began rolling out brokerage services in the United Kingdom via a waitlist launched in November 2023.

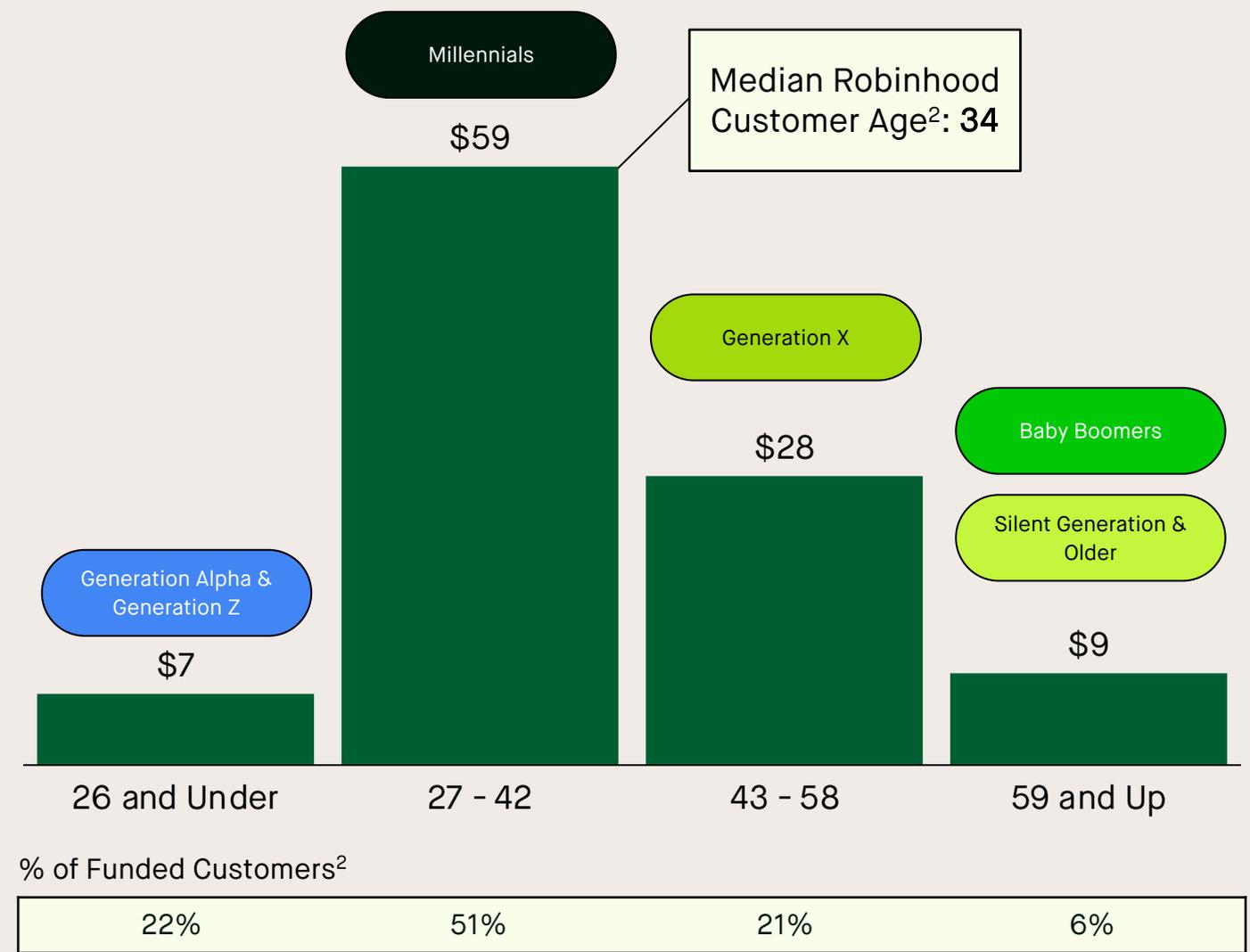
# US household wealth is moving towards Robinhood's core customer demographic

Share of US household wealth by generation<sup>1</sup>



Distribution of AUC at Robinhood by age<sup>2</sup>

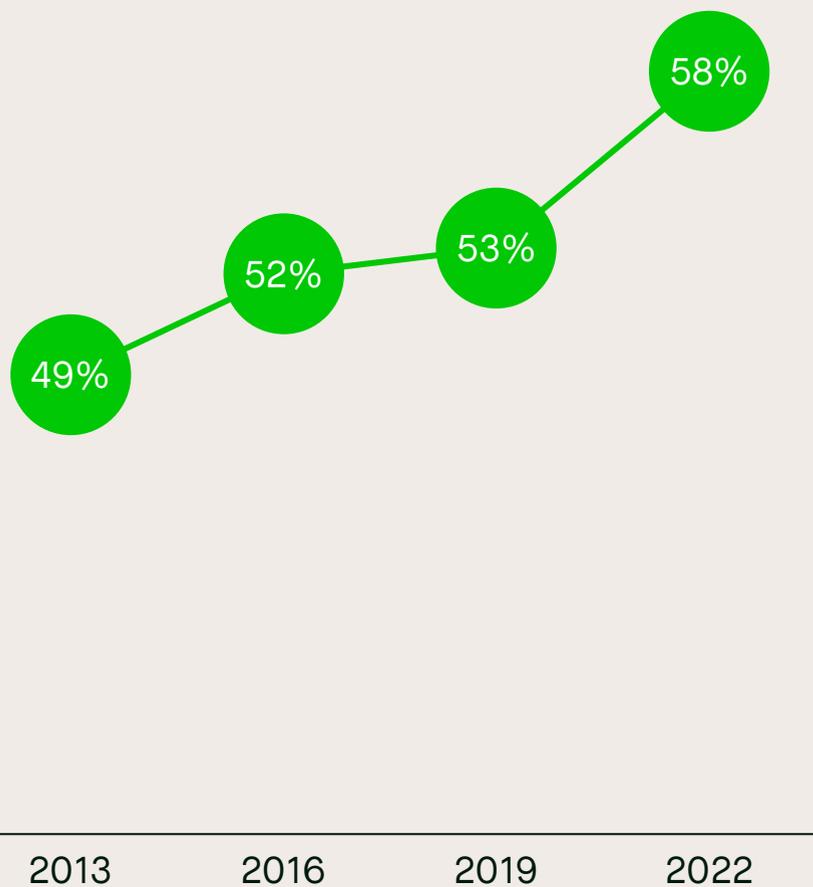
in billions



(1) Data from US Federal Reserve.  
 (2) As of December 31, 2023. Figures shown on this page do not include Robinhood Credit. Refer to the Appendix for full definition of Funded Customers.

# We believe we have a significant global opportunity

The share of US households with stock holdings has increased by ~10% since Robinhood was founded in 2013<sup>1</sup>

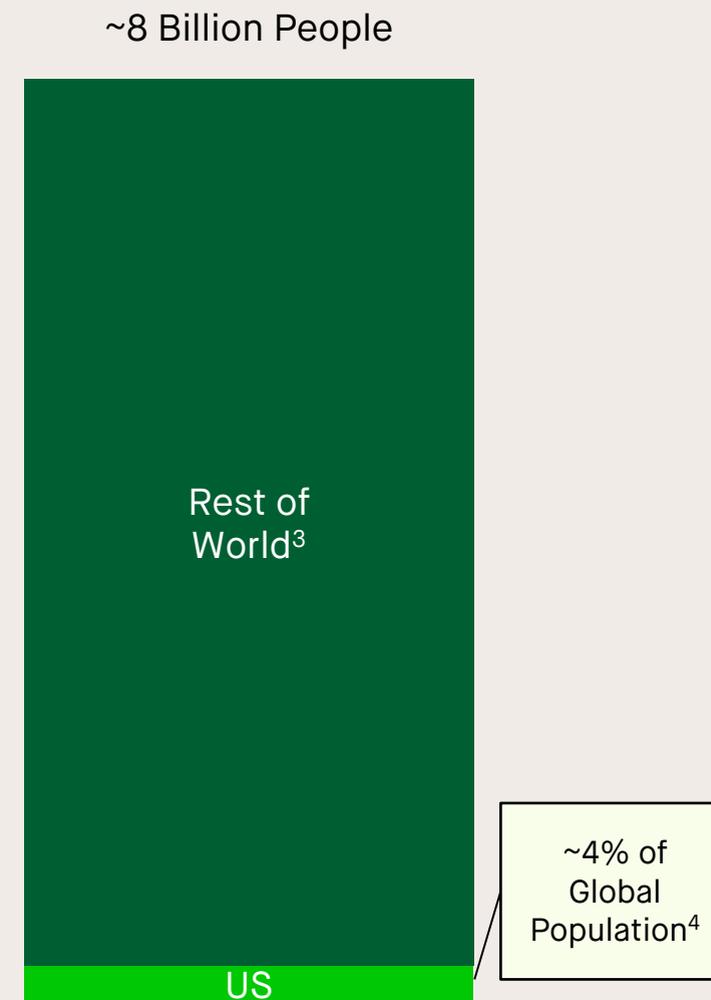


Robinhood's 23.4M Funded Customers<sup>2</sup> represents

# ~9%

of US adults<sup>3</sup>

Billions of potential customers outside of the US



(1) Data from US Federal Reserve.  
 (2) As of December 31, 2023.  
 (3) Based off July 2023 US population estimate from US Census Bureau. Adult defined as any individual 18 years of age or older.  
 (4) Based off November 2022 United Nations global population estimate.

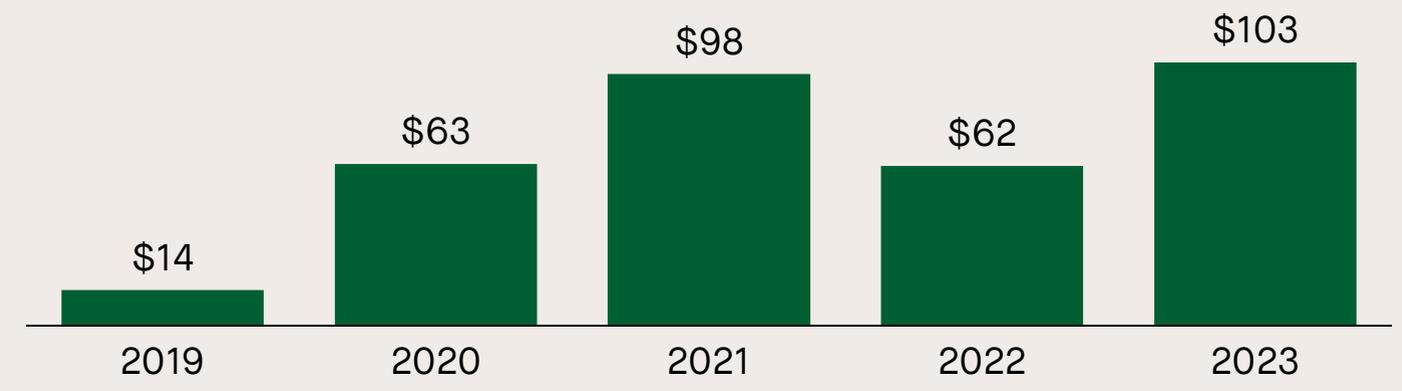
# 2 Our strong brand and innovative products translate to robust organic asset growth and customer retention

Net Deposits<sup>1</sup>  
in billions

Growth Rate (Relative to prior period AUC, %)<sup>1</sup>



Assets Under Custody (AUC)<sup>1</sup>  
in billions



Average Revenue per User (ARPU)<sup>1</sup>

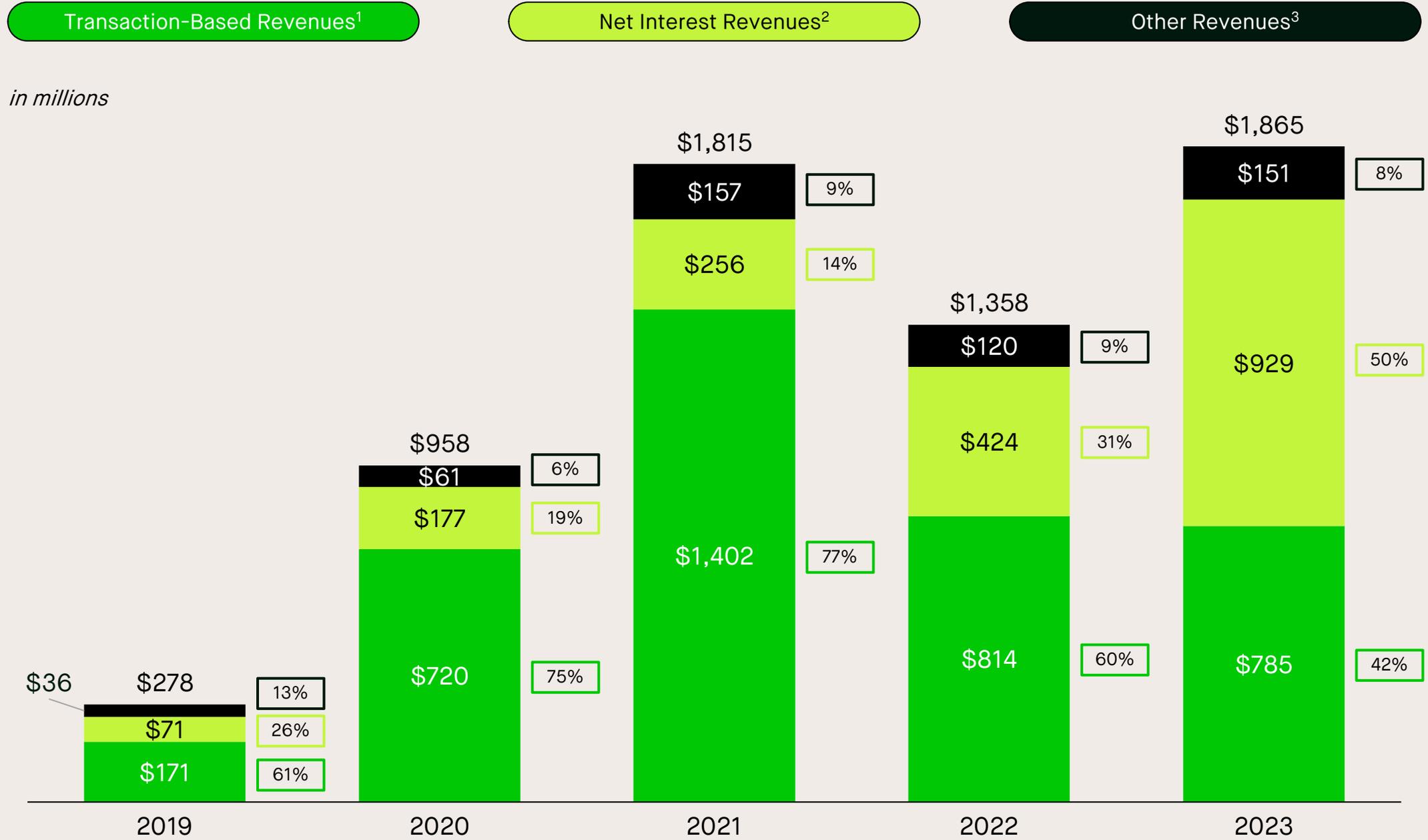


Customer Retention Rate<sup>1</sup>

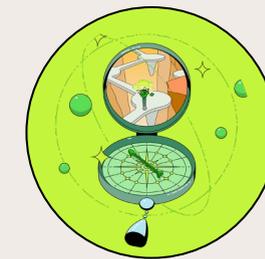


(1) Refer to the Appendix for full definitions and calculations of Net Deposits, growth rate, Assets Under Custody, Average Revenue per User, and Customer Retention Rate.

# We believe we can continue growing and diversifying our revenues



## Near-term growth and diversification opportunities



Retirement



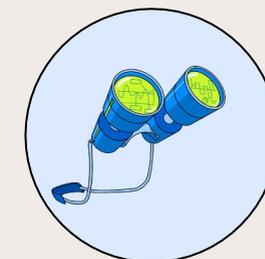
Gold



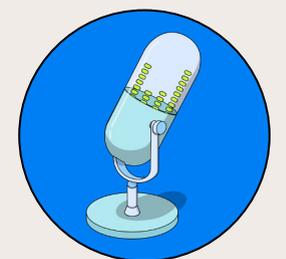
Credit Card



International



Futures

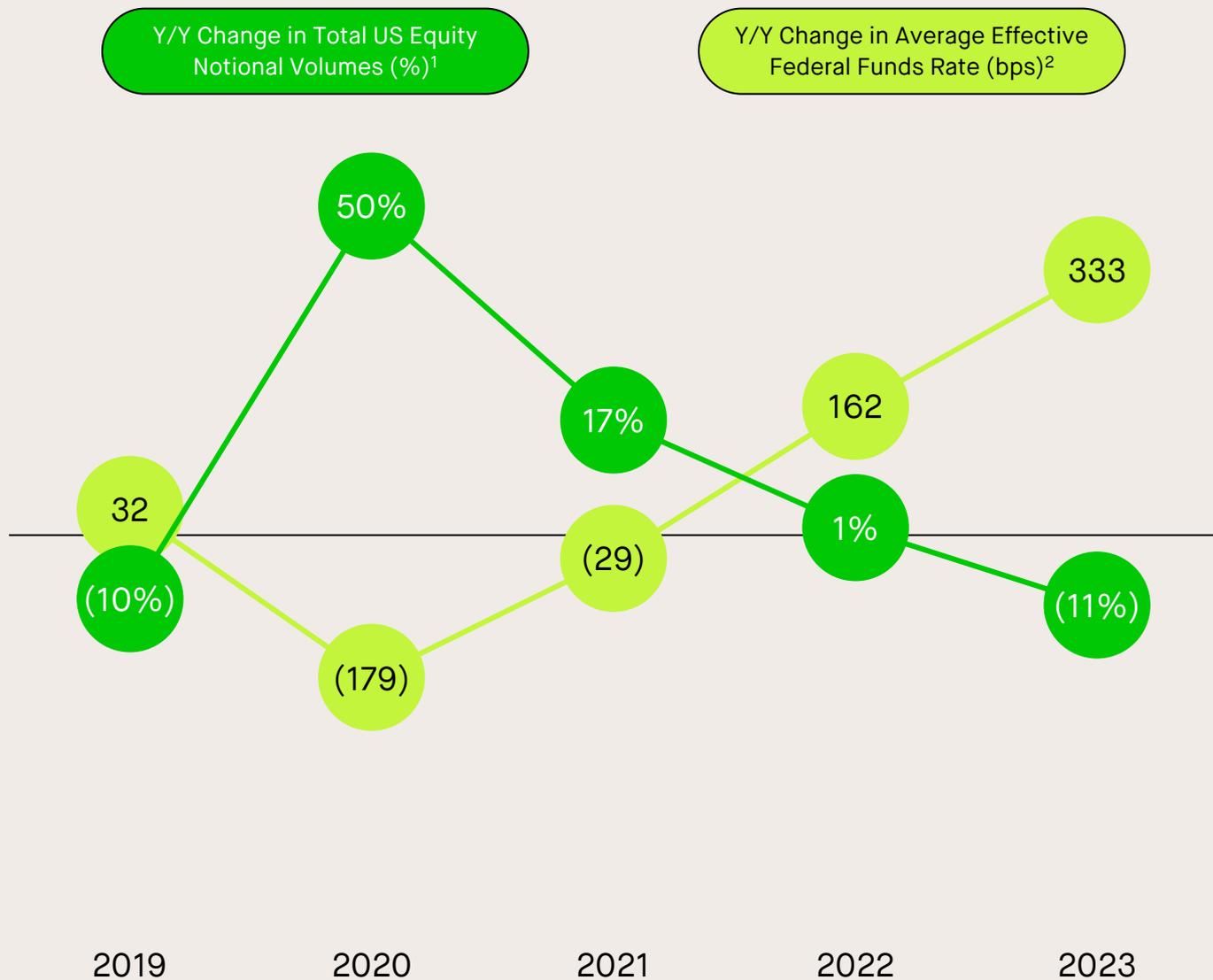


Advisory

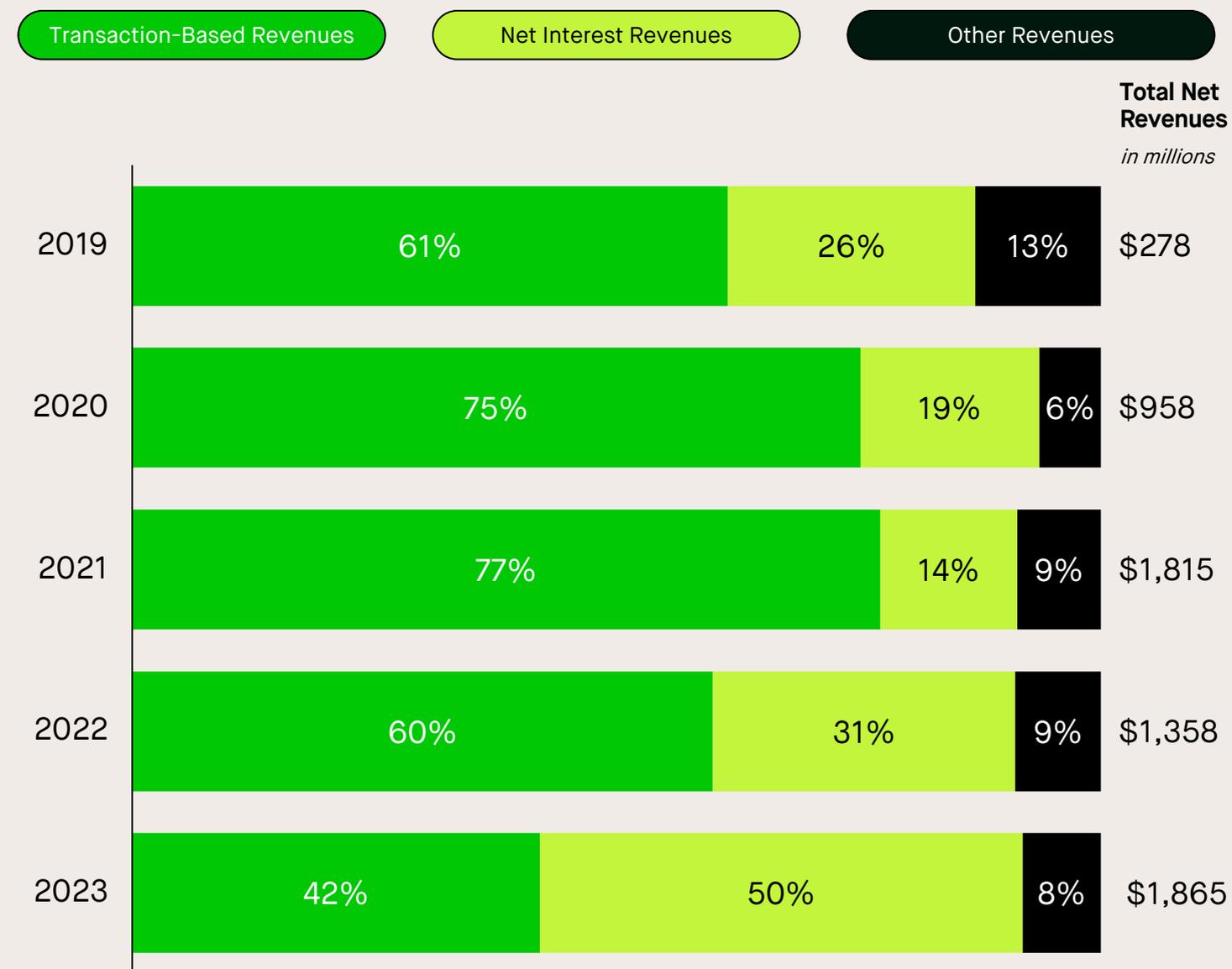
(1) Primarily driven by options, crypto, and equity notional volumes.  
 (2) Primarily driven by interest earning assets balance and interest rates.  
 (3) Primarily driven by Gold subscriptions, proxy revenues, ACAT fees, and Sherwood Media.

# 4 Our business model is naturally hedged through market cycles between transaction-based and net interest revenues

Trading activity and interest rates tend to move in opposite directions

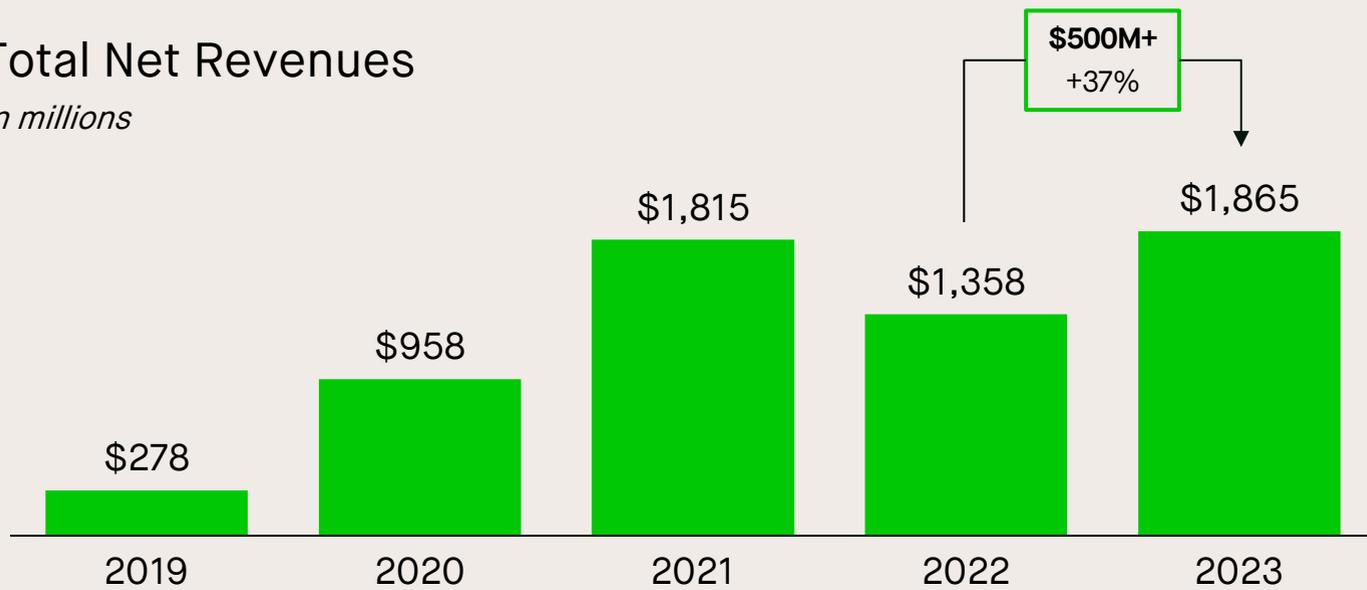


Our revenue profile evolves through cycles

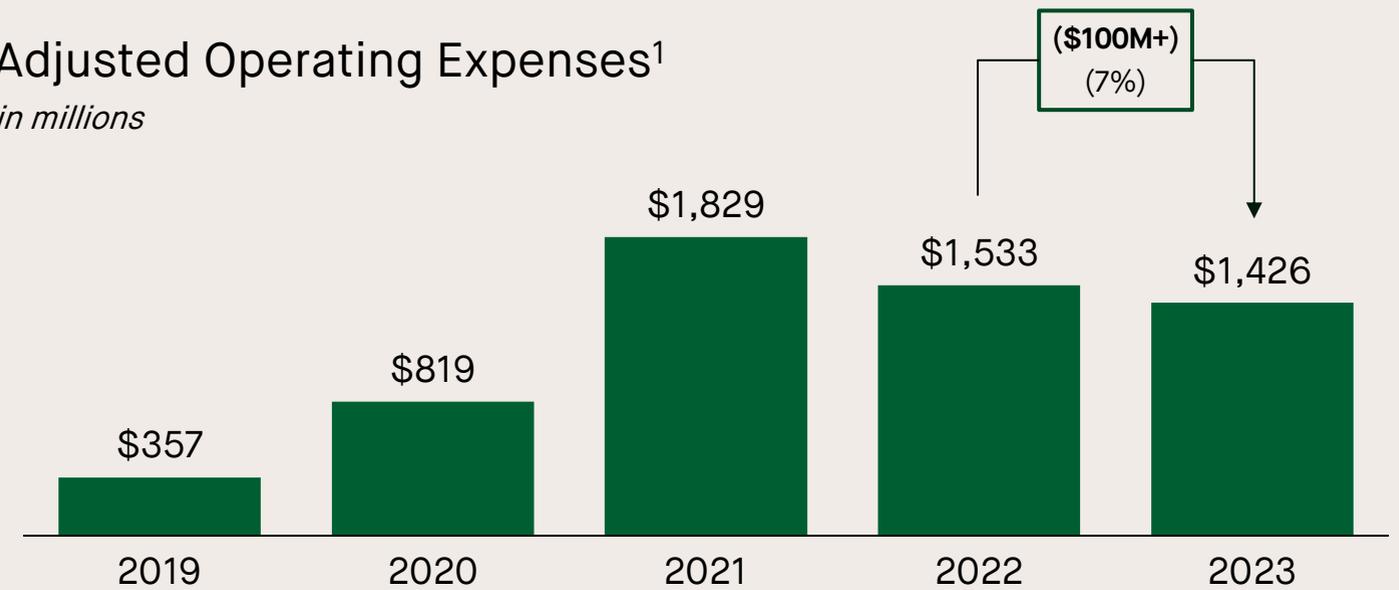


# We are focused on continuing to drive profitable growth

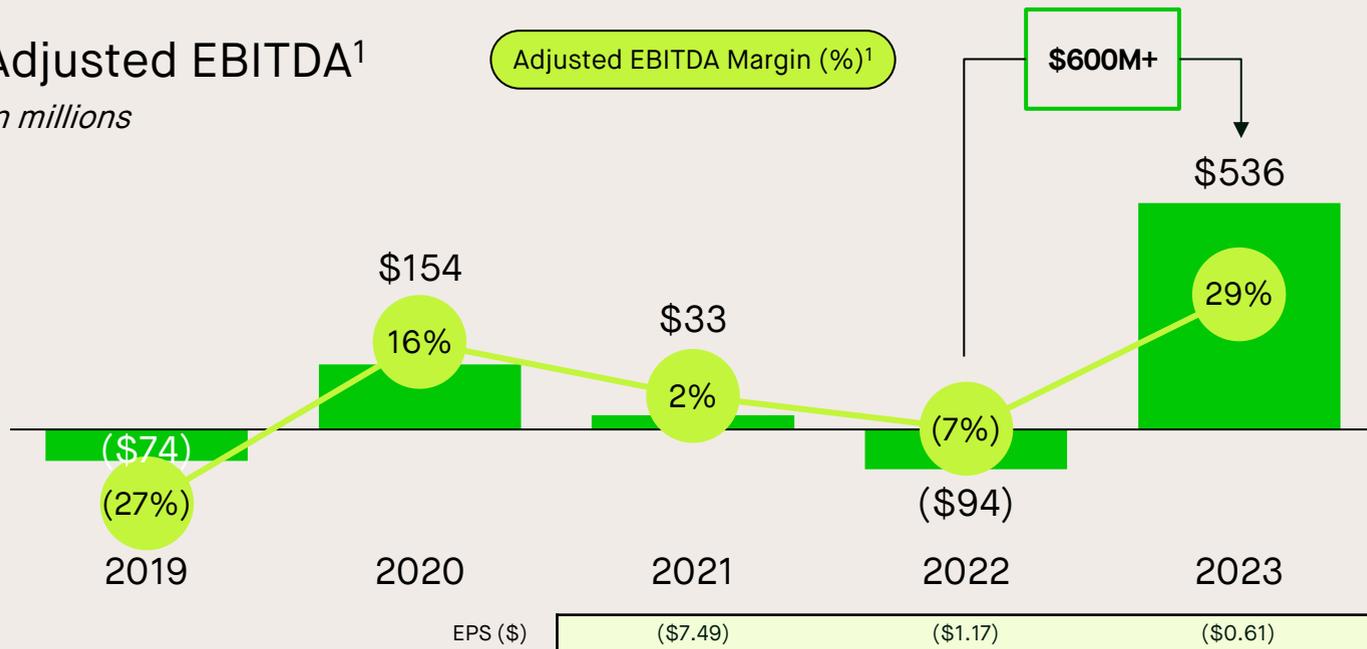
Total Net Revenues  
*in millions*



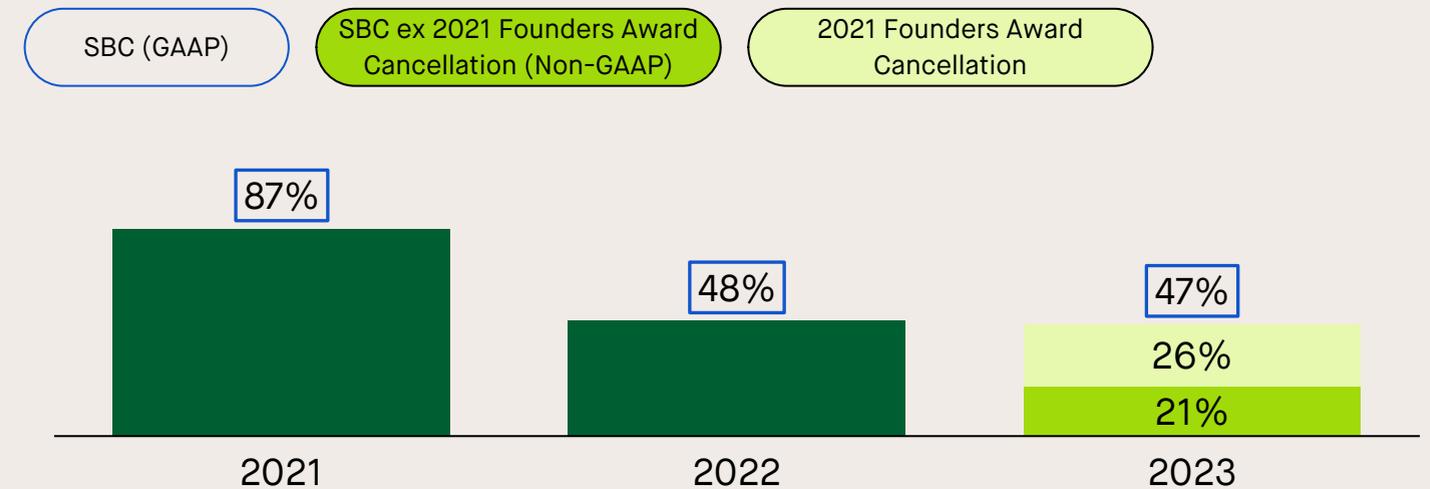
Adjusted Operating Expenses<sup>1</sup>  
*in millions*



Adjusted EBITDA<sup>1</sup>  
*in millions*



SBC as a Percentage of Total Net Revenues<sup>2</sup>



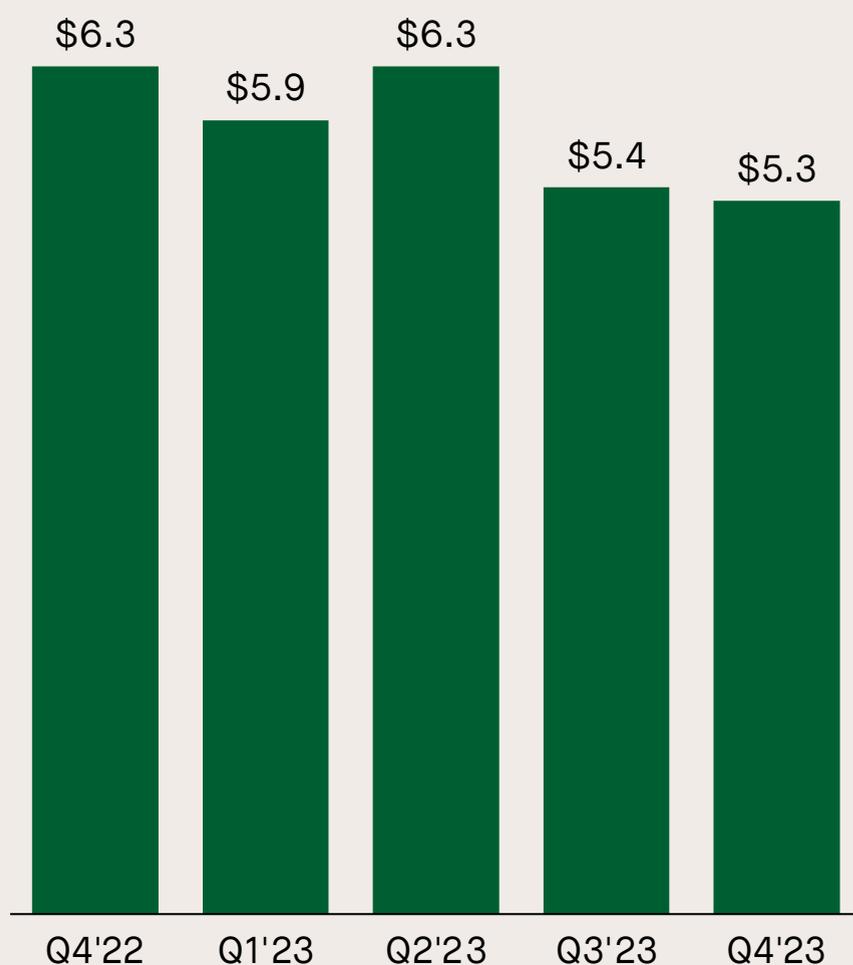
(1) Adjusted Operating Expenses, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. Refer to Appendix for the reconciliation of Adjusted Operating Expenses, Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP measures, total operating expenses, net income (loss), and net margin, respectively.

(2) Defined as SBC (GAAP) or SBC excluding the 2021 Founders Award Cancellation (Non-GAAP) in a given period divided by total net revenues in that period. Refer to the Appendix for full definition of SBC excluding the 2021 Founders Award cancellation.

# We are well positioned to deploy capital

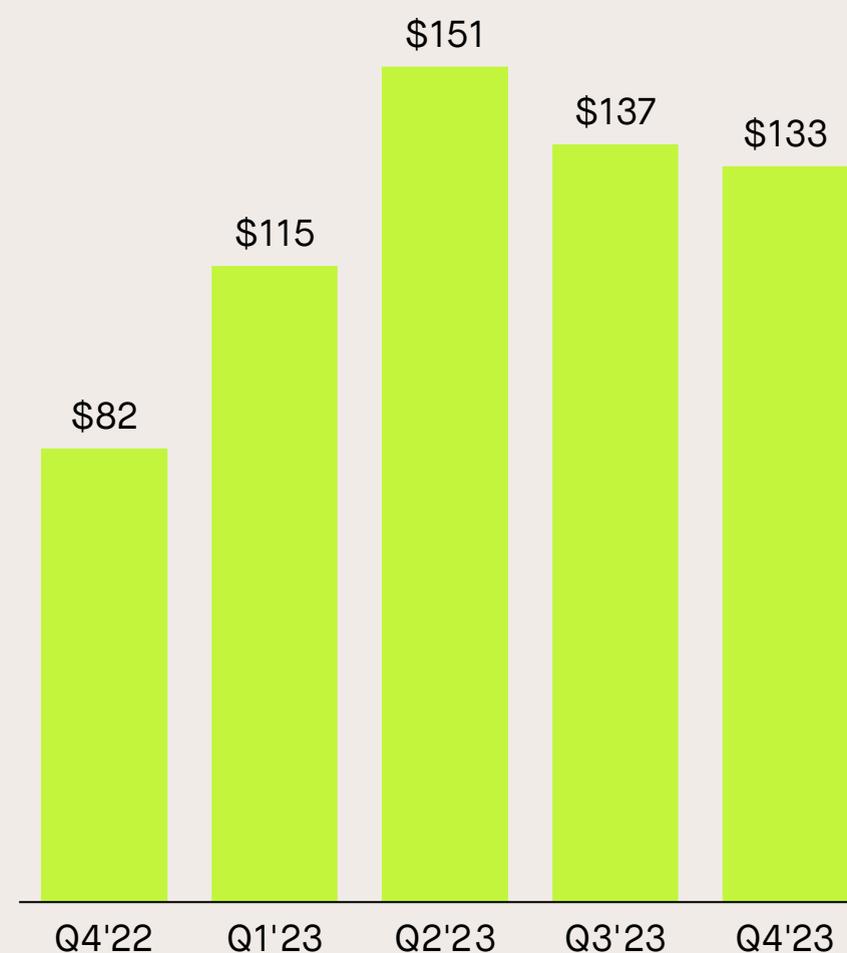
We have over \$5B in corporate cash and investments<sup>1</sup> on our balance sheet...

*in billions*



...and generated \$536M of Adjusted EBITDA<sup>2</sup> in 2023...

*in millions*



...providing us with flexibility to use excess cash to grow our business and drive shareholder value

Our capital deployment in 2023:

- **Acquired X1**, allowing us to accelerate the development of a Robinhood credit offering for our 23M+ customers
- **Bought 55M+** of our shares

Future opportunities:

- Organic growth
- M&A
- Shareholder capital returns

# Appendix

# Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations

<i>in millions</i>	2019	2020	2021	2022	2023
<b>Net income (loss)</b>	<b>(\$107)</b>	<b>\$7</b>	<b>(\$3,687)</b>	<b>(\$1,028)</b>	<b>(\$541)</b>
Net margin <sup>1</sup>	(38%)	1%	(203%)	(76%)	(29%)
Add: Interest expenses related to credit facilities	1	5	20	24	23
Add: Provision for (benefit from) income taxes	(1)	6	2	1	8
Add: Depreciation and amortization	6	10	26	61	71
<b>EBITDA (Non-GAAP)</b>	<b>(\$101)</b>	<b>\$28</b>	<b>(\$3,639)</b>	<b>(\$942)</b>	<b>(\$439)</b>
Add: SBC					
2021 Founders Award Cancellation	-	-	-	-	485
SBC excluding 2021 Founders Award Cancellation	27	24	1,572	654	386
Add: Significant legal and tax settlements and reserves	-	102	55	20	104
Add: Restructuring charges	-	-	-	105	-
Add: Q4 2022 Processing Error	-	-	-	57	-
Add: Impairment of Ziglu equity securities	-	-	-	12	-
Add: Change in fair value of convertible notes and warrant liability	-	-	2,045	-	-
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>(\$74)</b>	<b>\$154</b>	<b>\$33</b>	<b>(\$94)</b>	<b>\$536</b>
Adjusted EBITDA Margin (Non-GAAP) <sup>2</sup>	(27%)	16%	2%	(7%)	29%

# Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations (Continued)

<i>in millions</i>	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
<b>Net income (loss)</b>	<b>(\$166)</b>	<b>(\$511)</b>	<b>\$25</b>	<b>(\$85)</b>	<b>\$30</b>
Net margin <sup>1</sup>	(44%)	(116%)	5%	(18%)	6%
Add: Interest expenses related to credit facilities	6	6	5	6	6
Add: Provision for (benefit from) income taxes	(2)	2	(3)	10	(1)
Add: Depreciation and amortization	17	20	15	19	17
<b>EBITDA (Non-GAAP)</b>	<b>(\$145)</b>	<b>(\$483)</b>	<b>\$42</b>	<b>(\$50)</b>	<b>\$52</b>
Add: SBC					
SBC excluding 2021 Founders Award Cancellation	160	113	109	83	81
2021 Founders Award Cancellation	-	485	-	-	-
Add: Significant legal and tax settlements and reserves	-	-	-	104	-
Add: Q4 2022 Processing Error	57	-	-	-	-
Add: Impairment of Ziglu equity securities	12	-	-	-	-
Add: Restructuring charges	(2)	-	-	-	-
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$82</b>	<b>\$115</b>	<b>\$151</b>	<b>\$137</b>	<b>\$133</b>
Adjusted EBITDA Margin (Non-GAAP) <sup>2</sup>	22%	26%	31%	29%	28%

# Adjusted Operating Expenses Reconciliation

<i>in millions</i>	2019	2020	2021	2022	2023
<b>Total operating expenses (GAAP)</b>	<b>\$384</b>	<b>\$945</b>	<b>\$3,456</b>	<b>\$2,369</b>	<b>\$2,401</b>
Less: SBC					
2021 Founders Award Cancellation	-	-	-	-	485
SBC excluding 2021 Founders Award Cancellation	27	24	1,572	654	386
Less: Significant legal and tax settlements and reserves	-	102	55	20	104
Less: Restructuring charges	-	-	-	105	-
Less: Q4 2022 Processing Error	-	-	-	57	-
<b>Adjusted Operating Expenses (Non-GAAP)</b>	<b>\$357</b>	<b>\$819</b>	<b>\$1,829</b>	<b>\$1,533</b>	<b>\$1,426</b>

# Definitions

## Performance Metrics

Before Q4 2023, we referred to Funded Customers as Net Cumulative Funded Accounts. As our business has grown and we have added additional account types (such as retirement accounts), we have relabeled this metric (and made conforming changes throughout other definitions) to clarify that it measures unique individuals (rather than accounts), although the calculation remains the same and does not affect amounts reported in prior periods.

### Funded Customers

We define a Funded Customer as a unique person who has at least one account with a Robinhood entity and, within the past 45 calendar days (a) had an account balance that was greater than zero (excluding amounts that are deposited into a Funded Customer account by the Company with no action taken by the unique person) or (b) completed a transaction using any such account.

### New Funded Customer

We define a New Funded Customer as a unique individual who became a Funded Customer for the first time during the relevant period.

### Churned Customer

A Funded Customer is considered “Churned” if it was ever a New Funded Customer whose account balance (measured as the fair value of assets in the account less any amount due from the user and excluding amounts that are deposited into a Funded Customer account by the Company with no action taken by the user) drops to or below zero and has not completed a transaction using any account with a Robinhood entity for at least 45 consecutive calendar days. Negative balances typically result from fraudulent deposit transactions (which 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) and unauthorized debit card use, and less often, from margin loans.

### 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 (losses) drive the change in AUC in any given period.

### Net Deposits

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, ACATS transfers, and custodial crypto wallet transfers) for a stated period. Starting in January 2024, Net Deposits include dividend and interest inflows and Robinhood Gold subscription fees and margin interest outflows, although we will not restate amounts in prior periods as the impact to those figures was immaterial.

### 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.

### Average Revenue per User (“ARPU”)

We define ARPU as total revenue for a given period divided by the average number of Funded Customers on the last day of that period and the last day of the immediately preceding period.

### Customer Retention Rate

We define “Customer Retention Rate” for a given period as 1 less the result of Churned Customers in the period divided by Funded Customers as of the end of the immediately preceding period. This definition for Customer Retention Rate has been updated from that which was included in the version of this Presentation published in December 2023 and previously disclosed Customer Retention Rate figures have been updated to reflect this change, the impact of which we consider to be immaterial.

# 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 Adjusted Operating Expenses. 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) SBC, (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.

### Adjusted Operating Expenses

Adjusted Operating Expenses is defined as GAAP total operating expenses minus (i) share-based compensation (or SBC), (ii) significant legal and tax settlements and reserves, and (iii) other significant expenses (such as impairments, restructuring charges, and business acquisition- or disposition-related expenses) that we believe are not indicative of our ongoing expenses. The amount and timing of the excluded items are unpredictable, are not driven by core results, of operations, and render comparisons with prior periods less meaningful. We believe Adjusted Operating Expenses 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. Adjusted Operating Expenses 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.

### 2021 Founders Award Cancellation

In February 2023, we cancelled the 2021 Market-Based RSUs granted to our co-founders of 35.5 million unvested shares. We recognized a one-time \$485 million SBC expense related to the cancellation during the year ended December 31, 2023.

### SBC excluding the 2021 Founders Award Cancellation

We define SBC excluding the 2021 Founders Award Cancellation as GAAP SBC minus the impact of the 2021 Founders Award Cancellation, which we do not believe is indicative of our ongoing expenses. The amount and timing of the 2021 Founders Award Cancellation not driven by core results of operations and renders comparisons with prior periods less meaningful. We believe SBC excluding the 2021 Founders Award Cancellation 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. SBC excluding the Founders Award Cancellation 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.

### Impairment of Ziglu equity securities

Partially as a result of the termination of the stock purchase agreement, which occurred in February 2023, the advances made to Ziglu Limited accounted for as non-marketable equity securities were impaired to a carrying value of zero.

### Q4 2022 Processing Error

Delays in notification from third parties and process failures within Robinhood's brokerage systems and operations in connection with the handling of a 1-for-25 reverse stock split transaction of Cosmos Health, Inc., a NASDAQ-listed company, on December 16, 2022, allowed customers, for a limited time, to execute trades selling more shares than they held in their accounts. This caused a temporary short position in that ticker symbol which Robinhood covered out of corporate cash within the same trading day. The resulting loss of \$57 million is recorded within brokerage and transaction in the consolidated statement of operations.