

Robinhood Markets, Inc.

Investor Presentation

March 3, 2025



# Robinhood

# 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 U.S. Securities and Exchange Commission (the “SEC”) and its fourth quarter and full year 2024 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, Average Revenue Per User (“ARPU”), and Gold Subscribers. 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, Incremental Adjusted EBITDA Margin, and Adjusted Operating Expenses. 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 our Investment Thesis; our 10 Year Vision, including our plans to be #1 in Active Traders, #1 in Wallet Share for Next Generation and #1 Global Financial Ecosystem and how we plan to do so; that asset growth drives revenue growth over time; that we believe we can continue growing and diversifying our revenues; that our capital allocation optimizes for EPS over time; the status and expectations for our pending acquisition of Bitstamp; and that we are building a track record of profitable growth. 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. 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 rapid and continuing expansion, including continuing to introduce new products and services on our platforms as well as geographic expansion; the difficulty of managing our business effectively, including the size of our workforce, and the risk of 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”), the risk of new regulation or bans on PFOF and similar practices, and the addition of our new fee-based model for cryptocurrency; 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 acquire or invest in new products, services, technologies, and geographies 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 platforms; 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 risks associated with incorporating artificial intelligence technologies into some of our products and processes; the volatility of cryptocurrency prices and trading volumes; the risk that our platforms 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 I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024 (“2024 10-K”), 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, March 3, 2025, 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.

## **About Robinhood**

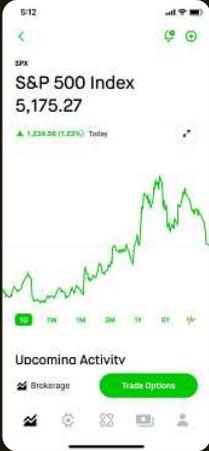
Robinhood Markets, Inc. (NASDAQ: HOOD) transformed financial services by introducing commission-free stock trading and democratizing access to the markets for millions of investors. Today, Robinhood lets you trade stocks, options, futures (which includes options on futures, swaps, and event contracts), and crypto, invest for retirement, and earn with Robinhood Gold. Headquartered in Menlo Park, California, Robinhood puts customers in the driver’s seat, delivering unprecedented value and products intentionally designed for a new generation of investors. Additional information about Robinhood can be found at [www.robinhood.com](https://www.robinhood.com).

## **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

## Product Areas



### Brokerage

The first commission-free trading platform



### Crypto

The lowest cost place to trade Crypto on average



### Money

Robinhood Gold Card, with 3% cash back across all categories

## Key Business Metrics

As of December 31, 2024

Funded Customers

**25.2M**

+1.8M Y/Y

Assets Under Custody

**\$193B**

+88% Y/Y

Gold Subscribers

**2.64M**

+86% Y/Y

LTM Net Deposits

**\$50.5B**

49% Annualized Growth Rate

## Key Financial Results

Year ended December 31, 2024

Total Net Revenues

**\$2.95B**

+58% Y/Y

Diluted EPS

**\$1.56**

+\$2.17 Y/Y

Adjusted EBITDA

**\$1.43B**

+167% Y/Y

Adjusted EBITDA Margin

**48%**

+19 Points Y/Y

M = millions, B = billions, LTM = last twelve months. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. Refer to the Appendix for the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP measures, net income (loss) and net margin, respectively.

# Robinhood Investment Thesis

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1 Massive market opportunity

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2 Product velocity → rapid market share gains

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3 Business growing and diversifying

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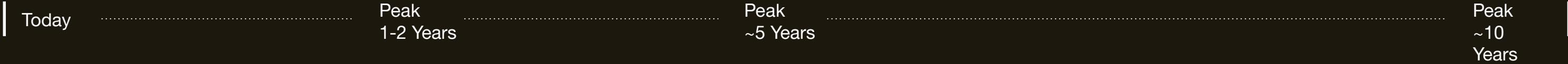
4 Powerful business model → profitable growth

# 1 Robinhood 10 Year Vision from 2024 Investor Day

#1 in Active Traders →

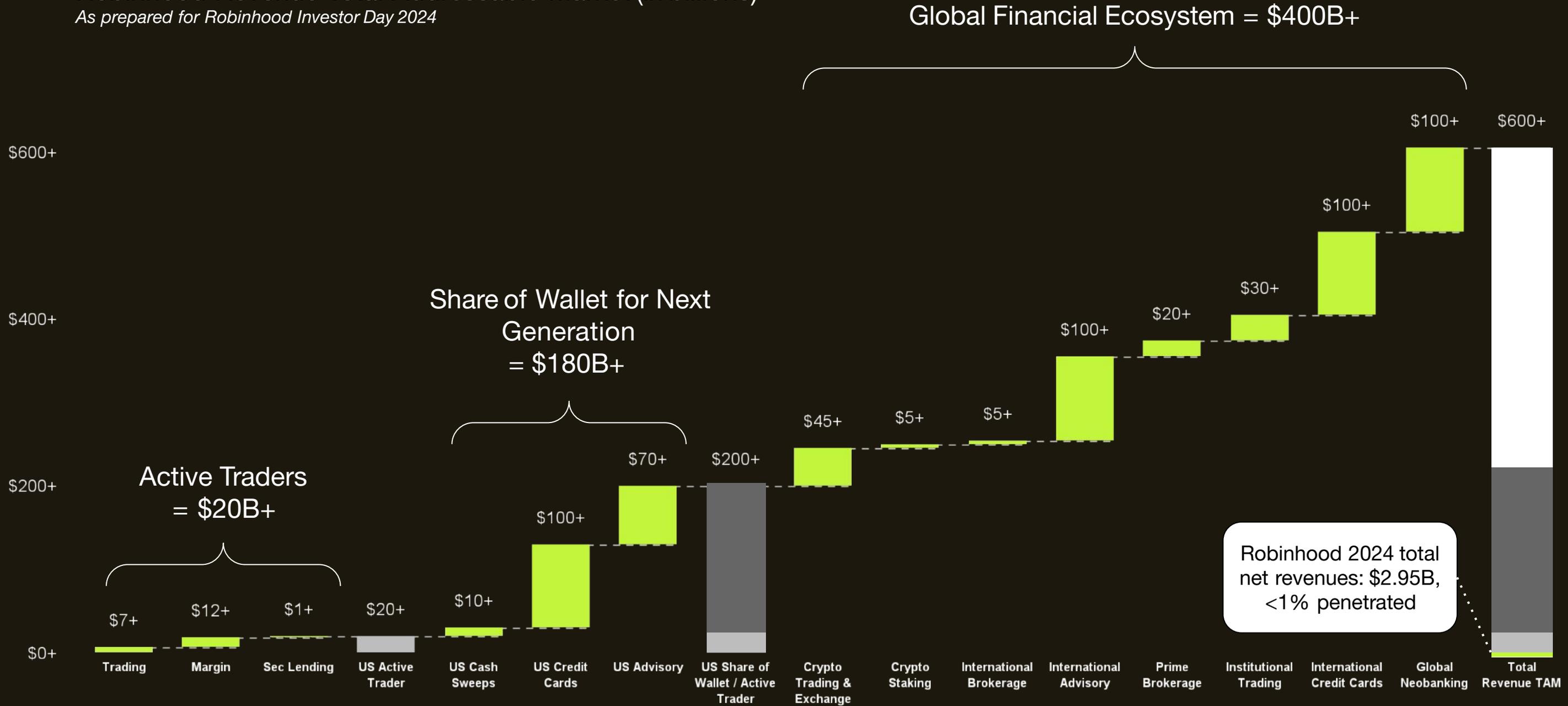
#1 in Wallet Share for Next Generation →

#1 Global Financial Ecosystem →



# 1 We have a massive revenue TAM of \$600B+ that is ~200x our total net revenues

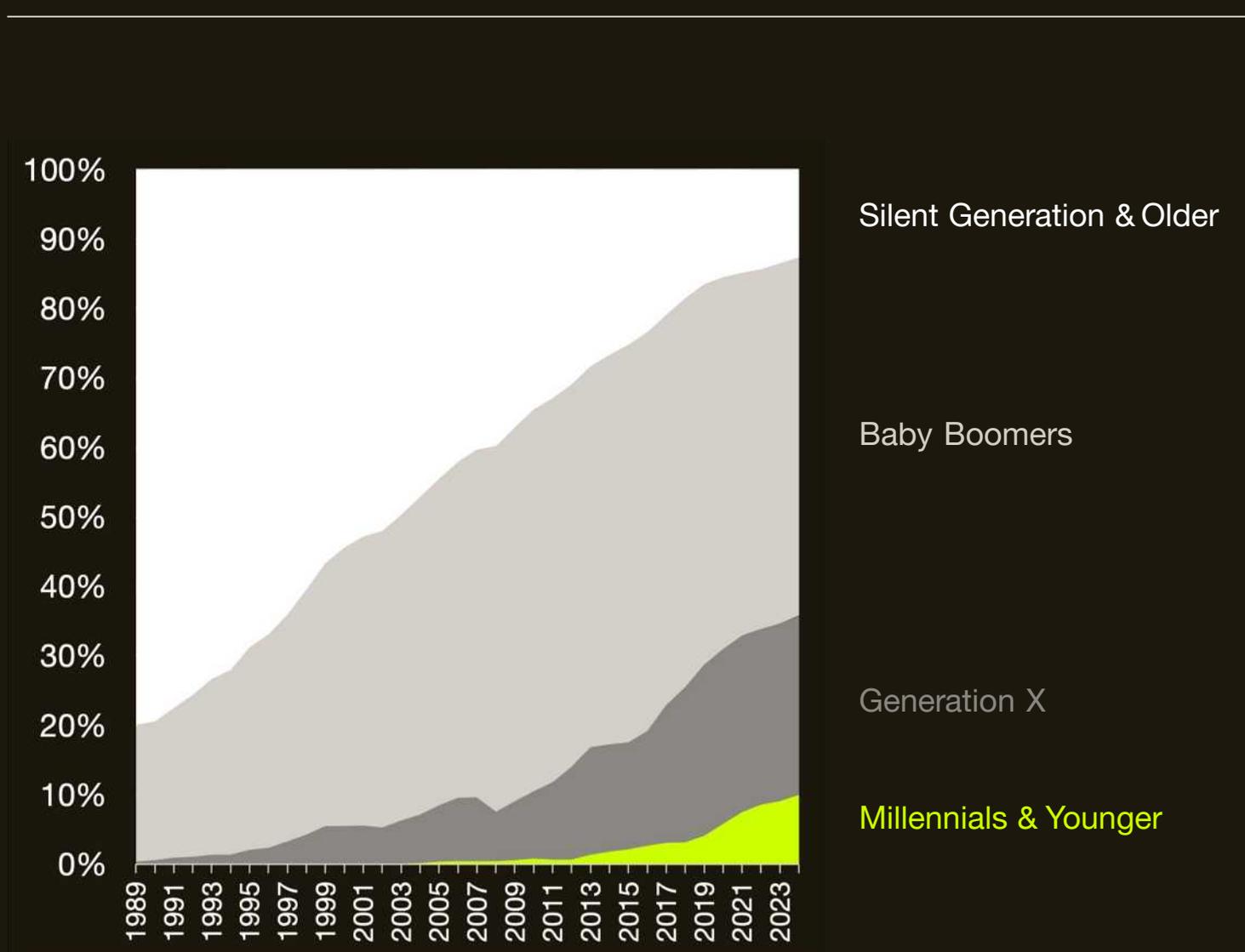
\$800+ **Robinhood Revenue Total Addressable Market (in billions)**<sup>1</sup>  
*As prepared for Robinhood Investor Day 2024*



(1) Refer to pages 79-82 in Robinhood's Investor Day 2024 presentation, available at investors.robinhood.com, for details on revenue TAM estimates.

# 1 US generational wealth transfer is a tailwind for our business

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



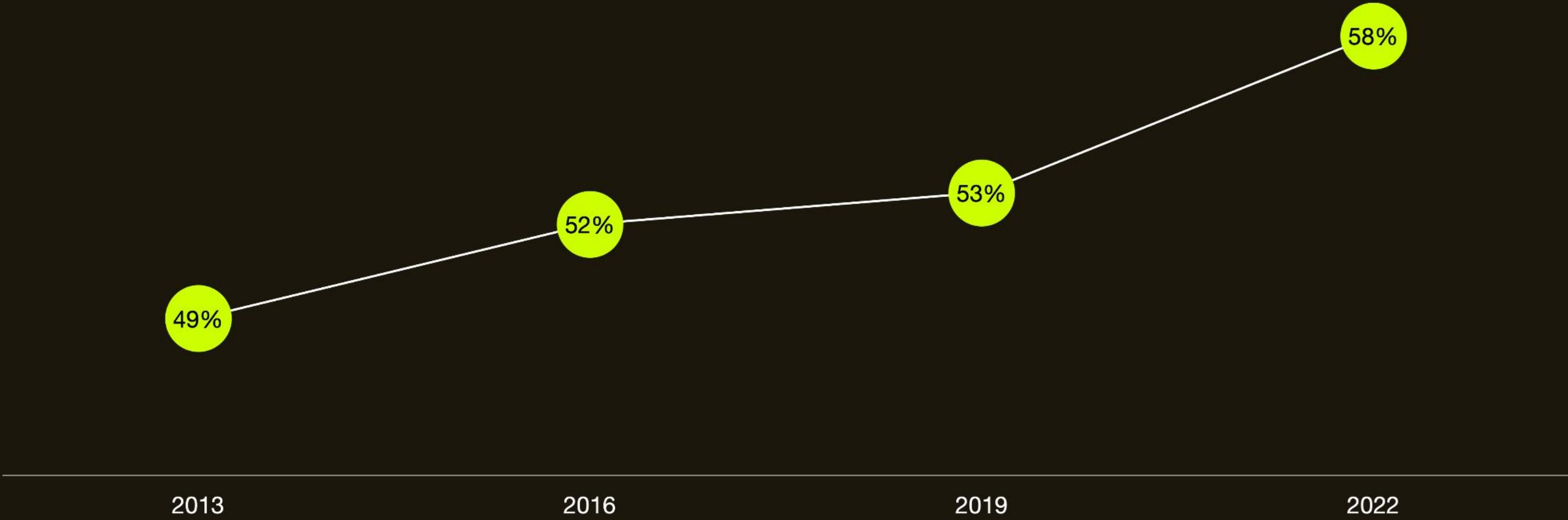
Distribution of AUC at Robinhood by age<sup>2</sup>



(1) Data from US Federal Reserve.  
 (2) As of December 31, 2024. Figures shown on this page do not include Robinhood Credit.  
 Refer to the Appendix for a full definition of Funded Customers.

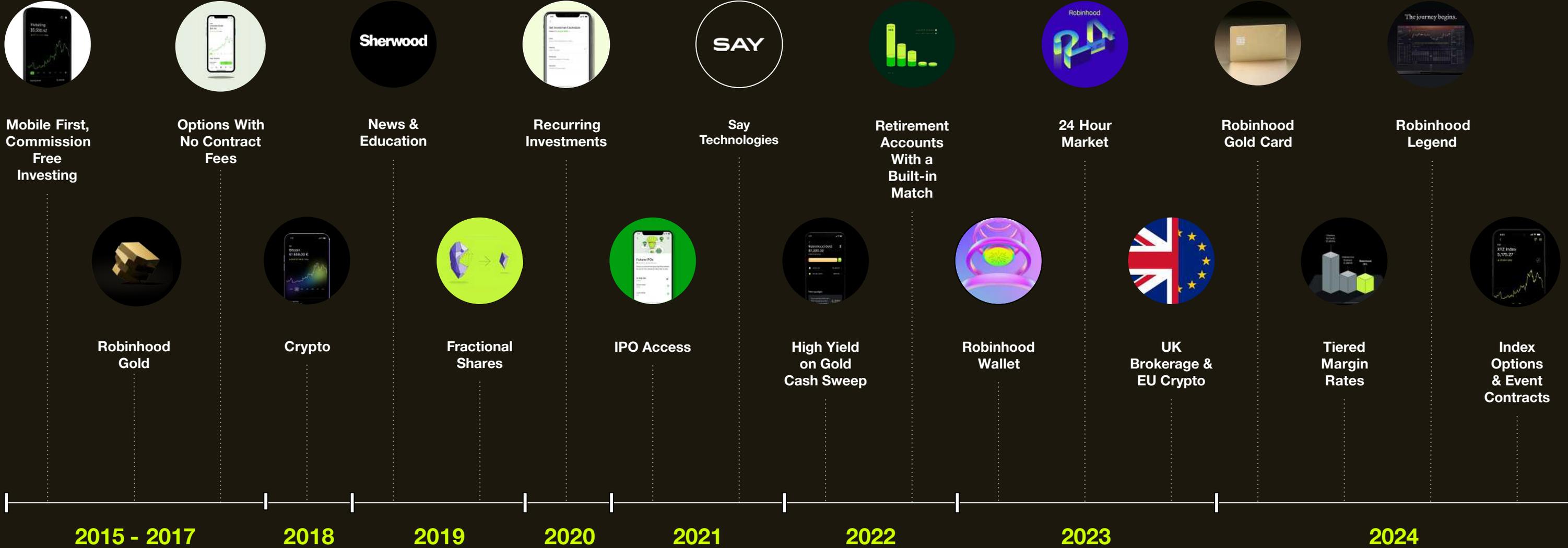
# 1 Retail participation in the markets is increasing

Share of US households with stock holdings<sup>1</sup>



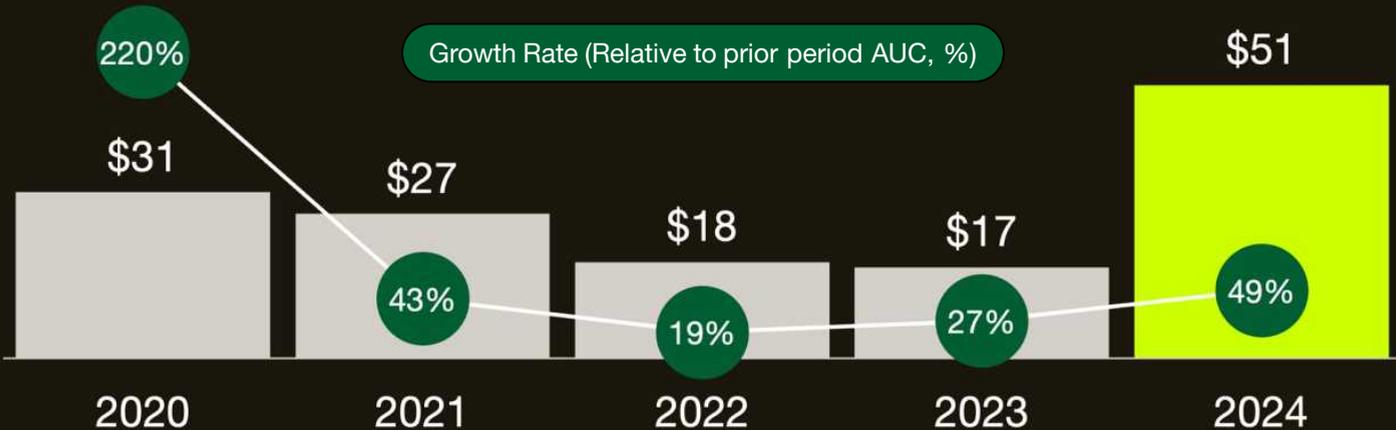
(1) Data from US Federal Reserve.

# 2 Our product velocity is industry-leading, and our innovations are democratizing finance

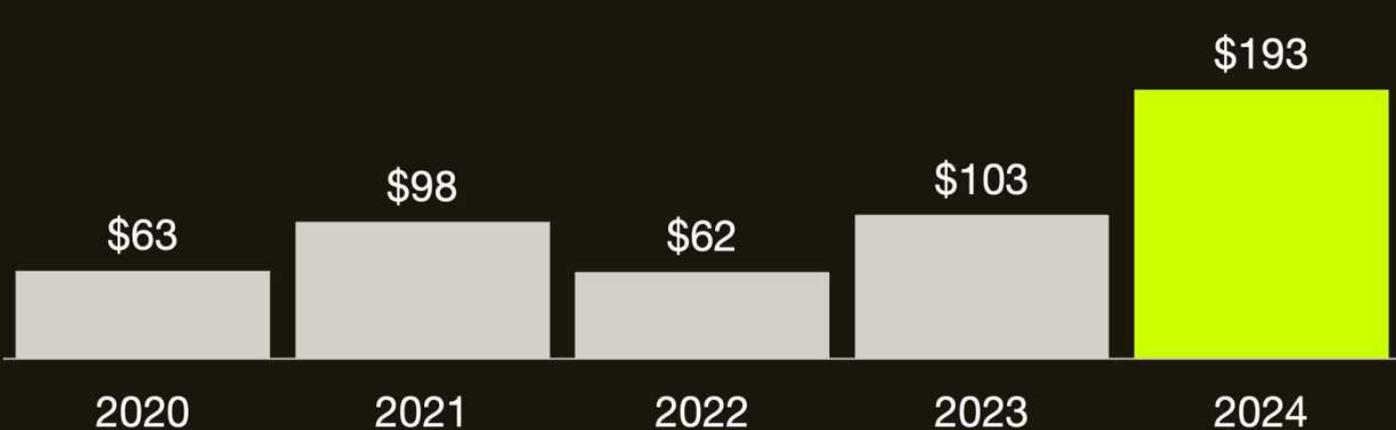


# 2 Our strong brand and innovative products translate to robust organic asset growth and customer retention

Net Deposits  
*In billions*



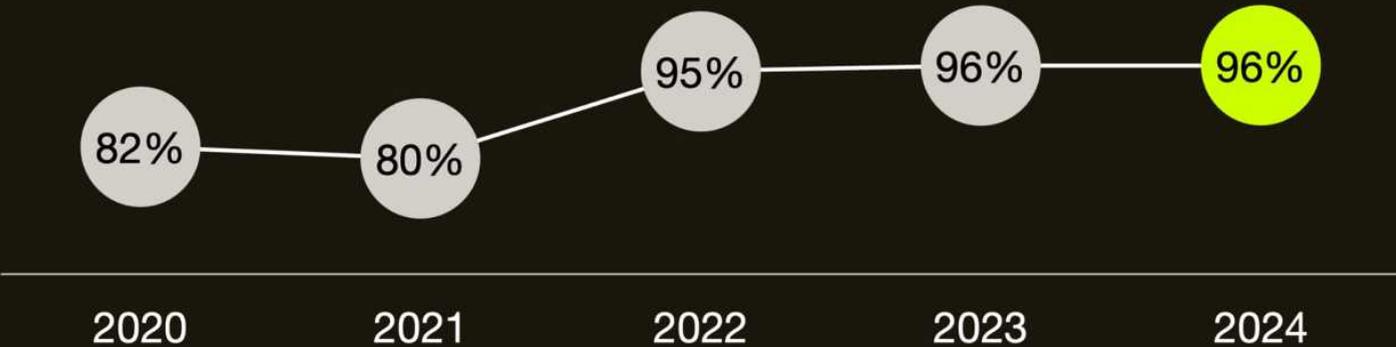
Assets Under Custody  
*In billions*



Average Revenue per User

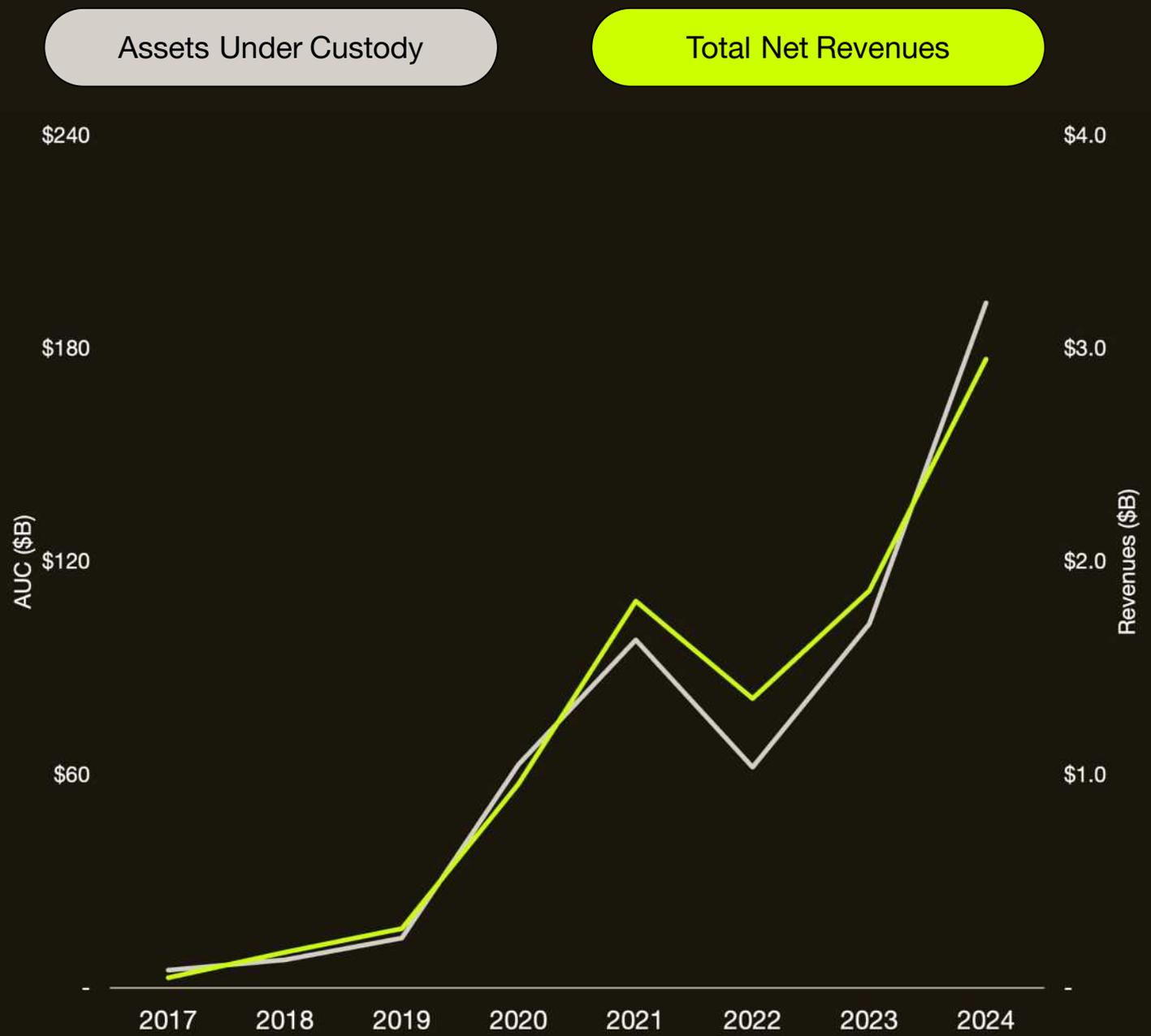


Customer Retention Rate



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.

# 2 Our asset growth drives revenue growth over time



Assets Under Custody have grown over time, driven by:

- ↑ Funded Customers
- ↑ AUC per Funded Customer<sup>1</sup>

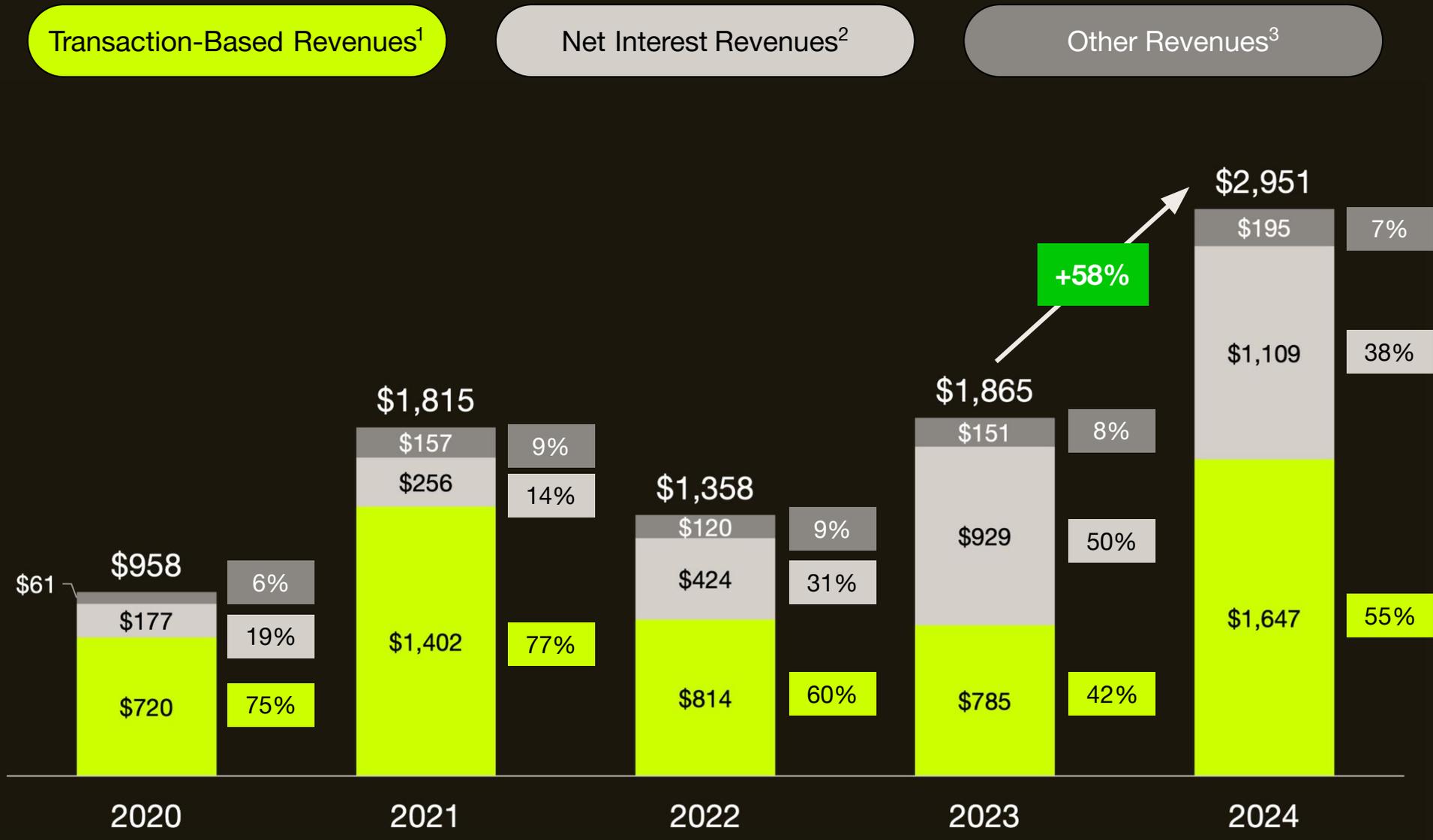
This leads to higher **Total Net Revenues**, driven by:

- ↑ Trades<sup>2</sup>
- ↑ Notional value per Trade<sup>3</sup>
- ↑ Interest Earning Assets<sup>4</sup>

(1) Defined as end of period AUC divided by end of period Funded Customers.  
(2) Daily Average Revenue Trades ("DARTs").  
(3) Defined as Notional Trading Volume divided by DARTs for equities and crypto, and as Options Contracts Traded divided by DARTs for options.  
(4) Interest Earning Assets include Margin Book, Cash and Deposits, Cash Sweep, and Credit Card, net.

# 3 We believe we can continue growing and diversifying our revenues

Total Net Revenues  
In millions



Our revenues are diversifying, with 9 businesses generating \$100M or more in annualized revenue<sup>4</sup> as of Q4 2024:

- Equity Trading
- Options Trading
- Crypto Trading
- Margin Interest
- Cash Sweep
- Margin Based Securities Lending
- Fully Paid Securities Lending
- Gold Subscriptions
- Instant Withdrawals

*Green font above represents businesses that surpassed \$100M in annualized revenues within the last year.*

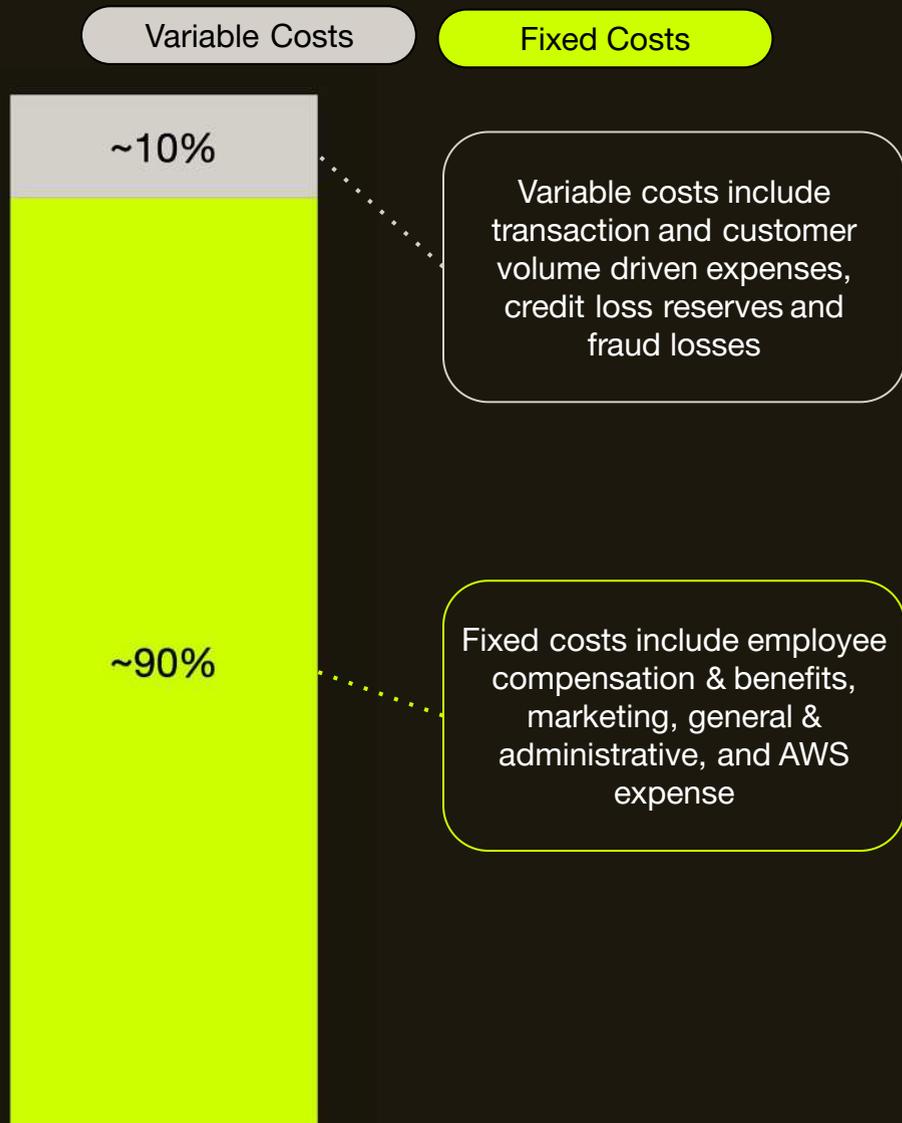
Other near-term opportunities include:

- More Asset Classes (e.g. Index Options, Futures, Prediction Markets)
- Credit Card
- Advisory
- Additional Crypto Capabilities

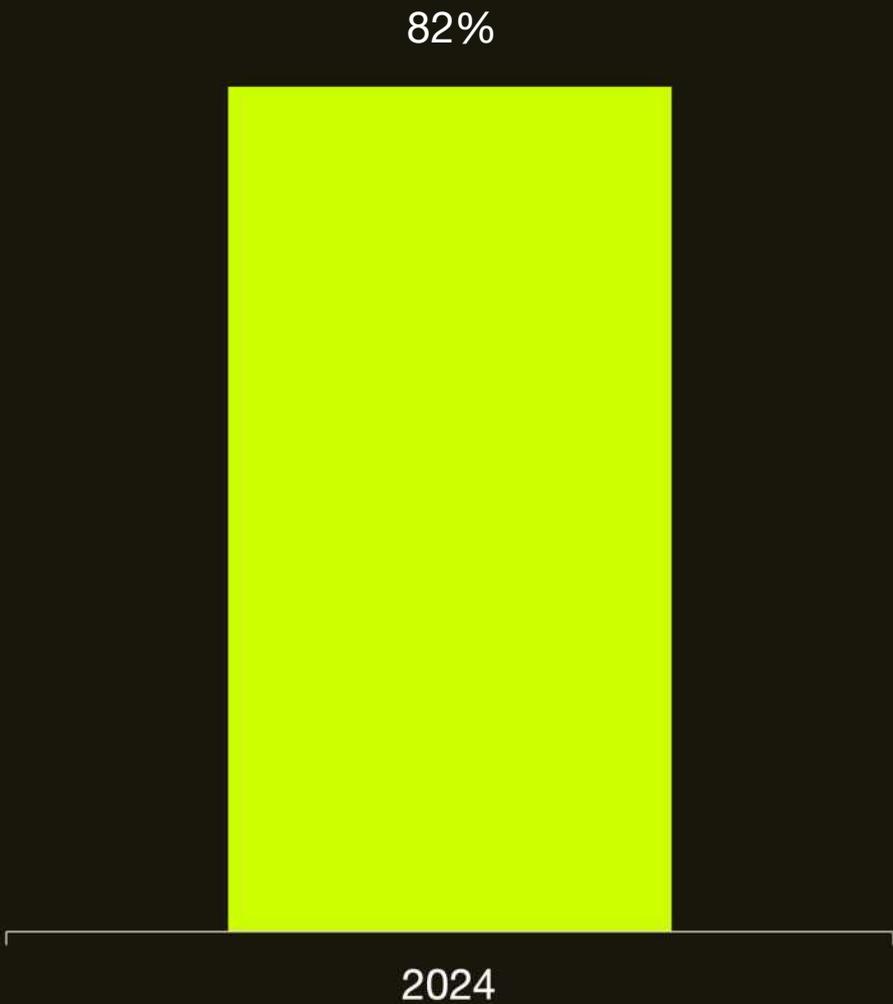
(1) Primarily driven by options, crypto, and equity notional volumes.  
 (2) Primarily driven by interest earning assets balance and interest rates.  
 (3) Primarily driven by Gold subscriptions, proxy revenues, Automated Customer Account Transfer Service ("ACATS") fees, and Sherwood Media.  
 (4) Annualized revenue is calculated as Q4 2024 revenue multiplied by 4.

# 4 A key competitive advantage...we are a technology company

2024 Total Operating Expenses



Incremental Adjusted EBITDA Margin<sup>1</sup>



Revenue per Employee<sup>2</sup> (in thousands)



(1) Defined as year-over-year change in Adjusted EBITDA divided by year-over-year change in total net revenues. Incremental Adjusted EBITDA Margin is a non-GAAP financial measure. Refer to the Appendix for the reconciliations of Incremental Adjusted EBITDA Margin to the most directly comparable GAAP measure, incremental net income margin.

(2) Revenue per employee is calculated by dividing total net revenues by average employee count in a given period.

# 4 Our capital allocation optimizes for EPS over time

## Strong Financial Position

**~\$5B**  
of Q4 2024 corporate cash, investments, and stablecoin<sup>1</sup>

**~\$1.4B**  
2024 Adjusted EBITDA

## Capital Allocation: We've allocated over \$2 billion in capital over the last two years through 2024

1	<b>Organic Growth</b> ~\$800M	<ul style="list-style-type: none"><li>• ~\$400M of Customer Matches on Deposits and Transfers</li><li>• ~\$400M of Marketing</li></ul>
2	<b>M&amp;A</b> ~\$500M <sup>2</sup>	<ul style="list-style-type: none"><li>• X1, Chartr and Pluto in the past 15+ months</li><li>• TradePMR</li><li>• Bitstamp (1H 2025 Expected Close)<sup>3</sup></li></ul>
3	<b>Capital Returns</b> ~\$860M	<ul style="list-style-type: none"><li>• ~\$600M shares repurchased in 2023</li><li>• ~\$260M deployed for share repurchases in 2024 as part of our \$1B share repurchase authorization that began in July 2024</li></ul>

(1) Includes cash and cash equivalents, investments, and stablecoin. For more information on our investments and stablecoin, see Note 8 - Investments and Fair Value Measurement to our consolidated financial statements in our 2024 10-K.

(2) Does not include TradePMR post-close equity compensation of approximately \$120 million.

(3) In June 2024, we entered into an agreement to acquire Bitstamp for cash consideration of approximately \$200 million, subject to customary purchase price adjustments.

Adjusted EBITDA is a non-GAAP financial measure. Refer to the Appendix for the reconciliations of Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss).

# 4 We are building a track record of profitable growth

**Assets Under Custody**  
In billions

+88%  
year-over-year



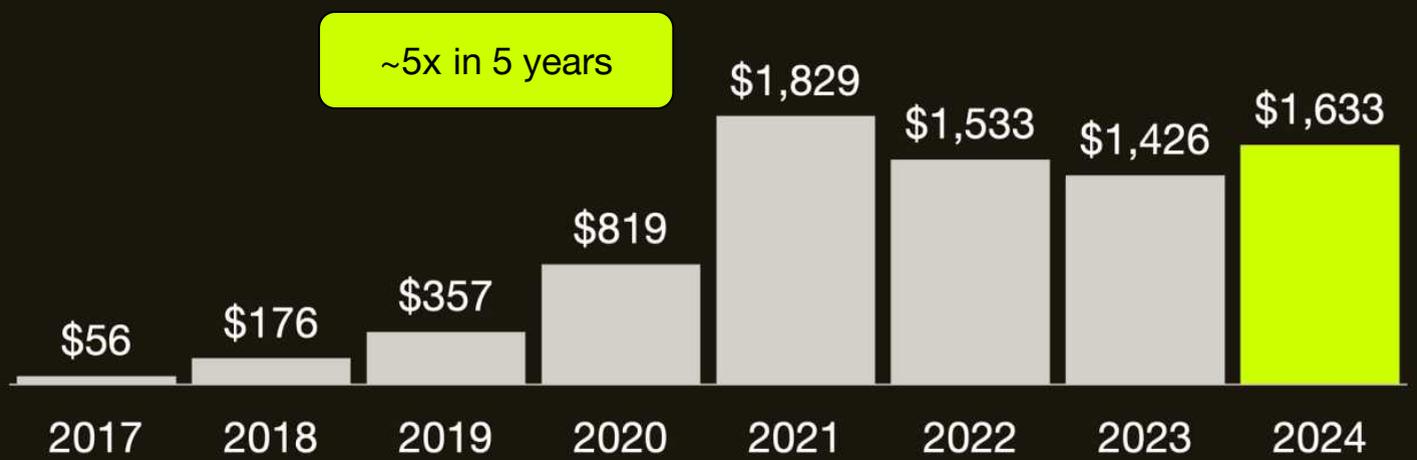
**Total Net Revenues**  
In millions

+58%  
year-over-year



**Adjusted Operating Expenses**  
In millions

+15%  
year-over-year



**Adjusted EBITDA**  
In millions

+167%  
year-over-year



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

# Appendix

# Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations

In millions

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net income (loss) (GAAP)</b>	<b>(\$6)</b>	<b>(\$57)</b>	<b>(\$107)</b>	<b>\$7</b>	<b>(\$3,687)</b>	<b>(\$1,028)</b>	<b>(\$541)</b>	<b>\$1,411</b>
Net margin <sup>1</sup>	(12%)	(34%)	(38%)	1%	(203%)	(76%)	(29%)	48%
Add: Interest expenses related to credit facilities	-	-	1	5	20	24	23	24
Add: Provision for (benefit from) income taxes	-	1	(1)	6	2	1	8	(347)
Add: Depreciation and amortization	1	2	6	10	26	61	71	77
<b>EBITDA (Non-GAAP)</b>	<b>(\$5)</b>	<b>(\$54)</b>	<b>(\$101)</b>	<b>\$28</b>	<b>(\$3,639)</b>	<b>(\$942)</b>	<b>(\$439)</b>	<b>\$1,165</b>
Add: SBC excluding 2021 Founders Award Cancellation	1	55	27	24	1,572	654	386	304
Add: 2021 Founders Award Cancellation	-	-	-	-	-	-	485	-
Add: Significant legal and tax settlements and reserves	-	-	-	102	55	20	104	(40)
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>(\$4)</b>	<b>\$1</b>	<b>(\$74)</b>	<b>\$154</b>	<b>\$33</b>	<b>(\$94)</b>	<b>\$536</b>	<b>\$1,429</b>
Adjusted EBITDA Margin (Non-GAAP) <sup>2</sup>	(8%)	1%	(27%)	16%	2%	(7%)	29%	48%

(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.

# Adjusted Operating Expenses Reconciliation

In millions

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total operating expenses (GAAP)</b>	<b>\$57</b>	<b>\$231</b>	<b>\$384</b>	<b>\$945</b>	<b>\$3,456</b>	<b>\$2,369</b>	<b>\$2,401</b>	<b>\$1,897</b>
Less: SBC								
SBC Excluding 2021 Founders Award Cancellation	1	55	27	24	1,572	654	386	304
2021 Founders Award Cancellation	-	-	-	-	-	-	485	-
Less: Significant legal and tax settlements and reserves	-	-	-	102	55	20	104	(40)
Less: Restructuring Charges	-	-	-	-	-	105	-	-
Less: Q4 2022 Processing Error	-	-	-	-	-	57	-	-
<b>Adjusted Operating Expenses (Non-GAAP)</b>	<b>\$56</b>	<b>\$176</b>	<b>\$357</b>	<b>\$819</b>	<b>\$1,829</b>	<b>\$1,533</b>	<b>\$1,426</b>	<b>\$1,633</b>

# Incremental Net Income and Incremental Adjusted EBITDA Margins

In millions

	2024
Year-over-year change in total net revenues	+\$1,086
Year-over-year change in net income	+\$1,952
<b>Incremental net income margins<sup>1</sup></b>	<b>180%</b>
Year-over-year change in Adjusted EBITDA (Non-GAAP)	+\$893
<b>Incremental Adjusted EBITDA Margins (Non-GAAP)<sup>2</sup></b>	<b>82%</b>

(1) Defined as year-over-year change in net income (loss) divided by year-over-year change in total net revenues.

(2) Defined as year-over-year change in Adjusted EBITDA (non-GAAP) divided by year-over-year change in total net revenues.

# Definitions

## Key Performance Metrics

### 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. Individuals who share a funded joint investing account (which launched in July 2024) are each considered to be a Funded Customer.

### Assets Under Custody (“AUC”)

We define AUC as the sum of the fair value of all equities, options, cryptocurrency, futures (including options on futures, swaps, and event contracts), 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 from customers, as well as dividends, interest, and cash or assets earned in connection with Company promotions (such as account transfer and retirement match incentives and free stock bonuses) received by customers, net of reversals, customer cash withdrawals, margin interest, Gold subscription fees, and assets transferred off of our platforms for a stated period. Prior to the second quarter of 2024, Net Deposits did not include inflows from cash or assets earned in connection with Company promotions and prior to January 2024, Net Deposits did not include inflows from dividends and interest or outflows from Robinhood Gold subscription fees and margin interest, although we have not restated amounts in prior periods as the impact to those figures was immaterial.

### 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. Figures in this presentation represent ARPU annualized for each three-month period presented.

### Gold Subscribers

We define a Gold Subscriber as a unique person who has at least one account with a Robinhood entity and who, as of the end of the relevant period (a) is subscribed to Robinhood Gold and (b) has made at least one Robinhood Gold subscription fee payment.

## Additional Operating Metrics

### 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.

### Options Contracts Traded

We define Options Contracts Traded as the total number of options contracts bought or sold over a specified period of time. Each contract generally entitles the holder to trade 100 shares of the underlying stock.

## Glossary Terms

### Growth Rate and Annualized Growth Rate with respect to Net Deposits

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.

### New Funded Customers

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

### Churned Customers

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 unique person) 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 platforms 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.

### 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.

### 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.

# 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 non-GAAP calculations of Adjusted EBITDA, Adjusted EBITDA Margin, Incremental Adjusted EBITDA Margin, Adjusted Operating Expenses, and SBC excluding the 2021 Founders Award Cancellation. This non-GAAP financial information is presented for supplemental informational purposes only, should not be considered in isolation or as 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) significant legal and tax settlements and reserves, and (vi) 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.

### Incremental Adjusted EBITDA Margin

Incremental Adjusted EBITDA Margin is defined as year-over-year change in Adjusted EBITDA (non-GAAP) divided by year-over-year change in total net revenues.

### Adjusted Operating Expenses

Adjusted Operating Expenses is defined as GAAP total operating expenses minus (i) 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. Starting in Q1 2025, Adjusted Operating Expenses will no longer include provision for credit losses.

### 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.

### 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.

### 2021 Founders Award Cancellation

We define the 2021 Founders Award Cancellation as the cancellation in February 2023 of the 2021 pre-IPO market-based restricted stock units granted to our founders of 35.5 million unvested shares.

### 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 are 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.