

Robinhood Markets, Inc. Investor Presentation

September 4, 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 second quarter 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.

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, Adjusted Operating Expenses, and SBC excluding the 2021 Founders Award Cancellation. 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 the Bitstamp acquisition will accelerate our crypto roadmap and international expansion efforts, while enhancing our capabilities and allowing us to serve a broader user base; that we believe we have a significant global opportunity; that there are billions of potential customers outside of the US; that asset growth tends to drive revenue growth over time; that we believe we can continue growing and diversifying our revenues and that we have near-term growth and diversification opportunities; that trading activity and interest rates tend to move in opposite directions; that we are focused on continuing to drive profitable growth; that we are well positioned to deploy capital and that our corporate cash and investments on our balance sheet and Adjusted EBITDA generation over the last twelve months provide us with flexibility to allocate capital to grow our business and drive shareholder value; and that we have future opportunities for organic growth, M&A, and shareholder capital returns. 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 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, 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 II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (“Q2 2024 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. 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, September 4, 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.

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

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

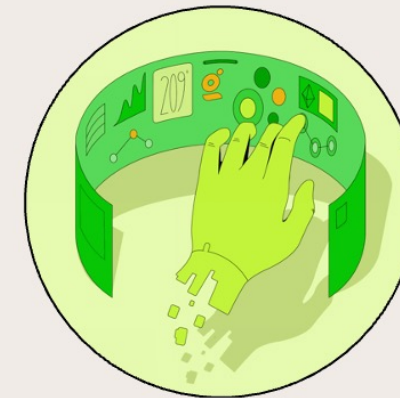
Founded in 2013, our mission is to **democratize finance for all**.

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

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

As of June 30, 2024

Funded Customers	24.2M
Assets Under Custody (AUC)	\$140B
LTM Net Deposit Growth Rate ¹	37%
LTM Total Net Revenues	\$2.2B
LTM Adjusted EBITDA ²	\$818M
Corporate Cash and Investments ³	\$5.0B



Brokerage

- Equities
- Options
- Margin
- Gold
- Retirement



Crypto

- Crypto Trading
- Crypto Staking *(In EU)*
- Robinhood Wallet
- Robinhood Connect



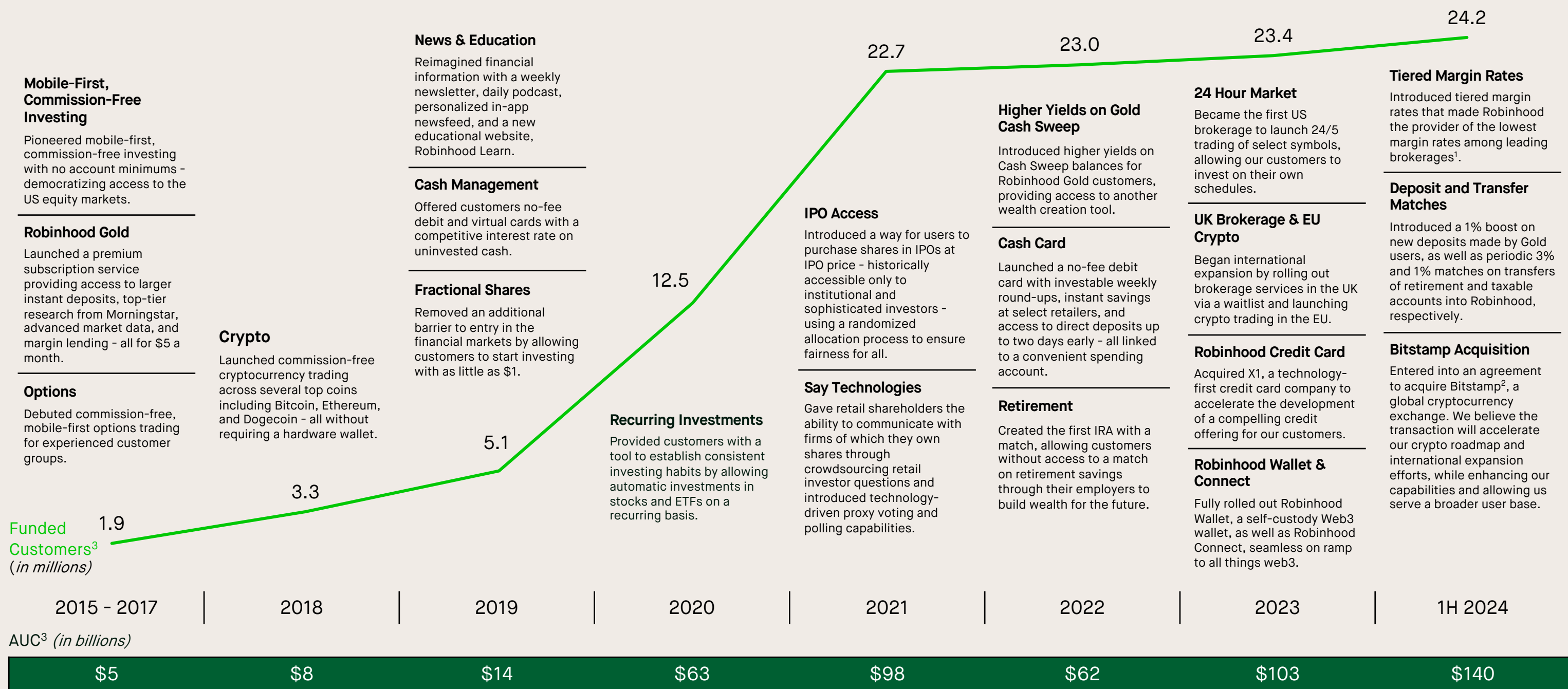
Money

- Credit Card
- Cash Card
- Instant Withdrawals

Robinhood Investment Highlights

- 1 Bold mission and industry-leading innovation have led to 24M+ customer base
- 2 Robust organic asset growth of 20%+ on an annualized basis¹
- 3 Growing and diversified annual revenues of \$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.

Tiered Margin Rates
Introduced tiered margin rates that made Robinhood the provider of the lowest margin rates among leading brokerages¹.

Deposit and Transfer Matches
Introduced a 1% boost on new deposits made by Gold users, as well as periodic 3% and 1% matches on transfers of retirement and taxable accounts into Robinhood, respectively.

Bitstamp Acquisition
Entered into an agreement to acquire Bitstamp², a global cryptocurrency exchange. We believe the transaction will accelerate our crypto roadmap and international expansion efforts, while enhancing our capabilities and allowing us serve a broader user base.

(1) Lowest margin rates among leading brokerages is based on published rates for Interactive Brokers, Charles Schwab, and E*Trade (Morgan Stanley) as of April 24, 2024. Competitors are selected based on publicly disclosed margin balances. Note that firms not publicly traded do not always make all of their data available to the public so are not included. Rates are subject to change at any time.
 (2) In June 2024, it was announced that Robinhood entered into an agreement to acquire Bitstamp Ltd. The acquisition is subject to customary closing conditions, including regulatory approvals, and is expected to close in the first half of 2025.
 (3) 1H 2024 AUC and Funded Customers as of June 30, 2024.

We maintained strong product velocity through the first half of 2024

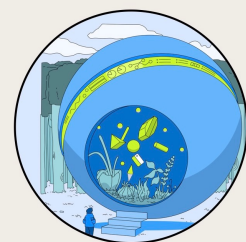
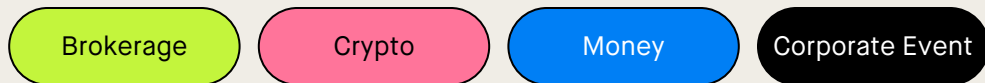
Q1 2024

- Robinhood Adds New Spot Bitcoin ETFs
- MetaMask and Robinhood Connect Make It Easier to Access Web3
- New Symbols on the Robinhood 24 Hour Market¹
- Introducing Robinhood Retirement for Independent Workers
- Robinhood Wallet and Arbitrum Expand Access to Layer 2s
- Robinhood Is Now Available to All Customers in the UK²
- Robinhood Wallet Is Now Available to Android Users Globally
- The New Gold Standard: Gold Card, App Redesign, and Unlimited Deposit Boost Announced³

Q2 2024

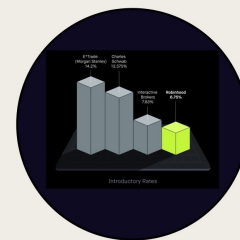
- Robinhood Crypto Launches Staking in Europe with Localized Apps to Follow
- Robinhood Launches the Lowest Margin Rates Among Leading Brokerages⁴
- Introducing the Robinhood Crypto Trading API
- Robinhood Enters Into Agreement to Acquire Bitstamp⁵

Q2 2024



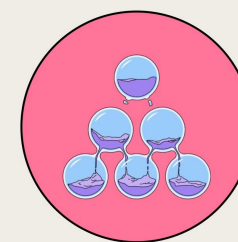
Robinhood Crypto Launches Staking in Europe with Localized Apps to Follow

May



Robinhood Launches the Lowest Margin Rates Among Leading Brokerages⁴

May



Introducing the Robinhood Crypto Trading API

May



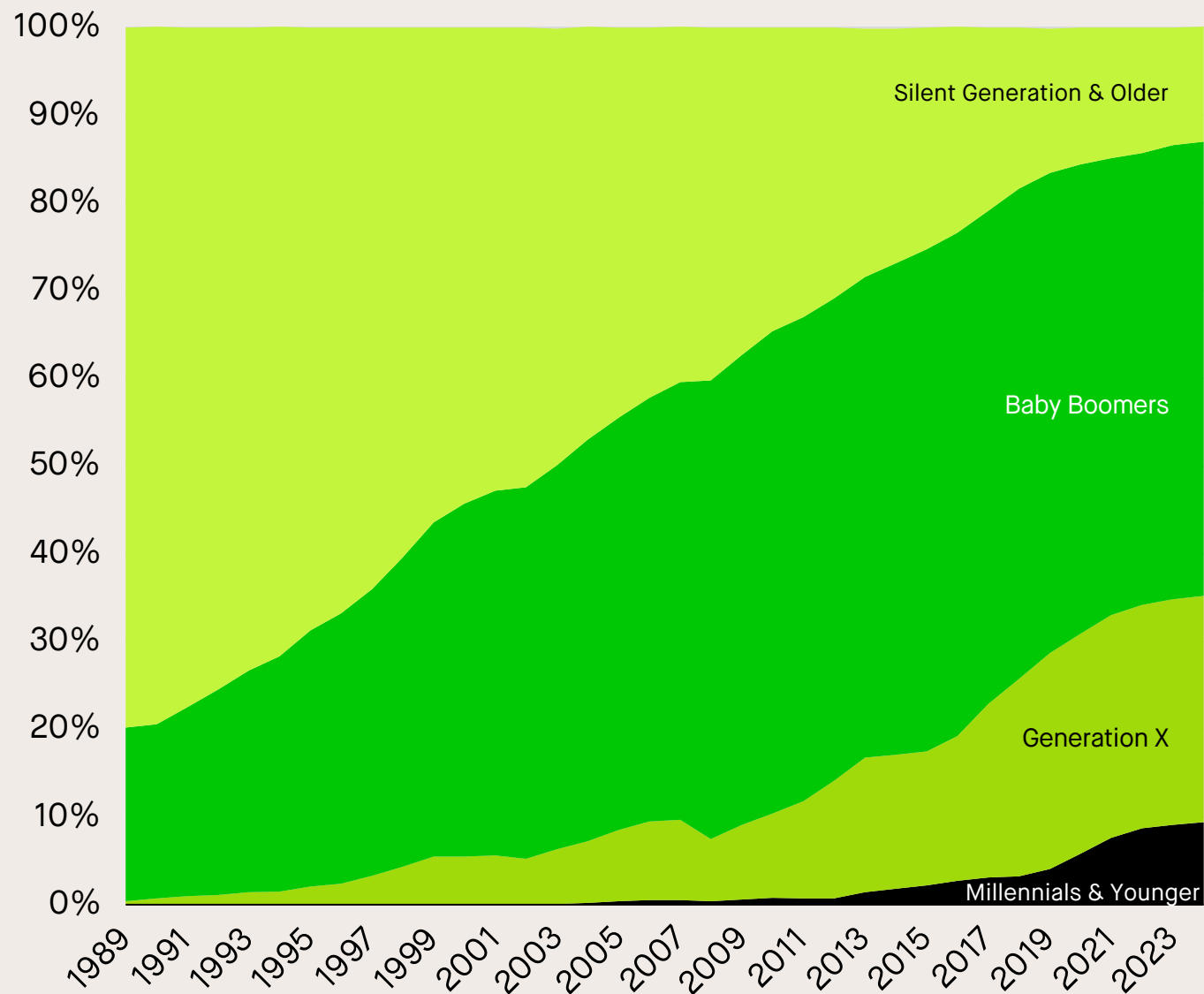
Robinhood Enters Into Agreement to Acquire Bitstamp⁵

June

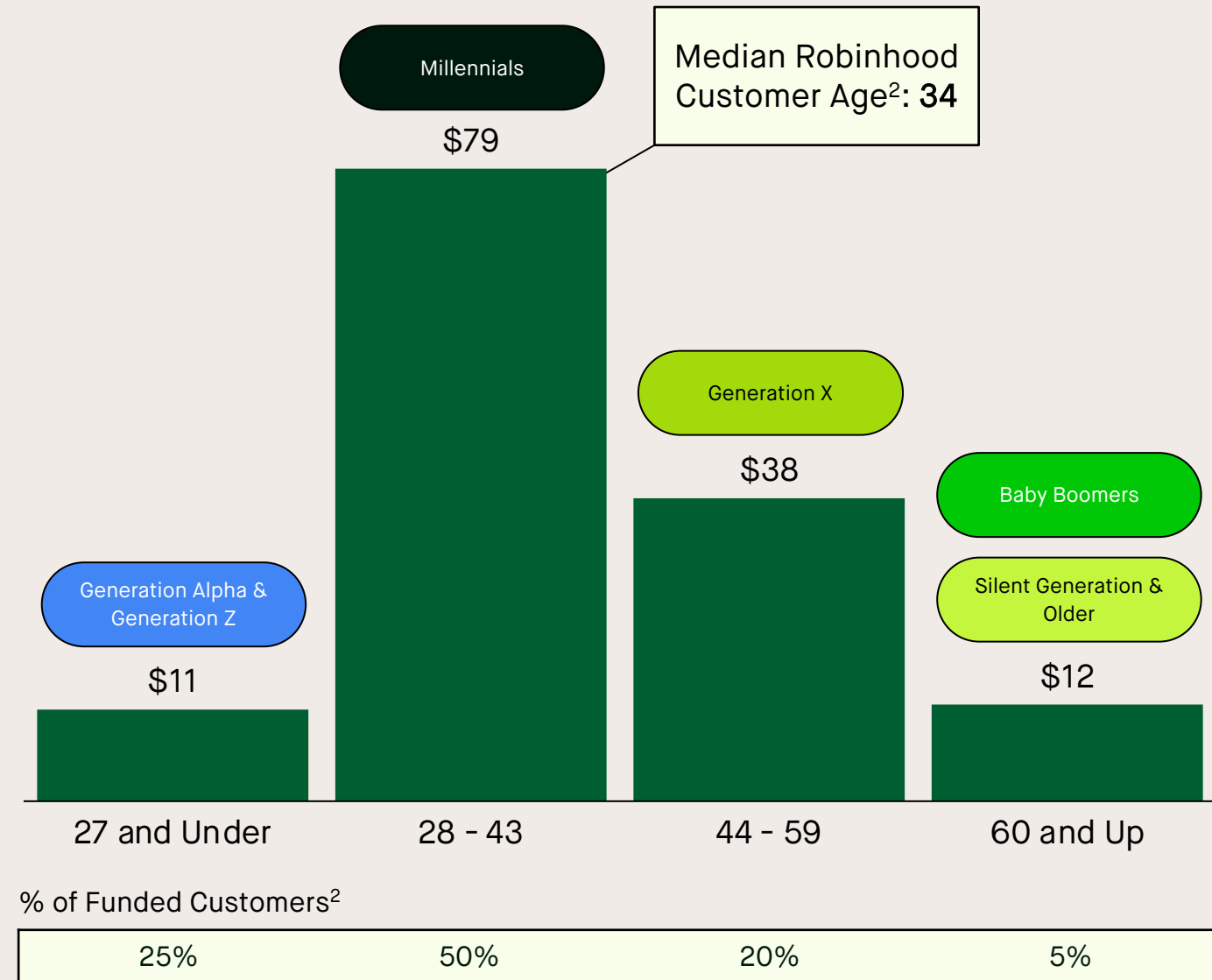
(1) More than tripled the number of symbols available to trade on 24 Hour Market in February 2024, bringing total to over 900 as of the end of Q1 2024.
 (2) Rolled all eligible customers off our waitlist and made Robinhood officially available throughout the United Kingdom.
 (3) Announced new benefits for Gold Subscribers including an unlimited 1% deposit boost on all incoming brokerage deposits and the Robinhood Gold Card (currently rolling out via a waitlist), as well as a redesign of the Robinhood app (upcoming).
 (4) Lowest margin rates among leading brokerages is based on published rates for Interactive Brokers, Charles Schwab, and E*Trade (Morgan Stanley) as of April 24, 2024. Competitors are selected based on publicly disclosed margin balances. Note that firms not publicly traded do not always make all of their data available to the public so are not included. Rates are subject to change at any time.
 (5) Announced Robinhood entered into an agreement to acquire Bitstamp Ltd. The acquisition is subject to customary closing conditions, including regulatory approvals, and is expected to close in the first half of 2025.

US generational wealth transfer is a tailwind for our business

Share of US household wealth by generation¹

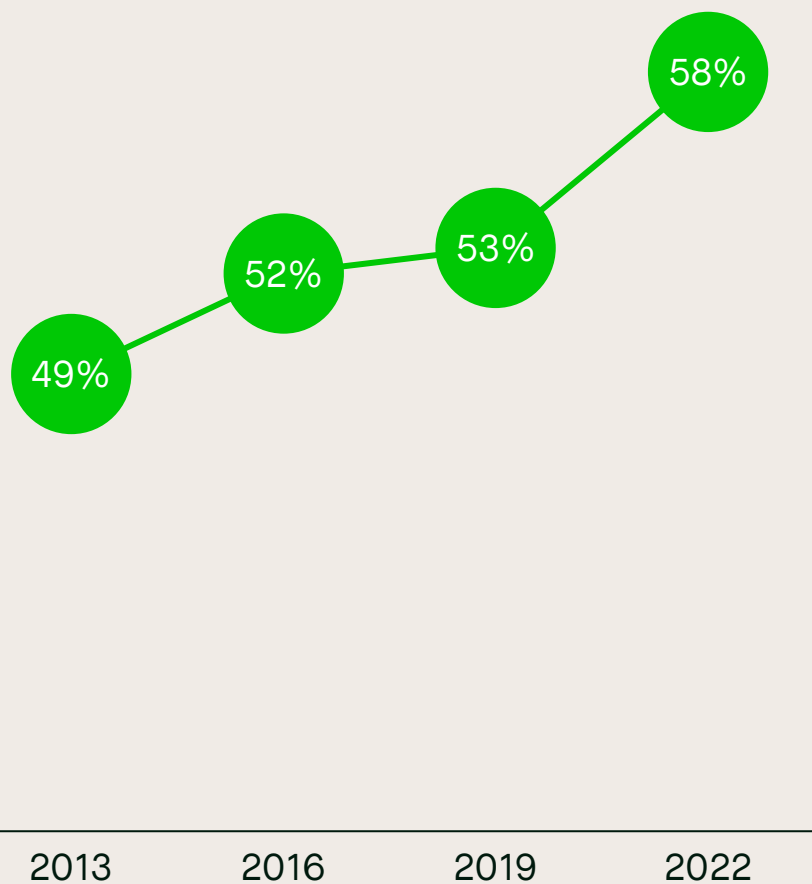


Distribution of AUC at Robinhood by age²
in billions



We believe we have a significant global opportunity

The share of US households with stock holdings has increased by ~10 points since Robinhood was founded in 2013¹



Robinhood's 24.2M Funded Customers² represents

~9%

of US adults³

Billions of potential customers outside of the US

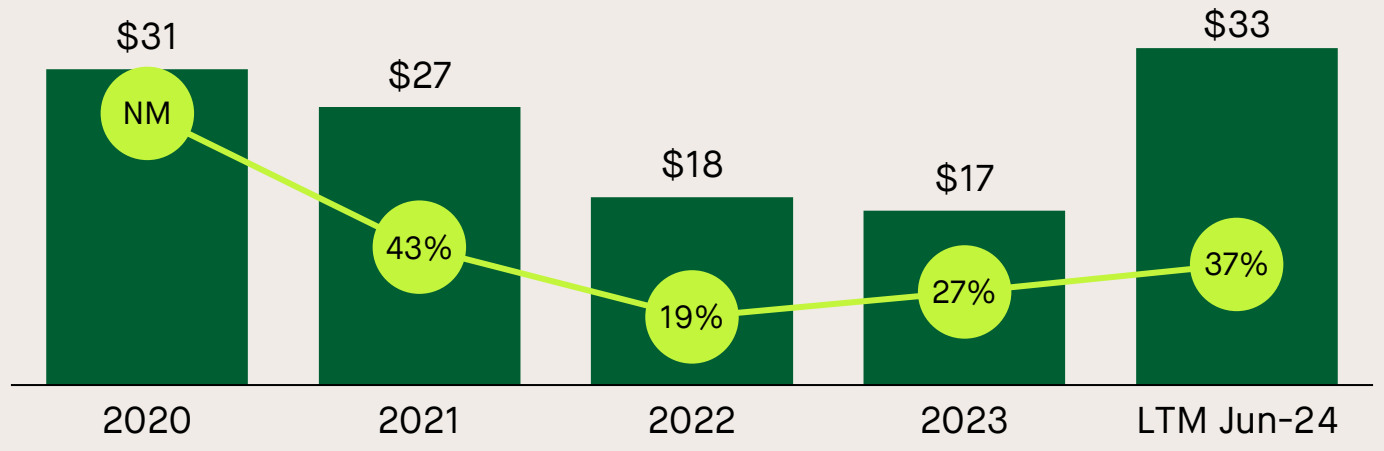


(1) Data from US Federal Reserve.
 (2) As of June 30, 2024.
 (3) Based off July 2023 US population estimate from US Census Bureau. Adult defined as any individual 18 years of age or older.
 (4) Based off November 2022 United Nations global population estimate.

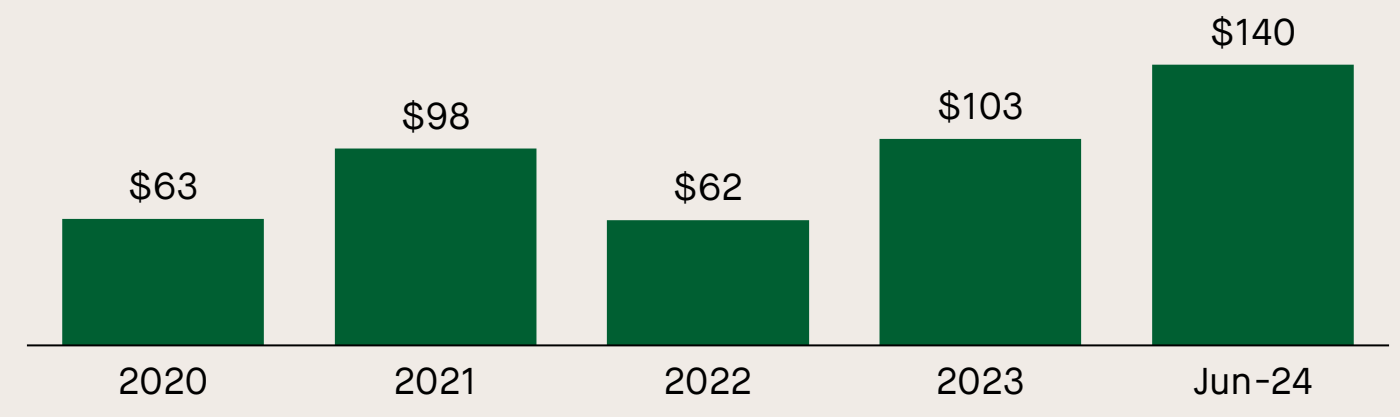
2 Our strong brand and innovative products translate to robust organic asset growth and customer retention

Net Deposits¹
in billions

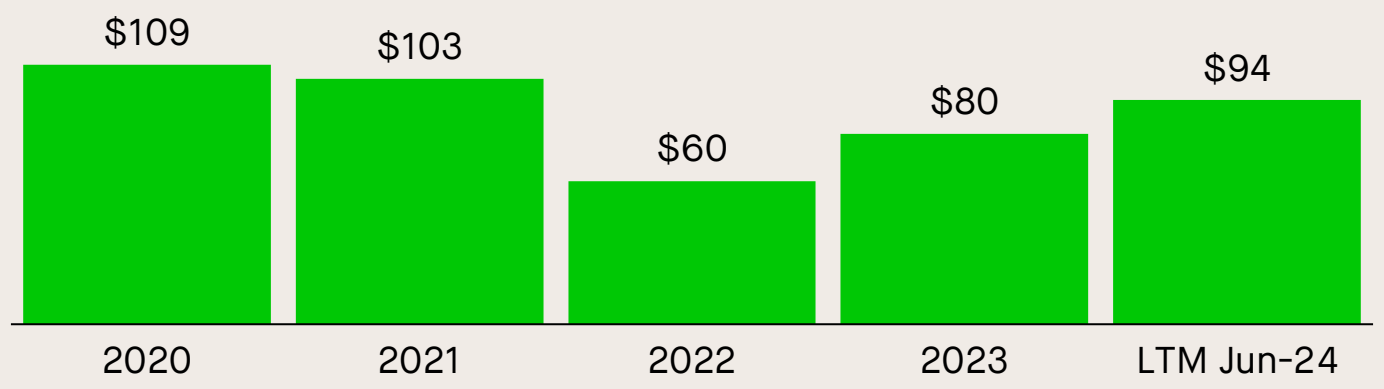
Growth Rate (Relative to prior period AUC, %)¹



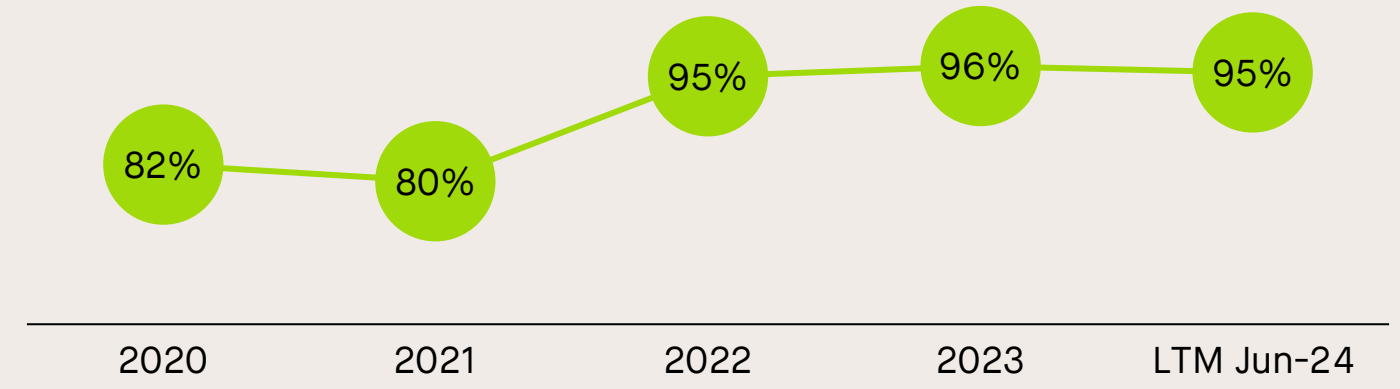
Assets Under Custody (AUC)¹
in billions



Average Revenue per User (ARPU)¹



Customer Retention Rate¹

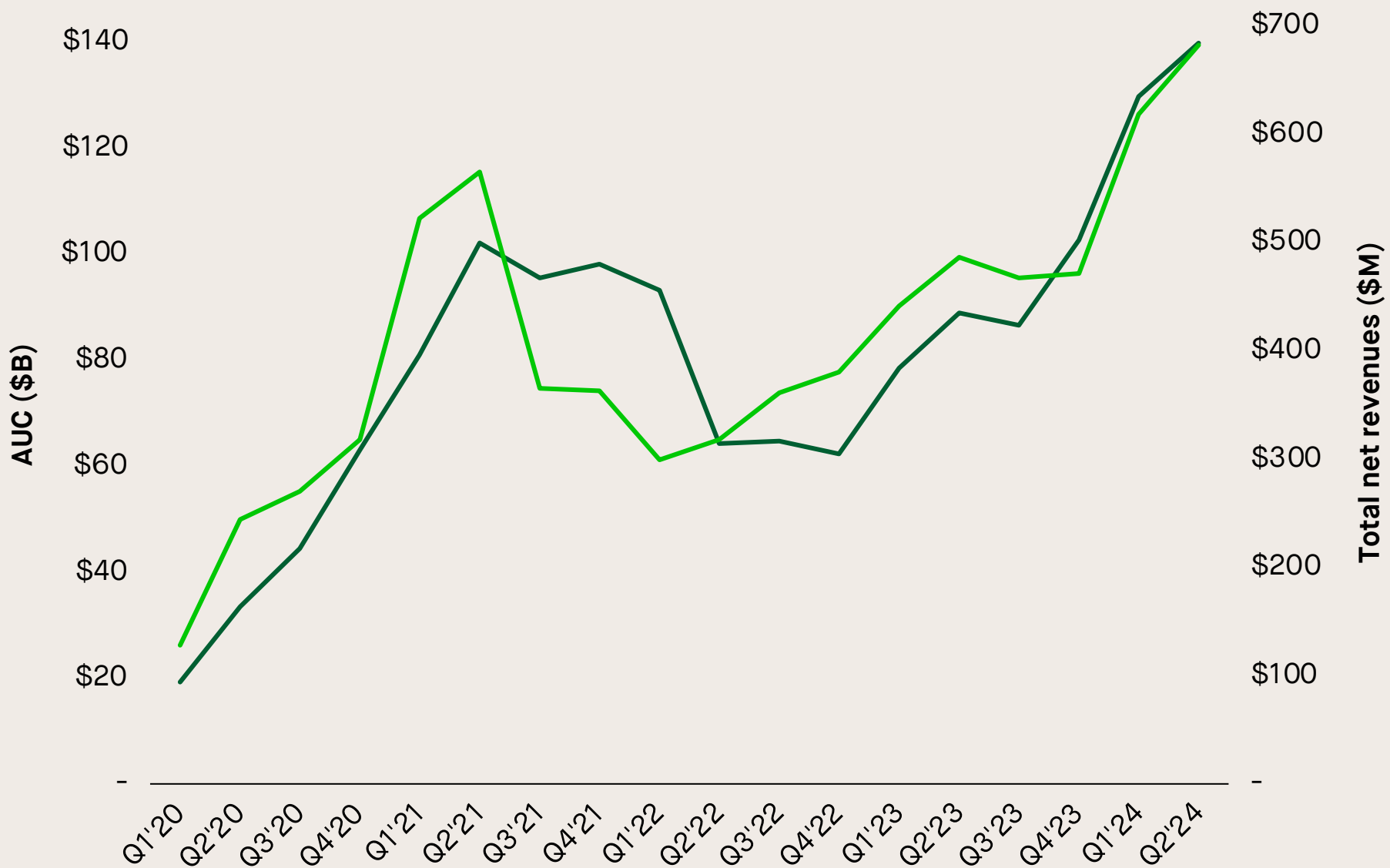


(1) Refer to the Appendix for full definitions and calculations of Net Deposits, growth rate, Assets Under Custody, Average Revenue per User, and Customer Retention Rate.

Asset growth tends to drive revenue growth over time



Assets Under Custody (AUC)

Total Net Revenues






In Q2 2024...

Assets Under Custody increased by 57% Y/Y

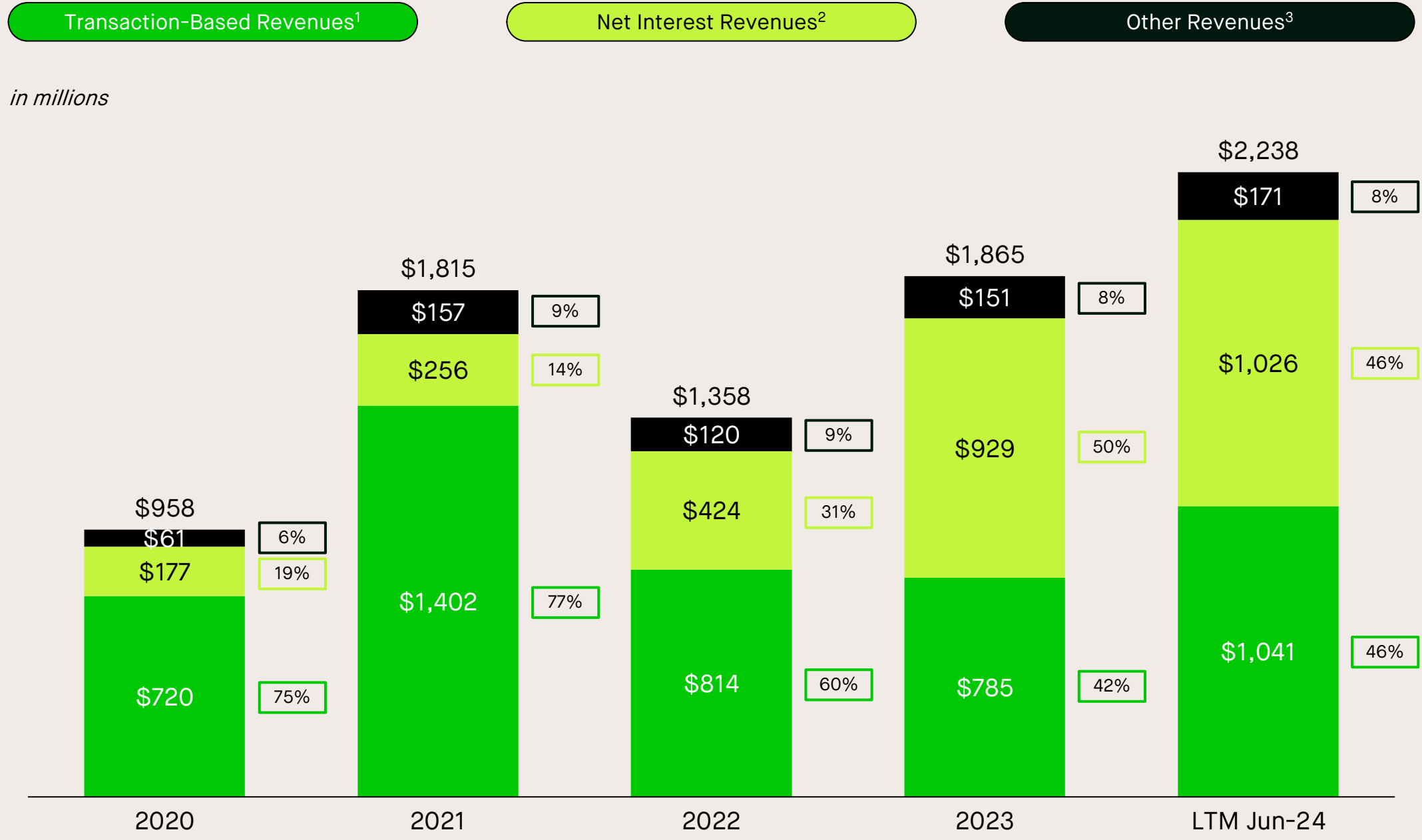
- Funded Customers 
- AUC per Funded Customer¹ 

Total net revenues increased by 40% Y/Y

- Trades² 
- Notional Volume per Trade³ 
- Interest Earning Assets⁴ 

(1) Defined as end of period AUC divided by end of period Funded Customers.
 (2) Daily Average Revenue Trades ("DARTs"). Refer to the Appendix for full definition.
 (3) Defined as Notional Trading Volume divided by Daily Average Revenue Trades ("DARTs") for equities and crypto, and as Options Contracts Traded divided by DARTs for options. Refer to the Appendix for full definitions.
 (4) Refer to page 33 of our Q2 2024 Earnings Presentation for details on our interest earning assets.

We believe we can continue growing and diversifying our revenues



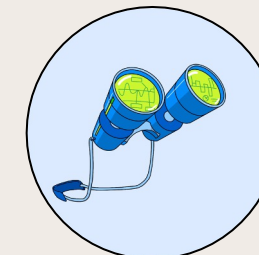
Near-term growth and diversification opportunities



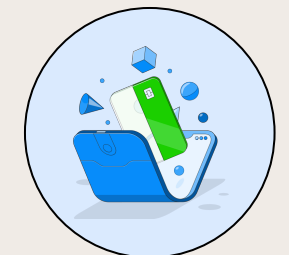
Gold



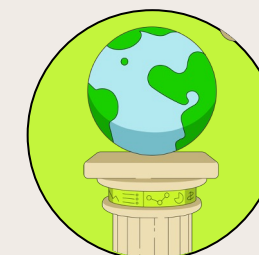
Advanced Web



Asset Selection
(e.g. Futures)



Credit Card



International

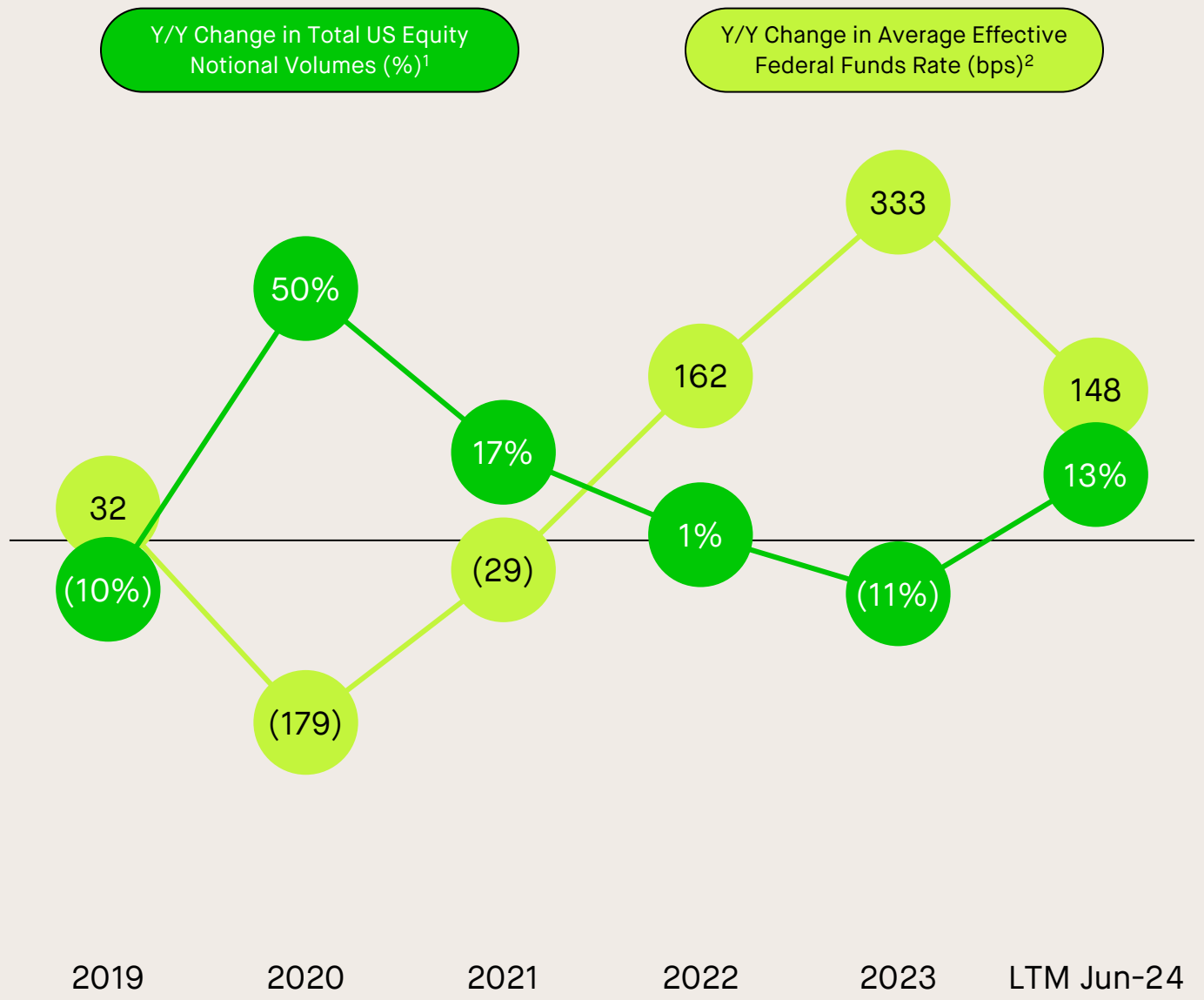


Advisory

(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

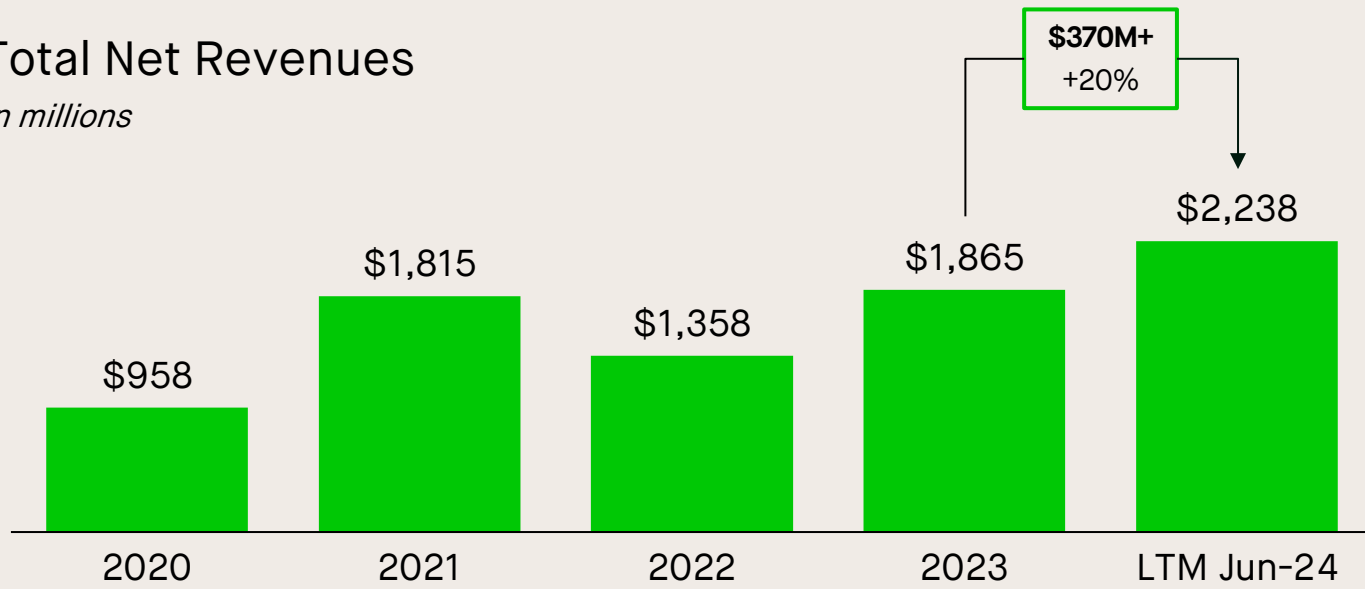


Our revenue profile evolves through cycles

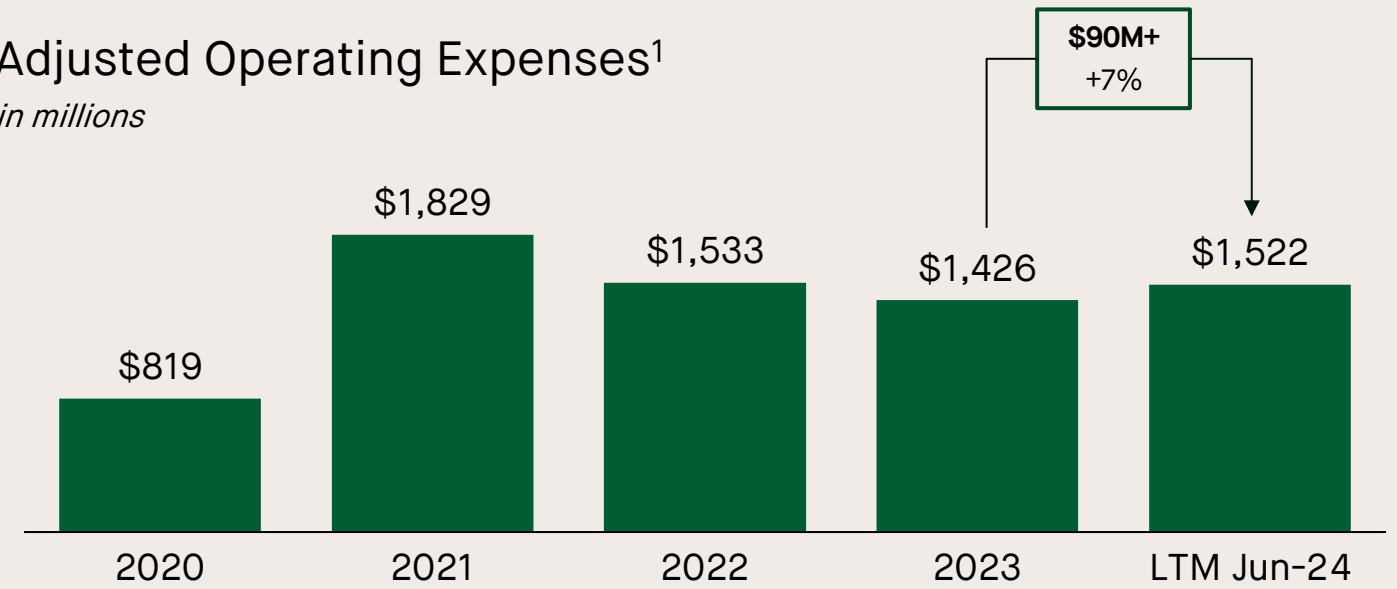


We are focused on continuing to drive profitable growth

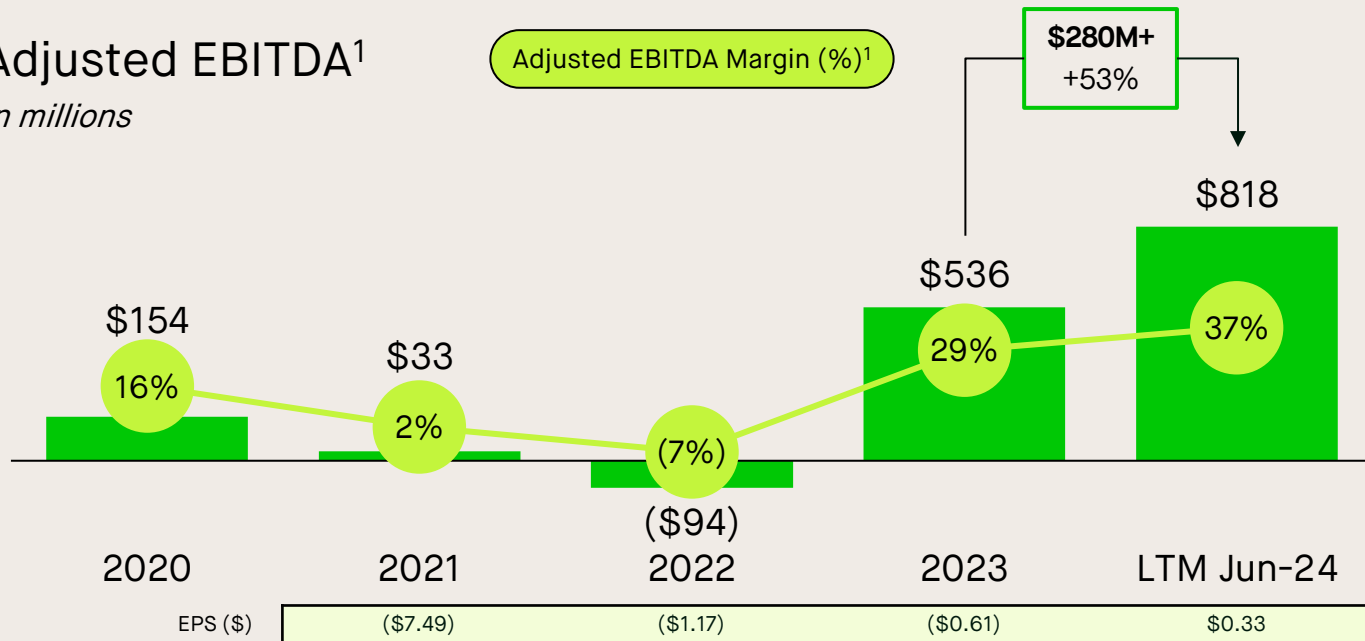
Total Net Revenues
in millions



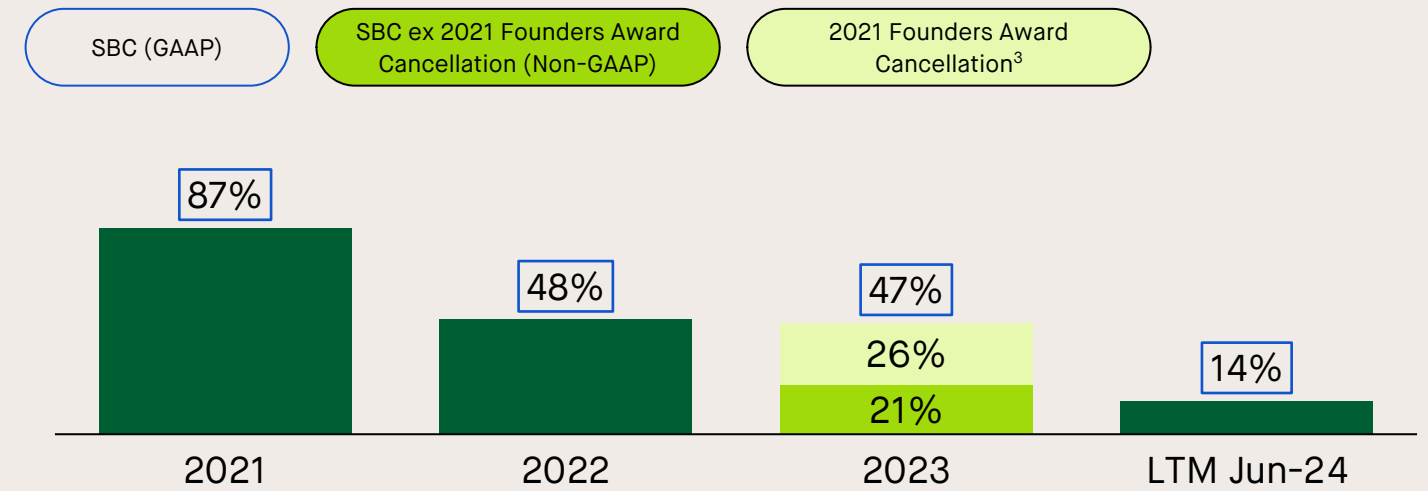
Adjusted Operating Expenses¹
in millions



Adjusted EBITDA¹
in millions



SBC as a Percentage of Total Net Revenues²

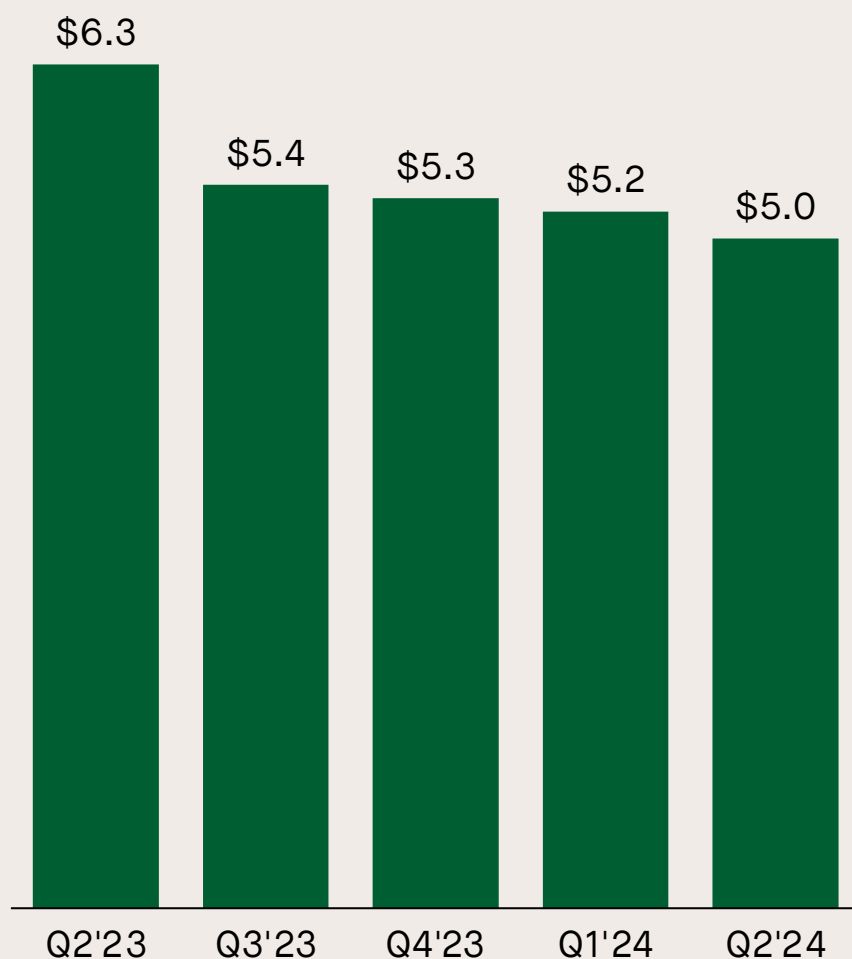


(1) Adjusted Operating Expenses, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. Refer to Appendix for the reconciliation of Adjusted Operating Expenses, Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP measures, total operating expenses, net 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 the full definition of SBC excluding the 2021 Founders Award cancellation.
 (3) In 2023, we cancelled 2021 Market-Based RSUs granted to our co-founders, which resulted in a one-time \$485M SBC expense recognized in 2023. Refer to the Appendix for the full definition of the 2021 Founders Award Cancellation.

We are well positioned to deploy capital

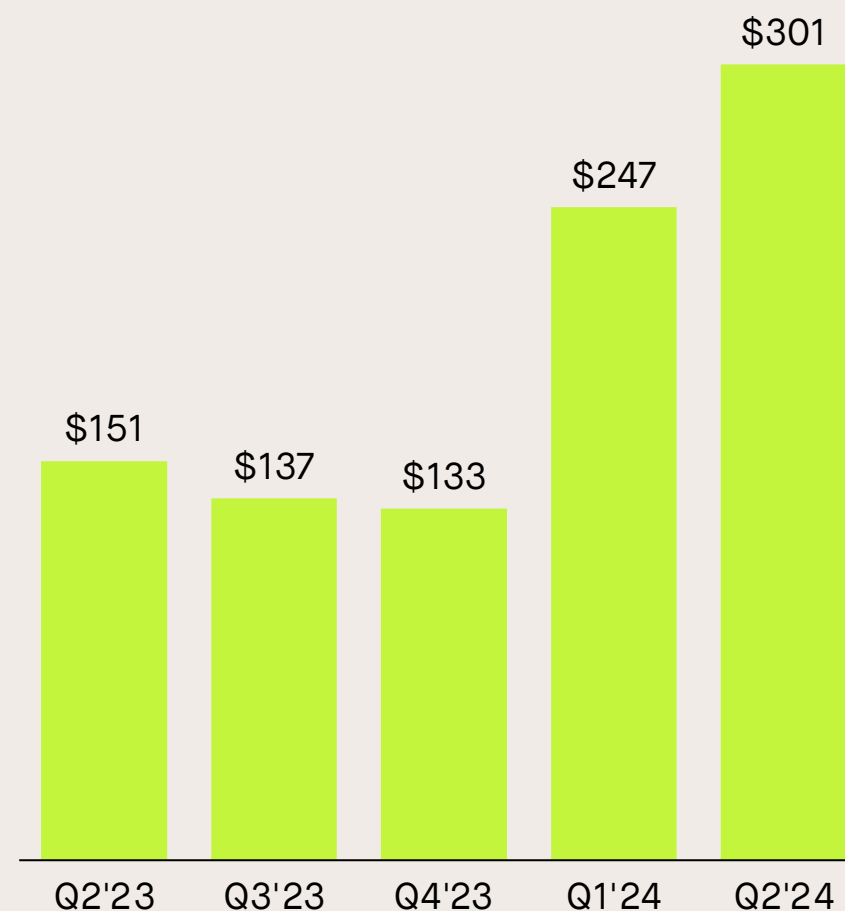
We have \$5B in corporate cash and investments¹ on our balance sheet...

in billions



...and generated \$818M of Adjusted EBITDA² over the last twelve months...

in millions



...providing us with flexibility to allocate capital to grow our business and drive shareholder value

So far in 2024, we:

- Provided customers **over \$200M in matches** on asset transfers and retirement account contributions
- Entered into an agreement **to acquire Bitstamp³** and **acquired Pluto** for total expected consideration of **over \$200M**
- Announced a **\$1B share repurchase authorization**, which we began executing in July

Future opportunities:

- Organic growth
- M&A
- Shareholder capital returns

Appendix

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations

<i>in millions</i>	2020	2021	2022	2023	LTM Q2'24
Net income (loss)	\$7	(\$3,687)	(\$1,028)	(\$541)	\$290
Net margin ¹	1%	(203%)	(76%)	(29%)	13%
Add: Interest expenses related to credit facilities	5	20	24	23	24
Add: Provision for (benefit from) income taxes	6	2	1	8	17
Add: Depreciation and amortization	10	26	61	71	71
EBITDA (Non-GAAP)	\$28	(\$3,639)	(\$942)	(\$439)	\$402
Add: SBC					
SBC excluding 2021 Founders Award Cancellation	24	1,572	654	386	312
2021 Founders Award Cancellation	-	-	-	485	-
Add: Significant legal and tax settlements and reserves	102	55	20	104	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	-	-	-
Adjusted EBITDA (Non-GAAP)	\$154	\$33	(\$94)	\$536	\$818
Adjusted EBITDA Margin (Non-GAAP) ²	16%	2%	(7%)	29%	37%

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations (Continued)

<i>in millions</i>	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Net income (loss)	\$25	(\$85)	\$30	\$157	\$188
Net margin ¹	5%	(18%)	6%	25%	28%
Add: Interest expenses related to credit facilities	5	6	6	6	6
Add: Provision for (benefit from) income taxes	(3)	10	(1)	5	3
Add: Depreciation and amortization	15	19	17	17	18
EBITDA (Non-GAAP)	\$42	(\$50)	\$52	\$185	\$215
Add: SBC	109	83	81	62	86
Add: Significant legal and tax settlements and reserves	-	104	-	-	-
Adjusted EBITDA (Non-GAAP)	\$151	\$137	\$133	\$247	\$301
Adjusted EBITDA Margin (Non-GAAP) ²	31%	29%	28%	40%	44%

Adjusted Operating Expenses Reconciliation

<i>in millions</i>	2020	2021	2022	2023	LTM Q2'24
Total operating expenses (GAAP)	\$945	\$3,456	\$2,369	\$2,401	\$1,938
Less: SBC					
SBC excluding 2021 Founders Award Cancellation	24	1,572	654	386	312
2021 Founders Award Cancellation	-	-	-	485	-
Less: Significant legal and tax settlements and reserves	102	55	20	104	104
Less: Restructuring charges	-	-	105	-	-
Less: Q4 2022 Processing Error	-	-	57	-	-
Adjusted Operating Expenses (Non-GAAP)	\$819	\$1,829	\$1,533	\$1,426	\$1,522

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.

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 from customers, as well as dividends, interest, and cash and 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 other assets transferred out of our platforms (assets transferred in or out include debit card transactions, Automated Customer Account Transfer Service transfers, and custodial crypto wallet transfers) for a stated period. Prior to the second quarter of 2024, Net Deposits did not include inflows from cash and 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

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, or as Net Deposits for a specified month multiplied by 12 and divided by AUC for the immediately preceding month.

New Funded Customer

We define a New Funded Customer as a unique person 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 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. Our monthly metrics materials disclose 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 Adjusted EBITDA, 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 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.

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. ("COSM"), 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.