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EDITED TRANSCRIPT

Q1 2024 Robinhood Markets Inc Earnings Call

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PRESENTATION

Operator

Hello, and welcome to Robinhood First Quarter 2024 Earnings Conference Call. (Operator Instructions)

I would now like to turn the call over to Chris Koegel, VP of Corporate FP&A and Investor Relations. You may begin.

Chris Koegel *Robinhood Markets, Inc. - VP of Corporate FP&A & Investor Relations*

Thank you, Towanda, and thank you, everyone, for joining Robinhood's Q1 earnings call. With us today are CEO and Co-Founder, Vlad Tenev; and CFO, Jason Warnick. Before getting started, I want to remind you that today's call will contain forward-looking statements. Actual results could differ materially from our expectations, and we have no duty to provide updates unless legally required. Potential risk factors that could cause differences, including regulatory developments that we continue to monitor, are described in the press release we issued today, the earnings presentation, and our SEC filings - all of which can be found at investors.robinhood.com. Today's discussion will also include non-GAAP financial measures. Reconciliations to the GAAP results we consider most comparable can be found in the earnings presentation.

With that, let me turn it over to Vlad.

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Thanks, Chris. Hi, everyone. I, again, will keep my remarks short so that we can have plenty of time for questions. So just to remind everyone, Robinhood is focused on three things: number one, winning the active trader market; number two, increasing wallet share with our customers; and number three, expanding internationally. We believe the strategy is working, and it led to strong business outcomes in Q1.

First, retail trading market share. It continued to increase in Q1, and it was really bolstered by our product innovation. As a result, year-over-year notional trading volumes were up significantly across equities, options and crypto. Net deposits were a record \$11.2 billion with strong diversity across brokerage, cash sweep and retirement. This translates to a 44% annualized organic growth rate and continues our multiyear track record of delivering 20% plus Net Deposit growth.

And customers are also moving their assets to Robinhood in record numbers. Q1 was the second quarter in a row we had net asset inflows from every other major brokerage - totaling nearly \$3 billion, more than twice our Q4 level.

I also wanted to highlight Gold subscribers. Customers are finding our Gold offerings compelling across high-yield cash, retirement, margin rates and now our Gold credit card. This led Gold subscribers to reach 1.7 million in Q1, higher than at any other point in our history.

The 260,000 Gold subscribers we added in Q1 was the fastest in the past three years. It's also exciting to see that nearly 20% of new funded customers in Q1 subscribed to Gold, and that's more than double a year ago. Putting this all together with continued expense discipline led to record revenues up 40% year-over-year and record GAAP EPS of positive \$0.18. Now what's even more exciting is that we continue to deliver amazing value to customers. And before I share more about what we're doing for our Gold customers, let's have Jason review our financial results.

Jason Warnick *Robinhood Markets, Inc.* - CFO

Thanks, Vlad. It's good to speak with everyone today. As a reminder, last year, we drove significant profitable growth with revenue up 37% and adjusted EBITDA margins expanding by 36 points. In 2024, we're focused on driving another year of profitable growth, and we had a strong Q1 with 40% year-over-year revenue growth and 14 points of margin expansion from a year ago. We also set records in Q1 for quarterly revenues, adjusted EBITDA, adjusted EBITDA margin, net income and GAAP EPS.

Looking more closely at our Q1 results compared to a year ago. Total net revenues grew 40% to \$618 million, adjusted EBITDA more than doubled to \$247 million, incremental margins were 75%, demonstrating the scalability of our cost structure, even while we increased marketing and growth investments. And adjusted EBITDA margins expanded by 14 points to 40%, as we make progress over time towards the 50%-plus levels we see from incumbents. All of this led to net income of \$157 million or \$0.18 of EPS. We're pleased with our results in Q1, and we aim to continue delivering profitable growth in 2024.

Now let's move to our first quarter business results. Assets under custody finished Q1 at a record \$130 billion, up 65% year-over-year. A key driver of that asset growth was strong Q1 Net Deposits of over \$11 billion, which is more than double last year's quarterly average and translates to a 44% annualized growth rate. We're encouraged by the breadth and durability of Q1 Net Deposits. So let me share a little more color.

First, we saw strong participation from both existing and new customers with about 75% of Net Deposits coming from customers who've been at Robinhood for over a year. Second, we saw a nice mix of continued strong contributions from customers and wins versus brokerage incumbents. The mix was about 75% contributions from customers and 25% net wins from incumbents. And third, deposits into our platform were balanced across product categories. A little more than half of Q1 Net Deposits went to brokerage, another quarter went to cash sweep and the last 20% to retirement. So overall, we're really pleased with the diversity of Net Deposits as customers engage with us across our platform.

Looking at Q2, so far, it's off to a good start as well, as April was our highest month of the year for Net Deposits with nearly \$5 billion. And with our continued progress in early May, we already brought in more Net Deposits year-to-date than the \$17 billion we did in all of 2023 with most of the year still in front of us. We're also delivering growth in Robinhood Gold. As a reminder of how Gold subscribers on average compare to our customers overall, in Q1, Gold subscribers had 8x the assets, with an average of over \$40,000, grew Net Deposits roughly twice as fast and had 5x the retirement account adoption.

Gold ARPU is also multiples of our average customer, which includes annualized recurring subscription revenue approaching \$100 million. And in Q1, we grew Gold subscribers to 1.7 million, up 42% or 500,000 from last year. This momentum has continued into Q2, as we added another 140,000 Gold subscribers in April, more than half of our Q1 growth.

Let's now turn to our financial results. In the first quarter, we generated net income of \$157 million, up 5x sequentially as we grew revenues and stayed disciplined on expenses. Looking at Q1 revenues. Transaction-based revenues increased sequentially across equities, options and crypto. And net interest revenues grew as a result of higher balances and securities lending activity. So far in Q2, we've continued to see robust trading. In April, equity notional volumes were about \$70 billion. Options contracts were a monthly record of roughly \$125 million and crypto notional volumes were around \$10 billion.

Now let's turn to first quarter expenses. Combined adjusted OpEx and SBC was \$460 million in Q1 as we stayed disciplined on expenses even as we increased investments in marketing and growth. Looking ahead, while the year is off to a strong start, we know it's important to stay disciplined on expenses. So our full year adjusted OpEx and SBC outlook is unchanged in the range of \$1.85 billion to \$1.95 billion.

Before I pass the call back to Vlad, I want to share some perspectives about our opportunity to drive profitable growth in 2024 and the years to come by growing revenues and expanding margins. First, we believe we can continue our multiyear track record of delivering 20% plus Net Deposit growth rates, supported by a young customer base gaining share of global wealth, share gains in existing markets, and

expansion into new markets and product categories that give us more opportunity for growth.

Second, as customer assets grow over time, we believe this will drive strong revenue growth as well. We're naturally hedged between interest rates and trading, and we continue to diversify our business as we introduce new products and enter new markets.

And third, we're a technology company and have a highly scalable platform with about 90% fixed costs. So as our revenues increase, we believe we can drive significant margin expansion and free cash flow.

In closing, we had a strong Q1, and we have a lot of momentum to start the second quarter. We remain focused on driving profitable growth for shareholders as we work to maximize EPS and free cash flow per share in 2024 and the years to come.

Now I'll turn the call back to Vlad.

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Thanks, Jason. As I said earlier, the second part of our strategy is increasing wallet share with customers, including growing Robinhood Gold subscriptions, which hit an all-time high of 1.7 million in Q1. In March, we held Robinhood's first-ever keynote event to introduce even more value that we're providing Gold customers, including an all-new customizable app experience, a 1% unlimited deposit boost for Gold customers that's launching soon and a brand-new Robinhood Gold credit card with 3% back on all purchases. We're seeing lots of commentary about how amazing of a deal Gold is, and where happy customers are recognizing that and starting to spread the word. Over 1 million people have signed up for the Gold Card waitlist, only half of which are Gold subscribers today. So we believe we can substantially grow Gold adoption as we roll out the card.

We love seeing the progress we're making, attracting, retaining and expanding Gold customer relationships on the journey to be the most trusted, lowest cost and most culturally relevant money app worldwide. I want to thank our customers for continuing to trust and advocate for the platform as we make progress on our mission to democratize finance for all. The business is in a great position because of you, and we're just getting started. And you should know our team has been working incredibly hard to deliver even more value to you. The road map is full. There's so much to do.

And now let's move on to questions.

QUESTIONS AND ANSWERS

Chris Koegel *Robinhood Markets, Inc. - VP of Corporate FP&A & Investor Relations*

All right. Thank you, Vlad. For the Q&A session, we'll start by answering the top few shareholder questions from Say Technologies ranked by number of votes. We passed over questions that we had already addressed on this call or in prior quarters and group together questions that share a common

theme. After the Say questions, we'll turn to live questions from our analysts. So I'll kick it off with our first question from Say. Alexander M. asks what impact will the SEC Wells notice have on the business? Jason, do you want to start on that one?

Jason Warnick *Robinhood Markets, Inc. - CFO*

Yes. I'll maybe start and then Vlad can add some thoughts. First, for our customers, your accounts are not affected by this. It's business as usual for Robinhood Crypto. We're, of course, disappointed to have received the notice. As you know, we've operated our crypto business in good faith. We've been very conservative in our approach in terms of coins listed and services offered. And we're a highly regulated company and have applied the same legal and compliance standards we use for our brokerage to the way we run our crypto business. So it's disappointing to see more regulation by enforcement here. Vlad?

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Yes. I mean, echoing Jason, this is a disappointing development. We firmly believe U.S. consumers should have access to this asset class. They deserve to be on equal footing with people all over the world. And at the end of the day, we're going to defend the firm and continue to advocate for our customers.

Chris Koegel *Robinhood Markets, Inc. - VP of Corporate FP&A & Investor Relations*

The next question is from Joseph C. who asks when are the new credit cards getting fully released? It seems that many are still on the waiting list. Vlad, do you want to start that one?

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Yes. Yes, I'll take that one. Thanks for the question. First of all, we're really excited about the Gold Card and the value that we're going to be providing to customers. We've seen a ton of demand, I mentioned earlier, over 1 million customers have signed up for the waitlist so far and the product is looking great. You might have noticed we've dropped the credit card app on the App Store, and we've rolled it out to the first customers outside of the company.

As we think about this rollout, we really want to balance the desire to get the card to customers as quickly as we can with making sure that we're managing risk to the capital well as we enter a new market for us. So we're starting with an initial group in the tens of thousands of customers over the next few weeks. And then we're going to observe them carefully, look at the data, watch the spending activity and the borrowing activity. And we're going to use that information to inform the broader rollout of the card. We really want to make sure that we're being very, very prudent as we do this rollout since this is a new business line for the company.

Chris Koegel *Robinhood Markets, Inc. - VP of Corporate FP&A & Investor Relations*

Thank you, Vlad. And then the third question from Say, is from Daniel R., who asks, 24 Hour Market was halted. How can we trust that the platform - when markets become volatile, what steps are being implemented to handle future volatility?

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

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First, it's really been awesome to see how much interest there is in our 24 Hour Market offering. Over \$10 billion in volumes have transacted in the overnight session since it launched a year ago, and we now offer overnight trading in over 900 names. And really, this is one of the core differentiators of Robinhood. You don't find this type of offering elsewhere easily.

As for why trading was affected - so in order to facilitate these trades, we route to a third-party ATS. The ATS we use went down for the evening. This affected us, but also other firms that route to it. But the ATS was able to support trading again in a handful of hours. Looking ahead, we're really on the frontier with this offering. But as we continue to invest in it, the offering will improve over time, and it will get more resilient. So believe us when we say that we're committed to making sure this offering is reliable and more feature-rich going forward.

Chris Koegel Robinhood Markets, Inc. - VP of Corporate FP&A & Investor Relations

All right. Thank you, Vlad. That concludes our shareholder questions from Say Technologies. We appreciate our shareholders taking the time to ask these questions to Vlad and Jason, and look forward to more next quarter. Now I'll turn the call over to Towanda to lead Q&A from analysts.

Operator

(Operator Instructions) Our first question comes from the line of Devin Ryan with Citizens JMP.

Devin Patrick Ryan JMP Securities LLC, Research Division - MD, Director of Financial Technology Research & Equity Research Analyst

I want to ask a question on the growth in new deposits. I mean just really impressive momentum there and good to hear second quarter is accelerating further. And it feels like you're just scratching the surface on Gold adoption, I think a lot as you talked about. And I also think the offering really stands out in the market. So with that said, I heard Jason's comments on better ARPU for Gold customers. But is it possible to kind of simplistically unpack the economics you're expecting on new deposits coming in to a Gold connected account under these new promotions relative to deposits that aren't or even kind of like revenue per asset under kind of the model prior to these promotions? I'm just trying to think about the economics (inaudible) dollars coming in because it seems like you're seeing a real nice acceleration there.

Jason Warnick Robinhood Markets, Inc. - CFO

Yes. Thanks, Devin. It's Jason. I'll go ahead and take that. So in short, we love the economics of the match promotions that we've been running. I think I said last quarter that the payback on the 1% match is a little under a year. And on the 3% match, it's between 2 and 3 years. And we're watching that closely, kind of on a monthly cohort basis with our customers. We're seeing the 2023 cohorts already paying off, and 2024 is off to a great start. We mentioned on our prepared remarks, too, that the strength in Net Deposits, 44% annualized growth rate, is really well diversified between customers that have been at the company for - have been at Robinhood for over a year, representing 75% of those Net Deposits. And we're also seeing that 75% kind of a different way are unrelated to the promotion. So really strong promotion response, but it's only a small part of the strength of the overall deposits for the quarter.

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Operator

Our next question comes from the line of Dan Dolev, Mizuho.

Dan Dolev Mizuho Securities USA LLC, Research Division - MD & Senior Equity Research Analyst

Great results out there, really, really nice. Of course. Yes. So you mentioned some really strong numbers in April, really strong momentum. Can you maybe elaborate a little more regarding the momentum that you're seeing heading into the second quarter? So any color and additional views on the momentum would be greatly appreciated.

Jason Warnick Robinhood Markets, Inc. - CFO

Yes, absolutely, Dan. I mean - so we're seeing strong trading across equities, options and crypto continuing into the next quarter. We're seeing strength kind of across the business as well in terms of new Gold subscribers. We mentioned and you mentioned the strength in Net Deposits, nearly \$5 billion. So we're really seeing great diversity of the strength. Retirement assets are now crossing over \$7 billion, which is just remarkable growth and we love to see our customers saving for the long term with us. We're going to share our metrics, I think, next week on the month of April and so you get a fuller picture there. But it's really across the board, whether it's sec lending or trading or Net Deposits.

Vladimir Tenev Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board

Yes. And I would just add, we're, of course, excited about the Q1 performance and the start to Q2. Well, I think we have some medium- and longer-term tailwinds to the business. The Gold benefits that we announced in March, including the 1% deposit match, which really has resonated quite strongly with customers based on early feedback has yet to launch. We're entering a new product category with the credit card. And we've also been working on our futures and web pro product for active traders. And we here get an early look at the products that we're building, and the teams have been working incredibly hard to make what we believe are incredibly polished products that we're very excited about. So I think we tend to get excited about things on a quarterly basis, but we're running this business for the long term. And I think that you'll see a lot more from us.

Operator

Our next question comes from the line of Steven Chubak with Wolfe Research.

Steven Joseph Chubak Wolfe Research, LLC - Director of Equity Research

Yes. So I wanted to start off with a question just on the incremental margin ex SBC coming in at 75%, certainly a good outcome. As we think about the incremental profitability as the business scales, is that 75% bogey a reasonable expectation for investors to underwrite? And just trying to gauge whether there's room for even further operating leverage or upside given the marketing spend was actually relatively elevated in the quarter as well?

Jason Warnick Robinhood Markets, Inc. - CFO

Yes. Thanks for the question. So we're not providing guidance necessarily on incremental margins. What

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I'd tell you is, as I've said in previous sessions that about 90% of our cost structure is fixed. Meaning that 10% of our costs are variable relative to the activity of our platform. So that gives us a lot of opportunity to drop incremental revenue to the bottom line. You're seeing us this year make a really big step-up in marketing, about \$100 million year-over-year as our plan to spend in marketing versus last year. And as Vlad was touching on in the last question, we're making a lot of investments and not sitting still. And we - even with all this step-up in marketing and investments for growth, we're delivering incremental margins at 75%. So we feel really good about that. We're going to continue to watch our costs, excited to see revenue per employee crossed over \$1 million. I think that there's a lot of opportunity to expand margins going forward.

Operator

Our next question comes from the line of Kyle Voigt with KBW.

Kyle Kenneth Voigt Keefe, Bruyette, & Woods, Inc., Research Division - MD

Maybe just a question on the Gold Card. Obviously, the offering is very compelling and great to see the demand with the waitlist at over 1 million users already. But just wondering if you could expand upon the expected economics a bit. You've noted the \$300 ARPU previously, but that was for X1 with a relatively small subset of users that you ultimately ramp to with this offering. And just given how attractive the card might be for some more transactor types and those don't carry a balance, are you still confident in your ability to profitably monetize a broad range of potential new clients?

And then if I just add a second part to that question, can you give us any flavor on what you might expect on the transaction revenue side for the offering specifically? I'm assuming maybe some level of headwind after netting out interchange and rewards, but wondering if you can kind of frame that.

Jason Warnick Robinhood Markets, Inc. - CFO

Yes, you bet. Thanks, Kyle, for the question. It's Jason. I'll go ahead and take that. The first point I'd make on the credit card is that we think it's really strategically aligned with our vision that we want to serve all of our customers' assets and process all of their financial transactions. And having a great value credit card, I think, is really fundamental to that vision. That said, we need to do this in a prudent way and in a way that makes sense economically for the company. And on that point, I think that we've got a few things that are going to benefit us.

First of all, we're going to be able to leverage our scale. We're seeing that already play out with a low CAC. We have over 1 million customers on the waitlist with essentially no marketing dollars against that. And when you look at competitors, they're spending several hundred dollars, perhaps \$500 per customer to acquire a customer. And so we really love the low CAC opportunity that leverages our platform. We're also able versus X1 to get even better economics. And for example, cost of funds, we've already been able to improve by over 300 basis points because of our strong balance sheet and because of our strength in the financial results. And so those are a couple of areas that I'd point out.

And then thirdly, I'd say that we have an opportunity to benefit because of our deeper relationship with

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customers. It's going to help us understand better the customers that we are underwriting and make better decisions, and over time, have an opportunity to offer collateralized cards, which would also help with our economics.

I'll just finish with, as Vlad pointed out, we're going to be really careful and prudent here. We're rolling it out to tens of thousands of customers, and we're going to take months to look at how our customers are responding, how they're using the card, their borrowing and repayment activity, and we're going to use that to inform our broader rollout. And the last point I would make is 2/3 of our customers are prime or higher in terms of credit rating. And so we do have a high-quality customer base. And so together with the prudent rollout and the high-quality customers and benefiting from our scale and our deeper relationships with customers, we think we can land a good economic outcome for Robinhood.

Operator

Our next question comes from the line of Mike Cyprys with Morgan Stanley.

Michael J. Cyprys Morgan Stanley, Research Division - Executive Director and Senior Research Analyst

Just wanted to ask about capital allocation. Hoping you could update us just around your latest thoughts there with \$5 billion of balance sheet cash investments. Just curious how you're thinking about the appetite for dividends, buybacks, M&A., where M&A could be most additive at this point given you just added on the card platform side? And then just on a minute, maybe just remind us of your hurdle rates and criteria there.

Jason Warnick Robinhood Markets, Inc. - CFO

Yes. Thanks, Mike. We love the strong balance sheet, over \$5 billion of corporate cash. Three ways to use the capital to the benefit of shareholders. One is just investing in our business for organic growth, and you're seeing us do that with the incremental investments for growth, including the \$100 million step-up in marketing this year. The second is M&A. You've seen us recently acquire X1. We have a very active corporate development team, and we're looking at several opportunities there that can either augment our team, the talent of our team or accelerate our product road map. And nothing to announce, but the team is certainly active. And then the last category is returning capital to shareholders. You saw us do that last year in the third quarter, about \$600 million to purchase 5% of our outstanding shares. And so we're deploying capital kind of across all three.

In terms of hurdle rates, you'd expect us to use our cost of capital at least, and we're mindful of that. And nothing further to update you now on capital allocation. It's something that we're kind of constantly looking at.

Operator

Our next question comes from the line of John Todaro with Needham & Company.

John Todaro Needham & Company, LLC, Research Division - Senior Analyst

Great results here. I guess just trying to understand the crypto side of the business post the Wells notice

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and just kind of get a little bit more color on where you're thinking at. And I guess, in particular, if you look at it and you go, hey, we're kind of almost being treated the same way as Coinbase, does it start to make sense where you look at more broader listings because you guys have been fairly conservative on that front? Or is that not really a fair way to think about it?

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Yes. I think you're right in that, we've been extremely selective about the assets that we offer on the platform. I mentioned in the prepared remarks that we have seen increases in volumes and in market share on the crypto side. I think for a long time, we were offering customers great pricing on purchasing crypto assets, but we weren't doing a great job of communicating it. And now we are communicating it through the user interface and through all sorts of marketing services. And I think customers are starting to pick up on that fact. You're seeing we've talked about more on social media just how great of a deal we're getting on crypto transactions.

And we're expanding in the EU, where we, again, believe that we can provide great service and great offerings to customers. So the crypto team has been working tremendously hard. The road map there is quite full. There's a lot to do to make the products experience better for customers.

Jason Warnick *Robinhood Markets, Inc. - CFO*

And I would just add that we've been incredibly selective in the coins that we've listed and are confident that the coin selection does not include any securities, and we continue to apply that high standard on anything that we would list on our platform.

Operator

Our next question comes from the line of Brian Bedell with Deutsche Bank.

Brian Bertram Bedell *Deutsche Bank AG, Research Division - Director in Equity Research*

Maybe just staying on the crypto theme, maybe for Jason, if you can talk about just the nature of the surge in crypto volumes in March. And I think you said April was at \$10 billion. I appreciate, of course, this is very volatile class, but maybe if you can just talk about what you're seeing that drove that heavy activity in March and whether you think we could see spikes like that again? And then just the mix of crypto volumes between the EU and U.S. is maybe the EU is still very small, but just trying to get a sense of that.

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Yes. I mean in terms of what drives crypto volumes, I think modulo our market share gains, our crypto activity does track the broader market. And I don't really want to get into prognosticating what the crypto market is going to do. That's obviously a difficult thing for anyone to do. It's a global market. There have been ETFs approved, as you all know.

And that's why we look at market share and how we're doing relative to peers because markets go up and down. But if our market share is growing throughout all conditions, then over the long run, we'll do

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very, very well on that side of the business. And that's kind of our approach across all of the asset classes for the active trader business. But the goal is also to diversify the business so that we're less reliant on volumes anywhere in any one category to drive business results. I think that's kind of what you're starting to see in this quarter's results - really the performance of the company across all asset classes and even across wallet share with the Net Deposit growth numbers.

Jason Warnick *Robinhood Markets, Inc. - CFO*

In terms of the mix element of your question on Europe, you're right. It's still a relatively modest contribution. The lion's share came from our U.S. Crypto business. But we like what we're seeing and tens of thousands of customers there. So we'll continue investing there.

Operator

Next question comes from the line of Patrick Moley with Piper Sandler.

Patrick Malcolm Moley *Piper Sandler & Co., Research Division - VP & Senior Research Analyst*

So I just had one on index options. I see it's referenced in the deck, but I didn't hear mentioned in the prepared remarks. So are you still planning to roll out index options later this year? And then just on the economics, it's my understanding that index options are much less profitable for the brokers than multi-listed options are. So just curious if - what your expectations are around how much of your current options trading could be cannibalized by index options? And if you do, when you do roll it out, have you given any thought to potentially charging a commission on index options?

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Yes. So we have announced that we're going to be launching index options. This is part of the overall goal of giving our active traders access to the best tools and the best value for their services. So index options are coming in Q4. We'll also be launching futures as we've mentioned in the past. And as with any new Robinhood product, there's two areas where we'd like to stand out in the broader marketplace. One is the user experience. We want to make sure that our tools are easy for active traders to use, particularly on mobile, but also on web with the new offering that's coming there. And then economics. So yes, the economics, we intend to make very, very competitive, but also profitable for the company on a segment basis. So Jason, I don't know if you want to add anything more specific there.

Jason Warnick *Robinhood Markets, Inc. - CFO*

Yes. We're still working with the team on the pricing structure for index options. So we'll have to stay tuned there. But I agree with Vlad that we want it to be a great value for customers and also make a lot of sense for us economically.

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

And we should note, index options trade around the clock, which is one of the reasons why they become so popular. So we don't anticipate seeing a ton of cannibalization there.

Operator

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Our next question comes from the line of Matthew O'Neill with FT Partners.

Matthew Casey O'Neill *Financial Technology Partners LP - Co-Director of Research & MD*

A lot of good ones asked and answered already. I was wondering, though, since we are seeing such a clear inflection point in the MAUs and you gave some incremental details around the growth there from the card, both Gold and non-Gold sounds like 0.5 million each. Could you help parse maybe the rest of the monthly active user growth, even just anecdotally, like more crypto-focused or more options and equity focused?

Jason Warnick *Robinhood Markets, Inc. - CFO*

Yes, absolutely. There is an impact to MAUs when crypto interest surges, and we saw that in the quarter. So that's certainly a part of it. But when I look at the activity across the quarter, it was very broad-based. Equities up, options activity up, certainly crypto, Retirement, Gold members, Net Deposits. And so we really saw an overall lift that was reflected in the engagement numbers that you're seeing.

Operator

Our next question comes from the line of Ken Worthington with JPMorgan.

Kenneth Brooks Worthington *JPMorgan Chase & Co, Research Division - MD*

When we look at your promotions, they seem focused on gathering additional customer assets. Do you think such asset-focused promotions could endure over the intermediate term or even longer term as a business strategy? Any reasons why the competition might not either be able to or just might not follow you with promotions of their own. And as we think about other behaviors you want to target, are there others that promotions might make sense for you to target at some point in the future?

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Yes. I can start with that. I think the first thing I should note, is we've invested in building a strong data science and product analytics capability from inception at the company. And I think that's starting to become a key differentiator now that AI is becoming more and more important. And now that we've started running these promotions. We look at it very closely. We can track them all sorts of ways across cohorts and different types of customer behavior. And we like what we're seeing.

I think Jason mentioned earlier in the call that for the 1% matches, we've been targeting a sub one-year payback, and that's between two and three years for the 3% promotions. And the cohorts from 2023 have already paid back with 2024 looking good as well. So we feel really good about the offering. And you should see more creativity from the team going forward. I don't think that we've fully excavated what we can do with this capability that we've built.

Jason Warnick *Robinhood Markets, Inc. - CFO*

Ken, we love that we're taking share. We love that we're winning assets against the incumbents, and in terms of your question about how durable it is in the medium to longer term, I don't see any reason with our highly scalable platform that we can't continue to offer promotions like that, especially with the

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attractive paybacks that we're realizing.

On your question about whether it's something that could be copied by competitors, I think we could all come up with a handful of reasons why it would be challenging for them, whether it's their cost structure or just their installed base and defending that through a promotion like that. But we love the promotions here at Robinhood. And again, we like that we're taking share.

Operator

Our next question comes from the line of Benjamin Budish with Barclays.

Benjamin Elliot Budish *Barclays Bank PLC, Research Division - Research Analyst*

Just on the topic of competition, you highlighted that 25% of net transfers came from other brokerages. Can you just talk about like this customer cohort, how do they compare to your preexisting customer base? Are they coming - are you seeing any behavior? Are they coming for the high savings rate or are they coming for the deposit bonus? Are they active traders? Are they engaging in crypto? Like any kind of characteristics of this cohort, are they similar or different from sort of like the existing customer base?

Jason Warnick *Robinhood Markets, Inc. - CFO*

They're probably more similar than different. One of the things that I'd highlight is they're coming in with average balances that are much higher than our typical historical customers. So loving the quality of the assets being brought and the activity of the customers. And it's really reflected, too, in the comments that we're making about payback periods on these promotions that we are seeing customers engage with our products in a way that generates revenue for us.

Operator

I'm showing no further questions in the queue. I would now like to turn the call back over to Vlad for closing remarks.

Vladimir Tenev *Robinhood Markets, Inc. - Co-Founder, President, CEO & Chairman of the Board*

Thank you guys for all the questions. And look, we love the quarter. We love where the business is heading. I think that long term, we're really positioning Robinhood to be a generational company that will benefit from a generational wealth transfer that is only starting now from older generations to Gen X and millennials. And the goal over the long run is for all of our customers, all of their assets should be custodied at Robinhood and all of their financial transactions should go through Robinhood. And I think you're starting to see us make significant progress towards that. So thank you for being with us on the call and on the journey.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.

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