

Robinhood Reports Third Quarter 2024 Results

Second highest Revenues on record, up 36% year-over-year to \$637 million

GAAP Diluted EPS of \$0.17, up \$0.26 year-over-year

Year-to-date Net Deposits of \$34 billion, Revenues of \$1.94 billion, and GAAP Diluted EPS of \$0.55 have all exceeded prior full year records

MENLO PARK, Calif. – October 30, 2024 – Robinhood Markets, Inc. (“Robinhood”) (NASDAQ: HOOD) today announced financial results for the third quarter of 2024, which ended September 30, 2024.

“I’m really proud of our Q3 results and how smoothly our product engine is humming,” said Vlad Tenev, CEO and Co-Founder of Robinhood. “In the past month, we introduced Robinhood Legend, our new desktop offering, and announced index options, futures, and a realized profit and loss tool are coming soon. And just this week, we launched our Presidential Election Market. We have a ton of momentum, and we’re just getting started.”

“Q3 was another strong quarter, as we drove 36% year-over-year revenue growth, and dropped most of that to the bottom line,” said Jason Warnick, Chief Financial Officer of Robinhood. “We entered 2024 with the goal of delivering another year of profitable growth, so we’re excited to have already broken prior full year records for both revenue and EPS.”

Third Quarter Results:

- **Total net revenues** increased 36% year-over-year to \$637 million.
 - **Transaction-based revenues** increased 72% year-over-year to \$319 million, primarily driven by options revenue of \$202 million, up 63%, cryptocurrencies revenue of \$61 million, up 165%, and equities revenue of \$37 million, up 37%.
 - **Net interest revenues** increased 9% year-over-year to \$274 million, primarily driven by growth in interest-earning assets.
 - **Other revenues** increased 42% year-over-year to \$44 million, primarily due to increased Gold subscription revenues.
 - Total net revenues were reduced by \$27 million in Q3 2024 (and \$13 million in Q2 2024) due to matches paid to customers on transfers and deposits.
- **Net income** increased year-over-year to \$150 million, or diluted earnings per share (EPS) of \$0.17, compared to a net loss of \$85 million, or diluted EPS of -\$0.09, in Q3 2023.
- **Total operating expenses** decreased 10% year-over-year to \$486 million. This includes a \$10 million regulatory accrual, which compares to a \$104 million regulatory accrual in Q3 2023.
 - **Adjusted Operating Expenses (non-GAAP)** increased 12% year-over-year to \$397 million primarily due to increased marketing and growth investments.
 - **Share-Based Compensation (SBC)** decreased 5% year-over-year to \$79 million.
- **Adjusted EBITDA (non-GAAP)** increased 96% year-over-year to \$268 million.
- **Funded Customers** increased by 1.0 million year-over-year to 24.3 million.
 - **Investment Accounts** increased by 1.5 million year-over-year to 25.1 million.
- **Assets Under Custody (AUC)** increased 76% year-over-year to \$152.2 billion, driven by continued Net Deposits and higher equity and cryptocurrency valuations.
- **Net Deposits** were \$10.0 billion, an annualized growth rate of 29% relative to AUC at the end of Q2 2024. Over the past twelve months, Net Deposits were \$39.0 billion, a growth rate of 45% relative to AUC at the end of Q3 2023.
- **Average Revenue Per User (ARPU)** increased by 31% year-over-year to \$105.
- **Gold Subscribers** increased by 860 thousand, or 65%, year-over-year to 2.2 million.
- **Cash and cash equivalents** totaled \$4.6 billion compared with \$4.9 billion at the end of Q3 2023.
- **Share repurchases** were \$97 million, representing 5.0 million shares of our Class A common stock at an average price per share of \$19.42.
 - In July 2024, we began executing on our authorized \$1 billion share repurchase program, which we continue to expect to complete over a total of two to three years.

Highlights

Robinhood takes major steps toward delivering on product roadmap and winning the active trader market.

- **Building for Active Traders** - In October 2024, Robinhood began rolling out Robinhood Legend, a powerful, sleek browser-based desktop trading platform built from the ground up for active traders, and announced that it will launch futures and index options in the coming months with some of the lowest contract fees in the industry.
- **Robinhood Hosts its First Ever Customer-Focused Conference** - In October 2024, Robinhood held its inaugural HOOD Summit, bringing together over 400 customers with Robinhood executives and other industry leaders for a three-day event to discuss the latest in trading technology, investing, and culture.
- **More than 9 percent of Robinhood Funded Customers benefit from Robinhood Gold** - Gold Subscribers reached new highs of 2.2 million in Q3 2024. Additionally, Robinhood Gold Cards continue to roll out, now in the hands of nearly 100 thousand customers.
- **Robinhood Retirement Reaches \$11 billion in AUC** - In October 2024, Robinhood Retirement reached \$11 billion in AUC across nearly one million funded retirement accounts. Offering the first ever IRA with a match, customers have received over \$200 million in matches on retirement account transfers and contributions since launching in January 2023.
- **Expanding Our UK Product Offering** - Robinhood introduced stock lending in the UK in September 2024 and launched margin investing for UK customers in October 2024. Robinhood has also received Financial Conduct Authority approval to offer options trading in the UK and plans to launch in 2025.

Additional Q3 2024 Operating Data

- **Retirement AUC** increased 9X year-over-year to \$9.9 billion.
- **Cash Sweep** increased 80% year-over-year to \$24.5 billion.
- **Margin Book** increased 53% year-over-year to \$5.5 billion.
- **Equity Notional Trading Volumes** increased 65% year-over-year to \$286.2 billion.
- **Options Contracts Traded** increased 47% year-over-year to 443.4 million.
- **Crypto Notional Trading Volumes** increased 112% year-over-year to \$14.4 billion.
- **Monthly Active Users (MAU)** increased 7% year-over-year to 11.0 million.

Webcast and Conference Call Information

Robinhood will host a conference call to discuss its results at 2 p.m. PT / 5 p.m. ET today, October 30, 2024. The live webcast of Robinhood's earnings conference call can be accessed at investors.robinhood.com, along with the earnings press release and accompanying slide presentation.

Following the call, a replay and transcript will also be available at the same website.

Financial Outlook

Our 2024 expense plan includes growth investments in new products, features, and international expansion while also getting more efficient in our existing businesses. Our outlook for GAAP total operating expenses is \$1.86 billion to \$1.96 billion, including a \$10 million regulatory accrual in Q3 2024.

Our outlook for Non-GAAP combined Adjusted Operating Expenses and SBC for full-year 2024 is unchanged at \$1.85 billion to \$1.95 billion.

Actual results might differ materially from our outlook due to several factors, including the rate of growth in Funded Customers and our effectiveness to cross-sell products which affects variable marketing costs, the degree to which we are successful in managing credit losses and preventing fraud, and our ability to manage web-hosting expenses efficiently, among other factors. The above expense outlook does not include potential significant regulatory matters or other significant expenses (such as impairments, restructuring charges, and business acquisition- or disposition-related expenses) that may arise or accruals we may determine in the future are required, as we are unable to accurately predict the size or timing of such matters, expenses or accruals at this time. See "Non-GAAP Financial Measures" for more information on Adjusted Operating Expenses and SBC, including significant items that we believe are not indicative of our ongoing expenses that would be adjusted out of total operating expenses (GAAP) to get to Adjusted Operating Expenses and SBC (non-GAAP) should they occur.

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, commodity interests, 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.

Robinhood uses the "Overview" tab of its Investor Relations website (accessible at investors.robinhood.com/overview) and its Newsroom (accessible at newsroom.aboutrobinhood.com), as means of disclosing information to the public in a broad, non-exclusionary manner for purposes of the U.S. Securities and Exchange Commission's ("SEC") Regulation Fair Disclosure (Reg. FD). Investors should routinely monitor those web pages, in addition to Robinhood's press releases, SEC filings, and public conference calls and webcasts, as information posted on them could be deemed to be material information.

"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.

Contacts

Investors:
ir@robinhood.com

Press:
press@robinhood.com

ROBINHOOD MARKETS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(in millions, except share and per share data)</i>	December 31, 2023	September 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,835	\$ 4,611
Cash and cash equivalents segregated under federal and other regulations	4,448	5,547
Receivables from brokers, dealers, and clearing organizations	89	139
Receivables from users, net	3,495	5,546
Securities borrowed	1,602	3,704
Deposits with clearing organizations	338	464
Asset related to user cryptocurrencies safeguarding obligation	14,708	19,456
User-held fractional shares	1,592	2,201
Held-to-maturity investments	413	527
Prepaid expenses	63	86
Deferred customer match incentives	11	73
Other current assets	196	251
Total current assets	31,790	42,605
Property, software, and equipment, net	120	133
Goodwill	175	179
Intangible assets, net	48	39
Non-current held-to-maturity investments	73	—
Non-current deferred customer match incentives	19	159
Other non-current assets, including non-current prepaid expenses of \$4 as of December 31, 2023 and \$22 as of September 30, 2024	107	130
Total assets	\$ 32,332	\$ 43,245
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 384	\$ 443
Payables to users	5,097	6,264
Securities loaned	3,547	7,306
User cryptocurrencies safeguarding obligation	14,708	19,456
Fractional shares repurchase obligation	1,592	2,201
Other current liabilities	217	288
Total current liabilities	25,545	35,958
Other non-current liabilities	91	79
Total liabilities	25,636	36,037
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value 210,000,000 shares authorized, no shares issued and outstanding as of December 31, 2023 and September 30, 2024.	—	—
Class A common stock, \$0.0001 par value. 21,000,000,000 shares authorized, 745,401,862 shares issued and outstanding as of December 31, 2023; 21,000,000,000 shares authorized, 761,992,964 shares issued and outstanding as of September 30, 2024.	—	—
Class B common stock, \$0.0001 par value. 700,000,000 shares authorized, 126,760,802 shares issued and outstanding as of December 31, 2023; 700,000,000 shares authorized, 121,616,044 shares issued and outstanding as of September 30, 2024.	—	—
Class C common stock, \$0.0001 par value. 7,000,000,000 shares authorized, no shares issued and outstanding as of December 31, 2023 and September 30, 2024.	—	—
Additional paid-in capital	12,145	12,158
Accumulated other comprehensive income (loss)	(3)	1
Accumulated deficit	(5,446)	(4,951)
Total stockholders' equity	6,696	7,208
Total liabilities and stockholders' equity	\$ 32,332	\$ 43,245

ROBINHOOD MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		YOY% Change	Three Months Ended June 30,	
	2023	2024		2024	QOQ% Change
<i>(in millions, except share, per share, and percentage data)</i>					
Revenues:					
Transaction-based revenues	\$ 185	\$ 319	72 %	\$ 327	(2)%
Net interest revenues	251	274	9 %	285	(4)%
Other revenues	31	44	42 %	70	(37)%
Total net revenues	467	637	36 %	682	(7)%
Operating expenses⁽¹⁾⁽²⁾:					
Brokerage and transaction	39	39	— %	40	(3)%
Technology and development	202	205	1 %	209	(2)%
Operations	41	50	22 %	46	9 %
Marketing	28	59	111 %	64	(8)%
General and administrative	230	133	(42)%	134	(1)%
Total operating expenses	540	486	(10)%	493	(1)%
Other income (expense), net	(2)	2	NM	2	— %
Income (loss) before income taxes	(75)	153	NM	191	(20)%
Provision for income taxes	10	3	(70)%	3	— %
Net income (loss)	\$ (85)	\$ 150	NM	\$ 188	(20)%
Net income (loss) attributable to common stockholders:					
Basic	\$ (85)	\$ 150		\$ 188	
Diluted	\$ (85)	\$ 150		\$ 188	
Net income (loss) per share attributable to common stockholders:					
Basic	\$ (0.09)	\$ 0.17		\$ 0.21	
Diluted	\$ (0.09)	\$ 0.17		\$ 0.21	
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:					
Basic	895,108,790	884,108,545		881,076,624	
Diluted	895,108,790	905,544,750		904,490,572	

ROBINHOOD MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Nine Months Ended September 30,		YOY% Change
	2023	2024	
<i>(in millions, except share, per share, and percentage data)</i>			
Revenues:			
Transaction-based revenues	\$ 585	\$ 975	67 %
Net interest revenues	693	813	17 %
Other revenues	116	149	28 %
Total net revenues	<u>1,394</u>	<u>1,937</u>	39 %
Operating expenses⁽¹⁾⁽²⁾:			
Brokerage and transaction	114	114	— %
Technology and development	608	610	— %
Operations	119	140	18 %
Marketing	79	190	141 %
General and administrative	1,036	385	(63)%
Total operating expenses	<u>1,956</u>	<u>1,439</u>	(26)%
Other income, net	—	8	NM
Income (loss) before income taxes	(562)	506	NM
Provision for income taxes	9	11	22 %
Net income (loss)	<u>\$ (571)</u>	<u>\$ 495</u>	NM
Net income (loss) attributable to common stockholders:			
Basic	<u>\$ (571)</u>	<u>\$ 495</u>	
Diluted	<u>\$ (571)</u>	<u>\$ 495</u>	
Net income (loss) per share attributable to common stockholders:			
Basic	<u>\$ (0.64)</u>	<u>\$ 0.56</u>	
Diluted	<u>\$ (0.64)</u>	<u>\$ 0.55</u>	
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	<u>898,999,464</u>	<u>880,182,573</u>	
Diluted	<u>898,999,464</u>	<u>903,555,592</u>	

ROBINHOOD MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(1) The following table presents operating expenses as a percent of total net revenues:

	Three Months Ended September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
	2023	2024	2024	2023	2024
Brokerage and transaction	8 %	6 %	5 %	8 %	6 %
Technology and development	43 %	32 %	31 %	44 %	31 %
Operations	9 %	8 %	7 %	9 %	7 %
Marketing	6 %	9 %	9 %	6 %	10 %
General and administrative	49 %	21 %	20 %	74 %	20 %
Total operating expenses	115 %	76 %	72 %	141 %	74 %

(2) The following table presents the SBC on our unaudited condensed consolidated statements of operations for the periods indicated:

<i>(in millions)</i>	Three Months Ended September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
	2023	2024	2024	2023	2024
Brokerage and transaction	\$ 2	\$ 2	\$ 3	\$ 6	\$ 7
Technology and development	51	48	52	161	144
Operations	3	1	2	6	5
Marketing	1	3	1	3	6
General and administrative	26	25	28	614	65
Total SBC	\$ 83	\$ 79	\$ 86	\$ 790	\$ 227

ROBINHOOD MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
Operating activities:				
Net income (loss)	\$ (85)	\$ 150	\$ (571)	\$ 495
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	19	20	54	55
Provision for credit losses	14	23	29	57
Share-based compensation	83	79	790	227
Other	(27)	1	(27)	—
Changes in operating assets and liabilities:				
Securities segregated under federal and other regulations	—	547	—	—
Receivables from brokers, dealers, and clearing organizations	54	10	13	(50)
Receivables from users, net	(391)	(433)	(502)	(1,971)
Securities borrowed	(244)	(1,487)	(687)	(2,102)
Deposits with clearing organizations	(52)	87	(89)	(126)
Current and non-current prepaid expenses	17	(21)	26	(41)
Current and non-current deferred customer match incentives	(4)	(6)	(10)	(202)
Other current and non-current assets	62	117	10	(11)
Accounts payable and accrued expenses	94	54	145	28
Payables to users	(786)	475	(376)	1,167
Securities loaned	263	2,215	1,411	3,759
Other current and non-current liabilities	6	(19)	5	(42)
Net cash provided by (used in) operating activities	(977)	1,812	221	1,243
Investing activities:				
Purchases of property, software, and equipment	(1)	(7)	(1)	(9)
Capitalization of internally developed software	(5)	(12)	(14)	(26)
Purchases of held-to-maturity investments	(76)	(167)	(651)	(469)
Proceeds from maturities of held-to-maturity investments	75	150	167	439
Purchases of credit card receivables by Credit Card Funding Trust	—	(169)	—	(239)
Collections of purchased credit card receivables	—	82	—	130
Business acquisition, net of cash and cash equivalents acquired	(90)	—	(90)	(6)
Asset acquisition, net of cash acquired	—	—	—	(3)
Other	—	—	10	1
Net cash used in investing activities	(97)	(123)	(579)	(182)
Financing activities:				
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	—	—	9	10
Taxes paid related to net share settlement of equity awards	(4)	(56)	(9)	(155)
Payments of debt issuance costs	—	—	(10)	(14)
Draws on credit facilities	10	1	20	12
Repayments on credit facilities	(10)	(1)	(20)	(12)
Borrowings on Credit Card Funding Trust	—	78	—	95
Repayments on Credit Card Funding Trust	—	—	—	(1)
Change in principal collected from customers due to Coastal Bank	(3)	(22)	(3)	(15)
Repurchase of Class A common stock	(608)	(97)	(608)	(97)
Proceeds from exercise of stock options, net of repurchases	—	2	2	10
Net cash used in financing activities	(615)	(95)	(619)	(167)
Effect of foreign exchange rate changes on cash and cash equivalents	—	1	—	1
Net increase (decrease) in cash, cash equivalents, segregated cash, and restricted cash	(1,689)	1,595	(977)	895
Cash, cash equivalents, segregated cash, and restricted cash, beginning of the period	10,069	8,646	9,357	9,346
Cash, cash equivalents, segregated cash, and restricted cash, end of the period	\$ 8,380	\$ 10,241	\$ 8,380	\$ 10,241
Reconciliation of cash, cash equivalents, segregated cash and restricted cash, end of the period:				
Cash and cash equivalents, end of the period	\$ 4,889	\$ 4,611	\$ 4,889	\$ 4,611
Segregated cash and cash equivalents, end of the period	3,448	5,547	3,448	5,547
Restricted cash in other current assets, end of the period	26	67	26	67
Restricted cash in other non-current assets, end of the period	17	16	17	16
Cash, cash equivalents, segregated cash and restricted cash, end of the period	\$ 8,380	\$ 10,241	\$ 8,380	\$ 10,241
Supplemental disclosures:				
Cash paid for interest	\$ 2	\$ 4	\$ 8	\$ 12
Cash paid for income taxes, net of refund received	\$ 7	\$ 8	\$ 9	\$ 14

Reconciliation of GAAP to Non-GAAP Results

(Unaudited)

(in millions)	Three Months Ended September 30,		Three Months Ended June 30,		Nine Months Ended September 30,	
	2023	2024	2024		2023	2024
Net income (loss)	\$ (85)	\$ 150	\$ 188	\$ 188	\$ (571)	\$ 495
Net margin	(18)%	24 %	28 %	28 %	(41)%	26 %
Add:						
Interest expenses related to credit facilities	6	6	6	6	17	18
Provision for income taxes	10	3	3	3	9	11
Depreciation and amortization	19	20	18	18	54	55
EBITDA (non-GAAP)	(50)	179	215	215	(491)	579
Add: SBC						
2021 Founders Award Cancellation	—	—	—	—	485	—
SBC Excluding 2021 Founders Award Cancellation	83	79	86	86	305	227
Significant legal and tax settlements and reserves	104	10	—	—	104	10
Adjusted EBITDA (non-GAAP)	\$ 137	\$ 268	\$ 301	\$ 301	\$ 403	\$ 816
Adjusted EBITDA margin (non-GAAP)	29 %	42 %	44 %	44 %	29 %	42 %

(in millions)	Three Months Ended September 30,		Three Months Ended June 30,		Nine Months Ended September 30,	
	2023	2024	2024		2023	2024
Total operating expenses (GAAP)	\$ 540	\$ 486	\$ 493	\$ 493	\$ 1,956	\$ 1,439
Add: SBC						
2021 Founders Award Cancellation	—	—	—	—	485	—
SBC Excluding 2021 Founders Award Cancellation	83	79	86	86	305	227
Significant legal and tax settlements and reserves	104	10	—	—	104	10
Adjusted Operating Expenses (Non-GAAP)	\$ 353	\$ 397	\$ 407	\$ 407	\$ 1,062	\$ 1,202

(in millions)	Prior Financial Outlook ¹ for the Year Ending December 31, 2024	Current Financial Outlook for the Year Ending December 31, 2024	Change
Total operating expenses (GAAP)	\$1,850 - \$1,950	\$1,860 - \$1,960	increased by \$10
Significant legal and tax settlements and reserves	—	\$10	increased by \$10
Adjusted Operating Expenses and SBC (Non-GAAP)² ..	\$1,850 - \$1,950	\$1,850 - \$1,950	no change

(1) Prior Outlook provided at Q2 2024 Earnings on August 7th, 2024.

(2) Actual results might differ materially from our outlook, see "Financial Outlook" for more information. The above expense outlook does not include potential significant regulatory matters or other significant expenses (such as impairments, restructuring charges, and business acquisition- or disposition-related expenses) that may arise or accruals we may determine in the future are required, as we are unable to accurately predict the size or timing of such matters, expenses or accruals at this time. See "Non-GAAP Financial Measures" for more information on Adjusted Operating Expenses and SBC, including significant items that we believe are not indicative of our ongoing expenses that would be adjusted out of total operating expenses (GAAP) to get to Adjusted Operating Expenses and SBC (non-GAAP) should they occur.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements regarding the expected financial performance of Robinhood Markets, Inc. and its consolidated subsidiaries (“we,” “Robinhood,” or the “Company”) and our strategic and operational plans, including (among others) statements regarding that index options, futures, and a realized profit and loss tool are coming soon; that we have a ton of momentum, and we’re just getting started; that in July 2024, we began executing on our authorized \$1 billion share repurchase program, which we continue to expect to complete over a total of two to three years; that we will launch futures and index options in the coming months with some of the lowest contract fees in the industry; that we received Financial Conduct Authority approval to offer options trading in the UK and plan to launch in 2025; and all statements and information under the headings “Financial Outlook” and “Reconciliation of GAAP to Non-GAAP Financial Outlook.” 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 press release. 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, and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, which we expect to be available on October 31, 2024, 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 are made as of the date of this press release, October 30, 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 press release whether as a result of any new information, future events, changed circumstances, or otherwise. You should read this press release with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect.

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 earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”), Adjusted EBITDA margin, Adjusted Operating Expenses, and Adjusted Operating Expenses and SBC. 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 the financial tables included in this release.

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) 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.

Adjusted Operating Expenses and SBC

Adjusted Operating Expenses and SBC is defined as GAAP total operating expenses minus (i) significant legal and tax settlements and reserves and (ii) 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. Unlike Adjusted Operating Expenses,

Adjusted Operating Expenses and SBC does not adjust for SBC. We believe Adjusted Operating Expense and SBC provides useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our cost structure. Adjusted Operating Expenses and SBC 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.

Key Performance Metrics

In addition to the measures presented in our unaudited condensed consolidated financial statements, we use the following key performance metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions.

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 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 release 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

Retirement AUC

We define Retirement AUC as the total AUC in traditional IRAs and Roth IRAs.

Cash Sweep

We define Cash Sweep as the period-end aggregate balances in our brokerage sweep program (i.e., the period-end total amount of participating users' uninvested brokerage cash that has been automatically "swept" or moved from their brokerage accounts into deposits for their benefit at a network of program banks). This is an off-balance-sheet amount. Robinhood earns a net interest spread on Cash Sweep balances based on the interest rate offered by the banks less the interest rate given to users as stated in our program terms.

Margin Book

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

Notional Trading Volume

We define Notional Trading Volume 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.

Monthly Active Users ("MAU")

We define MAUs as the number of unique persons who, using one or more accounts with a Robinhood entity, meet one of the following criteria at any point during a specified calendar month: a) executes a debit card or credit card transaction, b) transitions between two different screens on a mobile device while logged into their account or c) loads a page in a web browser while logged into their account. A person need not satisfy these conditions on a recurring monthly basis or be a Funded Customer to be included in MAU. MAU figures in this release reflect MAU for the last month of the relevant period presented. We utilize MAU to measure how many customers interact with our products and services during a given month. MAU does not measure the frequency or duration of the interaction, but we consider it a useful indicator for engagement. Additionally, MAUs are positively correlated with, but are not indicative of, the performance of revenue and other key performance indicators.

Glossary Terms

Investment Accounts

We define an Investment Account as a funded individual brokerage account, a funded joint investing account, or a funded individual retirement account ("IRA"). As of September 30, 2024, a Funded Customer can have up to four Investment Accounts - individual brokerage account, joint investing account (which launched in July 2024), traditional IRA, and Roth IRA.

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.