



# Robinhood Markets, Inc.

## Earnings Presentation Fourth Quarter 2021

# Disclaimers

## ***This Presentation Relates to Robinhood’s Broader Earnings Announcement Disclosures***

This presentation accompanies the fourth quarter and full year 2021 earnings announcement webcast of Robinhood Markets, Inc. (including its consolidated subsidiaries, “we,” “Robinhood,” or the “Company”) and should be read together with Robinhood’s earnings announcement press release. Hyperlinks to our fourth quarter and full year 2021 webcast and press release can be found together with these slides on Robinhood’s investor relations website at [investors.robinhood.com](https://investors.robinhood.com).

## ***Key Performance Metrics***

This presentation includes key performance metrics that our management uses to help evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions. Our key performance metrics include Net Cumulative Funded Accounts, Monthly Active Users (“MAU”), Assets Under Custody (“AUC”), and Average Revenue Per User (“ARPU”). Definitions of key performance metrics can be found in the appendix to this presentation (the “Appendix”).

## ***Non-GAAP Financial Measures and Where to Find Reconciliations to GAAP***

This presentation includes financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Our non-GAAP financial measures include adjusted earnings before interest, taxes, depreciation, and amortization (“Adjusted EBITDA”), Adjusted EBITDA Margin, and operating expenses excluding share-based compensation. Explanations and reconciliations to the most comparable GAAP financial measures can be found in the Appendix.

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

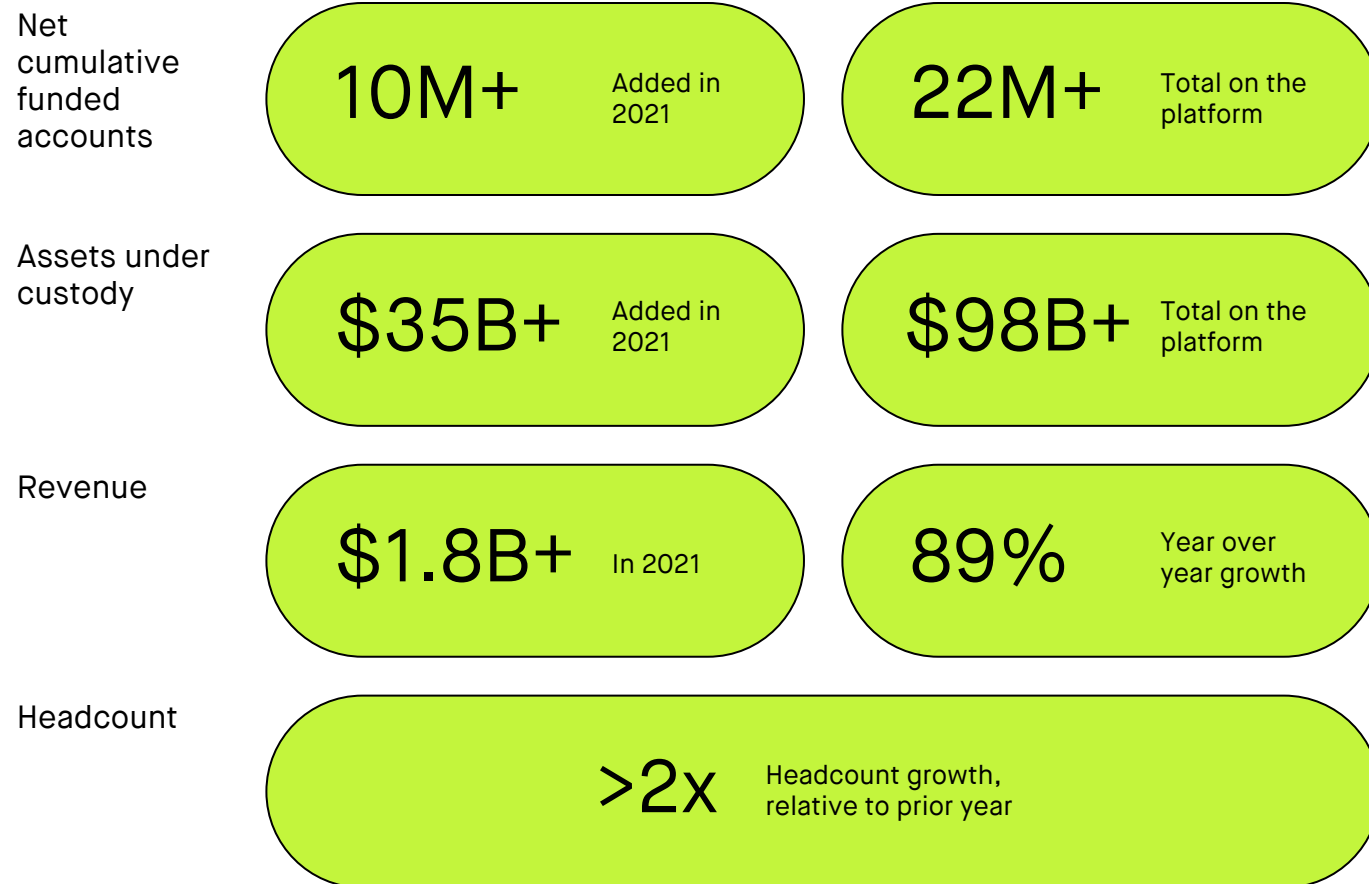
This presentation and the related webcast contain forward-looking statements regarding our expected financial performance and our strategic and operational plans, including our long-term goal to be trusted by one billion investors globally, our plan to create an ecosystem of financial products and services that will enable people across the world to invest for the long-term, all topics under the heading “charting ambitious plans for 2022,” our expectations for other new products and features, and all statements about our outlook for the first quarter and full year of 2022. 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 and the related webcast. 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 history; the difficulty of managing rapid growth and the risk of declining or negative growth; the fluctuations in our financial results and key metrics from quarter to quarter; our reliance on transaction-based revenue, including payment for order flow (“PFOF”), and the risk of new regulation or bans on PFOF and similar practices; the difficulty of raising additional capital (to satisfy any liquidity needs and support business growth and objectives) on reasonable terms or 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 operational errors in clearing functions; the impact of negative publicity on our brand and reputation; the risk that changes in business, economic, or political conditions, or systemic market events, might harm our business; our dependence on key employees and a skilled workforce; the difficulty of complying with an extensive and complex regulatory environment and the need to adjust our business model in response to new or modified laws and regulations; the possibility of adverse developments in pending litigation and regulatory investigations; the effects of competition; our need to innovate and invest in new products and services in order to attract and retain customers and deepen their engagement with us in order to maintain growth; our reliance on third parties to perform certain key functions and the risk that operational or technological failures could impair the availability or stability of our platform; the risk of cybersecurity incidents, theft, data breaches, and other online attacks; the difficulty of processing customer data in compliance with privacy laws; our need as a regulated financial services company to develop and maintain effective compliance and risk management infrastructures; the volatility of cryptocurrency prices and trading volumes; and the risk that substantial future sales of Class A common shares in the public market 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 is included in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 as well as our other filings with the Securities and Exchange Commission (“SEC”), which are available on the SEC’s web site at [www.sec.gov](https://www.sec.gov). Moreover, we operate in a very competitive and rapidly changing environment; new risks and uncertainties may emerge from time to time, and it is not possible for us to predict all risks nor identify all uncertainties. The events and circumstances reflected in our forward-looking statements might not be achieved and actual results could differ materially from those projected in the forward-looking statements. Except as otherwise noted, all forward-looking statements are made as of the date of this presentation and the related webcast, January 27, 2022, 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 and the related webcast whether as a result of any new information, future events, changed circumstances, or otherwise. You should view this presentation and the related webcast with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect. All Q4’2021 and FY 2021 financial information in this presentation and the related webcast is preliminary, based on our estimates, and subject to completion of our financial closing procedures. Final results for the full year, which will be reported in our Annual Report on Form 10-K for the year ended December 31, 2021, might vary from the information in this presentation and the related webcast. In particular, until our financial statements are issued in our Annual Report on Form 10-K, we might be required to recognize certain subsequent events (such as in connection with contingencies or the realization of assets) which could affect our final results.

## ***Trademarks***

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# A year of incredible accomplishments

## Key business milestones



M represents millions and B represents billions.

## New products and features in 2021

Increased service reliability and uptime

24/7 live phone support

Contextual in-app education

Access to IPO shares

Direct access to management teams via our acquisition of Say Technologies

# Delivered on product development in Q4 2021

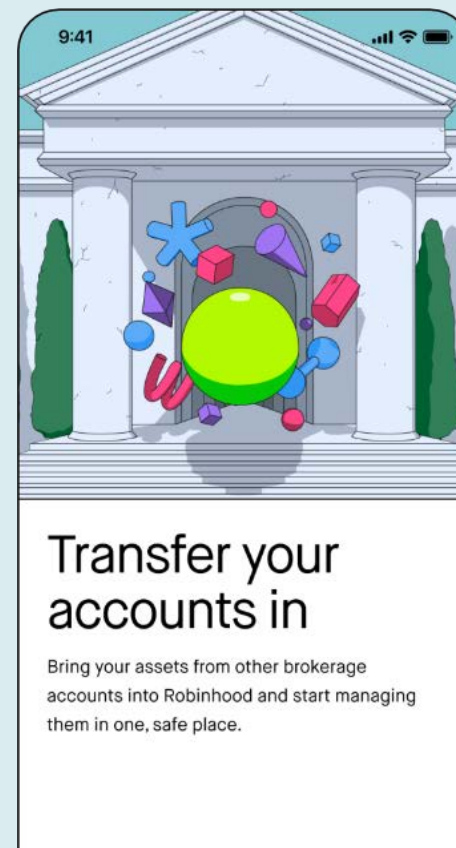
## First trade recommendations

- Helps new customers get started with a diversified ETF portfolio based on their risk profile and investment objectives



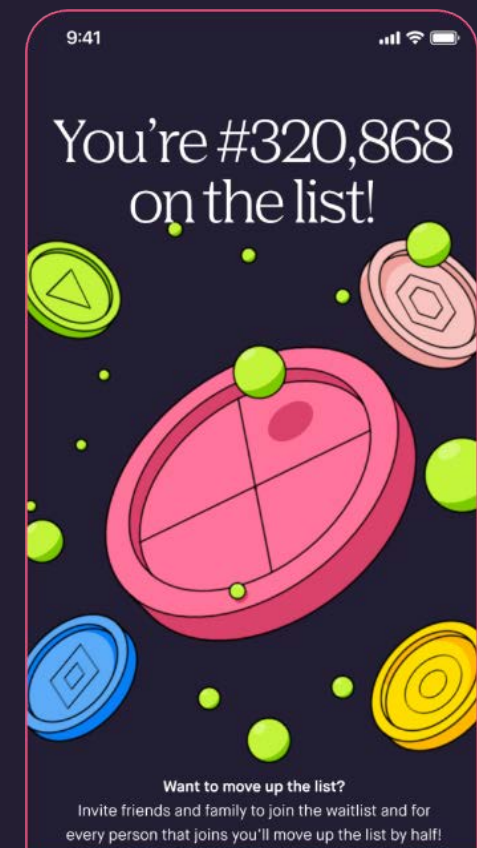
## Started rolling out ACATS In

- Early results have been promising
- Expect to complete roll-out by the end of Q1



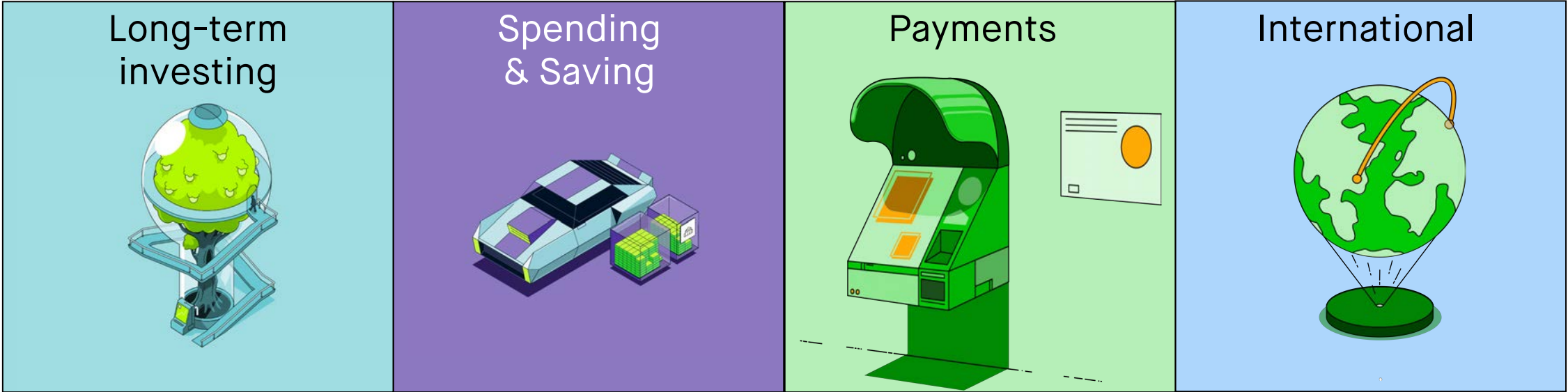
## Crypto

- Crypto Wallets → expect full roll out by end of Q1
- Crypto Gifts → enabling customers to send crypto to family, friends and others by sharing a link via e-mail or text
  - We look forward to expanding our transfer capabilities beyond crypto



# We believe everyone should be an investor

We plan to create an ecosystem of financial products and services



that will enable people across the world to invest for the long-term

# Charting ambitious plans for 2022



## Long-Term Investing

- Plan to roll out more offerings that make investing routine, give people more ways to build wealth for the future, and bring them closer to the companies they invest in
- Teams are already hard at work on tax-advantaged accounts

## Spending & Saving

- Introducing a new experience for day-to-day spending that helps customers build a portfolio as an outcome of spending

## Payments

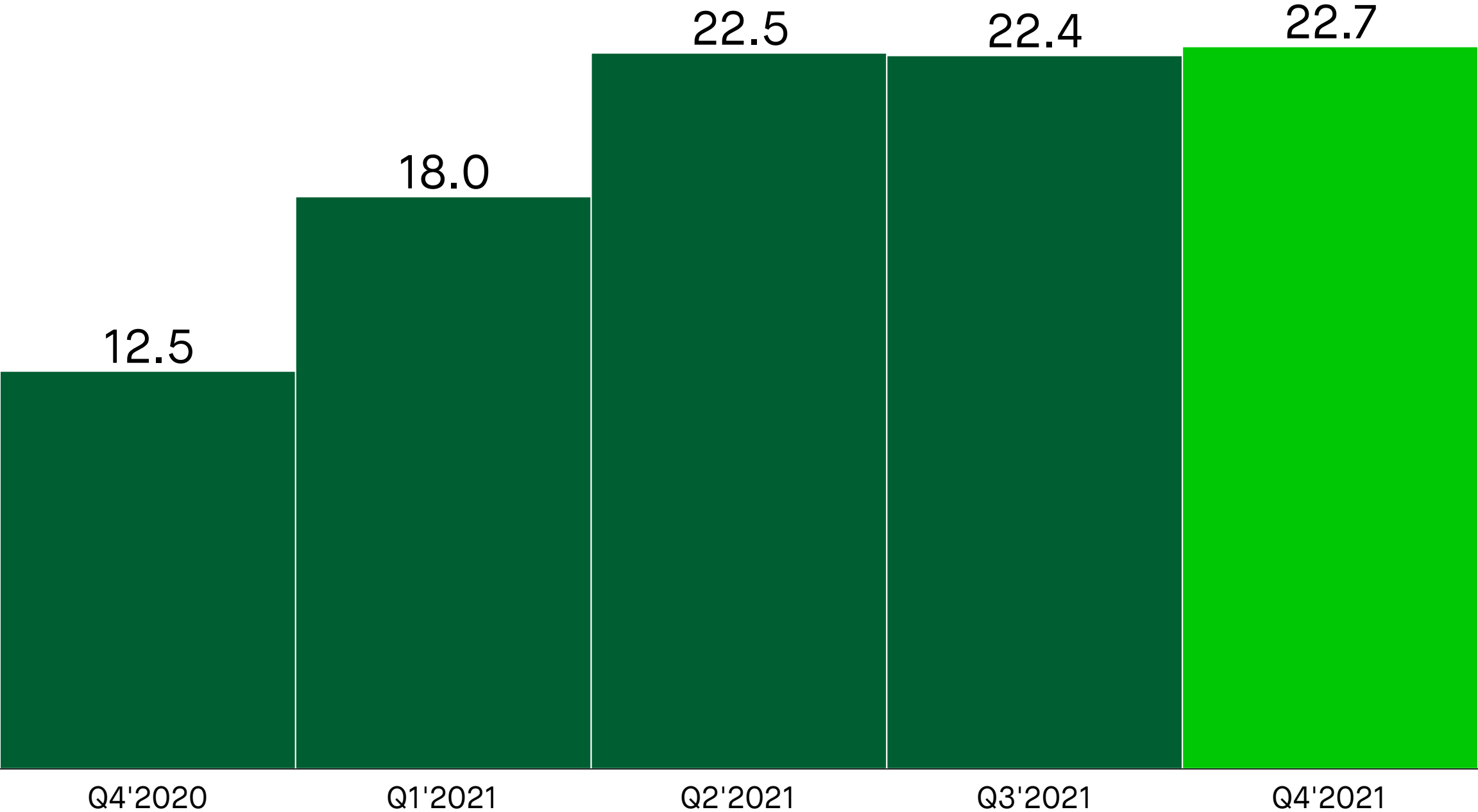
- Want to make it easier for customers to deposit and withdraw funds, starting with instant debit card deposits and withdrawals

## International

- Serving customers across the globe is a big opportunity and crypto is an area of interest
- Setting aggressive goals to open the crypto platform up to customers internationally in 2022

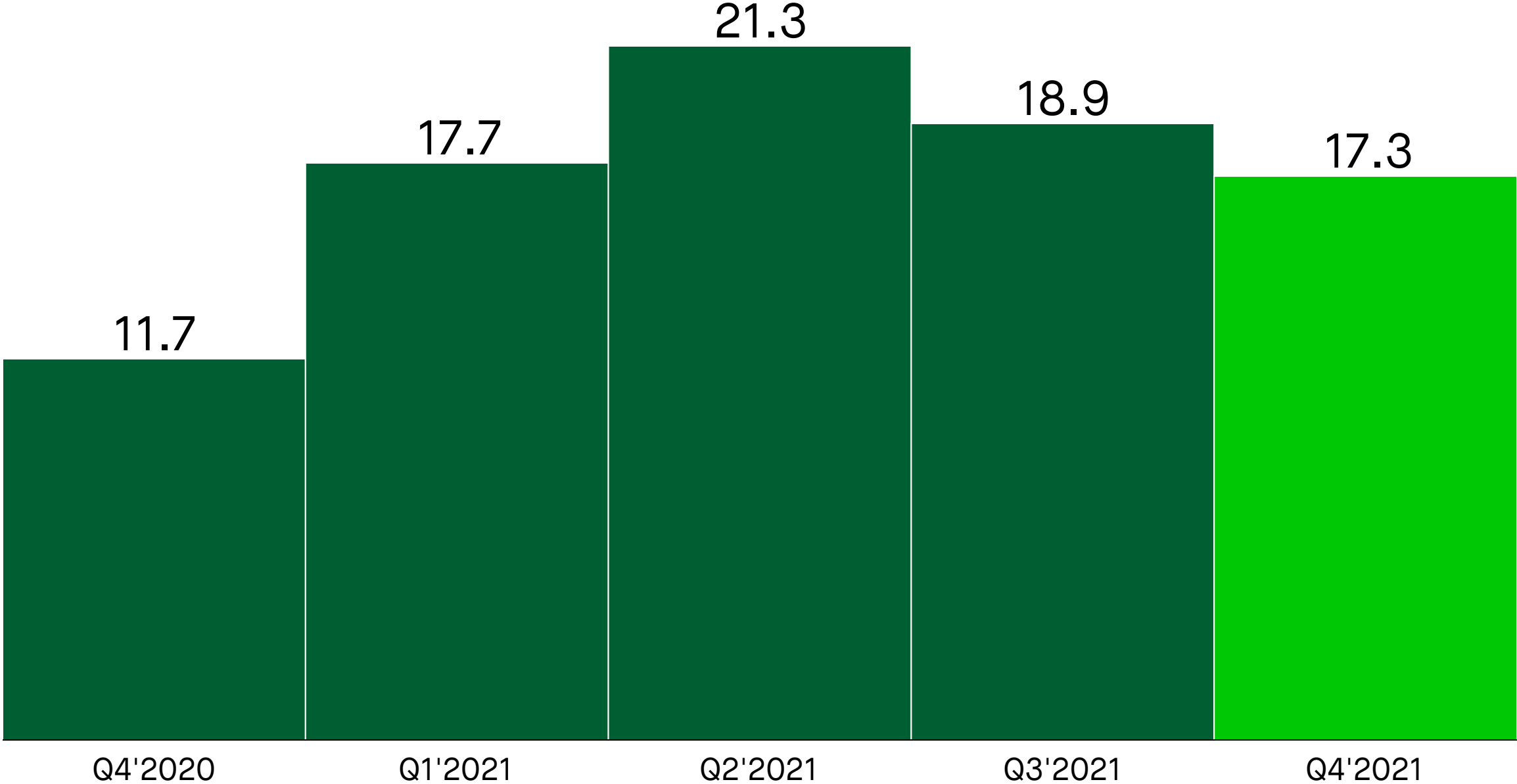
# Net Cumulative Funded Accounts

in millions



# Monthly Active Users (MAU)

in millions

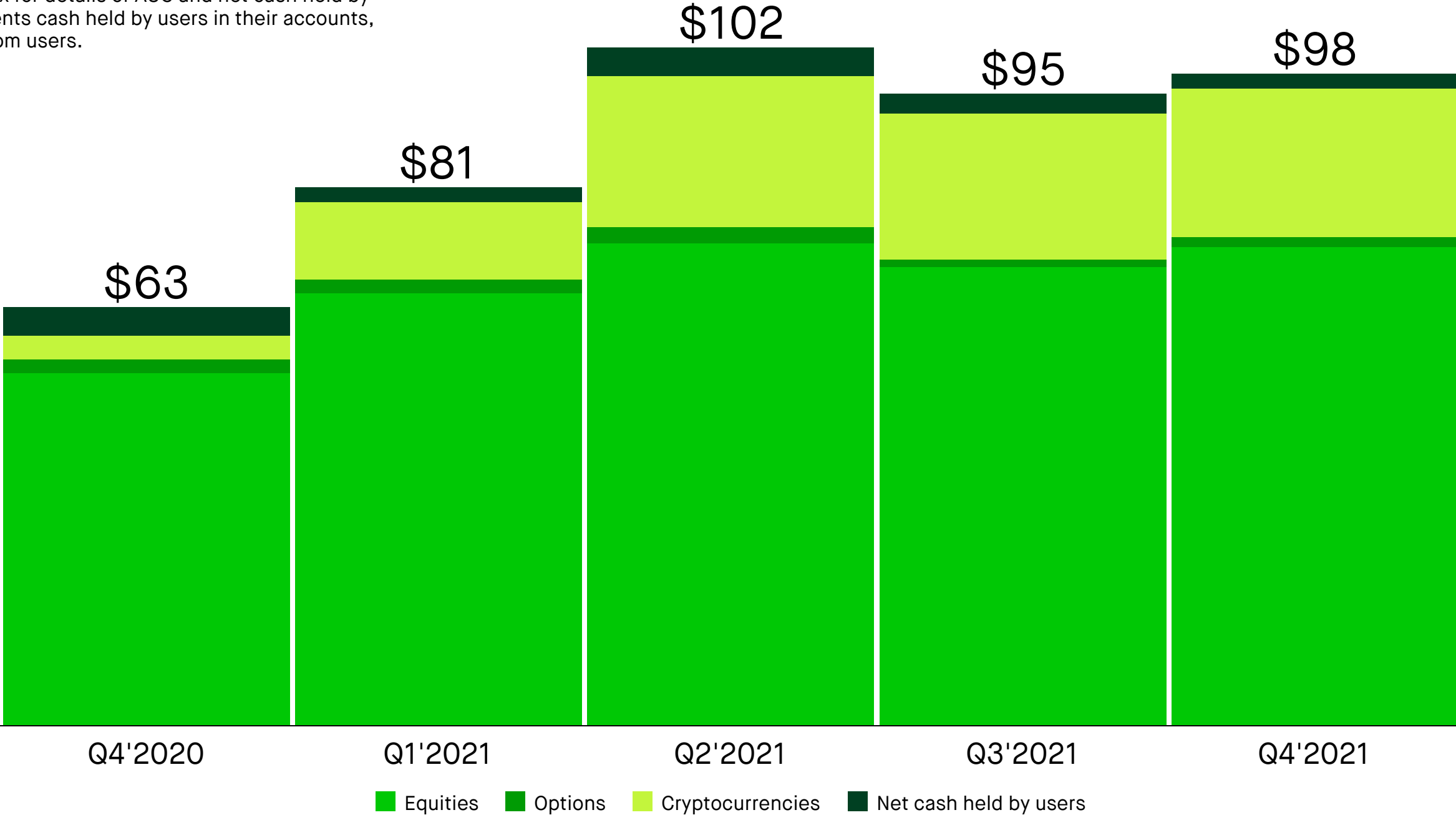




# Assets Under Custody (AUC)

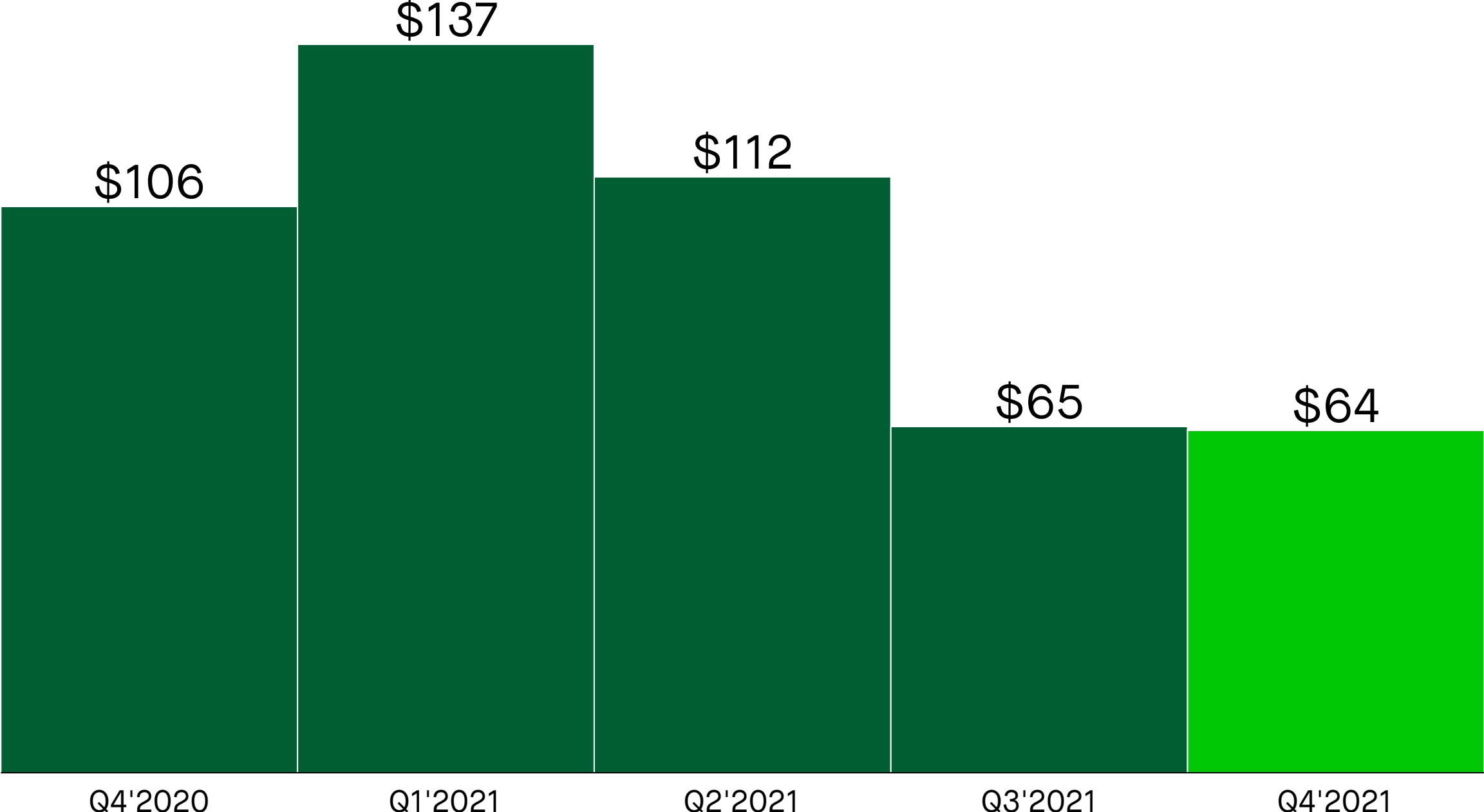
in billions

Refer to the Appendix for details of AUC and net cash held by users, which represents cash held by users in their accounts, net of receivables from users.



# Average Revenue Per User (ARPU)

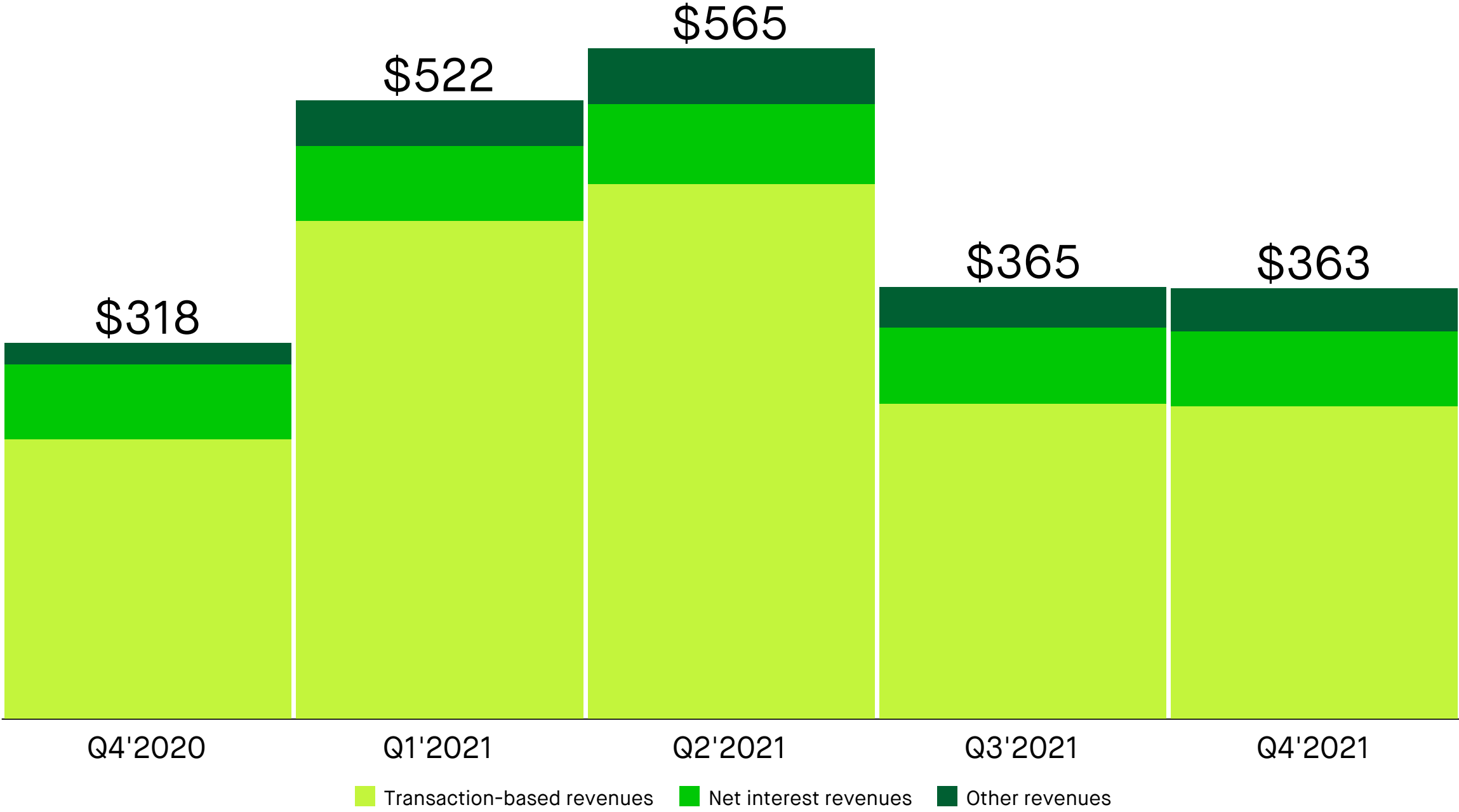
Quarterly ARPU amounts are presented on an annualized basis, see definition in Appendix.



# Total Net Revenues

in millions

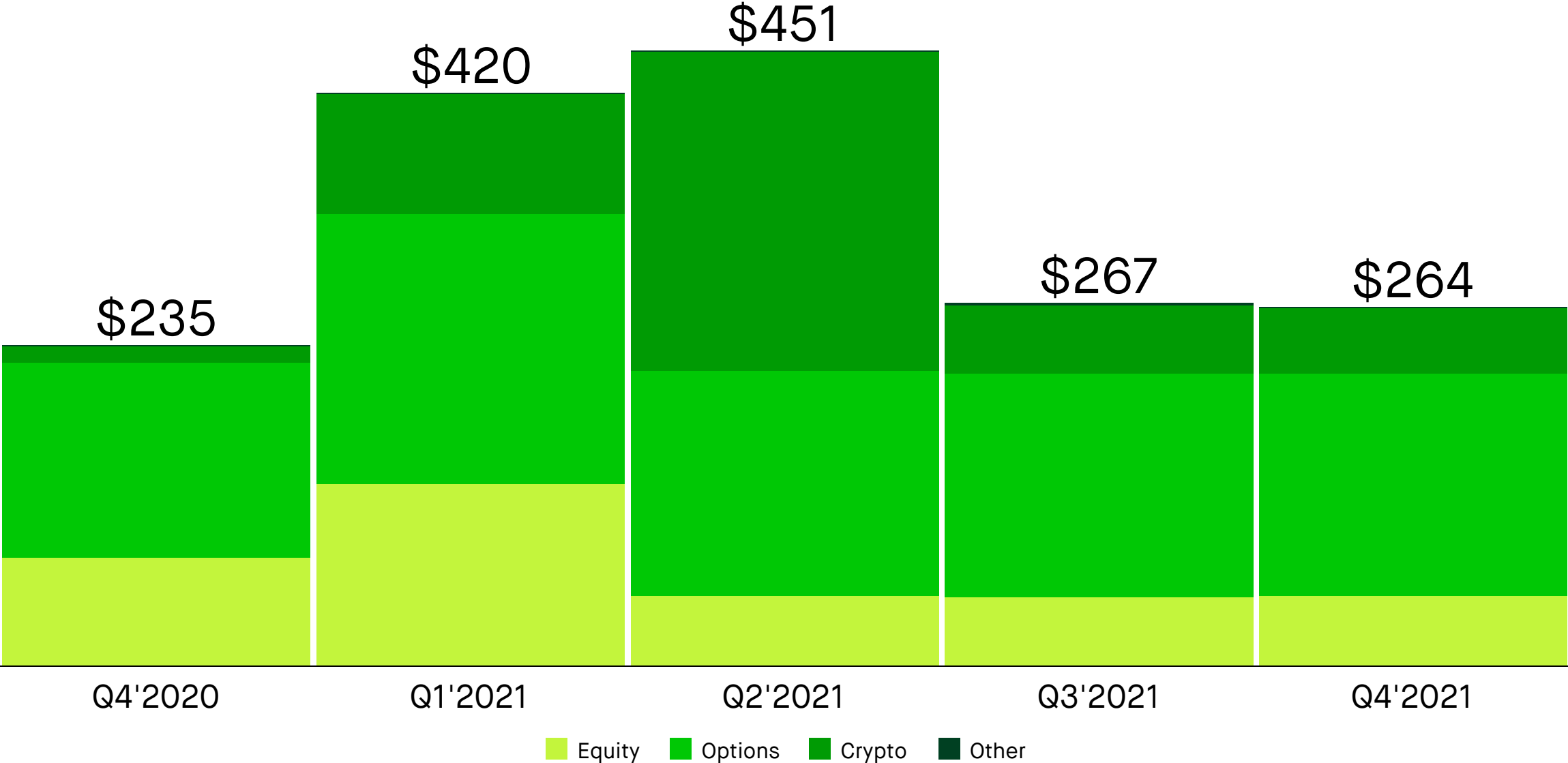
Refer to the Appendix for details of total net revenues.



# Total Net Revenues — Transaction-Based Revenues

in millions

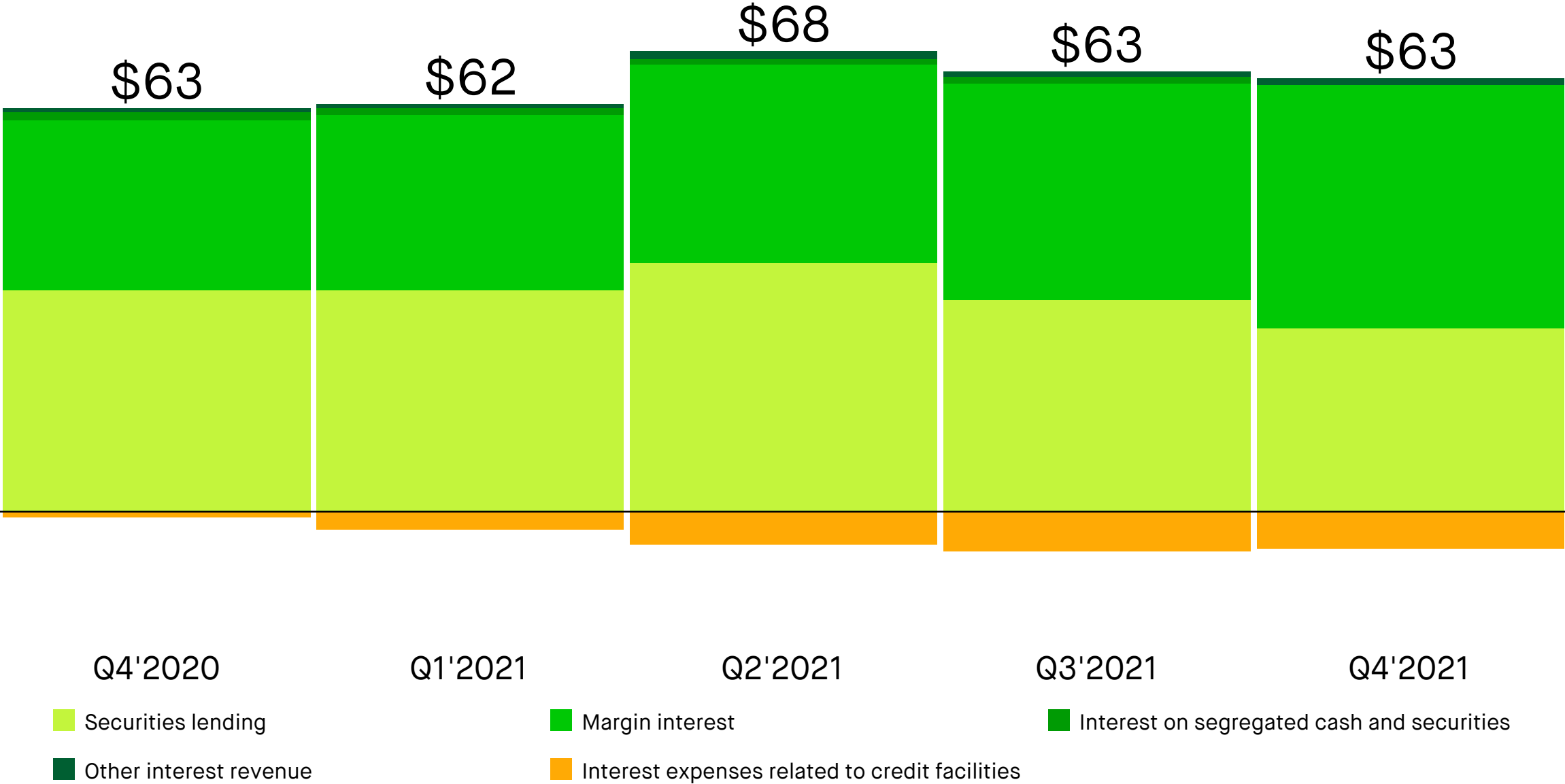
Refer to the Appendix for details of transaction-based revenues.



# Total Net Revenues — Net Interest Revenues

in millions

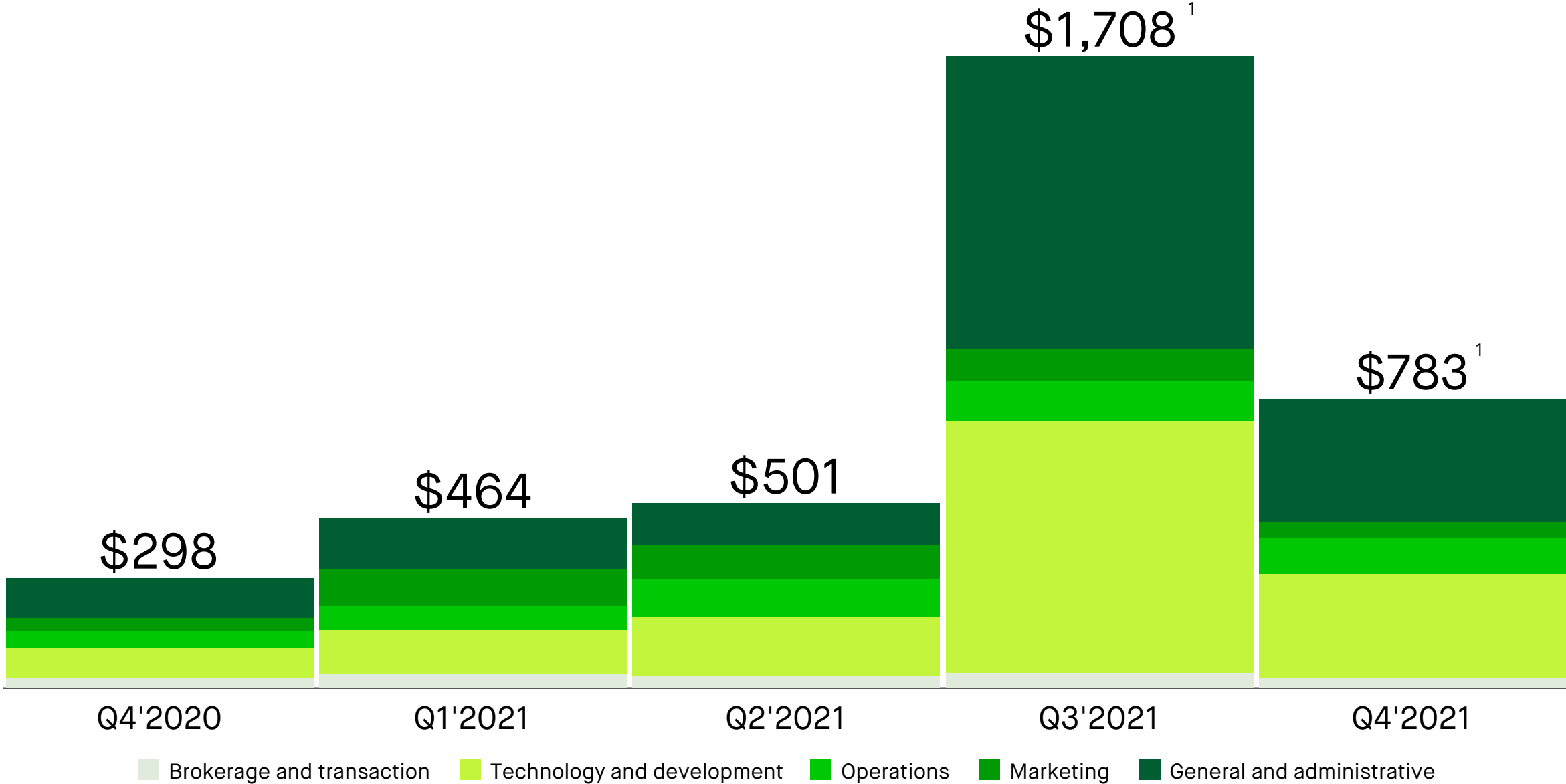
Refer to the Appendix for details of net interest revenues.



# Operating Expenses

in millions

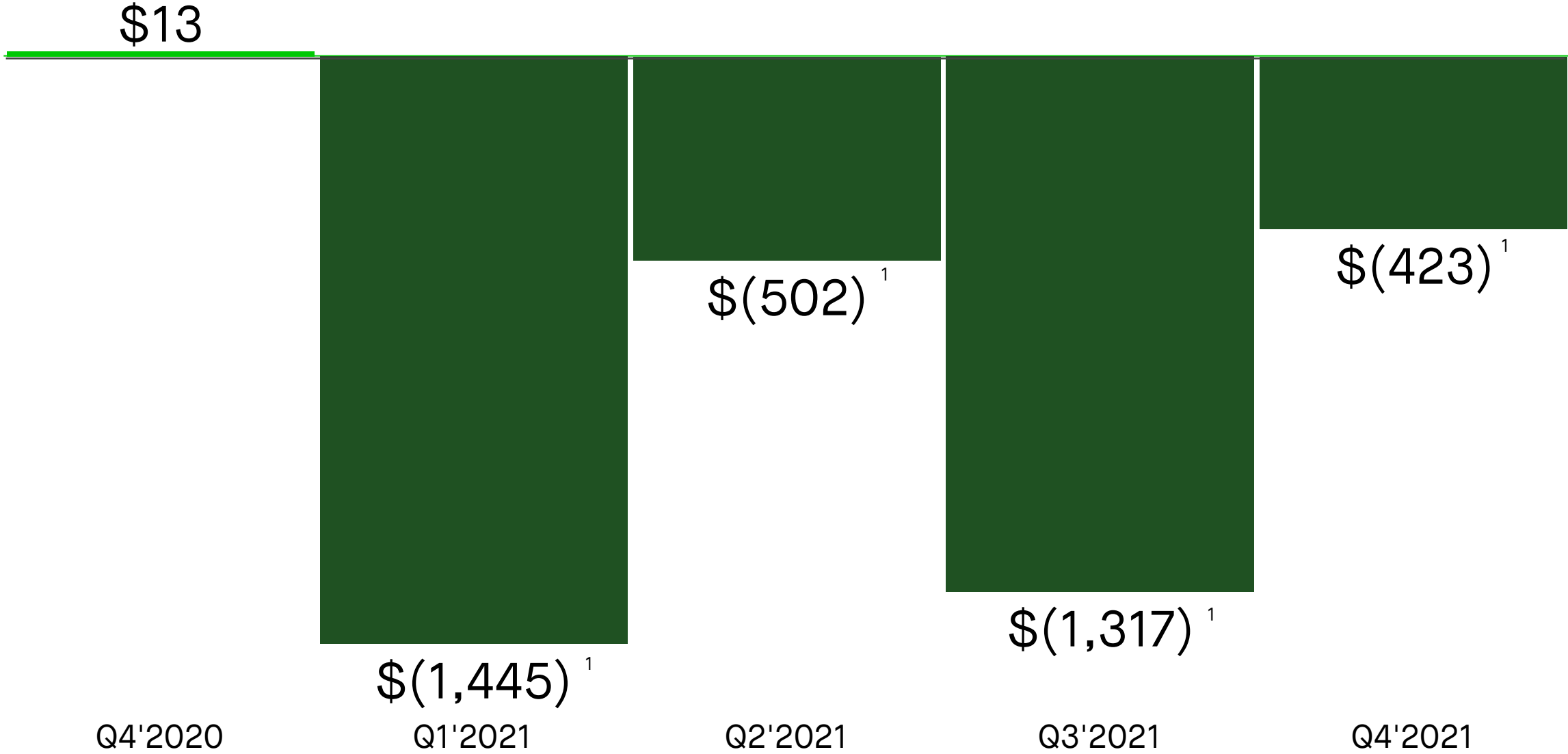
<sup>1</sup> Q3 and Q4 2021 include \$1,245 million and \$318 million in share-based compensation. Refer to the Appendix for details of operating expenses.



# Net Income (Loss)

in millions

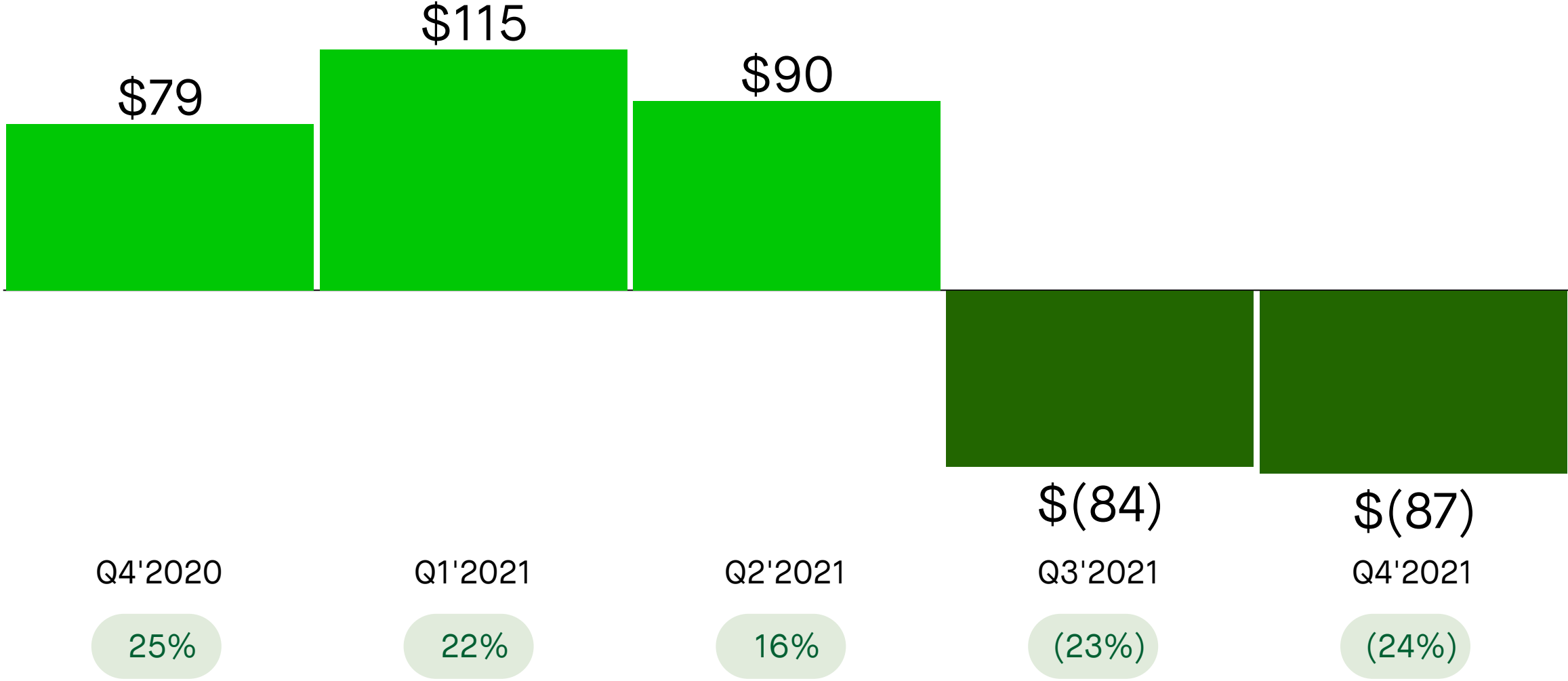
<sup>1</sup> Q1, Q2, and Q3 2021 included losses of \$1,492 million, \$528 million, and \$25 million for changes in fair value of our convertible notes and warrant liability due to mark-to-market adjustments. Q3 and Q4 2021 also included \$1,245 million and \$318 million in share-based compensation.



# Adjusted EBITDA

in millions

Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. Refer to the Appendix for the reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP measures, net income (loss) and net margin.



Adjusted EBITDA Margin



# Appendix

# Changes in Net Cumulative Funded Accounts

in millions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Beginning balance	11.4	12.5	18.0	22.5	22.4
New funded accounts	1.4	5.7	5.1	0.7	0.8
Resurrected accounts	0.1	0.4	0.3	0.1	0.2
Churned accounts	(0.4)	(0.6)	(0.9)	(0.9)	(0.7)
Ending balance	12.5	18.0	22.5	22.4	22.7

# Assets Under Custody (AUC)

in billions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Equities	\$ 53	\$ 65	\$ 73	\$ 69	\$ 72
Options	2	2	2	1	2
Cryptocurrencies	4	12	23	22	22
Net cash held by users	4	2	4	3	2
Assets under custody	\$ 63	\$ 81	\$ 102	\$ 95	\$ 98

# Changes in Assets Under Custody (AUC)

in billions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Beginning balance	\$ 44	\$ 63	\$ 81	\$ 102	\$ 95
Net deposits	7	11	10	2	4
Net market gains (losses)	12	7	11	(9)	(1)
Ending balance	\$ 63	\$ 81	\$ 102	\$ 95	\$ 98

# Total Net Revenues

in millions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Transaction-based revenues	\$ 235	\$ 420	\$ 451	\$ 267	\$ 264
Net interest revenues	63	62	68	63	63
Other revenues	20	40	46	35	36
Total net revenues	\$ 318	\$ 522	\$ 565	\$ 365	\$ 363

# Total Net Revenues — Transaction-Based Revenues

in millions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Options	\$ 142	\$ 198	\$ 165	\$ 164	\$ 163
Equities	80	133	52	50	52
Cryptocurrencies	12	88	233	51	48
Other	1	1	1	2	1
Total transaction-based revenues	\$ 235	\$ 420	\$ 451	\$ 267	\$ 264

# Total Net Revenues — Net Interest Revenues

in millions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Securities lending	\$ 35	\$ 35	\$ 39	\$ 33	\$ 29
Margin interest	27	28	31	34	39
Interest on segregated cash and securities	1	1	1	1	—
Other interest revenue	1	1	2	1	1
Interest expenses related to credit facilities	(1)	(3)	(5)	(6)	(6)
Total net interest revenues	\$ 63	\$ 62	\$ 68	\$ 63	\$ 63

# Operating Expenses

in millions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Brokerage and transaction	\$ 30	\$ 41	\$ 38	\$ 44	\$ 29
Technology and development	82	117	156	679	280
Operations	45	67	101	108	98
Marketing	33	102	94	87	44
General and administration	108	137	112	790	332
Total operating expenses	\$ 298	\$ 464	\$ 501	\$ 1,708	\$ 783



# Operating Expenses Excluding Share-Based Compensation (SBC) Reconciliation

in millions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Brokerage and transaction (GAAP)	\$ 30	\$ 41	\$ 38	\$ 44	\$ 29
Less: SBC	—	—	—	6	1
Brokerage and transaction excluding SBC (non-GAAP)	30	41	38	38	28
Technology and development (GAAP)	82	117	156	679	280
Less: SBC	14	1	1	503	105
Technology and development excluding SBC (non-GAAP)	68	116	155	176	175
Operations (GAAP)	45	67	101	108	98
Less: SBC	—	—	—	17	4
Operations excluding SBC (non-GAAP)	45	67	101	91	94
Marketing (GAAP)	33	102	94	87	44
Less: SBC	1	—	—	41	9
Marketing excluding SBC (non-GAAP)	32	102	94	46	35
General and administration (GAAP)	108	137	112	790	332
Less: SBC	4	8	—	678	199
General and administration excluding SBC (non-GAAP)	104	129	112	112	133
Total operating expenses (GAAP)	\$ 298	\$ 464	\$ 501	\$ 1,708	\$ 783
Less: SBC	19	9	1	1,245	318
Total operating expenses excluding SBC (non-GAAP)	\$ 279	\$ 455	\$ 500	\$ 463	\$ 465

# Financial Outlook for Operating Expenses (GAAP to Non-GAAP Reconciliation)

	Year Ended December 31, 2021 <i>(in millions)</i>	Financial Outlook for the Year Ending December 31, 2022 <i>(year-over-year change)</i>
Total operating expenses (GAAP)	\$ 3,456	decrease by 5-10%
Less: SBC	1,572	decrease by 35-40%
Total operating expenses excluding SBC (non-GAAP)	\$ 1,884	increase by 15-20%

# Net Cash Held by Users

in billions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021
Cash held by users	\$ 7.9	\$ 7.6	\$ 9.9	\$ 8.8	\$ 8.8
Receivables from users	(3.6)	(5.4)	(5.5)	(6.2)	(6.5)
Net cash held by users	\$ 4.3	\$ 2.2	\$ 4.4	\$ 2.6	\$ 2.3

# Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations

in millions

	Q4'2020	Q1'2021	Q2'2021	Q3'2021	Q4'2021	FY 2020	FY2021
Net income (loss)	\$ 13	\$ (1,445)	\$ (502)	\$ (1,317)	\$ (423)	\$ 7	\$ (3,686)
Net margin <sup>1</sup>	4 %	(277)%	(89)%	(361)%	(117)%	1 %	(203)%
Add:							
Interest expenses related to credit facilities	1	3	5	6	6	5	20
Provision for (benefit from) income taxes	6	12	38	(50)	3	7	2
Depreciation and amortization	3	4	5	7	9	10	25
EBITDA (non-GAAP)	23	(1,426)	(454)	(1,354)	(405)	29	(3,639)
Share-based compensation	19	9	1	1,245	318	24	1,572
Change in fair value of convertible notes and warrant liability	—	1,492	528	25	—	—	2,046
Significant legal and tax settlements and reserves	37	40	15	—	—	102	55
Adjusted EBITDA (non-GAAP)	\$ 79	\$ 115	\$ 90	\$ (84)	\$ (87)	\$ 155	\$ 34
Adjusted EBITDA Margin (non-GAAP) <sup>2</sup>	25 %	22 %	16 %	(23)%	(24)%	16 %	2 %

1. Net margin is calculated as net income (loss) divided by total net revenues.
2. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total net revenues.

# Definitions

## Key Performance Metrics

### Net Cumulative Funded Accounts

A Robinhood account is designed to provide a user with access to any and all of the products offered on our platform. We define “Net Cumulative Funded Accounts” as New Funded Accounts less Churned Accounts plus Resurrected Accounts (each as defined below). A “New Funded Account” is a Robinhood account into which the account user makes an initial deposit or money or asset transfer, of any amount, during the relevant period. An account is considered “Churned” if it was ever a New Funded Account and its balance (measured as the fair value of assets in the account less any amount due from the user and excluding certain Company-initiated credits) drops to or below zero for at least 45 consecutive calendar days. Negative balances typically result from Fraudulent Deposit Transactions (as defined below) and, less often, from margin loans. An account is considered “Resurrected” in a stated period if it was a Churned Account as of the end of the immediately preceding period and its balance (excluding certain Company-initiated credits) rises above zero. Examples of credits excluded for purposes of identifying Churned Accounts and Resurrected Accounts are price correction credits, related interest adjustments, and fee adjustments.

“Fraudulent Deposit Transactions” occur when users initiate deposits into their accounts, make trades on our platform using a short-term extension of credit from us, and then repatriate or reverse the deposits, resulting in a loss to us of the credited amount.

### Monthly Active Users (“MAU”)

We define MAU as the number of Monthly Active Users during a specified calendar month. A “Monthly Active User” is a unique user who makes a debit card transaction, or who transitions between two different screens on a mobile device or loads a page in a web browser while logged into their account, at any point during the relevant month. A user need not satisfy these conditions on a recurring monthly basis or have a Funded Account to be included in MAU. Figures in this presentation reflect MAU for the last month of each 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.

### 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 drive the change in AUC in any given period. We define “Net Deposits” as all cash deposits and asset transfers received from customers net of reversals, customer cash withdrawals, and other equity and cash amounts transferred out of our platform (including in connection with debit card transactions and account transfers in or out of our platform through the Automated Customer Account Transfer Service (“ACATS”)) for a stated period.

### Average Revenue Per User (“ARPU”)

We define ARPU as total revenue for a given period divided by the average of Net Cumulative Funded Accounts on the last day of that period and the last day of the immediately preceding period. Figures in this presentation represent annualized ARPU for each three-month period presented.

### Daily Average Revenue Trades (“DARTs”)

We define DARTs as the total number of revenue generating trades executed during a given period divided by the number of trading days in that period.

# Definitions (continued)

## Non-GAAP Financial Measures

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources and assess our performance. In addition to total net revenues, net income (loss) and other results under GAAP, we utilize Adjusted EBITDA, Adjusted EBITDA margin, and operating expenses excluding share-based compensation. 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) share-based compensation, (v) change in fair value of convertible notes and warrant liability, (vi) significant legal and tax settlements and reserves, and (vii) other significant gains, losses, and expenses (such as impairments, restructuring charges, and business acquisition- or disposition-related expenses) that we believe are not indicative of our ongoing results.

The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, or because the amount and timing of these items is unpredictable, is not driven by core results of operations and renders 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.

### Operating Expense excluding Share-Based Compensation

Operating expense excluding share-based compensation is defined as the applicable GAAP operating expense line item minus the share-based compensation (or SBC) included within such line item. We believe operating expense excluding 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.