



# Robinhood Markets, Inc.

## Earnings Presentation Second Quarter 2021

# Disclaimers

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

This presentation accompanies Robinhood’s second quarter 2021 earnings announcement webcast and should be read together with Robinhood’s earnings announcement press release and Quarterly Report on Form 10-Q. Please refer to the Form 10-Q for more complete explanations of the results highlighted in these slides. Hyperlinks to our Form 10-Q, 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 the management of Robinhood Markets, Inc. (including its consolidated subsidiaries, “we,” “Robinhood,” or the “Company”) 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”) and Adjusted EBITDA margin. Explanations of our non-GAAP financial measures and reconciliations to the most comparable GAAP financial measures can be found in the Appendix.

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

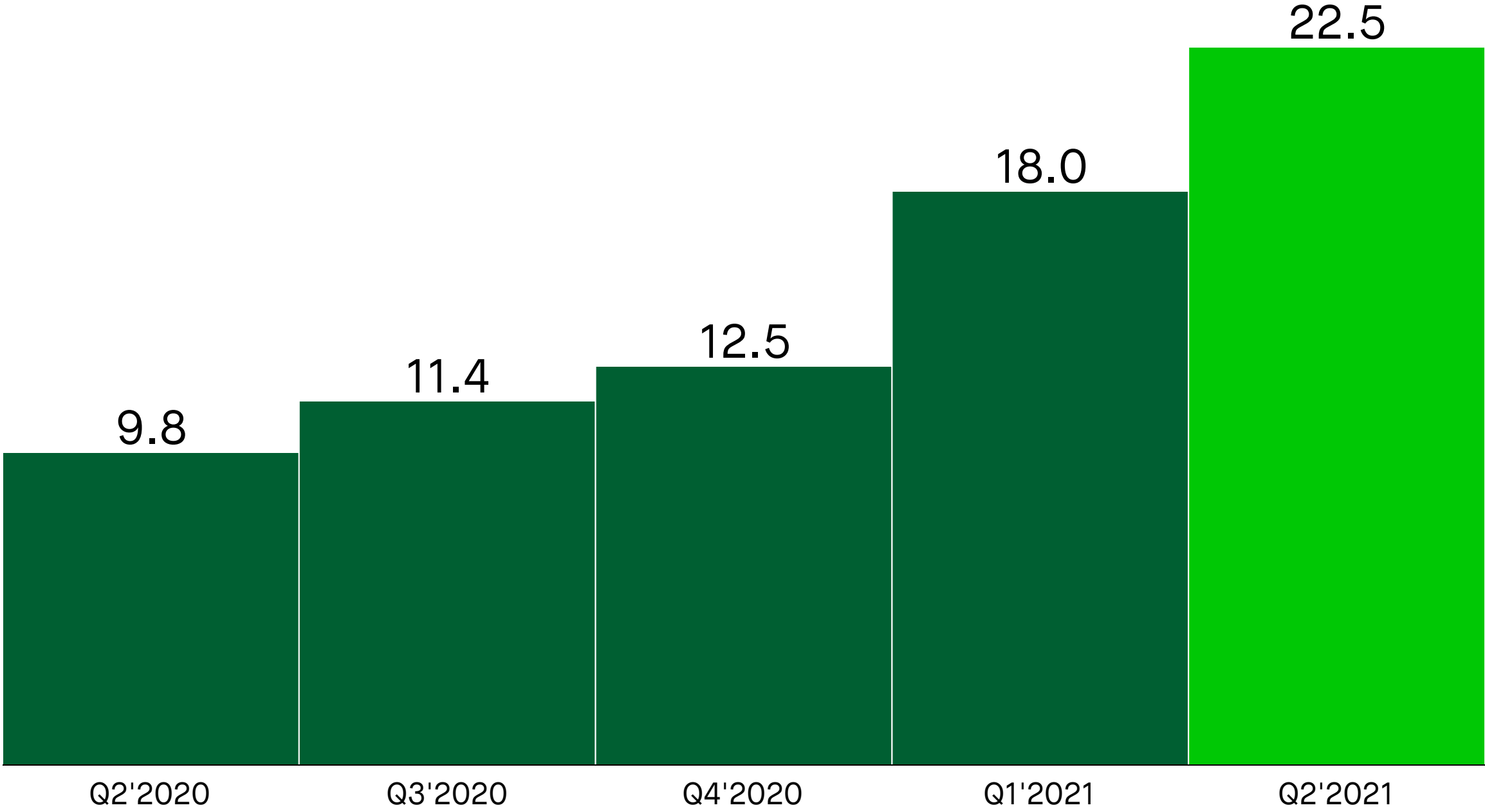
This presentation contains forward-looking statements regarding our expected financial performance and our strategic and operational plans, including all statements about our expectations for the third fiscal quarter of 2021. Forward-looking statements generally relate to future events or our future financial or operating performance. All statements other than statements of historical fact could be deemed forward-looking. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “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 Robinhood’s actual future results, performance, or achievements to differ materially from any future results expressed or implied in this presentation. Reported results should not be considered an indication of future performance. Risks that contribute to the uncertain nature of our forward-looking statements include, among others, risks relating to: the size of our market opportunities; our ability to effectively manage our growth; our ability to successfully enter new markets, including any expansion into international markets, and comply with any applicable laws and regulations; our ability to invest in and develop our products and services to operate with changing technology; the expected benefits of our products to our customers and the impact of our products on our business; the effects of increased competition from our market competitors; the success of our marketing efforts and the ability to grow brand awareness and maintain, protect and enhance our brand; the impact of negative publicity on our brand and reputation; our ability to attract and retain our customers; our ability to maintain the security and availability of our platform; our ability to attract and retain key personnel and highly qualified personnel; our expectations regarding the impacts of accounting guidance; our expectations regarding litigation and regulatory proceedings; our expectations regarding share-based compensation; our ability to collect, store, share, disclose, transfer, receive, use and otherwise process customer information and other data, and compliance with laws, rules and regulations related to data privacy, protection and security; our ability to comply with modified or new laws and regulations applying to our business, and potential harm to our business as a result of those laws and regulations; the impact of adverse economic conditions; our expectations regarding the continuing impact of COVID-19 on our business; our expectations regarding the loss of our status as an emerging growth company; our expectations regarding the use of net proceeds from our IPO; and the increased expenses associated with being a public company, among others. 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 risk factors that could affect our business and financial results is included in Robinhood’s filings with the Securities and Exchange Commission (“SEC”) including our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, which will be available on the SEC’s web site at [www.sec.gov](http://www.sec.gov). Moreover, we operate in a 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, August 18, 2021, and are based on information and estimates available to us at this time. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. Except as required by law, Robinhood assumes no obligation to update any of the statements in this presentation whether as a result of any new information, future events, changed circumstances, or otherwise. You should view this presentation with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect.

## ***Trademarks***

“Robinhood” and the Robinhood feather logo are registered trademarks of Robinhood Markets, Inc. All other names are trademarks and/or registered trademarks of their respective owners.

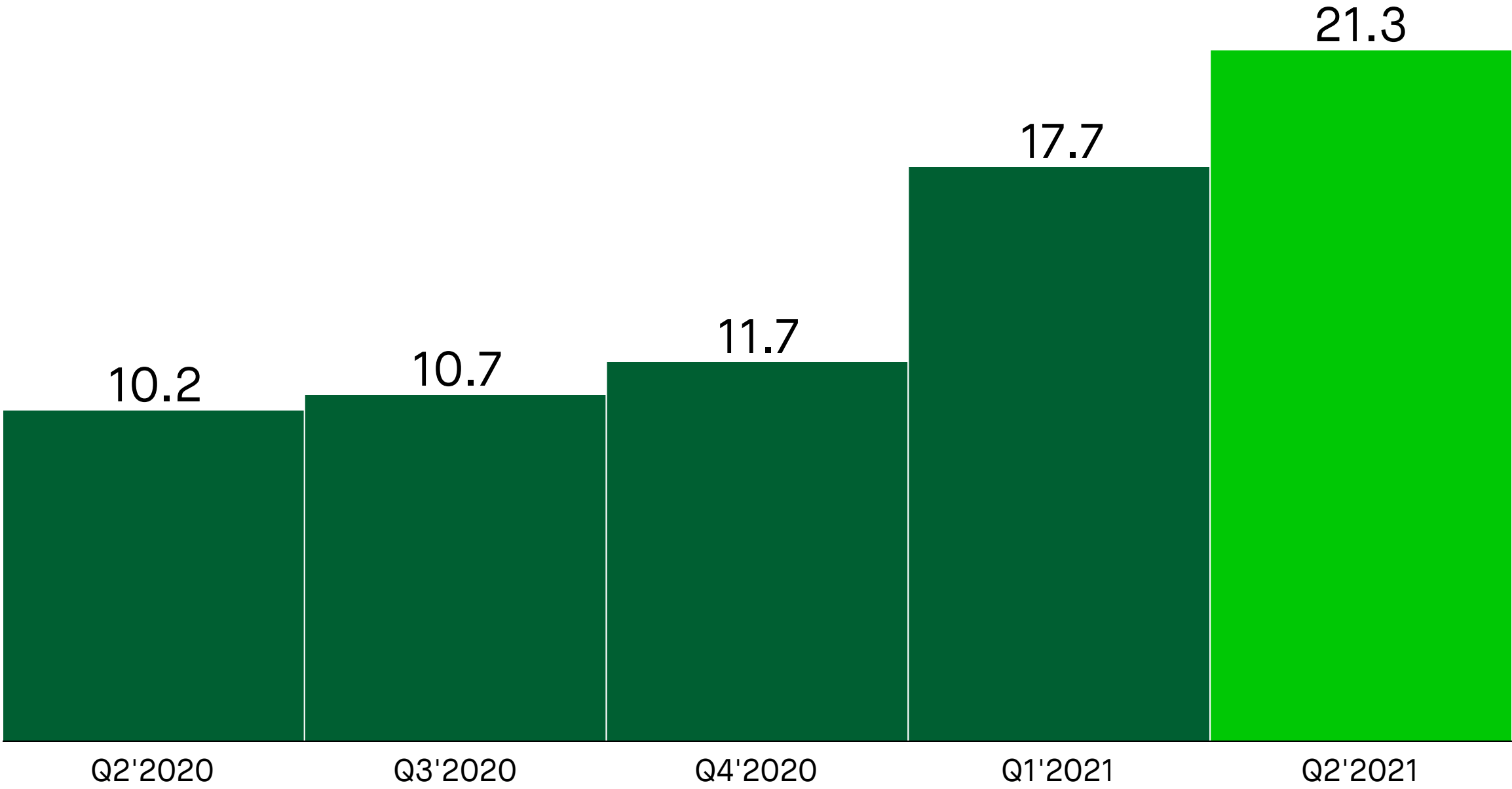
# Net Cumulative Funded Accounts

in millions



# Monthly Active Users (MAU)

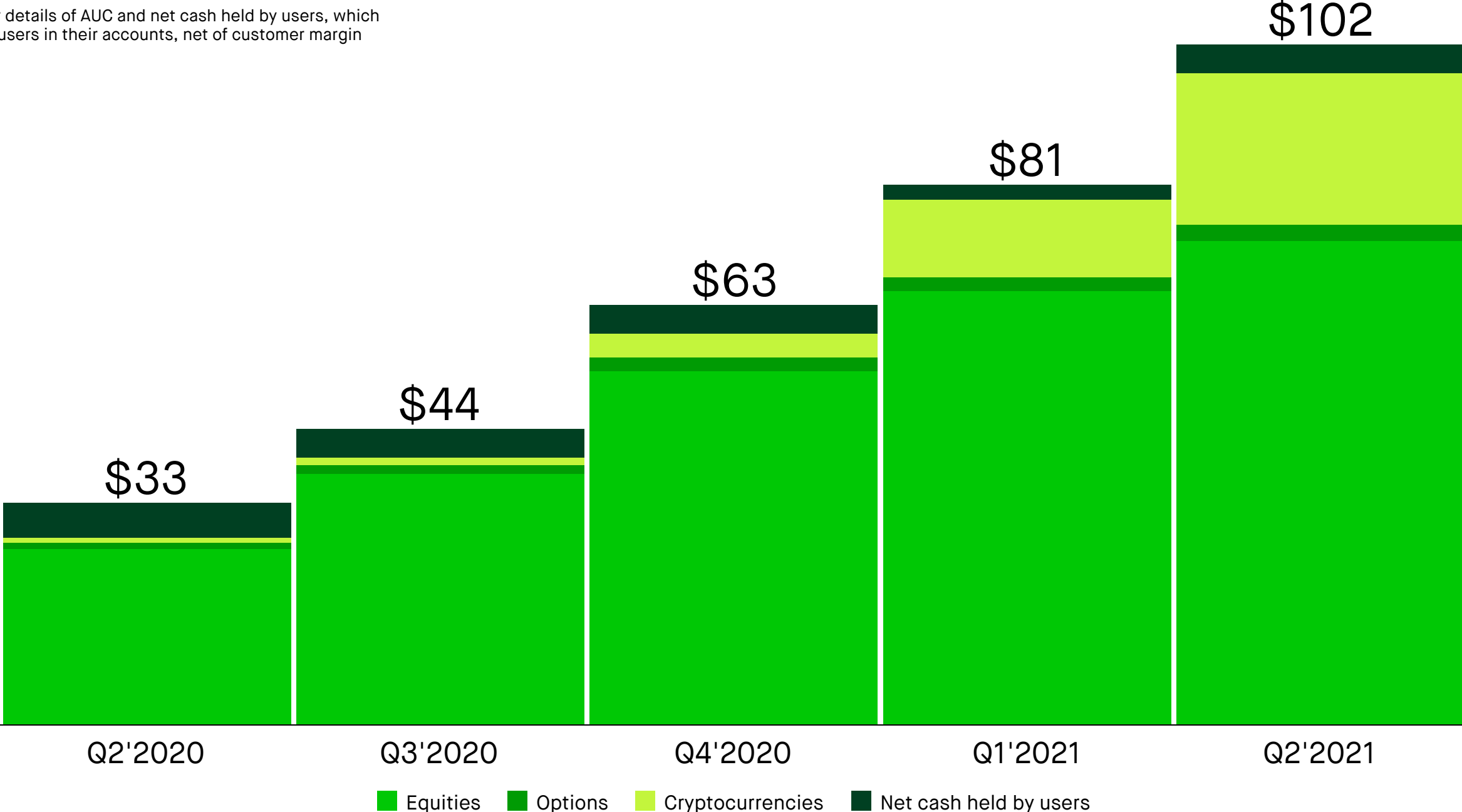
in millions



# Assets Under Custody (AUC)

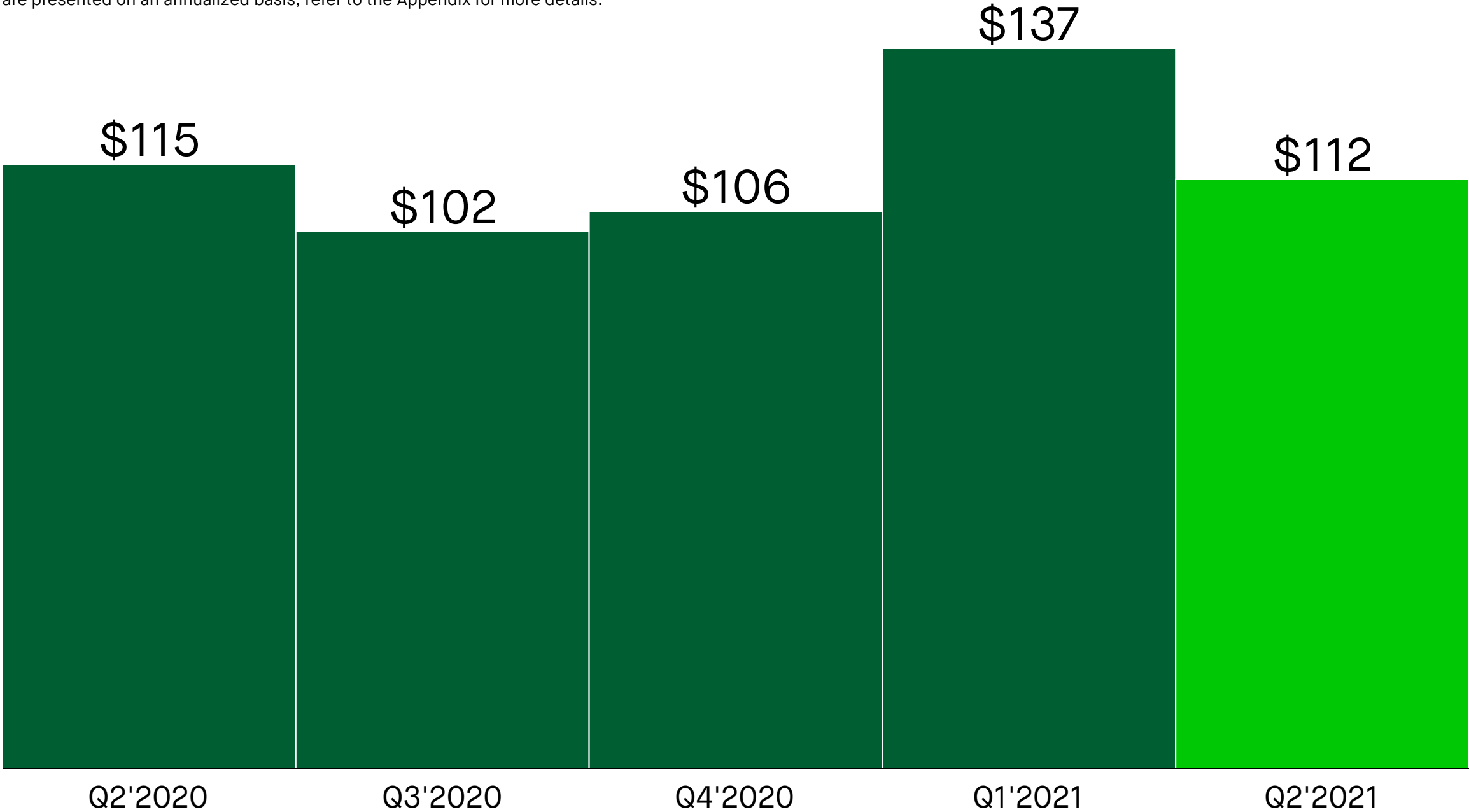
in billions

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 customer margin balances.



# Average Revenue Per User (ARPU)

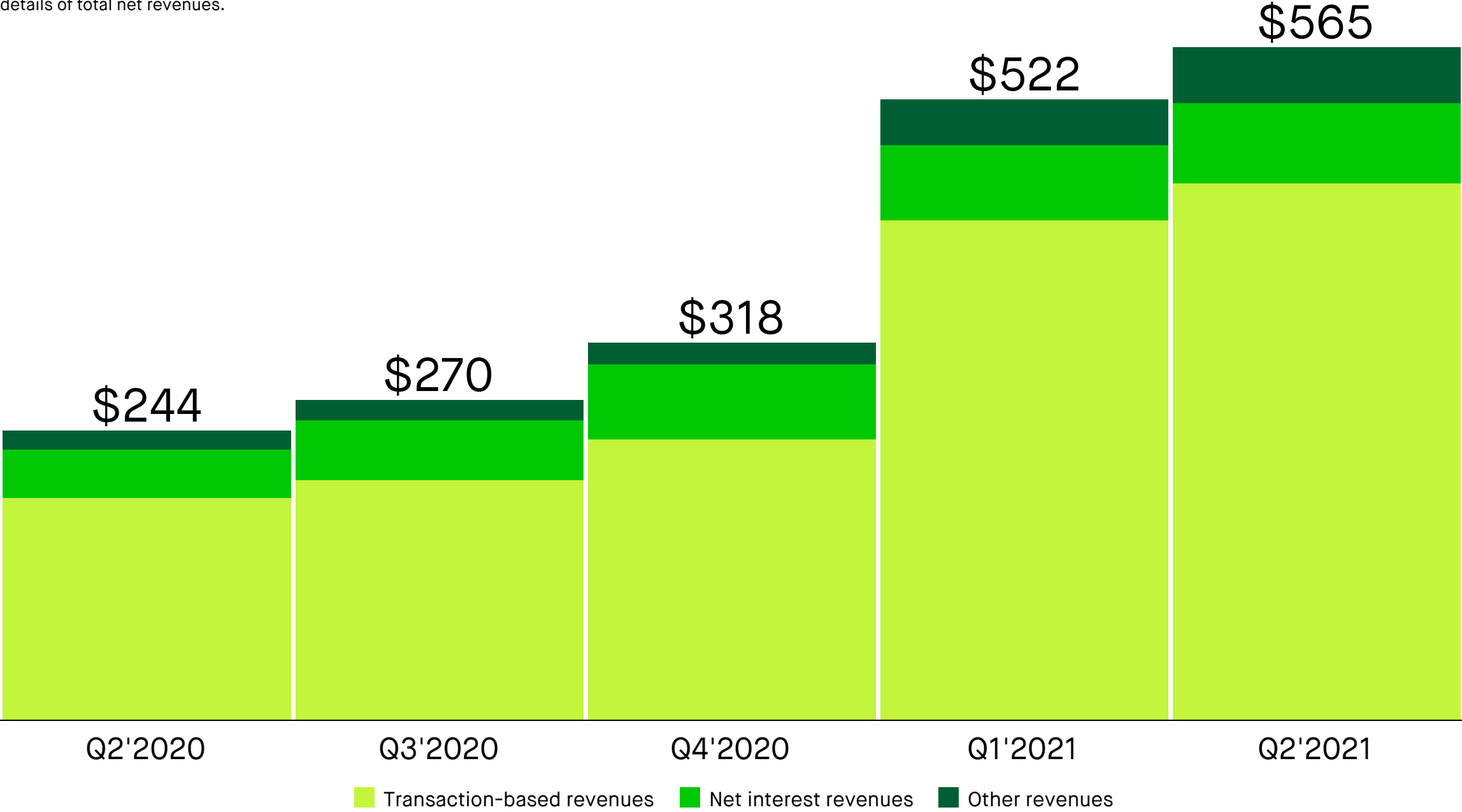
Quarterly ARPU amounts are presented on an annualized basis, refer to the Appendix for more details.



# Total Net Revenues

in millions

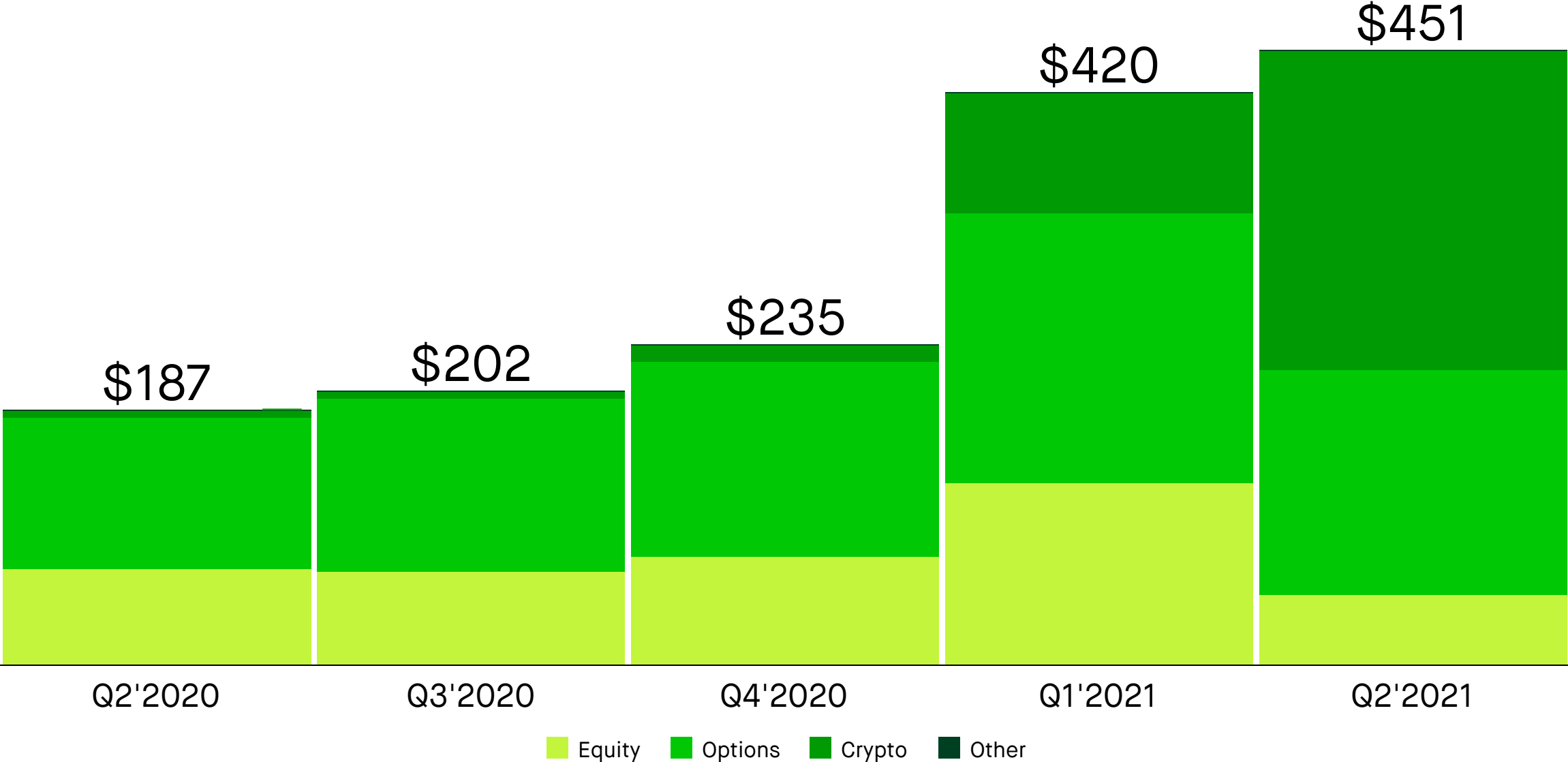
Refer to the Appendix for details of total net revenues.



# Total Net Revenues — Transaction-Based Revenues

in millions

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

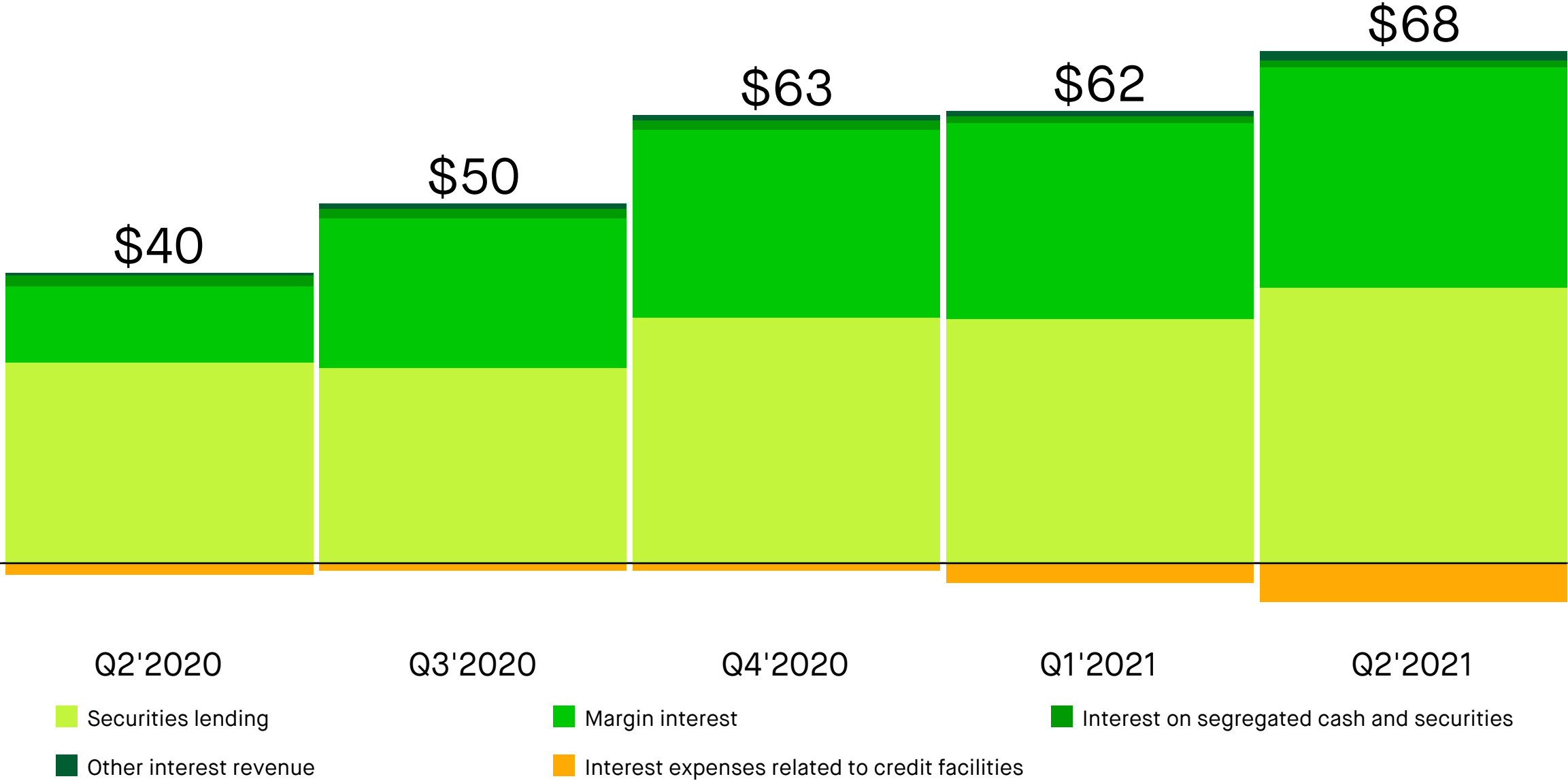




# Total Net Revenues — Net Interest Revenues

in millions

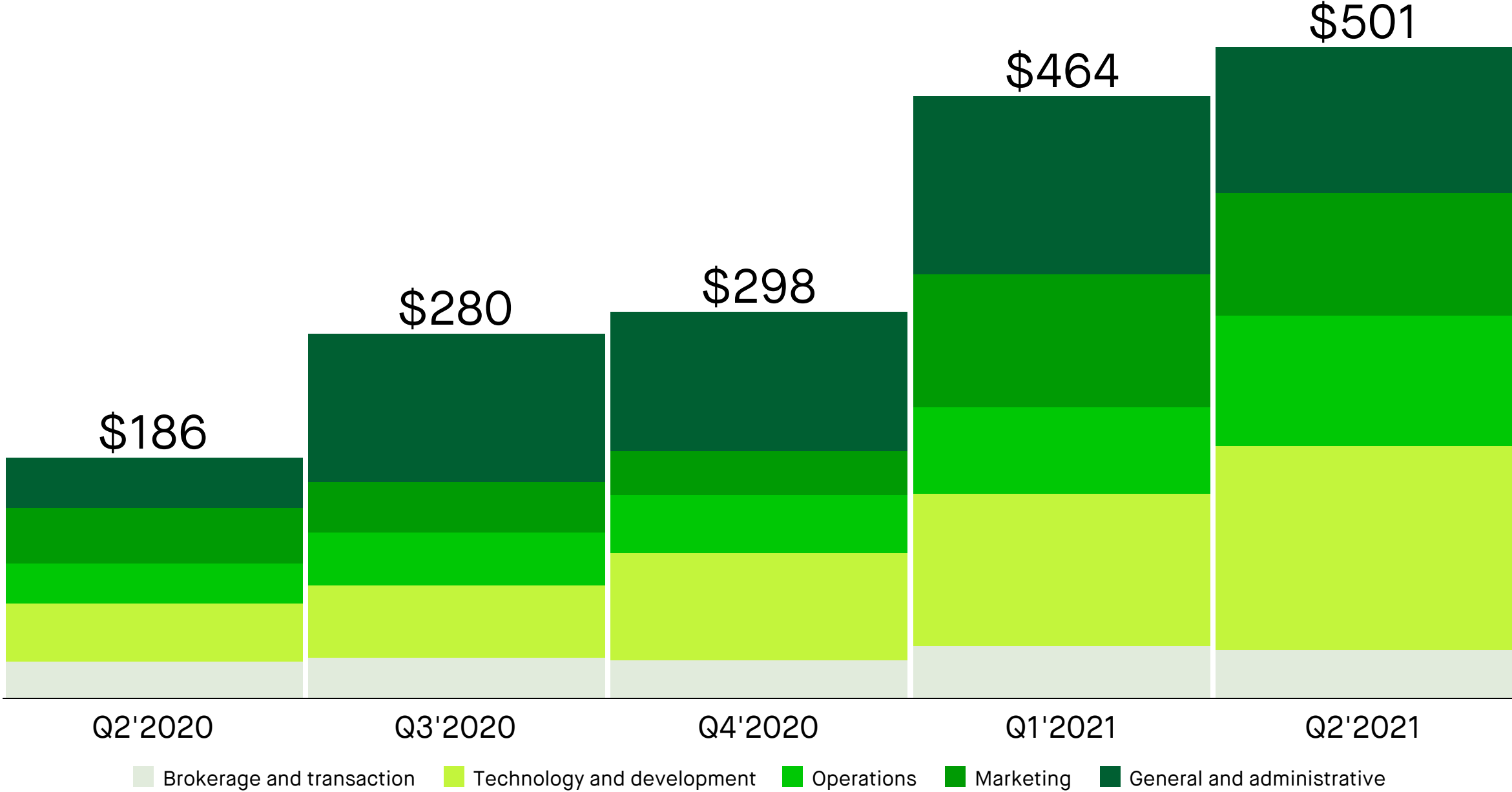
Refer to the Appendix for details of net interest revenues.



# Operating Expenses

in millions

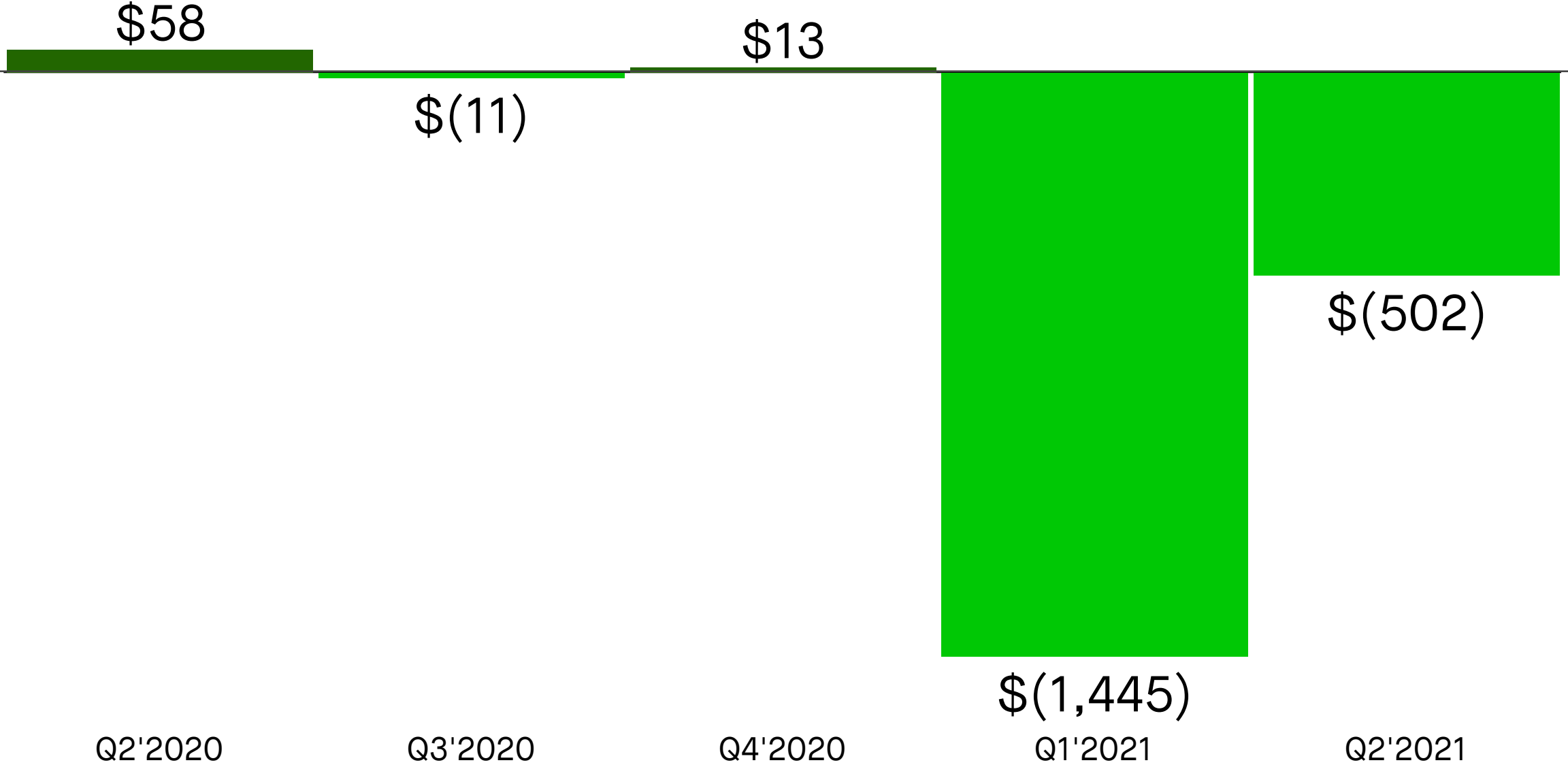
Refer to the Appendix for details of operating expenses.



# Net Income (Loss)

in millions

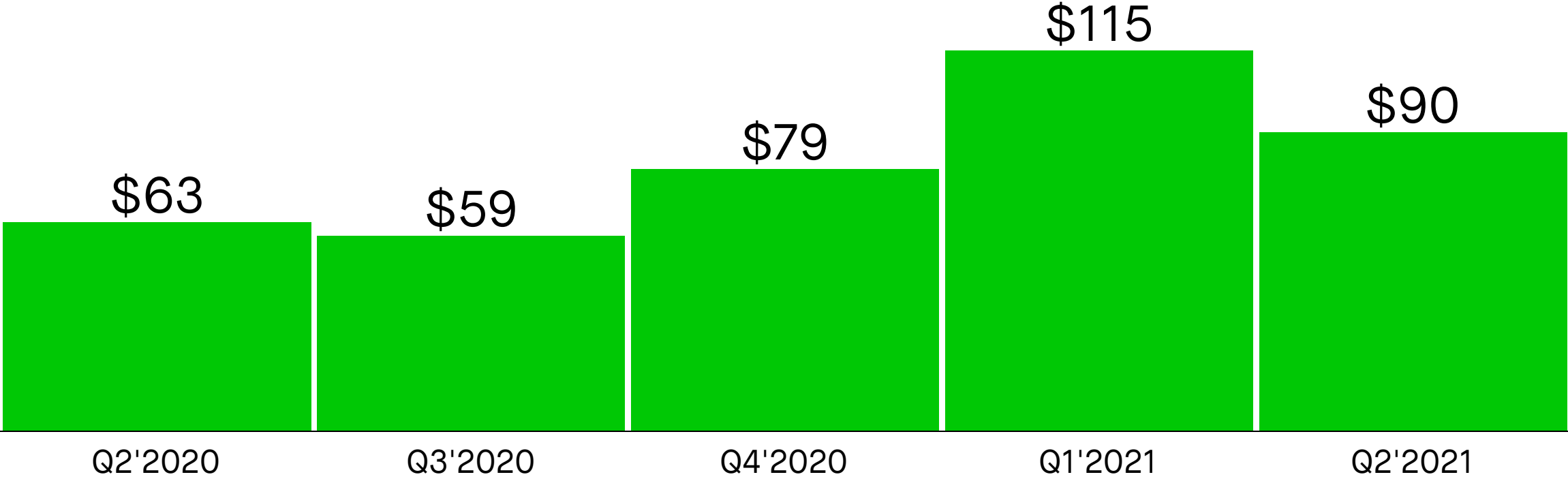
Q1 and Q2'2021 include changes in fair value of our convertible notes and warrant liability of \$(1,492) million and \$(528) million due to mark-to-market adjustments, respectively.



# 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

Adjusted EBITDA Margin

26%

22%

25%

22%

16%

# Appendix

# Changes in Net Cumulative Funded Accounts

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Beginning balance	7.2	9.8	11.4	12.5	18.0
New funded accounts	2.7	1.9	1.4	5.7	5.1
Resurrected accounts	0.1	0.1	0.1	0.4	0.3
Churned accounts	(0.2)	(0.4)	(0.4)	(0.6)	(0.9)
Ending balance	9.8	11.4	12.5	18.0	22.5

# Assets Under Custody (AUC)

in billions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Equities	\$ 26	\$ 38	\$ 53	\$ 65	\$ 73
Options	1	1	2	2	2
Cryptocurrencies	1	1	4	12	23
Net cash held by users	5	4	4	2	4
Assets under custody	\$ 33	\$ 44	\$ 63	\$ 81	\$ 102

# Changes in Assets Under Custody (AUC)

in billions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Beginning balance	\$ 19	\$ 33	\$ 44	\$ 63	\$ 81
Net deposits	9	9	7	11	10
Net market gains	5	2	12	7	11
Ending balance	\$ 33	\$ 44	\$ 63	\$ 81	\$ 102



# Total Net Revenues

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Transaction-based revenues	\$ 187	\$ 202	\$ 235	\$ 420	\$ 451
Net interest revenues	40	50	63	62	68
Other revenues	17	18	20	40	46
Total net revenues	\$ 244	\$ 270	\$ 318	\$ 522	\$ 565

# Total Net Revenues — Transaction-Based Revenues

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Options	\$ 111	\$ 127	\$ 142	\$ 198	\$ 165
Cryptos	5	5	12	88	233
Equities	71	69	80	133	52
Other	—	1	1	1	1
Total transaction-based revenues	\$ 187	\$ 202	\$ 235	\$ 420	\$ 451

# Total Net Revenues — Net Interest Revenues

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Securities lending	\$ 29	\$ 28	\$ 35	\$ 35	\$ 39
Margin interest	11	21	27	28	31
Interest on segregated cash and securities	1	1	1	1	1
Other interest revenue	1	1	1	1	2
Interest expenses related to credit facilities	(2)	(1)	(1)	(3)	(5)
Total net interest revenues	\$ 40	\$ 50	\$ 63	\$ 62	\$ 68

# Operating Expenses

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Brokerage and transaction	\$ 29	\$ 31	\$ 30	\$ 41	\$ 38
Technology and development	45	55	82	117	156
Operations	30	41	45	67	101
Marketing	43	39	33	102	94
General and administration	39	114	108	137	112
Total operating expenses	\$ 186	\$ 280	\$ 298	\$ 464	\$ 501

# Net Cash Held by Users

in billions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Cash held by users	\$ 6.7	\$ 6.6	\$ 7.9	\$ 7.6	\$ 9.9
Customer margin balances	(1.4)	(2.3)	(3.6)	(5.4)	(5.5)
Net cash held by users	\$ 5.3	\$ 4.3	\$ 4.3	\$ 2.2	\$ 4.4

# Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations

in millions

	Q2'2020	Q3'2020	Q4'2020	Q1'2021	Q2'2021
Net income (loss)	\$ 58	\$ (11)	\$ 13	\$ (1,445)	\$ (502)
Net margin <sup>1</sup>	24 %	(4)%	4 %	(277)%	(89)%
Add:					
Interest expenses related to credit facilities	2	1	1	3	5
Provision for (benefit from) income taxes	1	—	6	12	38
Depreciation and amortization	1	2	3	4	5
EBITDA (non-GAAP)	62	(8)	23	(1,426)	(454)
Share-based compensation	1	2	19	9	1
Change in fair value of convertible notes and warrant liability	—	—	—	1,492	528
Certain legal and tax settlements, reserves and expenses	—	65	37	40	15
Adjusted EBITDA (non-GAAP)	\$ 63	\$ 59	\$ 79	\$ 115	\$ 90
Adjusted EBITDA Margin (non-GAAP) <sup>2</sup>	26 %	22 %	25 %	22 %	16 %

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

We define Net Cumulative Funded Accounts as the total of Net Funded Accounts from inception to a stated date or period end. “Net Funded Accounts” is the total number of Funded Accounts for a stated period, excluding “churned users” and including “resurrected users” as of the end of that period. A “Funded Account” is a Robinhood account into which the account user makes an initial deposit or money transfer, of any amount, during the relevant period, which account is designed to provide a customer with access to any and all of the products offered on our platform. Users are considered “churned” if their accounts were previously Funded Accounts and their account balance (which is measured as the fair value of assets in the user’s account less the amount due from the user) drops to or below zero dollars (which negative balances typically result from Fraudulent Deposit Transactions and, less often, from margin loans) for 45 consecutive calendar days. Users are considered “resurrected” if they were considered churned users during and as of the end of the immediately preceding period, and had their account balance increase above zero (and are not considered churned users) in the current period.

### 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, 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 monthly or recurring 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 customer margin balances, 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 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 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 (or, in the case of ARPU for a given cohort, total revenue generated by that cohort during a given year or period) divided by the average of Net Cumulative Funded Accounts (or, in the case of ARPU for a given cohort, the Net Cumulative Funded Accounts included in that cohort) as of the last day of that period and as of the last day of the immediately preceding period. In the case of ARPU for a three-month period, this figure is multiplied by four to annualize the figure for comparability. Figures in this presentation represent ARPU for each year or annualized three-month period presented.

## 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 and Adjusted EBITDA margin. 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 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 expenses, (v) change in fair value of convertible notes and warrant liability and (vi) certain legal and tax settlements, reserves and expenses.

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, we have included Adjusted EBITDA in this presentation because it 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. 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.