



Robinhood Markets, Inc. Earnings Presentation Third Quarter 2021

Disclaimers

This Presentation Relates to Robinhood’s Broader Earnings Announcement Disclosures

This presentation accompanies Robinhood’s third quarter 2021 earnings announcement webcast and should be read together with Robinhood’s earnings announcement press release. Hyperlinks to our third quarter 2021 webcast and press release can be found together with these slides on Robinhood’s investor relations website at 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”), 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 expectations for new products and features, and all statements about our outlook for the fourth quarter of 2021. 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 June 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. 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, October 26, 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 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 Q3’2021 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 quarter, which will be reported in our Quarterly Report on Form 10-Q for the three months ended September 30, 2021, might vary from the information in this presentation and the related webcast. In particular, until our financial statements are issued in our Quarterly Report on Form 10-Q, 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

“Robinhood,” “Robinhood Snacks,” 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.

Q3 2021 Highlights

Crypto wallets are on the way

Robinhood opened the waitlist for crypto wallets, one of its most heavily requested products.

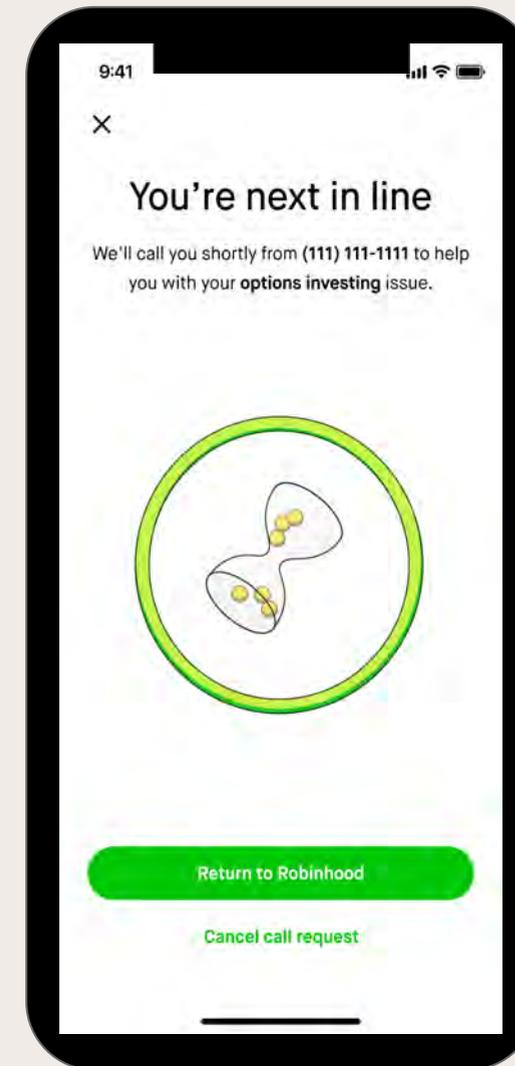
>1M

sign-ups for crypto wallets
waitlist to date



24/7 phone support is here

Quality customer service is a key differentiator as Robinhood seeks to become the most trusted financial institution



100% of logged-in customers can now request a call back through our app at any time of the day for help on any topic

Robinhood is the first major crypto platform to offer 24/7 support

Robinhood's interactive triage flow can pinpoint where support is needed, connecting customers with a representative who can provide a fast and personalized resolution

In the coming months, Robinhood will expand phone support to customers who are having trouble logging in to their accounts

Q3 2021 Highlights

Participation is Power - continuing to expand access for our customers

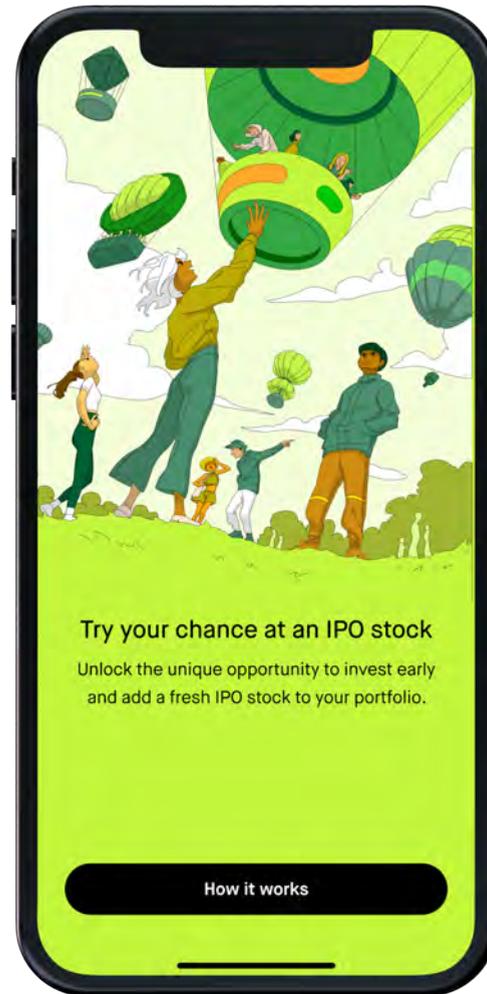
IPO Access and Say Connect both attracted additional issuers

12 IPOs

To date, Robinhood has partnered with 12 companies that have made their IPOs available to our customers

18 Issuers

Currently utilize the Say Connect Platform, with 7 issuers added this quarter and a healthy pipeline in process



Educational content is expanding - with more content in-app

Helping first-time investors become long-term investors

23.3M

Snacks newsletter unique readers in Q3, making it one of the most widely consumed newsletters in the U.S.

10.8M

Snacks podcast downloads in Q3

And we've added more tools, videos, and features to our in-app learning modules that help our customers better understand the market, with more rolling out in the months ahead

ROBINHOOD
Snacks
DIGESTIBLE FINANCIAL NEWS

Snacks has moved in-app and partnered with Snapchat for one of the first financially-oriented channels on Snap's Discover tab

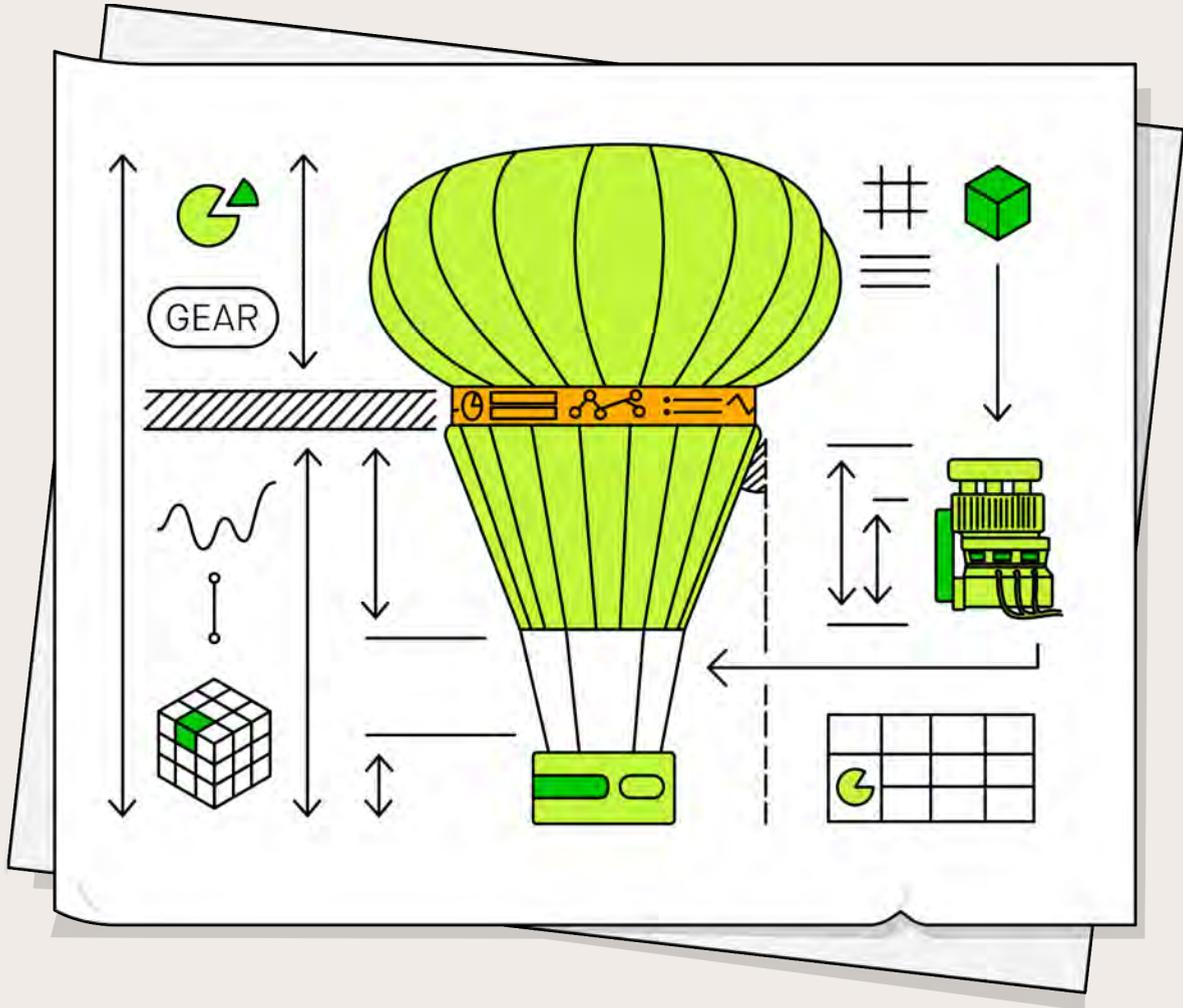
New products on the way

Highlighted products include...

Recommendations Engine

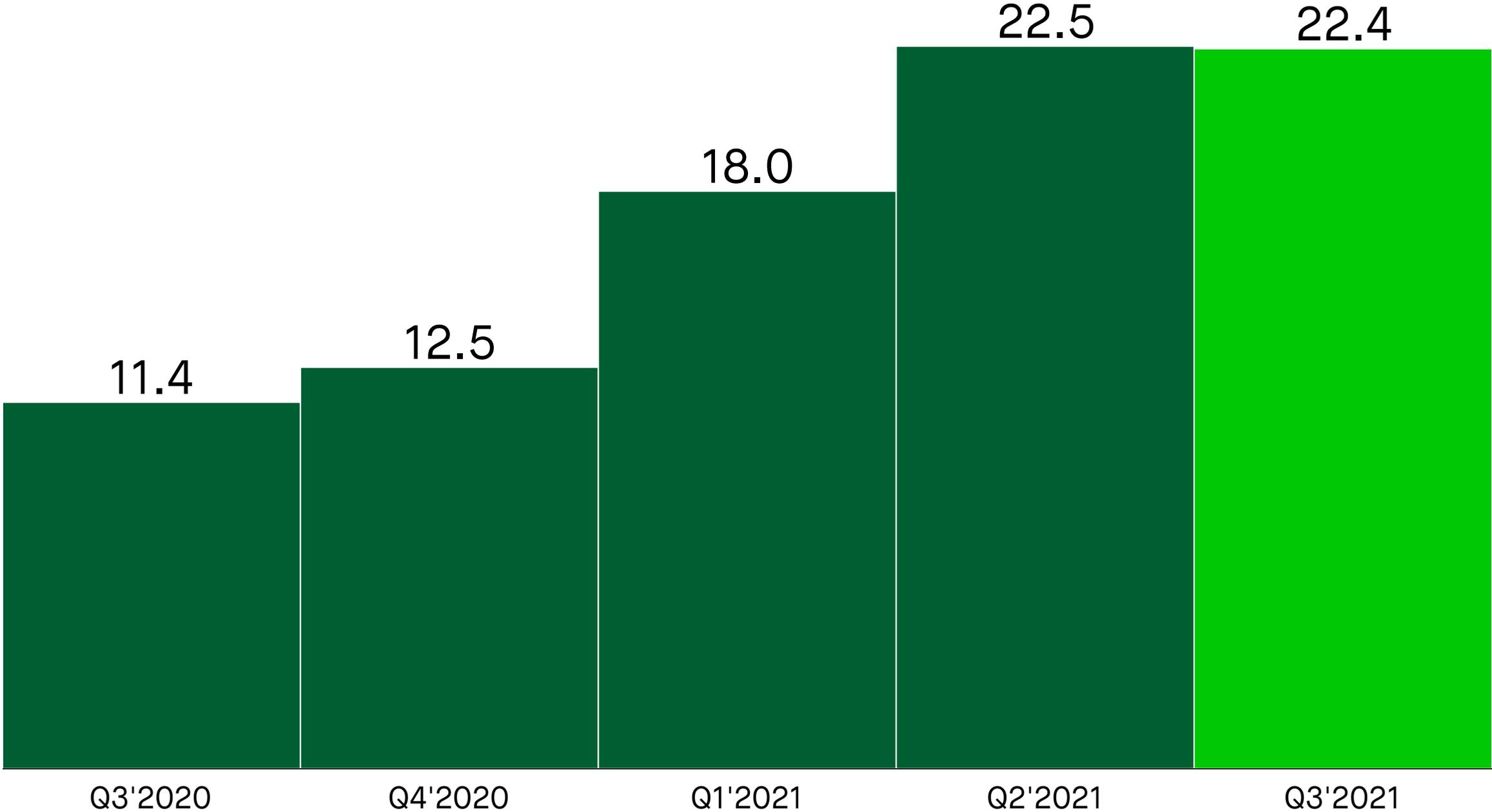
ACATS-In

Retirement Accounts



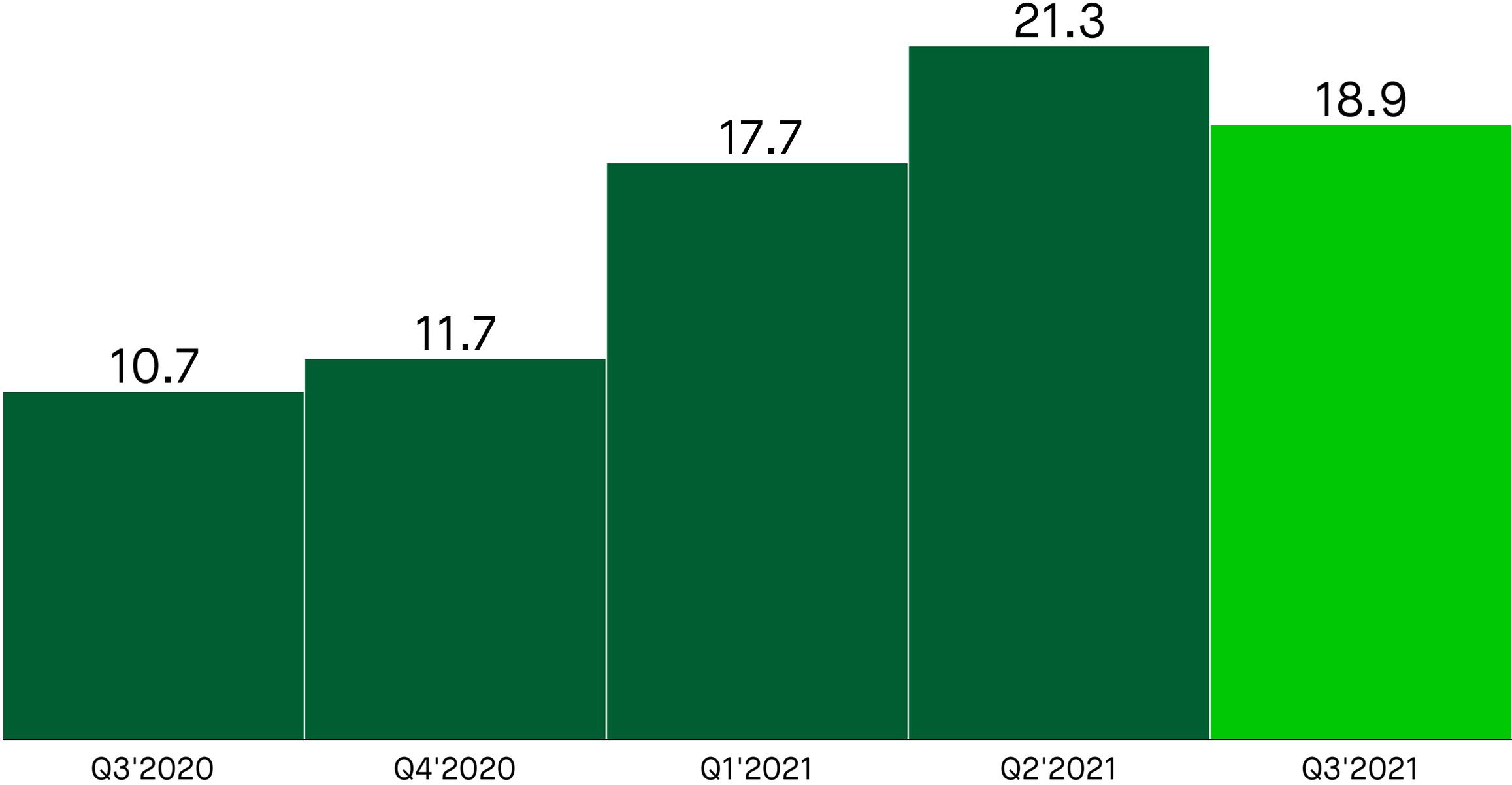
Net Cumulative Funded Accounts

in millions



Monthly Active Users (MAU)

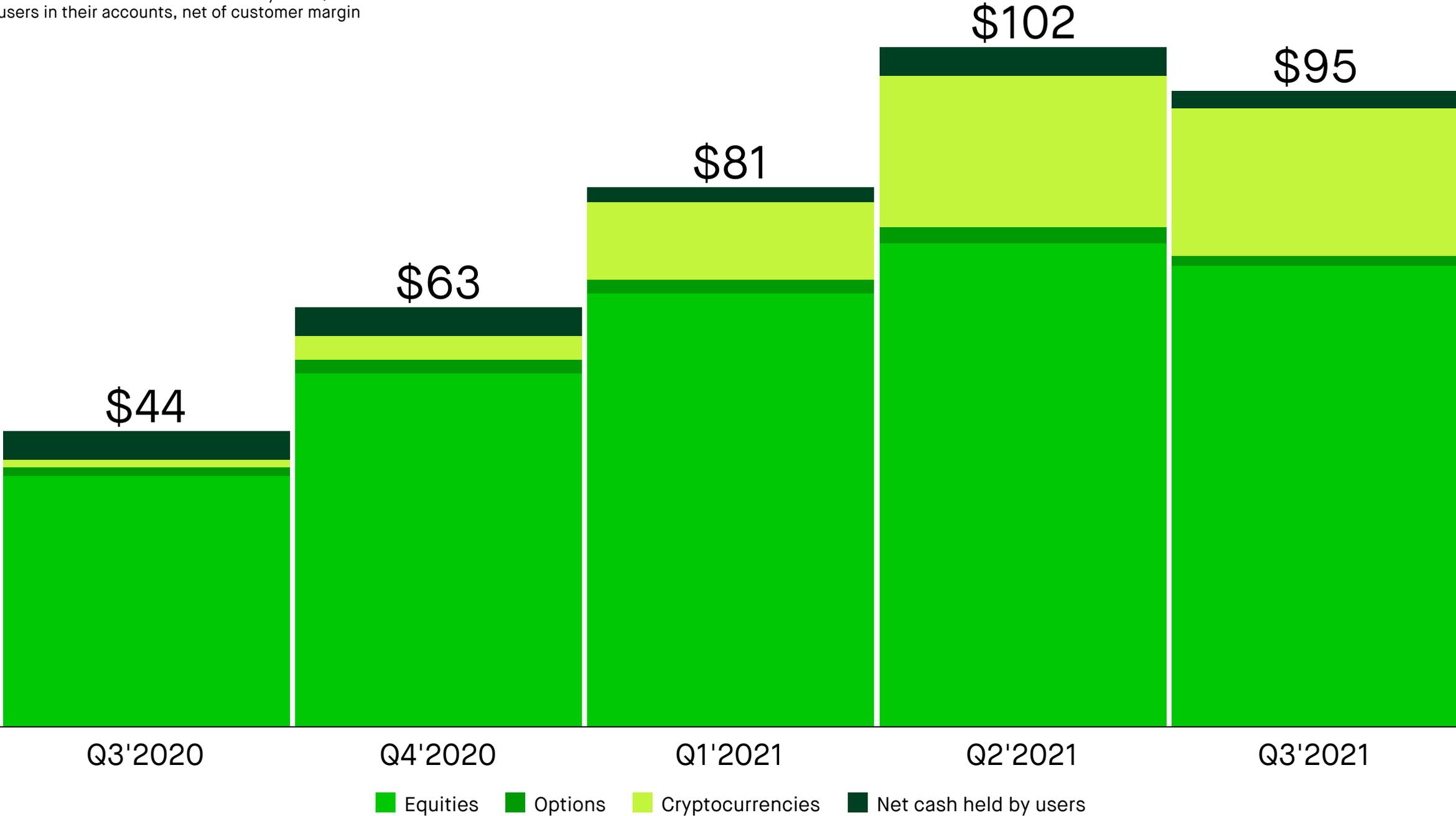
in millions



Assets Under Custody (AUC)

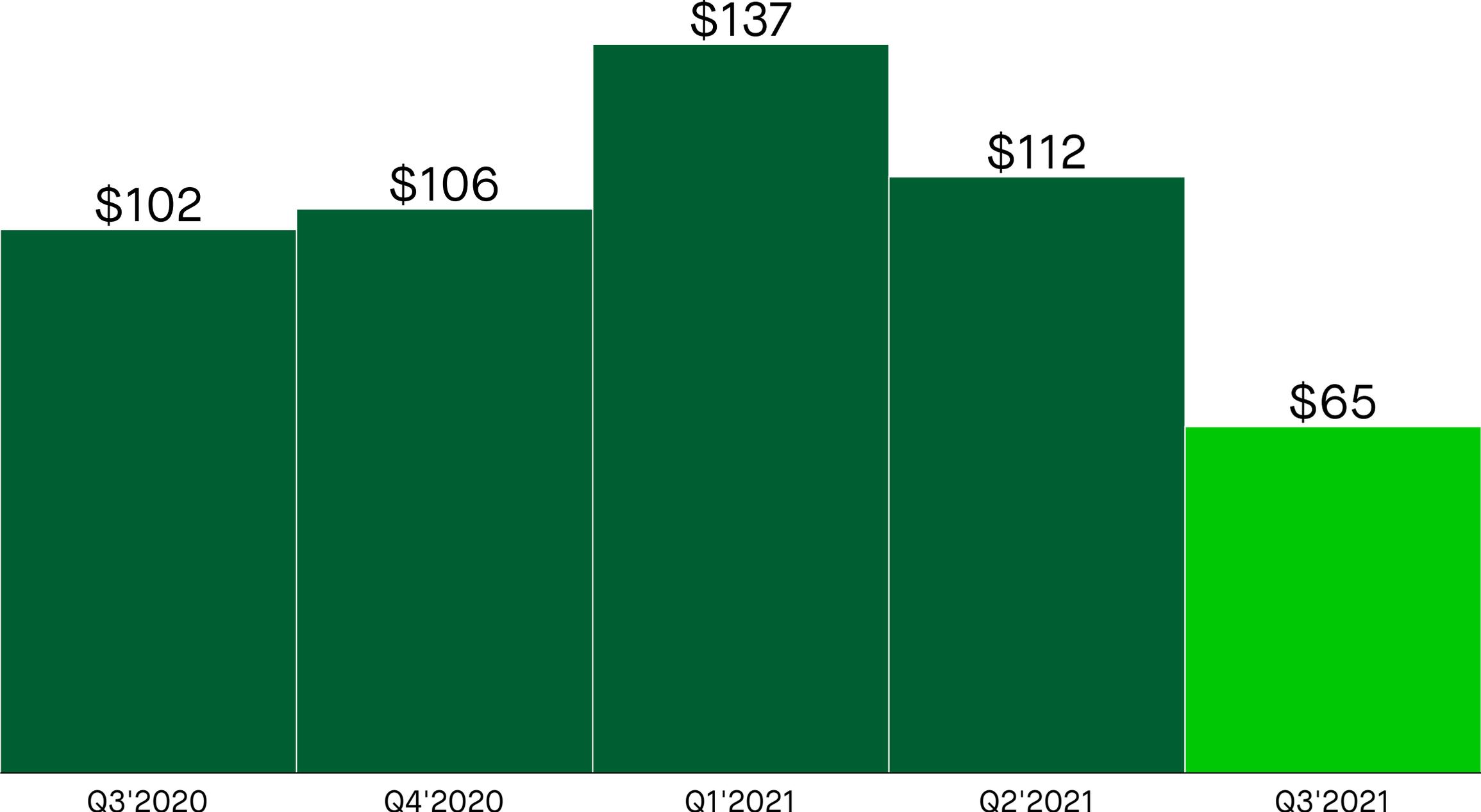
in billions

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)

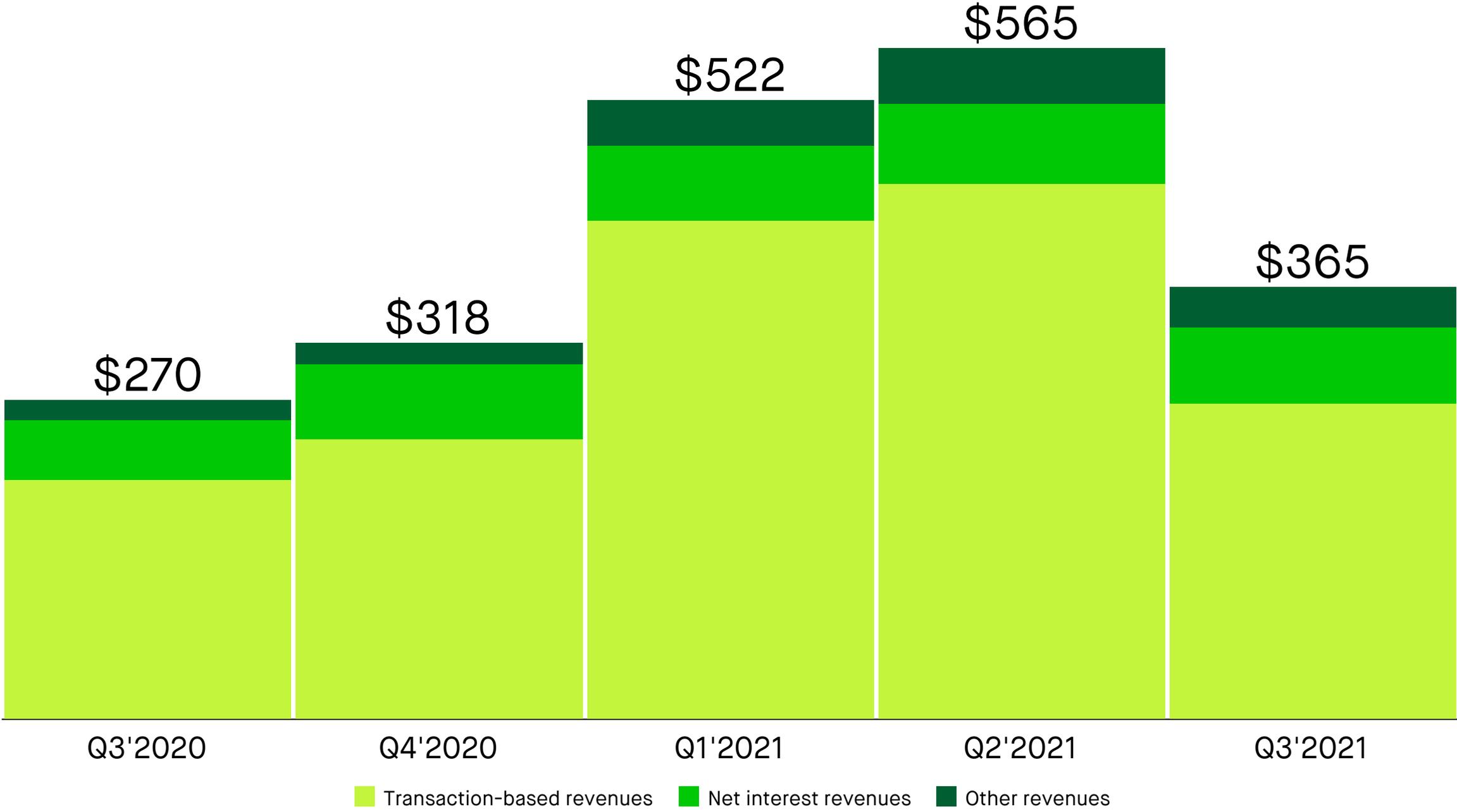
Quarterly ARPU amounts are presented on an annualized basis, see definition in Appendix.



Total Net Revenues

in millions

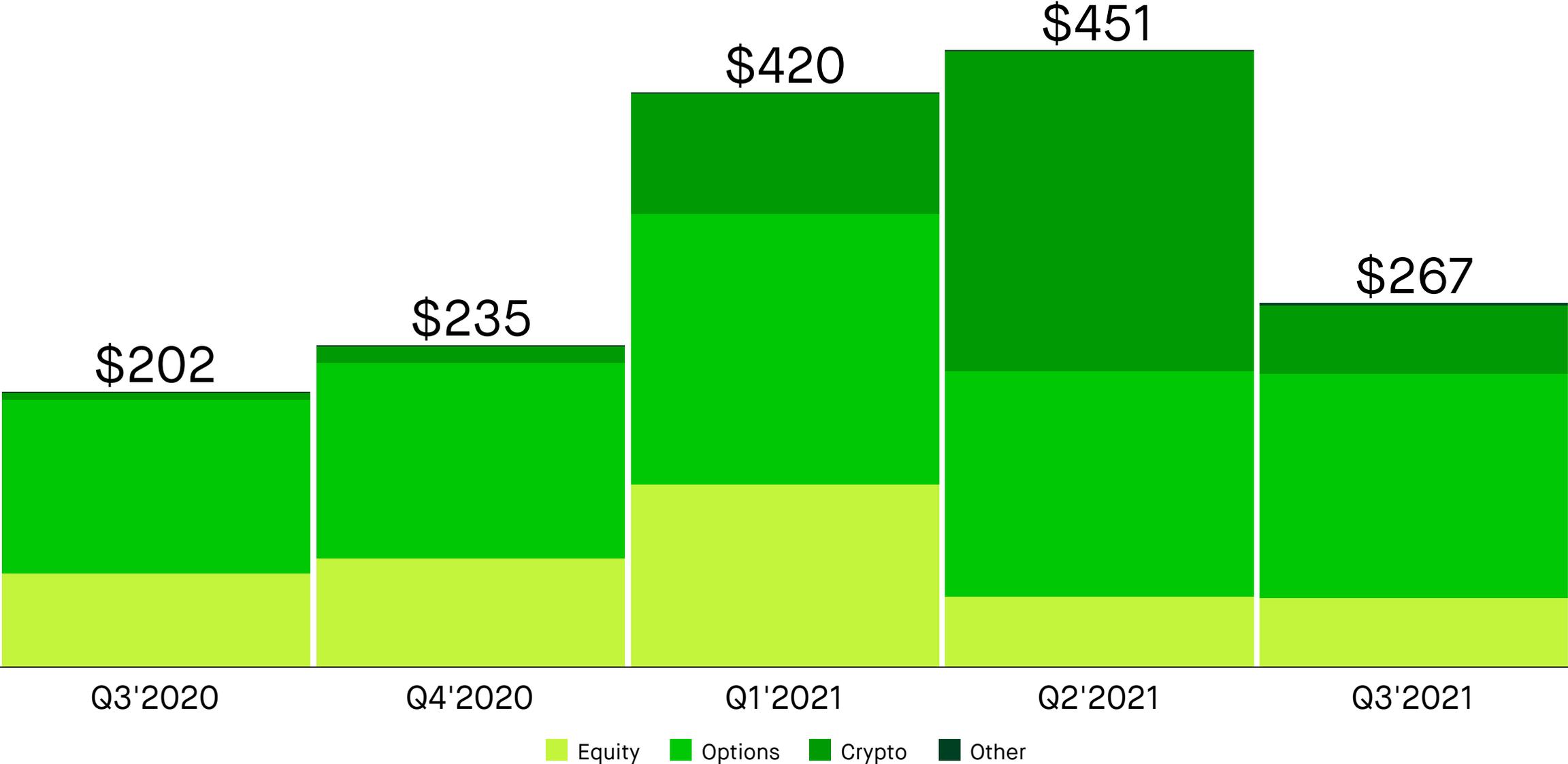
Refer to the Appendix for details of total net revenues.



Total Net Revenues — Transaction-Based Revenues

in millions

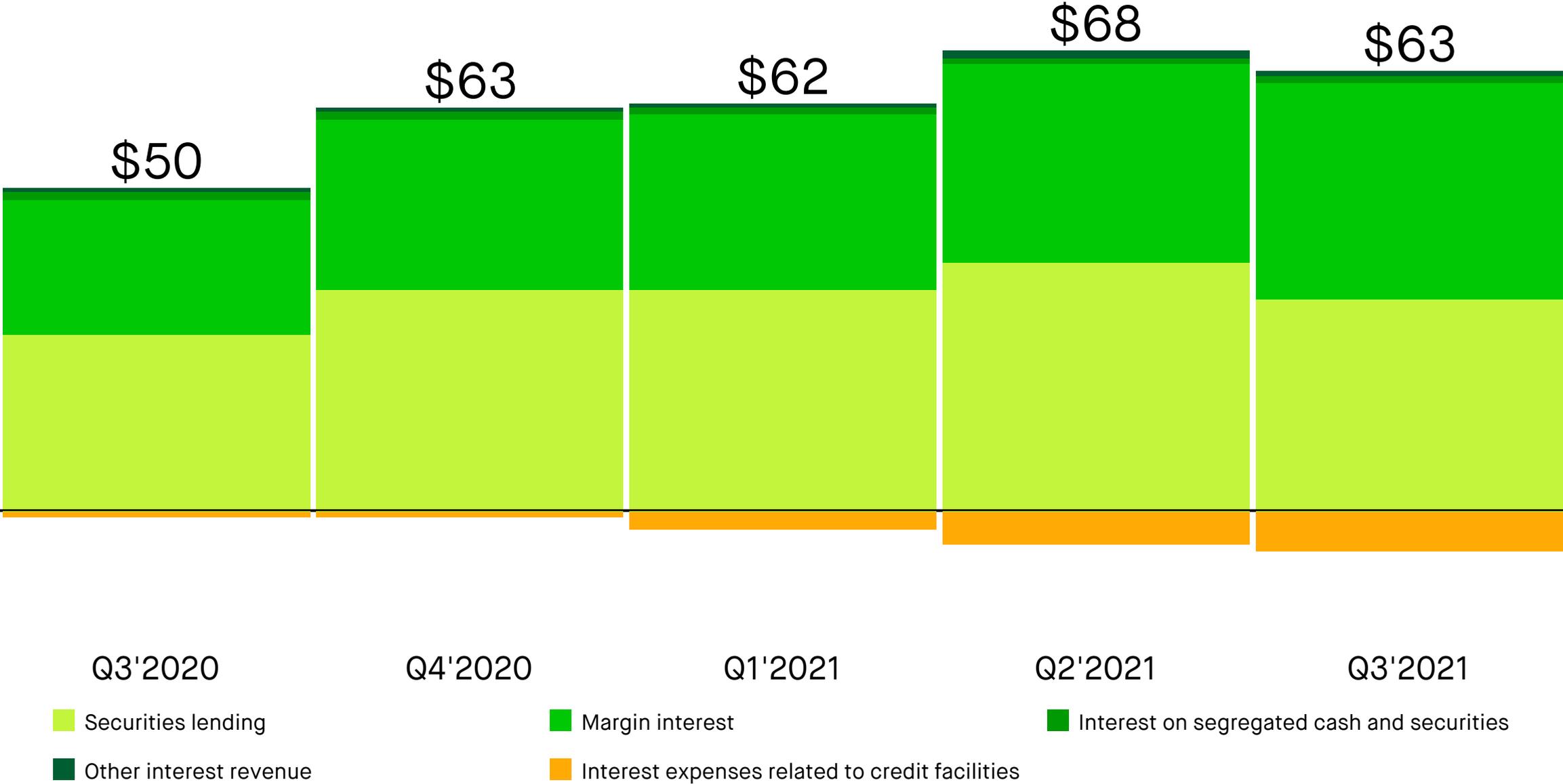
Refer to the Appendix for details of transaction-based revenues.



Total Net Revenues — Net Interest Revenues

in millions

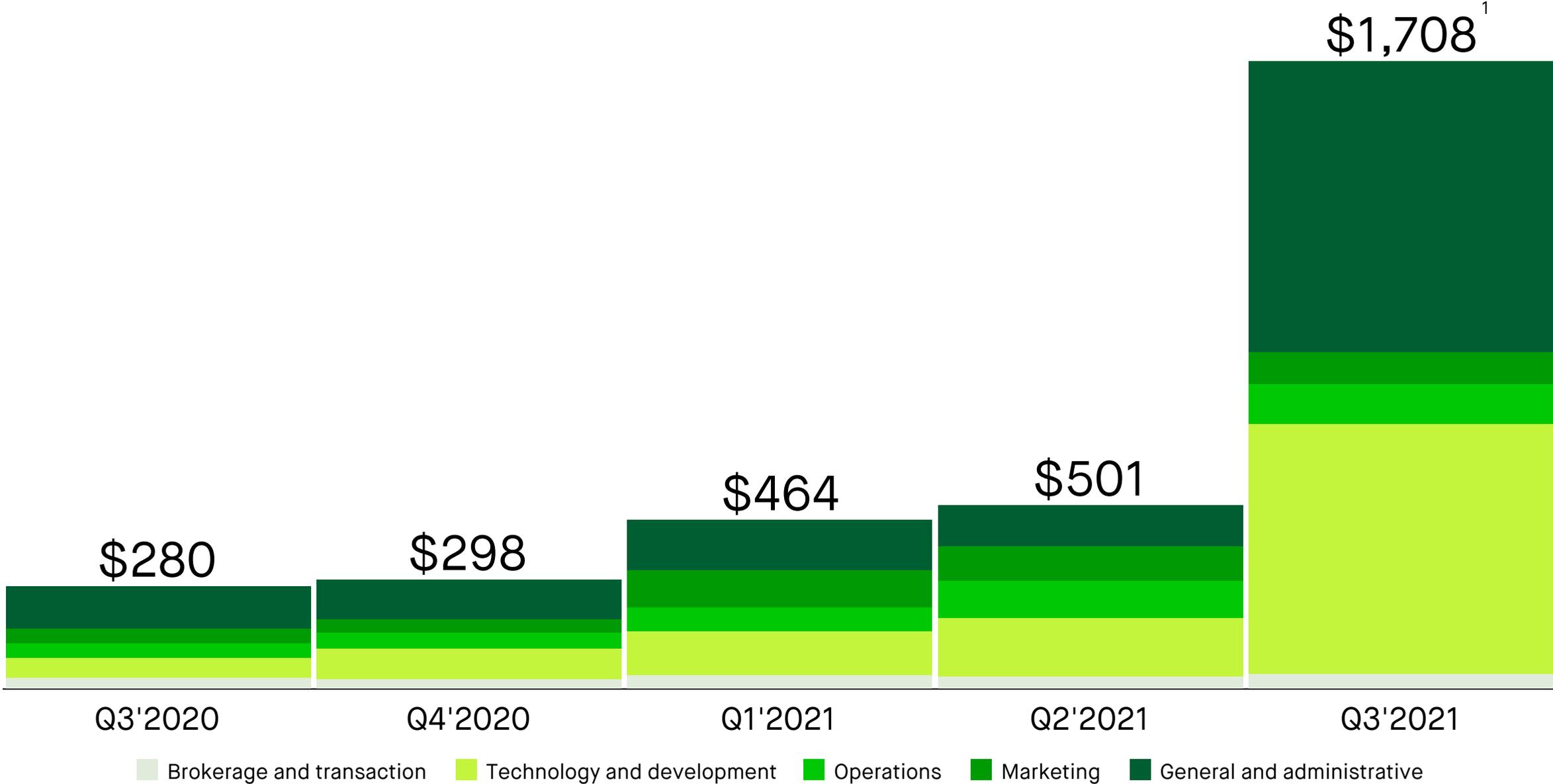
Refer to the Appendix for details of net interest revenues.



Operating Expenses

in millions

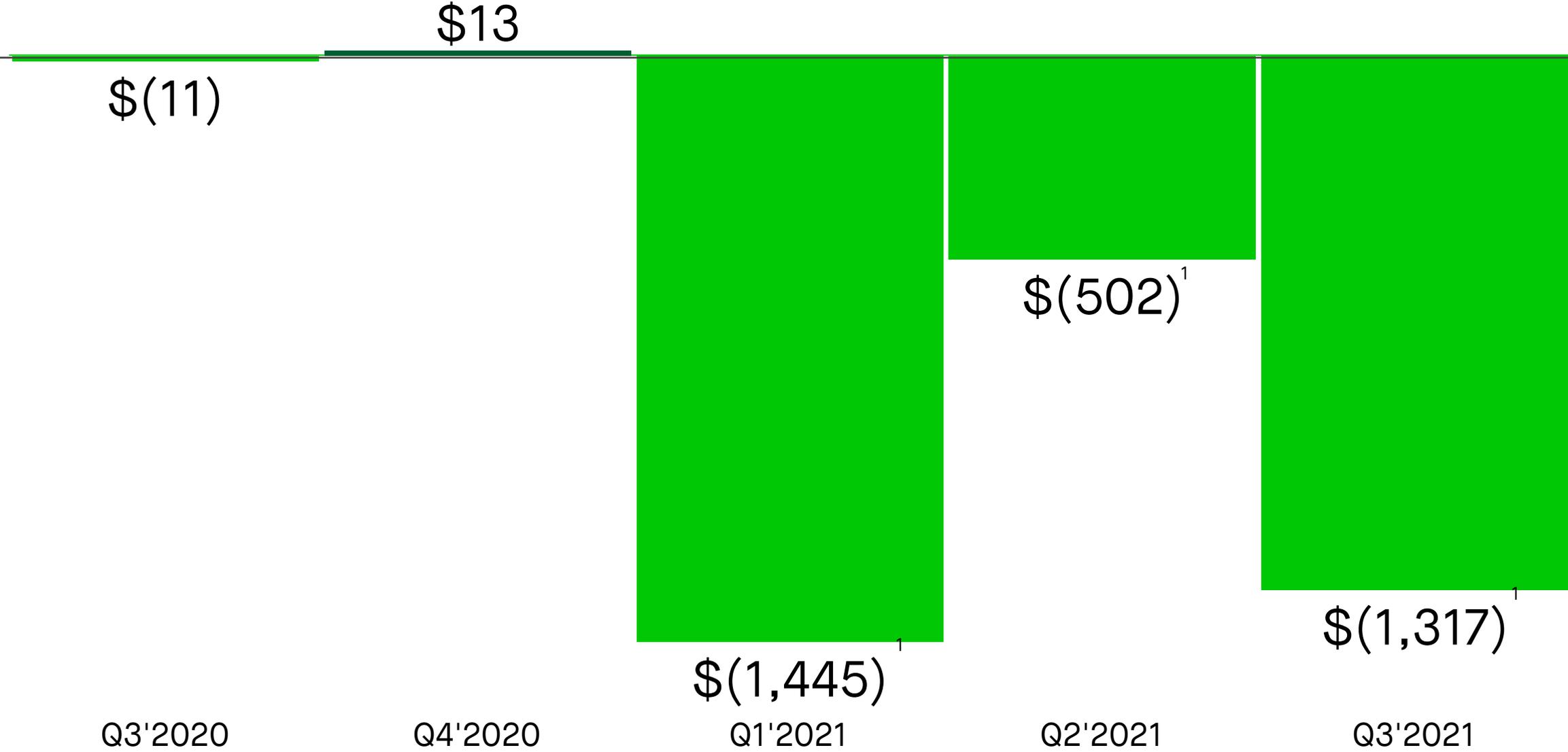
¹ Q3'2021 includes \$1,244 million in share-based compensation of which \$1,008 million was recognized upon our IPO. Refer to the Appendix for details of operating expenses.



Net Income (Loss)

in millions

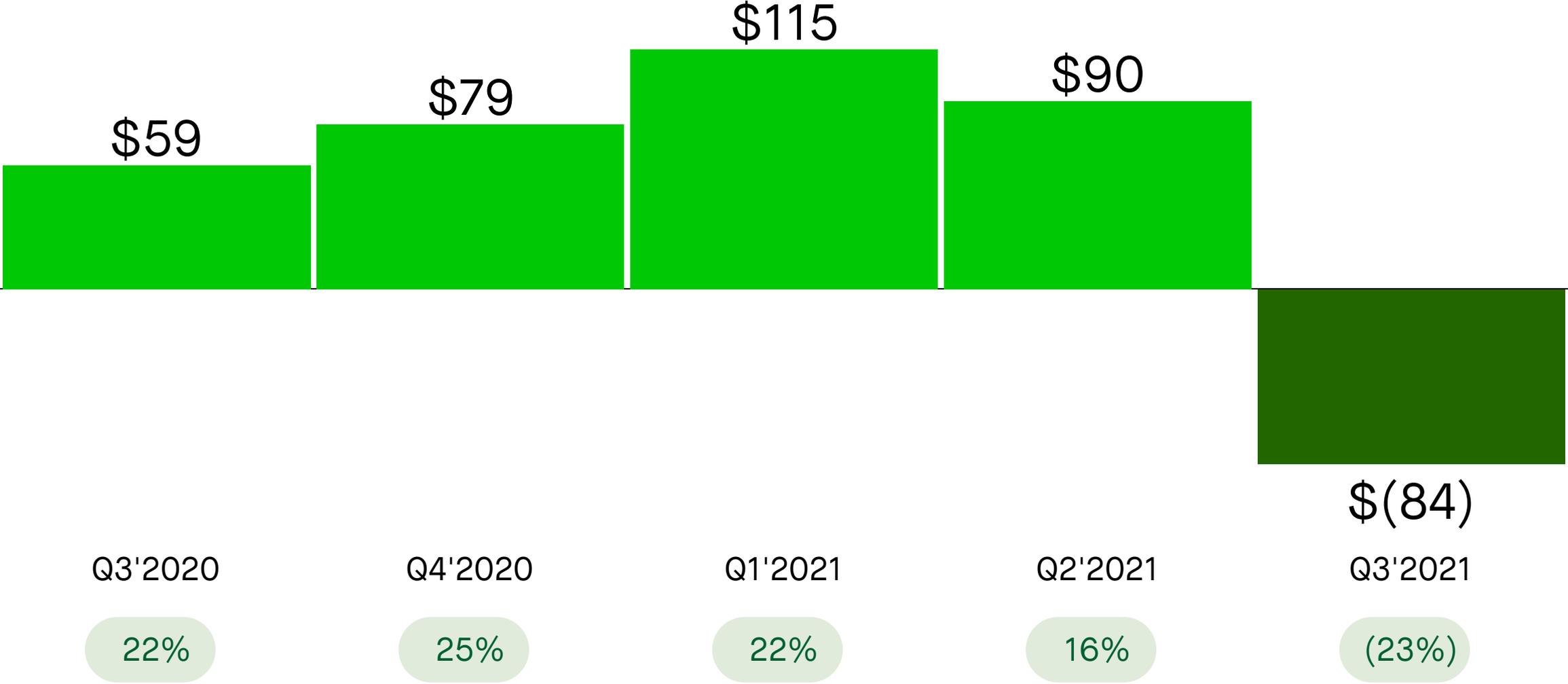
¹ Q1, Q2, and Q3 2021 included \$(1,492) million, \$(528) million, and \$(25) million for changes in fair value of our convertible note and warrants due to mark-to-market adjustments. Q3 2021 also included \$1,244 million in share-based compensation of which \$1,008 million was recognized upon our IPO.



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.



Appendix

Changes in Net Cumulative Funded Accounts

in millions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Beginning balance	9.8	11.4	12.5	18.0	22.5
New funded accounts	1.9	1.4	5.7	5.1	0.7
Resurrected accounts	0.1	0.1	0.4	0.3	0.1
Churned accounts	(0.4)	(0.4)	(0.6)	(0.9)	(0.9)
Ending balance	11.4	12.5	18.0	22.5	22.4

Assets Under Custody (AUC)

in billions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Equities	\$ 38	\$ 53	\$ 65	\$ 73	\$ 69
Options	1	2	2	2	1
Cryptocurrencies	1	4	12	23	22
Net cash held by users	4	4	2	4	3
Assets under custody	\$ 44	\$ 63	\$ 81	\$ 102	\$ 95

Changes in Assets Under Custody (AUC)

in billions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Beginning balance	\$ 33	\$ 44	\$ 63	\$ 81	\$ 102
Net deposits	9	7	11	10	2
Net market gains	2	12	7	11	(9)
Ending balance	\$ 44	\$ 63	\$ 81	\$ 102	\$ 95

Total Net Revenues

in millions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Transaction-based revenues	\$ 202	\$ 235	\$ 420	\$ 451	\$ 267
Net interest revenues	50	63	62	68	63
Other revenues	18	20	40	46	35
Total net revenues	\$ 270	\$ 318	\$ 522	\$ 565	\$ 365

Total Net Revenues — Transaction-Based Revenues

in millions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Options	\$ 127	\$ 142	\$ 198	\$ 165	\$ 164
Cryptos	5	12	88	233	51
Equities	69	80	133	52	50
Other	1	1	1	1	2
Total transaction-based revenues	\$ 202	\$ 235	\$ 420	\$ 451	\$ 267

Total Net Revenues — Net Interest Revenues

in millions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Securities lending	\$ 28	\$ 35	\$ 35	\$ 39	\$ 33
Margin interest	21	27	28	31	34
Interest on segregated cash and securities	1	1	1	1	1
Other interest revenue	1	1	1	2	1
Interest expenses related to credit facilities	(1)	(1)	(3)	(5)	(6)
Total net interest revenues	\$ 50	\$ 63	\$ 62	\$ 68	\$ 63

Operating Expenses

in millions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Brokerage and transaction	\$ 31	\$ 30	\$ 41	\$ 38	\$ 44
Technology and development	55	82	117	156	679
Operations	41	45	67	101	108
Marketing	39	33	102	94	87
General and administration	114	108	137	112	790
Total operating expenses	\$ 280	\$ 298	\$ 464	\$ 501	\$ 1,708

Operating Expenses Excluding Share-Based Compensation (SBC) Reconciliation

in millions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Brokerage and transaction (GAAP)	\$ 31	\$ 30	\$ 41	\$ 38	\$ 44
Less: SBC	—	—	—	—	6
Brokerage and transaction excluding SBC (non-GAAP)	31	30	41	38	38
Technology and development (GAAP)	55	82	117	156	679
Less: SBC	1	14	1	1	503
Technology and development excluding SBC (non-GAAP)	54	68	116	155	176
Operations (GAAP)	41	45	67	101	108
Less: SBC	—	—	—	—	16
Operations excluding SBC (non-GAAP)	41	45	67	101	92
Marketing (GAAP)	39	33	102	94	87
Less: SBC	—	1	—	—	41
Marketing excluding SBC (non-GAAP)	39	32	102	94	46
General and administration (GAAP)	114	108	137	112	790
Less: SBC	1	4	8	—	678
General and administration excluding SBC (non-GAAP)	113	104	129	112	112
Total operating expenses (GAAP)	\$ 280	\$ 298	\$ 464	\$ 501	\$ 1,708
Less: SBC	2	19	9	1	1,244
Total operating expenses excluding SBC (non-GAAP)	\$ 278	\$ 279	\$ 455	\$ 500	\$ 464

Net Cash Held by Users

in billions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Cash held by users	\$ 6.6	\$ 7.9	\$ 7.6	\$ 9.9	\$ 8.8
Customer margin balances	(2.3)	(3.6)	(5.4)	(5.5)	(6.2)
Net cash held by users	\$ 4.3	\$ 4.3	\$ 2.2	\$ 4.4	\$ 2.6

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations

in millions

	Q3'2020	Q4'2020	Q1'2021	Q2'2021	Q3'2021
Net income (loss)	\$ (11)	\$ 13	\$ (1,445)	\$ (502)	\$ (1,317)
Net margin ¹	(4)%	4 %	(277)%	(89)%	(361)%
Add:					
Interest expenses related to credit facilities	1	1	3	5	6
Provision for (benefit from) income taxes	—	6	12	38	(50)
Depreciation and amortization	2	3	4	5	7
EBITDA (non-GAAP)	(8)	23	(1,426)	(454)	(1,354)
Share-based compensation	2	19	9	1	1,245
Change in fair value of convertible notes and warrant liability	—	—	1,492	528	25
Significant legal and tax settlements, reserves and expenses	65	37	40	15	—
Adjusted EBITDA (non-GAAP)	\$ 59	\$ 79	\$ 115	\$ 90	\$ (84)
Adjusted EBITDA Margin (non-GAAP) ²	22 %	25 %	22 %	16 %	(23)%

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. "Fraudulent Deposit Transactions" occur when users initiate deposits into their accounts, make unsuccessful 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 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 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 release represent annualized ARPU for each 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, 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, reserves and expenses 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.