

# 2023 Annual Report

Our mission is  
to democratize  
finance for all.

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2023**
- OR**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**
- Commission File Number: **001-40691**

**Robinhood Markets, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**46-4364776**  
(IRS Employer  
Identification No.)

**85 Willow Rd**  
**Menlo Park, CA 94025**  
(Address of principal executive offices, including zip code)  
**(844) 428-5411**  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock - \$0.0001 par value per share	HOOD	The Nasdaq Stock Market

**Securities registered pursuant to section 12(g) of the Act:** None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$7.3 billion (based on the closing price of the registrant's Class A common stock on the Nasdaq Global Select Market on that date). Shares of common stock owned by executive officers and directors have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

As of February 22, 2024, the numbers of shares of the issuer's Class A and Class B common stock outstanding were 748,126,154 and 126,421,315.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The information required by Part III of this Report, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Stockholders to be held in 2024, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

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# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) of Robinhood Markets, Inc (“RHM” and, together with its subsidiaries, “we”, “Robinhood”, or the “Company”) contains forward-looking statements (as such phrase is used in the federal securities laws), which involve substantial risks and uncertainties. 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. This Annual Report includes, among others, forward-looking statements regarding:

- our expectations regarding legal and regulatory proceedings and investigations;
- our plans to keep investing in mobile and continue to innovate for our active traders as well as to keep investing in our existing products and features while also launching new products like credit cards;
- our belief that as our customers grow their wealth, they will continue to expand their relationship with our platform, providing an increased opportunity to meet their growing financial needs;
- our belief that there is a significant opportunity for Robinhood to grow internationally; our intent to pursue a disciplined approach to international expansion; our plan to consider factors such as population size and demographics, legal and regulatory environments, and general investing attitudes and the competitive landscape in potential new markets when pursuing such expansion;
- our expectations about adapting our product and service offerings to reflect local regulatory requirements, customer preferences, and other location-specific factors when pursuing such expansion; and
- our expectations about the sufficiency of our primary sources of liquidity being adequate to meet our current liquidity needs for the next 12 months.

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 Annual Report. 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 (“SROs”);
- 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 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 risks associated with incorporating artificial intelligence (“AI”) technologies into some of our products and processes;
- the volatility of cryptocurrency prices and trading volumes;
- the risk that our platform could be exploited to facilitate illegal payments; and
- the risk that substantial future sales of Class A common shares 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 is included in the section of this Annual Report titled “Risk Factors” and our other filings with the U.S. Securities and Exchange Commission (“SEC”), which are available on the SEC’s web site at [www.sec.gov](http://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 we file this Annual Report, 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 Annual Report whether as a result of any new information, future events, changed circumstances, or otherwise. You should read this Annual Report with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect.



# PART I

## ITEM 1. BUSINESS

### ***Company Overview***

Robinhood was founded in 2013 on the belief that everyone should be welcome to participate in our financial system. We are creating a modern financial services platform for everyone, regardless of their wealth, income, or background.

Our mission is to democratize finance for all. We use technology to provide access to the financial system in a way that is simple and convenient for our customers. We believe investing should be familiar and welcoming, with a simple design and an intuitive interface, so that customers are empowered to achieve their goals. We started with a revolutionary, bold brand and design in the Robinhood app which makes investing approachable for millions. We pioneered commission-free stock trading with no account minimums, which has since been adopted by the rest of the industry, and we continue to build relationships with our customers by introducing new products that further expand access to the financial system. Through these efforts, we believe we have made investing culturally relevant and understandable, and that our platform is enabling our customers to become long-term investors and take greater control of their finances.

At Robinhood, our values are in service of our customers. The following values describe the company that we aspire to become:

- *Safety First.* Robinhood is a safety first company. Period. We create with care, make changes thoughtfully, and we obsess over details. We don't compromise regulatory requirements to move fast, and when we see something amiss, we move quickly to correct it. We take risks responsibly with safety as the foundation of innovation.
- *Radical Customer Focus.* Customers are at the center of our company. We listen to them, design for their needs, and aim to make our user experience simple and intuitive. We put what's best for customers at the center of decision-making. When there are customer pain points, we fix them quickly.
- *Participation Is Power.* We empower a new generation of investors. We seek to enable everyone to participate in the financial system and we deliver products to help them accomplish their long-term financial goals. We educate and empower our customers and strive to make the financial industry more inclusive. We were founded on the ideal that the rich shouldn't get a better deal, so we treat people fairly and strive to deliver exceptional value.
- *One Robinhood.* We're all invested in the same mission. We earn the trust of our colleagues by being honest, inclusive, and transparent. We invite diverse perspectives, support each other, and engage in lively but kind debate in pursuit of our path forward. When decisions are made we move in unison with an ownership mentality. We hold ourselves accountable but never point the finger or evade responsibility, and we treat everyone with respect and grace.
- *High Performance.* Our first instinct is to take action. We strive for improvement and push for progress; and when something is broken, we fix it. We are driven by impact and constantly go after big opportunities. We are making Robinhood a place people want to be by investing in our employees, leveraging diverse perspectives, and rewarding top performance.

- *First-Principles Thinking.* We are inventors, dreamers, and problem solvers. We question assumptions and seek creative solutions rather than just following the crowd. We use data and experiments to inform our decisions, but we also make bold bets, challenge the status quo, and are often a first mover. And ultimately, we bravely do what's right even when it's scary and hasn't been done before.
- *Lean and Disciplined.* We do more with less. We pursue operational excellence so that we can deliver exceptional value to customers. We set ambitious goals, monitor progress, and regularly benchmark our performance to increase efficiency and effectiveness. We are respectful of each other's time, so when we change course we do so intentionally after weighing the tradeoffs.

## ***Our Products And Features***

We understand that millions of our customers have used Robinhood to enter the financial markets for the first time, and we take our responsibility to them seriously. We are passionate about operating Robinhood in a way that aligns with customer interests, applicable regulations, and with our own mission to democratize finance for all. We plan to create an ecosystem of financial products and services that will enable people across the world to become investors. We believe the products on our roadmap will go a long way toward making that a reality.

We believe our products can transform the relationship people have with the financial system. We began by offering our customers the ability to buy and sell equities on a mobile-first platform and have since continued to expand our offerings to add products and features for our customers. Each capability we have added has been the result of a continuous focus on our customers' needs and feedback, which has guided our product development decisions throughout our history.

The core tenet of the Robinhood offering—expanding access to our financial system through products that empower people to learn, participate, and grow—underpins each of our offerings. We remain focused on building the best products and ultimately aim to serve all of our customers' financial needs.

### ***Brokerage***

- *Investing.* Our platform allows our customers to invest commission-free in U.S.-listed stocks and exchange traded funds ("ETFs"), as well as related options and American Depositary Receipts ("ADR"). We believe we have designed an elegant, intuitive investing interface that provides our customers with trading functionality and market information such as historical prices, valuation multiples, recent news, analyst ratings, and more. We also launched advanced charts, which gives customers customizable, quick, simple and in-depth analysis right in the app.
- *Options Trading.* We review eligibility for our customers who wish to trade options, including disclosure of investment experience and knowledge, investment objectives and financial information. Subject to approval from Robinhood, customers can access basic options strategies (Level 2), which permits buying calls and puts and selling covered calls and puts, or more advanced options strategies (Level 3), which permits fixed-risk spreads (such as credit spreads and iron condors) and other advanced trading strategies, depending on their individually disclosed preparedness. We conduct regular reviews of our customers' eligibility and take action to revoke access to trading options as appropriate, to ensure our customers are accessing the level of options strategies that are appropriate for them based on information such as their trading experience, investment objectives and financial situation.
- *Fractional Trading.* Fractional trading allows customers to invest in fractions of a share of stock, rather than requiring them to buy and sell whole shares. This service enables customers to build a diversified portfolio regardless of their budget and removes a barrier to investing in higher-priced stocks, thereby providing access to a much greater selection of equities with as little as \$1.

- *Recurring Investments.* Our recurring investment feature enables our customers to automatically buy shares of equities and certain ETFs on a set schedule, allowing them to build positions over time and establish regular investing habits, even with small contributions. Our customers can also elect to automatically reinvest dividend income back into the underlying respective shares.
- *Access to Investing on Margin.* Subject to approval upon meeting eligibility criteria set by Robinhood, customers can invest on margin. This allows eligible customers to borrow a limited amount of funds from Robinhood at a floating interest rate to use as additional investing capital. Robinhood decides whether to extend margin to each customer who applies for access based on information regarding customer activity, portfolio equity or net worth criteria, investment objectives, and investing experience reported by the customer.
- *Fully-Paid Securities Lending.* Under our Fully-Paid Securities Lending program (“Fully-Paid Securities Lending”), a customer can earn passive income on their stock portfolio once they give Robinhood permission to lend out any fully paid stocks in their portfolio. Robinhood does the work of finding interested borrowers and customers get paid a share of the interest revenue earned when their shares have been loaned to borrowers.
- *Cash Sweep.* Our cash sweep program (“Cash Sweep”) provides additional value to our brokerage customers by allowing them to earn interest on uninvested brokerage cash swept to our partner banks. The interest compounds daily and is then paid out by the partner banks monthly, with customers able to track how much they’ve earned directly within the app. Cash deposited at these banks is eligible for Federal Deposit Insurance Corporation (“FDIC”) insurance.
- *Instant Withdrawals.* Our instant withdrawals feature enables eligible customers to withdraw money from their Robinhood accounts and instantly deposit it to their bank accounts or debit cards with a fee. Instant withdrawals are also available to customers of the Robinhood Cash Card and Spending Account (each described below).
- *Robinhood Retirement.* We are making it easy and accessible to start saving for retirement through a traditional Individual Retirement Account (“IRA”) or Roth IRA and are expanding options for the growing population of freelance and gig workers without access to employer-based matching programs. Customers’ eligible contributions to their retirement account can earn a percentage match by Robinhood (“Robinhood Retirement Match”), subject to a five-year holding period. We offer customer IRA instant deposits up to \$1,000, which allows customers to immediately start investing. Customers can also get a custom recommended portfolio, build their own, or do both, all commission-free.
- *24 Hour Market.* We are the first U.S. broker to offer around-the-clock trading of individual stocks, 24 hours a day, 5 days a week. We also offer around-the-clock trading of ETFs. It allows our customers to better manage their risk and take advantage of opportunities, no matter what time of day they arise.
- *IPO Access and Directed Share Program.* Our IPO Access feature enables our customers, with no account minimums, to buy shares in participating initial public offerings (“IPOs”) at the IPO price, before trading begins on public exchanges. We also offer our Directed Share Program service that gives an issuing company the chance to set aside a certain amount of shares, at the IPO price, for a specific group of people, such as employees, valued customers, vendors, or others who have a relationship with the issuer.

## *Robinhood Crypto*

### *United States*

We offer commission-free cryptocurrency trading in the United States through Robinhood Crypto, LLC (“RHC”). We have expanded our coverage to include every U.S. state and the District of Columbia, except for Hawaii.

We currently support trading in the following cryptocurrencies, where available<sup>(1)</sup>:

Aave (AAVE)	Avalanche (AVAX)*	Bitcoin (BTC)
Bitcoin Cash (BCH)	Chainlink (LINK)	Compound (COMP)*
Dogecoin (DOGE)	Ethereum (ETH)	Ethereum Classic (ETC)
Litecoin (LTC)	Shiba Inu (SHIB)*	Stellar Lumens (XLM)*
Tezos (XTZ)*	Uniswap (UNI)*	USD Stablecoin (USDC)**

<sup>(1)</sup> Not all cryptocurrencies are available in every state. A single asterisk indicates a cryptocurrency is not currently available for trading in New York. A double asterisk indicates a cryptocurrency is not currently available for trading in New York or Texas.

We also offer crypto recurring investments, allowing customers to automatically buy crypto, commission-free, on a schedule of their choice. This feature allows customers to build positions in their favorite cryptocurrencies over time. As an agent, we route all cryptocurrency transactions initiated by customers to third-party market makers. We never act as a counterparty to our users’ buy or sell transactions. We also offer cryptocurrency transfers (“Crypto Transfers”), allowing customers to transfer cryptocurrency into and out of their RHC accounts without commission, where eligible.

Additionally, we provide real-time market data for certain cryptocurrencies, including those that are not supported on RHC’s platforms, for informational purposes only.

In 2023, we launched Robinhood Connect, a new avenue that allows customers to fund Web3 wallets without the need to leave decentralized applications, or dApps. This avenue also benefits developers by being able to quickly embed the feature directly into their dApps, allowing their customers to use Robinhood Crypto to buy and transfer crypto, and fund their self-custody wallets.

### *European Union*

As of December 2023, we also offer commission-free cryptocurrency trading in select jurisdictions within the European Union (the “EU”) through Robinhood Europe, UAB (“RHEC”) using a separate mobile application that is only available to eligible users in the EU. Eligible users in select jurisdictions in the EU can currently buy, sell, and hold select cryptocurrencies through RHEC. The list of cryptocurrencies supported by RHEC for eligible users in select jurisdictions in the EU is available on our website at <https://robinhood.com/eu/en/support/articles/about-robinhood-crypto/>.

### *Custody*

We hold all settled cryptocurrencies in custody on behalf of customers in two types of wallets: (i) hot wallets, which are managed online, and (ii) cold wallets, which are managed entirely offline. Our wallets store and transfer all the settled digital assets listed above using either private keys through hardware security modules or an architecture combining multi-party computation and hardware security to eliminate a single point of failure. We do not utilize third-party custodians for settled cryptocurrencies, but we do integrate proprietary technology from a third-party industry-standard vendor into the systems we use to support the custody, transfer and settlement operations to our wallets. In general, the overwhelming majority of cryptocurrency coins on our platform are held in cold storage, in facilities located in the United States with physical security systems that we believe are state-of-the-art, though some coins are held in hot wallets to support day-to-day operations.

We maintain custody of our customers' cryptocurrencies in omnibus wallets on behalf and for the benefit of our customers. Following the purchase of cryptocurrencies from liquidity providers, cryptocurrencies are delivered to the secure omnibus wallet, or in the case of a net sell, cryptocurrencies are moved from such wallet to the liquidity provider's account. We have implemented strict operational protocols and permissions for cryptocurrency movement with our internal operational team to restrict access to customer wallets, and tightly control the movement of cryptocurrencies. More than one person is required to initiate and approve each large transfer, and only a small group of higher-level employees have the necessary privileges to add and authorize new addresses or to release proceeds from wallets. Access to cryptocurrency transfer interfaces is strictly controlled and requires hardware two-factor authentication to log in. To help ensure our security system functions as designed, our systems undergo security audits and are regularly subject to penetration testing.

We maintain a ledger of customers' ownership and account balances of cryptocurrencies. Additionally, the Company's accounting and crypto operations team has established internal control procedures and maintains records to verify the total quantity of each cryptocurrency we custody for our customers that are held in the omnibus wallets. Such controls are periodically tested by the Company's internal financial compliance team.

With the exception of small amounts of cryptocurrency we purchase to support our business operations, we do not hold cryptocurrency for our own account and, therefore, do not commingle cryptocurrencies with those of our users. We do not engage in lending transactions with cryptocurrencies held on behalf of customers. We do not seek to profit from proprietary trading and only facilitate customer transactions. In addition, we have anti-money laundering and insider trading programs intended in part to prevent self-dealing and other potential conflicts of interest, including with respect to our cryptocurrency services.

#### *Robinhood Wallet*

Separately from RHC and RHEC, Robinhood offers a self-custody, web3 wallet (the "Robinhood Wallet") in over 150 countries through our Cayman Islands subsidiary, Robinhood Non-Custodial Ltd. ("RHNC"), that allows customers to deposit and withdraw cryptocurrencies to and from their wallets. Customers can store and manage cryptocurrencies on the Ethereum, Bitcoin, Dogecoin, Polygon, Arbitrum, Optimism and Base networks. The Robinhood Wallet gives customers full control over their cryptocurrencies, which means they hold and maintain the private key to their assets, and does not collect any portion of network or "gas" fees imposed by the applicable network. The Robinhood Wallet is a software application that users must access via a separate application. Neither RHC nor RHEC custody any Robinhood Wallet assets.

#### *Robinhood Gold*

Our subscription service grants subscribers access to a number of premium features. After an initial 30-day free trial, subscribers pay a flat recurring rate. Our premium features offered to Gold subscribers include:

- *Higher Interest on Cash Sweep.* Subscribers can earn a higher interest rate on the cash swept to participating banks compared to users who do not subscribe to Gold.
- *Higher Match on IRA Contribution.* Subscribers can earn a higher percentage match of 3% on eligible contributions compared to users who do not subscribe to Gold.
- *Bigger Instant Deposits.* Subscribers can immediately access \$5,000 to \$50,000 of their deposit, depending on their brokerage account balance and status, instantly so they can invest that portion of their deposit right away.

- *Access to Investing on Margin at a More Competitive Interest Rate.* Subscribers can invest on margin at a lower rate compared to users who do not subscribe to Gold. No interest is charged on the first \$1,000 in margin borrowed by each Robinhood Gold subscriber.
- *Professional Research.* Subscribers have unlimited access to in-depth stock research reports provided by Morningstar.
- *Nasdaq Level II Market Data.* Subscribers have the ability to see greater depth of orders for any given stock or option. The ability to see multiple buy and sell requests helps subscribers understand the availability or desire for a stock at a certain price.

#### *Robinhood Credit Card*

Our Robinhood Credit Card allows us to provide our customers access to credit. The credit card program is funded under a program agreement (“Program Agreement”) between Robinhood Credit, Inc. (“Robinhood Credit”) (formerly X1 Inc.) and Coastal Community Bank (“Coastal Bank”), a member of the FDIC. There are no annual fees, no late fees, and no foreign transaction fees. The credit card offers rewards on each purchase.

#### *Robinhood Cash Card and Spending Account*

Our Cash Card and Spending Account allows customers to spend with a prepaid spending card (“Robinhood Cash Card”) issued by Sutton Bank (“Sutton”). We offer a variety of features, such as recurring investments, paycheck early access, and a cash back rewards program. There are no monthly fees, no subscription fees, and no account minimum fees. Funds held in Robinhood Cash Card and Spending Account are eligible for FDIC insurance.

### **Education**

We believe that offering educational resources is critical to advancing our mission. The more financial education people receive, the better equipped, and thus more empowered they will be to make personal investment decisions that meet their long-term goals. We’ve been expanding financial educational resources on the Robinhood Learn website for anyone to access as well as in-app education for our customers.

We offer a variety of ways for our customers to grow their financial knowledge:

- *Robinhood Learn.* Robinhood Learn is an online collection of beginners’ guides, feature tutorials, and an extensive financial dictionary available to anyone. It is designed to provide people with a breadth of financial education and is regularly updated to ensure we provide timely and relevant information for anyone to learn and grow.
- *In-App Education.* Our first in-app education resources cover investing fundamentals including why people invest, a stock market overview, and tips on how to define investing goals. This allows customers to understand the basics of investing before their first trade. We plan to continue to release additional Learn modules to provide customers access to information that can help build financial confidence.
- *Newsfeeds.* Our newsfeeds give customers access to free, premium news from sites such as *Barron’s*, *Reuters* and *Dow Jones*.
- *Robinhood Snacks.* Robinhood Snacks is an accessible digest of business news stories written for a new generation of investors. Its bite-sized news stories bring new investors the latest market-moving news without all of the complicated financial jargon. Building on the success of Robinhood Snacks, we formed Sherwood Media, LLC, a subsidiary that is the home for news and information about the markets, economics, business, technology, and the culture of money.



Throughout 2023, we offered a suite of new editorial offerings, complementing Robinhood Snacks with more always-on news updates and analysis, original reporting and new newsletter offerings.

- *Crypto Learn and Earn.* Our exclusive in-app educational module available to all RHC and eligible RHEC customers via Robinhood Learn that educates customers on the basics about cryptocurrency. Customers who complete these courses will be eligible to receive rewards, which will be paid out in cryptocurrency.

## ***Our Technology***

The Robinhood mobile app is the core front-end pathway through which our customers engage with us. Our self-clearing platform, order routing system, data platform, and other back-end infrastructure deliver the capabilities that allow our customers to focus on investing, saving and spending, while also enabling us to rapidly develop products that our customers love to use.

Some of our most critical technologies include:

- *Core Infrastructure and Data Platform.* Our core infrastructure and data platform are all built on Amazon Web Services, and our platform enables application developers to define their microservices in a simple, standardized manner while also providing built-in scalability and resiliency.
- *Self-Clearing System.* Our self-clearing services allow us to clear and settle trades across stocks, ETFs, and options without relying on a third-party clearing firm, an approach that provides increased internal visibility over clearing and settlement.
- *Order Routing System.* We built a proprietary order routing system that uses statistical models to evaluate past orders and execution quality data, and automatically routes customer orders to the market makers that have historically given customers the best prices. This competition-based system creates an incentive for market makers to provide better prices for our customers, in order to receive more orders in the future. We are committed to seeking a quality execution on every order, and our routing protocols are designed with this in mind.
- *Machine Learning Platform.* Our machine learning models are highly advanced and contribute to multiple capabilities across our business. For example, we use machine learning as part of our fraud detection systems and customer support workflows, and even to improve the customer experience in our newsfeed by expanding the number of sources we can pull from, parsing and categorizing these articles, and delivering highly relevant and varied news to our customers for companies, stocks, or cryptocurrencies.
- *Experiments Infrastructure.* To enable our rapid product development cycle, we've built a proprietary experiments infrastructure that enables us to test product changes through the build process and validate research hypotheses. The iterative, customer-centric product development approach that is so core to our success is enabled by this robust internal technology.

## ***Our Customers***

We are empowering a new generation of financial consumers. Robinhood was built to make the financial system more friendly, approachable, and understandable to newcomers and experts alike. We have reached customers across the United States from a wide variety of social and economic backgrounds and many of our customers funding accounts on our platform told us that Robinhood was their first brokerage account. We take pride in the fact that we are expanding the market by welcoming new investors into the financial system and helping the next generation of investors build sound long-term investing, saving, and spending habits.

Customer feedback is at the heart of product development at Robinhood. As such, we regularly communicate with our customers—not just to provide support, but also to learn more about their experiences and insights, and to respond to their feedback about our products. This keeps us connected with customers and enables us to understand their expectations and the problems and opportunities they face financially. In response to slower customer support response times during high volume periods, we also streamlined the in-app phone support request process and introduced 24/7 in-app chat support.

## ***Our Growth Strategies***

We aim to serve our customers with existing product offerings, grow with our customers over time as they build their wealth, and create new and innovative products that are relevant to new and existing customers.

### *Winning the Active Trader Market*

We are laser focused on being the top platform for traders who trade more actively and use more sophisticated products, and we track our progress here by Notional Trading Volume (as defined in Part II, Item 7 of this Annual Report, “Glossary Terms”) market share. Our focus has been on systematically resolving issues that would lead an active trader to consider using another platform, with a particular emphasis on pricing, speed, and app usability. In 2023, we launched several new features and products focused on delivering the top feature requests and addressing pain points from our active traders. These features and products included 24 Hour Market, upgraded advanced charts, strategy builder, stock screeners, and streamlined equity trading flow. We plan to keep investing in mobile where we are number one in the market today and to create a pro trader web experience that positions us to be the number one overall. We also plan to continue to innovate for our active traders to drive an even better experience.

### *Increasing Wallet Share*

Many of our customers are just beginning their financial journeys. As our customers grow their wealth, we believe they will continue to expand their relationship with our platform, providing an increased opportunity to meet their growing financial needs. We believe that these needs may come in a number of forms, from helping new investors grow into long-term investors to providing other financial services such as saving, spending, or facilitating payments. We are committed to deepening strong relationships with our customers and we are focused on increasing Robinhood Gold Memberships and Net Deposits (as defined in Part II, Item 7 of this Annual Report, “Key Performance Metrics”). We plan to keep investing in our existing products and features such as Robinhood Gold, Robinhood Retirement, and deposit matches, while also launching new products like credit cards.

### *Expanding Internationally*

We believe there is a significant opportunity for Robinhood to grow internationally. The Robinhood Wallet was our first offering to customers internationally and is empowering customers around the world to custody their own crypto. In December 2023, we launched the brokerage services in the United Kingdom on a rolling basis, and plan to reach full availability in the first half of 2024. The United Kingdom customers have access to commission-free trading of U.S.-listed stocks and ADRs. Additionally, we launched the Robinhood Crypto app to all eligible customers in select jurisdictions in the EU. Over time, we intend to pursue a disciplined approach to international expansion and we will consider factors such as population size and demographics, legal and regulatory environments, and general investing attitudes and the competitive landscape in potential new markets prior to pursuing such expansion. Our plans to pursue international expansion are dependent on a variety of external factors, including, among other things, our obtaining required regulatory approvals, authorizations, licenses and consents, our obtaining and protecting intellectual property rights abroad, and the identification of and successful entry into new business partnerships with third-party service providers that would be necessary to provide our products and services in the relevant local market.



## ***Competition***

We believe that we are changing the consumption patterns for financial products and services and growing the market, but will continue to face competition from other firms including large legacy financial institutions, large technology companies, and smaller, new financial technology entrants.

We believe that the key competitive factors in our market include:

- product innovation, including features, quality, and functionality;
- operating efficiency;
- engineering talent;
- brand recognition;
- security and trust;
- cloud-based architecture;
- regulatory licenses; and
- vertical integration.

We seek to differentiate ourselves from competitors primarily through our vertically integrated, mobile-first platform and focus on accessibility, customer experience, and trust. We believe that our ability to innovate quickly further differentiates our platform from our competition. We believe we compete favorably across all key competitive factors and that we have developed a business model that is difficult to replicate.

## ***Our Competitive Advantages***

We believe we have a number of competitive advantages that position us well to serve an increasing portion of the population and the broader financial services ecosystem.

### ***Creative Product Design***

We believe archaic, cumbersome digital platforms reinforce legacy barriers to participation in the financial system. We put design at the center of our product with the goal of building long-term relationships with customers. We involve our talented product designers early and often throughout our product development process to create intuitive and elegant experiences that efficiently address our customers' needs. Our customer-centric approach has made our platform easy to use, informative, and familiar in look and feel for a generation of mobile-first customers. For example, we seamlessly integrate information into our platform through Robinhood Learn and our newsfeed, which offers free news from trusted sources including *Barron's*, *Reuters*, and *Dow Jones*. In addition, we continue to work to deliver an intuitive product experience including developing and implementing designs to celebrate investing milestones of our customers in a responsible way. Our products are designed mobile-first, allowing us to offer attractive investing, spending, and saving experiences as more people shift their daily financial services activities to the palm of their hands.

### ***Category-Defining Brand***

We believe Robinhood today is a symbol of retail investing and finance in America. By taking a fresh, people-centric approach and creating a delightful, engaging customer experience, we believe we have built a trusted, category-defining brand that has made investing socially relevant for the next generation.

The relationship we have built with our customers has led many to want to talk about Robinhood and share their experience with their friends and family. From Robinhood's inception, a vast majority of our growth has come directly from customers joining our platform organically or through the Robinhood Referral Program (defined below). Since 2023, we have increased our investment in paid marketing channels to continuously promote our brand, products, and services. We believe the excitement around Robinhood demonstrates how our innovative approach to financial products has built deep, loyal customer relationships and positioned us well to continue attracting new people to our platform, and sharing new product experiences with our customers.

### *Financial Services at Internet Scale*

Our people-centric approach has driven customer enthusiasm and engagement, resulting in rapid adoption of our products. We designed our platform to provide our customers with relevant, accessible information when they need it most. Being an investor involves following a regular cycle of events—news releases, earnings announcements, transaction executions—that creates a regular cadence of content and information. We use our platform, from push notifications to widgets, to provide seamless customized updates to our customers. This engenders trust, creates enduring long-term relationships, and has resonated with our customers.

### *Vertically Integrated Platform*

We design our own products and services and deliver them through a single, app-based platform supported by proprietary technology that has been cloud-based from the start. We are a licensed introducing broker-dealer, a licensed clearing broker-dealer, and a licensed money-transmitter. Our digitally-native technology stack also gives us control over our product development from end-to-end, enabling faster development times, better customer experiences, stronger unit economics, greater flexibility, and a robust and dynamic risk management framework. Our vertically integrated platform has enabled us to rapidly introduce new products and services such as 24 Hour Market, Robinhood Wallet and Robinhood Retirement while also supporting our ability to scale.

## **Seasonality**

Our business can be subject to seasonal fluctuations due to such factors as retail interest in investing, overall number of market participants and trading volumes, varying numbers of trading days from quarter-to-quarter, declines in trading activity around holidays, and proxy and investor communications activity during proxy season. Seasonal trends may be superseded by market or macroeconomic events, which can have a significant impact on equity and cryptocurrency valuations and trading activity.

## **Human Capital**

### *Our Employees and Culture*

Robinhood employees are at the heart of our company mission. As of December 31, 2023, we had approximately 2,200 full-time employees. We seek to foster a high-performance culture that elevates and embraces all voices. During our weekly “all-hands” meetings, every employee has the opportunity to ask a question of our senior leadership. To ensure we provide a rich experience for our employees, we conduct ongoing employee surveys to build on the competencies that are important for our future success. Our employee surveys are an important part of our culture and the results are an important part of how we make decisions about life at Robinhood. These regular check-ins with employees provide critical input for company decisions on how to best improve productivity, inclusion, and retention. Inclusivity is core to our culture and we seek to create an environment where all viewpoints, including opposing ones, are welcome. We provide resources, opportunities, and support for career and personal growth, as well as ongoing company initiatives to maintain strong employee engagement.

## *Talent Acquisition and Development*

A critical foundation of our mission is building an inclusive environment that attracts, develops and retains exceptional talent from diverse backgrounds and experiences. We prioritize hiring great leaders with deep functional expertise, we set high standards for performance and we commit to their professional and technical development so we can grow together as we transform the future of finance. We continue to invest in recruiting and fostering diverse talent and supporting all of our employees.

We work to attract the best talent from a range of sources in order to meet the current and future demands of our business. We have relationships with universities, professional associations, and industry groups to proactively engage and attract talent from underrepresented groups. We work with trusted third-party partners to help us mitigate potential bias in our hiring process—from the language used in our job descriptions to how technical screening interviews are conducted.

The professional growth of our people is essential to the growth of our business and we aim to empower all Robinhood employees to reach their full potential. We support job-specific capabilities and training to help develop behavioral and leadership capabilities for all employees. All full-time employees are offered funds that can be used for education to support skill-building both in current and for future roles, as well as access to resources and training to build their capabilities and professional coaching. We also offer a variety of formal and informal development and skills-building opportunities to our managers. For example, we have a leadership development experience for all managers to support them in their growth and development as leaders at Robinhood.

## *Inclusion, Equity, and Belonging (“IEB”)*

Prioritizing an inclusive and equitable culture that attracts, motivates, and retains diverse talent within our workplace is critical to delivering on our mission. As our customer base is incredibly diverse, we are building a company that can anticipate and meet their needs. We strive to do this in four distinct ways: ensuring our workplace culture is accessible and respectful, broadening the diversity of our workforce at all levels, effectively serving non-traditional investors, and increasing financial literacy among underserved communities. We value each of our employees and their unique contributions as we build our company together.

We have an IEB team dedicated to delivering on Robinhood’s commitment to create an inclusive environment. In 2023, we integrated IEB education into the workflow for our leaders and people managers, incorporating mitigating bias and equity content into feedback loops, performance reviews, and promotions. We attended and sponsored a number of conferences focused on recruiting talent from underrepresented groups and continued to expand our community outreach efforts around financial inclusion for underrepresented communities.

As of December 31, 2023, 60% of our employees are members of at least one of our Robinhood Employee Resource Groups (“ERGs”) which are voluntary, identity or experience-based groups led by members and allies who join together to foster a more inclusive workplace. Each ERG is sponsored by members of our leadership team. We utilize ERGs to create a welcoming environment for new employees by designating Robinhood Ambassadors, leaders within our ERGs who are available to candidates and new employees who want to learn more about working at Robinhood. ERG members also have the opportunity to develop professionally, expand their networks, drive awareness around important social issues, and amplify the needs and voices of underrepresented groups. Robinhood ERGs include: Asianhood, Black Excellence (BEX), Divergent (for Neurodiversity), Latinhood, Parenthood, Rainbowhood, Sisterhood, Veterans at Robinhood, and Women in Tech.

In addition to providing a supportive, safe space for employees, a number of Robinhood ERGs support specific business objectives that include recruiting, employee engagement, marketing, and more. For example, our Women in Tech ERG hosted their annual Women in Tech conference, providing opportunities for career development and networking.

## *Employee Incentives and Benefits*

We offer competitive compensation for employees and benefits for themselves and their families. To help foster our high performance culture, all employees are eligible for variable incentive pay (bonus and/or equity) and all of our compensation programs are directly linked to individual and company performance. Our comprehensive benefits are designed to attract the best talent and to ensure Robinhood employees are supported. Where applicable, eligibility also extends to domestic partners and their children; our approach aims to support the diverse needs of our employees. Some notable benefits that our employees value include lifetime fertility benefits, a flexible lifestyle wallet that can be used for wellness, education or any number of other benefits, generous paid family leave, retirement savings with employer match, and employer-paid health benefits.

## ***Intellectual Property***

Our success and ability to compete are significantly dependent on our core technology and intellectual property. We rely on trademarks, patents, copyrights, trade secrets, know-how and expertise, registered domain names, intellectual property assignment agreements, confidentiality procedures, license agreements, and non-disclosure agreements to establish and protect our intellectual property and proprietary rights, although we do not consider any individual piece of our intellectual property to be material to our business, taken as a whole. We seek to protect our intellectual property and proprietary rights, including our proprietary technology, software, know-how and brand, by relying on a combination of federal, state, and common law rights in the United States and other countries, as well as on contractual measures. However, these laws, agreements, and procedures provide only limited protection. It is our practice to enter into confidentiality, non-disclosure, and invention assignment agreements with our employees, consultants, contractors and other third parties, and into confidentiality and non-disclosure agreements with other third parties, in order to limit access to, and disclosure and use of, our confidential information, trade secrets, know-how, and proprietary technology. We do not believe that our proprietary technology is dependent on any single or group of patent(s), trademark(s), copyright(s), domain name(s), license(s), assignment agreement(s), or any other form of intellectual property.

Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions are larger contributors to our success in the marketplace. Any of our intellectual property rights might be successfully challenged, opposed, diluted, misappropriated, or circumvented by others or invalidated, narrowed in scope or held unenforceable through administrative process or litigation in the U.S. or in non-U.S. jurisdictions. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain and any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secrets and intellectual property rights. Our efforts to enforce our intellectual property rights might also be met with defenses, counterclaims, and counter-suits attacking the validity and enforceability of our intellectual property rights.

We have an ongoing trademark, service mark, and copyright registration program pursuant to which we register our brand names and solution names, taglines, designs, and logos in the United States and certain other jurisdictions to the extent we determine appropriate and cost-effective. We are the registered owners of U.S. and international trademarks, trademark applications, and registrations and domain names in the U.S. and foreign countries that include the primary brand “Robinhood,” including variations thereof, as well as brands, tag lines, and other branding elements for other Robinhood products and services, such as our Snacks newsletter and media content. We also have common law rights in certain unregistered trademarks and copyrights that were established over years of use. Additionally, we have an ongoing patent registration program pursuant to which we register and acquire certain design and utility patents in the United States and certain other jurisdictions to the extent we determine appropriate and cost-effective. We are the authorized user of a variety of social media handles, pages, and profiles that reflect our primary brand. In addition, we have a suite of defensively registered domain names. We

believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand, combating fraud, and maintaining goodwill. We believe the duration of our patents, trademarks, copyrights, and licenses is adequate relative to the expected lives of our products. Litigation or proceedings before the U.S. Patent and Trademark Office or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our trademark rights and to determine the validity and scope of the trademark rights of others.

Despite our efforts to obtain, maintain, protect, defend, and enforce our intellectual property rights, we cannot be certain that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying, or the reverse engineering of our technology and other proprietary information, including by third parties who might use our technology or other proprietary information to develop services that compete with ours, and our intellectual property rights might not be respected in the future or might be invalidated, circumvented, or challenged. Although we do not consider any individual piece of our intellectual property to be material to our business, taken as a whole, see “Risk Factors—Risks Related to Our Intellectual Property” for a more comprehensive description of risks related to our intellectual property and proprietary rights.

## ***Regulation***

U.S. and non-U.S. laws and regulations apply to many key aspects of our current business operations and future business plans. Failure to comply with these requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate. For additional information relating to regulation and regulatory actions, see “Risk Factors—Risks Related to Regulation and Litigation,” “Risk Factors—Risks Related to Cybersecurity and Data Privacy,” and “Risk Factors—Risks Related to Cryptocurrency Products and Services.”

### ***Broker-Dealer Regulation***

As broker-dealers, our subsidiaries Robinhood Securities, LLC (“RHS”) and Robinhood Financial LLC (“RHF”) are subject to extensive regulation by federal, state and SROs, and are subject to laws and regulations covering all aspects of the securities industry. Federal, state and SROs, including the SEC and Financial Industry Regulatory Authority (“FINRA”), can, and in some cases have in the past, among other things, investigate, censure or fine us, issue cease-and-desist orders or otherwise restrict our operations, require changes to our business practices, products or services, limit our acquisition activities or suspend or expel a broker-dealer or any of its officers or employees. Similarly, state attorneys general and other state regulators, including state securities and financial services regulators, can bring and have in the past brought legal actions on behalf of the citizens of their states to assure compliance with state laws. In addition, criminal authorities such as state attorneys general or the U.S. Department of Justice (the “DOJ”) may institute civil or criminal proceedings against us for violating applicable laws, rules, or regulations.

The SEC and FINRA have stringent rules and regulations with respect to the maintenance of specific levels of net capital by regulated entities. Generally, a broker-dealer’s capital is its net worth plus qualified subordinated debt less deductions for certain types of asset. Rule 15c3-1 (the “Net Capital Rule”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) specifies that at least a minimum part of a broker-dealer’s assets be maintained in a relatively liquid form. If the Net Capital Rule is changed or expanded, or if there is an unusually large charge against our broker-dealer’s net capital, our operations could be limited. A large charge or operating loss against our net capital could adversely impact our ability to maintain or expand current business, which could have a material adverse impact on our business and financial condition. If one of our regulated entities fails to maintain its required net capital, it may be subject to suspension or revocation of its registration by regulatory authorities and suspension or expulsion by these regulators could lead to the entity’s liquidation.

### *Money-Transmitter Regulation*

As money transmitters, our subsidiaries RHC and Robinhood Money, LLC (“RHY”) are subject to regulation, primarily at the state level. We are also subject to regulation by the Consumer Financial Protection Bureau (the “CFPB”). We have obtained or are in the process of obtaining licenses to operate as a money transmitter (or as another type of regulated financial services institution, as applicable) in the United States and in the states where this is required. As a licensed money transmitter, we are subject to obligations and restrictions with respect to the investment of customer funds, reporting requirements, bonding requirements, and inspection by state regulatory agencies concerning those aspects of our business considered money transmission. Evaluation of our compliance efforts, as well as the questions of whether and to what extent our products and services are considered money transmission, are matters of regulatory interpretation and could change over time. There are substantial costs and potential product and operational changes involved in maintaining and renewing these licenses, certifications, and approvals, and we could be subject to fines, other enforcement actions, and litigation if we are found to violate any of these requirements. There can be no assurance that we will be able to (or decide to) continue to apply for or obtain any such licenses, renewals, certifications, and approvals in any jurisdictions. In certain markets, we might rely on local banks or other partners to process payments and conduct foreign currency exchange transactions in local currency, and local regulators might use their authority over such local partners to prohibit, restrict, or limit us from doing business. The need to obtain or maintain these licenses, certifications, or other regulatory approvals could impose substantial additional costs, delay or preclude planned transactions, product launches or improvements, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, products, and services, or prevent us from providing our products or services in a given market.

### *Anti-Money Laundering and Counter-Terrorist Financing*

We are subject to anti-money laundering (“AML”) laws and counter-terrorist financing laws and regulations in the United States, the United Kingdom and the EU. Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA Patriot Act”), broker-dealers and money transmitters are required to “know your customer” and to monitor their customers’ transactions for suspicious transactions. In the United Kingdom, the Financial Services and Markets Act 2000 is the primary regulation for all financial services in the United Kingdom. This law enacts the Financial Conduct Authority as the main AML regulator and provides guidelines for its duties.

As required by the USA Patriot Act and other rules, we have established comprehensive AML, customer identification and transaction surveillance of customers designed to prevent our financial services from being used to facilitate money laundering, terrorist financing, and other illicit activity. Our program is also designed to prevent our products and services from being used to facilitate business in countries, or with persons or entities, included on designated government sanctions lists, including lists promulgated by the U.S. Department of the Treasury’s Office of Foreign Assets Controls (“OFAC”), Specially Designated Nationals and Blocked Persons lists, and equivalent foreign lists. Additionally, we have designed and implemented restrictions to prevent certain types of high-risk activity, including account opening fraud, and systems to identify potentially manipulative patterns of trading or higher risk patterns of money movements, and report such activities and transactions, where appropriate. Our AML compliance program includes policies, procedures, reporting protocols, and internal controls, including the designation of AML compliance officers, and is designed to address these legal and regulatory requirements and to assist in managing risk associated with money laundering and terrorist financing. Anti-money laundering regulations are constantly evolving. We continuously monitor our compliance with AML rules and regulations and industry standards and implement policies, procedures and internal controls in light of current legal requirements.



### *Cryptocurrency Regulation*

As noted above, in the U.S., states primarily regulate RHC as a money transmitter. RHC also is registered with the Financial Crimes Enforcement Network. The laws and regulations applicable to cryptocurrency are evolving and subject to interpretation and change. Therefore, our current and future cryptocurrency services may be or become subject to additional licensing and regulatory requirements by other state and federal authorities. Failure to comply with these requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate.

### *Data Privacy and Security*

We are also subject to laws and regulations regarding data privacy and security; in the U.S., federal law, such as the Gramm-Leach-Bliley Act of 1999 and its implementing regulations, restricts certain collection, processing, storage, use and disclosure of personal data, requires notice to individuals of privacy practices and provides individuals with some rights to prevent the use and disclosure of nonpublic or otherwise legally protected information. These rules also impose requirements for the safeguarding and proper destruction of personal data through the issuance of data security standards or guidelines. The U.S. government, including Congress, the Federal Trade Commission and the Department of Commerce, has also announced that it is reviewing the need for greater regulation for the collection, use, and other processing of information concerning consumer behavior on the internet, including regulation aimed at restricting some targeted advertising practices, and numerous states, including but not limited to California through the California Consumer Privacy Act, as modified by the California Privacy Rights Act, have enacted or are in the process of enacting state-level data privacy laws and regulations governing the collection, use, and other processing of state residents' personal data. The New York State Department of Financial Services ("NYDFS") also issued Cybersecurity Requirements for Financial Services Companies, which took effect in 2017, and which require banks, insurance companies, and other financial services institutions regulated by the NYDFS including RHC, to establish and maintain a cybersecurity program designed to protect consumers and ensure the safety and soundness of New York State's financial services industry. Failure to comply with these requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate.

### *Communications Regulation*

We send texts, emails, and other communications in a variety of contexts, such as when providing digital receipts and marketing. Communications laws and regulations, including those promulgated by the Federal Communications Commission, apply to certain aspects of this activity in the United States and elsewhere.

### *Credit Card Regulation*

Robinhood Credit is a financial technology company that offers customers access to credit cards and rewards program. Robinhood Credit is not a bank and its credit card is issued by Coastal Bank, member FDIC, pursuant to a license from Visa U.S.A. Inc. Because of its role in offering customers access to a credit card, Robinhood Credit is subject to the jurisdiction of the CFPB. The CFPB has broad authority over Robinhood Credit's business, including authority to write regulations under federal consumer financial protection laws such as the Truth in Lending Act ("TILA") and the Equal Credit Opportunity Act ("ECOA"), and to enforce those laws against and examine large financial institutions, such as Coastal Bank, for compliance. The CFPB is authorized to prevent "unfair, deceptive or abusive acts or practices" through its regulatory, supervisory and enforcement authority. Robinhood Credit is subject to the regulatory and enforcement authority of the CFPB, as a facilitator, servicer or acquirer of consumer credit. As a vendor to Coastal Bank, Robinhood Credit is also subject to examination by federal banking

regulators, such as the Federal Reserve Board, with respect to the marketing, customer screening and servicing activities undertaken by Robinhood Credit on Coastal Bank's behalf. In addition, Robinhood Credit may be considered to qualify as a "debt collector" and federal, state and local statutes establish specific guidelines and procedures which debt collectors must follow when collecting consumer receivables. The Fair Debt Collections Practices Act ("FDCPA") and comparable state and local laws establish specific guidelines and procedures which debt collectors must follow when communicating with consumers, including the time, place and manner of the communications. Robinhood Credit has policies and procedures in place to comply with the applicable provisions of the TILA, ECOA, FDCPA and other applicable federal law and comparable regulations in all of its activities. Failure to comply with these laws and regulatory requirements applicable to Robinhood Credit's business may, among other things, subject Robinhood Credit to damages, revocation of required licenses, class action lawsuits, administrative enforcement actions, and civil and criminal liability, which may harm Robinhood Credit's business and its ability to maintain its partnerships and product offerings.

Finally, Robinhood Credit's activities are subject to certain state licensing requirements. Because of its partnership with Coastal Bank for the issuance of credit card accounts, Robinhood Credit believes in most states it operates it is exempt from or satisfies relevant licensing requirements with respect to the origination of credit card accounts that Robinhood Credit facilitates. However, Robinhood Credit may need one or more state licenses to broker, acquire, service and/or enforce loans. As needed, Robinhood Credit has and will continue to endeavor to apply and obtain the appropriate licenses. Although Robinhood Credit will periodically evaluate the need for licensing in various jurisdictions, there is a risk that, at any given time, Robinhood Credit will not have the necessary licenses to operate in all relevant jurisdictions or that Robinhood Credit will not be in full compliance with all applicable requirements. If Robinhood Credit is found to not have complied with applicable laws, regulations or requirements in any jurisdiction, Robinhood Credit could lose one or more of its licenses, become subject to a consent order or administrative enforcement action, need to modify or suspend certain of its business practices (including limiting the maximum Annual Percentage Rates offered to credit card applicants), or be required to obtain a license in such jurisdiction, any of which may harm Robinhood Credit's business.

#### *Authorized Activities in the U.K.*

Robinhood U.K., Ltd. ("RHUK") is authorized and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom to carry on certain regulated activities related to the provision of investment services. The FCA regulates the financial services industry in the UK. Its role includes securing an appropriate degree of protection for consumers, protecting and enhancing the integrity of the UK financial system, and promoting effective competition in the interest of consumers. If RHUK and/or its personnel fail to meet FCA standards, the FCA has a range of enforcement powers that it can use, including among other things, withdrawing a firm's authorization, prohibiting and suspending firms and individuals from undertaking regulated activities, issuing fines, and bringing criminal prosecutions.

#### *Cryptocurrency Regulation in the European Union*

RHEC offers cryptocurrency services to eligible customers in select jurisdictions in the EU and is registered according to the regulatory requirements of the Republic of Lithuania as a virtual currency exchange and virtual currency depository wallet operator. RHEC is supervised by the Lithuanian Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania. RHEC is also registered under the applicable Polish law as a virtual assets service provider ("VASP") in the Register of Virtual Currency Activities maintained by the Director of the Tax Administration Chamber in Poland. RHEC is in the process of obtaining necessary authorizations and licenses to operate in other countries in the EU. RHEC also intends to expand its offerings. Failure to comply with applicable Lithuanian rules and regulations, and similar laws, rules and regulations in other EU countries could result in fines or other legal consequences for RHEC. In addition, EU-level legislation imposing additional regulatory requirements in relation to crypto-related activities is also expected to take effect in the near term, with the adoption of the Markets in Crypto-Assets Regulation ("MiCA"). Among other provisions, MiCA introduces



a comprehensive authorization and compliance regime for crypto asset service providers and a disclosure regime for the issuers of certain crypto assets, which is expected to impact our operations in the EU.

#### *Anti-Bribery and Anti-Corruption Regulations*

We are subject to anti-bribery and anti-corruption regulations imposed by the Foreign Corrupt Practices Act (“FCPA”) in the U.S. and the U.K. Bribery Act 2010 (“the Bribery Act”), which generally prohibit companies and those acting on their behalf from making improper payments to foreign government officials for the purpose of obtaining or retaining business. The Bribery Act also prohibits improper payments between private entities and persons. Additionally, the FCPA requires issuers to maintain accurate books and records and have a system of internal controls sufficient to, among other things, provide reasonable assurances that transactions are executed and assets are accessed and accounted for in accordance with management's authorization.

The sanctions for FCPA and Bribery Act violations can be significant. The SEC may bring civil enforcement actions against issuers and their officers, directors, employees, stockholders, and agents for violations of the anti-bribery or accounting provisions of the FCPA. Companies and individuals that have committed violations of the FCPA may have to disgorge their ill-gotten gains plus pay prejudgment interest and substantial civil penalties. Companies may also be subject to oversight by an independent consultant. In the U.K., the Serious Fraud Office (“SFO”) has also published various policies and internal guidance documents for investigators and prosecutors considering bribery offenses. The consequences for individuals and organizations found guilty of an offense under the Bribery Act can be serious. The maximum sentence is 10 years for individuals who commit such offenses. Organizations are liable for an unlimited fine; removal of tainted proceeds; debarment from public sector contracts/tenders, as well as the disruption and cost of a law enforcement investigation; and directors may be disqualified from acting as a director for up to fifteen years.

#### *Environmental Regulation*

We are subject to applicable federal, state, local and foreign laws and regulations relating to climate risk and environmental impact, including those required by the U.S. Environmental Protection Agency. In addition, we are, or may become, subject to various climate disclosure regimes regulating the disclosure of green house gas (“GHG”) emissions and related information, such as the EU’s Corporate Sustainability Reporting Directive (“CSRD”) and California’s Climate Corporate Data Accountability Act and Climate Related Financial Risk Act. The interpretation and enforcement of such climate disclosure regimes remains uncertain, and compliance may require the investment of significant resources, increase our costs, disrupt our business operations and pose reputational and other risks.

#### **Available Information**

On our investor relations website, [investors.robinhood.com](https://investors.robinhood.com), we post the following filings after they are electronically filed with or furnished to the SEC: Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Beneficial Ownership Reports on Forms 3, 4, and 5, and amendments to those reports filed or furnished pursuant to Sections 13(a), 15(d), or 16 of the Exchange Act. All such filings are available, free of charge, on our website as soon as reasonably practicable after we file such material electronically with, or furnish it to, the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is [www.sec.gov](https://www.sec.gov).

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. We use the “Overview” tab of our Investor Relations website (accessible at [investors.robinhood.com/overview](https://investors.robinhood.com/overview)) and its Newsroom (accessible at [newsroom.aboutrobinhood.com](https://newsroom.aboutrobinhood.com)), as means of disclosing information to the public in a broad, non-exclusionary manner for purposes of the SEC’s Regulation Fair Disclosure. Investors should

routinely monitor those web pages, in addition to our press releases, SEC filings, and public conference calls and webcasts, as information posted on them could be deemed to be material information. The contents of our websites are not intended to be incorporated by reference into this Annual Report or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

## ITEM 1A. RISK FACTORS

*A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, as well as the other information included in this Annual Report, including our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our business, financial condition, results of operations, and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our Class A common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently see as immaterial might also adversely affect our business. Some statements in this Annual Report, including statements in the following risk factors, constitute forward-looking statements. Please refer to “Cautionary Note Regarding Forward-Looking Statements.”*

### Summary of Risk Factors

Our business is subject to a number of risks and uncertainties including those described at length in the Risk Factors section below. We consider the following to be our most material risks:

- *We might not grow in line with historical rates.*
- *We have limited operating experience at our current scale, which subjects us to a number of uncertainties, risks, and difficulties that could adversely affect our business.*
- *Our results of operations and other operating metrics fluctuate from quarter to quarter, which makes these metrics difficult to predict.*
- *We have incurred operating losses in the past and might not be profitable in the future.*
- *Factors that affect transaction-based revenue — such as reduced spreads in securities pricing, reduced levels of trading activity generally, changes in our business relationships with market makers, and any new regulation of, or any bans on, PFOF and similar practices — might result in reduced profitability, increased compliance costs, and negative publicity.*
- *We are directly and indirectly exposed to fluctuations in interest rates, and rapidly changing interest rate environments could reduce our net interest revenues and otherwise result in reduced profitability.*
- *As registered broker-dealers, we are subject to “best execution” requirements under SEC guidelines and FINRA rules. We could be penalized if we fail to comply with these requirements and these requirements might be modified in the future in a way that could harm our business.*
- *Unfavorable media coverage and other events that harm our brand and reputation could adversely affect our revenue and the size, engagement, and loyalty of our customer base.*
- *Our business has been and might continue to be harmed by changes in business, economic, or political conditions that impact global financial markets, or by a systemic market event.*

- *Our future success depends on the continuing efforts of our key employees and our ability to attract and retain senior management and other highly skilled personnel.*
- *We recently started operating in certain international markets and plan to further expand our international operations, which exposes us to significant new risks, and our international expansion efforts might not succeed.*
- *Our business is subject to extensive, complex and changing laws and regulations, and related regulatory proceedings and investigations. Changes in these laws and regulations, or our failure to comply with these laws and regulations, could harm our business.*
- *We have been subject to regulatory investigations, actions, and settlements and we expect to continue to be subject to such proceedings in the future, which could cause us to incur substantial costs or require us to change our business practices in a materially adverse manner.*
- *We are involved in numerous litigation matters that are expensive and time consuming, and, if resolved adversely, could expose us to significant liability and reputational harm.*
- *We operate in highly competitive markets, and many of our competitors have greater resources than we do and may have products and services that are more appealing than ours to our current or potential customers.*
- *If we fail to retain existing customers or attract new customers, or if our customers decrease their use of our products and services, our revenue will decline.*
- *If we fail to provide and monetize new and innovative products and services that are adopted by customers, our business may become less competitive and our revenue might decline.*
- *Our products and services rely on software and systems that are highly technical and have been, and may in the future be, subject to interruption, instability, and other potential flaws due to software errors, design defects, and other processing, operational, and technological failures, whether internal or external.*
- *We rely on third parties to perform some key functions, and their failure to perform those functions could adversely affect our business, financial condition and results of operations.*
- *We are incorporating AI technologies into some of our products and processes. These technologies may present business, compliance, and reputational risks.*
- *Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or data or those of our customers or third-party or fourth-party service providers.*
- *If we do not maintain the net capital levels required by regulators, our broker-dealer business may be restricted and we may be fined or subject to other disciplinary or corrective actions.*
- *Our compliance and risk management policies and procedures as a regulated financial services company might not be fully effective in identifying or mitigating compliance and risk exposure in all market environments or against all types of risk.*
- *The prices of most cryptocurrencies are extremely volatile. Fluctuations in the price of various cryptocurrencies might cause uncertainty in the market and could negatively impact trading volumes of cryptocurrencies, and we may not effectively identify, prevent or mitigate cryptocurrency market risks, any of which would adversely affect the success of our business, financial condition and results of operations.*

- *Any particular cryptocurrency's status as a "security" is subject to a high degree of uncertainty and if we have not properly characterized one or more cryptocurrencies, we might be subject to regulatory scrutiny, investigations, fines, and other penalties.*
- *Cryptocurrency laws, regulations, and accounting standards are often difficult to interpret and are rapidly evolving in ways that are difficult to predict. Changes in these laws and regulations, or our failure to comply with them, could negatively impact cryptocurrency trading on our platform.*
- *Our support for Crypto Transfers, Robinhood Wallet, Robinhood Connect, the Robinhood Cash Card, Robinhood Credit, Spending Account, and other payments and spending services increases the risk that our platform could be exploited to facilitate illegal payments, potentially resulting in loss of customer assets, customer disputes, and other liabilities, which could harm our reputation and adversely impact trading volumes and transaction-based revenues.*
- *Substantial future issuances or sales of shares of our Class A common stock in the public market could result in significant dilution to our stockholders and such issuances or sales, or the perception that they may occur, could cause the trading price of our Class A common stock to fall.*
- *The multi-class structure of our common stock has the effect of concentrating voting power with our founders, which limits your ability to influence the outcome of matters submitted to our stockholders for approval. In addition, the Founders' Voting Agreement (as defined below) and any future issuances of our Class C common stock could prolong the duration of our founders' voting control.*

## Risks Related to Our Business

### ***We might not grow in line with historical rates.***

We have grown rapidly since our founding. However, the circumstances that accelerated the growth of our business in the past, including an extended period of general macroeconomic growth in the U.S., as well as growth in the financial services and technology industries, have slowed in recent years and may not exist in the future. You should not rely on our revenue or key business metrics for any previous quarterly or annual period as any indication of our revenue, revenue growth, key business metrics or key business metrics growth in future periods.

We might experience declines in the growth of our business (or negative growth) as a result of a number of factors, including slowing demand for our platform, insufficient growth in the number of customers that utilize our platform, declines in the level of usage of our platform by existing customers, macroeconomic factors, increasing competition, a decrease in the growth of our overall market, or our failure to continue to capitalize on growth opportunities, including as a result of our inability to scale to meet such growth and economic conditions that have, in some instances, and could continue to reduce financial activity and the maturation of our business, among others. Any failure to successfully address these risks and challenges as we encounter them, will negatively affect our growth. If our revenue growth rate continues to decline, investors' perceptions of our business and the trading price of our Class A common stock could be adversely affected.

### ***We have limited operating experience at our current scale, which subjects us to a number of uncertainties, risks, and difficulties that could adversely affect our business.***

We have expanded our operations rapidly, including continuing to introduce new products and services in our platform, and have limited operating experience at our current scale, which makes it difficult to evaluate our current business and future prospects, and subjects us to a number of uncertainties, including our ability to plan for, model, and manage potential future growth and risks. As a result of the general downturn in economic conditions and the U.S. equity markets in 2022, we announced two restructurings in April 2022 (the "April 2022 Restructuring") and August of 2022 (the "August 2022 Restructuring") that impacted approximately 1,100 employees and scaled back hiring plans.

As part of our ongoing efforts in the normal course of business, we continuously evaluate whether we are appropriately staffed to be cost efficient. From time to time we have reduced our staff in certain departments as we saw increased productivity and opportunities for greater efficiency under a leaner operating model while continuing to deliver great service and innovation for our customers.

Such efforts to control costs have in the past resulted, and might in the future continue to result in reduced productivity and deteriorating workforce morale, which can cause our business initiatives to suffer. However, if market conditions improve, we also face a risk that renewed business growth could strain our existing resources, or that we are not able to effectively scale up in response, and we could experience ongoing operating difficulties in managing our business across numerous jurisdictions, including difficulties in hiring, training, and managing a dispersed employee base.

We have also encountered, and will continue to encounter, risks and difficulties frequently experienced by companies in rapidly changing and heavily regulated industries, including challenges associated with achieving market acceptance of our products and services, attracting and retaining customers, and complying with laws and regulations (particularly those that are subject to evolving interpretations and application), as well as increased competition and the complexities of managing expenses as we expand our business. We might fail to adequately address these and other challenges we may face, and our business might be adversely affected if we do not manage these risks successfully.

***Our results of operations and other operating metrics fluctuate from quarter to quarter, which makes these metrics difficult to predict.***

Our results of operations are heavily reliant on the level of trading activity on our platform and Net Deposits. In the past, our results of operations and other operating metrics have fluctuated from quarter to quarter, including due to movements and trends in the underlying markets, changes in general economic conditions, interest in investing, and fluctuations in trading levels generally, each of which is outside our control and will continue to be outside of our control. As a result, period-to-period comparisons of our results of operations might not be meaningful, and our past results of operations should not be relied on as indicators of future performance. Further, we are subject to additional risks and uncertainties that are frequently encountered by companies in rapidly evolving markets. Our financial condition and results of operations in any given quarter can be influenced by numerous factors, including the occurrence of any of the risks described elsewhere in this Risk Factors section, many of which we are unable to predict or are outside of our control. Factors contributing to quarterly fluctuations could include, among others:

- *our ability to retain and engage existing customers and attract new customers;*
- *the timing and success of new product and service introductions by us or our competitors, or other changes in the competitive landscape of our market;*
- *volatility in the market generally or the occurrence of so-called “meme” trading in equities, options, or cryptocurrencies, which can cause our trading volumes to fluctuate;*
- *fluctuations in interest rates;*
- *increases in marketing, sales, compensation (for example, due to increased hiring competition for highly skilled personnel), cloud infrastructure, and other operating expenses that we might incur to grow and expand our operations and to remain competitive;*
- *the timing and amount of non-cash expenses, such as share-based compensation (“SBC”) and asset impairments;*
- *the success of our expansion into new markets;*
- *trading volume and the prevailing trading prices for cryptocurrencies, which can be highly volatile;*



- *ceasing support for certain cryptocurrencies on our platform that the SEC or a court has asserted or determined are securities or proactively removing certain cryptocurrencies because they share similarities with such cryptocurrencies;*
- *changes in the public's perception, adoption, and use of cryptocurrencies and other asset classes;*
- *any inability of customers to place trades, due to system disruptions, outages, or trading restrictions;*
- *any events that damage customer confidence in Robinhood, such as breaches of security or privacy;*
- *the impacts of public health threats (including pandemics such as COVID-19), unemployment, and inflation; and*
- *changes in tax laws or judicial or regulatory interpretations of tax laws, which are recorded in the period such laws are enacted or interpretations are issued, and might significantly affect the effective tax rate of that period.*

Any of the factors above or listed elsewhere in this Risk Factors section, or the cumulative effect of some of those factors, could result in significant fluctuations in our results of operations.

***We have incurred operating losses in the past and might not be profitable in the future.***

In most full year periods since our inception, we have incurred operating losses. Although we have had two quarters of positive GAAP net income in 2023 and we generated higher net revenues for 2023 compared to each of 2019 through 2022, we reported a GAAP net loss for full year 2023 and we might not be able to increase our revenue and/or further reduce our operating expenses by sufficient amounts to generate positive net income in the future.

***Factors that affect transaction-based revenue — such as reduced spreads in securities pricing, reduced levels of trading activity generally, changes in our business relationships with market makers, and any new regulation of, or any bans on, PFOF and similar practices — might result in reduced profitability, increased compliance costs, and negative publicity.***

A large portion of our revenue is transaction-based, in that we receive consideration in exchange for routing our users' equity, option, and cryptocurrency trade orders to market makers for execution. With respect to equities and options trading, such fees are known as payment for order flow, or "PFOF." With respect to cryptocurrency trading, we receive "Transaction Rebates." Our transaction-based revenue is sensitive to and dependent on trading volumes and therefore tends to decline during periods in which we experience decreased levels of trading generally. Computer-generated buy/sell programs and other technological advances and regulatory changes in the marketplace might continue to tighten spreads on transactions, which could also lead to a decrease in our PFOF earned from market makers. In addition, the regulatory landscape involving cryptocurrencies is subject to change and is experiencing rapid evolution, and future regulatory actions or policies, including for instance, the assertion of jurisdiction by domestic and foreign regulators and governments over cryptocurrency and cryptocurrency markets, could reduce demand for cryptocurrency trading and might materially decrease our revenue derived from Transaction Rebates in absolute terms and as a proportion of our total revenues. In addition, to the extent that the SEC or a court asserts or determines that any cryptocurrencies supported by our platform are securities, we might not continue to facilitate trading of those cryptocurrencies (including ceasing support for such cryptocurrencies on our platform) or it might cause us to proactively remove certain cryptocurrencies from our platform because they share similarities with such cryptocurrencies.

### *Risks Related to our Business Relationships with Market Makers*

Our PFOF and Transaction Rebate arrangements with market makers are a matter of practice and business understanding and not documented under binding contracts. If any of these market makers were unwilling to continue to receive orders from us or to pay us for those orders (including, for example, as a result of unusually high volatility), we might have little to no recourse and, if there are no other market makers that are willing to receive such orders from us or to pay us for such orders, or if we are unable to find replacement market makers in a timely manner, our transaction-based revenue would be negatively impacted. This risk is particularly heightened for cryptocurrencies because fewer market makers are currently able to execute cryptocurrency trades. For instance, in May 2023, two prominent market makers announced their respective decisions to limit their offerings in cryptocurrency trading within the United States. Without additional market makers supporting cryptocurrencies entering the industry in the United States, the risk that we may be unable to find suitable market makers to support cryptocurrencies is increasingly heightened. Furthermore, if market makers decide to alter our fee structure, our transaction-based revenue could significantly decrease.

### *Risks Related to Regulation of PFOF*

PFOF practices have drawn heightened scrutiny from the U.S. Congress, the SEC, state regulators, and other regulatory and legislative authorities. For example, in December 2020, we settled an SEC investigation into our best execution and PFOF practices and are defending putative class actions in federal district courts relating to the same factual allegations. Additionally, our PFOF practices were the subject of a line of critical questioning during a February 18, 2021 U.S. Congressional hearing related to the Early 2021 Trading Restrictions (defined below), and since July 2023, we have been cooperating with an investigation being conducted by the New York Attorney General concerning brokerage execution quality. We also face the risk that the SEC, other regulatory authorities, or legislative bodies might adopt additional regulation or legislation relating to PFOF practices as a result of such heightened scrutiny or otherwise. For instance, in December 2022, the SEC proposed four separate equity market structure rules (the “December 2022 Rule Proposals”) related to (i) best execution; (ii) order competition, including requiring certain retail equity orders to be exposed in auctions before being internalized; (iii) order execution disclosure; and (iv) order tick size and fee caps. Although these proposed rules related to market structure design do not ban PFOF, they introduce new requirements around “conflicted transactions,” and if adopted as proposed, they would have the indirect effect of making PFOF more difficult or impossible to earn and condensing the revenues we could theoretically earn. Any new or heightened PFOF regulation, including the December 2022 Rule Proposals if adopted as proposed, could result in increased compliance costs and otherwise materially decrease our transaction-based revenue, might make it more difficult for us to expand our platform in certain jurisdictions, and could require us to make significant changes to our revenue model, which changes might not be successful. Because some of our competitors either do not engage in PFOF or derive a lower percentage of their revenues from PFOF than we do, any such heightened regulation or a ban of PFOF could have an outsized impact on our results of operations. Furthermore, depending on the nature of any new requirements, heightened regulation could also increase our risk of potential regulatory violations and civil litigation, which could result in fines or other penalties, as well as negative publicity.

### *Risks Related to Negative Publicity Associated with PFOF or our Market Makers*

Additionally, any negative publicity surrounding PFOF or Transaction Rebate practices generally, or our implementation of these practices, could harm our brand and reputation. For example, as a result of the Early 2021 Trading Restrictions (defined below), we faced allegations that our decision to temporarily prevent our customers from purchasing specified securities was influenced by our relationship with certain market makers. Furthermore, as registered broker-dealers, market makers must comply with rules and regulations that are generally intended to prohibit them from taking advantage of information they obtain while executing orders (e.g., through the prohibition on “front running”). Market makers also have a duty to seek “best execution” of customers’ equity and option orders we send to them. If the market

makers we use to execute our customer's equity and option trades were to violate such rules and regulations and use this data for their own benefit in violation of applicable rules and regulations, it could result in negative publicity for us by association. Developments in any proposals related to the regulation of PFOF or market structure design have generated and might continue to generate negative publicity associated with PFOF. For example, the intra-day trading price of our Class A common stock fell as much as 5.3% on December 14, 2022, the day the December 2022 Rule Proposals were announced.

Additionally, if our customers or potential customers believe that they might get better execution quality (including better price improvement) directly from stock exchanges or from our competitors that have different execution arrangements, or if our customers perceive our PFOF practices to create a conflict of interest between us and them, or if they begin to disfavor the specific market makers with which we do business due to any negative media attention, they might come to have an adverse view of our business model and might decide to limit or cease the use of our platform. Some customers might prefer to invest through our competitors that do not engage in PFOF or Transaction Rebate practices or engage in them differently than do we. Any such loss of customer engagement as a result of any negative publicity associated with PFOF or Transaction Rebate practices could adversely affect our business, financial condition, and results of operations.

***We are directly and indirectly exposed to fluctuations in interest rates, and rapidly changing interest rate environments could reduce our net interest revenues and otherwise result in reduced profitability.***

A large portion of our revenue comes from interest income earned from our corporate cash and investment portfolio, our securities lending activities, cash sweep, and from interest-rate sensitive assets, including receivables from users' margin-borrowing and other assets underlying the customer balances we hold on our balance sheets as customer accounts. Interest rates are the key driver of our net interest income and are subject to many factors beyond our control. As interest rates increased starting in 2022, interest income has contributed an increasing share of our total net revenues, net income (loss), and cash flows, prior to any income tax effects. Reductions in interest rates and a return to a low interest rate environment would negatively impact our total net revenues, net income (loss), and cash flows, prior to any income tax effects, and adversely impact our customers' returns on their cash deposits. Changes to the level or mix of interest earning balances could also negatively impact our total net revenues, net income (loss), and cash flows, prior to any tax income effects, if customers react to the rising interest rate environment by moving cash that would have otherwise been spent on services or products with higher revenue potential for Robinhood into Robinhood accounts that offer customers high interest rates. For a more detailed discussion of interest rate risk and an estimate of how hypothetical 50, 100 or 150 basis point increases or decreases in interest rates to the period end balances of our interest-earning assets and liabilities could affect our total net revenues, net income (loss), and cash flows, prior to any income tax effects, see "Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk" elsewhere in this report.

Higher interest rates also lead to higher payment obligations by our customers to us and to their creditors under mortgage, credit card, and other consumer and merchant loans, which might reduce our customers' ability to satisfy their obligations to us, including failing to pay for securities purchased, meet minimum credit card payments, deliver securities sold, or meet margin calls, and therefore lead to increased delinquencies, charge-offs, and allowances for loan and interest receivables, which could have an adverse effect on our net income (loss). Fluctuations in interest rates could adversely impact our customers' general spending levels and ability and willingness to invest and spend through our platform.



***As registered broker-dealers, we are subject to “best execution” requirements under SEC guidelines and FINRA rules. We could be penalized if we fail to comply with these requirements and these requirements might be modified in the future in a way that could harm our business.***

As registered broker-dealers, we are subject to “best execution” requirements under SEC guidelines and FINRA rules, which requires us to obtain the best reasonably available terms for customer orders. As previously disclosed, in December 2019 and 2020, we settled a FINRA disciplinary action and an SEC investigation, respectively, that related to our best execution practices. We face a risk of additional investigations or penalties in the future related to our best execution practices.

We also might be adversely affected in the future by regulatory changes related to our obligations with regard to best execution. In particular, receipt of PFOF and best execution requirements have drawn heightened scrutiny from the U.S. Congress, the SEC, and other regulatory and legislative authorities, who have at times alleged that PFOF arrangements, like those we have with our market makers, can result in harm to customer execution quality. For instance, one of the December 2022 Rule Proposals relates to best execution and proposes to enhance the existing regulatory framework concerning the duty of best execution by, among other things, requiring additional policies and procedures for broker-dealers engaging in certain conflicted transactions with retail customers. There is a risk that these bodies might adopt additional regulation relating to PFOF practices and best execution requirements as a result of such heightened scrutiny or otherwise. Any such regulations could have a material adverse impact on our business and one of our primary sources of revenue.

***We might need additional capital to provide liquidity and support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, might result in stockholder dilution, or might be delayed or prohibited by applicable regulations.***

Maintaining adequate liquidity is crucial to our securities brokerage and our money services business operations, including key functions such as transaction settlement, custody requirements, and margin lending. The SEC and FINRA also have stringent rules with respect to the maintenance of specific levels of net capital by securities broker-dealers. We meet our liquidity needs primarily from working capital and cash generated by customer activity, as well as from external debt and equity financing. Despite these resources, increases in the number of customers, and fluctuations in customer cash or deposit balances, as well as market conditions or changes in regulatory treatment of customer deposits, could affect our ability to meet our liquidity needs. We might be adversely affected in the future by regulatory changes related to our obligations with regard to capital maintenance requirements. For example, in July 2023, the SEC proposed amendments to the broker-dealer customer protection rule (SEC Rule 15c3-3) to require certain broker-dealers to compute their customer and broker-dealer reserve deposit requirements, and to make any required deposits, daily rather than weekly. Any such amendments could make it more difficult for us to comply with these regulations. Additionally, there is not definitive guidance on whether or how these rules may apply to cryptocurrencies, and we might be adversely affected in the future if the SEC determines that they do. See the discussion of SEC Staff Accounting Bulletin 121 (“SAB 121”) below in *“Cryptocurrency laws, regulations, and accounting standards are often difficult to interpret and are rapidly evolving in ways that are difficult to predict. Changes in these laws and regulations, or our failure to comply with them, could negatively impact cryptocurrency trading on our platform.”*

In addition, our clearing and carrying broker-dealer is subject to cash deposit and collateral requirements under the rules of the clearinghouses in which it participates (including DTC, NSCC, and OCC), which requirements fluctuate significantly from time to time based upon the nature and volume of customers’ trading activity and volatility in the market or individual securities. If we fail to meet any such deposit requirements, our ability to settle trades through the clearinghouse may be suspended or we might be forced to restrict trading in certain stocks in order to limit clearinghouse deposit requirements. For example, from January 28 to February 5, 2021, due to increased deposit requirements imposed on our clearing and carrying broker-dealer by NSCC in response to unprecedented market volatility, particularly in certain securities, we implemented the Early 2021 Trading Restrictions (defined below).

This resulted in negative media attention, customer dissatisfaction, reputational harm, litigation, and regulatory and U.S. Congressional inquiries and investigations, as well as capital raising by us in order to lift the trading restrictions while remaining in compliance with our net capital and deposit requirements. We face a risk that similar events could occur in the future and, if we are unable to satisfy our deposit requirements, the clearinghouse may cease to act for us and may liquidate our unsettled clearing portfolio.

A reduction in our liquidity position could reduce our customers' confidence in us, which could result in the withdrawal of customer assets and loss of customers, or could cause us to fail to satisfy broker-dealer or other regulatory capital guidelines, which may result in immediate suspension of securities activities, regulatory prohibitions against certain business practices, increased regulatory inquiries and reporting requirements, increased costs, fines, penalties or other sanctions, including suspension or expulsion by the SEC, FINRA or other SROs or state regulators, and could ultimately lead to the liquidation of our broker-dealers or other regulated entities. Factors which might adversely affect our liquidity positions include temporary liquidity demands due to timing differences between brokerage transaction settlements and the availability of segregated cash balances, timing differences between cryptocurrency transaction settlements between us and our cryptocurrency market makers and between us and our cryptocurrency customers, fluctuations in cash held in customer accounts, a significant increase in our margin lending activities, increased regulatory capital requirements, changes in regulatory guidance or interpretations, other regulatory changes, or a loss of market or customer confidence resulting in unanticipated and/or excessive withdrawals or redemptions, or a suspension of redemptions or withdrawals of customer assets.

We might also need additional capital to continue to support our business and any future growth and to respond to competitive challenges, including the need to promote our products and services, develop new products and services, enhance our existing products, services and operating infrastructure, acquire and invest in complementary businesses and technologies, and to fund payments on our obligations at the parent company level, such as any debt obligations we might incur. To meet liquidity needs at the parent level, we might need to rely on dividends, distributions and other payments from our subsidiaries. Regulatory and other legal restrictions might limit our ability to transfer funds to or from some subsidiaries. For example, under FINRA rules applicable to RHS, a dividend of over 10% of a member firm's excess net capital must not be paid without FINRA's prior written approval.

When available cash is not sufficient, we might seek to engage in equity or debt financings to secure additional funds. However, such additional funding might not be available on terms attractive to us, or at all, and our inability to obtain additional funding when needed could have an adverse effect on our business, financial condition, and results of operations. If we issue equity or convertible debt securities, our stockholders could suffer significant dilution, and the new shares could have rights, preferences and privileges superior to those of our current stockholders. Any debt financing could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which might make it more difficult for us to obtain additional capital and to pursue future business opportunities.

***Unfavorable media coverage and other events that harm our brand and reputation could adversely affect our revenue and the size, engagement, and loyalty of our customer base.***

Our brand and our reputation are two of our most important assets. Our ability to attract, build trust with, engage, and retain existing and new customers might be adversely affected by events that harm our brand and reputation, such as public complaints and unfavorable media coverage about us, our platform, and our customers, even if factually incorrect or based on isolated incidents.

We receive a high volume of media coverage, which has included, and might continue to include, negative coverage regarding our products and services and the risk of our customers' misuse or misunderstanding of our products and services, inappropriate or otherwise unauthorized behavior by our customers and litigation or regulatory activity. In addition, given our public profile, any unanticipated system disruptions, outages, technical or security-related incidents, or other performance problems

relating to our platform, such as the service outages on our stock trading platform on March 2-3, 2020 and March 9, 2020 (the “March 2020 Outages”), the partial service outages and degraded service on our cryptocurrency platform from time to time in mid-April and early May 2021 caused by a surging demand for cryptocurrency trading (the “April-May 2021 Disruptions”), or the data security incident we experienced in November 2021 when an unauthorized third-party socially engineered a customer support employee by phone and obtained access to certain customer support systems (the “November 2021 Data Security Incident”) are likely to receive extensive media attention. Furthermore, any negative experiences our customers have in connection with their use of our products and services, including as a result of any such performance problems, could diminish customer confidence in us and our products and services, which could result in unfavorable media coverage or publicity. For example, we received customer complaints and significant media attention as a result of the Early 2021 Trading Restrictions (defined below).

Damage to our brand and reputation could also be caused by:

- *cybersecurity attacks, privacy or data security breaches, or other security incidents, payment disruptions or other incidents that impact the reliability of our platform;*
- *actual or alleged illegal, negligent, reckless, fraudulent or otherwise inappropriate behavior by our management team, our other employees or contractors, our customers or third-party service providers or partners as well as complaints or negative publicity about such individuals or companies;*
- *future restructurings or any similar such reductions or activities in the future;*
- *any repeat imposition of temporary trading restrictions (similar to our Early 2021 Trading Restrictions as defined below), or any outright failure to meet our deposit requirements;*
- *litigation involving, or regulatory actions or investigations into, our platform or our business;*
- *any failures to comply with legal, tax and regulatory requirements;*
- *any perceived or actual weakness in our financial strength or liquidity;*
- *any regulatory action that results in changes to, or prohibits us from offering, certain features, products or services;*
- *any new policies, features, products, or services, or changes to our policies, features, products, or services, that customers or others perceive as overly restrictive, unclear, inconsistent with our values or mission, or not clearly articulated;*
- *a failure to operate our business in a way that is consistent with our values and mission;*
- *inadequate or unsatisfactory customer support experiences;*
- *negative responses by customers or regulators to our business model or to particular features, products or services;*
- *a failure to adapt to new or changing customer preferences;*
- *a prolonged weakness in popular equities or cryptocurrencies specifically or in U.S. equity and cryptocurrency markets generally, or a sustained downturn in the U.S. economy; and*
- *any of the foregoing with respect to our competitors, to the extent the resulting negative perception affects the public’s perception of us or our industry as a whole.*

These and other events could negatively impact the willingness of our existing customers, and potential new customers, to do business with us, which could adversely affect our trading volumes and number of Funded Customers (previously Net Cumulative Funded Accounts, see Part II, Item 7 of this Annual Report, “Key Performance Metrics”), as well as our ability to recruit and retain personnel, any of which could have an adverse effect on our business, financial condition, and results of operations, as well as the trading price of our Class A common stock. For instance, on November 8, 2022 (the day that FTX Trading Ltd. (“FTX”), a major international cryptocurrency exchange, halted all non-fiat customer withdrawals from its platform), the intra-day trading price of our Class A common stock fell as much as 18%. And in December 2022, shortly after FTX filed for bankruptcy on November 11, 2022, and following the bankruptcies of several other major cryptocurrency trading venues and lending platforms earlier in 2022, including Three Arrows Capital, Ltd., Voyager Digital Holdings, Inc., and Celsius Network LLC (“Celsius”) (collectively, the “2022 Crypto Bankruptcies”), we received an investigative subpoena from the SEC regarding, among other topics, RHC’s cryptocurrency listings, custody of cryptocurrencies, and platform operations.

***We could incur substantial losses from our cash and investment accounts if one or more of the financial institutions that we use fails or is taken over by the FDIC.***

We maintain cash and investment accounts, as well as restricted cash as certificates of deposits for facility leases and other contractual obligations, at multiple financial institutions in amounts that are significantly in excess of the limits insured by the FDIC. In spring 2023, certain U.S. banks failed and were taken over by the FDIC (the “2023 Banking Events”). If any of the financial institutions where we hold significant deposits were to fail or be taken over by the FDIC, our ability to access such accounts has in the past and could be in the future temporarily or permanently limited, which could adversely affect our business. In particular, while we have taken steps to help ensure that the loss of all or a significant portion of any uninsured amount would not have an adverse effect on our ability to pay our operational expenses or make other payments, the failure of a financial institution where we hold significant deposits has in the past and may in the future require us to move funds to another bank, which could cause a temporary delay in making payments to our vendors and employees, or under other contractual arrangements, and cause other operational inconveniences. Additionally, any losses or delay in access to funds as a result of such events could have a material adverse effect on our ability to meet contractual obligations, earnings, financial condition, cash flows, and stock price.

***Our business has been and might continue to be harmed by changes in business, economic, or political conditions that impact global financial markets, or by a systemic market event.***

As we are a financial services company, our business, results of operations, and reputation are directly and indirectly affected by elements beyond our control, such as economic and political conditions including unemployment rates, inflation, tax and interest rates, geopolitical conflicts, such as the Russian invasion of Ukraine and recent ongoing events in the Middle East, financial market volatility (such as we experienced during the COVID-19 pandemic), significant increases in the volatility or trading volume of particular securities or cryptocurrencies (such as we experienced during the meme stock events of early 2021 and the Dogecoin surge of mid-2021), broad trends in business and finance, actual events or concerns involving liquidity, defaults, or non-performance by third-party financial institutions or transactional counterparties (such as the 2023 Banking Events), changes in volume of securities or cryptocurrencies trading generally (such as the bear markets that developed for equities and crypto in the second quarter of 2022 and continued into 2023 (the “2022 Bear Markets”)), changes in the markets in which such transactions occur (such as following the 2022 Crypto Bankruptcies), and changes in how such transactions are processed. These elements can arise suddenly and the full impact of such conditions could have an adverse effect on our business results or remain uncertain indefinitely. Because a large percentage of our customers are first time investors, we might be disproportionately affected by declines in investor confidence caused by adverse economic conditions. A prolonged market weakness, such as a slowdown causing reduced trading volume in securities, derivatives, or cryptocurrency markets,

has resulted, and could result in the future in reduced revenues and adversely affect our business, financial condition, and results of operations. For example, as a result of the 2022 Bear Markets, for fiscal year 2022, our daily revenue trades for options, equities, and crypto declined by 33%, 49%, and 75%, compared to fiscal year 2021. Conversely, significant upturns in such markets or conditions might cause individuals to be less proactive in seeking ways to improve the returns on their trading or investment decisions and, thus, decrease the demand for our products and services.

Additionally, concerns regarding the U.S. and/or international financial systems, such as in connection with the 2023 Banking Events, could result in less favorable commercial financing terms available to us, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on our access to credit and liquidity sources.

Any of these changes could cause our future performance to be uncertain or unpredictable, and could have an adverse effect on our business and results of operations.

***Our working model, which allows a subset of our employees to work remotely, subjects us to heightened operational risks.***

We currently have a remote work policy, under which a large segment of our employees are not required to come into the office on a daily basis, although since September 2023, most employees living within 35 miles of any of our offices are expected to work in-office at least three days a week (the “Return to Office policy”). Employees who do not live within 35 miles of any of our offices continue to be allowed to work remotely full-time. Allowing our employees to work remotely subjects us to heightened operational risks. For example, technologies in our employees’ homes might not be as robust or effective as in our offices and could lead to lower productivity and/or increased vulnerability to cybersecurity attacks or other privacy or data security incidents. There is no guarantee that the data security and privacy safeguards we have put in place will be completely effective or that we will not encounter risks associated with employees accessing company data and systems remotely. We also face challenges due to the need to operate with a dispersed and remote workforce, as well as increased costs related to business continuity initiatives.

Allowing for remote work has also made and might continue to make it more difficult for us to preserve our corporate culture of innovation and our employees might have decreased opportunities to collaborate in meaningful ways. Further, we cannot guarantee that requiring a subset of employees to work in-office, or allowing certain employees to continue to work remotely, will not have a negative impact on employee morale or productivity. Any failure to overcome the challenges presented by our Return to Office policy and remote work policy could harm our future success, including our ability to retain and recruit personnel, innovate and operate effectively, maintain product development velocity, and execute on our business strategy.



***Our future success depends on the continuing efforts of our key employees and our ability to attract and retain senior management and other highly skilled personnel.***

Our future success depends, in part, on our ability to continue to identify, attract, develop, integrate and retain qualified and highly skilled personnel. In particular, our Co-Founder and Chief Executive Officer (“CEO”), Vladimir Tenev, and our Co-Founder and Chief Creative Officer, Baiju Bhatt, have been critical to the development and execution of our business, vision, and strategic direction. In addition, we have heavily relied, and expect we will continue to heavily rely, on the services and performance of our senior management team, which provides leadership, contributes to the core areas of our business and helps us to efficiently execute our business. Although we have entered into employment offer letters with some of our key personnel, these agreements have no specific duration and are terminable by either party at-will and our senior management team has experienced recent changes. We do not maintain key person life insurance policies on any of our employees.

We also might not be successful in attracting, integrating or retaining qualified personnel to fulfill our current or future needs. In particular, there continues to be particularly high competition in the San Francisco Bay Area for software engineers, computer scientists and other technical personnel. Given our heavy emphasis on SBC, the declines in our stock price (which make previously-granted SBC less valuable) have exacerbated the difficulty of recruiting, retaining, and motivating highly skilled personnel. Additionally, the Return to Office policy may negatively impact our ability to retain and recruit highly skilled personnel, especially to the extent other companies continue to allow more flexible remote working models. Attrition and workforce reorganizations and reductions have also and might continue to adversely affect our reputation among job seekers, demoralize our remaining employees, and result in a loss of institutional know-how, reduced productivity, slower customer service response, reduced effectiveness of internal compliance and risk-mitigation programs, and cancellations of or delays in completing new product developments and other strategic projects. For example, in the periods immediately following the April 2022 Restructuring and August 2022 Restructuring, we experienced higher rates of voluntary employee attrition and declines in reported employee job satisfaction. We might continue to experience difficulty in hiring and retaining highly skilled employees with appropriate qualifications.

We believe that a critical component of our efforts to attract and retain employees has been our corporate culture of innovation. We have invested substantial time and resources in building our team. As we continue to expand internationally, we will face new challenges to maintain our corporate culture of innovation among a larger number of geographically dispersed and remote employees, as well as other service providers. Failure to preserve our company culture could harm our ability to retain and recruit personnel.

If we are unable to attract, integrate, retain, or effectively replace our key employees and qualified and highly skilled personnel, our ability to effectively focus on and pursue our corporate objectives will decline, and our business and future growth prospects could be harmed.

***Future acquisitions of, or investments in, other companies, products, technologies or specialized employees could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our results of operations.***

As part of our business strategy, we have made and might continue to make acquisitions of, or investments in, specialized employees or other compatible companies, products, or technologies. We also have entered into and might continue to enter into relationships with other businesses in order to expand our products and services. Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to close these transactions might be subject to third-party approvals, such as governmental and other regulatory approvals, which are beyond our control, and may take longer than expected to be obtained, if at all.

For example, in April 2022 we signed a definitive agreement to acquire Ziglu Limited (“Ziglu”), a U.K.-based electronic money institution and crypto asset firm. However, as a result of prolonged regulatory

uncertainty, after careful consideration, we notified Ziglu of the termination of the agreement in February 2023. In connection with the termination of the agreement, we took a \$12 million impairment charge, in addition to suffering losses from legal fees and other expenses. Additionally, because we had expected Ziglu's team and technology to help accelerate our international expansion, the termination of the deal has delayed our plans to expand our operations in Europe, particularly with respect to cryptocurrency trading.

In general, our efforts to grow through acquisitions are subject to the risks that we might be unable to find suitable acquisition or investment candidates or to complete acquisitions on favorable terms or in a timely manner, if at all. Moreover, these kinds of acquisitions or investments can result in unforeseen operating difficulties and expenditures prior to and following closing, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition and results of operations. If we acquire businesses or technologies, we might not be able to integrate the acquired personnel, operations, products, and technologies successfully or face challenges in doing so, or effectively manage the combined business following the acquisition. Moreover, the anticipated benefits of any acquisition or investment might not be realized, the acquisition or investment might not perform in accordance with expectations, and we might be exposed to unknown liabilities.

In connection with these types of transactions, we might issue additional equity securities that would dilute our stockholders, use cash that we might need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures, and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

***We recently started operating in certain international markets and plan to further expand our international operations, which exposes us to significant new risks, and our international expansion efforts might not succeed.***

We currently only offer select services to the public outside the United States in certain jurisdictions, including brokerage services in the UK, crypto services in some countries in the EU, and our Robinhood Wallet, which is available in over 150 countries and offered through RHNC.

We intend to continue expanding our operations outside of the United States. International expansion requires significant resources and management attention and subjects us to additional regulatory, economic, operational, and political risks on top of those we already face in the United States. There are significant risks and costs inherent in establishing and doing business in international markets, including:

- difficulty establishing and managing international entities, offices, and/or operations and the increased operations, travel, infrastructure, and legal and compliance costs associated with operations, entities, and/or people in different countries or regions;
- the need to understand, interpret and comply with local laws, regulations and customs in multiple jurisdictions, including laws and regulations governing cryptocurrency-related, broker-dealer, money transmitter, or regulated entity practices, some of which might require permissions, registrations, authorizations, licenses or consents, or might be different from, or conflict with, those of other jurisdictions or foreign cybersecurity, data privacy or labor and employment laws;
- the additional complexities of any merger or acquisition activity internationally, which would be new for us and could subject us to additional regulatory scrutiny or approvals;
- the need to adapt, localize, and position our products for specific countries (also known as "product-market fit");

- increased exposure to foreign fraud vectors;
- increased competition from local providers of similar products and services;
- challenges of obtaining, maintaining, protecting, defending and enforcing intellectual property rights abroad, including the challenge of extending or obtaining third-party intellectual property rights to use various technologies in new countries;
- the need to offer customer support and other aspects of our offering (including websites, articles, blog posts, and customer support documentation) in various languages or locations;
- compliance with anti-bribery and anti-corruption laws, such as the FCPA and equivalent anti-money laundering and sanctions rules and requirements in local markets, by us, our employees, and our business partners;
- the need to recruit and manage staff in new countries and regions to support international operations, and comply with employment law, tax, payroll, and benefits requirements in multiple countries;
- the need to enter into new business partnerships with third-party service providers in order to provide products and services in the local market, or to meet regulatory obligations;
- varying levels of internet technology adoption and infrastructure, and increased or varying network and hosting service provider costs and differences in technology service delivery in different countries;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars;
- double taxation of our international earnings and potentially adverse tax consequences due to requirements of or changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- political or social change or unrest or economic instability in a specific country or region in which we operate.

We have limited experience with international legal and regulatory environments and market practices, and we might not be able to penetrate or successfully operate in the markets we choose to enter. In addition, we might incur significant expenses as a result of our international expansion, and we might not be successful, which could lead to substantial losses.

***We are exposed to funding transaction losses due to reversals or insufficient funds.***

Some of our products and services are paid for by electronic transfer from customers' bank accounts which exposes us to risks associated with reversals and insufficient funds. Unwinding of funds transfers due to reversals, and insufficient funds could arise from fraud, misuse, unintentional use, settlement delay, or other activities. Also, criminals are using increasingly sophisticated methods to engage in illegal activities, such as counterfeiting and fraud. If we are unable to collect and retain such amounts from the customer, or if the customer refuses or is unable, due to bankruptcy or other reasons, to reimburse us, we bear the loss for the amount of the chargeback, refund, or return.

While we have policies and procedures designed to manage and mitigate these risks, we cannot be certain that such processes will be effective. Our failure to limit returns, including as a result of fraudulent transactions, could lead payment networks or our banking partners to require us to increase reserves, impose penalties on us, charge additional or higher fees, or terminate their relationships with us. These



risks may be amplified as we continue to expand our operations internationally and increase our exposure to foreign fraud vectors.

## Risks Related to Regulation and Litigation

***Our business is subject to extensive, complex and changing laws and regulations, and related regulatory proceedings and investigations. Changes in these laws and regulations, or our failure to comply with these laws and regulations, could harm our business.***

We are subject to a wide variety of local, state, federal, and international laws, regulations, licensing schemes, and industry standards in the United States, the UK, the EU and in other countries and regions in which we operate. These laws, regulations, and standards govern numerous areas that are important to our business, and include, or might in the future include, those relating to all aspects of the securities industry, financial services, money transmission, the origination, marketing, servicing, and collection of consumer debt, foreign exchange, payments services (such as payment processing and settlement services), cryptocurrency, trading in shares and fractional shares, fraud detection, consumer protection, anti-money laundering, escheatment, sanctions regimes and export controls, data privacy, data protection, data security, as well as climate risk and environmental impact, including with respect to disclosure of GHG emissions and other metrics related to climate change.

The substantial costs and uncertainties related to complying with these regulations continue to increase, and our introduction of new products or services, expansion of our business into new jurisdictions or subindustries, acquisitions of other businesses that operate in similar regulated spaces, or other actions that we may take might subject us to additional laws, regulations, or other government or regulatory scrutiny. For example, since launching Sherwood Media, our media subsidiary dedicated to providing news and information about the markets, economics, business, technology, and the culture of money), we have received inquiries from FINRA regarding Sherwood Media's relationship to RHF. Regulations are intended to ensure the integrity of financial markets, to maintain appropriate capitalization of broker-dealers and other financial services companies, and to protect customers and their assets. These regulations could limit our business activities through capital, customer protection, and market conduct requirements, as well as restrictions on the activities that we are authorized to conduct.

We operate in a highly regulated industry and, despite our efforts to comply with applicable legal requirements, like all companies in our industry, we must adapt to frequent changes in laws and regulations, and face complexity in interpreting and applying evolving laws and regulations to our business, heightened scrutiny of the conduct of financial services firms and increasing penalties for violations of applicable laws and regulations. We might fail to establish and enforce procedures that comply with applicable legal requirements and regulations. We might be adversely affected by new laws or regulations, changes in the interpretation of existing laws or regulations, or more rigorous enforcement. We also might be adversely affected by other regulatory changes related to our obligations with regard to suitability of financial products, supervision, sales practices, application of fiduciary or best interest standards (including the interpretation of what constitutes an "investment recommendation" for the purposes of the SEC's "Regulation Best Interest" and state securities laws) and best execution in the context of our business and market structure, any of which could limit our business, increase our costs and damage our reputation.

### *Broker-Dealer Regulation*

As broker-dealers, our subsidiaries RHF and RHS are subject to extensive regulation by federal and state regulators and SROs, and are subject to laws and regulations covering all aspects of the securities industry. Federal and state regulators and SROs, including the SEC and FINRA, can among other things investigate, censure or fine us, issue cease-and-desist orders or otherwise restrict our operations, require changes to our business practices, products or services, limit our acquisition activities or suspend or expel a broker-dealer or any of its officers or employees. Similarly, state attorneys general and other state

regulators, including state securities and financial services regulators, can bring legal actions on behalf of the citizens of their states to assure compliance with state laws. In addition, criminal authorities such as state attorneys general or the DOJ may institute civil or criminal proceedings against us for violating applicable laws, rules, or regulations.

#### *Money-Transmitter Regulation*

As money transmitters, certain of our subsidiaries are subject to regulation, primarily at the state level. We are also subject to regulation by the Consumer Financial Protection Bureau (“CFPB”). We have obtained or are in the process of obtaining licenses to operate as a money transmitter (or as another type of regulated financial services institution, as applicable) in the United States and in the states where this is required. As a licensed money transmitter, we are subject to obligations and restrictions with respect to the movement of customer funds, reporting requirements, bonding requirements, and inspection by state regulatory agencies concerning those aspects of our business considered money transmission. Evaluation of our compliance efforts, as well as the questions of whether and to what extent our products and services are considered money transmission, are matters of regulatory interpretation and could change over time. There are substantial costs and potential product and operational changes involved in maintaining and renewing these licenses, certifications, and approvals, and we could be subject to fines, other enforcement actions, and litigation if we are found to violate any of these requirements. There can be no assurance that we will be able to (or decide to) continue to apply for or obtain any such licenses, renewals, certifications, and approvals in any jurisdictions. In certain markets, we might rely on local banks or other partners to process payments and conduct foreign currency exchange transactions in local currency, and local regulators might use their authority over such local partners to prohibit, restrict, or limit us from doing business. The need to obtain or maintain these licenses, certifications, or other regulatory approvals could impose substantial additional costs, delay or preclude planned transactions, product launches or improvements, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, products, and services, or prevent us from providing our products or services in a given market.

***We have been subject to regulatory investigations, actions, and settlements and we expect to continue to be subject to such proceedings in the future, which could cause us to incur substantial costs or require us to change our business practices in a materially adverse manner.***

From time to time, we have been and currently are subject, and, given the highly regulated nature of the industries in which we operate, we expect that we will be subject in the future, to a number of legal and regulatory examinations and investigations arising out of our business practices and operations, conducted by the SEC or FINRA, other federal agencies such as OFAC, and state regulatory agencies, such as the Massachusetts Securities Division (“MSD”), the California Attorney General’s Office, and the NYDFS, among other authorities. These examinations and investigations have in some instances in the past and might in the future lead to lawsuits, arbitration claims, and enforcement proceedings, as well as other actions and claims, that result in injunctions, fines, penalties, and monetary settlements. For example:

- In June 2021, we resolved multiple matters with FINRA (including investigations into systems outages, our options product offering, and margin-related communications with customers), resulting in censure, fines and restitution of \$70 million, and engagement of an independent consultant.
- In connection with the Early 2021 Trading Restrictions (defined below), we and our employees, including our co-founder and CEO, Vladimir Tenev, have received requests for information, and in some cases, subpoenas and requests for testimony from the USAO, the DOJ, Antitrust Division, the SEC staff, FINRA, the New York Attorney General’s Office, other state attorneys general offices, and a number of state securities regulators. Also, a related search warrant was executed by the USAO to obtain Mr. Tenev’s cell phone. We have also received inquiries from the SEC’s

Division of Examinations and Division of Enforcement and FINRA related to employee trading during the week of January 25, 2021 in some of the securities that were subject to the Early 2021 Trading Restrictions, including GameStop Corp. and AMC Entertainment Holdings, Inc., and specifically as to whether any employee trading in these securities occurred after the decision to impose the Early 2021 Trading Restrictions and before the public announcement of the Early 2021 Trading Restrictions on January 28, 2021. We are cooperating with these investigations and examinations.

- In August 2022, we settled an NYDFS investigation under which we paid a monetary penalty of \$30 million and engaged an independent compliance consultant.
- Since March 2023, we have reached settlements with over 30 state regulators, including, for example, the Alabama Securities Commission, the California Department of Financial Protection and Innovation, the Colorado Division of Securities, the Delaware Department of Justice - Investor Protection Unit, the New Jersey Bureau of Securities, the South Dakota Division of Insurance, and the Texas State Securities Board regarding investigations related to RHF's options trading and related customer communications and displays, options and margin trading approval process, the March 2020 Outages, and customer support issues prior to June 2020, under which we have agreed to pay a monetary penalty of \$200,000 per state. We anticipate potential additional state settlements as part of a multi-state settlement related to these issues totaling up to approximately \$10 million.
- In January 2024, we settled a matter with the MSD related to supervision of certain product features and marketing strategies, the March 2020 Outages, our options trading approval process, and the November 2021 Data Security Incident, under which we paid a \$7.5 million fine and agreed to engage an independent consultant to review, among other things, implementation of the FINRA independent's recommendations, policies and procedures regarding certain application features, and cybersecurity measures.

These and other proceedings, some of which are described in Note 17 - Commitments & Contingencies, to our consolidated financial statements in this Annual Report, have in the past and might in the future relate to broker-dealer and financial services rules and regulations, including our trading and supervisory policies and procedures, our clearing practices, our trade reporting, our public communications, our compliance with FINRA registration requirements, anti-money laundering and other financial crimes regulations, cybersecurity matters, and our business continuity plans, among other topics. These sorts of proceedings, inquiries, examinations, investigations, and other regulatory matters might subject us to fines, penalties, and monetary settlements, harm our reputation and brand, require substantial management attention, result in additional compliance requirements, result in certain of our subsidiaries losing their regulatory licenses or ability to conduct business in some jurisdictions (which could, among other things, result in statutory disqualification by FINRA and the SEC), increase regulatory scrutiny of our business, restrict our operations or require us to change our business practices, require changes to our products and services, require changes in personnel or management, delay planned product or service launches or development, limit our ability to acquire other complementary businesses and technologies, or lead to the suspension or expulsion of our broker-dealer or other regulated subsidiaries or their officers or employees.

In connection with litigation settlements, we have in the past and might in the future be required to make expenditures to enhance our compliance activities. For example, in connection with the August 2022 NYDFS settlement, we engaged an independent consultant to perform a comprehensive evaluation of our compliance program and remediation efforts with respect to identified deficiencies and violations. The independent consultant's evaluation is still ongoing, and resulted in a recommendation to implement enhancements in certain areas identified in the settlement, which require significant effort to implement.

Additionally, while we now offer select services and products in certain countries outside the United States, we are not currently licensed, authorized, or registered in any every jurisdiction (and in some cases are not licensed in every state). Under the terms of our customer agreements, we currently offer services only to citizens and permanent residents with a legal address within those jurisdictions where we are authorized and registered, and our application includes features designed to block access to our services from unauthorized jurisdictions. However, to the extent a customer accesses our application or services outside of jurisdictions where we have obtained required governmental licenses and authorization, we face a risk of becoming subject to regulations in that local jurisdiction. A regulator's conclusion that we are servicing customers in its jurisdiction without being appropriately licensed, registered, or authorized could result in fines or other enforcement actions.

***Recent statements by lawmakers, regulators and other public officials have signaled an increased focus on new or additional regulations that could impact our business and require us to make significant changes to our business model and practices.***

Various lawmakers, regulators and other public officials have recently made statements about our business and that of other broker-dealers and signaled an increased focus on new or additional laws or regulations that, if acted upon, could impact our business. Over three days in the spring of 2021, the Committee on Financial Services of the U.S. House of Representatives held hearings on the January 2021 market volatility and disruptions surrounding GameStop and other "meme" stocks at which various members of Congress expressed concerns about various market practices, including PFOF and options trading. In his testimony, Chair Gensler indicated that he had instructed the staff of the SEC to study, and in some cases make rulemaking recommendations to the SEC regarding, a variety of market issues and practices, including PFOF, digital engagement practices, and whether broker-dealers are adequately disclosing their policies and procedures around potential trading restrictions; whether margin requirements and other payment requirements are sufficient; and whether broker-dealers have appropriate tools to manage their liquidity and risk. Chair Gensler also discussed the use of mobile app features such as rewards, bonuses, push notifications and other prompts. Chair Gensler suggested that such prompts could promote behavior that is not in the interest of the customer, such as excessive trading. Chair Gensler also advised that he had directed the SEC staff to consider whether expanded enforcement mechanisms are necessary. In December 2022, the SEC proposed the December 2022 Rule Proposals, which relate to (i) best execution, (ii) order competition, (iii) order execution disclosure, and (iv) order tick size and fee caps. The SEC issued a request for information and public comment on digital engagement practices by broker-dealers and investment advisers in August 2021. In his April 2023 testimony before the U.S. House of Representatives Committee on Financial Services, Chair Gensler stated that he had asked the SEC staff to make recommendations for rule proposals addressing conflicts that can arise from the use of predictive analytics, in particular conflicts that may arise to the extent advisors or brokers are optimizing their own interests as well as others. On July 26, 2023, the SEC proposed new rules (the "July 2023 Rule Proposals") that would impose new obligations on registered broker-dealers and investment advisers with respect to their use of certain covered technologies when interacting with investors. If adopted as proposed, the July 2023 Rule Proposals may require us to modify, limit or discontinue our use of certain technologies and product features—and could significantly change the way that we interact with existing and prospective customers—which may adversely impact our business and revenues.

In addition, in 2022, FINRA issued a regulatory notice requesting comment on complex products and options including "whether the current regulatory framework...is appropriately tailored to address current concerns raised by complex products and options." If FINRA amends its rules to impose additional requirements on firms with respect to determining customer eligibility and/or suitability to trade options, such rule changes could result in fewer Robinhood customers being approved to trade options which could negatively impact our options trading volumes and associated revenues.

Also, in September 2021, FINRA announced that it is reviewing firms' use of social media marketing, including social media influencers, which is a marketing channel that we actively utilize. In February 2022,

FINRA opened an investigation into our use of social media marketing. In February 2023, FINRA provided updated guidance about firms' practices related to their acquisition of customers through social media channels, as well as firms' sharing of customers' usage information with affiliates and non-affiliated third parties. In light of this updated guidance, we narrowed the scope of our social media influencer and affiliate publisher programs. Any additional limits that FINRA might impose on our use of this marketing channel could make it more difficult for us to attract new customers, resulting in slower growth.

To the extent that the SEC, FINRA, or other regulatory authorities or legislative bodies adopt additional regulations or legislation in respect of any of these areas or relating to any other aspect of our business, we could face a heightened risk of potential regulatory violations and could be required to make significant changes to our business model and practices, which changes might not be successful. Any of these outcomes could have an adverse effect on our business, financial condition and results of operations.

***We are involved in numerous litigation matters that are expensive and time consuming, and, if resolved adversely, could expose us to significant liability and reputational harm.***

In addition to regulatory proceedings, we are also involved in numerous other litigation matters, including putative class action lawsuits, and we anticipate that we will continue to be a target for litigation in the future. Potential litigation matters include commercial litigation matters, insurance matters, securities litigation matters, privacy and cybersecurity disputes, intellectual property disputes, contract disputes, consumer protection matters, and employment matters. This risk might be more pronounced during market downturns, during which the volume of legal claims and amount of damages sought in litigation and regulatory proceedings against financial services companies have historically increased.

Litigation matters brought against us have in the past and might in the future require substantial management attention and might result in settlements, awards, injunctions, fines, penalties, and other adverse results. A substantial judgment, settlement, fine, penalty, or injunctive relief could be material to our results of operations or cash flows for a particular period, or could cause us significant reputational harm.

For more information about the legal proceedings in which we are currently involved, see Note 17 - Commitments & Contingencies, to our consolidated financial statements in this Annual Report.

***We are subject to governmental laws and requirements regarding anti-corruption, anti-bribery, economic and trade sanctions, anti-money laundering, and counter-terror financing that could impair our ability to compete in international markets or subject us to criminal or civil liability if we violate them.***

We are required to comply with U.S. economic and trade sanctions administered by OFAC and we have processes in place to facilitate compliance with the OFAC regulations. As part of our customer onboarding process, in accordance with the Customer Identification Program rules under Section 326 of the USA Patriot Act, we screen all potential customers against OFAC watchlists and continue to screen all customers, vendors and employees daily against OFAC watchlists. Although our application includes features designed to block access to our services from sanctioned countries, if our services are accessed from a sanctioned country in violation of trade and economic sanctions, we could be subject to enforcement actions.

We are subject to the FCPA, U.S. domestic bribery laws, and other U.S. and foreign anti-corruption laws. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. The failure to comply with any



such laws could subject us to criminal or civil liability, cause us significant reputational harm, and have an adverse effect on our business, financial condition, and results of operations.

We are also subject to various anti-money laundering and counter-terrorist financing laws and regulations that prohibit, among other things, our involvement in transferring the proceeds of criminal activities. In the United States, most of our services are subject to anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended, and similar laws and regulations. Regulators in the United States continue to increase their scrutiny of compliance with these obligations. For example, in August 2022, we settled an NYDFS investigation of our cryptocurrency business related primarily to anti-money laundering and cybersecurity-related issues, under which we paid a monetary penalty of \$30 million and engaged an independent compliance consultant.

Although our operations are currently concentrated in the United States, we recently started expanding our operations outside of the United States. As we have started to expand internationally, we have become subject to additional non-U.S. laws, rules, regulations, and other requirements regarding economic and trade sanctions, anti-money laundering, and counter-terror financing. In order to comply with applicable laws, we have started to, and will continue to, revise and expand our compliance program, including the procedures we use to verify the identity of our customers and to monitor transactions on our system, including payments to persons outside of the United States. The need to comply with multiple sets of laws, rules, regulations, and other requirements could substantially increase our compliance costs, impair our ability to compete in international markets, and subject us to risk of criminal or civil liability for violations.

## Risks Related to Attracting, Retaining, and Engaging Customers

***We operate in highly competitive markets, and many of our competitors have greater resources than we do and may have products and services that are more appealing than ours to our current or potential customers.***

The markets in which we compete are evolving and highly competitive, with multiple participants competing for the same customers. Our current and potential future competition principally comes from incumbent brokerages, established financial technology companies, venture-backed financial technology firms, banks, cryptocurrency exchanges, asset management firms, financial institutions, and technology platforms. The majority of our competitors have longer operating histories and greater capital resources than we have and offer a wider range of products and services. Some of our competitors, particularly new and emerging technology companies, are not subject to the same regulatory requirements or scrutiny to which we are subject, which could allow them to innovate more quickly or take more risks, placing us at a competitive disadvantage. The impact of competitors with superior name recognition, greater market acceptance, larger customer bases, or stronger capital positions could adversely affect our results of operations and customer acquisition and retention. Our competitors might also be able to respond more quickly to new or changing opportunities and demands and withstand changing market conditions better than we can, especially larger competitors that might benefit from more diversified product and customer bases. For example, some of our competitors have quickly adopted, or are seeking to adopt, some of our key offerings and services, including commission-free trading, fractional share trading, no account minimums, and IRA match since their introduction on our platform in order to compete with us. In addition, competitors might conduct extensive promotional activities, offer better terms or offer differentiating products and services that could attract our current and prospective customers and potentially result in intensified competition within our markets. We continue to experience aggressive price competition in our markets and we might not be able to match the marketing efforts or prices of our competitors. In addition, our competitors might choose to forgo PFOF, which could create downward pressure on PFOF and make it more difficult for us to maintain our PFOF arrangements, which are a significant source of our revenue. We might also be subject to increased competition as our competitors enter into business combinations or partnerships, or established companies in other market segments expand to become competitive with our business.



Our ability to compete successfully in the financial services and cryptocurrency markets depends on a number of factors, including, among other things:

- maintaining competitive pricing;
- providing easy-to-use, innovative, and attractive products and services that are adopted by customers;
- retaining customers (such as by providing effective customer support and avoiding outages, security breaches, and trading restrictions);
- recruiting and retaining highly skilled personnel and senior management;
- maintaining and improving our reputation and the market perception of our brand and overall value;
- maintaining our relationships with our counterparties; and
- adjusting to a dynamic regulatory environment.

Our competitive position within our markets could be adversely affected if we are unable to adequately address these factors.

***If we fail to retain existing customers or attract new customers, or if our customers decrease their use of our products and services, our revenue will decline.***

We have experienced customer growth in recent years (and significant growth in 2020 and 2021 in particular), including a significant fraction of new customers, often more than 50%, who have told us that Robinhood is their first brokerage account. Our business and revenue growth depends on our efforts to attract new customers, retain existing customers, and increase the amount that our customers use our products and services (including premium services, such as Robinhood Gold). It is particularly important that we retain and engage our most active brokerage customers, who account for a disproportionately large percentage of our brokerage trading volumes. Any erosion of this active customer base would have a disproportionately large negative impact on our revenues, which could cause the trading price of our Class A common stock to decline significantly. We have historically relied significantly on our customers joining organically or through the Robinhood Referral Program, which accounted for over 80% of the customers that joined our platform in each of 2020, 2021, and 2022, and since 2023 we have started to increase our investment in paid marketing channels. Our efforts to attract and retain customers might fail due to a number of factors, including our customers losing confidence in us or preferring a competitor's offerings. Additional factors that could lead to a decline in our number of customers or their usage of our products and services or that could prevent us from increasing our number of customers include:

- a decline in our brand and reputation;
- increased pricing for our products and services;
- ineffective marketing efforts or a reduction in marketing activity;
- certain of our customers, due to being new and inexperienced, might be less loyal to our product or less likely to maintain historical trading patterns and interest in investing;
- a broad decline in the equity or other financial markets, which could result in many of these investors feeling discouraged and exiting the markets altogether (such as the 2022 Bear Markets);
- rising inflation resulting in less disposable income for our customers to invest;

- our customers experiencing difficulties using the Robinhood app as intended, due to any number of reasons such as design errors, service outages, or trading restrictions imposed by us;
- our customers experiencing security or data breaches, account intrusions, or other unauthorized access;
- our failure to provide adequate customer service;
- customer resistance to and non-acceptance of cryptocurrencies; and
- customer dissatisfaction with the limited number of cryptocurrencies available on our platform or with our ceasing support for cryptocurrencies on our platform that the SEC or a court has asserted or determined are securities or our proactively removing certain cryptocurrencies from our platform because they share similarities with such cryptocurrencies.

Our customers may choose to cease using our platform, products, and services at any time, and may choose to transfer their accounts to another broker-dealer. For example, during the first quarter of 2021 many customers became upset by our imposition of the Early 2021 Trading Restrictions (defined below) and we saw an increase in customers choosing to transfer their accounts to other broker-dealers. The total value of outbound ACATS, an automated industry system for account asset transfers, was \$4.2 billion in the first quarter of 2021, involving 5.2% of AUC from approximately 206,000 accounts, as compared to outbound transfers of \$0.5 billion, involving 1.2% of AUC from approximately 24,000 accounts during each quarter of 2020 on average.

***If we fail to provide and monetize new and innovative products and services that are adopted by customers, our business may become less competitive and our revenue might decline.***

Our ability to attract, engage, and retain our customers and to increase our revenue depends heavily on our ability to evolve our existing products and services and to create and monetize new products and services that are adopted by customers. Rapid and significant technological changes continue to confront the financial services industry, including developments in the methods in which securities are traded and developments in cryptocurrencies. To keep pace or to innovate we have introduced and might continue to introduce significant changes to our existing products and services or acquire or introduce new and unproven products and services, including using technologies with which we have little or no prior development or operating experience. Our efforts have been and might continue to be inhibited by industry-wide standards, legal restrictions, incompatible customer expectations, demands, and preferences, or third-party intellectual property rights. Our efforts to innovate have been and might continue to also be delayed or blocked by new or enhanced regulatory scrutiny or technical complications. Incorporating new technologies into our products and services has required and might continue to require substantial expenditures and take considerable time, and we might not be successful in realizing a return on these development efforts in a timely manner or at all. It might be difficult to monetize products in a manner consistent with our brand's focus on low prices. If we fail to innovate and deliver products and services with market fit and differentiation, or fail to do so quickly enough as compared to our competitors, we might fail to attract and retain customers and maintain customer engagement, causing our revenue to decline. Our international expansion efforts may increase these risks as we expect to adapt our product and service offerings to reflect local regulatory requirements, customer preferences, and other location-specific factors, as discussed in “—Risks Related to Our Business—We recently started operating in certain international markets and plan to further expand our international operations, which exposes us to significant new risks, and our international expansion efforts might not succeed.”

## Risks Related to Our Platform, Systems, and Technology

***Our products and services rely on software and systems that are highly technical and have been, and may in the future be, subject to interruption, instability, and other potential flaws due to software errors, design defects, and other processing, operational, and technological failures, whether internal or external.***

We rely on technology, including the internet and mobile services, to conduct much of our business activity and allow our customers to conduct financial transactions on our platform. Our systems and operations, including our cloud-based operations and disaster recovery operations, as well as those of the third parties on which we rely to conduct certain key functions, are vulnerable to disruptions from natural disasters, power and service outages, interruptions or losses, computer and telecommunications failures, software bugs, cybersecurity attacks, computer viruses, malware, distributed denial of service attacks, spam attacks, phishing or other social engineering, ransomware, security breaches, credential stuffing, technological failure, human error, terrorism, improper operation, unauthorized entry, data loss, intentional bad actions, and other similar events and we have experienced such disruptions in the past. Further, we have in the past and might in the future be particularly vulnerable to any such internal technology failures because we rely heavily on our own self-clearing platform, proprietary order routing system, data platform, and other back-end infrastructure for our operations, and any such failures could have an adverse effect on our reputation, business, financial condition, and results of operations. For example, the Q4 2022 Processing Error (defined below), allowed customers, for a limited time, to execute trades selling more shares than they held in their accounts. This caused a temporary short position in that ticker symbol which Robinhood covered out of corporate cash within the same trading day, resulting in a loss of \$57 million.

Our products and internal systems also rely on software that is highly technical and complex (including software developed or maintained internally and/or by third parties and also including machine learning models) in order to collect, store, retrieve, transmit, manage and otherwise process immense amounts of data. The software on which we rely might contain errors, bugs, vulnerabilities, design defects, or technical limitations that might compromise our ability to meet our objectives. Some such problems are inherently difficult to detect and some such problems might only be discovered after code has been released for external or internal use. Media outlets have in the past and might in the future learn of our plans for features by examining hidden but unprotected images and code in publicly available beta versions of our app, resulting in unwanted publicity prior to our intended announcement dates. For example, this occurred in September 2021 prior to our launch announcement for our crypto transfers feature ("Crypto Transfers"). Such problems might also lead to negative customer experiences (including the communication of inaccurate information to customers), compromised ability of our products to perform in a manner consistent with customer expectations, delayed product introductions, compromised ability to protect data and intellectual property, or an inability to provide some or all of our services.

While we have made, and continue to make, significant investments designed to correct software errors and design defects and to enhance the reliability and scalability of our platform and operations, the risk of software and system failures and design defects is always present, we do not have fully redundant systems, and we might fail to maintain, expand, and upgrade our systems and infrastructure to meet future requirements and mitigate future risks on a timely basis. It might become increasingly difficult to maintain and improve the availability of our platform, especially as our platform and product offerings become more complex and our customer base grows. We might also encounter technical issues in connection with changes and upgrades to the underlying networks of supported cryptocurrencies. Any number of technical changes, software upgrades, soft or hard forks, cybersecurity incidents, or other changes to the underlying blockchain networks might occur from time to time, causing incompatibility, technical issues, disruptions or security weaknesses to our platform. If we are unable to identify, troubleshoot, and resolve any such issues successfully, we might no longer be able to support such cryptocurrency, our customers' assets might be frozen or lost, the security of our hot or cold wallets might be compromised, and our platform and technical infrastructure might be affected.

In addition, surges in trading volume on our platform have in the past and might in the future cause our systems to operate at diminished speed or even fail, temporarily or for a more prolonged period of time, which would affect our ability to process transactions and potentially result in some customers' orders being executed at prices they did not anticipate, executed incorrectly, or not executed at all. For example, we experienced (i) the March 2020 Outages, which resulted in some of our customers being unable to buy and sell securities and other financial products on our platform for a period of time, and (ii) the "April-May 2021 Disruptions, which resulted in some of our customers being unable to buy and sell cryptocurrencies for a period of time. Our platform has otherwise in the past and might in the future experience outages. The March 2020 Outages resulted in putative class action lawsuits, arbitrations, and regulatory examinations and investigations. We provided remediation to many of our customers impacted by the March 2020 Outages through cash payments, resulting in out-of-pocket losses to us of approximately \$3.6 million. Disruptions to, destruction of, improper access to, breach of, instability of, or failure to effectively maintain our information technology systems (including our data processing systems, self-clearing platform, and order routing system) that allow our customers to use our products and services, and any associated degradations or interruptions of service could result in damage to our reputation, loss of customers, loss of revenue, regulatory or governmental investigations, civil litigation, and liability for damages. In addition, our customer service team from time to time experiences backlogs responding to customer support requests. These backlogs have compounded when we have experienced any market outages, provider network disruptions, or platform outages or errors, including, for example, in connection with the March 2020 Outages and the April-May 2021 Disruptions, and may compound in the future as a result of such events. Frequent or persistent interruptions, or perceptions of such interruptions whether true or not, in our products and services could cause customers to believe that our products and services are unreliable, leading them to switch to our competitors or to otherwise avoid our products and services. Additionally, our insurance policies might be insufficient to cover a claim made against us by any such customers affected by any disruptions, outages, or other performance or infrastructure problems.

***Our success depends in part upon continued distribution through app stores and effective operation with mobile operating systems, networks, technologies, products, hardware and standards that we do not control.***

A substantial majority of our customers' activity on our platform occurs on mobile devices. We are dependent on the interoperability of our app with popular mobile operating systems, networks, technologies, products, hardware, and standards that we do not control, such as the Android and iOS operating systems. Any changes, bugs or technical issues in such systems, new generations of mobile devices or new versions of operating systems, or changes in our relationships with mobile operating system providers, device manufacturers or mobile carriers, or in their terms of service or policies that degrade the functionality of our app, reduce or eliminate our ability to distribute applications, give preferential treatment to competitive products, limit our ability to target or measure the effectiveness of applications, or impose fees or other charges related to our delivery of our application could adversely affect customer usage of the Robinhood app. For example, from time to time we have experienced delays in our ability to launch products or update features on our platform as a result of prolonged app store review processes. Further, we are subject to the standard policies and terms of service of these operating systems, as well as policies and terms of service of the various application stores that make our application and experiences available to our developers, creators and customers. These policies and terms of service govern the availability, promotion, distribution, content and operation generally of applications and experiences on such operating systems and stores. Each provider of these operating systems and stores has broad discretion to change and interpret its terms of service and policies with respect to our platform and those changes might be unfavorable to us and our customers' use of our platform. If we were to violate, or an operating system provider or application store believes that we have violated, its terms of service or policies, that operating system provider or application store could limit or discontinue our access to its operating system or store. Any limitation or discontinuation of our access to any third-party platform or application store could adversely affect our business, financial condition or results of operations.

Additionally, in order to deliver a high-quality mobile experience for our customers, it is important that our products and services work well with a range of mobile technologies, products, systems, networks, hardware and standards that we do not control. We need to continuously modify, enhance, and improve our products and services to keep pace with changes in internet-related hardware, mobile operating systems and other software, communication, browser, and database technologies. We might not be successful in developing products that operate effectively with these technologies, products, systems, networks or standards or in bringing them to market quickly or cost-effectively in response to market demands. If our customers choose to not update our app to the latest version, or if it is otherwise difficult for them to access or use our app on their mobile devices, or if they use mobile products that do not offer access to our app, our customer growth and engagement could be adversely affected and our revenues might decline. In addition, if our customers use older versions of our app it may result in customer complaints and regulatory inquiries that could lead to arbitration claims or regulatory sanctions.

***We rely on third parties to perform some key functions, and their failure to perform those functions could adversely affect our business, financial condition and results of operations.***

We rely on certain third-party computer systems or third-party service providers, including several cloud technology providers such as Amazon Web Services (on which we primarily rely to deliver our services to customers on our platform), internet service providers, payment services providers, market and third-party data providers, regulatory services providers, clearing systems, market makers, exchange systems, banking systems, payment gateways that link us to the payment card and bank clearing networks to process transactions, co-location facilities, communications facilities, and other third-party facilities to run our platform, facilitate trades by our customers, provide the technology we use to manage some of our cryptocurrency custody, transfer, and settlement operations, and support or carry out some regulatory obligations. In addition, external content providers provide us with financial information, market news, charts, option and stock quotes, cryptocurrency quotes, research reports, and other fundamental data that we provide to our customers. These providers are susceptible to processing, operational, technological and security vulnerabilities, including security breaches, which might impact our business, and our ability to monitor our third-party service providers' data security is limited. In addition, these third-party service providers might rely on subcontractors to provide services to us that face similar risks.

We face a risk that our third-party service providers might be unable or unwilling to continue to provide these services to meet our current needs in an efficient, cost-effective manner or to expand their services to meet our needs in the future. Any failures by our third-party service providers that result in an interruption in service, unauthorized access, misuse, loss or destruction of data or other similar occurrences could interrupt our business, cause us to incur losses, result in decreased customer satisfaction and increase customer attrition, subject us to customer complaints, significant fines, litigation, disputes, claims, regulatory investigations or other inquiries and harm our reputation. Regulators might also hold us responsible for the failures of our providers.

***We are incorporating AI technologies into some of our products and processes. These technologies may present business, compliance, and reputational risks.***

We currently use machine learning and AI to improve our products and processes in limited circumstances, such as to increase the efficiency of our in-app chat support and our fraud detection systems, and have plans to expand our use of AI in the future. Our research and development of such technology remains ongoing. As with many new and emerging technologies, AI presents numerous risks and challenges that could adversely affect our business. If we fail to keep pace with rapidly evolving AI technological developments, especially in the financial technology sector, our competitive position and business results may suffer. At the same time, use of AI has recently become the source of significant media attention and political debate. The introduction of AI technologies, particularly generative AI, into new or existing offerings may result in new or expanded risks and liabilities, including due to enhanced governmental or regulatory scrutiny, litigation, compliance issues, ethical concerns, confidentiality or security risks, as well as other factors that could adversely affect our business, reputation, and financial results. For example, AI technologies can lead to unintended consequences, including generating content that appears correct but is factually inaccurate, misleading or otherwise flawed, or that results in



unintended biases and discriminatory outcomes, which could negatively impact our customers, harm our reputation and business, and expose us to liability. Laws, regulations or industry standards that develop in response to the use of AI may be burdensome or may restrict our ability to use, develop, or deploy AI, particularly generative AI technologies, in our products or processes.

We use AI technologies from third parties, which may include open source software. If we are unable to maintain rights to use these AI technologies on commercially reasonable terms, we may be forced to acquire or develop alternate AI technologies, which may limit or delay our ability to provide competitive offerings and may increase our costs. These AI technologies also may incorporate data from third-party sources, which may expose us to risks associated with data rights and protection. The legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain, including with respect to intellectual property ownership and license rights, cybersecurity, and data protection laws, among others, and has not been yet fully addressed by courts or regulators. The use, development, or adoption of AI technologies into our products may result in exposure to claims by third parties of copyright infringement or other intellectual property misappropriation, which may require us to pay compensation or license fees to third parties. The evolving legal, regulatory and compliance framework for AI technologies may also impact our ability to protect our own data and intellectual property against infringing use.

## Risks Related to Cybersecurity and Data Privacy

***Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or data or those of our customers or third-party or fourth-party service providers.***

Our systems and those of our customers and third-party service providers have been and might in the future be vulnerable to cybersecurity issues. We, like other financial technology organizations, routinely are subject to cybersecurity threats and our technologies, systems, and networks have been and might in the future be subject to attempted cybersecurity attacks. Such issues are increasing in frequency and evolving in nature, including employee and contractor theft or misuse, denial-of-service attacks, and sophisticated nation-state and nation-state-supported actors engaging in attacks. The operation of our platform involves the use, collection, storage, sharing, disclosure, transfer, and other processing of customer information, including personal data. Security breaches and other security incidents could expose us to a risk of loss or exposure of this information, which could result in potential liability, investigations, regulatory fines, penalties for violation of applicable laws or regulations, litigation, and remediation costs, as well as reputational harm. As the breadth and complexity of the technologies we use and the software and platforms we develop continue to grow, the potential risk of security breaches and cybersecurity attacks increases.

Cybersecurity attacks and other malicious internet-based activity continue to increase and financial technology platform providers have been and expect to continue to be targeted. In light of media attention, we might be a particularly attractive target of attacks seeking to access customer data or assets. For example, from January 1, 2020 to October 16, 2020, approximately 2,000 Robinhood customer accounts were allegedly accessed by unauthorized users. We believe these incidents resulted from compromised passwords off of our platform, rather than any failure of our security or systems. Nonetheless, we experienced negative publicity in connection with these events and might in the future experience similar adverse effects relating to real or perceived security incidents, whether or not related to the security of our platform or systems. We have also received customer complaints and been subject to litigation and regulatory inquiries, examinations, enforcement actions, and investigations by various state and federal regulatory bodies, including the SEC, FINRA, and certain state regulators, including the NYDFS and the New York Attorney General, related to these events. The increasing sophistication and resources of cyber criminals and other non-state threat actors and increased actions by nation-state actors make it difficult to keep up with new threats and could result in a breach of security. Additionally, there is an increased risk that we might experience cybersecurity-related incidents as a result of any of our employees, service providers, or other third-parties working remotely on less secure systems and environments. While we take significant efforts to protect our systems and data, including establishing



internal processes and implementing technological measures designed to provide multiple layers of security, our safety and security measures might be insufficient to prevent damage to, or interruption or breach of, our information systems, data (including personal data), and operations. For example, we experienced the November 2021 Data Security Incident. Based on our investigation and that of a third-party security firm, we believe that the unauthorized party obtained names or email addresses for millions of people, phone numbers for several thousand people, additional personal information for a few hundred people, and extensive account details for about ten people, though we believe no Social Security numbers, bank account numbers, or credit or debit card numbers were exposed and that there has been no financial loss to any customers as a result of the incident.

Furthermore, to the extent the operation of our systems relies on our third-party service providers, through either a connection to, or an integration with, third parties' systems, the risk of cybersecurity attacks and loss, corruption, or unauthorized access to or publication of our information or the confidential information and personal data of customers and employees might increase. Third-party risks might include insufficient security measures, data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws or security measures might be inadequate. Our ability to monitor, and our resources to optimize integration with, third-party service providers' data security practices are also limited. These third-party risks might be exacerbated as our resources are spread across multiple public cloud service providers. Although we generally have agreements relating to cybersecurity and data privacy in place with our third-party service providers, such agreements might not prevent the accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of, or modification of data (including personal data) and/or might not enable us to obtain adequate (or any) reimbursement from our third-party service providers in the event we should suffer any such incidents. For example, the massive, nearly two-year long, cybersecurity attack against SolarWinds Corp., known as the SUNBURST attack, highlights the growing risk from cybersecurity threats against trusted third-party software which can lead to thousand of customers' data being compromised. Due to applicable laws and regulations or contractual obligations, we could be held responsible for any information security failure or cybersecurity attack attributed to our vendors as they relate to the information we share with them. A vulnerability in a third-party service provider's software or systems, a failure of our third-party service providers' safeguards, policies or procedures, or a breach of a third-party service provider's software or systems could result in the compromise of the confidentiality, integrity, or availability of our systems or the data housed in our third-party solutions. Additionally, we could also be exposed to information security vulnerabilities or failures at third parties' common suppliers or vendors (known as "fourth parties") that could also impact the security of our data, and we may not be able to effectively directly monitor or mitigate such fourth-party risks, in particular as such risks relate to the use of common suppliers or vendors by the third parties that perform functions and services for us and our limited ability to assess the fourth party's operational controls.

For example, in January 2023, unauthorized posts were made on our social media accounts, which were all removed within minutes. Based on a preliminary investigation, we believe the source of the incident was a compromise at a third-party vendor. In addition, in March 2022 a security breach occurred at Okta, an identity authentication provider that we utilize across our employee base. In general, an attacker with forged or compromised Okta service provider credentials could potentially have accessed several of our sensitive internal systems. Okta reports it has now corrected the issue and working with Okta, we have confirmed that such third-party vulnerability was not exploited to gain access to our systems.

A core aspect of our business is the reliability and security of our platform. Any unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data, including personal data, cybersecurity breach or other security incident that we, our customers or our third-party or fourth-party service providers experience or the perception that one has occurred or might occur, could harm our reputation, reduce the demand for our products and services and disrupt normal business operations. In addition, it might require us to expend significant financial and operational resources in response to a security breach, including repairing system damage, increasing security protection costs by deploying additional personnel and modifying or enhancing our protection technologies, investigating, remediating, or correcting the breach and any security vulnerabilities, defending against and resolving legal and regulatory claims, and preventing future security breaches and

incidents, all of which could expose us to uninsured liability, increase our risk of regulatory scrutiny, expose us to legal liabilities, including litigation, regulatory enforcement, indemnity obligations, or damages for contract breach, divert resources and the attention of our management and key personnel away from our business operations, and cause us to incur significant costs, any of which could materially adversely affect our business, financial condition, and results of operations. Moreover, our efforts to improve security and protect data from compromise might identify previously undiscovered security breaches. There could be public announcements regarding any security incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could have an adverse effect on the trading price of our Class A common stock.

***We are subject to stringent laws, rules, regulations, policies, industry standards and contractual obligations regarding data privacy and security and might become subject to additional related laws and regulations in jurisdictions into which we expand. Many of these laws and regulations are subject to change and reinterpretation and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or other harm to our business.***

We are subject to a variety of federal, state, local, and non-U.S. laws, directives, rules, policies, industry standards and regulations, as well as contractual obligations, relating to privacy and the collection, protection, use, retention, security, disclosure, transfer and other processing of personal data and other data, including the Gramm-Leach-Bliley Act of 1999, Section 5(c) of the Federal Trade Commission Act and state laws such as the California Consumer Privacy Act, which provides consumers with the right to know what personal data is being collected, know whether their personal data is sold or disclosed and to whom and opt out of the sale of their personal data, among other rights. We also face particular privacy, data security and data protection risks in connection with our expansion into the U.K. and the EU and other jurisdictions in connection with the General Data Protection Regulation and other data protection regulations. The regulatory framework for data privacy and security worldwide is continuously evolving and developing and, as a result, interpretation and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. New laws, amendments to or reinterpretations of existing laws, regulations, standards and other obligations might require us to incur additional costs and restrict our business operations, and might require us to change how we use, collect, store, transfer or otherwise process certain types of personal data, to implement new processes to comply with those laws and our customers' exercise of their rights thereunder, and could greatly increase the cost of providing our offerings, require significant changes to our operations, or even prevent us from providing some offerings in jurisdictions in which we currently operate and in which we might operate in the future or incur potential liability in an effort to comply with certain legislation. There is a risk of enforcement actions in response to rules and regulations promulgated under the authority of federal agencies and state attorneys general and legislatures and consumer protection agencies. For instance, we have in the past (as discussed in Note 17 - Commitments & Contingencies, to our consolidated financial statements in this Annual Report) and may in the future be subject to investigations and examinations by the NYDFS regarding, among other things, our cybersecurity practices. In addition, if we fail to follow these security standards, even if no customer information is compromised, we might incur significant fines or experience a significant increase in costs. Following the November 2021 Data Security Incident, we have received requests for information from FINRA examination staff, the SEC Division of Enforcement, and other regulatory authorities regarding, among other things, the adequacy of our information security measures.

Any failure or perceived failure by us or our third-party service providers to comply with our posted privacy policies or with any applicable federal, state or similar foreign laws, rules, regulations, industry standards, policies, certifications or orders relating to data privacy and security, or any compromise of security that results in the theft, unauthorized access, acquisition, use, disclosure, or misappropriation of personal data or other customer data, could result in significant awards, fines, civil and/or criminal penalties or judgments, proceedings or litigation by governmental agencies or customers, including class action privacy litigation in certain jurisdictions and negative publicity and reputational harm, one or all of

which could have an adverse effect on our reputation, business, financial condition and results of operations.

## Risks Related to Our Brokerage Products and Services

***If we do not maintain the net capital levels required by regulators, our broker-dealer business may be restricted and we may be fined or subject to other disciplinary or corrective actions.***

The SEC, FINRA, and various state regulators have stringent rules or proposed rules with respect to the maintenance of specific levels of net capital by securities broker-dealers. For example, our broker-dealer subsidiaries are each subject to the Net Capital Rule, which specifies minimum capital requirements intended to ensure the general financial soundness and liquidity of broker-dealers, and our clearing and carrying broker-dealer subsidiary is subject to Rule 15c3-3 under the Exchange Act, which requires broker-dealers to maintain liquidity reserves. Our failure to maintain the required net capital levels could result in immediate suspension of securities activities, suspension or expulsion by the SEC or FINRA, restrictions on our ability to expand our existing business or to commence new businesses, and could ultimately lead to the liquidation of our broker-dealer entities and winding down of our broker-dealer business. If such net capital rules are changed or expanded (for instance, the SEC has proposed amendments to Rule 15c3-3 as discussed above), if there is an unusually large charge against net capital, or if we make changes in our business operations that increase our capital requirements, operations that require an intensive use of capital could be limited. A large operating loss or charge against net capital could have adverse effects on our ability to maintain or expand our business.

***Our compliance and risk management policies and procedures as a regulated financial services company might not be fully effective in identifying or mitigating compliance and risk exposure in all market environments or against all types of risk.***

As a financial services company, our business exposes us to a number of heightened risks. We have devoted significant resources to develop our compliance and risk management policies and procedures and will continue to do so, but our efforts might be insufficient. Our limited operating experience at our current scale, evolving business, and unpredictable periods of rapid growth make it difficult to predict all of the risks and challenges we might encounter and therefore increase the risk that our policies and procedures for identifying, monitoring, and managing compliance risks might not be fully effective in mitigating our exposure in all market environments or against all types of risk. Further, some controls are manual and are subject to inherent limitations and errors in oversight, which could cause our compliance and other risk management strategies to be ineffective. Other compliance and risk management methods depend upon the evaluation of information regarding markets, customers, catastrophe occurrences, or other matters that are publicly available or otherwise accessible to us, which might not always be accurate, complete, up-to-date, or properly evaluated. Insurance and other traditional risk-shifting tools might be held by or available to us in order to manage some exposures, but they are subject to terms such as deductibles, coinsurance, limits, and policy exclusions, as well as risk of counterparty denial of coverage, default, or insolvency. Any failure to maintain effective compliance and other risk management strategies could have an adverse effect on our business, financial condition, and results of operations.

We are also exposed to heightened regulatory risk because our business is subject to extensive regulation and oversight in a variety of areas and geographies, and such regulations are subject to revision, supplementation, or evolving interpretations and application, and it can be difficult to predict how they might be applied to our business, particularly as we introduce new products and services and expand into new jurisdictions. For example, in December 2022, RHF and RHS received investigative requests from the SEC Division of Enforcement regarding their record keeping and preservation practices, including use of personal devices for brokerage communications.

***We are subject to potential losses as a result of our clearing and execution activities.***

We provide clearing and execution services for our securities brokerage business. Clearing and execution services include the confirmation, receipt, settlement and delivery functions involved in securities transactions. Clearing brokers also assume direct responsibility for the possession or control of customer securities and other assets, the clearing of customer securities transactions and lending money to customers on margin. Self-clearing securities firms are subject to substantially more regulatory control and examination than introducing brokers that rely on others to perform clearing functions. Errors in performing clearing functions, including clerical and other errors related to the handling of funds and securities on behalf of customers, could lead to (i) civil penalties, as well as losses and liability as a result of related lawsuits brought by customers and others and any out-of-pocket costs associated with remediating customers for losses, and (ii) the risk of fines or other actions by regulators. For example, the Q4 2022 Processing Error resulted in a \$57 million loss and we have received requests for information from FINRA staff related to this matter. All customers can place limit orders to buy whole shares of certain of the most traded ETFs and individual stocks – 24 hours a day, five days a week, through Robinhood 24 Hour Market. Offering U.S. stock trading overnight has heightened risks related to our clearing and execution activities as we do not have previous experience operating or staffing our systems for around-the-clock coverage and may not be able to accurately anticipate the volume of trading activity that will occur during extended hours.

Our clearing operations also require a commitment of our capital and, despite safeguards implemented through both manual and automated controls, involve risks of losses due to the potential failure of our customers or counterparties to perform their obligations under these transactions and margin loans. If our customers default on their obligations, including failing to pay for securities purchased, deliver securities sold, or meet margin calls, we remain financially liable for such obligations, and although these obligations are collateralized, we are subject to market risk in the liquidation of customer collateral to satisfy those obligations. While we have established systems and processes designed to manage risks related to our clearing and execution services, we face a risk that such systems and processes might be inadequate. Any liability arising from clearing and margin operations could have an adverse effect on our business, financial condition and results of operations.

In addition, as a clearing member firm of securities and derivatives clearinghouses in the United States, we are also exposed to clearing member credit risk. Securities and derivatives clearinghouses require member firms to deposit cash, stock and/or government securities for margin requirements and for clearing funds. If a clearing member defaults in its obligations to the clearinghouse in an amount larger than its own margin and clearing fund deposits, the shortfall is absorbed pro rata from the deposits of the other clearing members. Many clearinghouses of which we are members also have the authority to assess their members for additional funds if the clearing fund is depleted. A large clearing member default could result in a substantial cost to us if we are required to pay such assessments. Furthermore, in the event that a significant amount of our customers' open trades fail to settle, we might be exposed to potential loss of the capital we committed to meet our deposit requirements.

***Our exposure to credit risk with customers, market makers, and other counterparties could result in losses.***

We extend margin credit and leverage to customers, which are collateralized by customer securities. By permitting customers to purchase securities on margin, we are subject to risks inherent in extending credit, especially during periods of rapidly declining markets (including rapid declines in the trading price of individual securities) in which the value of the collateral held by us could fall below the amount of a customer's indebtedness. We also lend and borrow securities in connection with our broker-dealer business. In accordance with regulatory guidelines, we hold cash as collateral when we lend securities, and likewise, we collateralize our borrowings of securities by depositing cash with lenders. Sharp changes in market values of substantial amounts of securities in a short period of time and the failure by parties to the lending or borrowing transactions to honor their commitments could result in substantial

losses. Such changes could also adversely impact our capital because our clearing operations require a commitment of our capital and, despite safeguards implemented by our software, involve risks of losses due to the potential failure of our customers to perform their obligations under these transactions and margin loans.

We are also exposed to credit risk in our dealings with the market makers to which we route cryptocurrency orders. Unlike equities and option trades, cryptocurrency trades do not settle through any central clearinghouses but rather are conducted under bilateral agreements between us and each crypto market maker. (The risk of the market maker's default therefore falls upon us rather than being distributed among a clearinghouse's members.) The terms of these bilateral agreements vary but spot transactions are generally aggregated and settled on a net basis once per business day (with the crypto deliveries occurring first and the net cash moving within 24 hours thereafter) and payment obligations are generally unsecured during the interval between delivery and payment. It is not uncommon for us to have an intra-day outstanding net receivable of \$100 million that we are owed by any one cryptocurrency market maker. Similarly, we routinely have unsecured PFOF receivables from equities and options market makers. Any payment default by a market maker could have adverse effects on our financial condition and results of operations.

We have policies and procedures designed to manage credit risk, but we face a risk that such policies and procedures might not be fully effective.

***Providing investment recommendations could subject us to investigations, penalties, and liability for customer losses if we fail to comply with applicable regulatory standards, and providing investment education tools could subject us to additional risks if such tools are construed to be investment advice or recommendations.***

Risks associated with providing investment recommendations include those arising from how we disclose and address possible conflicts of interest, inadequate due diligence, inadequate disclosure, and human error. Regulations, such as the SEC's Regulation Best Interest and certain state broker-dealer regulations, impose heightened conduct standards and requirements on recommendations to retail investors. For example, in September 2023, the North American Securities Association ("NASAA") (an association of state securities administrators) proposed revisions to the NASAA model rule regarding Dishonest or Unethical Business Practices of Broker-Dealers and Agents, which are intended to address Regulation Best Interest and other developments in the securities industry. In addition, various states are considering potential regulations or have already adopted certain regulations that could impose additional standards of conduct or other obligations on us to the extent we provide investment advice or recommendations to our customers. The SEC's July 2023 Rule Proposals, if adopted as proposed, would impose new requirements with respect to our use of a wide range of covered technologies when we are engaging or communicating with existing and prospective customers. If adopted as proposed, the proposals may require us to modify, limit or discontinue our use of certain technologies and product features—and would introduce new regulatory considerations or requirements that would apply to our communications and interactions with existing and prospective customers, including to the extent we provide investment advice or recommendations to them.

We also provide customers with a variety of educational materials, investment tools, and financial news and information, such as our "Snacks" newsletter (which is offered by Sherwood Media), the suite of other editorial offerings that we expect Sherwood Media to launch throughout this year, and the Robinhood Investment Index. Additionally, Robinhood Gold members have access to stock research reports prepared by our third-party collaborator, Morningstar, Inc. and Level II market data from Nasdaq. Based on current law and regulations, we believe these services do not constitute investment advice or investment recommendations. If the law were to change or if a court or regulator were to interpret current law and regulations in a novel manner, we face a risk that these services could come to be considered as investment advice.



If services that we do not consider to be recommendations (such as educational materials, and our editorial offerings, including Snacks) are construed as constituting investment advice or recommendations, we have been and could be in the future subject to investigations by regulatory agencies. For example, in December 2020, the Enforcement Section of MSD filed a complaint against us alleging that a fiduciary conduct standard applies to us under Massachusetts securities law by claiming that certain of our product features and marketing strategies amount to investment recommendations. See Note 17 - Commitments & Contingencies, to our consolidated financial statements in this Annual Report for more information. Changes in law or changes in interpretations of existing law might also require us to modify the nature of these services or discontinue them altogether, one or more of which could have an adverse effect on our ability to attract and retain customers.

To the extent our investment education tools, news and information, or digital engagement practices are determined to constitute investment advice or recommendations and to the extent those recommendations fail to satisfy regulatory requirements, or we fail to know our customers, or improperly advise our customers, or if risks associated with advisory services otherwise materialize, we could be found liable for losses suffered by such customers, or could be subject to regulatory fines, penalties, and other actions such as business limitations, any of which could harm our reputation and business.

## Risks Related to Cryptocurrency Products and Services

***The loss, destruction or unauthorized use or access of a private key required to access any of the cryptocurrencies we hold on behalf of customers could result in irreversible loss of such cryptocurrencies. If we are unable to access the private keys or if we experience a hack or other data loss relating to the cryptocurrencies we hold on behalf of customers, our customers might be unable to trade their cryptocurrency, our reputation and business could be harmed, and we might be liable for losses in excess of our ability to pay.***

As we expand our cryptocurrency product and service offerings, the risks associated with failing to safeguard and manage cryptocurrencies we hold on behalf of our customers increase. Our success and the success of our offerings requires significant public confidence in our ability to properly manage customers' balances and handle large transaction volumes and amounts of customer funds. Any failure by us to maintain the necessary controls or to manage the cryptocurrencies we hold on behalf of our customers and funds appropriately and in compliance with applicable regulatory requirements could result in reputational harm, significant financial losses, lead customers to discontinue or reduce their use of our services, and result in significant penalties and fines and additional restrictions.

We hold all settled cryptocurrencies in custody on behalf of customers in two types of wallets: (i) hot wallets, which are managed online, and (ii) cold wallets, which are managed entirely offline and require physical access controls. We do not utilize third-party custodians for settled cryptocurrencies, but we do utilize technology from a third-party provider to manage some of our cryptocurrency, custody, transfer, and settlement operations. In general, the overwhelming majority of cryptocurrency coins on our platform are held in cold storage, though some coins are held in hot wallets to support day-to-day operations. As a public company, we are required to comply with the Sarbanes–Oxley Act of 2002. As part of this, we are required to establish and maintain adequate internal control over financial reporting and evaluate the effectiveness of our internal control over financial reporting. This includes the user cryptocurrencies safeguarding obligation and the asset related to user cryptocurrencies safeguarding obligation on our consolidated balance sheets in our audited financial statements which represents our obligation to safeguard crypto-assets held in our custody on behalf of our users. The effectiveness of our internal control over financial reporting and our financial statements and related notes are audited by Ernst & Young LLP, our independent registered public accounting firm. Under blockchain protocol, in order to access or transfer cryptocurrency stored in a wallet, we need to use a private key. We maintain backup copies of our private keys in multiple separate locations and we have several layers of cybersecurity defense in place to protect our omnibus wallets. However, to the extent any private keys are lost, destroyed, unable to be accessed by us, or otherwise compromised and all of their backups are lost, we will be unable to access the assets held in the related hot or cold wallet. Further, we cannot provide



assurance that any or all of our wallets will not be hacked or compromised such that cryptocurrencies are sent to one or more private addresses that we do not control, which could result in the loss of some or all of the cryptocurrencies that we hold in custody on behalf of customers. Any such losses could be significant, and we may not be able to obtain insurance coverage for some or all of those losses. Cryptocurrencies and blockchain technologies have been, and might in the future be, subject to security breaches, hacking, or other malicious activities. For example, in August 2021, hackers were able to momentarily take over the Bitcoin SV (“BSV”) network, allowing them to spend coins they did not have and prevent transactions from completing. Any loss of private keys relating to, or hack or other compromise of, the hot wallets or cold wallets we use to store our customers’ cryptocurrencies could result in total loss of customers’ cryptocurrencies (because customers’ cryptocurrency balances and cryptocurrency investments are not protected by the Securities Investor Protection Corporation (the “SIPC”)) or adversely affect our customers’ ability to sell their assets, and could result in our being required to reimburse customers for some or all of their losses, subjecting us to significant financial losses. Because many insurance carriers do not provide insurance coverage for crypto-related risks, comprehensive coverage for such events is not readily available on commercially reasonable terms. Our current coverage is limited and may not cover the extent of loss, nor the nature of such loss, in which case we may be liable for the full amount of losses suffered, which could be greater than all of our remaining assets. The total value of cryptocurrencies under our control on behalf of customers is significantly greater than the current total value of insurance coverage that would compensate us in the event of theft or other loss of such assets. Furthermore, the term of our current insurance policy expires in the third quarter of 2024, with our option to renew annually or for the carrier to terminate coverage with advance written notice. Any loss of our insurance coverage would impede our ability to mitigate any losses our customers might suffer if we are unable to access private keys. Additionally, any such security compromises or any business continuity issues affecting our cryptocurrency market makers might affect the ability or willingness of our customers to trade or hold cryptocurrencies on our platform, might result in litigation and regulatory enforcement actions, and could harm customer trust in us and our products generally.

***The prices of most cryptocurrencies are extremely volatile. Fluctuations in the price of various cryptocurrencies might cause uncertainty in the market and could negatively impact trading volumes of cryptocurrencies, and we may not effectively identify, prevent or mitigate cryptocurrency market risks, any of which would adversely affect the success of our business, financial condition and results of operations.***

The prices of most cryptocurrencies are based in part on market adoption and future expectations, which might or might not be realized. As a result, the prices of cryptocurrencies are highly speculative. The prices of cryptocurrencies have been subject to dramatic fluctuations (including as a result of the 2022 Bear Markets), which have impacted, and will continue to impact, our trading volumes and operating results and might adversely impact our growth strategy and business. Several factors could affect a cryptocurrency’s price, including, but not limited to:

- Global cryptocurrency supply, including various alternative currencies which exist, and global cryptocurrency demand, which can be influenced by the growth or decline of retail merchants’ and commercial businesses’ acceptance of cryptocurrencies as payment for goods and services, the security of online cryptocurrency exchanges and digital wallets that hold cryptocurrencies, the perception that the use and holding of digital currencies is safe and secure, and regulatory restrictions on their use.
- Changes in the software, software requirements or hardware requirements underlying a blockchain network, such as a fork. Forks have occurred and are likely to occur again in the future and could result in a sustained decline in the market price of cryptocurrencies.
- Changes in the rights, obligations, incentives, or rewards for the various participants in a blockchain network.

- The maintenance and development of the software protocol of cryptocurrencies.
- Cryptocurrency exchanges' deposit and withdrawal policies and practices, liquidity on such exchanges and interruptions in service from or failures of such exchanges. For example, in connection with the 2022 Crypto Bankruptcies, the prices of coins such as Bitcoin, Ethereum, and Solana significantly decreased.
- Regulatory measures, if any, that affect the use and value of cryptocurrencies or regulatory or judicial assertions or determinations that certain cryptocurrencies are securities.
- Competition for and among various cryptocurrencies that exist and market preferences and expectations with respect to adoption of individual currencies.
- Actual or perceived manipulation of the markets for cryptocurrencies.
- Actual or perceived connections between cryptocurrencies (and related activities such as mining) and adverse environmental effects or illegal activities.
- Social media posts and other public communications by high-profile individuals relating to specific cryptocurrencies, or listing or other business decisions by cryptocurrency companies relating to specific cryptocurrencies.
- Expectations with respect to the rate of inflation in the economy, monetary policies of governments, trade restrictions, and currency devaluations and revaluations.

While we have observed a positive trend in the total market capitalization of cryptocurrency assets over the long term, driven by increased adoption of cryptocurrency trading by both retail and institutional investors as well as continued growth of various non-investing use cases, historical trends are not indicative of future adoption, and it is possible that the rate of adoption of cryptocurrencies might slow or decline, which would negatively impact our business, financial condition, and results of operations.

While we currently support several cryptocurrencies for trading, market interest in particular cryptocurrencies can also be volatile and there are many cryptocurrencies in the market that we do not support. For example we support trading in Dogecoin and we benefited from a surge in interest for Dogecoin during the second quarter of 2021. For the first, second, and third quarters of 2021, transaction-based revenue attributable to transactions in Dogecoin generated approximately 7%, 32%, and 8% of our total net revenues, respectively. Our business could be adversely affected, and growth in our net revenue earned from cryptocurrency transactions could slow or decline, if the markets for the cryptocurrencies we support deteriorate or if demand moves to other cryptocurrencies not supported by our platform. The listing committee of Robinhood Crypto conducts regular reviews of the cryptocurrencies available on our platform to ensure that they continue to meet our requirements under our internal policies and procedures for continued support on our platform and possesses the authority to delist and cease support for any asset based on various factors. Ceasing support for a cryptocurrency with substantial market interest (or if our consideration to cease supporting such a cryptocurrency becomes known) has in the past exposed, and may continue to expose us to negative attention, adversely impacting our business, including revenue loss from no longer supporting a cryptocurrency or customer reaction to such a decision. For instance, in the past we have encountered an influx of customer complaints related to our decisions to cease support for certain cryptocurrencies.

Volatility in the values of cryptocurrencies caused by the factors described above or other factors might impact our regulatory net worth requirements as well as the demand for our services and therefore have an adverse effect on our business, financial condition and results of operations.

Although the 2022 Crypto Bankruptcies did not have any material impact on our business—and neither our board of directors nor management have to date identified any material gaps or weaknesses with respect to our existing risk management processes and policies in light of recent cryptocurrency

market conditions—we remain subject to cryptocurrency market risks. If we are unable to effectively identify, prevent or mitigate such risks, the success of our business, our financial condition and results of our operations may be adversely affected. As part of our overall risk management processes, our management Enterprise Risk Committee (the “ERC”), which comprises senior leaders of the Company, including the CEO, Chief Financial Officer (“CFO”), Chief Legal, Compliance and Corporate Affairs Officer (“CLO”), CSO, Vice President of Risk and Audit, and Chief Brokerage Officer and General Manager of Brokerage (“CBO”), among others, reviews on at least a quarterly basis risks that are escalated by the Company’s Enterprise Risk Management (“ERM”) function. ERM maintains a risk taxonomy and a scoring methodology design to ensure risks are evaluated in a clear and transparent manner, and further escalates top risks to the Safety, Risk and Regulatory Committee of the board of directors (the “Safety Committee”), along with planned mitigants and monitoring procedures. The Safety Committee reviews management’s procedures to identify, assess, manage, monitor and mitigate material risks not allocated to the board of directors or another committee. In addition to RHM-level processes, entity-level risk teams affiliated with our operating subsidiaries, including one at RHC, perform ongoing risk operations, including risk and control self-assessments and maintaining risk and control registers. As management identifies operational risks, the entity-level risk team tracks the risk drivers and planned mitigating measures and escalates such risks, as needed, to ERM.

In light of events in 2022, including the 2022 Crypto Bankruptcies, cryptocurrency market risks were identified as a top risk to the Company and management has accordingly implemented certain measures, including enhanced monitoring for cryptocurrency markets (such as reducing net open position limits with liquidity partners through more frequent settlement; adding additional banking and liquidity partners; monitoring on-platform trading activity, coin deposits and withdrawals; and ongoing diligence for listings and banking relationships). ERM has also provided quarterly updates to the Safety Committee with respect to such risks and responses. In addition, RHC maintains a listing committee as described above.

***Any particular cryptocurrency’s status as a “security” is subject to a high degree of uncertainty and if we have not properly characterized one or more cryptocurrencies, we might be subject to regulatory scrutiny, investigations, fines, and other penalties.***

We currently facilitate customer trades for certain cryptocurrencies that we have analyzed under applicable internal policies and procedures and that we believe are not securities under U.S. federal and state securities laws. Determining whether any given cryptocurrency is a security is a highly complex, fact-driven analysis, the outcome of which is difficult to predict and may evolve over time based on changes in the cryptocurrency and its related ecosystem. Different parties may reach different conclusions about the outcome of this analysis based on the same facts. The analysis may become clearer depending on the outcome in certain cases currently pending in varying stages of litigation. The SEC staff has indicated that the determination of whether or not a cryptocurrency is a security depends on the characteristics and use of that particular asset. The SEC and its staff have taken positions that certain cryptocurrencies *are* “securities” in the context of settled or litigated enforcement actions – and we do not currently support any cryptocurrencies for which the SEC or its staff has taken such a position. Otherwise, the SEC has not historically provided advance confirmation on the status of any particular cryptocurrency as a security. While prior public statements by senior officials at the SEC indicated that the SEC does not intend to take the position that Bitcoin or Ethereum are securities (in their current forms), Bitcoin and Ethereum were the only specific cryptocurrencies as to which senior officials at the SEC had publicly expressed such a view. However, Chair Gensler was quoted in a February 2023 interview as saying “[e]verything other than Bitcoin” when discussing the SEC’s purview with respect to cryptocurrency and in April 2023 declined to provide his view when asked if he considered Ethereum to be a security during his testimony to the U.S. House of Representatives Financial Services Committee. Moreover, such statements are not official policy statements by the SEC and reflect only the speakers’ views, which are not binding on the SEC or any other agency or court, cannot be generalized to any other cryptocurrency, and might evolve. Similarly, although the SEC’s Strategic Hub for Innovation and Financial Technology published a framework for analyzing whether any given cryptocurrency is a security in April 2019, this framework is also not a rule, regulation, or statement of the SEC and is not binding on the SEC. With respect to all other cryptocurrencies, there is currently no certainty under the applicable legal test that such assets are not securities, and regulators have expressed concerns about cryptocurrency platforms

adding multiple new coins, some of which the regulators question might be unregistered securities. In September 2022, Chair Gensler stated in a speech that he believes a vast majority of the nearly 10,000 tokens in the crypto market are securities and reiterated this statement in his September 2022 testimony before the U.S. Senate Committee on Banking, Housing, and Urban Affairs and April 2023 testimony before the U.S. House of Representatives Committee on Financial Services. Although our policies and procedures are intended to enable us to make risk-based assessments regarding the likelihood that a particular cryptocurrency could be deemed a security under applicable laws, including federal securities laws, our assessments are not definitive legal determinations as to whether a particular digital asset is a security under such laws. Accordingly, regardless of our conclusions, we could be subject to legal or regulatory action in the event the SEC or a court were to assert or determine that a cryptocurrency supported by our platform is a “security” under U.S. law. In July 2022, the SEC filed an insider trading case against, among others, an employee of one of our competitors in which the complaint alleged that certain cryptocurrencies (none of which we currently support) were securities under the Securities Act and the Exchange Act. Additionally, in June 2023, the SEC charged Binance Holdings Ltd., and its affiliated U.S. entity, among others (collectively, “Binance”) and, separately, Coinbase Global, Inc., and Coinbase, Inc. (collectively, “Coinbase”) (collectively, the “Coinbase and Binance Charges”) with operating their respective cryptocurrency trading platforms as unregistered national securities exchanges, brokers, and clearing agencies, also alleging that certain cryptocurrencies supported on their respective platforms are securities, including Cardano, Polygon, and Solana, which were supported on our platform. The charges also implicated Coinbase’s staking-as-a-service program and its non-custodial wallet. Although we have since ceased support for Cardano, Polygon, and Solana, we do offer the Robinhood Wallet, which is a self-custodial crypto wallet. The outcome of these matters provides, and any other action, settlement, or related investigation by regulators, might provide, additional guidance on the legal status of cryptocurrencies as securities more generally, which has affected and might significantly affect the actual or perceived regulatory status and value of cryptocurrencies we currently support or might support in the future. From time to time, we also have received, and might in the future receive SEC inquiries regarding specific cryptocurrencies supported on our platform and added features and since December 2022, following the 2022 Crypto Bankruptcies, we have received investigative subpoenas from the SEC regarding, among other topics, RHC’s supported cryptocurrencies, custody of cryptocurrencies, and platform operations. During our discussions with the SEC Staff in the fourth quarter of 2023, the Staff asserted that they are considering whether, and may recommend that the Commission find that, certain cryptocurrencies supported by our platform are securities. Our discussions with the SEC Staff are ongoing.

To the extent that the SEC or a court asserts or determines that any cryptocurrencies supported by our platform are securities, that assertion or determination could prevent us from continuing to facilitate trading of those cryptocurrencies (including ceasing support for such cryptocurrencies on our platform). It could also result in regulatory enforcement penalties and financial losses in the event that we have liability to our customers and need to compensate them for any losses or damages. We could be subject to judicial or administrative sanctions, including disgorgement or penalties which could be material, for failing to offer or sell the cryptocurrency in compliance with securities registration requirements, or for acting as a securities broker or dealer, national securities exchange, clearing agency, or other regulated entity without appropriate registration. Such an action could result in injunctions and cease and desist orders, as well as civil monetary penalties, fines, and disgorgement, criminal liability, and reputational harm. Customers that traded such supported cryptocurrency through our platform and suffered trading losses might also seek to rescind transactions that we facilitated on the basis that they were conducted in violation of applicable law, which could subject us to significant liability and losses. We might also be required to cease facilitating transactions in the supported cryptocurrency, which could negatively impact our business, operating results, and financial condition. Further, if Bitcoin, Ethereum, or any other supported cryptocurrency is deemed to be a security, it might have adverse consequences for such supported cryptocurrency. For instance, all transactions in such supported cryptocurrency would have to be registered with the SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability, and transactability. Moreover, the networks on which such supported cryptocurrencies are used might be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. In particular, Chair Gensler noted in his April 2023 testimony that “Given that most crypto tokens are securities, it follows that many crypto intermediaries are transacting in securities

and have to register with the SEC” and that crypto investors should benefit from compliance with the securities laws. In April 2023, the SEC also reopened the comment period and provided supplemental information on proposed amendments to the definition of “exchange” under Exchange Act Rule 3b-16, including reiterating the applicability of existing rules to platforms that trade crypto asset securities. Additionally, any determination that Bitcoin or Ethereum is a security could draw negative publicity and cause a decline in the general acceptance of cryptocurrencies. Also, it would make it more difficult for Bitcoin or Ethereum, as applicable, to be traded, cleared, and custodied as compared to other cryptocurrencies that are not considered to be securities. In addition, our growth might be adversely affected if we are not able to expand our platform to include additional cryptocurrencies that the SEC has determined to be securities or that we believe are likely to be determined to be securities.

We continue to analyze the cryptocurrencies supported on our platform under our internal policies and procedures (collectively, our “Crypto Listing Framework”) on a periodic basis to ensure that they continue to meet our requirements for continued support on our platform which include, among other factors, that we continue to believe they are not securities under U.S. federal and state securities laws. We may make the determination to cease support for a cryptocurrency for any one or a variety of factors based on a totality of the circumstances under our Crypto Listing Framework. However, an assertion or determination by the SEC or a court that a cryptocurrency supported by our platform constitutes a security could also result in our determination that it is advisable to remove that and other cryptocurrencies from our platform that have similar characteristics to the cryptocurrency that was asserted or determined to be a security. If we proactively remove certain cryptocurrencies from our platform because the SEC or a court has asserted or determined they constitute securities or because they share similarities with such cryptocurrencies or otherwise do not meet our Crypto Listing Framework, it has (for instance, with respect to Cardano, Polygon, and Solana) and could in the future negatively impact customer sentiment and our business, operating results, and financial condition, especially to the extent that our competitors continue to support such cryptocurrency on their platforms.

***Cryptocurrency laws, regulations, and accounting standards are often difficult to interpret and are rapidly evolving in ways that are difficult to predict. Changes in these laws and regulations, or our failure to comply with them, could negatively impact cryptocurrency trading on our platform.***

Domestic and foreign regulators and governments are increasingly focused on the regulation of cryptocurrencies. In the United States, cryptocurrencies are regulated by both federal and state authorities, depending on the context of their usage. Cryptocurrency market disruptions and resulting governmental interventions are unpredictable, and might make cryptocurrencies, or certain cryptocurrency business activities, illegal altogether. As regulation of cryptocurrencies continues to evolve, there is a substantial risk of inconsistent regulatory guidance among federal and state agencies and among state governments which, along with potential accounting and tax issues or other requirements relating to cryptocurrencies, could impede the growth of our cryptocurrency operations. Additionally, regulation in response to the climate impact of cryptocurrency mining could negatively impact cryptocurrency trading on our platform.

The cryptocurrency accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (“FASB”), the SEC, and various bodies formed to promulgate and interpret accounting principles. A change in these rules and regulations or interpretations could have a significant effect on our reported financial results and financial position, and could even affect the reporting of transactions completed before the announcement or effectiveness of a change. Further, there are a limited number of precedents for the financial accounting treatment of cryptocurrency assets (including related issues of valuation and revenue recognition), and no official guidance has been provided by the FASB or the SEC. Accordingly, there remains significant uncertainty as to the appropriate accounting for cryptocurrency asset transactions, cryptocurrency assets, and related revenues. Uncertainties in or changes in regulatory or financial accounting standards could result in the need to change our accounting methods and/or restate our financial statements, and could impair our ability to provide timely and accurate financial information, which could adversely affect our financial statements, and result in a loss of investor confidence.



In addition, future regulatory actions or policies, including, for instance, the assertion of jurisdiction by domestic and foreign regulators and governments over cryptocurrency and cryptocurrency markets could limit or restrict cryptocurrency usage, custody, or trading, or the ability to convert cryptocurrencies to fiat currencies. For example, Chair Gensler remarked several times in 2021 and 2022 on the need for further regulatory oversight of crypto trading and crypto lending platforms. Additionally in February 2023, the SEC issued a new rule proposal (the “February 2023 Custody Rule Proposal”) related to the custody of client assets by registered investment advisers, which, if adopted as proposed, would expand the existing custody rules to apply to a broad range of assets, including cryptocurrencies, and would require that any client assets be maintained by a qualified custodian. In connection with the announcement of the February 2023 Custody Rule Proposal, Chair Gensler noted that “Based upon how crypto platforms generally operate, investment advisers cannot rely on them as qualified custodians.” If the February 2023 Custody Rule Proposal is adopted as proposed, and we are not deemed to be a “qualified custodian,” we may be required to cease our custodial crypto offerings under certain circumstances, which would have a material adverse impact on our business and one of our primary sources of revenue. Some lawmakers and regulators have also raised questions about Transaction Rebates from cryptocurrency trading. Transaction Rebates from cryptocurrency trading have historically, and might continue, to comprise a significant percentage of our total net revenues. Any future regulatory actions or policies could reduce the demand for cryptocurrency trading and might materially decrease our revenue derived from Transaction Rebates in absolute terms and as a proportion of our total revenues.

In March 2022, the SEC staff issued SAB 121 requiring crypto platforms to recognize a liability and a corresponding asset equal to the fair value of the cryptocurrencies the entity safeguards on behalf of users. Such accounting treatment enhances the information received by investors regarding potential liabilities upon theft or loss of cryptocurrencies. But such treatment has also caused some users to question how safeguarded cryptocurrencies would be treated in a platform bankruptcy. We implemented SAB 121 for the quarter ended June 30, 2022, with retrospective application to the beginning of 2022. As a result of (and solely by virtue of) our implementation of SAB 121, the cryptocurrency we custody for users now appears on our balance sheets as an asset. In January 2023, the Bankruptcy Court for the Southern District of New York issued a ruling in *In re Celsius Network LLC*, that certain crypto assets held by Celsius customer accounts were the property of Celsius’s estate and that the holders of such accounts are unsecured creditors. However, unlike the terms of our user agreement, the terms of Celsius’s user agreement unambiguously provided that the rights to cryptocurrency held, including ownership rights, belonged to Celsius. Based on the terms of our user agreement, the structure of our crypto offerings, and applicable law, after consultation with internal and external legal counsel, we believe that the cryptocurrency we hold in custody for users of our platform should be respected as users’ property (and should not be available to satisfy the claims of our general creditors) in the event we were to enter bankruptcy. Although we are well-capitalized, to the extent users are concerned that crypto assets might not be secure in a platform bankruptcy generally, their willingness to hold crypto in custodial accounts and their general interest in trading cryptocurrencies might decline. There is also no definitive guidance on whether or how SAB 121 applies to broker-dealer entities in a corporate organizational structure where another, separate entity in that structure safeguards cryptocurrencies on behalf of users.

Furthermore, the Infrastructure Investment and Jobs Act significantly changes the tax reporting requirements applicable to brokers and holders of cryptocurrency and digital assets. On August 25, 2023, the Treasury Department and Internal Revenue Service released proposed regulations on the sale and exchange of digital assets by brokers. In particular, the proposed regulations would require basis tracking for digital assets that are treated as “covered securities” if acquired on or after January 1, 2023 and information reporting by digital asset brokers on certain digital asset sales or exchanges that occur on or after January 1, 2025. The implementation of these requirements, and any further legislative changes or related guidance from the Internal Revenue Service, might significantly impact our tax reporting and withholding processes and result in increased compliance costs. Failure to comply with these new information reporting and withholding requirements might subject us to significant tax liabilities and penalties. Similarly, the Organization for Economic Cooperation and Development has published final guidance on a new “crypto-asset reporting framework” and amendments to the existing rules for reporting crypto assets under the global “common reporting standard” that might apply to our international operations. These new rules might give rise to potential liabilities or disclosure requirements, and



implementation of these requirements might significantly impact our operations and result in increased costs.

Our international expansion also subjects us to additional laws, regulations, or other government or regulatory scrutiny as discussed in “—Risks Related to Our Business—We recently started operating in certain international markets and plan to further expand our international operations, which exposes us to significant new risks, and our international expansion efforts might not succeed.” For example, we may be subject to the authorization, compliance and disclosure regime of MiCA for crypto asset service providers and issuers of certain crypto assets. Compliance with such regulation may require the implementation of new systems and processes, and updates to our policies. When the provisions of MiCA take effect on December 30, 2024, we may need to have a MiCA license, or be in a position to rely on the transitional period provided by an EU member state where we have received a digital asset license while we seek MiCA registration. While MiCA provides member states with the option of implementing a transitional period from December 30, 2024 to July 1, 2026, at this time, the Bank of Lithuania has proposed not to offer a MiCA transitional period for registrants in Lithuania beyond December 30, 2024. The relevant Lithuanian authorities are actively preparing for MiCA regulation, and the application process in Lithuania has not yet been finalized. At this time, if we are unable to obtain MiCA registration, or be in a position to rely on the transitional period in another EU member state, by December 30, 2024, we may be forced to cease RHEC’s operations in certain EU member states until and unless we have obtained MiCA registration, which could take longer than we expect and would adversely affect our international operations.

***Our Crypto Transfers, Robinhood Wallet, and Robinhood Connect features could result in loss of customer assets, customer disputes, and other liabilities, which could harm our reputation and adversely impact trading volumes and transaction-based revenues.***

In the United States, we allow customers to deposit and withdraw cryptocurrencies to and from our platform through our Crypto Transfers feature in the states in which RHC operates (other than New York, where our regulatory application is still pending). Crypto Transfers are processed using Robinhood’s general custodial infrastructure in which we hold some cryptocurrencies on behalf of customers; when transactions are completed, coins are allocated to and from individuals’ accounts in our customer records. Additionally, as of April 27, 2023, customers have access to a fiat-to-crypto on-ramp tool that developers can embed directly into their decentralized applications (“Robinhood Connect”), allowing their customers to use their RHC accounts to buy and transfer crypto, and fund their self-custody wallets.

Crypto Transfers initiated by users are subject to a heightened risk of user error. Under blockchain protocol, recording a transfer of cryptocurrency on the blockchain involves both the private key of the sending wallet and the unique public key of the receiving wallet. Such keys are strings of alphanumeric characters. In order for a customer to receive cryptocurrency on our platform, the customer will need to arrange for the owner of an external source wallet to “sign” a transaction with the private key of that external wallet, directing a transfer of the cryptocurrency to our receiving custodial wallet by inputting the public key (which we will provide to the customer) of our custodial wallet. Similarly, in order to withdraw cryptocurrency from our platform, the customer will need to provide us with the public key of the external wallet to which the cryptocurrency is to be transferred, and we will “sign” the transaction using the private key of our wallet. Some crypto networks might require additional information to be provided in connection with any transfer of cryptocurrency to or from our platform. A number of errors could occur in the process of depositing or withdrawing cryptocurrencies to or from our platform, such as typos, mistakes, or the failure to include information required by the blockchain network. For instance, a user might include typos when entering our custodial wallet’s public key or the desired recipient’s public key when depositing to and withdrawing from our platform, respectively. Alternatively, a user could mistakenly transfer cryptocurrencies to a wallet address that he or she does not own or control, or for which the user has lost the private key. In addition, each wallet address is compatible only with the underlying blockchain network on which it is created. For instance, a Bitcoin wallet address can be used to send and receive Bitcoin only. If any Ethereum, Dogecoin, or other cryptocurrency is sent to a Bitcoin wallet address, for example, or if

any of the other foregoing errors occur, such cryptocurrencies could be permanently and irretrievably lost with no means of recovery.

With Robinhood Wallet, our self-custody, web3 wallet, customers have sole access and control over their cryptocurrencies on certain networks and personally hold and maintain their private keys. Although we do not custody cryptocurrencies held in a customer's Robinhood Wallet and do not have access to customers' private keys, customers who lose their private keys, and thus access to their Robinhood Wallet accounts, may react negatively. Although our account agreements for Crypto Transfers and Robinhood Wallet disclaims responsibility for losses caused by customer errors, such incidents could result in customer disputes, damage to our brand and reputation, legal claims against us, and financial liabilities.

Additionally, allowing customers to deposit and withdraw cryptocurrencies to and from our platform increases the risk that our platform might be exploited to facilitate illegal activity such as fraud, gambling, money laundering, tax evasion, and scams. Crypto Transfers, Robinhood Wallet, and Robinhood Connect also expose us to heightened risks related to potential violations of trade sanctions, including OFAC regulations, and anti-money laundering and counter-terrorist financing laws, which among other things impose strict liability for transacting with prohibited persons. We engage blockchain analytics vendors to help determine whether the external wallets involved in Crypto Transfers are controlled by persons on prohibited lists or involved in fraudulent or illegal activity. However, fraudulent and illegal transactions and prohibited status could be difficult or impossible for us and our vendors to detect in some circumstances. The use of our platform for illegal or improper purposes could subject us to claims, individual and class action lawsuits, and government and regulatory investigations, prosecutions, enforcement actions, inquiries, or requests that could result in significant liabilities and reputational harm for us and could cause cryptocurrency trading volumes and transaction-based revenues to decline.

***A temporary or permanent blockchain “fork” could adversely affect our business.***

Most blockchain protocols, including Bitcoin and Ethereum, are open source. Any user can download the software, modify it and then propose that users and miners of Bitcoin, Ethereum or other blockchain protocols adopt the modification. When a modification is introduced and a substantial majority of miners consent to the modification, the change is implemented and the Bitcoin, Ethereum or other blockchain protocol networks, as applicable, remain uninterrupted, although such modifications might cause certain cryptocurrencies to fail our Crypto Listing Framework. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” (i.e., “split”) of impacted blockchain protocol network and respective blockchain with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the Bitcoin, Ethereum or other blockchain protocol network, as applicable, running simultaneously, but with each split network's cryptocurrency lacking interchangeability.

Both Bitcoin and Ethereum protocols have been subject to “forks” that resulted in the creation of new networks, including, among others, Bitcoin Cash, BSV, Bitcoin Diamond, Bitcoin Gold, Ethereum Classic, and Ethereum Proof-of-Work. Some of these forks have caused fragmentation among platforms as to the correct naming convention for forked cryptocurrencies. Due to the lack of a central registry or rulemaking body in the cryptocurrency market, no single entity has the ability to dictate the nomenclature of forked cryptocurrencies, causing disagreements and a lack of uniformity among platforms on the nomenclature of forked cryptocurrencies, and which results in further confusion to customers as to the nature of cryptocurrencies they hold on platforms. In addition, several of these forks were contentious and as a result, participants in certain communities might harbor ill will towards other communities. As a result, certain community members might take actions that adversely impact the use, adoption and price of Bitcoin, Ethereum or any of their forked alternatives.

Furthermore, forks can lead to disruptions of networks and our information technology systems, cybersecurity attacks, replay attacks, or security weaknesses, any of which can further lead to temporary or even permanent loss of customer cryptocurrencies. For instance, when the Ethereum and Ethereum Classic networks split in July 2016, replay attacks, in which transactions from one network were rebroadcast on the other network to achieve “double-spending,” plagued platforms that traded Ethereum through at least October 2016, resulting in significant losses to some cryptocurrency platforms. Another possible result of a fork is an inherent decrease in the level of security due to the splitting of some mining power across networks, making it easier for a malicious actor to exceed 50% of the mining power of that network. Such disruption and loss could cause our company to be exposed to liability, even in circumstances where we have no intention of supporting a cryptocurrency compromised by a fork.

Moreover, we might decide not to or not be able to support a cryptocurrency resulting from the fork of a network which might cause our customers to lose confidence in us or reduce their engagement on our platform. In assessing whether we will support a cryptocurrency resulting from the fork of a network, among our top priorities is to safeguard our customer’s assets, and we spend extensive time designing, building, testing, reviewing and auditing our systems to check whether the cryptocurrencies we support remain safe and secure. There are several considerations that we consider as part of our Crypto Listing Framework (including security or infrastructure concerns that might arise with the integration of any new cryptocurrency into the technical infrastructure that allows us to secure customer cryptocurrencies and to transact securely in corresponding blockchains), which might operate to limit our ability to support forks. Further, we generally do not support a forked cryptocurrency that does not have support from a majority of the affiliated third-party miner and developer community. To the extent that we decide not to support, or to cease support of, certain forked cryptocurrencies, it could negatively impact customer sentiment and our business, operating results, and financial condition, especially to the extent that our competitors continue to support such forked cryptocurrencies on their platforms.

Whether we are obligated to provide services for a new and previously unsupported cryptocurrency is a question of contract, as recognized in recent published rulings of the California appellate courts and federal district courts. The user agreement each customer enters into in order to trade cryptocurrencies on our platform clearly indicates that we have the sole discretion to determine whether we will support a forked network and the approach to such forked cryptocurrencies and that we may temporarily suspend trading for a cryptocurrency whose network is undergoing a fork without advanced notice to the customer. Regardless of the foregoing, we might in the future be subject to claims by customers arguing that they are entitled to receive certain forked cryptocurrencies by virtue of cryptocurrencies that they hold with us. If any customers succeed on a claim that they are entitled to receive the benefits of a forked cryptocurrency that we do not or are unable to support, we might be required to pay significant damages, fines or other fees to compensate customers for their losses.

***Any inability to maintain adequate relationships with third-party banks, market makers, and liquidity providers with respect to, and any inability to settle customer trades related to, our cryptocurrency offerings would disrupt our ability to offer cryptocurrency trading to customers.***

We rely on third-party banks, market makers, and liquidity providers to provide cryptocurrency products and services to our customers. The cryptocurrency market operates 24 hours a day, seven days a week. The cryptocurrency market does not have a centralized clearinghouse, and the transactions in cryptocurrencies on our platform rely on direct settlements between us and our customers and direct settlements between us and our market makers or liquidity providers after customer trades are executed. Accordingly, we rely on third-party banks to facilitate cash settlements with customers’ brokerage accounts and we rely on the ability of market makers and liquidity providers to complete cryptocurrency settlements with us to obtain cryptocurrency for customer accounts. In addition, we must maintain cash assets in our bank accounts sufficient to meet the working capital needs of our business, which includes deploying available working capital to facilitate cash settlements with our customers, market makers, and liquidity providers (as well as maintaining the minimum capital required by regulators). If we, third-party banks, market makers, or liquidity providers have operational failures and cannot perform and facilitate our routine cash and cryptocurrency settlement transactions, we will be unable to support normal trading

operations on our cryptocurrency trading platform and these disruptions could have an adverse impact on our business, financial condition and results of operations. Similarly, if we fail to maintain cash assets in our bank accounts sufficient to meet the working capital needs of our business and necessary to complete routine cash settlements related to customer trading activity, such failure could impair our ability to support normal trading operations on our cryptocurrency platform, which could cause cryptocurrency trading volumes and transaction-based revenues to decline significantly.

We might also be harmed by the loss of any of our banking partners and market makers. As a result of the many regulations applicable to cryptocurrencies or the risks of cryptocurrencies generally, many financial institutions have decided, and other financial institutions might in the future decide, not to provide bank accounts (or access to bank accounts), payments services, or other financial services to companies providing cryptocurrency products, including us. For instance, in May 2023, two prominent market makers announced their respective decisions to limit their offerings in cryptocurrency trading within the United States. If we or our market makers cannot maintain sufficient relationships with the banks that provide these services, if banking regulators restrict or prohibit banking of cryptocurrency businesses, if these banks impose significant operational restrictions, or if these banks were to fail or be taken over by the FDIC, such as occurred in the 2023 Banking Events, it could be difficult for us to find alternative business partners for our cryptocurrency offerings, which would disrupt our business and could cause cryptocurrency trading volumes and transaction-based revenues to decline significantly.

We might also be harmed by the loss of any of our liquidity partners. Unlike our customers' orders for other cryptocurrencies, which are currently fulfilled by market makers, our customers' orders for USD coin ("USDC"), a stablecoin backed by dollar denominated assets held by the issuer in segregated accounts with U.S. regulated financial institutions, are fulfilled directly from Circle Internet Financial, LLC ("Circle"), the original issuer and main liquidity provider of USDC. If in the future we decide to offer other stablecoins, which are cryptocurrencies designed to minimize price volatility, we may also work directly with other liquidity partners to fulfill those orders. If we cannot maintain sufficient relationships with Circle or any other liquidity providers, it could be difficult for us to find alternative liquidity partners for our stablecoin offerings, which would disrupt our business and could cause cryptocurrency trading volumes and transaction-based revenues to decline significantly.

***From time to time, we might encounter technical issues in connection with changes and upgrades to the underlying networks of supported cryptocurrencies, which could cause revenues to decline and expose us to potential liability for customer losses.***

Any number of technical changes, software upgrades, soft or hard forks, cybersecurity incidents or other changes to the underlying blockchain networks might occur from time to time, causing incompatibility, technical issues, disruptions or security weaknesses to our platform. If we are unable to identify, troubleshoot and resolve any such issues successfully, we might no longer be able to support such cryptocurrency, our customers' assets might be frozen or lost, the security of our hot or cold wallets might be compromised and our platform and technical infrastructure might be affected, all of which could cause trading volumes and transaction-based revenue to decline and expose us to potential liability for customer losses.

## Risks Related to Our Spending and Payments Products and Services

***Our spending and payments products and services subject us to risks related to bank partnerships, FDIC pass-through insurance and other regulatory obligations.***

We offer a Spending Account (in connection with a partnership with J.P. Morgan Chase Bank, N.A.), and we have also partnered, on a non-exclusive basis, with Sutton, an Ohio-chartered bank, pursuant to a license from Mastercard International Incorporated, to offer the Robinhood Cash Card. Under the terms of our program agreement with Sutton, Robinhood Cash Card accounts for our users are opened and

maintained by Sutton. We act as the service provider to, among other things, facilitate communication between our users and Sutton for which we receive compensation from Sutton. Additionally, Robinhood branded credit cards are issued by Coastal Bank, a Washington-chartered bank, pursuant to a partnership with Visa U.S.A. Inc. Our partner banks are members of the FDIC.

We believe our record keeping for our users' funds held in Robinhood Cash Card accounts at Sutton and held in a Spending Account at our other partner bank complies with all applicable requirements for each participating user's deposits to be eligible for FDIC pass-through insurance coverage, up to the applicable maximum deposit insurance amount. However, if the FDIC were to disagree, the FDIC might not recognize users' claims as covered by deposit insurance in the event of bank failure and bank receivership proceedings under the Federal Deposit Insurance Act. If the FDIC were to determine that our users' funds held at our partner banks are not covered by deposit insurance, participating users might decide to withdraw their funds, which could adversely affect our brand and our business. Due to the fact that we are deemed a service-provider to our partner banks, we are subject to audit standards for third-party vendors in accordance with bank regulatory guidance and examinations by federal bank regulatory authorities and the CFPB.

As a result of the stored value Spending Account program and the Robinhood Cash Card, we are subject to federal and state consumer protection laws and regulations, including the Electronic Fund Transfer Act and Regulation E as implemented by the CFPB. As a result of Robinhood Credit, we are also subject to payment card association operating rules, including data security rules and certification requirements, which could change or be reinterpreted to make it difficult or impossible for us to comply. Failure to comply with these rules or requirements, as well as any breach, compromise, or failure to otherwise detect or prevent fraudulent activity involving our data security systems, could result in our being liable for card issuing banks' costs, and subject to fines and higher transaction fees. Violations of any of these requirements could result in the assessment of significant actual damages or statutory damages or penalties (including treble damages in some instances) and plaintiffs' attorneys' fees.

***Offering Robinhood Credit increases our exposure to customer defaults and credit risk and could result in losses.***

We market consumer credit cards originated by our partner bank, Coastal Bank, pursuant to the Program Agreement, and indemnify Coastal Bank for certain losses under the Program Agreement. We partner with Coastal Bank to develop proprietary scoring models and other analytical techniques that are designed to set terms and credit limits to appropriately compensate for credit risk in connection with selecting customers, managing accounts and establishing terms and credit limits. The revenue generated from the Program Agreement, as well as the extent of credit losses incurred, depends in part on managing credit risk while attracting new customers with profitable usage patterns. The models and approaches used to manage credit risk may not accurately predict future charge-offs and our ability to avoid high charge-off rates also may be adversely affected by general economic conditions including unemployment, the availability of consumer credit and the competitive environment, as well as events that may be difficult to predict, such as a general downturn in economic conditions (like the one that occurred in 2022) or public health threats (like the COVID-19 pandemic). A material increase in credit losses and defaults could have adverse effects on our financial condition and results of operations.

***Use of our spending and payments services for illegal activities or improper purposes could harm our business.***

The highly automated nature of, and liquidity offered by, our spending and payments services to move money make us and our customers a target for illegal or improper uses, including scams and fraud directed at our stored value Spending Account, Robinhood Cash Card, and Robinhood Credit customers, money laundering, terrorist financing, sanctions evasion, illegal online gambling, fraudulent sales of goods or services, illegal telemarketing activities, illegal sales of prescription medications or controlled substances, piracy of software, movies, music, and other copyrighted or trademarked goods (in particular, digital goods), bank fraud, child pornography, human trafficking, prohibited sales of alcoholic beverages or



tobacco products, securities fraud, pyramid or ponzi schemes, or the facilitation of other illegal or improper activity. Moreover, certain activity that is legal in one jurisdiction might be illegal in another jurisdiction, and a customer might be found responsible for intentionally or inadvertently importing or exporting illegal goods, resulting in liability for us. Owners of intellectual property rights or government authorities might seek to bring legal action against providers of payments solutions, including Robinhood, that are peripherally involved in the sale of infringing or allegedly infringing items. While we invest in measures intended to prevent and detect illegal activities with respect to our spending and payments services, these measures require continuous improvement and might not be effective in detecting and preventing illegal activity or improper uses.

Any illegal or improper uses of our spending and payments services by our users might subject us to claims, individual and class action lawsuits, and government and regulatory requests, inquiries, or investigations that could result in liability, restrict our operations, require us to change our business practices, harm our reputation, increase our costs, and negatively impact our business. For example, government enforcement or regulatory authorities could seek to impose additional restrictions or liability on us arising from the use of our spending and payments services for illegal or improper activity, and our failure to detect or prevent such use. Illegitimate transactions can also prevent us from satisfying our contractual obligations to our third-party partners, which might cause us to be in breach of our obligations.

## Risks Related to Our Intellectual Property

***Any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could adversely affect our business.***

Our success and ability to compete depend in part upon our ability to obtain, maintain, protect, defend and enforce our intellectual property rights and technology. The steps we take to protect our intellectual property rights might not be sufficient to effectively prevent third parties from infringing, misappropriating, diluting, or otherwise violating our intellectual property rights or to prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information. We make business decisions about when to seek patent protection for a particular technology, obtain trademark or copyright protection and when to rely upon trade secret protection, and the approach we select might ultimately prove to be inadequate. We will not be able to protect our intellectual property rights, however, if we do not detect unauthorized use of our intellectual property rights. We also might fail to maintain or be unable to obtain adequate protections for some of our intellectual property rights in the United States and some non-U.S. countries, and our intellectual property rights might not receive the same degree of protection in non-U.S. countries as they would in the United States because of the differences in non-U.S. patent, trademark, copyright, and other laws concerning intellectual property and proprietary rights. In addition, if we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. Our trademarks might also be opposed, contested, circumvented or found to be unenforceable, weak or invalid, and we might not be able to prevent third parties from infringing or otherwise violating them or using similar marks in a manner that causes confusion or dilutes the value or strength of our brand.

In addition to registered intellectual property rights, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information and know-how. We attempt to protect our intellectual property, technology, and confidential information by requiring our employees, contractors, consultants, corporate collaborators, advisors and other third parties who develop intellectual property on our behalf to enter into agreements relating to confidentiality and invention assignments, and third parties we share information with to enter into nondisclosure and confidentiality agreements. However, we might not have any such agreements in place with some of the parties who have developed intellectual property on our behalf and/or with some of the parties that have or might have had access to our confidential information, know-how, and trade secrets. Even where these agreements are in place, they might be insufficient or breached, or might not effectively prevent unauthorized access to or unauthorized use,



disclosure, misappropriation, or reverse engineering of our confidential information, intellectual property, or technology. Moreover, these agreements might not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or technology, or infringement of our intellectual property. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, and our competitive position could be materially and adversely harmed.

The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. Additionally, individuals not subject to invention assignment agreements might make adverse ownership claims to our current and future intellectual property, and, to the extent that our employees, independent contractors, or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes might arise as to the rights in related or resulting know-how and inventions.

In addition, we might need to expend significant resources to apply for, maintain, enforce and monitor our intellectual property rights and such efforts might be ineffective and could result in substantial costs and diversion of resources. An adverse outcome in any such litigation or proceedings might expose us to a loss of our competitive position, significant liabilities, and damage to our brand, or require us to seek licenses that might not be available on commercially acceptable terms, if at all.

***We have been, and might in the future be, subject to claims that we violated third-party intellectual property rights, which, even where meritless, can be costly to defend and could materially adversely affect our business, results of operations, and financial condition.***

Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we might not be aware that our products or services are infringing, misappropriating or otherwise violating third-party intellectual property rights and such third parties might bring claims alleging such infringement, misappropriation or violation. As we face increasing competition and become increasingly high profile, the possibility of receiving a larger number of intellectual property claims against us grows. In addition, various “non-practicing entities,” and other intellectual property rights holders have in the past and might in the future attempt to assert intellectual property claims against us or seek to monetize the intellectual property rights they own to extract value through licensing or other settlements.

Our use of third-party software and other intellectual property rights might be subject to claims of infringement or misappropriation. The vendors who provide us with technology that we incorporate in our product offerings also could become subject to various infringement claims.

From time to time, our competitors or other third parties might claim, and have in the past claimed, that we are infringing upon, misappropriating or otherwise violating their intellectual property rights. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition, results of operations, cash flows or prospects. Any claims or litigation, even those without merit and regardless of the outcome, could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial costs or damages, obtain a license, which might not be available on commercially reasonable terms or at all, pay significant ongoing royalty payments, settlements or licensing fees, satisfy indemnification obligations, prevent us from offering our products or services or using certain technologies, force us to implement expensive and time-consuming work-arounds or re-designs, distract management from our business or impose other unfavorable terms.

We expect that the occurrence of infringement claims is likely to grow as the market for financial services grows and as we introduce new and updated products and services, and the outcome of any allegation is often uncertain. Accordingly, our exposure to damages resulting from infringement claims

could increase and this could further exhaust our financial and management resources. Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures.

***Some of our products and services contain open source software, which could pose particular risks to our proprietary software, products, and services in a manner that could harm our business.***

We use open source software in our products and services (as well as in some of our internally developed systems) and we anticipate using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost, and we might be subject to such terms. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. We could face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our proprietary software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until we can offer a different solution, which might be a costly and time-consuming process. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms can be ambiguous, vague, or subject to various interpretations, especially given the absence of controlling case law in the U.S. or other courts. Additionally, we may open source some of our own proprietary source code and/or may make contributions to open source software. There is a risk that our proprietary software or contributions may be used in such a manner that we may need to enforce our rights to ownership of such open source software, including seeking proper usage, compliance with our license terms, or through litigation. Any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of license terms, or failure to enforce our ownership rights over the use of our proprietary source code could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours.

## Risks Related to Finance, Accounting and Tax Matters

***Covenants in our credit agreements could restrict our operations and if we do not effectively manage our business to comply with these covenants, our financial condition could be adversely impacted.***

We have entered into certain credit agreements and might enter into additional agreements for other borrowing in the future. These agreements contain various restrictive covenants, including, among other things, minimum liquidity and tangible net worth requirements, restrictions on our ability to dispose of assets, make acquisitions or investments, incur debt or liens, make distributions to our stockholders, or enter into certain types of related person transactions. These agreements also contain financial covenants, including obligations to maintain certain capitalization amounts and other financial ratios. These restrictions might restrict our current and future operations, including our ability to incur debt to increase our liquidity position.

Our ability to meet these restrictive covenants can be impacted by events beyond our control that could cause us to be unable to comply. The credit agreements provide that our breach or failure to satisfy some of these covenants constitutes an event of default. Upon the occurrence of an event of default, our lenders could elect to declare all amounts outstanding under our debt agreements to be immediately due and payable. In addition, our lenders might have the right to proceed against the assets we provided as collateral pursuant to the agreements. If the debt under the credit agreements were to be accelerated, and if we did not have sufficient cash on hand or be able to sell sufficient collateral to repay it, it would have an immediate adverse effect on our business, financial condition and results of operations.

***Our insurance coverage might be inadequate or expensive.***

We use a combination of third-party insurance and self-insurance mechanisms, including a wholly owned captive insurance subsidiary. We are subject to claims in the ordinary course of business. These claims can involve substantial amounts of money and involve significant defense costs. It is not possible to prevent or detect all activities giving rise to claims and the precautions we take might not be effective in all cases. We maintain voluntary and required insurance coverage, including, among others, general liability, property, director and officer, excess-SIPC, cyber and data breach, crime, and fidelity bond insurance. Our insurance coverage is expensive and maintaining or expanding our insurance coverage might have an adverse effect on our results of operations and financial condition.

Our insurance coverage is subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency, and might be insufficient to protect us against all losses and costs stemming from processing, operational, and technological failures. Furthermore, for certain lines of coverage, continued insurance coverage might not be available to us in the future on economically reasonable terms, or at all. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of material changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition, and results of operations.

***Changes in U.S. and foreign tax laws and policies could adversely impact our tax liabilities.***

We are, and may in the future become, subject to complex and evolving U.S. and foreign tax laws and regulations, which might in the future make changes to corporate income tax rates, the treatment of foreign earnings, or other income tax laws that could have an adverse impact on our business, result of operations, financial condition and cash flows.

Our determination of our tax liability is subject to review by applicable tax authorities. The determination of our tax liabilities requires significant judgment and, in the ordinary course of business, there are transactions and calculations where the ultimate tax determination is complex and uncertain. Although we believe our determinations are reasonable, the ultimate amount of our tax obligations owed might differ from the amounts recorded in our financial statements in the event of a review by applicable tax authorities and any such difference could have an adverse effect on our results of operations. Tax authorities might also disagree with certain positions we have taken or might take in the future, which could subject us to additional tax liabilities.

Our corporate structure and associated transfer pricing policies also contemplate future growth in international markets, and consider the functions, risks, and assets of various entities involved in intercompany transactions. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions.

In addition, from time to time, proposals are introduced in the U.S. Congress and state legislatures, as well as by foreign governments, to impose new taxes on a broad range of financial transactions, including transactions that occur on our platform, such as the buying and selling of stocks, derivative

transactions, and cryptocurrencies. If enacted, such financial transaction taxes could increase the cost to customers of investing or trading on our platform and reduce or adversely affect U.S. market conditions and liquidity, general levels of interest in investing, and the volume of trades and other transactions from which we derive transaction-based revenues. Any financial transaction tax implemented in any jurisdiction in which we operate could materially and adversely affect our business, financial condition, or results of operations, and as a retail brokerage we could be impacted to a greater degree than other market participants.

We also are subject to non-income taxes, such as payroll, sales, use, value-added, net worth, excise, goods and services, and property taxes in the United States and various foreign jurisdictions. Specifically, we might be subject to "digital service taxes" or new allocations of tax as a result of increasing efforts by certain jurisdictions to tax cross border activities that might not have been subject to tax under existing international tax principles. Companies such as ours could be adversely impacted by such taxes.

***Our ability to use our net operating losses to offset future taxable income could be subject to certain limitations.***

As of December 31, 2023, we have net operating loss carryforwards ("NOLs") available to reduce future taxable income. However, under Sections 382 and 383 of the United States Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change" (as defined by the Code) may be subject to limitations on its ability to utilize its pre-change NOLs and other tax attributes such as research tax credits to offset future taxable income. If it is determined that we have in the past experienced an ownership change, or if we undergo one or more ownership changes as a result of future transactions in our stock, then our ability to utilize NOLs and other pre-change tax attributes could be limited by Sections 382 and 383 of the Code, and similar state provisions. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Section 382 or 383 of the Code. Furthermore, our ability to utilize NOLs of any companies that we acquire in the future may be subject to limitations. For these reasons, we might not be able to utilize our NOLs, even if we maintain profitability.

***Our tax information reporting obligations are subject to change.***

Although we believe we are compliant with the tax reporting and withholding requirements with respect to our customers' transactions in the jurisdictions in which we operate, various U.S., state or foreign tax authorities might significantly change applicable tax reporting requirements or disagree with the exact application of new or existing requirements. If the taxing authorities determine that we are not in compliance with our tax reporting or withholding requirements with respect to customer asset transactions, we may be exposed to additional withholding obligations, which could increase our compliance costs and result in penalties.

***We track certain operational metrics, which are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics could harm our reputation, adversely affect our stock price, and result in litigation.***

We track certain operational metrics using internal company data gathered on an analytics platform that we developed and operate, including metrics such as Funded Customers, AUC, and MAU, as well as cohorts of our customers, which have not been validated by any independent third party and which might differ from estimates or similar metrics published by other parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools are subject to a number of limitations and our methodologies for tracking these metrics have changed in the past and might change further over time, which could result in unexpected changes to our metrics or otherwise cause the comparability of such metrics from period to period to suffer, including the metrics we publicly disclose. For example, prior to our becoming self-clearing in November 2018, we relied on a third-party provider for our clearing operations, and used data collected by that third party to compute certain

metrics, such as Funded Customers (formerly Net Cumulative Funded Accounts), that, since November 2018, we have calculated based on data sourced and processed internally. In addition, if the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report might not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across large populations globally. You should not place undue reliance on such operational metrics when evaluating an investment in our Class A common stock. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Metrics” for definitions of our key operational metrics.

If our operational metrics are not accurate representations of our business, or if investors do not perceive these metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation could be significantly harmed, the trading price of our Class A common stock could decline and we might be subject to stockholder litigation, which could be costly.

***If we fail to maintain effective internal control over financial reporting, as well as required disclosure controls and procedures, our ability to produce timely and accurate consolidated financial statements or comply with applicable regulations could be impaired.***

The Sarbanes-Oxley Act of 2002 and related rules of the SEC require, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop could become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. We have limited experience with implementing the systems and controls that are necessary to operate as a public company, as well as adopting changes in accounting principles or interpretations mandated by the relevant regulatory bodies. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of our internal control over financial reporting. Moreover, our business might be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that might arise. Further, weaknesses in our disclosure controls and internal control over financial reporting could be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and could result in a restatement of our consolidated financial statements for prior periods.

Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that are required in our periodic reports filed with the SEC. Ineffective disclosure controls and procedures or internal control over financial reporting could harm our business, cause investors to lose confidence in the accuracy and completeness of our reported financial and other information, and result in us becoming subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, any of which would likely have a negative effect on the trading price of our Class A common stock and have a material and adverse effect on our business, results of operations, financial condition and prospects. In addition, if we are unable to continue to meet these requirements, we might not be able to remain listed on the Nasdaq.



## Risks Related to Our Class A Common Stock

***The trading price for our Class A common stock has been and might continue to be volatile and you could lose all or part of your investment.***

The trading price of our Class A common stock has been and might continue to be highly volatile and could continue to be subject to fluctuations in response to one or more of the risk factors described in this report, many of which are beyond our control. For example, on November 8, 2022 (the day that FTX halted all non-fiat customer withdrawals from its platform) the intra-day trading price of our Class A common stock fell as much as 18%, and on December 14, 2022 (the day the December 2022 Rule Proposals were announced), the intra-day trading prices of our Class A common stock fell as much as 5.3%. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you might be unable to sell your shares at or above the price you paid. Additional factors that could have a significant effect on the trading price of our Class A common stock include:

- publication of research reports about us, our competitors, or our industry, or changes in, or failure to meet, estimates made by securities analysts or ratings agencies of our financial and operating performance, or lack of research reports by industry analysts or ceasing of analyst coverage;
- announcements by us or our competitors of new offerings or platform features;
- the public's perception of the quality and accuracy of our key metrics on our customer base and engagement;
- the public's reaction to our media statements, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- the extent to which retail and other individual investors (as distinguished from institutional investors), including our customers, invest in our Class A common stock, which might result in increased volatility; and
- media coverage related to certain individuals and entities identified as having owned our stock, and any speculation related to plans to dispose of their holdings.

In addition, in the past, following periods of volatility in the overall market and the trading price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Further, if the market price of our Class A common stock is above the level that investors determine is reasonable for our Class A common stock, some investors might attempt to short our Class A common stock, which would create additional downward pressure on the trading price of our Class A common stock.

***Substantial future issuances or sales of shares of our Class A common stock in the public market could result in significant dilution to our stockholders and such issuances or sales, or the perception that they may occur, could cause the trading price of our Class A common stock to fall.***

As of December 31, 2023, our founders and their related entities hold approximately 15% of our outstanding common stock (and, as described in the following risk factor, over 50% of the voting power of our outstanding capital stock). If our founders or other significant stockholders sell, or indicate an intent to



sell, large amounts of stock in the public market, or the perception that these sales might occur, could cause the trading price of our Class A common stock to decline substantially.

Similarly, significant numbers of shares are subject to future issuance including under outstanding warrants held by pre-IPO investors, and under outstanding stock options and RSUs held by employees and other service providers, and significant numbers of additional shares are available for award grant purposes under our 2021 Plan and for issuance under our Employee Share Purchase Plan. All of these shares will become eligible for sale in the public market upon exercise, vesting, or settlement, as applicable (and to the extent granted in the discretion of our board of directors, in the case of shares available for grant). Moreover, to fund the tax withholding and remittance obligations arising in connection with future vesting and settlement of RSUs, we currently intend to have most holders of such RSUs, including our founders, sell a portion of such shares into the market on the applicable settlement date, with the proceeds of such sales delivered to us for remittance to the relevant taxing authorities. These and any future issuances of shares of our capital stock, or of securities convertible into or exercisable for our capital stock could depress the market price of our Class A common stock and result in a significant dilution for stockholders.

We have authorized more capital stock in recent years to provide additional stock options and RSUs to our employees and to permit for the consummation of equity and equity-linked financings and might continue to do so in the future. Our employee headcount has increased significantly in the past few years, so the amount of dilution due to awards of equity-based compensation to our employees could be substantial. Further, any sales of our Class A common stock (including shares of Class A common stock issuable upon conversion of our Class B common stock, as stock options are exercised, or as RSUs are settled) might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales could also cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

***The multi-class structure of our common stock has the effect of concentrating voting power with our founders, which limits your ability to influence the outcome of matters submitted to our stockholders for approval. In addition, the Founders' Voting Agreement and any future issuances of our Class C common stock could prolong the duration of our founders' voting control.***

Our Class A common stock has one vote per share, our Class B common stock has 10 votes per share and our Class C common stock has no voting rights, except as otherwise required by law. Our founders and certain of their related entities ("Founder Affiliates") together hold all of the issued and outstanding shares of our Class B common stock. Accordingly, Mr. Tenev, who is also our CEO, President and Chair of our board of directors, and Mr. Bhatt, who is also our Chief Creative Officer and a director, collectively with their related entities hold over 50% of the voting power of our outstanding capital stock. As a result, our founders have the ability to determine or significantly influence any action requiring the approval of our stockholders, including the election of our board of directors, the adoption of amendments to our Amended and Restated Certificate of Incorporation (our "Charter") and our Amended and Restated Bylaws (our "Bylaws") and the approval of any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction.

In addition, our founders and Founder Affiliates have entered into a voting agreement (the "Founders' Voting Agreement") in which they have agreed, among other things, (i) to vote all of the shares of our common stock held by such founder or Founder Affiliate for the election of each founder to, and against the removal of each founder from, our board of directors, (ii) to vote together in the election of other directors generally, subject to deferring to the decision of the nominating and corporate governance committee in the event of any disagreement between the founders, (iii) effective upon a founder's death or disability, to grant a voting proxy to the other founder with respect to shares of our common stock held by the deceased or disabled founder or over which he was entitled to vote (or direct the voting) immediately prior to his death or disability, and (iv) to grant each other rights of first offer in the event of proposed transfers that would otherwise cause Class B shares to convert into Class A shares under our

Charter. The Founders' Voting Agreement has the effect of concentrating voting power in our founders (or either one of them).

Further pursuant to the equity exchange right agreements entered into between us and each of our founders in connection with our IPO, each of our founders has a right (but not an obligation) to require us to exchange, for shares of Class B common stock, any shares of Class A common stock received by them upon the vesting and settlement of pre-IPO RSUs (the "Equity Exchange Rights"). Any exercise by our founders of these Equity Exchange Rights will dilute the voting power of holders of our Class A common stock.

Our founders might have interests that differ from yours and might vote in a way with which you disagree and which may be adverse to your interests. Therefore, the founders' concentrated voting control might have the effect of delaying, preventing or deterring a change in control of our Company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our Company, and might ultimately affect the market price of our Class A common stock. Further, the separation between voting power and economic interests could cause conflicts of interest between our founders and our other stockholders, which might result in our founders undertaking, or causing us to undertake, actions that would be desirable for our founders but would not be desirable for our other stockholders.

We have no current plans to issue shares of our Class C common stock. Because the shares of our Class C common stock have no voting rights, except as required by law, if we issue Class C common stock in the future, the voting control of our founders could be maintained for a longer period of time than would be the case if we issued Class A common stock rather than Class C common stock.

***Certain provisions in our Charter and our Bylaws and of Delaware law as well as certain FINRA rules might prevent or delay an acquisition of Robinhood, which could decrease the trading price of our Class A common stock.***

Our Charter and our Bylaws contain, and Delaware law contains, provisions that might have the effect of deterring takeovers by making such takeovers more expensive to the bidder and by encouraging prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover, such as a classified board, limitations on the ability of stockholders to take action by written consent, and the ability of our board of directors to designate the terms of preferred stock and authorize its issuance without stockholder approval. We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make Robinhood immune from takeovers. However, these provisions will apply even if the offer might be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of Robinhood and our stockholders. Accordingly, if our board of directors determines that a potential acquisition is not in the best interests of Robinhood and our stockholders, but certain stockholders believe that such a transaction would be beneficial to Robinhood and our stockholders, such stockholders might elect to sell their shares in Robinhood and the trading price of our Class A common stock could decrease. These and other provisions of our Charter, our Bylaws and the Delaware General Corporation Law could have the effect of delaying or deterring a change in control, which might limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and might also affect the price that some investors are willing to pay for our Class A common stock.

In addition, a third party attempting to acquire us or a substantial position in our Class A common stock might be delayed or ultimately prevented from doing so by change in ownership or control regulations to which certain of our regulated subsidiaries are subject. For example, FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with any transaction resulting in a single person or entity owning, directly or indirectly, 25% or more of a FINRA member firm's equity and would include a change in control of a parent company and similar approval from the FCA, which regulates our U.K. authorized broker-dealer subsidiary, must be obtained in connection with any

transaction resulting in a person or entity holding, directly or indirectly, 10% or more of the equity or voting power of a U.K. authorized person or the parent of a U.K. authorized person. These and any other applicable regulations relating to changes in control of us or our regulated subsidiaries could further have the effect of delaying or deterring a change in control of us.

***The exclusive forum provisions of our Charter could limit our stockholders' ability to choose the judicial forum for some types of lawsuits against us or our directors, officers, or employees.***

Our Charter provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for a number of types of actions or proceedings shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have subject matter jurisdiction, another state court sitting in the State of Delaware) (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Our Charter also provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action under the Securities Act. Nothing in our Charter precludes stockholders that assert claims under the Exchange Act from bringing such claims in any court, subject to applicable law.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to these provisions. These exclusive forum provisions might limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers, or other employees, which might discourage lawsuits against us and our directors, officers, and other employees. The enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find the exclusive forum provisions in our Charter to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving the dispute in other jurisdictions, which could adversely affect our results of operations.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C. CYBERSECURITY

We rely on technology, including the internet and mobile services, to conduct much of our business activity and allow our customers to conduct financial transactions on our platform. As a result, our systems and operations as well as those of the third parties on which we rely to conduct certain key functions are vulnerable to cybersecurity incidents, which we have experienced in the past. We have a cybersecurity program that includes physical, technological, and administrative controls to detect, contain, respond to and remediate cybersecurity threats and incidents and defined processes to assess, identify and manage material risks from cybersecurity threats. These controls and processes include, among others:

- maintaining a vulnerability management program that performs regular vulnerability scans and relies on our risk-based information security program to promote coverage of critical areas;
- establishing an offensive security team that actively tests our security controls, imitating methods persons trying to achieve unauthorized access might use to identify any weaknesses;
- our global privacy program supported by our privacy engineering and privacy legal teams and the Privacy Advisory Council, a cross functional team of senior leaders from legal, engineering, product, and compliance;

- maintaining an incident response plan which includes required responses in the event of a cybersecurity incident;
- conducting mandatory annual security and privacy training for all employees and contractors and, where appropriate, giving employees and contractors role-based training focused on content specific to their role at the Company;
- undertaking an annual review of our consumer facing policies and statements related to cybersecurity;
- requiring employees to treat customer information and data with care through policy, practice and contract (as applicable);
- leveraging the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework (“CSF”) incident handling framework to help us identify, protect, detect, respond, and recover when there is an actual or potential cybersecurity incident; and
- carrying information security risk insurance that provides protection against the potential losses arising from a cybersecurity incident.

Our cybersecurity program is managed by the Company’s Security and Corporate Engineering organization, which is led by our CSO, who reports directly to the CEO. Currently, our CSO is Erika Dean. Ms. Dean, who joined the Company in 2021, has over twenty years of experience in the security industry. Prior to joining our Company, she held a variety of leadership positions in cybersecurity at Capital One, including as Vice President, Divisional Chief Information Security Officer. Additionally, several of Robinhood’s subsidiaries, including RHC, RHF, and RHS, have a Chief Information Security Officer, who reports to the CSO, and a Risk Operating Committee (“ROC”) that manages risks, including cybersecurity risks, specific to each entity. The Chief Information Security Officers have expertise in cybersecurity, industry and regulatory standards, risk management, and security operations. The Security organization elevates risks to the ROCs where applicable. Our cybersecurity program is aligned with industry standards and best practices, such as the NIST CSF, and we engage third-party consultants annually to conduct a NIST CSF maturity assessment of our cybersecurity program.

We maintain a Third Party Security and Privacy Policy and conduct security reviews of vendors, including for potential fourth-party risks, prior to and during their contracts with Robinhood and require all third-party service providers with access to personal, confidential or proprietary information to implement and maintain comprehensive cybersecurity practices consistent with applicable legal standards and industry best practices. Any identified security or privacy risks of doing business with a vendor, including potential fourth-party risks, are highlighted to business owners to help make informed risk-based decisions.

We also engage the assistance of third-party consultants to increase protection of our information and IT systems and network to help secure long-term value for our stakeholders. Services provided by third-party consultants include, but are not limited to: regular assessments to our cybersecurity program including cyber maturity assessments and penetration tests; risk scoring of our critical business partners and vendors; and participating in incident response processes.

Management is responsible for day-to-day risk operations and management processes. Management has established cybersecurity standards to improve the Company’s cybersecurity risk posture and to help define and implement appropriate measures to protect the Company’s systems and data from cyber threats. In addition to our Internal Audit and Compliance functions, the Company has a management ERC, which comprises senior leaders of the Company, including the CEO, CFO, CLO, CSO, Vice President of Risk and Audit, and CBO, among others, and reviews on at least a quarterly basis risks that are escalated by the Company’s ERM function, including cybersecurity risks. ERM maintains a risk taxonomy and a scoring methodology design to ensure risks are elevated in a clear and transparent

manner, and further escalates top risks to the Safety Committee, along with planned mitigants and monitoring procedures.

If a cybersecurity incident occurs, incident response procedures are in place to ensure that the occurrence is appropriately reported to the CSO, and business continuity plans are mobilized to minimize disruption to business operations. We have also implemented guidelines to outline communications responsibilities during incidents of all severity levels, including the escalation process for alerting senior management of high severity incidents.

If a significant cybersecurity incident occurs, we will conduct an assessment to determine if it is material to us. If a materiality assessment is required, the CSO will report such an incident to our Materiality Assessment Committee (“MAC”), which consists of the CFO, CLO, and CBO (in addition to the CSO). The MAC will then determine, without unreasonable delay, whether the incident is material to the Company. In making such determination, the MAC may consult with the CEO, other members of the Company’s management, and the Company’s outside professional advisors, in each case, as appropriate. The incident materiality determination will be made by considering all relevant quantitative and qualitative factors, including without limitation: the nature, size and scope of the incident; financial condition; results of operations; litigation or regulatory investigations/actions; the Company’s reputation, and customer and vendor relationships; and competitiveness.

The principal role of our board of directors and the Safety Committee is one of oversight, recognizing that management is responsible for the design, implementation, and maintenance of an effective program for protecting against and mitigating data privacy and cybersecurity risks. The Safety Committee reviews management’s exercise of its responsibility to identify, assess, manage, monitor and mitigate material risks not specifically allocated to the board of directors or another of its committees. The Safety Committee has been explicitly assigned the responsibility to oversee risks from cybersecurity threats, among others, and the full board of directors will be notified when the MAC is assessing a cybersecurity incident and informed of any required disclosures. Our board of directors and Safety Committee receive updates on relevant industry developments, threats, and material risks identified as needed each quarter. The board of directors and the Safety Committee also receive updates, including material legal and legislative developments, concerning data privacy and security, the rapidly evolving cybersecurity risk landscape, and the Safety Committee facilitates the board of directors’ oversight responsibilities.

Our systems and those of our customers and third-party service providers have been and might in the future be vulnerable to cybersecurity threats. For more information about risks related to cybersecurity threats, including previous cybersecurity incidents (including the November 2021 Data Security Incident (defined below)), that have materially affected or are reasonably likely to materially affect our business, financial condition, and results of operations, see “Risk Factors—*Our business could be materially and adversely affected by a cybersecurity breach or other cybersecurity incident involving our information systems or data or those of our customers or third-party or fourth-party service providers.*”

## ITEM 2. PROPERTIES

Our corporate headquarters are located in Menlo Park, California, where we currently have lease commitments for multiple facilities with various expiration dates through 2026. We otherwise lease office facilities throughout the United States and other countries around the world for engineering, sales, marketing, and operations, as well as general and administrative purposes.

We believe our facilities are suitable for their present and intended purposes and are operating at a level consistent with the requirements of the industry in which we operate. We also believe that our leases are at competitive or market rates and do not anticipate any difficulty in leasing suitable additional space upon expiration of our current lease terms.

### ITEM 3. LEGAL PROCEEDINGS

See Note 17 - Commitments & Contingencies, to our consolidated financial statements in this Annual Report.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.



## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### **Market Information for Common Stock**

Our Class A common stock has been listed on the Nasdaq Global Select Market under the symbol "HOOD" since July 29, 2021. Prior to that time, there was no public market for our stock.

Our Class B and Class C common stock are not listed on any stock exchange nor traded on any public market.

#### **Holders of Record**

As of February 22, 2024, there were 82 stockholders of record of our Class A common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders. As of February 22, 2024, there were eight stockholders of record of our Class B common stock and zero stockholders of record of our Class C common stock.

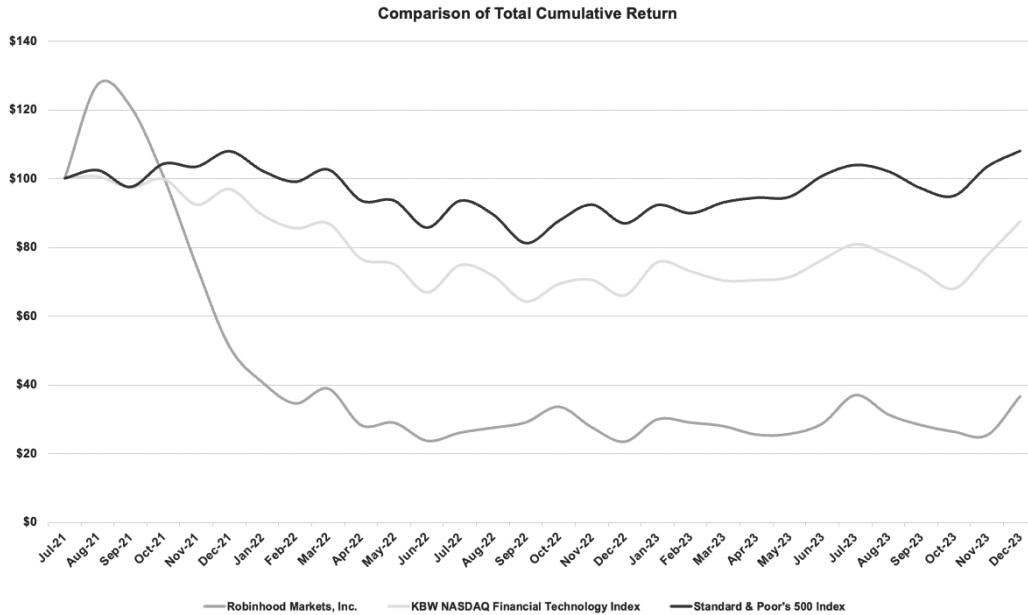
#### **Dividend Policy**

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate declaring or paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant. In addition, the terms of our current credit facilities contain restrictions on our ability to pay cash dividends.

#### **Sales of Unregistered Securities**

From January 1, 2023 through December 31, 2023 we did not sell any shares of Class A common stock (or other equity securities of Robinhood Markets, Inc.) that were not registered under the Securities Act.

## Stock Performance Graph



This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC, for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

The graph above compares the cumulative total stockholder return on our Class A common stock with the cumulative total return of the KBW NASDAQ Financial Technology Index and the Standard & Poor’s 500 Index. The graph assumes (i) that \$100 was invested at the market close on July 29, 2021, the date that our Class A common stock commenced trading on the Nasdaq Global Select Market, in each of our Class A common stock, the KBW NASDAQ Financial Technology Index, and the Standard & Poor’s 500 Index and (ii) reinvestment of gross dividends. The graph uses the closing market price on July 29, 2021 of \$34.82 per share as the initial value of our Class A common stock. The stock price performance shown in the graph represents past performance and should not be considered an indication of future stock price performance.

## ITEM 6. [REMOVED AND RESERVED]

# ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section presents management's perspective on our financial condition and results of operations, including performance metrics that management uses to assess company performance. The following discussion and analysis is intended to highlight and supplement data and information presented elsewhere in this Annual Report, and should be read in conjunction with our consolidated financial statements and notes elsewhere in this Annual Report. It is also intended to provide you with information that will assist you in understanding our consolidated financial statements, the changes in key items in those consolidated financial statements from year to year, and the primary factors that accounted for those changes. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which might not be indicative of our future financial outcomes. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause results to differ materially from management's expectations. Factors that could cause such differences are discussed in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors."

We refer to our "users" and our "customers" interchangeably throughout this Annual Report to refer to individuals who hold accounts on our platform.

## Key Performance Metrics

In addition to the measures presented in our 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.

Before the fourth quarter of 2023, we referred to Funded Customers as Net Cumulative Funded Accounts. As our business has grown and we have added additional account types (such as retirement accounts), we have relabeled this metric (and made conforming changes throughout other definitions) to clarify that it measures unique individuals (rather than accounts), although the calculation remains the same and does not affect amounts reported in prior periods. Additionally, beginning in the fourth quarter of 2023, Robinhood Credit users are included in our calculation of MAU, although we are not restating amounts in prior periods as the impact to those figures was immaterial.

- **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.
- **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 received from customers, net of reversals, customer cash withdrawals, and other assets transferred out of our platform (assets transferred in or out include debit card transactions, ACATS transfers, and custodial crypto wallet transfers) for a stated period. Starting in January 2024, Net Deposits include dividend and interest inflows and Robinhood Gold subscription fees and margin interest

outflows, although we will not restate amounts in prior periods as the impact to those figures was immaterial.

- **Growth Rate with respect to Net Deposits:** When used with respect to Net Deposits, “growth rate” provides 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.
- **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.
- **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 Annual Report 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

- **Automated Customer Account Transfer Service (“ACATS”):** A system that automates and standardizes procedures for the transfer of assets in a customer account from one brokerage firm and/or bank to another.
- **Churned Customer:** A Funded Customer is considered “Churned” if it was ever a New Funded Customer whose account balance (measured as the fair value of assets in the account less any amount due from the user and excluding amounts that are deposited into a Funded Customer account by the Company with no action taken by the unique person) drops to or below zero and has not completed a transaction using any account with a Robinhood entity for at least 45 consecutive calendar days. Negative balances typically result from Fraudulent Deposit Transactions (which 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) and unauthorized debit card use, and less often, from margin loans.
- **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).
- **New Funded Customer:** We define a New Funded Customer as a unique person who became a Funded Customer for the first time during the relevant period.
- **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.
- **Resurrected Customer:** A Funded Customer is considered “Resurrected” in a stated period if it was a Churned Customer as of the end of the immediately preceding period and its balance (excluding amounts that are deposited into a Funded Customer account by the Company with no action taken by the unique person) rises above zero or it completes a transaction using its account.

## Overview

With respect to the year ended December 31, 2023, as compared to the year ended December 31, 2022:

- we generated total net revenues of \$1.87 billion compared to \$1.36 billion, an increase of 37%;
- we incurred a net loss of \$0.54 billion, or -\$0.61 per share, compared to net loss of \$1.03 billion, or -\$1.17 per share;
- operating expenses were \$2.40 billion compared to \$2.37 billion, an increase of 1%;
  - SBC expense totaled \$871 million compared to \$654 million, an increase of 33%.
  - SBC expense for the year ended December 31, 2023 included a \$485 million charge related to cancellation of the 2021 Market-Based RSUs (the “2021 Founders Award Cancellation”).
  - SBC expense for the year ended December 31, 2022 included \$77 million net reversals of previously recognized expense in connection with both the April 2022 Restructuring and August 2022 Restructuring;
- our Adjusted EBITDA (non-GAAP) was positive \$536 million compared to negative \$94 million;
- we had 23.4 million Funded Customers compared to 23.0 million, an increase of 2%;
- we had AUC of \$102.6 billion compared to \$62.2 billion, an increase of 65%;
- Net Deposits were \$17.1 billion, which translates to a growth rate of 27% relative to AUC at the end of the fourth quarter of 2022, compared to \$18.4 billion, which translates to a growth rate of 19% relative to AUC at the end of the fourth quarter of 2021;
- we had ARPU of \$80 compared to \$60, an increase of 33%;
- we had MAU of 10.9 million in December 2023 compared to 11.4 million in December 2022, a decrease of 4%.

Adjusted EBITDA is a non-GAAP financial measure. For more information about Adjusted EBITDA, including the definition and limitations of such measure, and a reconciliation of net income (loss) to Adjusted EBITDA, please see “—Non-GAAP Financial Measures.”

## Key Performance Metrics

Key performance metrics for the relevant periods were as follows:

	Year Ended December 31,		
	2021	2022	2023
Funded Customers <sup>(1)</sup> (in millions).....	22.7	23.0	23.4
AUC <sup>(2)</sup> (in billions) .....	\$ 98.0	\$ 62.2	\$ 102.6
Net Deposits (in billions).....	\$ 27.1	\$ 18.4	\$ 17.1
Growth Rate with respect to Net Deposits .....	43 %	19 %	27 %
ARPU (in dollars).....	\$ 103	\$ 60	\$ 80
MAU (in millions).....	17.3	11.4	10.9

<sup>(1)</sup> The following table describes the annual changes within Funded Customers:

(in millions)	Year Ended December 31,		
	2021	2022	2023
Beginning Funded Customers.....	12.5	22.7	23.0
New Funded Customers .....	12.2	1.3	1.1
Resurrected Customers .....	0.5	0.2	0.2
Churned Customers.....	(2.5)	(1.2)	(0.9)
Ending Funded Customers.....	22.7	23.0	23.4

<sup>(2)</sup> The following table sets out the components of AUC by type of asset:

(in billions)	Year Ended December 31,		
	2021	2022	2023
Equities.....	\$ 72.1	\$ 45.8	\$ 69.4
Cryptocurrencies.....	22.1	8.4	14.7
Options .....	1.5	0.3	0.6
Cash held by Customers .....	8.8	10.8	21.3
Receivables from Customers.....	(6.5)	(3.1)	(3.4)
AUC.....	\$ 98.0	\$ 62.2	\$ 102.6

The following table describes the changes within AUC:

(in billions)	Year Ended December 31,		
	2021	2022	2023
Beginning AUC .....	\$ 63.0	\$ 98.0	\$ 62.2
Net Deposits.....	27.1	18.4	17.1
Net market gains (losses) .....	7.9	(54.2)	23.3
Ending AUC.....	\$ 98.0	\$ 62.2	\$ 102.6

## Non-GAAP Financial Measures

### Adjusted EBITDA

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 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) 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. 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.

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. The following table presents a reconciliation of Adjusted EBITDA, to the most directly comparable GAAP measure, net loss:

	Year Ended December 31,		
	2021	2022	2023
(in millions)			
Net loss .....	\$ (3,687)	\$ (1,028)	\$ (541)
Add:			
Interest expenses related to credit facilities .....	20	24	23
Provision for income taxes.....	2	1	8
Depreciation and amortization .....	26	61	71
EBITDA (non-GAAP) .....	(3,639)	(942)	(439)
2021 Founders Award Cancellation .....	—	—	485
SBC excluding 2021 Founders Award Cancellation <sup>(1)</sup> .....	1,572	654	386
Significant legal and tax settlements and reserves .....	55	20	104
Restructuring charges <sup>(2)</sup> .....	—	105	—
Q4 2022 Processing Error <sup>(3)</sup> .....	—	57	—
Impairment of Ziglu equity securities <sup>(4)</sup> .....	—	12	—
Change in fair value of convertible notes and warrant liability .....	2,045	—	—
Adjusted EBITDA (non-GAAP).....	\$ 33	\$ (94)	\$ 536

<sup>(1)</sup> For the year ended December 31, 2022, SBC excluding 2021 Founders Award Cancellation benefited from restructuring-related net reversals of previously recognized expense of \$77 million in connection with both the April 2022 Restructuring and August 2022 Restructuring (see Note 14 - Common Stock and Stockholders' (Deficit) Equity, to our consolidated financial statements in this Annual Report for further information).

<sup>(2)</sup> Restructuring charges for the year ended December 31, 2022 related to both the April 2022 Restructuring and August 2022 Restructuring, consisting of \$45 million of impairment and \$9 million of accelerated depreciation, in each case relating to office closures, and \$51 million of cash charges for employee-related wages, benefits and severance. See Note 6 - Restructuring Activities, to our consolidated financial statements in this Annual Report for further information.

<sup>(3)</sup> \$57 million for the year ended December 31, 2022 due to delays in notification from third parties and process failures within Robinhood's brokerage systems and operations in connection with the handling of a 1-for-25 reverse stock split transaction of Cosmos Health, Inc.

<sup>(4)</sup> Partially as a result of the termination of the stock purchase agreement, the advances made to Ziglu accounted for as non-marketable equity securities were impaired to a carrying value of zero.

## Key Components of Our Results of Operations

### **Revenues**

#### *Transaction-Based Revenues*

Transaction-based revenues consist of amounts earned from routing customer orders for options, cryptocurrencies, and equities to market makers. When customers place orders for options, cryptocurrencies, or equities on our platform, we route these orders to market makers and we receive consideration from those market makers. With respect to options and equities trading, such fees are known as PFOF. With respect to cryptocurrencies trading, we receive “Transaction Rebates.” In the case of options, our fee is on a per contract basis based on the underlying security. For equities, the fees we receive are typically based on the size of the publicly quoted bid-ask spread for the security being traded; that is, we receive a fixed percentage of the difference between the publicly quoted bid and ask at the time the trade is executed. In the case of cryptocurrencies, our rebate is a fixed percentage of the notional order value.

Within each asset class, whether options, cryptocurrencies, or equities, the transaction-based revenue we earn is calculated in an identical manner among all participating market makers. We route option and equity orders in priority to participating market makers that we believe are most likely to give our customers the best execution, based on historical performance (according to order price, trading symbol, availability of the market maker and, if statistically significant, order size), and, in the case of options, the likelihood of the order being filled is a factor as well. For cryptocurrency orders, we route to market makers based on price and availability of the cryptocurrency from the market maker.

#### *Net Interest Revenues*

Net interest revenues consist of interest revenues less interest expenses. We earn interest revenues on corporate cash and investments, margin loans to users, segregated cash and cash equivalents, deposits with clearing organizations, Cash Sweep, and carried customer credit card balances. We also earn and incur interest revenues and expenses on securities lending transactions. We incur interest expenses in connection with our revolving credit facilities.

#### *Other Revenues*

Other revenues primarily consist of Robinhood Gold subscription fees, proxy revenues, and ACATS fees charged to users for facilitating the transfer of part or all of assets in their accounts to another broker-dealer.

### **Operating Expenses**

#### *Brokerage and Transaction*

Brokerage and transaction costs primarily consist of broker-dealer transaction expenses (such as fees paid to centralized clearinghouses and regulatory fees), market data expenses, customer statements, cash compensation, SBC and employee benefits as well as allocated overhead for employees engaged in clearing and brokerage functions. A large portion of our brokerage and transaction costs are variable and tied to trading and transaction volumes on our platform.

#### *Technology and Development*

Technology and development costs primarily consist of cash compensation, SBC and employee benefits as well as allocated overhead for engineering, data science, and design personnel who support and improve our platform and develop new products, costs for cloud infrastructure services, and costs associated with computer hardware and software, including amortization of internally developed software.

## Operations

Operations costs consist of customer service related expenses, including cash compensation, SBC and employee benefits as well as allocated overhead for employees engaged in customer support, and costs incurred to support and improve customer experience (such as third-party customer service vendors). Operations costs also include our provision for credit losses and fraud primarily in connection with unrecoverable receivables due to Fraudulent Deposit Transactions and credit card expected losses.

## Marketing

Marketing costs primarily consist of paid marketing channels such as digital marketing and brand marketing, as well as cash compensation, SBC, and employee benefits as well as allocated overhead for employees engaged in the marketing function. Marketing costs also include incentive expenses associated with the Robinhood Referral Program.

## General and Administrative

General and administrative costs primarily consist of cash compensation, SBC, and employee benefits as well as allocated overhead for certain executives and employees engaged in legal, finance, human resources, risk, and compliance. General and administrative costs also include settlements and penalties, legal expenses, other professional fees, and real estate charges including impairments on our operating leases or lease improvements and lease terminations.

## Results of Operations

The following table summarizes our consolidated statements of operations data:

(in millions)	Year Ended December 31,		
	2021	2022	2023
Revenues:			
Transaction-based revenues .....	\$ 1,402	\$ 814	\$ 785
Net interest revenues .....	256	424	929
Other revenues .....	157	120	151
Total net revenues .....	1,815	1,358	1,865
Operating expenses: <sup>(1)</sup>			
Brokerage and transaction .....	158	179	146
Technology and development .....	1,234	878	805
Operations .....	368	285	159
Marketing .....	325	103	122
General and administrative .....	1,371	924	1,169
Total operating expenses .....	3,456	2,369	2,401
Change in fair value of convertible notes and warrant liability .....	2,045	—	—
Other (income) expense, net .....	(1)	16	(3)
Loss before income taxes .....	(3,685)	(1,027)	(533)
Provision for income taxes .....	2	1	8
Net loss .....	\$ (3,687)	\$ (1,028)	\$ (541)

<sup>(1)</sup> Includes SBC expense as follows:

<i>(in millions)</i>	Year Ended December 31,		
	2021	2022	2023
Brokerage and transaction .....	\$ 7	\$ 5	\$ 7
Technology and development .....	610	212	211
Operations.....	20	8	8
Marketing.....	50	4	5
General and administrative .....	885	425	640
Total SBC expense .....	<u>\$ 1,572</u>	<u>\$ 654</u>	<u>\$ 871</u>

Upon our IPO in 2021, we recognized \$1.01 billion of SBC expense. In 2023, we recognized \$485 million of SBC expense related to the 2021 Founders Award Cancellation. For more information, see “Share-based Compensation” in Note 1 - Description of Business and Summary of Significant Accounting Policies, to our consolidated financial statements in this Annual Report.

## Comparison of the Years Ended December 31, 2023 and 2022

A discussion of our results for fiscal year 2022 compared to fiscal year 2021 can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Comparison of the Years Ended December 31, 2022 and 2021” in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 27, 2023.

### Revenues

#### Transaction-Based Revenues

(in millions, except for percentages)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Transaction-based revenues .....					
Options.....	\$ 690	\$ 488	\$ 505	(29)%	3 %
Cryptocurrencies .....	420	202	135	(52)%	(33)%
Equities .....	287	117	104	(59)%	(11)%
Other .....	5	7	41	40 %	486 %
Total transaction-based revenues .....	<u>\$ 1,402</u>	<u>\$ 814</u>	<u>\$ 785</u>	(42)%	(4)%
Transaction-based revenues as a % of total net revenues:					
Options.....	38%	36%	27%		
Cryptocurrencies .....	23%	15%	7%		
Equities .....	16%	9%	6%		
Other .....	—%	—%	2%		
Total transaction-based revenues .....	<u>77 %</u>	<u>60 %</u>	<u>42 %</u>		

Transaction-based revenues decreased by \$29 million primarily driven by a \$67 million decrease in Crypto and a \$13 million decrease in Equities, offset by a \$17 million increase in Options. In addition, other revenue increased by \$34 million primarily driven by increasing user activities in Instant Withdrawals.

Crypto revenues decreased primarily driven by a 29% decrease of number of users placing cryptocurrency trades and a 15% decrease in the average Notional Trading Volume traded per trader. The decrease was partially offset by a higher rebate rate from crypto market makers.

Equities revenues decreased primarily driven by lower equity rebate rates due to reduced spreads in securities pricing. In addition, the number of users placing equity trades decreased 16% while the average Notional Trading Volume traded per trader increased 12%.

Options revenues increased primarily driven by a 26% increase in Option Contracts Traded. However, we experienced lower option rebate rates due to reduced market volatility and the mix of ticker symbols traded as different ticker symbols pay different rebate rates. The number of users placing option trades also decreased 18%.

## Net Interest Revenues

	Year Ended December 31,				
(in millions, except for percentages)	2021	2022	2023	2021 to 2022 % Change	2022 to 2023 % Change
Net interest revenues:					
Interest on corporate cash and investments .....	\$ 1	\$ 103	\$ 288	NM	180 %
Margin interest.....	132	177	243	34 %	37 %
Interest on segregated cash and cash equivalents and deposits .....	4	57	210	NM	268 %
Cash Sweep.....	3	22	123	633 %	459 %
Securities lending, net.....	136	89	79	(35)%	(11)%
Credit card, net .....	—	—	9	NM	NM
Interest expenses related to credit facilities..	(20)	(24)	(23)	20 %	(4)%
Total net interest revenues .....	<u>\$ 256</u>	<u>\$ 424</u>	<u>\$ 929</u>	66 %	119 %
Net interest revenues as a % of total net revenues:					
Interest on corporate cash and investments .....	—%	7%	16%		
Margin interest.....	7%	13%	13%		
Interest on segregated cash and cash equivalents and deposits.....	1%	4%	11%		
Cash Sweep.....	—%	2%	7%		
Securities lending, net.....	7%	7%	4%		
Credit card, net .....	—%	—%	—%		
Interest expenses related to credit facilities..	(1)%	(2)%	(1)%		
Total net interest revenues .....	<u>14%</u>	<u>31%</u>	<u>50%</u>		

Net interest revenues increased by \$505 million. The increase was primarily driven by growth in interest-earning assets balances and the higher short-term interest rate environment due to the rise in the federal funds rate, which positively impacted the interest rate we receive on these assets.



The following table summarizes interest-earning assets, the revenue generated by these assets, and their respective annual yields:

<i>(in millions, except for annual yield)</i>	Margin Book	Cash and deposits <sup>(1)</sup>	Cash Sweep (off-balance sheet) <sup>(2)</sup>	Credit card, net (off-balance sheet) <sup>(3)</sup>	Total interest-earning assets	Securities lending, net	Interest expenses related to credit facilities	Total net interest revenues
<b>Year ended December 31, 2023</b>								
December 31, 2023	\$ 3,458	\$ 10,107	\$ 16,352	\$ 205	\$ 30,122			
December 31, 2022	3,089	9,530	5,837	N/A	18,456			
Average <sup>(4)</sup>	3,302	9,979	11,348	197	24,826			
Revenue (expense)	243	498	123	9	\$ 873	\$ 79	\$ (23)	\$ 929
Annual yield <sup>(5)</sup>	7.36 %	4.99 %	1.08 %	N/A	3.52 %			3.74 %
<b>Year ended December 31, 2022</b>								
December 31, 2022	\$ 3,089	\$ 9,530	\$ 5,837	N/A	\$ 18,456			
December 31, 2021	6,467	10,600	2,095	N/A	19,162			
Average <sup>(4)</sup>	4,519	9,931	2,920	N/A	17,370			
Revenue (expense)	177	160	22	N/A	\$ 359	\$ 89	\$ (24)	\$ 424
Annual yield <sup>(5)</sup>	3.92 %	1.61 %	0.75 %	N/A	2.07 %			2.44 %
<b>Year ended December 31, 2021</b>								
December 31, 2021	\$ 6,467	\$ 10,600	\$ 2,095	N/A	\$ 19,162			
December 31, 2020	3,351	6,544	1,827	N/A	11,722			
Average <sup>(4)</sup>	5,432	10,137	2,109	N/A	17,678			
Revenue (expense)	132	5	3	N/A	\$ 140	\$ 136	\$ (20)	\$ 256
Annual yield <sup>(5)</sup>	2.43 %	0.05 %	0.14 %	N/A	0.79 %			1.45 %

<sup>(1)</sup> Includes cash and cash equivalents, cash segregated under federal and other regulations, deposits with clearing organizations, and investments.

<sup>(2)</sup> Cash Sweep is an off-balance sheet amount. Robinhood earns a net interest spread on Cash Sweep balances based on the interest rate offered by the partner banks less the interest rate given to users as stated in our program terms.

<sup>(3)</sup> Credit card, net is an off-balance sheet amount, which represents customer principal amounts funded by Coastal Bank under the Program Agreement. Under the Program Agreement, Robinhood Credit collects interest from customers that carry a balance and pays interest on the amount funded by Coastal Bank, with the difference between those amounts resulting in net interest revenue. Refer to Note 3 - Business Combinations to our consolidated financial statements in this Annual Report for more information.

<sup>(4)</sup> Average balance rows represent the simple average of month-end balances in a given period. For the year ended December 31, 2023 the average balance for Credit card, net is calculated using the period from June 30, 2023 to December 31, 2023 based on Robinhood Credit's acquisition date of July 3, 2023.

<sup>(5)</sup> Annual yield is calculated by dividing revenue for the given period by the applicable average asset balance.

## Other Revenues

(in millions, except for percentages)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Other revenues .....	\$ 157	\$ 120	\$ 151	(24)%	26 %
Other revenues as a % of total net revenues...	9 %	9 %	8 %		

Other revenues increased by \$31 million, primarily due to increases in proxy revenues of \$17 million mainly driven by transitioning proxy services and investor communications to Say Technologies, our wholly-owned subsidiary, from a third-party proxy service company who shared in the revenues. Additionally subscription revenues increased \$7 million due to an increase in Robinhood Gold subscribers from 1.14 million to 1.42 million.

## Operating Expenses

(in millions, except for percentages)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Operating expenses:					
Brokerage and transaction .....	\$ 158	\$ 179	\$ 146	13 %	(18)%
Technology and development .....	1,234	878	805	(29)%	(8)%
Operations.....	368	285	159	(23)%	(44)%
Marketing.....	325	103	122	(68)%	18 %
General and administrative .....	1,371	924	1,169	(33)%	27 %
Total operating expenses.....	<u>\$ 3,456</u>	<u>\$ 2,369</u>	<u>\$ 2,401</u>		
Percent of total net revenues:					
Brokerage and transaction .....	9 %	13 %	8 %		
Technology and development .....	68 %	65 %	43 %		
Operations.....	20 %	21 %	9 %		
Marketing.....	18 %	8 %	7 %		
General and administrative .....	76 %	68 %	63 %		
Total operating expenses .....	<u>191 %</u>	<u>175 %</u>	<u>130 %</u>		

## Brokerage and Transaction

(in millions)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Broker-dealer transaction expenses.....	\$ 48	\$ 31	\$ 32	(35)%	3 %
Employee compensation, benefits, and overhead, excluding SBC .....	14	20	31	43%	55 %
Market data expenses.....	33	26	23	(21)%	(12)%
Customer statements.....	11	8	15	(27)%	88 %
SBC.....	7	5	7	(29)%	40 %
Q4 2022 Processing Error .....	—	57	—	NM	NM
Other .....	45	32	38	(29)%	19 %
Total .....	<u>\$ 158</u>	<u>\$ 179</u>	<u>\$ 146</u>	<u>13%</u>	<u>(18)%</u>

Brokerage and transaction costs decreased by \$33 million as a result of the one time \$57 million Q4 2022 Processing Error in the prior period. The decrease was partially offset by an \$7 million increase in customer statement costs in response to our efforts to continuously modify, enhance, and improve our

process of providing timely and accurate customer information and notifications regarding their account activities. In addition, employee compensation, benefits, and overhead also increased by \$11 million due to increases in headcount which continue to support our business and new initiatives. Starting in the fourth quarter of 2023, we began to pass option trading fees onto users, which will reduce broker-dealer transaction expenses in future periods.

### *Technology and Development*

(in millions)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Employee compensation, benefits, and overhead, excluding SBC .....	\$ 284	\$ 367	\$ 308	29%	(16)%
SBC.....	610	212	211	(65)%	— %
Cloud infrastructure services .....	267	175	149	(34)%	(15)%
Software and tools.....	63	105	114	67%	9 %
Other .....	10	19	23	90%	21 %
Total .....	\$ 1,234	\$ 878	\$ 805	(29)%	(8)%

Technology and development costs decreased by \$73 million primarily due to a decrease of \$59 million in employee compensation, benefits, and overhead driven by reduced average headcount as part of our efforts to improve efficiency and operating costs. In addition, cloud infrastructure services decreased \$26 million due to decreases in user transactions and cost optimization efforts focusing on improvements in utilization of cloud infrastructure. These decreases were partially offset by a \$9 million increase in software and tools primarily driven by amortization of internally developed software and other software services utilized in delivering our products.

SBC expense remained flat primarily due to SBC expense in the period ended December 31, 2022 containing net reductions of \$18 million related to both the April 2022 Restructuring and August 2022 Restructuring.

### *Operations*

(in millions)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Employee compensation, benefits, and overhead, excluding SBC .....	\$ 125	\$ 144	\$ 75	15%	(48)%
Provision for credit losses and fraud .....	108	42	49	(61)%	17 %
Customer experience.....	98	78	19	(20)%	(76)%
SBC.....	20	8	8	(60)%	— %
Other .....	17	13	8	(24)%	(38)%
Total .....	\$ 368	\$ 285	\$ 159	(23)%	(44)%

Operations costs decreased by \$126 million primarily due to a decrease of \$69 million in employee compensation, benefits, and overhead driven by reduced average headcount as part of our efforts to improve efficiency. For the year ended December 31, 2022, other employee costs included \$12 million in severance expenses related to the April 2022 Restructuring and the August 2022 Restructuring. Additionally, expenses associated with customer experience decreased by \$59 million as we consolidated our third-party customer support centers due to overall decreases in user transactions. Further, provision for credit losses and fraud losses increased by \$7 million primarily due to a \$19 million provision for credit losses related to Robinhood Credit (Refer to Note 7 - Allowance for Credit Losses and Credit Card

Expected Loss Liability to our consolidated financial statements in this Annual Report for more information), partially offset by a \$13 million decrease in expenses related to Fraudulent Deposit Transactions as we continued to strengthen our process to identify high risk users and prevent these transactions on our platform.

### Marketing

(in millions)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Digital marketing .....	\$ 49	\$ 21	\$ 39	(57)%	86 %
Employee compensation, benefits, and overhead, excluding SBC .....	37	26	22	(30)%	(15)%
Brand marketing.....	24	14	21	(42)%	50 %
Marketing incentives .....	121	11	7	(91)%	(36)%
SBC.....	50	4	5	(92)%	25 %
Other marketing .....	44	27	28	(39)%	4 %
Total .....	\$ 325	\$ 103	\$ 122	(68)%	18 %

Marketing costs increased by \$19 million primarily due to higher expenses in digital marketing of \$18 million and brand marketing of \$7 million mainly due to increased advertising campaigns. These increases were partially offset by decreases in employee compensation, benefits, and overhead of \$4 million due to reduced average headcount as part of our efforts to improve efficiency and operating costs and marketing incentives of \$4 million substantially all of which was due to lower costs associated with the Robinhood Referral Program as we increased our investments in paid marketing channels such as digital marketing and brand marketing. Next year, we plan to increase our marketing investments in 2024 to promote our brand, products, and service.

### General and Administrative

(in millions)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
SBC related to 2021 Founders Award Cancellation .....	\$ —	\$ —	\$ 485	NM	NM
Employee compensation, benefits, and overhead, excluding SBC .....	196	239	216	22%	(10)%
SBC excluding 2021 Founders Award Cancellation .....	885	425	155	(52)%	(64)%
Settlements and penalties.....	70	24	126	(66)%	425 %
Legal expenses.....	101	76	96	(25)%	26 %
Other professional fees.....	54	53	41	(2)%	(23)%
Real estate related charges.....	—	45	5	NM	(89)%
Other .....	65	62	45	(5)%	(27)%
Total .....	\$ 1,371	\$ 924	\$ 1,169	(33)%	27 %

General and administrative costs increased by \$245 million primarily due to the SBC related to the 2021 Founders Award Cancellation of \$485 million, a \$102 million increase in settlements and penalties and a \$20 million increase in legal expense related to certain historical regulatory matters (See Note 17 - Commitments & Contingencies to our consolidated financial statements in this Annual Report for further information). These increases were partially offset by decreases of \$270 million in other SBC and \$23 million in employee compensation, benefits, and overhead driven by reduced average headcount as part

of our efforts to improve efficiency and operating costs. For the year ended December 31, 2022, other SBC expense included net reductions of \$34 million related to the April 2022 Restructuring and August 2022 Restructuring, and other employee compensation expense included a \$15 million separation related expenses due to the April 2022 Restructuring and August 2022 Restructuring. Further, real estate related charges decreased \$40 million due to a prior-year impairment of \$45 million related to the August 2022 Restructuring.

### ***Change in Fair Value of Convertible Notes and Warrant Liability***

(in millions)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Change in fair value of convertible notes and warrant liability .....	\$ 2,045	\$ —	\$ —	NM	NM

Change in fair value of convertible notes and warrant liability was due to the mark-to-market adjustment of the convertible notes and warrants we issued in February 2021. Upon completion of our IPO, the aggregate outstanding principal and accrued interest of the convertible notes converted into Class A common stock and the warrants became equity-classified, which resulted in the warrant liability being reclassified to additional paid-in capital. There will be no additional mark-to-market adjustments related to the convertible notes or warrant liability.

### ***Provision for Income Taxes***

(in millions)	Year Ended December 31,			2021 to 2022 % Change	2022 to 2023 % Change
	2021	2022	2023		
Provision for income taxes .....	\$ 2	\$ 1	\$ 8	(50)%	700%

Provision for income taxes increased by \$7 million primarily due to the nondeductible 2021 Founders Award Cancellation, non-deductible regulatory matters and our current taxes payable offset by the change in valuation allowance on our remaining U.S. federal and state deferred tax assets.

## **Liquidity and Capital Resources**

### ***Sources and Uses of Funds***

Our principal sources of liquidity are cash flows generated from operations, and our cash, cash equivalents, and investments. Other sources of future funds may include potential borrowing capacity under our revolving lines of credit and potential issuance of new debt or equity. Our liquidity needs are primarily to support and invest in our core business, including investing in new ways to serve our customers, potentially seeking strategic acquisitions to leverage existing capabilities and further build our business, and for general capital needs (including capital requirements imposed by regulators and SROs and cash deposit and collateral requirements under the rules of the DTC, NSCC, and OCC). Based on our current level of operations, we believe our primary sources of liquidity will be adequate to meet our current liquidity needs for the next 12 months.

#### ***Liquid Assets***

Our cash and cash equivalents were \$6.34 billion and \$4.84 billion as of December 31, 2022 and 2023. Our liquid investment portfolio comprised of available-for-sale securities of \$10 million as of December 31, 2022. We had \$500 million available-for-sale securities classified as cash and cash equivalents as of December 31, 2023. Held-to-maturity investments maturing within one year, which can also be a source of liquidity, were \$413 million as of December 31, 2023. See Note 8 - Investments and

Fair Value Measurement, to our consolidated financial statements in this Annual Report for further information.

### *Revolving Lines of Credit*

As of December 31, 2023, we had a total of \$2.80 billion in committed revolving lines of credit. See Note 13 - Financing Activities and Off-Balance Sheet Risk, to our consolidated financial statements in this Annual Report for further information.

### *Commitments*

The following table summarizes our short- and long-term material cash requirements for contractual obligations as of December 31, 2023:

<i>(in millions)</i>	Payments Due by Period				
	Total	2024	2025-2026	2027-2028	Thereafter
Operating lease commitments.....	\$ 145	\$ 28	\$ 46	\$ 30	\$ 41
Purchase commitments <sup>(1)</sup> .....	899	335	555	8	1
Total .....	<u>\$ 1,044</u>	<u>\$ 363</u>	<u>\$ 601</u>	<u>\$ 38</u>	<u>\$ 42</u>

<sup>(1)</sup> Purchase commitments are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated. They primarily relate to commitments for cloud infrastructure service and business insurance.

In addition to lease and purchase commitments, we have a committed financing agreement with a contractual term of 30 days and a daily minimum commitment of \$25 million and another with a contractual term of 21 days with a daily minimum commitment of \$35 million. See “Securities Borrowing and Lending” in Note 1 - Description of Business and Summary of Significant Accounting Policies, to our consolidated financial statements in this Annual Report for further information.

### ***Regulatory Capital Requirements***

Our broker-dealer subsidiaries (RHF and RHS) are subject to the SEC Uniform Net Capital Rule, administered by the SEC and FINRA, which requires the maintenance of minimum net capital, as defined. Net capital and the related net capital requirements may fluctuate on a daily basis. RHS and RHF compute net capital under the alternative method as permitted by the SEC Uniform Net Capital Rule.

The tables below summarize the net capital, capital requirements and excess net capital of RHS and RHF as of periods presented:

<i>(in millions)</i>	December 31, 2023		
	Net Capital	Required Net Capital	Net Capital in Excess of Required Net Capital
RHS .....	\$ 2,277	\$ 75	\$ 2,202
RHF.....	196	0.25	196

As of December 31, 2023, our broker-dealer subsidiaries were in compliance with their respective regulatory capital requirements.



## Cash Flows

The following table summarizes our cash flow activities:

(in millions)	Year Ended December 31,		
	2021	2022	2023
Cash provided by (used in):			
Operating activities .....	\$ (885)	\$ (852)	\$ 1,181
Investing activities.....	(238)	(60)	(582)
Financing activities .....	5,203	—	(610)

Cash provided by operating activities increased \$2.03 billion. The increase consisted of net loss adjusted for certain non-cash items and the effect of changes in operating assets and liabilities. Cash provided by operating activities resulting from net loss adjusted for certain non-cash items increased by \$649 million. This was primarily due to lower net loss and higher SBC expense during 2023 as a result of the 2021 Founders Award Cancellation. Cash provided by operating activities resulting from changes in operating assets and liabilities increased \$1.38 billion. The increase in cash provided by operating activities was primarily driven by increases of \$3.53 billion for securities loaned and \$2.17 billion in payables to users, partially offset by decreases of \$3.68 billion related to receivables from users, net and \$568 million for securities borrowed.

Cash used in investing activities increased \$522 million compared to the prior period. The change was primarily driven by an increase in cash used in investing activities of \$759 million from purchases of held-to-maturity investments and \$93 million primarily related to the acquisition of Robinhood Credit, net of cash and cash equivalents acquired. These were partially offset by \$282 million in cash provided by investing activities related to proceeds from maturities of held-to-maturity investments.

Cash used in financing activities increased \$610 million compared to the prior period which was primarily driven by using cash of \$608 million to repurchase Robinhood Class A common stock.

## Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of the company's financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the critical accounting estimates addressed below. We also have other key accounting policies, which involve the use of estimates, judgments, and assumptions that are significant to understanding our results. For additional information, see Note 1 - Description of Business and Summary of Significant Accounting Policies, to our consolidated financial statements in this Annual Report. Although we believe that our estimates, assumptions, and judgments are reasonable, they are based upon information presently available. Actual results might differ significantly from these estimates under different assumptions, judgments, or conditions.

### **Allowance for Credit Losses and Credit Card Expected Loss Liability**

The amount of the allowance for credit losses represents management's estimate of expected credit losses over the remaining expected life of our financial assets measured at amortized cost considering available information from internal and external sources. The allowance for credit losses provides for unsecured balances of receivables from users due to Fraudulent Deposit Transactions, losses on margin

lending, and reserves on proxy revenue receivables. The allowance for credit losses takes into account relevant available information including the nature of the collateral, potential future changes in collateral values, and historical credit loss information.

The amount of the credit card expected loss liability represents management's estimate of expected credit losses from off-balance sheet credit exposure over the remaining expected life of credit card receivables originated under an arrangement with Coastal Bank where Coastal Bank is the legal lender and originator, the party to which the customer has a credit-borrower relationship, and the legal owner of the credit card receivables. We are responsible to pay Coastal Bank customer balances that are ultimately charged off or deemed uncollectible, generally when balances become outstanding for over 180 days. The credit card expected loss liability takes into account information from internal and external sources, including historical collection data, charge off trends by FICO cohort, and market data. For additional information, see Note 13 - Financing Activities and Off-Balance Sheet Risk, to our consolidated financial statements in this Annual Report.

### ***Business Combinations***

We allocate the fair value of purchase price to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase price over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer contracts, acquired technology, and trade names, based on expected future growth rates and margins, attrition rates, future changes in technology and royalty for similar brand licenses, useful lives, and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results might differ from estimates.

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is allocated to reporting units expected to benefit from the business combination. We operate and report financial information in one operating segment. We test goodwill for impairment at least annually, in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach. In testing for goodwill impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if we conclude otherwise, we proceed to a quantitative assessment.

The quantitative assessment compares the estimated fair value of a reporting unit to its book value, including goodwill. If the fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. However, if the book value of a reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

### ***Income Tax***

We make significant judgments and estimates to determine any valuation allowance recorded against deferred tax assets. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent we believe that they will not be realized. We consider many factors when

assessing the likelihood of future realization of our deferred tax assets including, but not limited to, historical cumulative loss experience and expectations of future earnings, tax planning strategies, and the carry-forward periods available for tax reporting purposes. Our judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, our tax provision would increase or decrease in the period in which the assessment is changed.

We recognize a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized. We account for uncertain tax positions, including net interest and penalties, as a component of income tax expense or benefit. We make adjustments to these uncertain tax positions in accordance with applicable income tax guidance and based on changes in facts and circumstances. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact to our consolidated financial statements and operating results.

## ***Share-based Compensation***

### *Time-Based RSUs*

We have granted RSUs that vest upon the satisfaction of a time-based service condition ("Time-Based RSUs"). Prior to our IPO, our Time-Based RSUs vested based upon the satisfaction of both a time-based service condition and a performance-based condition, namely the occurrence of a liquidity event such as the IPO. The fair value of our RSUs is estimated based on the fair value of our common stock on the date of grant. The time-based service condition for our awards is generally satisfied over one or four years. For Time-Based RSUs granted pre-IPO, we record SBC expense on an accelerated attribution method over the requisite service period, as these awards include a performance-based vesting condition. The performance-based condition for our pre-IPO grants was satisfied upon the occurrence of the IPO in 2021, at which point we recorded a cumulative one-time SBC expense determined using the awards' grant-date fair value. No performance-based conditions exist for our post-IPO grants, and therefore for grants of Time-Based RSUs issued post-IPO, we record SBC expense on a straight line basis over the requisite service period.

### *Market-Based RSUs*

We have granted RSUs that vest upon the satisfaction of all the following conditions: time-based service conditions, performance-based conditions, and market-based conditions. The time-based service condition for these awards is generally satisfied over six years. The performance-based conditions were satisfied upon the occurrence of an IPO. The market-based conditions are satisfied upon our achievement of specified share prices.

For market-based awards, we determine the grant-date fair value utilizing a Monte Carlo valuation model, which incorporates various assumptions including expected stock price volatility, expected term, risk-free interest rates, expected date of an IPO, and expected capital raise percentage. We estimate the expected term based on various vesting scenarios, as these awards are not considered "plain vanilla." We estimate the expected date of an IPO based on our expectation at the time of measurement of the award's value.

We record SBC expense for market-based equity awards on an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied. We determine the requisite service period by comparing the derived service period to achieve the market-based condition and the explicit time-based service period, using the longer of the two service

periods as the requisite service period. Upon the occurrence of our IPO in 2021, we recorded a cumulative one-time SBC expense determined using the grant-date fair values. SBC related to remaining time-based service and market-based conditions to be met will be recorded over the remaining derived requisite service period.

### ***Common Stock Valuations***

Prior to our IPO, the absence of an active market for our common stock required the board of directors, the members of which we believe had extensive business, finance and venture capital experience, to determine the fair value of our common stock for purposes of granting stock-based awards and for calculating stock-based compensation expense. We obtained contemporaneous third-party valuations to assist the board of directors in determining fair value. These contemporaneous third-party valuations used the methodologies, approaches, and considerations that were consistent with the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

Following the completion of our IPO, there is an active market for our Class A common stock, so we no longer apply these valuation approaches.

### **Recent Accounting Pronouncements**

See Note 2 - Recent Accounting Pronouncements, to our consolidated financial statements in this Annual Report.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest rates and market prices. Information relating to quantitative and qualitative disclosures about these market risks is described below.

### ***Interest Rate Risk***

Our exposure to changes in interest rates primarily relates to interest revenue earned on our interest-earning assets that are subject to floating interest rates. Interest revenue is affected by various factors such as the distribution and composition of interest-earning assets and the federal funds rate. We use a net interest sensitivity analysis, which applies hypothetical 50, 100 or 150 basis point increases or decreases in interest rates to the period end balances of our interest-earning assets and liabilities, to evaluate the effect that changes in interest rates might have on total net revenues, net income (loss), and cash flows, prior to any income tax effects, over the next 12 months.

The sensitivity analysis assumes the asset and liability structure of the consolidated balance sheets would not change as a result of a simulated changes in interest rates. For our Cash Sweep program, we earn a net interest spread on Cash Sweep balances based on the interest rate offered by the partner banks less the interest rate given to users, as stated in our program terms. For the vast majority of the Cash Sweep program, we have the ability to manage our net interest spread by adjusting the rate given to users as a result of changes in rates received from partner banks. As such, we do not consider the Cash Sweep balance to be subject to short-term interest rate risk and the sensitivity analysis excludes Cash Sweep balances.

The impact to total net revenues, net income (loss), and cash flows, prior to any income tax effects, as a result of a hypothetical interest rate change at the end of each reporting period would be:

(in millions)	December 31,	
	2022	2023
50 basis point .....	\$ 68	\$ 71
100 basis point .....	136	141
150 basis point .....	204	212

The change to total net revenues, net income (loss), and cash flows, prior to any income tax effects, would be the same as total net revenues includes net interest revenue, which captures both the impact of any incremental interest revenue and interest expense, and changes in interest rates do not have a direct impact on operating expenses. The impact related to the change in interest rates is positively correlated, linear, and proportional. The change in the sensitivity analysis from prior year is in line with the change in interest-earning asset balances.

Our investment policy and strategy are focused on the preservation of capital and supporting our liquidity requirements. We invest in highly-rated debt securities that were considered held-to-maturity investments with average duration in the portfolio less than a year and the maximum maturity of two years. To provide a meaningful assessment of the interest rate risk associated with our investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on investment positions as of December 31, 2023, a hypothetical 100 basis point increase in interest rates across all maturities would not be significant. Any losses would only be realized if we sold the investments prior to maturity.

We also have exposure to change in interest rates related to our variable-rate credit facilities, which are described in Note 13 - Financing Activities and Off-Balance Sheet Risk, to our consolidated financial statements in this Annual Report. However, as there were no outstanding borrowings under our credit facilities as of December 31, 2023 and 2022, we had limited financial exposure associated with changes in interest rates as of such dates.

We have established a comprehensive interest rate risk management policy, which formalizes our approach to managing interest rate risk arising in connection with the operation of our businesses. The policy sets forth policies and procedures pursuant to which we will identify interest rate risk exposure, identify and implement appropriate hedging strategies and hedging instruments, and analyze the effectiveness of our hedging strategies. Interest rate instruments will be used for hedging purposes only and not for speculation.

Our measurement of interest rate risk involves assumptions that are inherently uncertain and, as a result, our analysis might not precisely estimate the actual impact of changes in interest rates on net interest revenues. Actual results may differ from simulated results due to balance growth or decline and the timing, magnitude, and frequency of interest rate changes, as well as changes in market conditions and management strategies, including changes in asset and liability mix.

### **Market-Related Credit Risk**

We are indirectly exposed to equity securities risk in connection with securities collateralizing margin receivables, as well as risk related to our securities lending activities. We manage risk on margin and securities-based lending by requiring customers to maintain collateral in compliance with internal and, as applicable, regulatory guidelines. We monitor required margin levels daily and require our customers to deposit additional collateral, or to reduce positions, when necessary. We continuously monitor customer accounts to detect excessive concentration, large orders or positions, and other activities that indicate increased risk to us. We manage risks associated with our securities lending activities by requiring credit approvals for counterparties, by monitoring the market value of securities loaned and collateral values for securities borrowed on a daily basis, by requiring additional cash as collateral for securities loaned or return of collateral for securities borrowed when necessary, and by participating in a risk-sharing program offered through the OCC.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of Robinhood Markets, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Robinhood Markets, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), mezzanine equity and stockholders' (deficit) equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Description of the Matter*

***Transaction-based revenues***

As discussed in Note 1 and Note 5 to the consolidated financial statements, the Company recognized transaction-based revenues of \$785 million for the year ended December 31, 2023, of which \$744 million is comprised of revenues earned from routing user orders to market makers when the performance obligation is satisfied, which is at the point in time when a routed order is executed by the market maker. The Company's transaction-based revenues from routing user orders involves a significant volume of transactions and is earned from various market makers and is sourced from multiple systems across the Company's information technology environment.

Auditing transaction-based revenues from routing user orders was complex and involved significant audit effort to identify, test, and evaluate the Company's relevant systems used to process and record transaction-based revenues from routing user orders.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the revenue recognition process for transaction-based revenues from routing user orders. With the involvement of our information technology professionals, we identified and tested the relevant systems used to process and record transaction-based revenues earned from routing user orders and tested the relevant information technology general controls over those systems.

Our audit procedures included, among others, testing on a sample basis the completeness and accuracy of the underlying data and calculations used to record transaction-based revenues from routing user orders, obtaining external confirmation of revenue recognized and transaction price from market makers, and comparing revenue recognized to cash receipts.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

San Jose, California

February 27, 2024

## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of Robinhood Markets, Inc.

### **Opinion on Internal Control Over Financial Reporting**

We have audited Robinhood Markets, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Robinhood Markets, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Robinhood Credit, Inc., formerly known as X1, Inc., which is included in the 2023 consolidated financial statements of the Company and constituted less than one percent of total assets as of December 31, 2023 and less than one percent of consolidated total net revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Robinhood Credit, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), mezzanine equity and stockholders' (deficit) equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 27, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,

and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Jose, California  
February 27, 2024

**ROBINHOOD MARKETS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2022	2023
<i>(in millions, except share and per share data)</i>		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents .....	\$ 6,339	\$ 4,835
Cash segregated under federal and other regulations .....	2,995	4,448
Receivables from brokers, dealers, and clearing organizations .....	76	89
Receivables from users, net .....	3,218	3,495
Securities borrowed .....	517	1,602
Deposits with clearing organizations .....	186	338
Asset related to user cryptocurrencies safeguarding obligation .....	8,431	14,708
User-held fractional shares .....	997	1,592
Held-to-maturity investments .....	—	413
Prepaid expenses .....	86	63
Other current assets .....	72	207
Total current assets .....	22,917	31,790
Property, software, and equipment, net .....	146	120
Goodwill .....	100	175
Intangible assets, net .....	25	48
Non-current held-to-maturity investments .....	—	73
Non-current prepaid expenses .....	17	4
Other non-current assets .....	132	122
Total assets .....	\$ 23,337	\$ 32,332
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued expenses .....	\$ 185	\$ 384
Payables to users .....	4,701	5,097
Securities loaned .....	1,834	3,547
User cryptocurrencies safeguarding obligation .....	8,431	14,708
Fractional shares repurchase obligation .....	997	1,592
Other current liabilities .....	105	217
Total current liabilities .....	16,253	25,545
Other non-current liabilities .....	128	91
Total liabilities .....	16,381	25,636
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value. 210,000,000 shares authorized, no shares issued and outstanding as of December 31, 2022; and December 31, 2023.	—	—
Class A common stock, \$0.0001 par value. 21,000,000,000 shares authorized, 764,888,917 shares issued and outstanding as of December 31, 2022; and 21,000,000,000 shares authorized, 745,401,862 shares issued and outstanding as of December 31, 2023.	—	—
Class B common stock, par value \$0.0001. 700,000,000 shares authorized, 127,862,654 shares issued and outstanding as of December 31, 2022; and 700,000,000 shares authorized, 126,760,802 shares issued and outstanding as of December 31, 2023.	—	—
Class C common stock, par value \$0.0001. 7,000,000,000 shares authorized, no shares issued and outstanding as of December 31, 2022 and 2023.	—	—
Additional paid-in capital .....	11,861	12,145
Accumulated other comprehensive income (loss) .....	—	(3)
Accumulated deficit .....	(4,905)	(5,446)
Total stockholders' equity .....	6,956	6,696
Total liabilities and stockholders' equity .....	\$ 23,337	\$ 32,332

*See Accompanying Notes to the Consolidated Financial Statements.*

**ROBINHOOD MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year Ended December 31,		
	2021	2022	2023
<i>(in millions, except share and per share data)</i>			
Revenues:			
Transaction-based revenues .....	\$ 1,402	\$ 814	\$ 785
Net interest revenues .....	256	424	929
Other revenues .....	157	120	151
Total net revenues .....	<u>1,815</u>	<u>1,358</u>	<u>1,865</u>
Operating expenses:			
Brokerage and transaction .....	158	179	146
Technology and development .....	1,234	878	805
Operations .....	368	285	159
Marketing .....	325	103	122
General and administrative .....	1,371	924	1,169
Total operating expenses .....	<u>3,456</u>	<u>2,369</u>	<u>2,401</u>
Change in fair value of convertible notes and warrant liability .....	2,045	—	—
Other (income) expense, net .....	(1)	16	(3)
Loss before income taxes .....	<u>(3,685)</u>	<u>(1,027)</u>	<u>(533)</u>
Provision for income taxes .....	2	1	8
Net loss .....	<u>\$ (3,687)</u>	<u>\$ (1,028)</u>	<u>\$ (541)</u>
Net loss attributable to common stockholders:			
Basic .....	<u>\$ (3,687)</u>	<u>\$ (1,028)</u>	<u>\$ (541)</u>
Diluted .....	<u>\$ (3,687)</u>	<u>\$ (1,028)</u>	<u>\$ (541)</u>
Net loss per share attributable to common stockholders:			
Basic .....	<u>\$ (7.49)</u>	<u>\$ (1.17)</u>	<u>\$ (0.61)</u>
Diluted .....	<u>\$ (7.49)</u>	<u>\$ (1.17)</u>	<u>\$ (0.61)</u>
Weighted-average shares used to compute net loss per share attributable to common stockholders:			
Basic .....	<u>492,381,190</u>	<u>878,630,024</u>	<u>890,857,659</u>
Diluted .....	<u>492,381,190</u>	<u>878,630,024</u>	<u>890,857,659</u>

*See Accompanying Notes to the Consolidated Financial Statements.*



**ROBINHOOD MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	Year Ended December 31,		
	2021	2022	2023
<i>(in millions)</i>			
Net loss .....	\$ (3,687)	\$ (1,028)	\$ (541)
Other comprehensive loss, net of tax:			
Foreign currency translation.....	—	(1)	—
Net losses on hedging instruments:			
Net losses arising during the period .....	—	—	(4)
Reclassification adjustment for net losses included in net loss .....	—	—	1
Net loss on hedging instruments .....	—	—	(3)
Total other comprehensive loss, net of tax .....	—	(1)	(3)
Total comprehensive loss .....	\$ (3,687)	\$ (1,029)	\$ (544)

*See Accompanying Notes to the Consolidated Financial Statements.*

**ROBINHOOD MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,		
	2021	2022	2023
<i>(in millions)</i>			
<b>Operating activities:</b>			
Net loss .....	\$ (3,687)	\$ (1,028)	\$ (541)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization .....	26	61	71
Impairment of long-lived assets .....	—	45	5
Provision for credit losses .....	78	36	43
Share-based compensation .....	1,572	654	871
Change in fair value of convertible notes and warrant liability .....	2,045	—	—
Other .....	(1)	35	3
Changes in operating assets and liabilities:			
Securities segregated under federal and other regulations .....	135	—	—
Receivables from brokers, dealers, and clearing organizations .....	36	12	(13)
Receivables from users, net .....	(3,362)	3,386	(298)
Securities borrowed .....	—	(517)	(1,085)
Deposits with clearing organizations .....	(102)	142	(152)
Current and non-current prepaid expenses .....	(135)	33	37
Other current and non-current assets .....	(54)	(26)	(48)
Accounts payable and accrued expenses .....	134	(62)	134
Payables to users .....	578	(1,775)	396
Securities loaned .....	1,730	(1,817)	1,713
Other current and non-current liabilities .....	122	(31)	45
Net cash provided by (used in) operating activities .....	(885)	(852)	1,181
<b>Investing activities:</b>			
Purchases of property, software, and equipment .....	(63)	(28)	(2)
Capitalization of internally developed software .....	(20)	(29)	(19)
Purchases of available-for-sale investments .....	(27)	(25)	—
Proceeds from sales and maturities of available-for-sale investments .....	—	42	10
Purchases of held-to-maturity investments .....	—	—	(759)
Proceeds from maturities of held-to-maturity investments .....	—	—	282
Acquisitions of a business, net of cash and cash equivalents acquired .....	(125)	—	(93)
Other .....	(3)	(20)	(1)
Net cash used in investing activities .....	(238)	(60)	(582)
<b>Financing activities:</b>			
Proceeds from issuance of common stock in connection with initial public offering, net of offering costs .....	2,052	—	—
Proceeds from issuance of common stock under the Employee Stock Purchase Plan ("ESPP") .....	7	16	14
Taxes paid related to net share settlement of equity awards .....	(422)	(12)	(12)
Proceeds from issuance of convertible notes and warrants .....	3,552	—	—
Draws on credit facilities .....	1,968	21	20
Repayments on credit facilities .....	(1,968)	(21)	(20)
Payments of debt issuance costs .....	—	(10)	(10)
Change in principal collected from customers due to Coastal Bank .....	—	—	1
Proceeds from exercise of stock options, net of repurchases .....	14	6	5
Repurchase of common stock .....	—	—	(608)
Net cash provided by (used in) financing activities .....	5,203	—	(610)
Effect of foreign exchange rate changes on cash and cash equivalents .....	—	(1)	—
Net decrease in cash, cash equivalents, segregated cash, and restricted cash .....	4,080	(913)	(11)
Cash, cash equivalents, segregated cash, and restricted cash, beginning of the period .....	6,190	10,270	9,357
Cash, cash equivalents, segregated cash, and restricted cash, end of the period .....	\$ 10,270	\$ 9,357	\$ 9,346
<b>Reconciliation of cash, cash equivalents, segregated cash, and restricted cash, end of the period:</b>			
Cash and cash equivalents, end of the period .....	\$ 6,253	\$ 6,339	\$ 4,835
Segregated cash, end of the period .....	3,992	2,995	4,448
Restricted cash in other current assets, end of the period .....	1	1	46
Restricted cash in other non-current assets, end of the period .....	24	22	17
Cash, cash equivalents, segregated cash, and restricted cash, end of the period .....	\$ 10,270	\$ 9,357	\$ 9,346
<b>Supplemental disclosures:</b>			
Cash paid for interest .....	\$ 12	\$ 12	\$ 12
Cash paid for income taxes, net of refund received .....	\$ 6	\$ 4	\$ 9

*See Accompanying Notes to the Consolidated Financial Statements.*

**ROBINHOOD MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' (DEFICIT) EQUITY**

	Redeemable convertible preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' (deficit) equity
	Shares	Amount	Shares	Amount				
<i>(In millions, except for number of shares)</i>								
<b>Balance as of December 31, 2020</b> .....	412,742,897	\$ 2,180	229,031,546	\$ —	\$ 134	\$ 1	\$ (190)	\$ (55)
Net loss.....	—	—	—	—	—	—	(3,687)	(3,687)
Shares issued in connection with stock option exercise, net of repurchases.....	—	—	6,832,725	—	14	—	—	14
Issuance of common stock in connection with Employee Stock Purchase Plan.....	—	—	298,031	—	7	—	—	7
Issuance of common stock in connection with initial public offering, net of issuance costs.....	—	—	56,729,194	—	2,052	—	—	2,052
Issuance of common stock upon settlement of RSUs.....	—	—	32,133,589	—	—	—	—	—
Shares withheld related to net share settlement.....	—	—	(11,160,525)	—	(422)	—	—	(422)
Conversion of preferred stock to common stock.....	(412,742,897)	(2,180)	412,742,897	—	2,180	—	—	2,180
Conversion of convertible notes to common stock.....	—	—	137,305,156	—	5,218	—	—	5,218
Reclassification of warrant liability to stockholders' equity.....	—	—	—	—	380	—	—	380
Vesting of replacement awards issued in connection with acquisition.....	—	—	—	—	1	—	—	1
Share-based compensation.....	—	—	—	—	1,605	—	—	1,605
<b>Balance as of December 31, 2021</b> .....	—	\$ —	863,912,613	\$ —	\$ 11,169	\$ 1	\$ (3,877)	\$ 7,293

*See Accompanying Notes to the Consolidated Financial Statements.*

**ROBINHOOD MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' (DEFICIT) EQUITY**

	Redeemable convertible preferred stock		Common stock <sup>(1)</sup>		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' (deficit) equity
	Shares	Amount	Shares	Amount				
<i>(in millions, except for number of shares)</i>								
<b>Balance as of December 31, 2021</b> .....			863,912,613	\$ —	\$ 11,169	\$ 1	\$ (3,877)	\$ 7,293
Net loss .....	—	\$ —	—	—	—	—	(1,028)	(1,028)
Shares issued in connection with stock option exercise, net of repurchases .....	—	—	2,318,267	—	6	—	—	6
Issuance of common stock in connection with Employee Stock Purchase Plan .....	—	—	1,907,241	—	16	—	—	16
Issuance of common stock upon settlement of restricted stock units, net of shares withheld .....	—	—	24,613,450	—	(12)	—	—	(12)
Change in other comprehensive loss .....	—	—	—	—	—	(1)	—	(1)
Share-based compensation .....	—	—	—	—	682	—	—	682
<b>Balance as of December 31, 2022</b> .....	—	\$ —	892,751,571	\$ —	\$ 11,861	\$ —	\$ (4,905)	\$ 6,956

See Accompanying Notes to the Consolidated Financial Statements.

**ROBINHOOD MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' (DEFICIT) EQUITY**

	Common stock <sup>(1)</sup>		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' (deficit) equity
	Shares	Amount				
<i>(in millions, except for number of shares)</i>						
<b>Balance as of December 31, 2022</b>	892,751,571	\$ —	\$ 11,861	\$ —	\$ (4,905)	\$ 6,956
Net loss.....	—	—	—	—	(541)	(541)
Shares issued in connection with stock option exercise.....	2,449,169	—	5	—	—	5
Issuance of common stock in connection with Employee Stock Purchase Plan...	1,968,081	—	14	—	—	14
Issuance of common stock upon settlement of restricted stock units, net of shares withheld.....	30,267,312	—	(12)	—	—	(12)
Repurchase and retirement of Class A common stock .....	(55,273,469)	—	(611)	—	—	(611)
Change in other comprehensive loss .....	—	—	—	(3)	—	(3)
Share-based compensation .....	—	—	888	—	—	888
<b>Balance as of December 31, 2023</b>	872,162,664	\$ —	\$ 12,145	\$ (3)	\$ (5,446)	\$ 6,696

<sup>(1)</sup> The share amounts listed above combine common stock, Class A common stock and Class B common stock. In connection with the completion of our initial public offering, all previously outstanding shares of common stock were reclassified into Class A common stock and Class B common stock. See Note 1 - Description of Business and Summary of Significant Accounting Policies, for further information.

*See Accompanying Notes to the Consolidated Financial Statements.*

**ROBINHOOD MARKETS, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## **NOTE 1: DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Robinhood Markets, Inc. (“RHM” and, together with its subsidiaries, “Robinhood,” the “Company,” “we,” or “us”) was incorporated in the State of Delaware on November 22, 2013. Our most significant, wholly-owned subsidiaries are:

- Robinhood Financial LLC (“RHF”), a registered introducing broker-dealer;
- Robinhood Securities, LLC (“RHS”), a registered clearing broker-dealer;
- Robinhood Crypto, LLC (“RHC”), which provides users the ability to buy, sell, and transfer cryptocurrencies and is responsible for the custody of user cryptocurrencies held by users on our platform; and
- Robinhood Money, LLC (“RHY”), which offers the Robinhood Cash Card and a Spending Account that help customers invest, save, and earn rewards.
- Robinhood Credit, Inc. (“Robinhood Credit”), which offers a no-fee credit card with rewards on each purchase.

Acting as the agent of the user, we facilitate the purchase and sale of options, cryptocurrencies, and equities through our platform by routing transactions through market makers, who are responsible for trade execution. Upon execution of a trade, users are legally required to purchase options, cryptocurrencies, or equities for cash from the transaction counterparty or to sell options, cryptocurrencies, or equities for cash to the transaction counterparty, depending on the transaction. We facilitate and confirm trades only when there are binding, matched legal obligations from the user and the market maker on both sides of the trade. Our users have ownership of the securities they transact on our platform, including those that collateralize margin loans, and, as a result, such securities are not presented on our consolidated balance sheets, other than user-held fractional shares which are presented gross. Our users also have ownership of the cryptocurrencies they transact on our platform (none of which are allowed to be purchased on margin and which do not serve as collateral for margin loans); however, following our adoption of SAB 121, we recognize a liability to reflect our safeguarding obligation along with a corresponding asset on our balance sheet related to the cryptocurrencies we hold in custody for users.

On August 2, 2021, we closed our IPO of 55.0 million shares of Class A common stock. On August 31, 2021, we sold an additional 4.4 million shares of Class A common stock pursuant to the option granted to the underwriters to purchase additional shares.

### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The consolidated financial statements include the accounts of RHM and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. The impact of these reclassifications is immaterial to the presentation of the consolidated financial statements taken as a whole.



## ***Use of Estimates***

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. We base our estimates on historical experience, and other assumptions we believe to be reasonable under the circumstances. Assumptions and estimates used in preparing our consolidated financial statements include, but are not limited to, those related to revenue recognition, SBC, the determination of allowances for credit losses, valuation of user cryptocurrencies safeguarding obligation and corresponding asset, investment valuation, capitalization of internally developed software, useful lives of property, software, and equipment, valuation and useful lives of intangible assets, incremental borrowing rate used to calculate operating lease right-of-use assets and related liabilities, impairment of long-lived assets, uncertain tax positions, income taxes, accrued and contingent liabilities. Actual results could differ from these estimates and could have a material adverse effect on our operating results.

## ***Segment Information***

Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and assess performance. We operate and report financial information in one operating segment as our CODM only reviews consolidated financial information to allocate resources and assess performance. Substantially all of our revenues and assets are attributed to or located in the United States.

In August 2022, we announced a reorganization into a general manager (“GM”) structure under which GMs have assumed broad responsibility for our individual businesses. Immediately after the GM reorganization, we began developing processes and controls to enable us to produce sufficiently precise and timely business level financial information that did not exist within the enterprise resource planning system at the time of the announcement. We continue to work with each GM to review and iterate on their respective discrete financial information while also investing in building the technical capabilities necessary to automate the process of producing the GM level financial information. We continue to improve our reporting of GM level financial information that may eventually be—but is not currently—shared with and used by the CODM to allocate resources and determine performance, which would potentially change the conclusion of one operating segment. We will continue to monitor and evaluate the information provided to the CODM to assess all applicable accounting standards relevant to the determination of our segments.

## ***Revenue Recognition***

### ***Transaction-Based Revenues***

We primarily earn transaction-based revenues from routing user orders for options, cryptocurrencies, and equities to market makers when the performance obligation is satisfied, which is at the point in time when a routed order is executed by the market maker. The transaction price for options is on a per contract basis, while for equities it is primarily based on the bid-ask spread of the underlying trading activity. For cryptocurrencies, the transaction price is a fixed percentage of the notional order value. For each trade type, all market makers pay the same transaction price. Payments are collected monthly in arrears from each market maker.

### ***Net Interest Revenues***

Net interest revenues consist of interest revenues less interest expenses. We earn interest revenues on corporate cash and investments, margin loans to users, segregated cash and cash equivalents, deposits with clearing organizations, Cash Sweep, and carried customer credit card balances. We also earn and incur interest revenues and expenses on securities lending transactions. We incur interest expenses in connection with our revolving credit facilities.

### *Other Revenues*

Other revenues primarily consists of Robinhood Gold subscription fees. Our contract with users are for a term of 30 days and renew automatically each month. Subscription revenue is recognized ratably over the subscription period as the performance obligation is satisfied.

Other revenues also consist of proxy rebates, proxy revenues, and ACATS fees charged to users. Proxy rebates are revenues earned through our partnership with a third-party investor communications company. We provide certain shareholder information to the third-party company, which is used to send investor materials to shareholders, such as materials related to shareholder meetings and voting instruction forms. We earn a share of the revenue the third-party company receives from issuers, and recognize the revenue when the performance obligation of providing data is satisfied. During 2022, we terminated our partnership with the third-party proxy service provider and began using Say Technologies, a wholly-owned subsidiary, to provide proxy and investor communications services. We now earn proxy revenue directly from issuers. Proxy services are made up of two performance obligations, (i) distribution of proxy materials to shareholders and (ii) collection, tallying, and reporting of shareholder response during a voting event. Revenue is recognized at a point in time upon satisfaction of these performance obligations.

ACATS fees are charged to users for facilitating the transfer of part or all of their accounts to another broker-dealer. We recognize revenue when our performance obligation of administering the transfer is satisfied.

### ***Concentrations of Revenue and Credit Risk***

#### *Concentrations of Revenue*

We derived transaction-based revenues from individual market makers in excess of 10% of total revenues, as follows:

	Year Ended December 31,		
	2021	2022	2023
<b>Market maker:</b>			
Citadel Securities, LLC.....	22 %	16 %	12 %
Entities affiliated with Wolverine Holdings, L.P. <sup>(1)</sup> .....	10 %	8 %	6 %
Entities affiliated with Susquehanna International Group, LLP <sup>(2)</sup> .....	12 %	8 %	2 %
Tai Mo Shan Limited <sup>(3)</sup> .....	15 %	3 %	1 %
All others individually less than 10%.....	18 %	24 %	19 %
Total as percentage of total revenue: .....	77 %	59 %	40 %

<sup>(1)</sup> Consists of Wolverine Execution Services, LLC and Wolverine Securities, LLC.

<sup>(2)</sup> Consists of Global Execution Brokers, LP and G1 Execution Services, LLC.

<sup>(3)</sup> Member of Jump Trading Group.

#### *Concentrations of Credit Risk*

We are engaged in various trading and brokerage activities in which the counterparties primarily include broker-dealers, banks, and other financial institutions. In the event our counterparties do not fulfill their obligations, we may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. Default of a counterparty in equities and options trades, which are facilitated through clearinghouses, would generally be spread among the clearinghouse's members rather than falling entirely on us. It is our policy to review, as necessary, the credit standing of each counterparty.

In March 2023, certain U.S. banks failed and were taken over by the U.S. Federal Deposit Insurance Corporation (“FDIC”). Our exposure to impacted U.S. banks was immaterial. However, we took steps to help ensure that the loss of all or a significant portion of any uninsured amount would not have had an adverse effect on our ability to pay our operational expenses or make other payments.

## ***Operating Expenses***

### *Brokerage and Transaction*

Brokerage and transaction costs primarily consist of broker-dealer transaction expenses (such as fees paid to centralized clearinghouses and regulatory fees), market data expenses, customer statements, cash compensation, SBC and employee benefits as well as allocated overhead for employees engaged in clearing and brokerage functions. A large portion of our brokerage and transaction costs are variable and tied to trading and transaction volumes on our platform. For the year ended December 31, 2022, brokerage and transaction costs included \$57 million as a result of the Q4 2022 Processing Error.

### *Technology and Development*

Technology and development costs primarily consist of cash compensation, SBC and employee benefits as well as allocated overhead for engineering, data science, and design personnel who support and improve our platform and develop new products, costs for cloud infrastructure services, and costs associated with computer hardware and software, including amortization of internally developed software.

### *Operations*

Operations costs consist of customer service related expenses, including cash compensation, SBC and employee benefits as well as allocated overhead for employees engaged in customer support, and costs incurred to support and improve customer experience (such as third-party customer service vendors). Operations costs also include our provision for credit losses and fraud primarily in connection with unrecoverable receivables due to Fraudulent Deposit Transactions and credit card expected losses.

### *Marketing*

Marketing costs primarily consist of paid marketing channels such as digital marketing and brand marketing, as well as cash compensation, SBC, and employee benefits as well as allocated overhead for employees engaged in the marketing function. Marketing costs also include incentive expenses associated with the Robinhood Referral Program. Advertising costs are expensed as incurred and were \$101 million, \$52 million and \$74 million in the years ended December 31, 2021, 2022, and 2023.

### *General and Administrative*

General and administrative costs primarily consist of cash compensation, SBC, and employee benefits as well as allocated overhead for certain executives and employees engaged in legal, finance, human resources, risk, and compliance. General and administrative costs also include settlements and penalties, legal expenses, other professional fees, and real estate charges including impairments on our operating leases or lease improvements and lease terminations. For the year ended December 31, 2023, general and administrative costs included a \$485 million SBC charge related to the 2021 Founders Award Cancellation.

## ***Employee Retirement Benefits***

We offer a defined contribution 401(k) plan to full-time employees. Employees may elect to contribute to a traditional 401(k) plan, which qualifies as a deferred compensation arrangement under Section 401 of the Code. In this case, participating employees defer a portion of their pre-tax earnings. Employees may

also contribute to a Roth 401(k) plan using post-tax dollars. We match employee contributions up to 3%, and have incurred \$10 million, \$14 million, and \$12 million of expense related to matching for the years ended December 31, 2021, 2022, and 2023.

### ***Research and Development Costs***

Research and development costs described in Accounting Standards Codification (“ASC”) 730, Research and Development, are expensed as incurred. Our research and development costs consist primarily of employee compensation and benefits for our engineering and research teams, including SBC. Research and development costs recorded in operating expenses under ASC 730 were \$438 million, \$381 million, and \$349 million for the years ended December 31, 2021, 2022, and 2023.

### ***Share-based Compensation***

#### *Common Stock Fair Value*

The fair value of our common stock is determined on the grant date using the closing price of our common stock, which is traded on the Nasdaq Global Select Market.

Prior to our IPO, the absence of an active market for our common stock required the board of directors, the members of which we believe had extensive business, finance and venture capital experience, to determine the fair value of our common stock for purposes of granting stock-based awards and for calculating stock-based compensation expense. We obtained contemporaneous third-party valuations to assist the board of directors in determining fair value. These contemporaneous third-party valuations used the methodologies, approaches, and considerations were consistent with the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

#### *Stock Options*

We estimate the fair value of stock options granted to employees using the Black-Scholes option-pricing model. The fair value of stock options is recognized as compensation on a straight-line basis over the requisite service period. Forfeitures are accounted for when they occur.

The Black-Scholes option-pricing model incorporates various assumptions in estimating the fair value of stock-based awards. In addition to the fair value of our common stock, these variables include:

*Expected volatility*—As we do not have sufficient trading history of our common stock, we estimate the volatility of our common stock on the date of grant using the blended approach which considers the weighted average of historical stock price of our own stock and comparable publicly-traded companies over a period equal to the expected term of the award.

*Expected term*—We determine the expected term based on the average period the stock options are expected to remain outstanding using the simplified method, generally calculated as the midpoint of the stock options’ vesting term and contractual expiration period, as we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

*Risk-free interest rate*—Based on the U.S. Treasury yield curve that corresponds with the expected term at the time of grant.

*Expected dividend yield*—We utilize a dividend yield of 0% as we have not paid, and do not anticipate paying, dividends on our common stock.

Assumptions used in valuing non-employee stock options are generally consistent with those used for employee stock options with the exception that the expected term is over the contractual life.

### *Time-Based RSUs*

We have granted Time-Based RSUs that vest upon the satisfaction of a time-based service condition. Prior to our IPO, our Time-Based RSUs vested based upon the satisfaction of both a time-based service condition and a performance-based condition, namely the occurrence of a liquidity event such as the IPO. The fair value of our RSUs is estimated based on the fair value of our common stock on the date of grant. The time-based service condition for our awards is generally satisfied over one or four years. For Time-Based RSUs granted pre-IPO, we record SBC expense on an accelerated attribution method over the requisite service period, as these awards include a performance-based vesting condition. The performance-based condition for our pre-IPO grants was satisfied upon the occurrence of the IPO in 2021, at which point we recorded a cumulative one-time SBC expense determined using the awards' grant-date fair value. SBC related to the remaining time-based service after the IPO was recorded over the remaining requisite service period. No performance-based conditions exist for our post-IPO grants, and therefore for grants of Time-Based RSUs issued post-IPO, we record SBC expense on a straight line basis over the requisite service period.

### *Market-Based RSUs*

We have granted RSUs that vest upon the satisfaction of all the following conditions: time-based service conditions, performance-based conditions, and market-based conditions. The time-based service condition for these awards generally is satisfied over six years. The performance-based conditions were satisfied upon the occurrence of an IPO. The market-based conditions are satisfied upon our achievement of specified share prices.

For market-based awards, we determine the grant-date fair value utilizing a Monte Carlo valuation model, which incorporates various assumptions including expected stock price volatility, expected term, risk-free interest rates, expected date of an IPO, and expected capital raise percentage. We estimate the expected term based on various vesting scenarios, as these awards are not considered "plain vanilla." We estimate the expected date of an IPO based on our expectation at the time of measurement of the award's value.

We record SBC expense for market-based equity awards on an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied. We determine the requisite service period by comparing the derived service period to achieve the market-based condition and the explicit time-based service period, using the longer of the two service periods as the requisite service period. Upon the occurrence of our IPO in 2021, we recorded a cumulative one-time SBC expense determined using the grant-date fair values. Remaining SBC related to the Market-Based RSUs will be recorded over the remaining derived requisite service period. Previously recognized SBC related to the Market-Based RSUs will not be reversed even if the specified share prices are not achieved unless the requisite service is not rendered.

### ***Net Income (Loss) per Share***

We present net income (loss) per share using the two-class method required for multiple classes of common stock. The rights, including the liquidation and dividend rights, of the holders of Class A common stock and Class B common stock are identical, except with respect to voting. As the liquidation and dividend rights are identical for Class A common stock and Class B common stock, the undistributed earnings are allocated on a proportionate basis and the resulting income (loss) per share will, therefore, be the same for both Class A common stock and Class B common stock on an individual or combined basis.

Basic earnings per share is computed by dividing net income available to our common stockholders, adjusted to exclude earnings allocated to participating securities, by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed on the basis of the weighted-average number of shares of common stock plus the effect of dilutive potential

common shares outstanding during the period. The computation of the diluted earnings per share of Class A common stock assumes the conversion of our Class B common stock to Class A common stock, while the diluted EPS of Class B common stock does not assume the conversion of those shares to Class A common stock.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include deposits with banks and money market funds or highly liquid financial instruments with maturities of three months or less at the time of purchase. We maintain cash in bank accounts at financial institutions that exceed federally insured limits. We also maintain cash in money market funds which are not FDIC insured. We are subject to credit risk to the extent any financial institution with which we conduct business is unable to fulfill contractual obligations on our behalf. As we have not experienced any losses in such accounts and we believe that we have placed our cash on deposit with financial institutions which are financially stable, we do not have an expectation of credit losses for these arrangements.

### ***Cash Segregated Under Federal and Other Regulations***

We are required to segregate cash for the exclusive benefit of customers and proprietary accounts of brokers in accordance with the provision of Rule 15c3-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We continually review the credit quality of our counterparties and have not experienced a default. As a result, we do not have an expectation of credit losses for these arrangements. Segregated cash also includes certain customer funds for which we are an agent and custodian on behalf of our customers that are reflected on our consolidated balance sheets, and for which we follow statutory requirements to keep these funds segregated.

### ***Restricted Cash***

We are required to maintain restricted cash deposits to back letters of credit for certain property leases. We have no ability to draw on such funds as long as they remain restricted under the applicable agreements. Restricted cash also includes customers’ credit card payments that we collect on behalf of other financial institutions that are pending remittance. Cash subject to restrictions that expire within one year is included in other current assets in our consolidated balance sheets. For the years ended December 31, 2022 and 2023, current restricted cash balances included in other current assets in our consolidated balance sheets were \$1 million and \$46 million. Cash subject to restrictions that exceed one year is included in other non-current assets in our consolidated balance sheets. For the years ended December 31, 2022 and 2023, non-current restricted cash balances were \$22 million and \$17 million.

### ***Securities Borrowing and Lending***

We operate a securities lending program under which shares that users have pledged to us to collateralize their margin borrowing are lent by us to third parties (“Margin Securities Lending”) and a Fully-Paid Securities Lending program under which we borrow fully-paid shares from participating users and lend them to third parties. We also occasionally borrow securities from third parties for operational purposes, and we occasionally lend to third parties securities that we hold for our own account (such as our holdings to support fractional share operations).

When we lend securities to third parties, the borrower provides cash as collateral. We earn interest revenue on cash collateral deposited by borrowers, and we can also earn additional revenue for lending certain securities based on demand for those securities. For our Fully-Paid Securities Lending, portions of such revenues are paid to participating users, and those payments are recorded as interest expense.

When we borrow securities from users participating in the Fully-Paid Securities Lending program (or from third parties), we provide cash as collateral and we record a receivable representing our right to the return of that collateral. The amount of that receivable is presented in “securities borrowed” on our



consolidated balance sheets. In the case of our Fully-Paid Securities Lending program, the cash collateral is held by a third-party bank in a deposit account pledged to the user, which we administer as the user's agent. Users are not entitled to interest on such account, and any interest earned is for our benefit.

Our authorization from users to lend shares that collateralize their margin borrowing is found in our margin account agreement, our borrowing of fully-paid shares from users is conducted under the terms of our Fully-Paid Securities Lending program to which users consent when they enroll in that program, and substantially all of our securities lending and borrowing transactions with third parties are conducted under the terms of an industry-standard master securities loan agreement ("MSLA"), which has an open contractual term and may be terminated upon notice by either party. We have also entered into fixed-term securities lending agreements with two financial institution counterparties (the "Fixed-Term Securities Lending Agreements"). One of these agreements has a contractual term of 30 days per lending transaction with a daily minimum commitment of \$25 million and the other has a contractual term of 21 days per lending transaction with a daily minimum commitment of \$35 million. Under these two agreements we lend to the counterparties (for a fixed term) securities that collateralize users' margin borrowing, and we obtain cash collateral from the counterparties that we use to provide liquidity support for our margin lending to users.

Each of the MSLAs and Fixed-Term Securities Lending Agreements establishes a master netting arrangement between the lender and the borrower. A master netting arrangement is an agreement between two counterparties that creates a right of set-off for amounts due to and from that same counterparty that is enforceable in the event of a default or bankruptcy. In connection with our securities borrowing and lending activities, however, our policy is to recognize all amounts that are subject to master netting arrangements on a gross basis in our consolidated balance sheets even though some of those amounts may be eligible for offset (i.e., to be presented on a net basis) under GAAP.

### ***Cash Sweep***

Our users may elect to participate in Cash Sweep, which allows them to earn interest on their uninvested brokerage cash. As these balances are automatically swept to our partner banks they are not reflected on the consolidated balance sheet.

### ***Cryptocurrencies***

We act as an agent in the cryptocurrency transactions that users initiate on our platform. We have determined we are an agent, for accounting purposes, because we do not control the cryptocurrency before delivery to the user, we are not primarily responsible for the delivery of cryptocurrency to our users, we are not exposed to risks arising from fluctuations of the market price of cryptocurrency before delivery to the user, and we do not set the prices charged to users. After purchasing cryptocurrency on the platform, users are the legal owners of cryptocurrency held under custody by us and users have all the rights and benefits of ownership, including the rights to appreciation and depreciation of the cryptocurrency. We do not allow users to purchase cryptocurrency on margin and cryptocurrency does not serve as collateral for margin loans. We hold cryptocurrency in custody for users in one or more omnibus cryptocurrency wallets; we do not utilize third-party custodians. We hold cryptographic key information and maintain internal record keeping for the cryptocurrencies we hold in custody for users, and we are obligated to secure such assets from loss or theft. Based on the terms of our user agreement, the structure of our crypto offerings, and applicable law, after consultation with internal and external legal counsel, we believe the cryptocurrency we hold in custody for users of our platform should be respected as users' property (and should not be available to satisfy the claims of our general creditors) in the event we were to enter bankruptcy. For additional information relating to platform bankruptcy generally, see Part I, Item 1A of this Annual Report, "Risk Factors—Risks Related to Cryptocurrency Products and Services—Cryptocurrency laws, regulations, and accounting standards are often difficult to interpret and are rapidly evolving in ways that are difficult to predict. Changes in these laws and regulations, or our failure to comply with them, could negatively impact cryptocurrency trading on our platform."

User cryptocurrencies safeguarding obligation and the corresponding asset on the consolidated balance sheets represent our obligation to safeguard crypto assets held in our custody on behalf of our users. We carry these at fair value as prescribed by SAB 121. We are obligated to safeguard user assets from loss, theft, or other misuse. Any loss, theft, or other misuse would impact the measurement of the asset.

## ***Investments***

We invest in marketable debt securities and determine the classification at the time of purchase.

Available-for-sale investments are recorded at fair value. We have elected the fair value option for our available-for-sale investments as we believe carrying these investments at fair value and taking changes in fair value through earnings best reflects their underlying economics. Fair value adjustments are presented in other (income) expense, net and interest earned on the debt securities as net interest revenues in our consolidated statements of operations.

Held-to-maturity investments are securities that we have both the ability and positive intent to hold until maturity and are recorded at amortized cost. Interest income is calculated using the effective interest method, adjusted for deferred fees or costs, premium, or discount existing at the date of purchase. Interest earned is included in net interest revenues in our consolidated statements of operations. We evaluate held-to-maturity investment for credit losses on a quarterly basis. We do not expect credit losses for our held-to-maturity investments that are obligations of states and political subdivisions and securities issued by U.S. government sponsored agencies. We monitor remaining securities by type and standard credit rating.

## ***Derivatives and Hedging Activities***

All derivatives are recorded at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate the derivative in a hedging relationship and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting if elected. As part of our interest rate risk management strategy, we use interest rate floors designated as cash flow hedges which involve the receipt of offsetting cash flows from a counterparty if interest rates fall below the strike rate on the contract in exchange for an up-front premium. Changes in fair value of the cash flow hedges are recognized in accumulated other comprehensive income (loss) ("AOCI") and are subsequently reclassified to net interest revenues as interest payments are received on the hedged item. We assess hedge effectiveness on a quarterly basis to ensure all hedges remain highly effective. If the derivative financial instruments designated as cash flow hedges are deemed ineffective, changes in the fair value of the derivative financial instrument are recognized directly in net interest revenues.

We are exposed to credit risk if counterparties to our derivative contracts do not perform pursuant to the terms of our interest rate floors. Should a counterparty fail to perform under the terms of our interest rate floors, our credit exposure is limited to the net positive fair value and accrued interest owed from the failing counterparty. We mitigate counterparty credit risk through credit approvals, credit limits and monitoring procedures, as appropriate.

We enter into master netting agreements with counterparties that permit the net settlement of amounts owed under the derivative contracts. The master netting agreements generally provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. We do not offset fair value amounts recognized for derivative instruments under master netting arrangements. Our derivative contracts do not require collateral to be posted by us or the counterparties.

## ***Credit Card Program***

The Robinhood Credit card program is funded under the Program Agreement between Robinhood Credit and Coastal Bank, where Coastal Bank is the originator and owner of customer principal balances. Robinhood Credit is responsible for administering the credit card program on a mobile app, including, (i) setting customer credit limits within Coastal Bank's underwriting standards, (ii) loan servicing, (iii) remitting collected principal from customers to Coastal Bank, and (iv) offering and maintaining the customer rewards program. Coastal Bank is responsible for (i) funding the customer credit, (ii) reporting customer credit activities, and (iii) holding customer receivables. Additionally, Robinhood Credit is responsible to pay Coastal Bank customer balances that are ultimately charged off or deemed uncollectible, generally when balances become outstanding for over 180 days. Robinhood Credit estimates the related credit card expected loss liability using a current expected credit losses model by evaluating historical collection data as well as considering charge off trends and market data by FICO cohort.

Under the Program Agreement, Robinhood Credit collects interest from customers that carry a balance and pays interest on the amount funded by Coastal Bank, with the difference between those amounts resulting in net interest revenue. In addition, Robinhood Credit earns revenue from interchange fees from each credit card transaction. As an agent, Robinhood Credit recognizes interchange revenue net of a revenue share paid to Coastal Bank, certain fees paid to third-parties, and rewards paid to customers.

## ***Fair Value of Financial Instruments***

We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, we may use various valuation approaches, including market, income and/or cost approaches. The fair value hierarchy requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is a market-based measure considered from the perspective of a market participant. Accordingly, even when market assumptions are not readily available, our own assumptions reflect those that market participants would use in pricing the asset or liability at the measurement date. The fair value measurement accounting guidance describes the following three levels used to classify fair value measurements:

Level 1 Inputs: unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by us

Level 2 Inputs: quoted prices for similar assets and liabilities in an active market, quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly

Level 3 Inputs: unobservable inputs that are significant to the fair value of the assets or liabilities

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The carrying amounts of certain financial instruments approximate their fair value due to the short-term nature, which include cash and cash equivalents, cash segregated under federal and other regulations, receivables from brokers, dealers, and clearing organizations, receivables from users, net, deposits with clearing organizations, other current assets, accounts payable and accrued expenses, payable to users, securities loaned, and other current liabilities.

## ***Receivables From Brokers, Dealers, and Clearing Organizations***

Receivables from brokers, dealers, and clearing organizations include receivables from market makers for routing user orders for execution and other receivables from third-party brokers. These

receivables are short term and settle within 30 days. We continually review the credit quality of our counterparties and have not experienced a default. As a result, we do not have an expectation of credit losses for these arrangements.

### ***Receivables From Users, Net***

Receivables from users, net are primarily made up of margin receivables. Margin receivables are adequately collateralized by users' securities balances and are reported at their outstanding principal balance, net of an allowance for credit losses. We monitor margin levels and require users to deposit additional collateral, or reduce margin positions, to meet minimum collateral requirements and to avoid automatic liquidation of their positions.

We apply the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for receivables from users. We have no expectation of credit losses for receivables from users that are fully secured, where the fair value of the collateral securing the balance is equal to or in excess of the receivable amount. This is based on our assessment of the nature of the collateral, potential future changes in collateral values, and historical credit loss information relating to fully secured receivables. In cases where the fair value of the collateral is less than the outstanding receivable balance from a user, we recognize an allowance for credit losses in the amount of the difference, or unsecured balance, immediately.

The provision for credit losses is recorded as operations expense on the consolidated statement of operations. We write-off unsecured balances when the balance becomes outstanding for over 180 days or when we otherwise deem the balance to be uncollectible.

### ***Deposits With Clearing Organizations***

We are required to maintain collateral deposits with clearing organizations such as Depository Trust & Clearing Corporation and Options Clearing Corporation which allow us to use their security transactions services for trade comparison, clearance, and settlement. The clearing organizations establish financial requirements, including deposit requirements, to reduce their risk. The required level of deposits may fluctuate significantly from time to time based upon the nature and size of users' trading activity and market volatility. We earn interest on these deposits which is included as net interest revenues in the consolidated statements of operations. As we have not experienced historic defaults, we do not have an expectation of credit losses for these arrangements. As of December 31, 2023, \$50 million of our U.S. treasury securities were pledged to a clearing organization to meet margin requirements for our security lending program.

### ***Fractional Share Program***

We operate our fractional share program for the benefit of our users and maintain an inventory of securities held exclusively for the fractional share program. This proprietary inventory is recorded within other current assets on our consolidated balance sheets.

When a user purchases a fractional share, we record the cash received for the user-held fractional share as pledged collateral and an offsetting liability to repurchase the shares as we concluded that we did not meet the criteria for derecognition under the accounting guidance. We measure our inventory of securities, user-held fractional shares and our repurchase obligation at fair value at each reporting period via the election of the fair value option, with realized and unrealized gains and losses recorded in brokerage and transaction expenses in our consolidated statement of operations. We do not earn revenue from our users when they purchase or sell fractional shares from us. We earn transaction-based revenue when shares are purchased from or routed to market makers to fulfill fractional share transactions.

## ***Other Current Assets***

Other current assets include restricted cash subject to restrictions that expire within one year, other receivables, stablecoin assets owned by us that are considered financial assets, deferred costs of Robinhood Match Incentive Program (defined below), interest and dividends receivable, and securities owned by us used for the Robinhood Referral program and fractional share program.

## ***Robinhood Match Incentive Program***

Match incentives on customers' eligible contributions to their retirement accounts and transfers of assets to our platform are subject to forfeiture if the recipient does not hold the contributed funds or transferred assets in their account for a specified period of time. The match incentive amount is deferred and recognized over the specified period of time as a reduction to revenue. If match funds are forfeited, we adjust the deferred match incentive balance and recognize any difference between the deferred match incentive balance and funds recuperated as an adjustment to revenue. For the year ended December 31, 2023, the amount recognized as a reduction of revenue was immaterial. We review the deferred match incentive balance for impairment. For the year ended December 31, 2023, no impairment was recognized.

## ***Robinhood Referral Program***

The stock rewarded under this program is included in other current assets in our consolidated balance sheets. Our inventory of settled shares is initially recorded at cost and marked to fair market value at each reporting period, with gains and losses from changes in the fair market value of the shares recorded within marketing expense in our consolidated statement of operations. Shares are derecognized when they are claimed by the user and delivered to the users' account. We record an accrued liability within other current liabilities in our consolidated balance sheets at the time the bank account is linked with the expense recorded within marketing expense in our consolidated statement of operations. The liability is initially recorded at the fair market value of the assigned share or shares upon the reward being earned by the referred user (i.e., upon bank linkage) and marked to fair market value until claimed or reversed, with gains and losses also recorded within marketing expense. The liability is derecognized when the share is claimed by the user and delivered to the users' account.

## ***Property, Software, and Equipment***

Property, software, and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is recorded on a straight-line basis over the useful life of the asset, which is as follows:

<b>Property, Software, and Equipment</b>	<b>Useful Life</b>
Computer equipment	3 years
Fixture and furniture	7 years
Tenant improvements	Shorter of estimated useful life or lease term
Internally developed software	3 years

Repairs and maintenance that do not enhance or extend the asset's function and/or useful life are charged to expenses as incurred. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Internally developed software is capitalized when preliminary development efforts are successfully completed and it is probable that the project will be completed and the software will be used as intended. Capitalized costs consist of SBC, salaries, and payroll related costs for employees, and fees paid to third-party consultants who are directly involved in development efforts. Capitalized costs are amortized over

the estimated useful life of the software on a straight-line basis and included in technology and development in the consolidated statements of operations. We expense software development costs as they are incurred during the preliminary project stage.

### ***Non-Marketable Equity Securities***

Investments in non-marketable equity securities without readily determinable fair values are initially recorded at cost and are subsequently adjusted to fair value for impairments and price changes from observable transactions in the same or a similar security from the same issuer. Non-marketable equity securities are included in other non-current assets on the consolidated balance sheets and the related balances were not material for the periods presented.

### ***Leases***

We elected to apply the short-term lease measurement and recognition practical expedient to our leases where applicable, thus leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Operating lease right-of-use assets and operating lease liabilities are recognized at the present value of the future lease payments at the lease commencement date for each lease. The interest rate used to determine the present value of the future lease payments is our incremental borrowing rate because the interest rate implicit in most of our leases is not readily determinable. Our incremental borrowing rate is estimated to approximate the interest rate that we would pay to borrow on a collateralized basis with similar terms and payments as the lease. Operating lease right-of-use assets also include any prepaid lease payments and lease incentives. Our lease agreements generally contain lease and non-lease components. Non-lease components, which primarily include payments for maintenance and utilities, are combined with lease payments and accounted for as a single lease component. We include the fixed non-lease components in the determination of the right-of-use assets and operating lease liabilities. We record the amortization of the right-of-use asset and the accretion of lease liability as rent expense and allocate it as overhead in the consolidated statements of operations.

### ***Business Combinations***

We account for acquisitions of entities or asset groups that qualify as businesses in accordance with ASC 805, "Business Combinations". The purchase price of the acquisition is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations.

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is allocated to reporting units expected to benefit from the business combination. We test goodwill for impairment at least annually, in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach. In testing for goodwill impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of a



reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if we conclude otherwise, we proceed to a quantitative assessment.

The quantitative assessment compares the estimated fair value of a reporting unit to its book value, including goodwill. If the fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. However, if the book value of a reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

### ***Intangible Assets, Net***

Intangible assets are carried at cost and amortized on a straight-line basis over their estimated useful lives. We evaluate the remaining estimated useful life of its intangible assets being amortized on an ongoing basis to determine whether events and circumstances warrant a revision to the remaining period of amortization.

### ***Impairment of Long-lived Assets***

We evaluate the recoverability of long-lived assets, including property, software, and equipment, leases, and finite-lived intangible assets whenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable compared to the undiscounted future net cash flows the assets are expected to generate. The impairment test is performed at the asset group level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. When the test results indicate that the carrying amount of long-lived assets is not recoverable, the carrying amount of such assets is reduced to fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

### ***Payables to Users***

Payables to users represent users' funds on deposit, and/or funds accruing to users as a result of settled trades and other security related transactions.

### ***Loss Contingencies***

We are subject to claims and lawsuits in the ordinary course of business, including arbitration, class actions and other litigation, some of which include claims for substantial or unspecified damages. We are also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies. We review our lawsuits, regulatory inquiries and other legal proceedings on an ongoing basis and provide disclosures and record loss contingencies in accordance with the loss contingencies accounting guidance. We establish an accrual for losses at management's best estimate when we assess that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If the reasonable estimate is a range and no amount within that range is considered a better estimate than any other amount, an accrual is recorded based on the bottom amount of the range. Accrual for loss contingencies are recorded in accounts payable and accrued expenses on the consolidated balance sheets and expensed in general and administrative expenses in our consolidated statements of operations. We monitor these matters for developments that would affect the likelihood of a loss and the accrued amount, if any, and adjust the amount as appropriate.

### ***Income Taxes***

Income tax expense is an estimate of current income taxes payable in the current fiscal year based on reported income before income taxes. Deferred income taxes reflect the effect of temporary differences and carryforwards that we recognize for financial reporting and income tax purposes at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

We account for income taxes under the asset and liability method, which requires recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements, but have not been reflected in our taxable income. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent we believe that they will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets including, but not limited to, historical cumulative loss experience and expectations of future earnings, tax planning strategies, and the carry-forward periods available for tax reporting purposes. Our judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, our tax provision would increase or decrease in the period in which the assessment is changed.

We recognize a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized. We account for uncertain tax positions, including net interest and penalties, as a component of income tax expense or benefit. We make adjustments to these uncertain tax positions in accordance with applicable income tax guidance and based on changes in facts and circumstances. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact to our consolidated financial statements and operating results.

### ***Related Parties***

We have defined related parties as members of our board of directors, executive officers, principal owners of our outstanding stock, and any immediate family members of each such related party, as well as any other person or entity with significant influence over our management or operations and any other affiliates. Related party transactions may include any transaction between entities under common control or with a related party.

## **NOTE 2: RECENT ACCOUNTING PRONOUNCEMENTS**

### ***Recently Adopted Accounting Pronouncements***

In October 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.” This guidance requires contract assets and contract liabilities from contracts with customers that are acquired in a business combination to be recognized and measured as if the acquirer had originated the original contract. The guidance is effective for fiscal years beginning after December 15, 2022 on a prospective basis, including interim periods within those fiscal years. Early adoption is permitted. We adopted this guidance effective January 1, 2023. The adoption of this guidance did not have a material impact on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update 2023-08, “Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets.” This guidance requires entities to measure crypto assets within the scope of this guidance at fair value with changes in fair value recognized in net income, and provides comprehensive disclosure requirements. The guidance is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. We adopted this guidance effective January 1, 2023. The adoption of this guidance did not have a material impact on our consolidated financial statements and related disclosures.

### ***Recently Issued Accounting Pronouncements Not Yet Adopted***

In October 2023, the FASB issued Accounting Standards Update 2023-06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This amendment will impact various disclosure areas, including the statement of cash flows, accounting changes and error corrections, earnings per share, debt, equity, derivatives, and transfers of financial assets. The amendments in this guidance will be effective on the date the related disclosures are removed from Regulation S-X or Regulation S-K by the SEC, and will no longer be effective if the SEC has not removed the applicable disclosure requirement by June 30, 2027. Early adoption is prohibited. We are currently evaluating the impacts of the amendment on our consolidated financial statements.

In November 2023, the FASB issued Accounting Standards Update 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” The amendments in guidance improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update 2023-09, “Income taxes (Topic 740): Improvements to Income Taxes Disclosures.” This guidance requires annual disclosure of specific categories in the rate reconciliation and provides additional information for reconciling items that meet a quantitative threshold. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements and related disclosures.

## NOTE 3: BUSINESS COMBINATIONS

### ***Acquisition of X1***

On July 3, 2023, we acquired all of the outstanding equity of X1 Inc. ("X1"), a U.S.-based company that offers a no-fee credit card with rewards on each purchase. The acquisition of X1 allows us to provide access to credit for our customers. In August 2023, X1 was renamed Robinhood Credit.

The acquisition date fair value of the consideration transferred for Robinhood Credit was \$104 million, which was entirely paid in cash. The purchase price allocation is based on a preliminary valuation and subject to revision as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed becomes available, including certain tax matters, during the measurement period (up to one year from the acquisition date). The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the date of acquisition:

<i>(In millions)</i>	<b>Fair Value</b>
Cash and cash equivalents.....	\$ 14
Receivable from users, net.....	3
Prepaid expenses.....	1
Other current assets.....	48
Goodwill.....	72
Intangible assets.....	36
Accounts payable and accrued expenses.....	(44)
Other current liabilities.....	(25)
Other non-current liabilities.....	(1)
Net assets acquired.....	<u>\$ 104</u>

The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill, which is not deductible for tax purposes. Goodwill is primarily attributed to the assembled workforce of Robinhood Credit and anticipated operational synergies. The fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions at the time of acquisition. The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition:

<i>(in millions, except years)</i>	<b>Fair Value</b>	<b>Useful Life</b>
Developed technology .....	\$ 25	4
Customer relationships .....	10	7
Trade names .....	1	1
Total .....	<u>\$ 36</u>	

The overall weighted average useful life of the identified amortizable intangible assets acquired is 5 years. The estimated fair value of the intangible assets acquired approximate the amounts a market participant would pay for these intangible assets as of July 3, 2023. We used the replacement cost method to estimate the fair value of developed technology, and a multi-period excess earnings method was used to estimate the fair value of customer relationships.

Tangible net assets were valued at their respective carrying amounts as of the acquisition date, as these amounts approximated fair value. During the fourth quarter of 2023, we recorded a \$7 million measurement period adjustment to accounts payable and accrued expenses with a corresponding

increase to goodwill, and an adjustment to increase other current assets and other current liabilities by \$25 million based on facts and circumstances as of the acquisition date.

Pro forma results of operations for Robinhood Credit have not been presented as the effect of this acquisition was not material. From the date of the acquisition through December 31, 2023, Robinhood Credit revenues were not material to our consolidated statements of operations.

## NOTE 4: GOODWILL AND INTANGIBLE ASSETS

### **Goodwill**

The following table summarizes the carrying amount of goodwill:

	December 31,	
	2022	2023
(in millions)		
Beginning balance .....	\$ 101	\$ 100
Less: Accumulated impairment .....	—	—
Beginning balance, net .....	101	100
Additions due to business combinations <sup>(1)</sup> .....	—	68
Post-acquisition adjustments .....	(1)	7
Ending balance .....	<u>\$ 100</u>	<u>\$ 175</u>

<sup>(1)</sup> Substantially all of the additions related to the acquisition of Robinhood Credit as disclosed in Note 3 - Business Combinations, and the remainder related to other immaterial business acquisitions.

There was no impairment of goodwill for the years ended December 31, 2022 and 2023.

### **Intangible Assets**

The following tables summarize the components of intangible assets:

	December 31, 2022			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life - Years
(in millions, except years)				
Finite-lived intangible assets				
Developed technology .....	\$ 23	\$ (10)	\$ 13	1.70
Customer relationships .....	12	(2)	10	8.62
Indefinite-lived intangible assets	2	—	2	N/A
Total .....	<u>\$ 37</u>	<u>\$ (12)</u>	<u>\$ 25</u>	

	December 31, 2023			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life - Years
<i>(in millions, except years)</i>				
Finite-lived intangible assets				
Developed technology .....	\$ 48	\$ (21)	\$ 27	2.98
Customer relationships .....	23	(4)	19	7.04
Trade names .....	1	(1)	—	—
Indefinite-lived intangible assets	2	—	2	N/A
Total .....	<u>\$ 74</u>	<u>\$ (26)</u>	<u>\$ 48</u>	

Amortization expense of intangible assets was \$3 million, \$9 million, and \$14 million for the years ended December 31, 2021, 2022, and 2023. There was no impairment of intangible assets for the years ended December 31, 2022 and 2023.

As of December 31, 2023, the estimated future amortization expense of finite-lived intangible assets was as follows:

<i>(in millions)</i>	Finite-lived Intangible Assets
2024 .....	\$ 14
2025 .....	9
2026 .....	9
2027 .....	6
2028 .....	3
Thereafter .....	5
Total .....	<u>\$ 46</u>



## NOTE 5: REVENUES

### ***Disaggregation of Revenues***

The following table presents our revenues disaggregated by revenue source:

(in millions)	Year Ended December 31,		
	2021	2022	2023
Transaction-based revenues:			
Options .....	\$ 690	\$ 488	\$ 505
Cryptocurrencies .....	420	202	135
Equities .....	287	117	104
Other .....	5	7	41
Total transaction-based revenues .....	1,402	814	785
Net interest revenues:			
Interest on corporate cash and investments .....	1	103	288
Margin interest .....	132	177	243
Interest on segregated cash and cash equivalents and deposits .....	4	57	210
Cash Sweep .....	3	22	123
Securities lending, net .....	136	89	79
Credit card, net .....	—	—	9
Interest expenses related to credit facilities .....	(20)	(24)	(23)
Total net interest revenues .....	256	424	929
Other revenues .....	157	120	151
Total net revenues .....	\$ 1,815	\$ 1,358	\$ 1,865

For our Fully-Paid Securities Lending program, we earn revenue for lending certain securities based on demand for those securities and portions of such revenues are paid to participating users, and those payments are recorded as interest expense. The program was launched during the three months ended June 30, 2022. The following table presents interest revenue earned and interest expense paid from Fully-Paid Securities Lending:

(in millions)	Year Ended December 31,	
	2022	2023
Interest revenue .....	\$ 11	\$ 44
Interest expense .....	(2)	(7)
Fully-Paid Securities Lending, net .....	\$ 9	\$ 37

### ***Contract Balances***

Contract receivables are recognized when we have an unconditional right to invoice and receive payment under a contract and are derecognized when cash is received. Transaction-based revenue receivables due from market makers are reported in receivables from brokers, dealers, and clearing organizations while other revenue receivables related to proxy revenues due from issuers are reported in other current assets on the consolidated balance sheets.

Contract liabilities, which primarily consist of unearned subscription revenue, are recognized when users remit cash payments in advance of the time we satisfy our performance obligations and are recorded as other current liabilities on the consolidated balance sheets.

The table below sets forth contract receivables and liabilities balances for the periods indicated:

	December 31, 2022	
	Contract Receivables	Contract Liabilities
(in millions)		
Beginning of the period, January 1, 2022.....	\$ 83	\$ 3
End of the period, December 31, 2022.....	60	3
Changes during the period.....	<u>\$ (23)</u>	<u>\$ —</u>

	December 31, 2023	
	Contract Receivables	Contract Liabilities
(in millions)		
Beginning of period, January 1, 2023 .....	\$ 60	\$ 3
End of period, December 31, 2023.....	87	4
Changes during the period.....	<u>\$ 27</u>	<u>\$ 1</u>

The change in contract receivables was primarily driven by increases in trading volume for Cryptocurrencies, Equities, and Options for the month ended December 31, 2023 compared to the same period in the prior year. Receivable balances are also impacted by the timing differences between our performance and counterparties' payments. We recognized all revenue from amounts included in the opening contract liability balances for the year end December 31, 2023.

## NOTE 6: RESTRUCTURING ACTIVITIES

### *April 2022 Restructuring*

On April 26, 2022, we announced the April 2022 Restructuring as part of our efforts to improve efficiency and operating costs, increase our velocity, and ensure that we are responsive to the changing needs of our customers. The April 2022 Restructuring involved approximately 330 employees, representing approximately 9% of our full-time employees at that time.

We allowed affected employees' share-based awards to continue vesting over a transitional period (generally two months during which they remained employed but were not expected to provide active service), which were generally accounted for as a modification allowing a portion of the awards to vest that otherwise would have been forfeited. However, as a result of the reversal of SBC expense that had been previously recognized (under the accelerated attribution method, generally), the April 2022 Restructuring resulted in a net reduction to SBC of \$24 million, which was recognized in the second quarter of 2022 (refer to Note 14 - Common Stock and Stockholders' (Deficit) Equity, for more information).

In addition, we recognized \$17 million of cash restructuring and related charges in the second quarter of 2022, which primarily consisted of employee-related wages, benefits, and severance expense. As of December 31, 2022, all of the restructuring charges relating to the April 2022 Restructuring had been paid in full.

### *August 2022 Restructuring*

On August 2, 2022, we announced the August 2022 Restructuring, which involved approximately 780 employees, representing approximately 23% of our full-time employees at the time, the planned closure

of two offices, and related matters. These actions were part of a Company reorganization into a GM structure under which GMs have assumed broad responsibility for our individual businesses. As we continued to execute the August 2022 Restructuring, our lower headcount led us to evaluate our real estate portfolio. In the third quarter of 2022, we decided to partially or completely close five additional offices as part of the August 2022 Restructuring, four of which were not occupied.

In connection with the office closures describe above, we determined the carrying amount of the right-of-use assets and associated leasehold improvements exceeded their respective fair value, resulting in impairments of \$30 million and \$15 million. We utilized a probability-weighted approach and market estimates from a third-party real estate brokerage firm to project sublease income cash flows, net of brokerage commissions, for each of the office spaces and applied a market rate of return on similar assets as a discount factor to determine fair value. We attributed the impairments on a relative carrying value basis between the right-of-use assets and leasehold improvements. In addition, we accelerated depreciation of \$9 million related to other fixed assets. The impairments were recognized in general and administrative expense on our consolidated statements of operations.

Similar to the April 2022 Restructuring, we allowed affected employees' share-based awards to continue vesting over a transitional period allowing a portion of the awards to vest that otherwise would have been forfeited. However, as a result of the reversal of SBC expense that had been previously recognized (under the accelerated attribution method, generally), the August 2022 Restructuring resulted in a net reduction to SBC of \$53 million, which was recognized in the third quarter of 2022 (refer to Note 14 - Common Stock and Stockholders' (Deficit) Equity, for more information).

In addition, we recognized \$34 million of cash restructuring and related charges primarily related to employee-related wages, benefits, and severance expense. As of December 31, 2022, all of the restructuring charges relating to the August 2022 Restructuring had been paid in full.

## NOTE 7: ALLOWANCE FOR CREDIT LOSSES AND CREDIT CARD EXPECTED LOSS LIABILITY

### *Allowance for Credit Losses*

Substantially all of the allowance for credit losses relate to unsecured balances of receivables from users due to Fraudulent Deposit Transactions, losses on margin lending, and reserves on proxy revenue receivables. The following table summarizes the allowance for credit losses:

	Year Ended December 31,		
	2021	2022	2023
<i>(in millions)</i>			
Beginning balance .....	\$ 34	\$ 40	\$ 18
Provision for credit losses .....	78	36	24
Write-offs .....	(72)	(58)	(26)
Ending balance .....	<u>\$ 40</u>	<u>\$ 18</u>	<u>\$ 16</u>

### *Credit Card Expected Loss Liability*

The following table summarizes the credit card expected loss liability as part of accounts payable and accrued expenses on the consolidated balance sheets:

	Year Ended December 31,
	2023
<i>(in millions)</i>	
Beginning balance .....	\$ —
Opening balance from acquisition of Robinhood Credit .....	23
Provision for credit losses .....	19
Payments to Coastal Bank .....	(11)
Recoveries .....	1
Ending balance .....	\$ 32

## NOTE 8: INVESTMENTS AND FAIR VALUE MEASUREMENT

### ***Investments***

#### *Available-for-sale*

As of December 31, 2022, our available-for-sale investments, which are included in other current assets on the consolidated balance sheets, were \$10 million with no significant unrealized gains or losses. These investments had a stated contractual maturity or redemption date within one year. As of December 31, 2023, we had a \$500 million time deposit that was an available-for-sale investment classified as cash equivalents on the consolidated balance sheets. This investment has a maturity of three months or less at the time of purchase, and an aggregate market value equal to amortized cost. Refer to *Fair Value of Financial Instruments* below for further details.

#### *Held-to-maturity*

We had no held-to-maturity investments as of December 31, 2022. The following table summarizes our held-to-maturity investments as of December 31, 2023:

	December 31, 2023				
<i>(in millions)</i>	Amortized Cost	Allowance for Credit Losses	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities:					
Corporate debt securities .....	\$ 205	\$ —	\$ —	\$ (1)	\$ 204
U.S. Treasury securities...	202	—	—	—	202
U.S. government agency securities .....	42	—	—	—	42
Certificates of deposit .....	34	—	—	—	34
Commercial paper .....	3	—	—	—	3
Total held-to-maturity investments .....	\$ 486	\$ —	\$ —	\$ (1)	\$ 485

There were no sales of held-to-maturity investments during the year ended December 31, 2023.

The table below presents the amortized cost and fair value of held-to-maturity investments by contractual maturity; the maximum maturity is two years:

(in millions)	December 31, 2023		
	Within 1 Year	1 to 2 Years	Total
<b>Amortized cost</b>			
Debt securities:			
Corporate debt securities .....	\$ 153	\$ 52	\$ 205
U.S. Treasury securities.....	184	18	202
U.S. government agency securities .....	39	3	42
Certificates of deposit.....	34	—	34
Commercial paper .....	3	—	3
Total held-to-maturity investments .....	<u>\$ 413</u>	<u>\$ 73</u>	<u>\$ 486</u>
<b>Fair value</b>			
Debt securities:			
Corporate debt securities .....	\$ 152	\$ 52	\$ 204
U.S. Treasury securities.....	184	18	202
U.S. government agency securities .....	39	3	42
Certificates of deposit.....	34	—	34
Commercial paper .....	3	—	3
Total held-to-maturity investments .....	<u>\$ 412</u>	<u>\$ 73</u>	<u>\$ 485</u>

## Fair Value of Financial Instruments

Financial assets and liabilities measured at fair value on a recurring basis as of the date indicated below were presented on our consolidated balance sheets as follows:

(in millions)	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents:				
Money market funds.....	\$ 735	\$ —	\$ —	\$ 735
Other current assets: .....				
Equity securities - securities owned.....	8	—	—	8
Commercial paper .....	—	5	—	5
Government bonds.....	3	—	—	3
Corporate bonds .....	—	2	—	2
Asset related to user cryptocurrencies safeguarding obligation .....	—	8,431	—	8,431
User-held fractional shares .....	997	—	—	997
Total financial assets .....	<u>\$ 1,743</u>	<u>\$ 8,438</u>	<u>\$ —</u>	<u>\$ 10,181</u>
<b>Liabilities</b>				
User cryptocurrencies safeguarding obligation .....	\$ —	\$ 8,431	\$ —	\$ 8,431
Fractional shares repurchase obligations.....	997	—	—	997
Total financial liabilities .....	<u>\$ 997</u>	<u>\$ 8,431</u>	<u>\$ —</u>	<u>\$ 9,428</u>



(in millions)	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents:				
Time deposit .....	\$ —	\$ 500	\$ —	\$ 500
Money market funds .....	146	—	—	146
Deposits with clearing organizations:				
U.S. Treasury securities .....	50	—	—	50
Other current assets:				
Stablecoin .....	20	—	—	20
Equity securities - securities owned .....	10	—	—	10
Other non-current assets:				
Money market funds - escrow account .....	2	—	—	2
Asset related to user cryptocurrencies safeguarding obligation .....	—	14,708	—	14,708
User-held fractional shares .....	1,592	—	—	1,592
Total financial assets .....	<u>\$ 1,820</u>	<u>\$ 15,208</u>	<u>\$ —</u>	<u>\$ 17,028</u>

#### Liabilities

User cryptocurrencies safeguarding obligation .....	\$ —	\$ 14,708	\$ —	14,708
Fractional shares repurchase obligations .....	1,592	—	—	1,592
Total financial liabilities .....	<u>\$ 1,592</u>	<u>\$ 14,708</u>	<u>\$ —</u>	<u>\$ 16,300</u>

The fair value for certain financial instruments that are not required to be measured or reported at fair value was presented on our consolidated balance sheets as follows:

(in millions)	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Held-to-maturity investments:				
Corporate debt securities .....	\$ —	\$ 204	\$ —	\$ 204
U.S. Treasury securities .....	202	—	—	202
U.S. government agency securities .....	—	42	—	42
Certificates of deposit .....	—	34	—	34
Commercial paper .....	—	3	—	3
Total held-to-maturity investments .....	<u>\$ 202</u>	<u>\$ 283</u>	<u>\$ —</u>	<u>\$ 485</u>

The fair values used for held-to-maturity investments are obtained from an independent pricing service and represent fair values determined by pricing models using a market approach that considers observable market data, such as interest rate volatility, relevant yield curves, credit spreads and prices from market makers and live trading systems. Management reviews the valuation methodology and quality controls utilized by the pricing services in management's overall assessment of the reasonableness of the fair values provided.

During the year ended December 31, 2023, we did not have any transfers in or out of Level 3 assets or liabilities.

### Safeguarded user cryptocurrencies

Safeguarded user cryptocurrencies were as follows:

	Year Ended December 31,	
	2022	2023
(in millions)		
Bitcoin (BTC) .....	\$ 2,327	\$ 6,149
Ethereum (ETH) .....	2,341	3,761
Dogecoin (DOGE) .....	2,802	3,319
Other .....	961	1,479
Total user cryptocurrencies safeguarding obligation and corresponding asset .....	\$ 8,431	\$ 14,708

The fair value of the user cryptocurrencies safeguarding obligation and the corresponding asset were determined based on observed market pricing representing the last price executed for trades of each cryptocurrency as of December 31, 2022 and 2023.

## NOTE 9: DERIVATIVES AND HEDGING ACTIVITIES

As of December 31, 2023, we had two interest rate floors that were designated as cash flow hedges of interest rate risk associated with our margin receivables. One interest rate floor with a notional amount of \$2 billion was effective as of June 30, 2023 and another with a notional amount of \$1 billion will be effective in the first quarter of 2024. Both interest rate floors have a maturity of six months.

As of December 31, 2023, the fair value of hedging instruments was immaterial and included in other current assets in our consolidated balance sheets. We had no derivatives and hedging activities during the year ended December 31, 2022.

Amounts reported in AOCI related to interest rate floors will be reclassified to net interest revenues as interest payments are received or paid on the hedged items. During the next 12 months, we expect to reclassify \$3 million of losses from AOCI as a reduction to net interest revenues. As of December 31, 2023, we hedged our exposure to the variability in future cash flows for forecasted transactions over a maximum period of one year.

The following table summarizes the amount of gain or loss recognized in AOCI on our consolidated financial statements:

	Year Ended December 31,	
	2023	
(in millions)		
Derivatives designated as hedging instruments:		
Loss on derivatives included in effectiveness assessment .....	\$	(4)
Loss reclassified from AOCI into net interest revenues included in effectiveness assessment .....		1
Total .....	\$	(3)

The following table summarizes the components of AOCI related to hedging activities on our consolidated financial statements:

	Year Ended December 31,
	2023
<i>(in millions)</i>	
Beginning balance .....	\$ —
Other comprehensive loss before reclassifications, net of tax .....	(4)
Reclassification adjustment for net losses included in net interest revenues, net of tax .....	1
Other comprehensive loss after reclassifications, net of tax .....	\$ (3)
Ending balance .....	\$ (3)

## NOTE 10: INCOME TAXES

The components of income (loss) before income taxes were as follows:

	Year Ended December 31,		
	2021	2022	2023
<i>(in millions)</i>			
Domestic .....	\$ (3,687)	\$ (1,028)	\$ (534)
Foreign .....	2	1	1
Income (loss) before income taxes .....	\$ (3,685)	\$ (1,027)	\$ (533)

The components of the provision for (benefit from) income taxes were as follows:

	Year Ended December 31,		
	2021	2022	2023
<i>(in millions)</i>			
Current:			
Federal .....	\$ —	\$ —	\$ 5
State .....	5	1	3
Foreign .....	—	—	—
Total current tax expense (benefit) .....	5	1	8
Deferred:			
Federal .....	(1)	—	—
State .....	(2)	—	—
Foreign .....	—	—	—
Total deferred tax expense (benefit) .....	(3)	—	—
Total provision for (benefit from) income taxes .....	\$ 2	\$ 1	\$ 8

The reconciliation of statutory federal income tax rate and our effective income tax rate was as follows (in percentages):

	Year Ended December 31,		
	2021	2022	2023
Federal tax benefit at statutory rate.....	21.0 %	21.0 %	21.0 %
State tax benefit, net of federal benefit .....	3.6	1.8	(1.9)
Foreign rate differential.....	—	—	—
Share-based compensation .....	(0.5)	(12.3)	(29.7)
Research and development credits .....	1.3	3.6	5.6
Non-deductible change in convertible notes and warrant.....	(0.3)	—	—
Non-deductible regulatory settlements .....	(11.7)	(0.3)	(4.6)
Permanent differences.....	—	(0.1)	(0.2)
Other .....	—	0.1	0.4
Change in valuation allowance.....	(13.5)	(13.9)	8.0
Total provision for (benefit from) income taxes .....	(0.1)%	(0.1)%	(1.4)%

Significant components of our deferred tax assets and liabilities consisted of the following:

(in millions)	Year Ended December 31,	
	2022	2023
Deferred tax assets:		
User cryptocurrencies safeguarding obligation .....	\$ 2,167	\$ 3,660
Net operating loss carryforwards .....	266	176
Tax credit carryforwards.....	134	161
Research and Experimentation expenditure amortization .....	83	151
Share-based compensation .....	85	43
Accruals and other liabilities .....	21	29
Lease liabilities.....	38	27
Other .....	15	19
Total deferred tax assets.....	\$ 2,809	\$ 4,266
Deferred tax liabilities:		
Asset related to user cryptocurrencies safeguarding obligation .....	\$ (2,167)	\$ (3,660)
Right of use assets .....	(24)	(17)
Depreciation and amortization .....	(10)	(14)
Total deferred tax liabilities .....	(2,201)	(3,691)
Valuation Allowance .....	(607)	(574)
Net deferred tax assets .....	\$ 1	\$ 1

The reconciliation of the beginning and ending amount of the deferred tax asset valuation allowance was as follows:

(in millions)	Year ended December 31,		
	2021	2022	2023
Balance at beginning of period.....	\$ 27	\$ 495	\$ 607
Charged/(credited) to net income .....	471	112	(34)
Charges utilized/(write-offs) .....	(3)	—	1
Balance at end of period .....	\$ 495	\$ 607	\$ 574

The realization of tax benefits of net deferred assets is dependent upon future levels of taxable income, of an appropriate character, in the periods the items are expected to be deductible or taxable. Based on all available evidence for the year ending December 31, 2023, we believe it is more likely than not that the tax benefits of the remaining U.S. federal, state, and certain foreign net deferred tax assets may not be realized, and accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance decreased by approximately \$33 million for the year ended December 31, 2023.

As of December 31, 2023, we have \$635 million of U.S. federal, \$647 million of state, and \$4 million of non-U.S. net operating loss carryforwards available to reduce future taxable income. Of the U.S. federal net operating loss carryforwards, \$635 million will carryforward indefinitely. Our state net operating losses begin to expire in 2024, while our non-U.S. net operating losses do not expire. As of December 31, 2023, we have utilized federal and state net operating losses generated from tax years 2013 through 2021. We have U.S. federal tax credit carryforwards of \$152 million that will begin to expire in 2041, if not utilized, and state tax credit carryforwards of \$98 million that will begin to expire in 2026. As of December 31, 2023, we have utilized U.S. federal and state tax credits generated from tax years 2014 through 2021.

Utilization of the net operating loss and credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and tax credits before utilization.

We had unrecognized tax benefits of approximately \$58 million and \$74 million as of December 31, 2022 and 2023. These unrecognized tax benefits, if recognized, would not affect the effective tax rate. We record interest and penalties related to unrecognized tax benefits in income tax expenses. There were no interest or penalties accrued during the years ended December 31, 2022 and 2023.

The reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows (in millions):

	Year Ended December 31,	
	2022	2023
Unrecognized benefit - beginning of period .....	\$ 46	\$ 58
Gross increases - current year tax positions .....	16	16
Gross increases - prior year tax positions .....	—	—
Gross decrease - prior year tax positions .....	(4)	—
Unrecognized benefit - end of period .....	<u>\$ 58</u>	<u>\$ 74</u>

We file in U.S. federal, various state, and foreign jurisdictions. The tax years from 2014 remain open to examination by the U.S. federal and state authorities, due to carryover of unused net operating losses and tax credits. The tax years from 2020 remain open for the most significant foreign jurisdiction.

## NOTE 11: PROPERTY, SOFTWARE, AND EQUIPMENT, NET

Property, software, and equipment are presented net of accumulated depreciation and amortization and summarized as follows:

(in millions)	Year Ended December 31,	
	2022	2023
Internally developed software.....	\$ 106	\$ 122
Leasehold improvements .....	52	39
Computer equipment .....	32	27
Furniture and fixtures .....	14	13
Construction in progress .....	23	30
Total.....	227	231
Less: accumulated depreciation and amortization .....	(81)	(111)
Property, software, and equipment, net .....	\$ 146	\$ 120

Depreciation expense of property and equipment was \$15 million, \$26 million, and \$16 million for the years ended December 31, 2021, 2022, and 2023.

Amortization expense of internally developed software was \$7 million, \$26 million, and \$41 million for the years ended December 31, 2021, 2022, and 2023.

In connection with our August 2022 Restructuring, we recognized an impairment of \$15 million associated with our leasehold improvements and accelerated depreciation of \$9 million related to other fixed assets for the year ended December 31, 2022. Refer to Note 6 - Restructuring Activities for more information.

## NOTE 12: SECURITIES BORROWING AND LENDING

When we lend securities to third parties we receive cash as collateral for the securities loaned. In the table below, the cash collateral we hold related to loaned securities is presented in “securities loaned” and the fair value of securities lent is presented in “security collateral pledged.” Similarly, when we borrow securities from third parties or fully-paid securities from users, we provide cash collateral. In the table below, the amount of that cash collateral is presented in “securities borrowed” and the fair value of the securities received is presented in “security collateral received.”

Our securities lending transactions are subject to enforceable master netting arrangements with other broker-dealers; however, we do not net securities borrowing and lending transactions. Therefore, activity related to securities borrowing and lending activities are presented gross in our consolidated balance sheets.



The following tables set forth certain balances related to our securities borrowing and lending activities:

	December 31,	
	2022	2023
<i>(in millions)</i>		
<b>Assets</b>	<b>Securities borrowed</b>	
Gross amount of securities borrowed.....	\$ 517	\$ 1,602
Gross amount offset on the consolidated balance sheets .....	—	—
Amounts of assets presented on the consolidated balance sheets .....	517	1,602
Gross amount of securities borrowed not offset on the consolidated balance sheets:		
Securities borrowed.....	517	1,602
Security collateral received .....	(509)	(1,536)
Net amount .....	<u>\$ 8</u>	<u>\$ 66</u>
<b>Liabilities</b>	<b>Securities loaned</b>	
Gross amount of securities loaned .....	\$ 1,834	\$ 3,547
Gross amount of securities loaned offset on the consolidated balance sheets .....	—	—
Amounts of liabilities presented on the consolidated balance sheets.....	1,834	3,547
Gross amount of securities loaned not offset on the consolidated balance sheets:		
Securities loaned .....	1,834	3,547
Security collateral pledged .....	(1,629)	(3,188)
Net amount .....	<u>\$ 205</u>	<u>\$ 359</u>

As described in Note 1 - Description of Business and Summary of Significant Accounting Policies, we obtain securities on terms that permit us to pledge and/or transfer securities to others. As of December 31, 2022 and 2023, we were permitted to re-pledge securities with a fair value of \$4.36 billion and \$4.78 billion under margin account agreements with users, and securities with a fair value of \$18 million and an immaterial balance that we had borrowed under MSLAs with third parties. Under the Fully-Paid Securities Lending program, as of December 31, 2023, we were permitted to re-pledge securities with a fair value of \$14.03 billion including securities with a fair value of \$1.54 billion that we had borrowed from users.

As of December 31, 2022 and 2023, we had re-pledged securities with a fair value of \$1.63 billion and \$3.19 billion, in each case under MSLAs and Fixed-Term Securities Lending Agreements with third parties. In addition, as of December 31, 2022 and 2023, we had re-pledged \$231 million and \$676 million of the permitted amounts under the margin account agreements with clearing organizations to meet deposit requirements.

## NOTE 13: FINANCING ACTIVITIES AND OFF-BALANCE SHEET RISK

### ***Revolving Credit Facilities***

#### *October 2019 Credit Facility*

In October 2019, we entered into a \$200.0 million committed and unsecured revolving line of credit with a syndicate of banks maturing in October 2023 (the “October 2019 Credit Facility”). In October 2020, we amended the October 2019 Credit Facility and, among other things, increased the aggregate committed and unsecured revolving line of credit amount to \$600.0 million with a maturity date of October

29, 2024. In April 2021, we further increased the aggregate credit amount available under the October 2019 Credit Facility to \$625.0 million. Loans under the October 2019 Credit Facility bear interest, at our option, at a per annum rate of either (a) the Eurodollar Rate plus 1.00% or (b) the ABR. The Eurodollar Rate is equal to the Eurodollar Base Rate, which is derived from London Interbank Offered Rate ("LIBOR"), multiplied by the Statutory Reserve Rate (as defined in the agreement) at the applicable time. The ABR is the greatest of (i) the prime rate then in effect, (ii) the Federal Reserve Bank of New York rate then in effect plus 0.50% and (iii) the Eurodollar Rate at such time for a one month interest period plus 1.00%. If LIBOR is unavailable or if we and the administrative agent elect, the Eurodollar Rate will be replaced by a rate calculated with reference to the Secured Overnight Financing Rate (as defined in the agreement) as set forth in the October 2019 Credit Facility agreement or an alternate benchmark rate selected by us and the administrative agent.

In December 2022, the terms of the October 2019 Credit Facility were amended. Under the amendment, the October 2019 Credit Facility bears interest, at our option, at a per annum rate of either (a) the Adjusted Term Secured Overnight Financing Rate ("SOFR") plus 1.00% or (b) the Alternative Base Rate. The Adjusted Term SOFR Rate is equal to the Term SOFR Rate for such interest period, published by the Term SOFR Administrator, plus the applicable Term SOFR Adjustment at the applicable time. The Term SOFR Adjustment is (i) 0.11% per annum for an interest period of one month; (ii) 0.26% per annum for an interest period of three months; and (iii) 0.43% per annum for an interest period of six months. If the Adjusted Term SOFR Rate is less than the floor of 0%, such rate shall be deemed to be equal to the floor. As amended, the ABR is the greatest of (i) the prime rate then in effect, (ii) the Federal Reserve Bank of New York rate then in effect plus 0.50% and (iii) the Adjusted Term SOFR for a one month Interest Period plus 1.00%.

There were no outstanding borrowings under the October 2019 Credit Facility, as amended, at December 31, 2022 and 2023. We are obligated to pay a commitment fee calculated as a per annum rate equal to 0.10% on any unused amount of the October 2019 Credit Facility quarterly in arrears.

#### *April 2023 Credit Facility*

On March 24, 2023, RHS, our wholly-owned subsidiary, entered into the Second Amended and Restated Credit Agreement (the "April 2023 Credit Agreement") among RHS, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, amending and restating the \$2.275 billion 364-day senior secured revolving credit facility entered into in April 2022.

The April 2023 Credit Agreement provides for a 364-day senior secured revolving credit facility with a total commitment of \$2.175 billion. Under circumstances described in the April 2023 Credit Agreement, the aggregate commitments may be increased by up to \$1.0875 billion, for a total commitment under the April 2023 Credit Agreement of \$3.2625 billion. Borrowings under the credit facility must be specified to be Tranche A, Tranche B, Tranche C or a combination thereof. Tranche A loans are secured by users' securities purchased on margin and are used primarily to finance margin loans. Tranche B loans are secured by the right to the return from National Securities Clearing Corporation ("NSCC") of NSCC margin deposits and cash and property in a designated collateral account and used for the purpose of satisfying NSCC deposit requirements. Tranche C loans are secured by the right to the return of eligible funds from any reserve account of the borrower and cash and property in a designated collateral account and used for the purpose of satisfying reserve requirements under Rule 15c3-3 of the Exchange Act.

Borrowings under the April 2023 Credit Agreement will bear interest at a rate per annum equal to the greatest of (i) Daily Simple Secured Overnight Financing Rate ("SOFR") plus 0.10%, (ii) the Federal Funds Effective Rate (as defined in the April 2023 Credit Agreement) and (iii) the Overnight Bank Funding Rate (as defined in the April 2023 Credit Agreement), in each case, as of the day the loan is initiated, plus an applicable margin rate. The applicable margin rate is 1.25% for Tranche A loans and 2.5% for Tranche B and Tranche C loans. Undrawn commitments will accrue commitment fees at a rate per annum equal to 0.5%.

The April 2023 Credit Agreement requires RHS to maintain a minimum consolidated tangible net worth and a minimum excess net capital, and subjects RHS to a specified limit on minimum net capital to aggregate debit items. In addition, the April 2023 Credit Agreement contains certain customary affirmative and negative covenants, including limitations with respect to debt, liens, fundamental changes, asset sales, restricted payments, investments and transactions with affiliates, subject to certain exceptions. Amounts due under the April 2023 Credit Agreement may be accelerated upon an “event of default,” as defined in the April 2023 Credit Agreement, such as failure to pay amounts owed thereunder when due, breach of a covenant, material inaccuracy of a representation, or occurrence of bankruptcy or insolvency, subject in some cases to cure periods.

The October 2019 Credit Facility, as amended, and the April 2023 Credit Facility contain customary covenants, including limitations with respect to debt, liens, fundamental changes, asset sales, restricted payments, investments and transactions with affiliates, subject to certain exceptions. We were in compliance with all covenants under these facilities as of December 31, 2022 and 2023, as applicable.

### ***Credit Card Funding Trust***

Robinhood Credit has a trust subsidiary that has entered into an arrangement with a financial institution to purchase up to \$100 million of credit card receivables originated by Coastal Bank under the Program Agreement, providing incremental availability to offer customer credit. Since inception of the arrangement and as of December 31, 2023, no purchases have occurred and no balances were outstanding with this financial institution.

### ***Off-Balance Sheet Risk***

#### ***Coastal Bank Program Agreement***

Under the Program Agreement, most recently amended in November 2023, Coastal Bank may fund up to \$300 million of credit card receivables. Robinhood Credit pays Coastal Bank interest which accrues daily based on the average balance of advances during the month at the federal funds rate plus a margin of 3.75% on the first \$150 million and 3.00% on such amounts in excess of \$150 million.

The credit card receivables and the funding from Coastal Bank are treated as off-balance sheet, considering Coastal Bank is the legal lender and originator, the party to which the customer has a creditor-borrower relationship; and the legal owner of the receivables. As of December 31, 2023, off-balance sheet customer principal amounts funded under the Program Agreement were approximately \$205 million. The related accrued interest payable and interest expense were immaterial.

#### ***Transaction Settlement***

In the normal course of business, we engage in activities involving settlement and financing of securities transactions. User securities transactions are recorded on a settlement date basis, which is generally two business days after the trade date for equities and one business day after the trade date for options. These activities may expose us to off-balance sheet risk in the event that the other party to the transaction is unable to fulfill its contractual obligations. In such events, we may be required to purchase financial instruments at prevailing market prices in order to fulfill our obligations.

## **NOTE 14: COMMON STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY**

### ***Preferred Stock***

Pursuant to our Charter, our board of directors may issue shares of our preferred stock in one or more series and, subject to the applicable law of the State of Delaware, our board of directors may set the powers, rights, preferences, qualifications, limitations and restrictions of such preferred stock. As of

December 31, 2023, no terms of the preferred stock were designated, and no shares of preferred stock were outstanding.

## **Common Stock**

### *Voting Rights*

We have three authorized classes of common stock: Class A, Class B, and Class C. Holders of our Class A common stock are entitled to one vote per share on all matters to be voted upon by our stockholders, holders of our Class B common stock are entitled to 10 votes per share on all matters to be voted upon by our stockholders and, except as otherwise required by applicable law, holders of our Class C common stock are not entitled to vote on any matter to be voted upon by our stockholders. The holders of our Class A common stock and Class B common stock vote together as a single class, unless otherwise required by our Charter or applicable law.

### *Conversion of Class B Common Stock*

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. All Class B common stock will automatically convert (as a class) into Class A common stock upon the earliest of (i) the date and time specified by the affirmative vote of the holders of at least 80% of the then-outstanding shares of Class B common stock, voting separately as a class, (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date on which the number of then-outstanding shares of Class B common stock represents less than 5% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding, (iii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date that (A) each founder is no longer providing services to our Company as an officer, employee, or consultant and (B) each founder is not a director of our Company as a result of a voluntary resignation by such founder from our board of directors or as a result of a written request or agreement by such founder not to be renominated as a director of our Company at an annual or special meeting of stockholders, (iv) nine months after the death or total disability of both founders (subject to a delay of up to 18 months as may be approved by a majority of our independent directors), or (v) August 2, 2036, the date that is 15 years from the completion of our IPO.

Shares of Class B common stock will also automatically convert into shares of Class A common stock upon sale or transfer except for certain permitted transfers described in our Charter. In addition, each share of Class B common stock held by a stockholder who is a natural person, or held by permitted transferees or permitted entities of such natural person (each as described in our Charter) will automatically convert into shares of Class A common stock nine months following the death or total disability of such natural person (subject to a delay of up to 18 months as may be approved by a majority of our independent directors). Notwithstanding the foregoing, in the event such natural person is a founder, to the extent (i) a person designated by such founder and approved by a majority of the independent directors then in office or (ii) the other founder, in each case, has or shares voting control over the shares of Class B common stock held by the deceased or disabled founder, such shares will be treated as being held of record by such person or other founder and will not convert into shares of Class A common stock as a result of such founder's death or total disability.

### *Conversion of Class C Common Stock*

Upon the conversion or exchange of all outstanding shares of our Class B common stock into shares of Class A common stock, each outstanding share of Class C common stock will convert automatically into one share of Class A common stock on the date or time fixed by our board of directors.

### *Dividend Rights*

Subject to the rights of any holders of our preferred stock, the holders of our common stock will be entitled to receive ratable dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for the payment of dividends.

### *Right to Receive Liquidation Distributions*

If we liquidate, dissolve or wind up, after all liabilities and, if applicable, the holders of each series of our preferred stock have been paid in full, the holders of our common stock will be entitled to share ratably in all remaining assets.

### *No Preemptive or Similar Rights*

Our common stock has no preemptive or conversion rights or other subscription rights. No redemption or sinking fund provisions are applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

The convertible notes issued in February 2021 were converted into 137.3 million shares of Class A common stock at a conversion price of \$26.60 per share upon completion of our IPO.

## **Warrants**

As of December 31, 2023, warrants outstanding consisted of warrants to purchase 14.3 million shares of Class A common stock with a strike price of \$26.60 per share. The warrants expire on February 12, 2031 and can be exercised with cash or net shares settled at the holder's option. In aggregate, the maximum purchase amount of all warrants is \$380 million. As of December 31, 2023, the warrants have not been exercised and are included as a component of additional paid in capital on the consolidated balance sheets.

## **Share Repurchase and Retirement**

On August 30, 2023, we entered into a Share Purchase Agreement (the "Share Purchase Agreement") with the United States Marshal Service (the "USMS"), for and on behalf of the United States, pursuant to which we agreed to repurchase 55,273,469 shares of the Company's Class A common stock from the USMS for \$10.96 per share. The transaction closed on August 31, 2023. We repurchased, and subsequently retired, all of the shares for an aggregate amount of \$608 million, recorded entirely in additional paid-in capital on the consolidated balance sheet in absence of retained earnings, which included \$2 million in transaction costs. As of December 31, 2023, we have accrued \$3 million, also recorded in additional paid-in capital, related to the 1% excise tax on net share repurchases as a result of the Inflation Reduction Act of 2022.

## **Equity Incentive Plans**

### *Amended and Restated 2013 Stock Plan and 2020 Equity Incentive Plan*

Our Amended and Restated 2013 Stock Plan, as amended (the "2013 Plan"), and our 2020 Equity Incentive Plan, as amended (the "2020 Plan"), provided for share-based awards to eligible participants, granted as incentive stock options ("ISOs"), non-statutory stock options ("NSOs"), restricted stock units ("RSUs"), stock appreciation rights ("SARs") or restricted stock awards ("RSAs"). Our 2013 Plan was terminated in connection with adoption of our 2020 Plan, and our 2020 Plan was terminated in connection with the adoption of our 2021 Plan (defined below) but any awards outstanding under our 2013 Plan and 2020 Plan remain in effect in accordance with their terms. Any shares that were or otherwise would

become available for grant under the 2013 Plan or 2020 Plan will be available for grant under the 2021 Plan. No new awards may be granted under our 2013 Plan or 2020 Plan.

#### *2021 Omnibus Incentive Plan*

Our 2021 Omnibus Incentive Plan (the “2021 Plan”) became effective on July 27, 2021, and provides for the grant of share-based awards (such as options, including ISOs and NSOs, SARs, RSAs, RSUs, performance units, and other equity-based awards) and cash-based awards. Under the 2021 Plan, options could be granted with an exercise price per share not less than the fair market value at the date of grant. Options granted generally vest over a four-year term from the date of grant, at a rate of 25% after one year, then monthly on a straight-line basis thereafter. Generally, options granted are exercisable for up to ten years from the date of grant. RSUs granted mostly vest monthly on a straight-line basis and expire seven or ten years from the date of grant.

As of December 31, 2023, an aggregate of 405 million shares had been authorized for issuance under the 2013 Plan, 2020 Plan, and 2021 Plan, of which 131 million shares had been issued under the plans, 69 million shares were reserved for issuance upon the exercise or settlement of outstanding equity awards under the plans, and 205 million shares remained available for new grants under the 2021 Plan. On January 1, 2024, an additional 43.6 million shares became available for grant under the 2021 Plan pursuant to its annual evergreen feature.

#### *Stock Option Activity*

A summary of stock option activity for the year ended December 31, 2023 is as follows:

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Life	Total Intrinsic Value (in millions)
Balance at December 31, 2022.....	15,226,096	\$ 4.73	4.68	\$ 72
Granted during the period .....	—	—		
Exercised during the period .....	(2,443,991)	2.07		
Expired during the period .....	(179,524)	13.14		
Forfeited during the period .....	(461,015)	14.15		
Balance at December 31, 2023.....	12,141,566	\$ 4.78	3.76	\$ 100
Options vested and expected to vest at December 31, 2023 .....	12,141,566	\$ 4.78	3.76	\$ 100
Options exercisable at December 31, 2023..	<u>10,667,515</u>	<u>\$ 3.50</u>	<u>3.57</u>	<u>\$ 100</u>

The weighted-average grant date fair value of options granted during the years ended December 31, 2022 was \$14.15. No options were granted during 2021 nor 2023. The fair value of each stock option was estimated on the grant date using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2021	2022	2023
Dividend yield.....	N/A	0 %	N/A
Risk-free interest rate.....	N/A	1.61 %	N/A
Expected volatility .....	N/A	40.72 %	N/A
Expected term (years).....	N/A	4.61	N/A

The total intrinsic value of options exercised during 2021, 2022, and 2023 was \$179 million, \$25 million, and \$20 million. The intrinsic value is calculated as the difference between the exercise price of the underlying stock option award and the market value of the stock at the time of exercise. The total



grant date fair value of options that vested during 2023 was \$7 million and was immaterial for 2021 and 2022.

#### *Time-Based RSUs*

We have granted Time-Based RSUs that vest upon the satisfaction of a time-based service condition ("Time-Based RSUs"). The following table summarizes the activity related to our Time-Based RSUs for the year ended December 31, 2023:

	Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2022 .....	56,116,782	\$ 18.55
Granted.....	24,267,715	9.84
Vested.....	(31,081,439)	15.77
Forfeited .....	(14,751,060)	18.41
Unvested at December 31, 2023 .....	34,551,998	\$ 14.99

The fair value of Time-Based RSUs vested during 2021 2022 and 2023 was \$1,054 million, \$542 million and \$490 million , respectively.

#### *Market-Based RSUs*

In 2019 and 2021, we granted Market-Based RSUs to our founders under which vesting is conditioned upon both the achievement of share price targets and the continued employment by each recipient over defined service periods. There were no Market-Based RSUs granted during 2022 or 2023.

As of December 31, 2023, none of the 2021 Market-Based RSUs had vested based on share price targets. In February 2023, we cancelled the 2021 Market-Based RSUs of 35.5 million unvested shares. We recognized \$485 million SBC expense related to the cancellation during the year ended December 31, 2023, which was included in the general and administrative expense in our consolidated statements of operations. No further expense associated with these awards was recognized after the cancellation. No other payments, replacement equity awards or benefits were granted in connection with the cancellation.

The following table summarizes the activity related to our Market-Based RSUs for the year ended December 31, 2023:

	Eligible to Vest <sup>(1)</sup>	Not Eligible to Vest <sup>(2)</sup>	Total Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2022 .....	806,858	57,650,926	58,457,784	\$ 23.50
Granted.....	—	—	—	—
Vested.....	(461,062)	—	(461,062)	2.34
Cancelled .....	—	(35,520,000)	(35,520,000)	22.68
Unvested at December 31, 2023 .....	345,796	22,130,926	22,476,722	\$ 25.67

<sup>(1)</sup> Represents RSUs that became eligible to vest upon achievement of share price targets and vest upon satisfaction of time-based service requirements.

<sup>(2)</sup> Represents RSUs that have not yet become eligible to vest because share price targets have not yet been achieved.

The fair value of Market-Based RSUs that vested during 2021, 2022, and 2023 was \$161 million, \$5 million and \$5 million.

## 2021 Employee Share Purchase Plan

Our ESPP became effective on July 27, 2021 and enables eligible employees to purchase shares of our common stock at a discount through payroll deductions of up to 15% of their eligible compensation up to the statutory maximum. The purchase price is equal to 85% of the fair market value of a share of our common stock on the first date of an offering or the date of purchase, whichever is lower. The ESPP has an automatic rollover feature, whereby employees begin a new 12-month offering period if the fair value of the Company's common stock on a purchase date is less than that on the original offering date.

The aggregate number of shares reserved for issuance under the ESPP will automatically increase on the first day of each calendar year beginning on January 1, 2022 and ending with (and including) January 1, 2031. Such annual increase will be equal to the lesser of (i) 1% of the outstanding shares of all classes of our common stock on the last day of the immediately preceding calendar year and (ii) such number of shares determined by the board of directors. No more than 200 million shares of common stock may be issued under our ESPP.

In the year ended December 31, 2023, 2 million shares were purchased under the ESPP at a weighted-average price of \$7.09. The fair value of shares to be issued under our ESPP was estimated on the grant date using the Black-Scholes option pricing model. As of December 31, 2023, approximately 30.4 million shares remained available for issuance under the ESPP. On January 1, 2024, an additional 8.7 million shares became authorized for issuance under the ESPP pursuant to its annual evergreen feature.

## Share-Based Compensation

The following table presents SBC in our consolidated statements of operations for the periods indicated:

	Year Ended December 31,		
	2021	2022	2023 <sup>(1)</sup>
(in millions)			
General and administrative .....	\$ 885	\$ 425	\$ 640
Technology and development .....	610	212	211
Operations .....	20	8	8
Brokerage and transaction .....	7	5	7
Marketing .....	50	4	5
Total .....	<u>\$ 1,572</u>	<u>\$ 654</u>	<u>\$ 871</u>

<sup>(1)</sup> Included in the table above, we recorded SBC expense of \$567 million related to Market-Based RSUs, \$292 million related to Time-Based RSUs, \$8 million related to ESPP, and \$4 million related to options for the year ended December 31, 2023. The tax benefits recognized in the consolidated statements of operations for SBC were \$73 million for year ended December 31, 2023 and were not material during the years ended December 31, 2021 and 2022.

In March 2021, we modified certain Time-Based RSUs of approximately 500 employees to remove the one-year vesting cliff, considered to be an improbable to improbable modification. The modified RSUs were revalued at the modification date, and the modified grant date fair value of the awards of \$39.75 per share was used to calculate SBC expense.

We have capitalized SBC expense related to internally developed software of \$35 million, \$28 million, and \$17 million for years 2021, 2022, and 2023.

The April 2022 Restructuring and the August 2022 Restructuring resulted in net reductions of \$24 million and \$53 million in SBC expense, respectively. Both reductions were substantially related to Time-Based RSUs. The net reductions were primarily recognized in technology and development expense, \$16 million and \$22 million, and general and administrative expense, \$6 million and \$28 million.

As of December 31, 2023, there was \$355 million of unrecognized SBC expense that is expected to be recognized over a weighted-average period of 1.08 years.

## NOTE 15: NET LOSS PER SHARE

We present net income (loss) per share using the two-class method required for multiple classes of common stock. The rights, including the liquidation and dividend rights, of the holders of Class A common stock and Class B common stock are identical, except with respect to voting. As the liquidation and dividend rights are identical for Class A common stock and Class B common stock, the undistributed earnings are allocated on a proportionate basis and the resulting income (loss) per share will, therefore, be the same for both Class A common stock and Class B common stock on an individual or combined basis.

The following table presents the calculation of basic and diluted loss per share:

	Year Ended December 31,		
	2021	2022	2023
<i>(in millions, except per share data)</i>			
Net loss .....	\$ (3,687)	\$ (1,028)	\$ (541)
Net loss attributable to common stockholders .....	\$ (3,687)	\$ (1,028)	\$ (541)
Weighted-average common shares outstanding - basic .....	492,381,190	878,630,024	890,857,659
Dilutive effect of stock options and unvested shares .....	—	—	—
Weighted-average common shares used to compute diluted loss per share .....	492,381,190	878,630,024	890,857,659
Net loss per share attributable to common stockholders:			
Basic .....	\$ (7.49)	\$ (1.17)	\$ (0.61)
Diluted .....	\$ (7.49)	\$ (1.17)	\$ (0.61)

The following potential common shares were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive or issuance of such shares is contingent upon the satisfaction of certain conditions that were not satisfied by the end of the period:

	Year Ended December 31,		
	2021	2022	2023
Time-Based RSUs .....	49,440,344	56,156,677	34,625,253
Market-Based RSUs .....	58,918,844	58,457,784	22,476,722
Stock options .....	14,527,468	15,226,096	12,141,566
Early-exercised stock options .....	15,126	—	—
Warrants .....	14,278,034	14,278,034	14,278,034
ESPP .....	246,179	364,427	305,692
Total anti-dilutive securities .....	137,425,995	144,483,018	83,827,267

## NOTE 16: LEASES

Our operating leases are comprised of office facilities, with the most significant leases relating to our corporate headquarters in Menlo Park, CA and our office in New York City, NY. Our leases have remaining terms of less than one year to nine years, and many leases include one or more options to renew. We do not assume renewals in our determination of the lease term unless the renewals are

deemed to be reasonably assured at lease commencement. We do not have any finance leases. See Note 6 - Restructuring Activities, for further information relating to impacts on leases due to the April and August 2022 Restructurings.

In 2022, we executed agreements to assign some of our operating leases to third-party assignees who assumed all of our obligations, liabilities, covenants, and conditions under the assigned leases. As a result of these agreements, we derecognized the related right-of-use assets of \$28 million and lease liability of \$33 million and recognized an immaterial amount of net gain.

As of December 31, 2023, we have an executed operating lease for office facilities that had not yet commenced and is expected to commence in the second quarter of 2024. Under the terms of the lease, we will have the right to construct tenant improvements to the underlying asset upon commencement.

Lease assets and liabilities recognized on our consolidated balance sheets were as follows:

(in millions)	Classification	December 31,	
		2022	2023
Lease Right-of-use Assets			
Operating lease assets .....	Other non-current assets	\$ 92	\$ 68
Lease Liabilities			
Current operating lease liabilities .....	Other current liabilities	21	20
Non-current operating lease liabilities ....	Other non-current liabilities	127	89
Total lease liabilities .....		\$ 148	\$ 109

Fixed operating lease costs primarily consist of monthly base rent amounts due. Variable operating lease costs primarily relate to common area maintenance, property taxes, insurance, and other operating expenses. The components of lease expense were as follows:

(in millions)	Year Ended December 31,		
	2021	2022	2023
Fixed operating lease costs .....	\$ 24	\$ 33	\$ 21
Variable operating lease costs .....	6	7	7
Short-term lease costs .....	1	—	1
Total lease costs .....	<u>\$ 31</u>	<u>\$ 40</u>	<u>\$ 29</u>

Other information related to our operating leases was as follows:

	December 31,	
	2022	2023
Weighted-average remaining lease term .....	7.59 years	6.57 years
Weighted-average discount rate .....	6.52 %	7.2 %

Cash flows related to leases were as follows:

(in millions)	Year Ended December 31,		
	2021	2022	2023
Operating cash flows:			
Payments for operating lease liabilities.....	\$ 6	\$ 23	\$ 39
Supplemental cash flow data:			
Lease liabilities arising from obtaining right-of-use assets <sup>(1)</sup> .....	\$ 97	\$ 32	\$ (8)

<sup>(1)</sup> For the years ended December 31, 2021 and 2022, lease liabilities arising from obtaining right-of-use assets primarily related to initial recognition of new leases during the respective years. For the year ended December 31, 2023, lease liabilities arising from obtaining right-of-use assets primarily related to a lease modification, partially offset by remeasurements resulting from reassessments of existing lease terms.

Future minimum lease payments under non-cancellable operating leases (with initial lease terms in excess of one year) as of December 31, 2023 are as follows:

(in millions)	
2024 .....	\$ 28
2025 .....	28
2026 .....	18
2027 .....	15
2028 .....	15
Thereafter .....	41
Total undiscounted lease payments.....	145
Less: imputed interest.....	(28)
Less: lease incentives.....	(1)
Less: leases executed but not yet commenced.....	(7)
Total lease liabilities.....	<u>\$ 109</u>

## NOTE 17: COMMITMENTS & CONTINGENCIES

We are subject to contingencies arising in the ordinary course of our business, including contingencies related to legal, regulatory, non-income tax and other matters. We record an accrual for loss contingencies at management's best estimate when we determine that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If the reasonable estimate is a range and no amount within that range is considered a better estimate than any other amount, an accrual is recorded based on the bottom amount of the range. If a loss is not probable, or a probable loss cannot be reasonably estimated, no accrual is recorded. Amounts accrued for contingencies in the aggregate were \$85 million and \$190 million as of December 31, 2022 and 2023. In our opinion, an adequate accrual had been made as of each such date to provide for the probable losses of which we are aware and for which we can reasonably estimate an amount.

### **Legal and Regulatory Matters**

The securities industry is highly regulated and many aspects of our business involve substantial risk of liability. In past years, there has been an increase in litigation and regulatory investigations involving the brokerage and cryptocurrency industries. Litigation has included and may in the future include class action suits that generally seek substantial and, in some cases, punitive damages. Federal and state regulators, exchanges, or other SROs investigate issues related to regulatory compliance that may result

in enforcement action. We are also subject to periodic regulatory audits and inspections that have in the past and could in the future lead to enforcement investigations or actions.

We have been named as a defendant in lawsuits and from time to time we have been threatened with, or named as a defendant in arbitrations and administrative proceedings. The outcomes of these matters are inherently uncertain and some may result in adverse judgments or awards, including penalties, injunctions, or other relief, and we may also determine to settle a matter because of the uncertainty and risks of litigation.

With respect to matters discussed below, we believe, based on current knowledge, that any losses (in excess of amounts accrued, if applicable) as of December 31, 2023 that are reasonably possible and can be reasonably estimated will not, in the aggregate, have a material adverse effect on our business, financial position, operating results, or cash flows. However, for many of the matters disclosed below, particularly those in early stages, we cannot reasonably estimate the reasonably possible loss (or range of loss), if any. In addition, the ultimate outcome of legal proceedings involves judgments and inherent uncertainties and cannot be predicted with certainty. Any judgment entered against us, or any adverse settlement, could materially and adversely impact our business, financial condition, operating results, and cash flows. We might also incur substantial legal fees, which are expensed as incurred, in defending against legal and regulatory claims.

Described below are certain pending matters in which there is at least a reasonable possibility that a material loss could be incurred. We intend to continue to defend these matters vigorously.

#### *Best Execution, Payment for Order Flow, and Sources of Revenue Civil Litigation*

Beginning in December 2020, multiple putative securities fraud class action lawsuits were filed against RHM, RHF, and RHS. Five cases were consolidated in the United States District Court for the Northern District of California. An amended consolidated complaint was filed in May 2021, alleging violations of Section 10(b) of the Exchange Act and various state law causes of action based on claims that we violated the duty of best execution and misled putative class members by publishing misleading statements and omissions in customer communications relating to the execution of trades and revenue sources (including PFOF). Plaintiffs seek unspecified monetary damages, restitution, disgorgement, and other relief. In February 2022, the court granted Robinhood's motion to dismiss the amended consolidated complaint without prejudice. In March 2022, plaintiffs filed a second consolidated amended complaint, alleging only violations of Section 10(b) of the Exchange Act, which Robinhood moved to dismiss. In October 2022, the court granted Robinhood's motion in part and denied it in part. In November 2022, Robinhood filed a motion for judgment on the pleadings, which the court denied in January 2023.

#### *State Regulatory Matters*

Certain state regulatory authorities have conducted investigations regarding RHF's options trading and related customer communications and displays, options and margin trading approval process, the March 2020 Outages, and customer support prior to June 2020. RHF reached settlements with several state regulators including the Alabama Securities Commission, the California Department of Financial Protection and Innovation, the Colorado Division of Securities, the Delaware Department of Justice - Investor Protection Unit, the New Jersey Bureau of Securities, the South Dakota Division of Insurance, and the Texas State Securities Board, under which we paid a monetary penalty of \$200,000 per state. RHF has reached additional state settlements and anticipates reaching more as part of a multi-state settlement related to these issues totaling up to approximately \$10 million. FINRA previously conducted an investigation and reached a settlement with RHF regarding many of these issues. The New York Attorney General is conducting an investigation into brokerage execution quality. We are cooperating with this investigation.



### *Brokerage Enforcement Matters*

FINRA Enforcement staff are conducting investigations related to, among other things, RHS's reporting of fractional share trades, as applicable, to a Trade Reporting Facility, the Over-the-Counter Reporting Facility, the Order Audit Trail System, and the Consolidated Audit Trail; RHS's reporting of accounts holding significant options positions to the Large Option Position Report system; processing of certain requests for transfers of assets from Robinhood through the Automated Customer Account Transfer System; responses to Electronic Blue Sheets requests from FINRA; the Q4 2022 Processing Error; RHF's and RHS's compliance with FINRA registration requirements for member personnel; marketing involving social media influencers and affiliates; collaring the prices of certain trade orders; RHS's and RHF's compliance with best execution obligations and RHS's compliance with FINRA Rule 6190; RHS's and RHF's compliance with regulations governing the delivery of required documents; and matters related to RHS's and RHF's supervision of technology. We are cooperating with these investigations.

RHS has received requests from the SEC Division of Enforcement regarding its compliance with Regulation SHO's trade reporting and other requirements in connection with securities lending, fractional share trading, the Q4 2022 Processing Error, and responses to Electronic Blue Sheets requests, and previously received similar requests from FINRA examinations staff. RHS and RHF have also received requests from the SEC Division of Enforcement and FINRA Enforcement staff related to RHS's and RHF's compliance with recordkeeping requirements, including requests regarding off-channel communications. We are cooperating with these investigations.

### *Robinhood Crypto Matters*

RHC has received subpoenas from the California Attorney General's Office seeking information about, among other things, RHC's trading platform, business and operations, custody of customer assets, customer disclosures, and coin listings. RHC also has received investigative subpoenas from the SEC regarding, among other topics, RHC's cryptocurrency listings, custody of cryptocurrencies, and platform operations. RHC is cooperating with these investigations.

### *Account Takeovers, Anti-Money Laundering, and Cybersecurity Matters*

FINRA Enforcement and the SEC Division of Enforcement are investigating account takeovers (i.e., circumstances under which an unauthorized actor successfully logs into a customer account), as well as anti-money laundering compliance and cybersecurity issues, including the November 2021 Data Security Incident. The SEC's Division of Enforcement is also investigating issues related to compliance with the Electronic Funds Transfer Act. We are cooperating with these investigations.

### *Massachusetts Securities Division Matter*

In December 2020, the MSD filed an administrative complaint against RHF, which stems from an investigation initiated by the MSD in July 2020. The complaint alleged three counts of Massachusetts securities law violations regarding alleged unethical and dishonest conduct or practices, failure to supervise, and failure to act in accordance with the Massachusetts fiduciary duty standard, which became effective on March 6, 2020 and had an effective enforcement date beginning September 1, 2020. Among other things, the MSD alleged that our product features and marketing strategies, outages, and options trading approval process constitute violations of Massachusetts securities laws. MSD subsequently filed an amended complaint that seeks, among other things, injunctive relief (a permanent cease and desist order), censure, restitution, disgorgement, appointment of an independent consultant, an administrative fine, and revocation of RHF's license to operate in Massachusetts. If RHF were to lose its license to operate in Massachusetts, we would not be able to acquire any new customers in Massachusetts, and we expect that our current customers in Massachusetts would be unable to continue utilizing any of the services or products offered on our platform (other than closing their positions) and that we may be forced to transfer such customers' accounts to other broker-dealers. Additionally, revocation of RHF's

Massachusetts license could trigger similar disqualification or proceedings to restrict or condition RHF's registration by other state regulators. A revocation of RHF's license to operate in Massachusetts would result in RHF and RHS being subject to statutory disqualification by FINRA and the SEC, which would then result in RHF needing to obtain relief from FINRA subject to SEC review in order to remain a FINRA member and RHS possibly needing relief from FINRA or other SROs.

In April 2021, RHF filed a complaint and motion for preliminary injunction and declaratory relief in Massachusetts state court seeking to enjoin the MSD administrative proceeding and challenging the legality of the Massachusetts fiduciary duty standard. In September 2021, the parties filed cross-motions for partial judgment on the pleadings. In March 2022, the court ruled in favor of RHF, declaring that the Massachusetts fiduciary duty regulation was unlawful. In August 2023, the Massachusetts Supreme Judicial Court reversed the decision of the Massachusetts Superior Court. In January 2024, we settled this matter with the MSD related to supervision of certain product features and marketing strategies, the March 2020 Outages, and our options trading approval process, as well as the November 2021 Data Security Incident, under which we paid a \$7.5 million fine and agreed to engage an independent consultant to review, among other things, implementation of the FINRA independent's recommendations, policies and procedures regarding certain application features, and cybersecurity measures. RHF has dismissed its state court action.

#### *Text Message Litigation*

In August 2021, Cooper Moore filed a putative class action against RHF alleging that RHF initiated or assisted in the transmission of commercial electronic text messages to Washington State residents without their consent in violation of Washington state law. The complaint seeks unspecified total statutory and treble monetary damages, injunctive relief, and attorneys' fees and costs. The case is currently pending in the U.S. District Court for the Western District of Washington. RHF filed a motion to dismiss the complaint. In February 2022, Moore and Andrew Gillette filed an amended complaint, which RHF again moved to dismiss. In August 2022, the court denied RHF's motion to dismiss. The parties have reached a settlement in principle to resolve this matter and the court has granted preliminary approval.

#### *Early 2021 Trading Restrictions Matters*

Beginning on January 28, 2021, due to increased deposit requirements imposed on RHS by the NSCC in response to unprecedented market volatility, particularly in certain securities, RHS temporarily restricted or limited its customers' purchase of certain securities, including GameStop Corp. and AMC Entertainment Holdings, Inc., on our platform (the "Early 2021 Trading Restrictions").

A number of individual and putative class actions related to the Early 2021 Trading Restrictions were filed against RHM, RHF, and RHS, among others, in various federal and state courts. In April 2021, the Judicial Panel on Multidistrict Litigation entered an order centralizing the federal cases identified in a motion to transfer and coordinate or consolidate the actions filed in connection with the Early 2021 Trading Restrictions in the United States District Court for the Southern District of Florida (the "MDL"). The court subsequently divided plaintiffs' claims against Robinhood into three tranches: federal antitrust claims, federal securities law claims, and state law claims. In July 2021, plaintiffs filed consolidated complaints seeking unspecified monetary damages in connection with the federal antitrust and state law tranches. The federal antitrust complaint asserted one violation of Section 1 of the Sherman Act; the state law complaint asserted negligence and breach of fiduciary duty claims. In August 2021, we moved to dismiss both of these complaints.

In September 2021, plaintiffs filed an amended complaint asserting state law claims of negligence, breach of fiduciary duty, tortious interference with contract and business relationship, civil conspiracy, and breaches of the covenant of good faith and fair dealing and implied duty of care. In January 2022, the court dismissed the state law complaint with prejudice. In August 2023, the United States Court of Appeals for the Eleventh Circuit affirmed the district court's order.

In November 2021, the court dismissed the federal antitrust complaint without prejudice. In January 2022, plaintiffs filed an amended complaint in connection with the federal antitrust tranche and Robinhood moved to dismiss the amended complaint. In May 2022, the court dismissed the federal antitrust complaint with prejudice. Plaintiffs have appealed the court's order to the United States Court of Appeals for the Eleventh Circuit.

In November 2021, plaintiffs for the federal securities tranche filed a complaint alleging violations of Sections 9(a) and 10(b) of the Exchange Act. The complaint seeks unspecified monetary damages, costs and expenses, and other relief. In January 2022, we moved to dismiss the federal securities law complaint. In August 2022, the court granted in part and denied in part Robinhood's motion to dismiss. In November 2023, the court denied Plaintiffs' motion for class certification without prejudice.

RHM, RHF, RHS, and our Co-Founder and CEO, Vladimir Tenev, among others, have received requests for information, and in some cases, subpoenas and requests for testimony, related to investigations and examinations of the Early 2021 Trading Restrictions from the United States Attorney's Office for the Northern District of California ("USAO"), DOJ, Antitrust Division, the SEC's Division of Enforcement, FINRA, the New York Attorney General's Office, other state attorneys general offices, and a number of state securities regulators. Also, a related search warrant was executed by the USAO to obtain Mr. Tenev's cell phone. There have been several inquiries based on specific customer complaints. We have also received requests from the SEC Division of Enforcement and FINRA related to employee trading in certain securities that were subject to the Early 2021 Trading Restrictions, including GameStop Corp. and AMC Entertainment Holdings, Inc., during the week of January 25, 2021. These matters include requests related to whether any employee trading in these securities may have occurred after the decision to impose the Early 2021 Trading Restrictions and before the public announcement of the Early 2021 Trading Restrictions on January 28, 2021. We are cooperating with these investigations. FINRA Enforcement has also requested information about policies, procedures, and supervision related to employee trading generally.

In January 2023, approximately 4,700 jointly represented customers filed a statement of claim with FINRA to initiate arbitration of individual claims against RHF and RHS arising out of the Early 2021 Trading Restrictions. A motion to sever the arbitration was granted in July 2023 and any customer seeking to proceed with a claim is required to file a separate individual arbitration.

#### *IPO Litigation*

In December 2021, Philip Golubowski filed a putative class action in the U.S. District Court for the Northern District of California against RHM, the officers and directors who signed Robinhood's initial public offering ("IPO") offering documents, and Robinhood's IPO underwriters. Plaintiff's claims are based on alleged false or misleading statements in Robinhood's IPO offering documents allegedly in violation of Sections 11 and 12(a) of the Securities Act of 1933, as amended (the "Securities Act"). Plaintiff seeks unspecified compensatory damages, rescission of shareholders' share purchases, and an award for attorneys' fees and costs. In February 2022, certain alleged Robinhood stockholders submitted applications seeking appointment by the court to be the lead plaintiff to represent the putative class in this matter, and in March 2022, the court appointed lead plaintiffs. In June 2022, plaintiffs filed an amended complaint. In August 2022, Robinhood filed a motion to dismiss the complaint. In February 2023, the court granted Robinhood's motion without prejudice. In March 2023, plaintiffs filed a second amended complaint. In January 2024, the court granted Robinhood's motion to dismiss the second amended complaint without leave to amend. In February 2024, plaintiffs filed a notice of appeal to the 9th Circuit.

In January 2022, Robert Zito filed a complaint derivatively on behalf of Robinhood against Robinhood's directors at the time of its IPO in the U.S. District Court for the District of Delaware. Plaintiff alleges breach of fiduciary duties, waste of corporate assets, unjust enrichment, and violations of Section 10(b) of the Exchange Act. Plaintiff's claims are based on allegations of false or misleading statements in Robinhood's IPO offering documents, and plaintiff seeks an award of unspecified damages and restitution to the Company, injunctive relief, and an award for attorney's fees and costs. In March 2022, the district

court entered a stay of this litigation pending resolution of Robinhood's motion to dismiss in the Golubowski securities action discussed above.

In August 2022, a shareholder sent a letter to the RHM board of directors demanding, among other things, that the board of directors pursue causes of action on behalf of the Company related to allegations of misconduct in connection with the Early 2021 Trading Restrictions, Robinhood's IPO offering documents, and the November 2021 Data Security Incident. The board of directors has formed a Demand Review Committee that is reviewing the demand.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### *Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

### *Management's Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the U.S. Our management, under the oversight of our board of directors, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the framework in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In accordance with guidance issued by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management's evaluation of internal control over financial reporting excluded the internal control activities of Robinhood Credit, Inc., formerly known as X1, Inc., which we acquired on July 3, 2023, as discussed in Note 3 - Business Combinations, to our consolidated financial statements in this Annual Report. We have included the financial results of this acquisition in the consolidated financial statements from the date of acquisition. Total net revenues and total assets subject to Robinhood Credit, Inc.'s internal control over financial reporting represented less than one percent of both our consolidated total net revenues and total assets for the fiscal year ended and as of December 31, 2023.

Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Our independent registered public accounting firm, Ernst & Young LLP, who audited the Consolidated Financial Statements included in this Annual Report on Form 10-K, issued an audit report on the Company's internal control over financial reporting. That Report of Independent Registered Public Accounting Firm is included in Item 8 of this Annual Report on Form 10-K.

#### *Changes in Internal Control Over Financial Reporting*

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### *Inherent Limitations on Effectiveness of Controls*

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud might occur without being detected.

## ITEM 9B. OTHER INFORMATION

(b) During the three months ended December 31, 2023, no director or "officer" of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

In addition, certain of our officers may, from time to time, make elections to participate in our ESPP and to have shares withheld to cover withholding taxes or pay the exercise price of options, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute "non-Rule 10b5-1 trading arrangements" (as defined in Item 408(c) of Regulation S-K).

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.



## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report:

1. The following consolidated financial statements of Robinhood Markets Inc. and subsidiaries are filed as part of this Annual Report under Part II, Item 8:

- Reports of Independent Registered Public Accounting Firm on Consolidated Financial Statements
- Consolidated Balance Sheets as of December 31, 2023 and 2022
- Consolidated Statements of Income for the Years Ended December 31, 2023, 2022 and 2021
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2023, 2022, and 2021
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2022 and 2021
- Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2023, 2022 and 2021
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

All schedules are omitted because of the absence of conditions under which they are required or because information called for is shown in the consolidated financial statements and notes thereto in Part II, Item 8 of this Annual Report.

3. Exhibits:

The information required by this Item is set forth in the Exhibit Index that precedes the signature page of this Annual Report.

### ITEM 16. FORM 10-K SUMMARY

None.

## EXHIBIT INDEX

The documents listed below are filed (or furnished, as noted) as exhibits to this Annual Report on Form 10-K:

Exhibit Number	Description	Incorporated by Reference			Filed Herewith
		Form*	Filing Date	Exhibit	
3.1	Amended and Restated Certificate of Incorporation of Robinhood Markets, Inc., dated August 2, 2021 (our “Charter”)	8-K	2021-08-02	3.1	
3.2	Amended and Restated Bylaws of Robinhood Markets, Inc., dated December 14, 2022 (our “Bylaws”)	8-K	2022-12-16	3.1	
4.1	Form of Class A Common Stock Certificate of Robinhood Markets, Inc.	S-1/A	2021-07-19	4.1	
4.2	Form of ten-year Warrant to Purchase Stock of Robinhood Markets, Inc., issued to multiple investors on February 12, 2021	S-1	2021-07-01	4.2	
4.3	Description of Robinhood Securities Registered Under Section 12 of the Exchange Act	10-K	2022-02-24	4.3	
10.1(a)	Form of Indemnification Agreement between Robinhood Markets, Inc. and, separately, each of its directors and executive officers (other than VC Fund Affiliated Directors)	S-1/A	2021-07-19	10.1	
10.1(b)	Form of Indemnification Agreement (VC Fund-Affiliated Directors)	10-Q	2022-05-06	10.1	
10.2	Form of Indemnification Agreement between Robinhood Markets, Inc. and, separately, each of Jan Hammer and Scott Sandell	S-1/A	2021-07-19	10.2	
10.3†	Underwriting Agreement, dated July 28, 2021, between Robinhood Markets, Inc., as the issuer, and Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein	10-Q	2021-08-18	10.3	
10.4†	Credit Agreement, dated as of April 16, 2021, by and among Robinhood Securities, LLC, the lenders thereto, JPMorgan Chase Bank N.A. as administrative agent, joint bookrunner and joint lead arranger, BMO Harris Bank N.A., as syndication agent, and BMO Capital Markets Corp. as joint bookrunner and joint lead arranger	S-1	2021-07-01	10.14	
10.5+	Offer Letter between Robinhood Markets, Inc. and Jason Warnick, dated November 8, 2018	S-1	2021-07-01	10.6	
10.6†+	Offer Letter between Robinhood Markets, Inc. and Daniel Gallagher, as amended and restated on December 15, 2020	S-1	2021-07-01	10.7	
10.7†+	Offer Letter between Robinhood Markets, Inc. and Paula Loop, dated May 14, 2021	S-1	2021-07-01	10.8	
10.8†+	Offer Letter between Robinhood Markets, Inc. and Jonathan Rubinstein, dated May 14, 2021	S-1	2021-07-01	10.9	
10.9†+	Offer Letter between Robinhood Markets, Inc. and Robert Zoellick, dated May 14, 2021	S-1	2021-07-01	10.10	

10.10	Exchange Agreement, dated July 26, 2021 between Robinhood Markets, Inc. Baiju Bhatt, Vladimir Tenev, and certain of his related entities	10-Q	2021-08-18	10.8
10.11	Form of Equity Exchange Right Agreement, entered into on July 26, 2021 between Robinhood Markets, Inc. and, separately, (a) Baiju Bhatt and (b) Vladimir Tenev	S-1/A	2021-07-19	10.13
10.12(a)	Voting Agreement, dated July 26, 2021, among Robinhood Markets, Inc., Baiju Bhatt, Vladimir Tenev, and certain related entities	10-Q	2021-08-18	10.10
10.12(b)	Joinder Agreement, dated December 13, 2021 by Bhatt Family LLC, becoming party to the Voting Agreement, dated July 26, 2021, among Robinhood Markets, Inc., Baiju Bhatt, Vladimir Tenev, and certain related entities	10-Q	2022-05-06	10.2
10.13(a)†+	Robinhood Markets, Inc. 2020 Equity Incentive Plan, as amended on June 18, 2020 and form grant notices and award agreements thereunder	S-1	2021-07-01	10.2
10.13(b)+	Second Amendment to the Robinhood Markets, Inc. 2020 Equity Incentive Plan, dated March 10, 2021	S-1	2021-07-01	10.4
10.13(c)+	Third Amendment to the Robinhood Markets, Inc. 2020 Equity Incentive Plan, dated May 26, 2021	S-1	2021-07-01	10.5
10.13(d)+	Form of 2021 Market-Based RSU Award, dated May 26, 2021, between Robinhood Markets, Inc. and, separately (a) Baiju Bhatt and (b) Vladimir Tenev	S-1	2021-07-01	10.17
10.13(e)+	Form of RSU Agreement for Non-Employee Directors (including the Notice of Grant) under the 2020 Plan	S-1	2021-07-01	10.18
10.14(a)†+	Robinhood Markets, Inc. Amended and Restated 2013 Stock Plan and form grant notices and award agreements thereunder	S-1	2021-07-01	10.3
10.14(b)+	Form of Notice of Time-Based Restricted Stock Unit Award and Restricted Stock Unit Agreement under the Robinhood Markets, Inc. Amended and Restated 2013 Stock Plan for Vladimir Tenev and Baiju Bhatt	S-1	2021-07-01	10.15
10.14(c)+	Form of 2019 Market-Based RSU Award, as amended and restated on May 26, 2021, between Robinhood Markets, Inc. and, separately (a) Baiju Bhatt and (b) Vladimir Tenev	S-1	2021-07-01	10.16
10.15(a)+	Robinhood Markets, Inc. 2021 Omnibus Incentive Plan (the “2021 Plan”)	S-8	2021-07-29	99.1
10.15(b)+	Form of Restricted Stock Unit Agreement for Employees and Non-Employee Directors (including the Notices of Grant) under the 2021 Plan	10-Q	2021-08-18	10.16
10.15(c)+	Form of Fully Vested Stock Award Agreement for Non-Employee Directors (including the Notice of Grant) under the 2021 Plan	10-Q	2021-08-18	10.17

10.15(d)+	Form of Option Agreement for Employees and Non-Employee Directors (including the Notices of Grant) under the 2021 Plan	10-K	2022-02-24	10.15(d)	
10.16(a)+	Robinhood Markets, Inc. 2021 Employee Share Purchase Plan (the "ESPP")	S-8	2021-07-29	99.2	
10.16(b)+	Forms of ESPP Subscription Agreement and Notice of Withdrawal	10-Q	2021-08-18	10.19	
10.17+	Robinhood Markets, Inc. Change in Control and Severance Plan for Key Employees	S-1/A	2021-07-19	10.22	
10.18(a)+	Offer Letter between Robinhood Markets, Inc. and Gretchen Howard, dated November 16, 2018	10-Q	2022-05-06	10.3	
10.18(b)+	Letter Agreement, dated March 15, 2023, between Gretchen Howard and Robinhood Markets, Inc.	8-K	2023-03-15	10.1	
10.19(a)+	Offer Letter between Robinhood Markets, Inc. and Aparna Chennapragada, dated February 18, 2021	10-Q	2022-05-06	10.4	
10.19(b)+	Separation Agreement between Robinhood Markets, Inc. and Aparna Chennapragada, dated August 1, 2022	10-Q	2022-11-03	10.1	
10.20(a)+	Offer Letter between Robinhood Markets, Inc. and Christina Smedley, dated July 4, 2020	10-Q	2022-05-06	10.5.1	
10.20(b)+	Separation Agreement between Robinhood Markets, Inc. and Christina Smedley, dated August 21, 2021	10-Q	2022-05-06	10.5.2	
10.21+	Form of Stock Option Agreement for Employees and Non-Employee Directors (including Notices of Grant) under the Robinhood Markets, Inc. 2021 Omnibus Incentive Plan	10-Q	2022-05-06	10.6	
10.22	Amended and Restated Credit Agreement, dated as of April 11, 2022, among Robinhood Securities, LLC, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent	8-K	2022-04-14	10.1	
10.23+	Form of Restricted Stock Unit Cancellation Agreement, dated February 3, 2023 between Robinhood Markets, Inc. and separately, (a) Vladimir Tenev and (b) Baiju Bhatt	8-K	2023-02-08	10.1	
10.24	Second Amended and Restated Credit Agreement dated as of March 24, 2023, among Robinhood Securities LLC, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent	8-K	2023-03-24	10.1	
10.25	Share Purchase Agreement, dated as of August 30, 2023, by Robinhood Markets, Inc, as purchaser, and the United States Marshals Service, for and on behalf of the United States	8-K	2023-09-01	10.1	
21.1	Subsidiaries of Robinhood Markets, Inc.				X
23.1	Consent of Independent Registered Public Accounting Firm				X
24.1	Power of Attorney (included in signature pages hereto)				X
31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act				X

31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act	X
32.1†	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act	X
32.2‡	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act	X
97.1	Robinhood Markets, Inc. Incentive-based Compensation Recovery Policy, Effective October 2, 2023	X
101.INS	iXBRL (Inline eXtensible Business Reporting Language) Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X
101.SCH	iXBRL Taxonomy Extension Schema Document	X
101.CAL	iXBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	iXBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	iXBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	iXBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (contained in Exhibit 101)	X

\* File number is 001-40691 except that the S-1 (and S-1/A) file number is 333-257602 and the S-8 file number is 333-258250.

+ Indicates a management contract or compensatory plan.

† Certain schedules and exhibits have been omitted pursuant to Rule 601(a)(5) of Regulation S-K under the Securities Act. A copy of any omitted schedule or exhibit will be furnished to the SEC upon request.

‡ The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Robinhood Markets, Inc. under the Securities Act or the Exchange Act, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

# SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Menlo Park, California, on February 27, 2024.

## **Robinhood Markets, Inc.**

By: /s/ Vladimir Tenev  
Name: Vladimir Tenev  
Title: Co-Founder, Chief Executive  
Officer and President

By: /s/ Jason Warnick  
Name: Jason Warnick  
Title: Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)



## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Vladimir Tenev and Jason Warnick, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

	Signature	Title	Date
By:	<u>/s/ Vladimir Tenev</u> Vladimir Tenev	Co-Founder, Chief Executive Officer and President and Director	February 27, 2024
By:	<u>/s/ Jason Warnick</u> Jason Warnick	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 27, 2024
By:	<u>/s/ Baiju Bhatt</u> Baiju Bhatt	Director	February 27, 2024
By:	<u>/s/ Paula Loop</u> Paula Loop	Director	February 27, 2024
By:	<u>/s/ Jonathan Rubinstein</u> Jonathan Rubinstein	Director	February 27, 2024
By:	<u>/s/ Meyer Malka</u> Meyer Malka	Director	February 27, 2024
By:	<u>/s/ Robert Zoellick</u> Robert Zoellick	Director	February 27, 2024
By:	<u>/s/ Dara Treseder</u> Dara Treseder	Director	February 27, 2024
By:	<u>/s/ Frances Frei</u> Frances Frei	Director	February 27, 2024

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# Stockholder Information

## BOARD OF DIRECTORS

**Vladimir Tenev**  
Chief Executive Officer,  
Co-Founder, and  
Chair of the Board

**Baiju Bhatt**  
Co-Founder and Former  
Chief Creative Officer

**Frances Frei**  
Professor and Author  
Harvard Business School

**Paula Loop**  
Retired Partner  
PricewaterhouseCoopers LLP

**Meyer Malka**  
Founder and Managing Partner  
Ribbit Capital

**Jonathan Rubinstein**  
Director  
Amazon.com, Inc.

**Susan Segal**  
Chief Executive Officer  
Americas Society/Council of  
the Americas

**Dara Treseder**  
SVP, Marketing & Communications  
Autodesk, Inc.

**Robert Zoellick**  
Chairman, Americas  
Temasek Holdings (Private) Limited

## LEADERSHIP TEAM AS OF APRIL 26, 2024

**Vladimir Tenev**  
Chief Executive Officer,  
Co-Founder, and  
Chair of the Board

**Jason Warnick**  
Chief Financial Officer

**Daniel Gallagher**  
Chief Legal, Compliance, and  
Corporate Affairs Officer

**Steven Quirk**  
Chief Brokerage Officer

## HEADQUARTERS

85 Willow Road  
Menlo Park, California 94025 USA

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP  
303 S. Almaden Boulevard  
San Jose, California 95110 USA

## STOCK EXCHANGE LISTING

Nasdaq Global Select Market  
Ticker Symbol: HOOD

## STOCK TRANSFER AGENT

Equiniti Trust Company, LLC ("EQ")  
Shareholder Services Department  
55 Challenger Road, Floor 2  
Ridgefield Park, NJ 07660

Toll-free: 1-800-937-5449 /  
Local or International:  
1-718-921-8124

**Email:** [HelpAST@equiniti.com](mailto:HelpAST@equiniti.com)

**Website:** <https://equiniti.com/us/ast-access/>

## ROBINHOOD INVESTOR RELATIONS

[ir@robinhood.com](mailto:ir@robinhood.com)

This report can be found online at  
[www.proxydocs.com/HOOD](http://www.proxydocs.com/HOOD) along  
with additional digital content.

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Robinhood feather logo are  
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owners.

Robinhood 