

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

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2025**

**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 LLC

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 24, 2025, the numbers of shares of the issuer's Class A and Class B common stock outstanding were 767,047,021 and 115,421,940.

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# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) of Robinhood Markets, Inc. (“RHM” and, together with its subsidiaries, “we,” “us,” “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 Quarterly Report includes, among others, forward-looking statements regarding:

- our expectations regarding legal and regulatory proceedings and investigations;
- our intent to continue expanding our operations outside of the United States;
- that we are continuously introducing new products and diversifying our services;
- our expectations with respect to our pending acquisition of Bitstamp Ltd. (“Bitstamp”);
- the Repurchase Program (as defined below) and our current expectations with respect to timing; and
- our belief that, based on our current level of operations, our primary sources of liquidity will be 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 Quarterly 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 rapid and continuing expansion, including continuing to introduce new products and services on our platforms as well as geographic expansion;
- the difficulty of managing our business effectively, including the size of our workforce, and the risk of declining or negative growth;
- the fluctuations in our financial results and key metrics from quarter to quarter;
- our reliance on transaction-based revenue, including payment for order flow (“PFOF”), the risk of new regulation or bans on PFOF and similar practices, and the addition of our new fee-based model for cryptocurrency;
- 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”);

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- 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 acquire or invest in new products, services, technologies and geographies in order to attract and retain customers and deepen their engagement with us in order to maintain growth;
- our reliance on third parties to perform some key functions and the risk that processing, operational or technological failures could impair the availability or stability of our platforms;
- the risk of cybersecurity incidents, theft, data breaches, and other online attacks;
- the difficulty of processing customer data in compliance with privacy laws;
- our need as a regulated financial services company to develop and maintain effective compliance and risk management infrastructures;
- the risks associated with incorporating artificial intelligence ("AI") technologies into some of our products and processes;
- the volatility of cryptocurrency prices and trading volumes;
- the risk that our platforms and services could be exploited to facilitate illegal payments; and
- the risk that substantial future sales of Class A common stock in the public market, or the perception that they may occur, could cause the price of our stock to fall.

Because some of these risks and uncertainties cannot be predicted or quantified and some are beyond our control, you should not rely on our forward-looking statements as predictions of future events. More information about potential risks and uncertainties that could affect our business and financial results is included in the section of this Quarterly Report titled "Risk Factors" and our other filings with the U.S. Securities and Exchange Commission ("SEC"), all of 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 Quarterly 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 Quarterly Report whether as a result of any new information, future

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events, changed circumstances, or otherwise. You should read this Quarterly Report with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect.

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 (Reg. FD). 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 Quarterly 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.

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

<i>(in millions, except share and per share data)</i>	<b>December 31, 2024</b>	<b>March 31, 2025</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,332	\$ 4,416
Cash, cash equivalents, and securities segregated under federal and other regulations	4,724	4,442
Receivables from brokers, dealers, and clearing organizations	471	267
Receivables from users, net	8,239	9,167
Securities borrowed	3,236	4,114
Deposits with clearing organizations	489	641
User-held fractional shares	2,530	2,531
Held-to-maturity investments	398	192
Prepaid expenses	75	89
Deferred customer match incentives	100	113
Other current assets	509	243
Total current assets	<u>25,103</u>	<u>26,215</u>
Property, software, and equipment, net	139	140
Goodwill	179	292
Intangible assets, net	38	109
Non-current deferred customer match incentives	195	238
Other non-current assets, including non-current prepaid expenses of \$17 as of December 31, 2024 and March 31, 2025	533	523
Total assets	<u>\$ 26,187</u>	<u>\$ 27,517</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 397	\$ 319
Payables to users	7,448	7,116
Securities loaned	7,463	9,098
Fractional shares repurchase obligation	2,530	2,531
Other current liabilities	266	367
Total current liabilities	<u>18,104</u>	<u>19,431</u>
Other non-current liabilities	111	133
Total liabilities	<u>18,215</u>	<u>19,564</u>
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value. 210,000,000 shares authorized, no shares issued and outstanding as of December 31, 2024 and March 31, 2025.	—	—
Class A common stock, \$0.0001 par value. 21,000,000,000 shares authorized, 764,903,997 shares issued and outstanding as of December 31, 2024; 21,000,000,000 shares authorized, 767,854,773 shares issued and outstanding as of March 31, 2025.	—	—
Class B common stock, \$0.0001 par value. 700,000,000 shares authorized, 119,588,986 shares issued and outstanding as of December 31, 2024; 700,000,000 shares authorized, 116,720,012 shares issued and outstanding as of March 31, 2025.	—	—
Class C common stock, \$0.0001 par value. 7,000,000,000 shares authorized, no shares issued and outstanding as of December 31, 2024 and March 31, 2025.	—	—
Additional paid-in capital	12,008	11,652
Accumulated other comprehensive loss	(1)	—
Accumulated deficit	(4,035)	(3,699)
Total stockholders' equity	<u>7,972</u>	<u>7,953</u>
Total liabilities and stockholders' equity	<u>\$ 26,187</u>	<u>\$ 27,517</u>

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*

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

	Three Months Ended March 31,	
	2024	2025
<i>(in millions, except share and per share data)</i>		
Revenues:		
Transaction-based revenues	\$ 329	\$ 583
Net interest revenues	254	290
Other revenues	35	54
Total net revenues	618	927
Operating expenses:		
Brokerage and transaction	35	50
Technology and development	196	214
Operations	28	31
Provision for credit losses	16	24
Marketing	67	105
General and administrative	118	133
Total operating expenses	460	557
Other income, net	4	1
Income before income taxes	162	371
Provision for income taxes	5	35
Net income	\$ 157	\$ 336
Net income attributable to common stockholders:		
Basic	\$ 157	\$ 336
Diluted	\$ 157	\$ 336
Net income per share attributable to common stockholders:		
Basic	\$ 0.18	\$ 0.38
Diluted	\$ 0.18	\$ 0.37
Weighted-average shares used to compute net income per share attributable to common stockholders:		
Basic	875,319,407	884,577,603
Diluted	895,779,155	909,241,619

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*



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

	Three Months Ended March 31,	
	2024	2025
<i>(in millions)</i>		
Net income	\$ 157	\$ 336
Other comprehensive income, net of tax:		
Foreign currency translation	—	1
Reclassification adjustment for net gains included in net income	1	—
Total other comprehensive income, net of tax	1	1
Total comprehensive income	<u>\$ 158</u>	<u>\$ 337</u>

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*

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

	Three Months Ended March 31,	
	2024	2025
<i>(in millions)</i>		
<b>Operating activities:</b>		
Net income	\$ 157	\$ 336
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	17	20
Provision for credit losses	16	24
Share-based compensation	62	73
Other	—	4
Changes in operating assets and liabilities:		
Securities segregated under federal and other regulations	(692)	397
Receivables from brokers, dealers, and clearing organizations	(118)	206
Receivables from users, net	(796)	(911)
Securities borrowed	(505)	(878)
Deposits with clearing organizations	(247)	(152)
Current and non-current prepaid expenses	—	(13)
Current and non-current deferred customer match incentives	(74)	(56)
Other current and non-current assets	(83)	351
Accounts payable and accrued expenses	(46)	(124)
Payables to users	977	(332)
Securities loaned	668	1,635
Other current and non-current liabilities	41	62
Net cash provided by (used in) operating activities	(623)	642
<b>Investing activities:</b>		
Purchases of property, software, and equipment	(2)	(2)
Capitalization of internally developed software	(7)	(9)
Business acquisition, net of cash and cash equivalents acquired	—	(150)
Purchases of held-to-maturity investments	(171)	—
Proceeds from maturities of held-to-maturity investments	154	208
Purchases of credit card receivables by Credit Card Funding Trust	(29)	(549)
Collections of purchased credit card receivables	11	511
Asset acquisition, net of cash acquired	(3)	—
Net cash provided by (used in) investing activities	(47)	9
<b>Financing activities:</b>		
Proceeds from exercise of stock options	4	7
Taxes paid related to net share settlement of equity awards	(40)	(120)
Repurchase of Class A common stock	—	(322)
Borrowings by the Credit Card Funding Trust	17	24
Change in principal collected from customers due to Coastal Bank	3	10
Payments of debt issuance costs	(14)	(16)
Net cash used in financing activities	(30)	(417)
Effect of foreign exchange rate changes on cash and cash equivalents	—	1
Net increase (decrease) in cash, cash equivalents, segregated cash, and restricted cash	(700)	235
Cash, cash equivalents, segregated cash, and restricted cash, beginning of the period	9,346	8,695
Cash, cash equivalents, segregated cash, and restricted cash, end of the period	\$ 8,646	\$ 8,930
<b>Reconciliation of cash, cash equivalents, segregated cash and restricted cash, end of the period:</b>		
Cash and cash equivalents, end of the period	\$ 4,717	\$ 4,416
Segregated cash and cash equivalents, end of the period	3,829	4,442
Restricted cash in other current assets, end of the period	83	54
Restricted cash in other non-current assets, end of the period	17	18
Cash, cash equivalents, segregated cash and restricted cash, end of the period	\$ 8,646	\$ 8,930
<b>Supplemental disclosures:</b>		
Cash paid for interest	\$ 7	\$ 9
Cash paid for income taxes, net of refund received	\$ 2	\$ 29

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*



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**ROBINHOOD MARKETS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
*(Unaudited)*

	Common stock <sup>(1)</sup>		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
<i>(in millions, except for number of shares)</i>						
<b>Balance as of December 31, 2023</b>	872,162,664	\$ —	\$ 12,145	\$ (3)	\$ (5,446)	\$ 6,696
Net income	—	—	—	—	157	157
Issuance of common stock in connection with stock option exercises	1,265,016	—	4	—	—	4
Issuance of common stock upon settlement of restricted stock units, net of shares withheld	4,932,576	—	(40)	—	—	(40)
Change in other comprehensive income	—	—	—	1	—	1
Share-based compensation	—	—	67	—	—	67
<b>Balance as of March 31, 2024</b>	<u>878,360,256</u>	<u>\$ —</u>	<u>\$ 12,176</u>	<u>\$ (2)</u>	<u>\$ (5,289)</u>	<u>\$ 6,885</u>

	Common stock <sup>(1)</sup>		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
<i>(in millions, except for number of shares)</i>						
<b>Balance as of December 31, 2024</b>	884,492,983	\$ —	\$ 12,008	\$ (1)	\$ (4,035)	\$ 7,972
Net income	—	—	—	—	336	336
Issuance of common stock in connection with stock option exercises	1,703,994	—	7	—	—	7
Issuance of common stock in connection with warrants exercises, net of shares withheld	417,253	—	—	—	—	—
Issuance of common stock in connection with a business combination	2,049,711	—	—	—	—	—
Issuance of common stock upon settlement of restricted stock units, net of shares withheld	3,079,213	—	(120)	—	—	(120)
Repurchase and retirement of Class A common stock	(7,168,369)	—	(322)	—	—	(322)
Change in other comprehensive income	—	—	—	1	—	1
Share-based compensation	—	—	79	—	—	79
<b>Balance as of March 31, 2025</b>	<u>884,574,785</u>	<u>\$ —</u>	<u>\$ 11,652</u>	<u>\$ —</u>	<u>\$ (3,699)</u>	<u>\$ 7,953</u>

<sup>(1)</sup> The share amounts listed above combine Class A common stock and Class B common stock.

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*

**ROBINHOOD MARKETS, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

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

Robinhood was founded in 2013 and our mission is to democratize finance for all. Our platforms enable customers to buy, sell, and trade equities, options, and futures, as well as buy, sell, and transfer cryptocurrencies. We are also responsible for the custody of user-held cryptocurrencies. In addition, we offer credit cards with certain rewards offerings, as well as a cash card and spending account that help our customers in investing, saving, and earning rewards.

We are continuously introducing new products and diversifying our services that further expand access to the financial system. In February 2025, we acquired TradePMR, a custodial and portfolio management platform for Registered Investment Advisors ("RIAs"). In March 2025, we launched Robinhood Strategies, a digital investment advisory service that offers tailored, expert-managed, and goal-based portfolios directly within our mobile platform, featuring low and capped fees.

Acting as the agent of the user, we facilitate the purchase and sale of options, cryptocurrencies, equities, and futures through our platforms. Options, cryptocurrencies, and equities transactions are routed 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. For futures, users are legally obligated to buy or sell the underlying asset at a specified future date, with the price determined at the time of trade execution. 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 platforms, including those that collateralize margin loans, and, as a result, such securities are not presented on our unaudited condensed 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 platforms (none of which are allowed to be purchased on margin and which do not serve as collateral for margin loans), and, as a result, user-held cryptocurrencies are not presented on our unaudited condensed consolidated balance sheets.

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

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and pursuant to the rules and regulations of the SEC for interim financial reporting. The condensed consolidated financial statements are unaudited, and in management's opinion, include all adjustments, including normal recurring adjustments and accruals necessary for a fair presentation of the results for the interim periods presented. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2025 or any future period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2024 ("2024 Form 10-K").

There have been no material changes in our significant accounting policies as described in our audited consolidated financial statements included in our 2024 Form 10-K, other than as disclosed below. The unaudited condensed consolidated financial statements include the accounts of RHM and its wholly-owned direct and indirect subsidiaries. All intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to prior period amounts to conform to the current period's presentation. The impact of these reclassifications is immaterial to the presentation of the unaudited

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condensed consolidated financial statements taken as a whole and had no impact on previously reported total assets, total liabilities and net income.

### ***Use of Estimates***

The preparation of unaudited condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in the unaudited condensed 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 unaudited condensed consolidated financial statements include, but are not limited to, those related to revenue recognition, share-based compensation ("SBC"), the determination of allowances for credit losses, investment valuation, capitalization of internally developed software, useful lives of property, software, and equipment, valuation and useful lives of intangible assets, valuation of reporting units in assessing goodwill for impairment, incremental borrowing rate used to calculate operating lease right-of-use assets and related liabilities, impairment of long-lived assets, uncertain tax positions, realizability of deferred tax assets, accrued and contingent liabilities. Actual results could differ from these estimates and could have a material adverse effect on our operating results.

### ***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:

	Three Months Ended March 31,	
	2024	2025
Market makers:		
Citadel Securities, LLC	12 %	12 %
B2C2 USA Inc.	3 %	12 %
Wintermute Trading Ltd	10 %	11 %
All others individually less than 10%	27 %	28 %
Total as percentage of total revenue	52 %	63 %

#### ***Concentrations of Credit Risk***

We are engaged in various trading and brokerage activities in which the counterparties primarily include broker-dealers, banks, cryptocurrency market makers, 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.

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

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

In December 2023, the Financial Accounting Standards Board ("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

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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 adopted this guidance effective January 1, 2025 on a prospective basis. The adoption of this guidance did not have a material impact on our unaudited condensed 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." The amendments 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 amendments on our consolidated financial statements.

In March 2024, the SEC adopted final rules under SEC Release No. 34-99678 and No. 33-11275, "The Enhancement and Standardization of Climate-Related Disclosures for Investors" (the "Final Rules"), which requires registrants to provide certain climate-related information in their registration statements and annual reports. The Final Rules require, among other things, disclosure in the notes to the audited financial statements of the effects of severe weather events and other natural conditions, subject to certain thresholds, as well as amounts related to carbon offsets and renewable energy credits or certificates in certain circumstances. The disclosure requirements of the Final Rules were to begin phasing in for annual periods beginning in fiscal year 2025. In April 2024, the SEC stayed the effectiveness of the Final Rules and in March 2025 the SEC voted to end its defense of the climate disclosure rules. We continue to monitor the status of the Final Rules and evaluate the potential impact of the Final Rules.

In November 2024, the FASB issued Accounting Standards Update 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)." This guidance requires additional disclosures about certain amounts included in the expense captions presented on the statement of operations as well as disclosures about selling expenses. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The guidance can either be applied prospectively or retrospectively. 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 TradePMR***

On February 26, 2025, we acquired all of the outstanding equity of TradePMR, a custodial and portfolio management platform for RIAs. The acquisition of TradePMR allows us to deliver investment advisory capabilities to customers by bringing in a scaled RIA custodial and portfolio management platform that connects financial advisors to a new generation of investors.

The acquisition date fair value of the consideration transferred for TradePMR was approximately \$175 million following customary purchase price adjustments and was entirely paid in cash. The post-close compensation consisted of 2,049,711 unvested shares of the Company's Class A common stock, valued at approximately \$100 million as of the closing date of the acquisition, which will vest over a four-year period post-acquisition, subject to the terms of a vesting agreement. Shares of unvested restricted stock have the same voting rights as all other Class A common stock and are considered to be issued

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and outstanding. These shares are not part of the equity incentive plans described in Note 11 - Common Stock and Stockholders' Equity.

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	\$ 25
Receivable from users, net	2
Prepaid expenses	1
Other current assets	10
Other non-current assets	4
Goodwill	113
Intangible assets	81
Accounts payable and accrued expenses	(1)
Other current liabilities	(19)
Other non-current liabilities	(41)
Net assets acquired	<u>\$ 175</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 TradePMR 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>
Customer relationships	\$ 49	13
Developed technology	31	5
Trade name	1	4
Total	<u>\$ 81</u>	

The overall weighted average useful life of the identified amortizable intangible assets acquired is 9.76 years. The estimated fair value of the intangible assets acquired approximate the amounts a market participant would pay for these intangible assets as of the acquisition date. We used a multi-period excess earnings method to estimate the fair value of customer relationships and the relief from royalty method to estimate the fair value of developed technology and trade name.

Tangible net assets were valued at their respective carrying amounts as of the acquisition date, as these amounts approximated fair value.

Pro forma results of operations for TradePMR have not been presented as the effect of this acquisition was not material to our consolidated financial statements.



[Table of Contents](#)**Pending Acquisition of Bitstamp**

In June 2024, we entered into an agreement to acquire all outstanding equity of Bitstamp, a globally-scaled cryptocurrency exchange with retail and institutional customers, for an aggregate consideration of approximately \$200 million, subject to customary purchase price adjustments and payable in cash. The pending acquisition is subject to customary closing conditions, including regulatory approvals, and is expected to close in the middle of 2025.

**NOTE 4: GOODWILL AND INTANGIBLE ASSETS****Goodwill**

The carrying amount of goodwill for the period indicated was as follows:

(in millions)

As of December 31, 2024

Additions due to acquisition of TradePMR

As of March 31, 2025

	Carrying Amount
As of December 31, 2024	\$ 179
Additions due to acquisition of TradePMR	113
As of March 31, 2025	<u>\$ 292</u>

There was no impairment of goodwill during the three months ended March 31, 2025.

**Intangible Assets**

The components of intangible assets, net as of March 31, 2025 were as follows:

(in millions, except years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life - Years
Finite-lived intangible assets:				
Customer relationships	\$ 59	\$ (3)	\$ 56	11.83
Developed technology	59	(12)	47	4.03
Trade names	1	—	1	3.92
Indefinite-lived intangible assets	5	—	5	N/A
Total	<u>\$ 124</u>	<u>\$ (15)</u>	<u>\$ 109</u>	

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Amortization expense of intangible assets was \$4 million for the three months ended March 31, 2025. There was no impairment of intangible assets during the three months ended March 31, 2025.

As of March 31, 2025, the estimated future amortization expense of finite-lived intangible assets was as follows:

<i>(in millions)</i>		Finite-lived Intangible Assets
Remainder of 2025		\$ 14
2026		19
2027		16
2028		12
2029		11
Thereafter		32
Total		<u>\$ 104</u>

[Table of Contents](#)**NOTE 5: REVENUES*****Disaggregation of Revenues***

The following table presents our revenues disaggregated by revenue source:

	Three Months Ended March 31,	
	2024	2025
<i>(in millions)</i>		
Transaction-based revenues:		
Cryptocurrencies	\$ 126	\$ 252
Options	154	240
Equities	39	56
Other	10	35
Total transaction-based revenues	329	583
Net interest revenues:		
Margin interest	72	110
Interest on segregated cash, cash equivalents, securities, and deposits	58	56
Interest on corporate cash and investments	70	49
Cash Sweep	39	48
Securities lending, net	15	23
Credit card, net	6	10
Interest expenses related to credit facilities	(6)	(6)
Total net interest revenues	254	290
Other revenues:		
Robinhood Gold subscription revenues	23	38
Proxy revenues	7	9
Other	5	7
Total other revenues	35	54
Total net revenues	\$ 618	\$ 927

***Fully-Paid Securities Lending***

For our fully-paid securities lending program under which we borrow fully-paid shares from participating users and lend them to third parties ("Fully-Paid Securities Lending"), 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 following table presents interest revenue earned and interest expense paid from Fully-Paid Securities Lending:

	Three Months Ended March 31,	
	2024	2025
<i>(in millions)</i>		
Interest revenue	\$ 13	\$ 24
Interest expense	(2)	(4)
Fully-Paid Securities Lending, net	\$ 11	\$ 20

[Table of Contents](#)**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 unaudited condensed consolidated balance sheets.

As of March 31, 2025, contract liabilities include \$23 million acquired as part of the TradePMR acquisition, with \$8 million recorded in other current liabilities and \$15 million in other non-current liabilities on the unaudited condensed consolidated balance sheets. This liability represents consideration received in advance of satisfying the related performance obligations and is subject to repayment if certain contractual conditions are not met. Contract liabilities also include \$20 million of unearned Robinhood Gold subscription revenue, recognized when users remit cash payments in advance of the time we satisfy our performance obligations. The unearned subscription revenue was recorded as other current liabilities on the unaudited condensed consolidated balance sheets.

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

<i>(in millions)</i>	<b>Contract Receivables</b>	<b>Contract Liabilities</b>
Beginning of the period, January 1, 2025	\$ 294	\$ 11
End of the period, March 31, 2025	198	43
Changes during the period	<u>\$ (96)</u>	<u>\$ 32</u>

The difference between the opening and ending balances of our contract receivables was primarily driven by lower cryptocurrency transaction-based revenues due to decreased trading volumes and timing differences between our performance and counterparties' payments for the three months ended March 31, 2025. The difference between the opening and ending balances of our contract liabilities was primarily driven by contract liabilities acquired as part of the TradePMR acquisition and an increase in Robinhood Gold Subscribers. We recognized all revenue from amounts included in the opening contract liabilities balance in the three months ended March 31, 2025.

**NOTE 6: ALLOWANCE FOR CREDIT LOSSES*****Allowance for Credit Losses - Brokerage Related***

The following table summarizes the brokerage related allowance for credit losses, which is primarily related to fraudulent activities, included in receivables from users, net on the unaudited condensed consolidated balance sheet:

<i>(in millions)</i>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2025</b>
Beginning balance	\$ 15	\$ 14
Provision for credit losses	6	11
Write-offs	(2)	(10)
Recoveries	—	1
Ending Balance	<u>\$ 19</u>	<u>\$ 16</u>

[Table of Contents](#)**Allowance for Credit Losses - Credit Card Related**

We have two types of allowance for credit losses related to credit cards: i) an allowance related to off-balance sheet credit card receivables, shown as part of accounts payable and accrued expenses on the unaudited condensed consolidated balance sheet, and ii) an allowance related to purchased credit card receivables and interest receivable from customers, included in receivables from users, net on the unaudited condensed consolidated balance sheet.

The following table summarizes the allowance related to off-balance sheet credit card receivables:

	Three Months Ended March 31,	
	2024	2025
(in millions)		
Beginning balance	\$ 32	\$ 40
Provision for credit losses	8	7
Payments to Coastal Bank	(9)	(8)
Recoveries	1	—
Ending balance	<u>\$ 32</u>	<u>\$ 39</u>

The following table summarizes the allowance related to purchased credit card receivables and interest receivables from customers:

	Three Months Ended March 31,	
	2024	2025
(in millions)		
Beginning balance	\$ 1	\$ 11
Provision for credit losses	2	6
Write-offs	(1)	(2)
Ending balance	<u>\$ 2</u>	<u>\$ 15</u>

The following tables present the aging analysis of our credit card receivables for the periods presented and the delinquency aging includes all past due principal on loans. Accrued interest receivable

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of \$3 million and \$5 million as of December 31, 2024 and March 31, 2025 were not included in the tables below.

(in millions, except for percentages)

	December 31, 2024				
	Past due receivables				Total Receivables
	Current	<90 Days	≥ 90 days	Total Past due receivables	
On-balance sheet	\$ 186	\$ 2	\$ 1	\$ 3	\$ 189
Off-balance sheet	177	15	10	25	202
Total credit card loans	<u>\$ 363</u>	<u>\$ 17</u>	<u>\$ 11</u>	<u>\$ 28</u>	<u>\$ 391</u>
% of Total loans	93 %	4 %	3 %	7 %	100 %

(in millions, except for percentages)

	March 31, 2025				
	Past due receivables				Total Receivables
	Current	<90 Days	≥ 90 days	Total Past due receivables	
On-balance sheet	\$ 217	\$ 4	\$ 2	\$ 6	\$ 223
Off-balance sheet	182	14	10	24	206
Total credit card loans	<u>\$ 399</u>	<u>\$ 18</u>	<u>\$ 12</u>	<u>\$ 30</u>	<u>\$ 429</u>
% of Total loans	93 %	4 %	3 %	7 %	100 %

The risk in our credit card receivables portfolio correlates to broad economic trends as well as customers' financial condition. The key indicator we monitor when assessing the credit quality and risk is customers' credit scores as they measure the creditworthiness of customers. We use a national third-party provider to update FICO credit scores on a monthly basis. The updated scores are incorporated into a series of credit management reports, which are utilized to monitor risk. The table below presents our credit card receivables by our credit quality indicator, FICO score, including both on-balance sheet and off-balance sheet amounts, as of December 31, 2024 and March 31, 2025. Our receivables by FICO scores:

(in millions, except FICO scores)

	December 31, 2024	March 31, 2025
Below 640	\$ 64	\$ 73
640-690	100	117
Greater than 690	227	239
Total credit card loans	<u>\$ 391</u>	<u>\$ 429</u>

## NOTE 7: INVESTMENTS AND FAIR VALUE MEASUREMENT

### Investments

#### Available-for-sale

As of December 31, 2024 and March 31, 2025, we had \$750 million and \$500 million of available-for-sale time deposits classified as cash equivalents on the unaudited condensed consolidated balance sheets. These investments had 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.

[Table of Contents](#)**Held-to-maturity**

The following tables summarize our held-to-maturity investments:

December 31, 2024					
(in millions)	Amortized Cost	Allowance for Credit Losses	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities:					
U.S. Treasury securities	\$ 337	\$ —	\$ 1	\$ —	\$ 338
Corporate debt securities	51	—	—	—	51
U.S. government agency securities	10	—	—	—	10
Total held-to-maturity investments	<u>\$ 398</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 399</u>

  

March 31, 2025					
(in millions)	Amortized Cost	Allowance for Credit Losses	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities:					
U.S. Treasury securities	\$ 185	\$ —	\$ —	\$ —	\$ 185
U.S. government agency securities	7	—	—	—	7
Total held-to-maturity investments	<u>\$ 192</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 192</u>

There were no sales of held-to-maturity investments during the three months ended March 31, 2025.

The table below presents the amortized cost and fair value of held-to-maturity investments by contractual maturity:

December 31, 2024			
(in millions)	Within 1 Year	1 to 2 Years	Total
<b>Amortized cost</b>			
Debt securities:			
U.S. Treasury securities	\$ 337	\$ —	\$ 337
Corporate debt securities	51	—	51
U.S. government agency securities	10	—	10
Total held-to-maturity investments	<u>\$ 398</u>	<u>\$ —</u>	<u>\$ 398</u>
<b>Fair value</b>			
Debt securities:			
U.S. Treasury securities	\$ 338	\$ —	\$ 338
Corporate debt securities	51	—	51
U.S. government agency securities	10	—	10
Total held-to-maturity investments	<u>\$ 399</u>	<u>\$ —</u>	<u>\$ 399</u>

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(in millions)	March 31, 2025		
	Within 1 Year	1 to 2 Years	Total
<b>Amortized cost</b>			
Debt securities:			
U.S. Treasury securities	\$ 185	\$ —	\$ 185
U.S. government agency securities	7	—	7
Total held-to-maturity investments	<u>\$ 192</u>	<u>\$ —</u>	<u>\$ 192</u>
<b>Fair value</b>			
Debt securities:			
U.S. Treasury securities	\$ 185	\$ —	\$ 185
U.S. government agency securities	7	—	7
Total held-to-maturity investments	<u>\$ 192</u>	<u>\$ —</u>	<u>\$ 192</u>

**Fair Value of Financial Instruments**

Financial assets and liabilities measured at fair value on a recurring basis were presented on our unaudited condensed consolidated balance sheets as follows:

(in millions)	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents:				
Time deposits	\$ —	\$ 750	\$ —	\$ 750
Money market funds	53	—	—	53
Cash, cash equivalents, and securities segregated under federal and other regulations:				
U.S. Treasury securities	1,193	—	—	1,193
Other current assets:				
Stablecoin	361	—	—	361
Equity securities - securities owned	15	—	—	15
Other non-current assets:				
Money market funds - escrow account	2	—	—	2
User-held fractional shares	2,530	—	—	2,530
Total financial assets	<u>\$ 4,154</u>	<u>\$ 750</u>	<u>\$ —</u>	<u>\$ 4,904</u>
<b>Liabilities</b>				
Fractional shares repurchase obligations	\$ 2,530	\$ —	\$ —	\$ 2,530
Total financial liabilities	<u>\$ 2,530</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,530</u>



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(in millions)	March 31, 2025			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents:				
Time deposits	\$ —	\$ 500	\$ —	\$ 500
Money market funds	29	—	—	29
Deposits with clearing organizations:				
U.S. Treasury securities <sup>(1)</sup>	1	—	—	1
Other current assets:				
Equity securities - securities owned	14	—	—	14
Stablecoin	1	—	—	1
Other non-current assets:				
Money market funds - escrow account	2	—	—	2
User-held fractional shares	2,531	—	—	2,531
Total financial assets	<u>\$ 2,578</u>	<u>\$ 500</u>	<u>\$ —</u>	<u>\$ 3,078</u>
<b>Liabilities</b>				
Fractional shares repurchase obligations	2,531	—	—	2,531
Total financial liabilities	<u>\$ 2,531</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,531</u>

<sup>(1)</sup> As of March 31, 2025, \$1 million of our U.S. Treasury securities are deposited with an exchange to enable the execution, clearing, and settlement of event contracts.

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

(in millions)	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Held-to-maturity investments:				
U.S. Treasury securities	\$ 338	\$ —	\$ —	\$ 338
Corporate debt securities	—	51	—	51
U.S. government agency securities	—	10	—	10
Total held-to-maturity investments	<u>\$ 338</u>	<u>\$ 61</u>	<u>\$ —</u>	<u>\$ 399</u>

  

(in millions)	March 31, 2025			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Held-to-maturity investments:				
U.S. Treasury securities	\$ 185	\$ —	\$ —	\$ 185
U.S. government agency securities	—	7	—	7
Total held-to-maturity investments	<u>\$ 185</u>	<u>\$ 7</u>	<u>\$ —</u>	<u>\$ 192</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



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quality controls utilized by the pricing services in management's overall assessment of the reasonableness of the fair values provided.

During the three months ended March 31, 2025, we did not have any transfers in or out of Level 3 assets or liabilities.

## NOTE 8: INCOME TAXES

(in millions, except percentages)

	Three Months Ended March 31,	
	2024	2025
Income before income taxes	\$ 162	\$ 371
Provision for income taxes	5	35
Effective tax rate	3.0 %	9.4 %

Our tax provision for interim periods is determined using an estimated annual effective tax rate ("ETR"), adjusted for discrete items arising in the period. In each quarter, we update our estimated annual ETR and make a year-to-date calculation of the provision.

For the three months ended March 31, 2024, the ETR was lower than the U.S. federal statutory rate primarily due to the full valuation allowance on our U.S. federal and state deferred tax assets offset by current taxes payable. For the three months ended March 31, 2025, the ETR was lower than the U.S. federal statutory rate primarily due to excess tax benefits from SBC.

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 the available objective evidence for the three months ended March 31, 2025, we believe it is more likely than not that the tax benefits of our California, certain other U.S. states and certain foreign net deferred tax assets may not be realized until sufficient positive evidence exists to support reversal of the valuation allowance.

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.

## NOTE 9: SECURITIES BORROWING AND LENDING

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 on our unaudited condensed consolidated balance sheets.

When we borrow securities from users participating in the Fully-Paid Securities Lending program or from third parties, we provide cash collateral to our users and third parties, which is recorded on our consolidated balance sheets as "securities borrowed", an asset, representing our rights to the return of that collateral. When we lend securities to third parties, we receive cash as collateral, which is recorded on our consolidated balance sheets as "securities loaned", a liability, representing our obligation to return the collateral.

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The following tables set forth certain balances related to our securities borrowing and lending activities as of December 31, 2024 and March 31, 2025:

(in millions)	December 31, 2024	March 31, 2025
	<b>Securities borrowed</b>	
<b>Assets</b>		
Gross amount of cash collateral provided to users for securities borrowing transactions	\$ 3,236	\$ 4,114
Gross amount offset on the consolidated balance sheets	—	—
Amounts of assets presented on the consolidated balance sheets	3,236	4,114
Gross amount not offset on the consolidated balance sheets:		
Cash collateral provided to users and third parties for securities borrowing transactions	3,236	4,114
Fair value of securities borrowed from users and third parties	(3,118)	(3,995)
Net amount	\$ 118	\$ 119
<b>Liabilities</b>		
	<b>Securities loaned</b>	
Gross amount of cash collateral received from counterparties for securities lending transactions	\$ 7,463	\$ 9,098
Gross amount offset on the consolidated balance sheets	—	—
Amounts of liabilities presented on the consolidated balance sheets	7,463	9,098
Gross amount not offset on the consolidated balance sheets:		
Cash collateral received from counterparties for securities lending transactions	7,463	9,098
Fair value of securities pledged to counterparties	(6,887)	(8,523)
Net amount	\$ 576	\$ 575

We obtain securities on terms that permit us to pledge and/or transfer securities to others. As of December 31, 2024 and March 31, 2025, we were permitted to re-pledge securities with a fair value of \$11.04 billion and \$12.34 billion under margin account agreements with users. As of December 31, 2024, we were permitted to re-pledge securities with a fair value of an immaterial balance that we borrowed under the master securities loan agreements (“MSLAs”) with third parties. As of March 31, 2025, there were no securities re-pledged from borrowing under MSLAs with third parties. Under the Fully-Paid Securities Lending program, as of December 31, 2024 and March 31, 2025, we were permitted to borrow securities with a fair value of \$38.70 billion and \$40.28 billion including securities with a fair value of \$3.12 billion and \$3.99 billion that we had borrowed from users.

As of December 31, 2024 and March 31, 2025, we had re-pledged securities with a fair value of \$6.89 billion and \$8.52 billion, in each case under MSLAs and fixed-term securities lending agreements with third parties. In addition, as of December 31, 2024 and March 31, 2025, we had re-pledged \$1.60 billion and \$1.56 billion of the permitted amounts under the margin account agreements with clearing organizations to meet deposit requirements.

## NOTE 10: FINANCING ACTIVITIES AND OFF-BALANCE SHEET RISK

### **Revolving Credit Facilities**

#### *RHM March 2025 Credit Agreement*

On March 21, 2025, RHM entered into the Third Amended and Restated Credit Agreement with a syndicate of banks (the “RHM March 2025 Credit Agreement”) amending and restating the unsecured

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revolving line of credit entered into in March 2024 (refer to Note 12 - Financing Activities and Off-Balance Sheet Risk, of the 2024 Form 10-K for more information). The RHM March 2025 Credit Agreement has an initial commitment of \$1 billion with a maturity date of March 21, 2028. Under circumstances described in the RHM March 2025 Credit Agreement, the aggregate commitments may be increased by up to \$250 million, for a total commitment of up to \$1.250 billion. Borrowings under the RHM March 2025 Credit Agreement will bear interest at a rate per annum equal to the Alternate Base Rate or Adjusted Term Secured Overnight Financing Rate ("SOFR") plus an applicable margin rate of 1.50%. For purposes of the RHM March 2025 Credit Agreement, the Alternate Base Rate is the greatest of (i) the prime rate then in effect, (ii) the Federal Reserve Bank of New York rate then in effect plus 0.5% and (iii) the Adjusted Term SOFR for a one month interest period plus 1.0%. The Adjusted Term SOFR Rate is equal to the Term SOFR, published by the Term SOFR Administrator, plus the Term SOFR Adjustment. The Term SOFR Adjustment is 0.10%. If the Adjusted Term SOFR Rate is less than the floor of 0%, such rate shall be deemed to be equal to the floor. RHM is obligated to pay a commitment fee calculated at a per annum rate equal to 0.25% on any unused amount of the RHM March 2025 Credit Agreement.

#### *Robinhood Securities, LLC ("RHS") March 2025 Credit Agreement*

On March 21, 2025, RHS, our wholly-owned subsidiary, entered into the Fourth Amended and Restated Credit Agreement (the "RHS March 2025 Credit Agreement") among RHS, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, amending and restating the \$2.25 billion 364-day senior secured revolving credit facility entered into in March 2024 (refer to Note 12 - Financing Activities and Off-Balance Sheet Risk, of the 2024 Form 10-K for more information).

The RHS March 2025 Credit Agreement provides for a 364-day senior secured revolving credit facility with a total commitment of \$2.65 billion. Under circumstances described in the RHS March 2025 Credit Agreement, the aggregate commitments may be increased by up to \$1.325 billion, for a total commitment of \$3.975 billion. Borrowings under the credit facility must be specified to be Tranche A, Tranche B, Tranche C or a combination thereof, with each tranche being secured by different assets of RHS as set forth in the RHS March 2025 Credit Agreement. Borrowings under the RHS March 2025 Credit Agreement will bear interest at a rate per annum equal to the greatest of (i) Daily Simple SOFR (as defined in the RHS March 2025 Credit Agreement) plus 0.10% , (ii) the Federal Funds Effective Rate (as defined in the RHS March 2025 Credit Agreement) and (iii) the Overnight Bank Funding Rate (as defined in the RHS March 2025 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 2.50% for Tranche B and Tranche C loans. Undrawn commitments will accrue commitment fees at a rate per annum equal to 0.50%.

The RHS March 2025 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 RHS March 2025 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 RHS March 2025 Credit Agreement may be accelerated upon an "event of default," as defined in the RHS March 2025 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.

As of December 31, 2024 and March 31, 2025, there were no borrowings outstanding and we were in compliance with all covenants, as applicable, under our revolving credit facilities.

#### **Credit Card Funding Trust**

Under terms of the Coastal Community Bank ("Coastal Bank") Program Agreement (discussed below), Robinhood Credit Inc. ("Robinhood Credit") has the ability to purchase credit card receivables originated and held for a period of time by Coastal Bank. Robinhood Credit continues to earn interest

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from customers and uses these purchased credit card receivables as collateral under a trust structure to access debt financing in the ordinary course of business. To help facilitate these transactions, we created a variable interest entity known as the Credit Card Funding Trust (the "Trust").

We are the primary beneficiary of the Trust as, through our role as the servicer and administrator, we have the power to direct the activities that most significantly affect the Trust's economic performance and, due to owning all the equity interest in the Trust, have the right to receive benefits or the obligation to absorb losses. As such, we consolidate the Trust in the unaudited condensed consolidated financial statements. Substantially all of the Trust's assets and liabilities are the purchased credit card receivables, included in receivables from users, net, and the outstanding borrowing, included in other current liabilities, on the unaudited condensed consolidated balance sheets.

Our exposure to losses in the Trust is limited to the carrying value of net assets held by the Trust, including expected credit losses related to the purchased credit card receivables (Refer to Note 6 - Allowance for Credit Losses). For the Trust, the creditors have no recourse to our general credit and the liabilities of the Trust can only be settled by the Trust's assets. Additionally, the assets of the Trust can only be used to settle obligations of the Trust.

As of March 31, 2025, the Trust had two arrangements in place, one to borrow up to \$200 million from Barclays Bank ("Barclays") and one to borrow up to \$200 million from Silicon Valley Bank ("SVB"), which was amended on March 17, 2025 to increase the borrowing capacity and extend the maturity date.

Under the Barclays arrangement, the Trust may borrow, repay, and re-borrow up to a committed amount of \$200 million during the revolving period, which ends in November 2026. During this period, borrowings bear interest at Barclays' commercial paper rate plus 1.75%. After the revolving period ends, the facility enters an amortization period during which no new borrowings are permitted, and the Trust repays the outstanding balance. The interest margin increases during this amortization phase.

Under the SVB arrangement, the Trust may borrow, repay, and re-borrow up to a committed amount of \$200 million during the revolving period, which ends in April 2027. During this period, borrowings bear interest at SOFR plus 2.75% for amounts outstanding under \$100 million, and SOFR plus 2.50% for amounts exceeding \$100 million.

As of December 31, 2024 and March 31, 2025, the weighted average interest rate of the SVB and Barclays arrangements was 7.81% and 6.67%. As of December 31, 2024 and during the three months ended March 31, 2025, the Trust purchased \$748 million and \$549 million of credit card receivables. As of December 31, 2024 and March 31, 2025, the carrying value of purchased credit card receivables that had not been collected, net of provision for credit losses, was \$179 million and \$208 million, and the outstanding balance of borrowing principal and interest was \$131 million and \$156 million. For the three months ended March 31, 2024 and 2025, the related interest revenue and expense of the Trust were immaterial.

## **Off-Balance Sheet Risk**

### ***Coastal Bank Program Agreement***

Under a program agreement between us and Coastal Bank (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 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 off-balance sheet, considering Coastal Bank is the legal lender and originator, the party to which the customer has a creditor-borrower

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relationship, and the legal owner of the receivables. As of March 31, 2025, the off-balance sheet credit card receivables funded under the Program Agreement was \$206 million.

#### *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. Effective May 2024, the settlement date for equities has been shortened from two business days after the trade date to one business day after the trade date, while the settlement date for options remains unchanged at one business day after the trade date. 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.

#### *Cryptocurrency Held in Custody on Behalf of Users*

We hold cryptocurrencies in custody on behalf of our users totaling \$35.2 billion and \$27.4 billion at fair value at December 31, 2024 and March 31, 2025, and these assets were not recorded on our unaudited condensed consolidated balance sheets. The fair value was determined based on observed market pricing representing the last price executed for trades of each cryptocurrency at period ends. We also considered whether a liability representing anticipated losses from crypto assets which we hold in custody on behalf of users should be recognized and determined the likelihood of such losses was remote. As such, we did not record a liability at December 31, 2024 and March 31, 2025.

## NOTE 11: COMMON STOCK AND STOCKHOLDERS' EQUITY

### ***Preferred Stock***

As of March 31, 2025, no terms of the preferred stock were designated and no shares of preferred stock were outstanding.

### ***Common Stock***

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 Amended and Restated Certificate of Incorporation (our "Charter") or applicable law.

### ***Warrants***

As of March 31, 2025, we had outstanding warrants with a strike price of \$26.60 that can be exercised to purchase 12.10 million shares of Class A common stock. The warrants expire on February 12, 2031 and can be exercised with cash or net shares settled at the holder's option. As of March 31, 2025, 0.77 million warrants had been exercised via net settlement, resulting in 0.42 million shares of Class A common stock issued, and the maximum purchase amount of all remaining outstanding warrants was \$322 million.

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## Share Repurchase Program

On May 28, 2024, we announced that our board of directors approved a share repurchase program (the “Repurchase Program”) authorizing the Company to repurchase up to \$1 billion of its outstanding Class A common stock. The timing and amount of repurchase transactions will be determined by us from time to time at our discretion based on our evaluation of market conditions, share price, and other factors. Repurchase transactions may be made using a variety of methods, such as open market share repurchases, including the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act, or other financial arrangements or transactions. The Repurchase Program does not obligate us to acquire any particular amount of Class A common stock and the Repurchase Program may be suspended or discontinued at any time at our discretion. All shares repurchased will be subsequently retired. During the three months ended March 31, 2025, we repurchased approximately 7.2 million shares of our Class A common stock for \$322 million. On April 30, 2025, we announced that our board of directors has authorized an additional \$500 million, bringing the Repurchase Program authorization to a total of \$1.5 billion. While the Repurchase Program does not have an expiration date, we expect to execute over the next roughly two years with flexibility to accelerate if market conditions warrant.

## Equity Incentive Plans

### 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 incentive stock options, non statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units (“RSUs”), performance units, and other equity-based awards) and cash-based awards.

As of March 31, 2025, an aggregate of 492 million shares had been authorized for issuance under our Amended and Restated 2013 Stock Plan, as amended, 2020 Equity Incentive Plan, as amended, and 2021 Plan, of which 156 million shares had been issued under the plans, 34 million shares were reserved for issuance upon the exercise or settlement of outstanding equity awards under the plans, and 302 million shares remained available for new grants under the 2021 Plan.

### Time-Based RSUs

We grant RSUs that vest upon the satisfaction of a time-based service condition (“Time-Based RSUs”). The following table summarizes the activity for the three months ended March 31, 2025, which is the period we grant our company-wide annual refresh grants:

	Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2024	18,233,088	\$ 15.20
Granted	5,045,743	45.54
Vested	(5,525,366)	17.02
Forfeited	(653,043)	16.44
Unvested at March 31, 2025	17,100,422	\$ 23.52



[Table of Contents](#)*Market-Based RSUs*

In 2019 and 2021, we granted to our founders RSUs under which vesting is conditioned upon both the achievement of share price targets and the continued employment by each recipient over defined service periods ("Market-Based RSUs").

The following table summarizes the activity for the three months ended March 31, 2025:

	Not Eligible to Vest <sup>(1)</sup>	Total Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2024	11,065,463	11,065,463	\$ 26.04
Granted	—	—	—
Vested	—	—	—
Forfeited	—	—	—
Unvested at March 31, 2025	11,065,463	11,065,463	\$ 26.04

(1) Represents RSUs that have not yet become eligible to vest because share price targets have not yet been achieved.

***Acquisition of TradePMR***

In connection with the acquisition of TradePMR, we issued 2,049,711 unvested shares of Class A common stock, valued at approximately \$100 million as of the closing date of the acquisition, that will vest over a four-year period post-acquisition, subject to the terms of a vesting agreement. These shares are not part of the equity incentive plans described above. Shares of unvested restricted stock have the same voting rights as all other Class A common stock and are considered to be issued and outstanding. The following table summarizes the activity for the three months ended March 31, 2025:

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	Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2024	—	\$ —
Issued	2,049,711	48.85
Vested	—	—
Forfeited	—	—
Unvested at March 31, 2025	2,049,711	\$ 48.85

**Share-Based Compensation**

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

	Three Months Ended March 31,	
	2024	2025
(in millions)		
Brokerage and transaction	\$ 2	\$ 2
Technology and development	44	44
Operations	2	1
Marketing	2	2
General and administrative	12	24
Total <sup>(1)</sup>	\$ 62	\$ 73

- (1) For the three months ended March 31, 2024, SBC expense primarily consisted of \$68 million related to Time-Based RSUs and a negative \$9 million related to Market-Based RSUs as a result of a reversal of \$11 million of previously recognized expense related to unvested awards that were forfeited upon the resignation of our co-founder and former Chief Creative Officer. For the three months ended March 31, 2025, SBC expense primarily consisted of \$70 million related to Time-Based RSUs. All eligible to vest Market-Based RSUs have been fully expensed in 2024.

We capitalized SBC expense related to internally developed software of \$5 million and \$6 million during the three months ended March 31, 2024 and 2025.

As of March 31, 2025, there was \$471 million of unrecognized SBC expense that is expected to be recognized over a weighted-average period of 1.24 years.

[Table of Contents](#)**NOTE 12: NET INCOME PER SHARE**

The following table presents the calculation of basic and diluted earnings per share ("EPS"):

	Three Months Ended March 31,			
	2024		2025	
	Class A	Class B	Class A	Class B
<i>(in millions, except share and per share data)</i>				
Basic EPS:				
Numerator				
Net income	\$ 134	\$ 23	\$ 291	\$ 45
Net income attributable to common stockholders	\$ 134	\$ 23	\$ 291	\$ 45
Denominator				
Weighted-average common shares outstanding - basic	749,497,411	125,821,996	767,148,225	117,429,378
Basic EPS	\$ 0.18	\$ 0.18	\$ 0.38	\$ 0.38
Diluted EPS:				
Numerator				
Net income	\$ 134	\$ 23	\$ 291	\$ 45
Reallocation of net income as a result of conversion of Class B to Class A common stock	23	—	45	—
Reallocation of net income to Class B common stock	—	—	—	(1)
Net income for diluted EPS	\$ 157	\$ 23	\$ 336	\$ 44
Denominator				
Weighted-average common shares outstanding - basic	749,497,411	125,821,996	767,148,225	117,429,378
Dilutive effect of stock options and unvested shares	20,459,748	—	24,664,016	—
Conversion of Class B to Class A common stock	125,821,996	—	117,429,378	—
Weighted-average common shares outstanding - diluted	895,779,155	125,821,996	909,241,619	117,429,378
Diluted EPS	\$ 0.18	\$ 0.18	\$ 0.37	\$ 0.37

The following potential common shares were excluded from the calculation of diluted EPS 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:

	Three Months Ended March 31,	
	2024	2025
Market-Based RSUs	6,045,473	11,065,463
Time-Based RSUs	4,595,054	30,542
Stock options	2,602,524	—
Warrants	14,278,034	—
Total anti-dilutive securities	27,521,085	11,096,005

[Table of Contents](#)**NOTE 13: LEASES**

Our operating leases are comprised of office facilities, and we do not have any finance leases. Lease assets and liabilities recognized on our unaudited condensed consolidated balance sheets were as follows:

<i>(in millions)</i>	<b>Classification</b>	<b>December 31, 2024</b>	<b>March 31, 2025</b>
Lease right-of-use assets:			
Operating lease assets	Other non-current assets	\$ 94	\$ 98
Lease liabilities:			
Current operating lease liabilities	Other current liabilities	21	22
Non-current operating lease liabilities	Other non-current liabilities	110	113
Total lease liabilities		<u>\$ 131</u>	<u>\$ 135</u>

Cash flows related to leases were as follows:

<i>(in millions)</i>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2025</b>
Operating cash flows:		
Payments for operating lease liabilities	\$ 7	\$ 7
Supplemental cash flow data:		
Lease liabilities arising from obtaining right-of-use assets	\$ 6	\$ 9

**NOTE 14: 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 \$128 million as of December 31, 2024 and \$60 million as of March 31, 2025. 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, and many other industries in which we operate, are 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, advisory, cryptocurrency, derivatives, and credit card 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, other SROs, or international regulators investigate issues related to regulatory compliance

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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 March 31, 2025 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, Robinhood Financial LLC ("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. In March 2024, Plaintiffs filed a motion for class certification, which Robinhood opposed. In October 2024, the court denied class certification without prejudice. Plaintiffs filed a renewed motion for class certification in January 2025, which Robinhood is opposing.

#### *State Regulatory Matters*

The New York Attorney General is conducting an investigation into brokerage execution quality and collaring the prices of certain trade orders. The Massachusetts Securities Division ("MSD") is examining RHF's customer complaint supervision, the disruptions experienced by Blue Oceans ATS, LLC ("BOATS") during the Robinhood 24 Hour Market overnight trading session on August 4-5, 2024, and the offerings of presidential election and sports event contracts. We are cooperating with these investigations.

#### *SEC Settlement*

On January 13, 2025, RHF and RHS resolved the SEC's investigations concerning Regulation SHO, Electronic Blue Sheets ("EBS") requests, account takeovers, anti-money laundering compliance and cybersecurity issues, including 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

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to certain customer support systems (the “November 2021 Data Security Incident”), and various brokerage recordkeeping issues, including off-channel communications (together, the “January 2025 SEC Settlement”). RHF and RHS paid penalties totaling \$45 million for these violations, were censured, and agreed to certain undertakings. The settlement related to (i) RHS’s failures to comply with various provisions of Regulation SHO in connection with its stock lending and fractional trading programs from May 2019 until March 2020 and December 2019 until December 2023, respectively; (ii) RHS’s failures to submit complete and accurate EBS data in response to SEC staff EBS requests from at least October 2018 through April 2024; (iii) RHF and RHS’s untimely filing of suspicious activity reports (“SARs”) from January 2020 through March 2022; (iv) RHF and RHS’s failure to implement adequate policies and procedures designed to detect, prevent, and mitigate identity theft in connection with customer accounts from April 2019 through June 2022 in violation of Regulation S-ID; (v) RHF and RHS’s failure to adequately address known risks posed by a vulnerability related to remote access to our systems from at least June 28, 2021 through November 3, 2021 in violation of Regulation S-P; and (vi) RHF and RHS’s failures to maintain and preserve (a) off-channel brokerage communications sent or received by employees from at least 2019 through 2022, (b) core operational databases in a manner required by regulation or for the required length of time between December 2020 and December 2023, and (c) certain customer communications between 2020 and March 2021 due to our third-party archiving vendor’s ingestion limits being exceeded.

### *Financial Industry Regulatory Authority (“FINRA”) Settlement*

On March 6, 2025, RHF and RHS resolved FINRA Enforcement and Examination staff’s investigations and examinations concerning RHS’s reporting of fractional share trades, as applicable, to FINRA, FINRA Trade Reporting Facilities (“TRF”), and Consolidated Audit Trail (“CAT”), 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 Service (“ACATS”), responses to EBS requests from FINRA, compliance with FINRA Rules 6190, 5260, and 6121, and short interest reporting; RHF’s marketing involving social media influencers and affiliates, collaring the prices of certain trade orders, compliance with regulations governing the delivery of required documents, origin code reporting for professional customers, and Customer Identification Program (“CIP”); RHF and RHS’s compliance with FINRA registration requirements for member personnel; the Early 2021 Trading Restrictions (as defined below); employee trading issues as described more fully below; account takeovers (i.e., circumstances under which an unauthorized actor successfully logs into a customer account); and anti-money laundering (“AML”) compliance and cybersecurity issues (together, the “March 2025 FINRA Settlement”). RHF and RHS paid a penalty totaling \$26 million to resolve these investigations, plus restitution of approximately \$3.76 million plus interest to certain customers identified by FINRA. RHF and RHS also agreed to certain undertakings.

### *Brokerage Enforcement Matters*

FINRA Enforcement and Examination staff are conducting investigations related to, among other things, the delays in notification from third parties and process failures within our brokerage systems and operations in connection with the handling of a 1-for-25 reverse stock split transaction of Cosmo Health, Inc. in December 2022; RHS’s and RHF’s compliance with best execution obligations; matters related to RHS’s and RHF’s supervision of technology; and the disruptions experienced by BOATS during the Robinhood 24 Hour Market overnight trading session on August 4-5, 2024. In December 2024, January 2025, and March 2025, FINRA advised us in writing that it had closed the previously disclosed examinations and investigations into compliance with Rule 3210, Regulation SHO, recordkeeping (including off-channel communications), and customer complaint supervision and restriction issues.

The FDIC is investigating issues related to compliance with the Electronic Funds Transfer Act (“EFTA”). On January 13, 2025, the SEC advised us in writing that it had closed the previously disclosed investigation into the broker-dealers’ compliance with the EFTA.

[Table of Contents](#)*Robinhood Crypto Matters*

Robinhood Crypto, LLC (“RHC”) received investigative subpoenas from the SEC regarding, among other topics, RHC’s cryptocurrency listings, custody of cryptocurrencies, and platform operations. On May 4, 2024, RHC received a “Wells Notice” (the “May 2024 Wells Notice”) from the Staff of the SEC (the “SEC Staff”) stating that the SEC Staff has advised RHC that it made a “preliminary determination” to recommend that the SEC file an enforcement action against RHC alleging violations of Sections 15(a) and 17A of the Exchange Act. On February 21, 2025, SEC Enforcement advised us in writing that it had closed its investigation.

*Early 2021 Trading Restrictions Matters*

Beginning on January 28, 2021, due to increased deposit requirements imposed on RHS by the National Securities Clearing Corporation (“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 U.S. trading 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 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 January 2022, the court dismissed the state law claims with prejudice. In August 2023, the United States Court of Appeals for the Eleventh Circuit affirmed the district court’s order.

In May 2022, the court dismissed the federal antitrust claims with prejudice. In June 2024, the United States Court of Appeals for the Eleventh Circuit affirmed the district court’s order.

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. In April 2024, the court denied Plaintiffs’ motion for leave to file a renewed motion for class certification. On May 28, 2024, Robinhood notified the court that it had reached a settlement in principle with the Plaintiffs in their individual capacities. Robinhood subsequently notified the court that one of these Plaintiffs was unwilling to sign the settlement agreement and requested additional time to negotiate with that individual. On August 14, 2024, the court dismissed the lead and named Plaintiffs’ claims. Robinhood has reached settlements with a number of remaining individual plaintiffs and continues to negotiate with others. Robinhood’s motion to compel arbitration for the remaining Robinhood customer plaintiffs has been granted.

RHM, RHF, RHS, and our Co-Founder and Chief Executive Officer (“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”), the U.S. Department of Justice (“DOJ”), Antitrust Division, the SEC’s Division of Enforcement, FINRA, the New York Attorney



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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. On January 10, 2025, SEC Enforcement advised us in writing that it had closed its investigation into the Early 2021 Trading Restrictions and any contemporaneous employee trading issues. On March 6, 2025, as described more fully above, we resolved FINRA's investigations into these matters as part of the March 2025 FINRA Settlement.

*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 and the appeal is currently pending.

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.

*Pay Transparency Litigation*

In July 2024, RHM, Robinhood Money, LLC, and RHC were sued in a putative class action captioned *John Milito v. Robinhood Markets, Inc. et. al.*, alleging that Robinhood violated Washington's Equal Pay and Opportunity Act, because some of the Company's job postings allegedly failed to include a wage scale or salary range. The complaint seeks unspecified total statutory damages, attorneys' fees and costs, injunctive relief, and declaratory relief. The case is currently stayed in the Superior Court in King County in Washington pending a certified question to the Washington Supreme Court.

*Cash Sweep Litigation*

In October 2024, RHM, RHF, and RHS were sued in a putative class action captioned *Dey v. Robinhood Markets, Inc. et. al.*, in the U.S. District Court for the Northern District of California. Plaintiff asserts breach of fiduciary duty, gross negligence, negligent misrepresentation and omissions, breach of implied covenant of good faith and dealing, and violation of California's unfair competition law based on allegations that defendants failed to pay a reasonable rate of interest to non-Robinhood Gold brokerage



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account holders on cash balances swept to program bank deposit programs. The complaint seeks, among other things, certification of the class, unspecified monetary, punitive, treble, and statutory damages, restitution, disgorgement, attorneys' fees and costs, injunctive relief, and declaratory relief. In January 2025, Robinhood filed a motion to dismiss. On April 28, 2025, the court granted in part and denied in part Robinhood's motion to dismiss.

## ITEM 2. 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 Quarterly Report, and should be read in conjunction with our interim unaudited condensed consolidated financial statements and notes elsewhere in this Quarterly Report and our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2024 Form 10-K. 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."

Data as of and for the three months ended March 31, 2024 and 2025 has been derived from our unaudited condensed consolidated financial statements appearing at the beginning of this Quarterly Report. Results for any interim period should not be construed as an inference of what our results would be for any full fiscal year or future period.

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

### Key Performance Metrics

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

Our acquisition of TradePMR closed in February 2025. As a result, we are now reporting Total Platform Assets which includes our previously reported Assets Under Custody key performance metric. Total Platform Assets is our previously reported Assets Under Custody metric plus assets managed by RIAs using TradePMR's platform that are not custodied by us (and therefore would not have been included in the previously reported Assets Under Custody metric). Additionally, we have included total RIA customers in our Funded Customers key performance metric, their accounts in the definition of Investment Accounts, and the appropriate RIA customer balances in our Cash Sweep and Margin Book additional operating metrics. Due to data limitations, we have not included RIA client figures in our Net Deposits key performance metric.

- **Funded Customers:** We define a Funded Customer as a unique person who has at least one account with a Robinhood entity and, within the past 45 calendar days (a) had an account balance that was greater than zero (excluding amounts that are deposited into a Funded Customer account by the Company with no action taken by the unique person) or (b) completed a transaction using any such account. Individuals who share a funded joint investing account (which launched in July 2024) are each considered to be a Funded Customer. Individuals who are

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customers of RIAs that use the TradePMR platform are also considered Funded Customers as of the end of the period.

- **Total Platform Assets:** We define Total Platform Assets as the sum of the fair value of all equities, options, cryptocurrency, futures (including options on futures, swaps, and event contracts), cash held by users in their accounts, net of receivables from users (previously reported as Assets Under Custody), and any such assets managed by RIAs using TradePMR's platform that are not custodied by Robinhood, as of a stated date or period end on a trade date basis. Net Deposits and net market gains (losses) drive the change in Total Platform Assets in any given period.
- **Net Deposits:** We define Net Deposits as all cash deposits and asset transfers from customers, as well as dividends, interest, and cash or assets earned in connection with Company promotions (such as account transfer and retirement match incentives and free stock bonuses) received by customers, net of reversals, customer cash withdrawals, margin interest, Robinhood Gold subscription fees, and assets transferred off of our platforms for a stated period. Prior to the second quarter of 2024, Net Deposits did not include inflows from cash or assets earned in connection with Company promotions, although we have not restated amounts in prior periods as the impact to those figures was immaterial.
- **Average Revenue Per User ("ARPU"):** We define ARPU as total revenue for a given period divided by the average number of Funded Customers on the last day of that period and the last day of the immediately preceding period. Figures in this Quarterly Report represent ARPU annualized for each three-month period presented.
- **Robinhood Gold Subscribers:** We define a Robinhood Gold Subscriber as a unique person who has at least one account with a Robinhood entity and who, as of the end of the relevant period (a) is subscribed to Robinhood Gold and (b) has made at least one Robinhood Gold subscription fee payment.

## 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.
- **Cash Sweep:** We define Cash Sweep as the period-end total amount of participating users' uninvested brokerage cash that has been automatically "swept" or moved from their brokerage accounts into deposits for their benefit at a network of program banks. This is an off-balance-sheet amount. Robinhood earns a net interest spread on Cash Sweep balances based on the interest rate offered by the banks less the interest rate given to users as stated in our program terms. This includes balances from customers of RIAs using TradePMR's platform.
- **Churned Customers:** 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 platforms 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.

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- **Growth Rate and Annualized Growth Rate with respect to Net Deposits:** Growth rate is calculated as aggregate Net Deposits over a specified 12 month period, divided by Total Platform Assets for the fiscal quarter that immediately precedes such 12 month period. Annualized growth rate is calculated as Net Deposits for a specified quarter multiplied by 4 and divided by Total Platform Assets for the immediately preceding quarter.
- **Investment Accounts:** We define an Investment Account as a funded individual brokerage account, a funded joint investing account, a funded individual retirement account ("IRA"), or an account with an RIA using TradePMR's platform. As of March 31, 2025, a Funded Customer can have up to five Investment Accounts - individual brokerage account, joint investing account (which launched in July 2024), traditional IRA, Roth IRA, and RIA custody account using TradePMR's platform.
- **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). This includes margin loan balances from customers of RIAs using TradePMR's platform.
- **New Funded Customers:** 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 Customers:** 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

Robinhood was founded on the belief that everyone should be welcome to participate in our financial system. We are creating modern financial services platforms 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. Over the last decade, we have disrupted and changed the industry, becoming the first U.S. retail broker to offer commission-free stock trading with no account minimums, which was subsequently adopted by the rest of the industry. In recent years, we have continued to build relationships with our customers by introducing new products and diversifying our services that further expand access to the financial system, including focusing on products and tools for more seasoned investors. Through these efforts, we believe we have made investing culturally relevant and understandable, and that our platforms are enabling our customers to become long-term investors and take greater control of their finances.

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## Financial Results and Performance

With respect to the three months ended March 31, 2025, as compared to the three months ended March 31, 2024:

- total net revenues increased 50% to \$927 million compared to \$618 million;
- net income increased 114% to \$336 million, compared to \$157 million;
- diluted EPS increased 106% to \$0.37 compared to \$0.18;
- total operating expenses increased 21% to \$557 million compared to \$460 million;
  - SBC expense increased 18% to \$73 million compared to \$62 million;
- Adjusted EBITDA (non-GAAP) increased 90% to \$470 million compared to \$247 million;
- Funded Customers increased by 1.9 million, or 8%, to 25.8 million compared to 23.9 million, and Investment Accounts increased by 2.6 million, or 11%, to 27.0 million compared to 24.4 million;
- Total Platform Assets increased 70% to \$220.6 billion compared to \$129.6 billion, primarily driven by continued Net Deposits and the acquisition of TradePMR.
- Net Deposits were \$18.0 billion, which translates to an annualized growth rate of 37% relative to Total Platform Assets at the end of the fourth quarter of 2024, compared to \$11.2 billion, which translates to an annualized growth rate of 44% relative to Total Platform Assets at the end of the fourth quarter of 2023. Over the past twelve months, Net Deposits were \$57.3 billion, a growth rate of 44% relative to Total Platform Assets at the end of the first quarter of 2024.
- ARPU increased 39% to \$145 compared to \$104; and
- Robinhood Gold Subscribers increased 1.51 million, or 90%, to 3.19 million compared to 1.68 million.

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 to Adjusted EBITDA, please see “—Non-GAAP Financial Measures” below.

## Key Performance Metrics

Key performance metrics for the relevant periods were as follows:

	Three Months Ended March 31,		% Change
	2024	2025	
Funded Customers <sup>(1)</sup> (in millions)	23.9	25.8	8 %
Total Platform Assets <sup>(2)</sup> (in billions)	\$ 129.6	\$ 220.6	70 %
Net Deposits (in billions)	\$ 11.2	\$ 18.0	NM
Growth Rate with respect to Net Deposits	44%	37%	NM
ARPU (in dollars)	\$ 104	\$ 145	39 %
Robinhood Gold Subscribers (in millions)	1.68	3.19	90 %

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(1) The following table describes the annual changes within Funded Customers:

<i>(in millions)</i>	Three Months Ended March 31,		% Change
	2024	2025	
Beginning Funded Customers	23.4	25.2	8 %
New Funded Customers	0.5	0.7	40 %
Resurrected Customers	0.2	0.2	— %
Acquired customers <sup>(i)</sup>	—	0.1	NM
Churned Customers	(0.2)	(0.4)	100 %
Ending Funded Customers	23.9	25.8	8 %

(2) The following table sets out the components of Total Platform Assets by type of asset:

<i>(in billions)</i>	Three Months Ended March 31,		% Change
	2024	2025	
Equities	\$ 81.5	\$ 125.5	54 %
Cryptocurrencies	26.2	27.5	5 %
Options and futures	1.2	1.1	(8)%
RIA assets <sup>(ii)</sup>	—	41.3	NM
Cash held by Customers	24.8	34.0	37 %
Receivables from Customers (primarily margin balances)	(4.1)	(8.8)	115 %
Total Platform Assets	\$ 129.6	\$ 220.6	70 %

The following table describes the changes within Total Platform Assets:

<i>(in billions)</i>	Three Months Ended March 31,		% Change
	2024	2025	
Beginning Total Platform Assets	\$ 102.6	\$ 192.9	88 %
Acquired assets <sup>(i)</sup>	—	42.9	NM
Net Deposits	11.2	18.0	NM
Net market gains (losses)	15.8	(33.2)	NM
Ending Total Platform Assets	\$ 129.6	\$ 220.6	70 %

(i) Acquired customers and acquired assets relate to those obtained from the acquisition of TradePMR in February 2025.

(ii) RIA assets relates to the assets obtained from the acquisition of TradePMR in February 2025.

## 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, 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, excluding (i) interest expenses related to credit facilities, (ii) provision for (benefit from) income taxes, (iii) depreciation and amortization, (iv) SBC, (v) significant legal and tax settlements and reserves, and (vi) other significant gains, losses, and expenses (such as impairments, restructuring charges, and business acquisition- or disposition-related expenses) that we believe are not indicative of our ongoing results. This non-GAAP financial information is presented for supplemental informational purposes only, should not be considered in isolation or as 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.



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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 income:

	Three Months Ended March 31,	
	2024	2025
(in millions)		
Net income	\$ 157	\$ 336
Add:		
Interest expenses related to credit facilities	6	6
Provision for income taxes	5	35
Depreciation and amortization	17	20
EBITDA (non-GAAP)	185	397
Add:		
SBC	62	73
Adjusted EBITDA (non-GAAP)	<u>\$ 247</u>	<u>\$ 470</u>



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## Results of Operations

The following table summarizes our unaudited condensed consolidated statements of operations data:

	Three Months Ended March 31,	
	2024	2025
<i>(in millions)</i>		
Revenues:		
Transaction-based revenues	\$ 329	\$ 583
Net interest revenues	254	290
Other revenues	35	54
Total net revenues	618	927
Operating expenses <sup>(1)</sup> :		
Brokerage and transaction	35	50
Technology and development	196	214
Operations	28	31
Provision for credit losses	16	24
Marketing	67	105
General and administrative	118	133
Total operating expenses	460	557
Other income, net	4	1
Income before income taxes	162	371
Provision for income taxes	5	35
Net income	\$ 157	\$ 336

(1) Includes SBC expense as follows:

	Three Months Ended March 31,	
	2024	2025
<i>(in millions)</i>		
Brokerage and transaction	\$ 2	\$ 2
Technology and development	44	44
Operations	2	1
Marketing	2	2
General and administrative	12	24
Total SBC expense	\$ 62	\$ 73

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## Comparison of the Three Months Ended March 31, 2024 and 2025

### Revenues

#### Transaction-Based Revenues

(in millions, except for percentages)

	Three Months Ended March 31,		% Change
	2024	2025	
Transaction-based revenues:			
Cryptocurrencies	\$ 126	\$ 252	100 %
Options	154	240	56 %
Equities	39	56	44 %
Other	10	35	250 %
Total transaction-based revenues	<u>\$ 329</u>	<u>\$ 583</u>	77 %
Transaction-based revenues as a % of total net revenues:			
Cryptocurrencies	20%	27%	
Options	25%	26%	
Equities	6%	6%	
Other	2%	4%	
Total transaction-based revenues	<u>53%</u>	<u>63%</u>	

Transaction-based revenues increased by \$254 million primarily driven by increases of \$126 million in cryptocurrencies, \$86 million in options, and \$17 million in equities.

Cryptocurrencies revenues increased as a result of a higher rebate rate from crypto market makers (a rebate increase was effective in May 2024). Additionally, cryptocurrencies revenue increased as a result of a 45% increase in the number of users placing cryptocurrency trades, partially offset by a 14% decrease in the average Notional Trading Volume traded per trader and \$21 million of incentives paid to our customers.

Options revenues increased due to a 46% increase in Options Contracts Traded and a 25% increase in the number of users placing option trades. In addition, we experienced higher option rebate rates due to the mix of ticker symbols traded as different ticker symbols pay different rebate rates. The increase was partially offset by \$26 million of incentives paid to our customers.

Equities revenues increased primarily driven by a 56% increase in the average Notional Trading Volume traded per trader and a 17% increase in the number of users placing equity trades. The increase was partially offset by lower equity rebate rates due to the mix of ticker symbols traded as different ticker symbols pay different rebate rates.

[Table of Contents](#)**Net Interest Revenues**

	Three Months Ended March 31,		
	2024	2025	% Change
(in millions, except for percentages)			
Net interest revenues:			
Margin interest	\$ 72	\$ 110	53 %
Interest on segregated cash, cash equivalents, securities, and deposits	58	56	(3)%
Interest on corporate cash and investments	70	49	(30)%
Cash Sweep	39	48	23 %
Securities lending, net	15	23	53 %
Credit card, net	6	10	67 %
Interest expenses related to credit facilities	(6)	(6)	— %
Total net interest revenues	\$ 254	\$ 290	14 %
Net interest revenues as a % of total net revenues:			
Margin interest	12 %	12 %	
Interest on segregated cash, cash equivalents, securities, and deposits	9 %	7 %	
Interest on corporate cash and investments	12 %	5 %	
Cash Sweep	6 %	5 %	
Securities lending, net	2 %	2 %	
Credit card, net	1 %	1 %	
Interest expenses related to credit facilities	(1)%	(1)%	
Total net interest revenues	41 %	31 %	

Net interest revenues increased by \$36 million, primarily driven by growth in most of our interest-earning asset balances and securities lending activities. The increase was partially offset by a decrease in interest on corporate cash and investments driven by lower cash and deposits balances and a lower short-term interest rate environment. We anticipate any potential future rate cuts by the Federal Reserve will negatively impact our net interest revenues and adversely affect our customers' returns on cash deposits.

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

<i>(in millions, except for annualized yield)</i>	Margin Book	Cash and deposits <sup>(1)</sup>	Cash Sweep (off-balance sheet)	Credit card, net <sup>(2)</sup>	Total interest-earning assets	Securities lending, net	Interest expenses related to credit facilities <sup>(5)</sup>	Total net interest revenues
<b>Three Months Ended March 31, 2025</b>								
March 31, 2025 \$	8,802 \$	9,763 \$	28,187 \$	429 \$	<b>47,181</b>			
December 31, 2024	7,909	9,943	26,064	391	<b>44,307</b>			
Average <sup>(3)</sup>	8,449	10,070	26,717	402	<b>45,638</b>			
Revenue (expense) \$	110 \$	105 \$	48 \$	10 \$	<b>273</b>	\$ 23	(6) \$	<b>290</b>
Annualized yield <sup>(4)</sup>	5.21%	4.17%	0.72%	9.95%	<b>2.39%</b>			<b>2.54%</b>
<b>Three Months Ended December 31, 2024</b>								
December 31, 2024 \$	7,909 \$	9,943 \$	26,064 \$	391 \$	<b>44,307</b>			
September 30, 2024	5,499	11,149	24,485	309	<b>41,442</b>			
Average <sup>(3)</sup>	6,614	10,920	25,621	356	<b>43,511</b>			
Revenue (expense) \$	91 \$	127 \$	50 \$	8 \$	<b>276</b>	\$ 26	(6) \$	<b>296</b>
Annualized yield <sup>(4)</sup>	5.50%	4.65%	0.78%	8.99%	<b>2.54%</b>			<b>2.72%</b>
<b>Three Months Ended March 31, 2024</b>								
March 31, 2024 \$	4,115 \$	10,328 \$	19,049 \$	197 \$	<b>33,689</b>			
December 31, 2023	3,458	10,107	16,352	205	<b>30,122</b>			
Average <sup>(3)</sup>	3,763	10,007	17,576	201	<b>31,547</b>			
Revenue (expense) \$	72 \$	128 \$	39 \$	6 \$	<b>245</b>	\$ 15	(6) \$	<b>254</b>
Annualized yield <sup>(4)</sup>	7.65%	5.12%	0.89%	11.94%	<b>3.11%</b>			<b>3.22%</b>

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

<sup>(2)</sup> Credit card, net consists of i) an off-balance sheet amount representing 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 and ii) an on-balance sheet amount representing purchased credit card receivables by the Credit Card Funding Trust. Robinhood Credit collects interest from customers that carry balances and pays interest on the amount funded through the Credit Card Funding Trust, with the difference in those amounts resulting in net interest revenues. As of March 31, 2025, the off-balance sheet amount funded under the Program agreement was \$206 million and the on-balance sheet amount was \$223 million. Refer to Note 10 - Financing Activities and Off-Balance Sheet Risk to our unaudited condensed consolidated financial statements in this Quarterly Report for more information.

<sup>(3)</sup> Average balance rows represent the simple average of month-end balances in a given period.

<sup>(4)</sup> Annualized yield is calculated by annualizing revenue for the given period and dividing by the applicable average asset balance.

<sup>(5)</sup> Includes interest expenses related to our revolving credit facilities; interest expense related to the Credit Card Funding Trust is included in the credit card, net interest yield calculation. Refer to Note 10 - Financing Activities and Off-Balance Sheet Risk to our unaudited condensed consolidated financial statements in this Quarterly Report for more information.

[Table of Contents](#)**Other Revenues**

	Three Months Ended March 31,		
(in millions, except for percentages)	2024	2025	% Change
Other revenues:			
Robinhood Gold subscription revenues	\$ 23	\$ 38	65 %
Proxy revenues	7	9	29 %
Other	5	7	40 %
Total other revenues	<u>\$ 35</u>	<u>\$ 54</u>	54 %
Other revenues as a % of total net revenues:			
Robinhood Gold subscription revenues	4 %	4 %	
Proxy revenues	1 %	1 %	
Other	1 %	1 %	
Other revenues as a % of total net revenues	<u>6 %</u>	<u>6 %</u>	

Other revenues increased \$19 million primarily driven by an increase in Robinhood Gold subscription revenues of \$15 million due to an increase in Robinhood Gold Subscribers.

**Operating Expenses**

	Three Months Ended March 31,		
(in millions, except for percentages)	2024	2025	% Change
Operating expenses:			
Brokerage and transaction	\$ 35	\$ 50	43 %
Technology and development	196	214	9 %
Operations	28	31	11 %
Provision for credit losses	16	24	50 %
Marketing	67	105	57 %
General and administrative	118	133	13 %
Total operating expenses	<u>\$ 460</u>	<u>\$ 557</u>	21 %
Percent of total net revenues:			
Brokerage and transaction	5 %	6 %	
Technology and development	32 %	23 %	
Operations	5 %	3 %	
Provisions for credit losses	2 %	3 %	
Marketing	11 %	11 %	
General and administrative	19 %	14 %	
Total operating expenses	<u>74 %</u>	<u>60 %</u>	

[Table of Contents](#)*Brokerage and Transaction*

	Three Months Ended March 31,		% Change
	2024	2025	
(in millions)			
Instant withdrawals	\$ 3	\$ 9	200%
Employee compensation, benefits, and overhead, excluding SBC	9	9	—%
Market data expenses	6	8	33%
Customer statements	4	4	—%
SBC	2	2	—%
Other	11	18	64%
Total	\$ 35	\$ 50	43%

Brokerage and transaction costs increased by \$15 million primarily driven by a \$7 million increase in other brokerage and transactions costs related to credit card network fees and a \$6 million increase in instant withdrawals expense as a result of higher customer activities.

*Technology and Development*

	Three Months Ended March 31,		% Change
	2024	2025	
(in millions)			
Employee compensation, benefits, and overhead, excluding SBC	\$ 74	\$ 77	4 %
Cloud infrastructure services	43	50	16 %
SBC	44	44	— %
Software and tools	28	35	25 %
Other	7	8	14 %
Total	\$ 196	\$ 214	9 %

Technology and development costs increased by \$18 million primarily due to a \$7 million increase in cloud infrastructure services to meet higher capacity requirements for our platforms to support increased trading volumes and a \$7 million increase in software and tools utilized in delivering our products and improving internal operations.

*Operations*

	Three Months Ended March 31,		% Change
	2024	2025	
(in millions)			
Employee compensation, benefits, and overhead, excluding SBC	\$ 19	\$ 19	—%
Customer experience	4	6	50%
SBC	2	1	(50)%
Other	3	5	67%
Total	\$ 28	\$ 31	11%

Operations costs increased by \$3 million with no material changes to note.

[Table of Contents](#)*Provision for credit losses*

	Three Months Ended March 31,		% Change
	2024	2025	
(in millions)			
Provision for credit losses - credit card related	\$ 10	\$ 13	30%
Provision for credit losses - brokerage related	6	11	83%
Total	\$ 16	\$ 24	50%

Provision for credit losses costs increased by \$8 million primarily due to a \$5 million increase in brokerage related expenses primarily as a result of fraudulent activities. Credit card related provision for credit losses increased \$3 million primarily due to higher balances in purchased credit card receivables.

*Marketing*

	Three Months Ended March 31,		% Change
	2024	2025	
(in millions)			
Digital marketing	\$ 28	\$ 53	89 %
Brand marketing	17	22	29 %
Employee compensation, benefits, and overhead, excluding SBC	7	9	29 %
Marketing incentives	4	5	25 %
Creative services	2	4	100 %
SBC	2	2	— %
Other	7	10	43 %
Total	\$ 67	\$ 105	57 %

Marketing costs increased by \$38 million primarily due to higher expenses in digital marketing of \$25 million and brand marketing of \$5 million, as we increased our investments in paid marketing channels and other marketing initiatives to promote our brand, products, and services.

*General and Administrative*

	Three Months Ended March 31,		% Change
	2024	2025	
(in millions)			
Employee compensation, benefits, and overhead, excluding SBC	\$ 57	\$ 58	2 %
SBC	12	24	100 %
Other professional fees	12	17	42 %
Legal expenses	21	14	(33)%
Settlements and penalties	2	2	— %
Other	14	18	29 %
Total	\$ 118	\$ 133	13 %

General and administrative costs increased \$15 million primarily due to an increase of \$12 million in SBC expenses due to a reversal of \$11 million of previously recognized expenses in the prior year as a result of the resignation of our co-founder and former Chief Creative Officer. Additionally, other professional fees increased by \$5 million primarily due to costs incurred in connection with the TradePMR acquisition. These increases were partially offset by a decrease of \$7 million in legal expenses associated with certain historical regulatory matters.

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## Provision for Income Taxes

	Three Months Ended March 31,		% Change
	2024	2025	
(in millions)			
Provision for income taxes	\$ 5	\$ 35	600 %

Provision for income taxes increased by \$30 million for the three months ended March 31, 2025 primarily due to the valuation allowance release on the U.S. federal and certain state deferred tax assets in the fourth quarter of 2024 and the growth of the business.

## 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 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 Depository Trust Company ("DTC"), the NSCC, the Options Clearing Corporation ("OCC"), and the Commodity Futures Trading Commission ("CFTC")). 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

As of March 31, 2025, we had cash and cash equivalents of \$4.42 billion and held-to-maturity investments of \$192 million. Refer to Note 7 - Investments and Fair Value Measurement, to our unaudited condensed consolidated financial statements in this Quarterly Report for further information.

#### Revolving Credit Facilities and Credit Card Funding Trust

As of March 31, 2025, we had committed revolving credit facilities with a total borrowing capacity of up to \$3.65 billion and a borrowing capacity for our Credit Card Funding Trust of up to \$400 million. Refer to Note 10 - Financing Activities and Off-Balance Sheet Risk to our unaudited condensed consolidated financial statements in this Quarterly Report for further information.



[Table of Contents](#)**Commitments**

The following table summarizes our short- and long-term material cash requirements for contractual obligations as of March 31, 2025:

(in millions)	Payments Due by Period				
	Total	Remainder of 2025	2026-2027	2028-2029	Thereafter
Operating lease commitments	\$ 172	\$ 9	\$ 54	\$ 49	\$ 60
Purchase commitments <sup>(1)</sup>	647	279	365	2	1
Robinhood match incentives commitments <sup>(2)</sup>	107	56	51	—	—
Credit Card Funding Trust borrowing principal and interest	156	156	—	—	—
Total	<u>\$ 1,082</u>	<u>\$ 500</u>	<u>\$ 470</u>	<u>\$ 51</u>	<u>\$ 61</u>

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

<sup>(2)</sup> Robinhood match incentives commitments represent non-cancelable future match payments on eligible cash deposits made by Robinhood Gold Subscribers. The future match payments are forfeited if deposits are not held on the platform during the specific earning period.

In addition to lease and purchase commitments, we have two committed financing agreements: one 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.

**Regulatory Capital Requirements**

Our broker-dealer subsidiaries (RHS, RHF, and TradePMR) are subject to Rule 15c3-1 (the "SEC Uniform Net Capital Rule") under the Exchange Act, 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.

Our FCM subsidiary, Robinhood Derivatives, LLC ("RHD"), is subject to CFTC Regulation 1.17, administered by the CFTC and the NFA, which requires the maintenance of minimum net capital, as defined by CFTC Regulation 1.17. Net capital and the related net capital requirements may fluctuate on a daily basis.

The table below summarizes the net capital, capital requirements, and excess net capital of RHS, RHF, TradePMR, and RHD as of periods presented:

(in millions)	March 31, 2025		
	Net Capital	Required Net Capital	Net Capital in Excess of Required Net Capital
RHS	\$ 2,697	\$ 191	\$ 2,506
RHF	407	0.25	407
RHD	38	2	36
TradePMR	5	2	3

As of March 31, 2025, these subsidiaries were in compliance with their respective regulatory capital requirements.

[Table of Contents](#)**Cash Flows**

The following table summarizes our cash flow activities:

	Three Months Ended March 31,	
	2024	2025
(in millions)		
Cash provided by (used in):		
Operating activities	\$ (623)	\$ 642
Investing activities	(47)	9
Financing activities	(30)	(417)

**Operating activities**

Net cash provided by operating activities increased \$1.27 billion compared to the prior period primarily due to:

- an increase of \$179 million in net income;
- an increase of \$397 million due to maturities of U.S. treasury securities segregated under federal and other regulations compared to a decrease of \$692 million in the prior year due to cash used to purchase U.S. treasury securities segregated under federal and other regulations;
- an increase of \$967 million in securities loaned due to continuous growth of our securities lending program; and
- a decrease of \$1.31 billion in payables to users due to increased customer activities.

**Investing activities**

Net cash provided by investing activities increased \$56 million compared to the prior period primarily due to:

- an increase of \$500 million of cash provided by collections of purchased credit card receivables;
- an increase of \$171 million driven by no purchases of held-to-maturity investments during the period;
- an increase of \$54 million of cash provided by the maturities of held-to-maturity investments; and
- a decrease of \$520 million due to cash used for purchases of credit card receivables; and
- a decrease of \$150 million due to cash used for the acquisition of TradePMR, net of cash and cash equivalents acquired.

**Financing activities**

Net cash used in financing activities increased \$387 million compared to the prior period primarily due to:

- an increase of \$322 million of cash used for share repurchases; and
- an increase of \$80 million of cash used for taxes related to net share settlement of equity awards.

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## Critical Accounting Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these unaudited condensed consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities on our unaudited condensed 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. We also have other key accounting policies, which involve the use of estimates, judgments, and assumptions that are significant to understanding our results. 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.

There have been no material changes to our critical accounting estimates during the three months ended March 31, 2025, as compared to those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates" in our 2024 Form 10-K.

## Recent Accounting Pronouncements

See Item 1 of Part I, "Unaudited Financial Statements — Note 2 - Recent Accounting Pronouncements."

## ITEM 3. 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, including interest rate sensitive off-balance sheet amounts related to our Coastal Bank Program Agreement, to evaluate the effect that changes in interest rates might have on total net revenues, net income, 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 simulated changes in interest rates. Additionally, the analysis does not factor in any assumptions on the effect simulated changes in interest rates would have on trading activities across our platforms. 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, 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:

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(in millions)	March 31,	
	2024	2025
50 basis point	\$ 76	\$ 104
100 basis point	152	208
150 basis point	228	313

The change to total net revenues, net income, 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 March 31, 2025, 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 changes in interest rates related to our variable-rate credit facilities. See Note 10 - Financing Activities and Off-Balance Sheet Risk, to our unaudited condensed consolidated financial statements in this Quarterly Report for further information. However, as there were no outstanding borrowings under our uncommitted revolving credit facilities as of March 31, 2025, we had limited financial exposure associated with changes in interest rates as of such date.

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

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return of collateral for securities borrowed when necessary, and by participating in a risk-sharing program offered through the OCC.

## ITEM 4. CONTROLS AND PROCEDURES

### ***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our CEO and our Chief Financial Officer (“CFO”), has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

### ***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 three months ended March 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### ITEM 1. LEGAL PROCEEDINGS

See Item 1 of Part I, “Unaudited Financial Statements — Note 14 - Commitments & Contingencies.”

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## 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 Quarterly Report, including our unaudited condensed 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 Quarterly 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 expanded and continue to expand our operations rapidly, including continuing to introduce new products and services on our platforms as well as geographic expansion, 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.*
- In most full year periods since our inception, we have incurred operating losses 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 or disruption in the services provided by 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 have in the past and could in the future 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.*

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- *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 currently operate 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*



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*cryptocurrency market risks, any of which would adversely affect the success of our business, financial condition and results of operations.*

- *In the United States, 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 platforms.*
- *The offering of consumer credit cards through Robinhood Credit increases our exposure to customer defaults and credit risk and could result in losses.*
- *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 platforms 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.*
- *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 platforms, insufficient growth in the number of customers that utilize our platforms, declines in the level of usage of our platforms 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. We also may not realize the intended benefits of acquisitions of, or investments in, other companies, products or technologies intended to grow our business. 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 expanded and continue to expand our operations rapidly, including continuing to introduce new products and services on our platforms as well as geographic expansion, which***

[Table of Contents](#)***subjects us to a number of uncertainties, risks, and difficulties that could adversely affect our business.***

We have expanded and continue to expand our operations rapidly, including continuing to introduce new products and services on our platforms as well as geographic expansion, 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. For example, we have undertaken multiple restructurings in recent years, including significant workforce reductions, and scaled back hiring plans. These actions were driven by a general downturn in economic and market conditions. While these steps were taken to improve operational efficiency, there can be no assurance that further restructuring or workforce reductions will not be necessary in the future. As part of our ongoing efforts in the normal course of business, we also 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. Additionally, as our business operations continue to expand, we have had and may continue to have difficulties meeting customer demand and expectations. 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 platforms 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 have included and could in the future 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;*

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- *volatility in the market, whether generally or as a result of certain or anticipated events (such as recent developments with respect to tariffs and trade policy shifts), or the occurrence of so-called “meme” trading in equities, options, cryptocurrencies, or futures (which includes options on futures, swaps, and event contracts (“Futures”)) 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 SBC and asset impairments;*
- *the success of our expansion into new markets or acquisitions;*
- *trading volume and the prevailing trading prices for cryptocurrencies, which can be highly volatile;*
- *ceasing support for certain cryptocurrencies on our RHC 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;*
- *changes in domestic or global business or macroeconomic conditions, including as a result of tariffs and trade policy shifts, geopolitical conflicts, banking instability, or responses to these events; 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.

***In most full year periods since our inception, we have incurred operating losses and might not be profitable in the future.***

We generated positive full year GAAP net income for the first time in 2024. However, in most full year periods since our inception, we have incurred operating losses. We might not be able to maintain or increase our revenue and/or maintain or further reduce our operating expenses by sufficient amounts to continue to generate positive GAAP net income on a quarterly or yearly basis in the future.

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***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 or disruption in the services provided by 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, currently 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. For example, the SEC recently adopted final rules (the "September 2024 Final Rules") to, among other things, adopt an additional minimum pricing increment, or "tick size," for the quoting of certain national market system ("NMS") stocks under Rule 612 of Regulation NMS, reduce the access fee caps for protected quotations under Rule 610 of Regulation NMS and enhance the transparency of better priced orders. While the SEC granted a partial stay of the effectiveness of the final rules in December 2024 pending the completion of judicial review of the petition for review, it did not stay the effective date of the quote transparency rules. The quote transparency rules will make the information about smaller-sized orders publicly available and result in the contraction of spreads across several securities, which we expect will lead to a decrease in the PFOF earned from such orders once the rules go into effect in November 2025. 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 RHC platform are securities, we might not continue to facilitate trading of those cryptocurrencies in the U.S. (including ceasing support for certain such cryptocurrencies on our RHC platform) or it might cause us to proactively remove certain cryptocurrencies from our RHC 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 are often not documented under binding contracts (as is generally the case with market makers in equities and options). If any 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. With respect to cryptocurrencies, for instance, 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. Although we have established relationships with third-party exchanges that may provide additional access to market makers that are able to execute cryptocurrency trades, without additional market makers supporting cryptocurrencies entering the industry in the United States, there is a risk that we may be unable to find suitable market makers to support cryptocurrencies. Additionally, this risk is heightened for brokerage orders executed outside of regular market hours through Robinhood 24 Hour Market, as currently all brokerage trades executed overnight are routed through one market maker — Virtu Financial, Inc. ("Virtu"). If Virtu becomes unwilling or unable to do business with us in the future, we may be unable to find additional market makers to support Robinhood 24 Hour Market, which could negatively impact our transaction-based

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revenue. Furthermore, if any of our market makers decide to alter our fee structure, our transaction-based revenue could significantly decrease.

Additionally, disruptions in the services provided by market makers, whether due to technical malfunctions, operational mishaps, or financial instability of the market makers, or external factors such as regulatory changes or market volatility, have in the past, and may in the future impair our ability to execute our client's orders. Should a market maker experience downtime or diminished performance, particularly during peak trading hours, our ability to execute customer orders could be compromised and could have an adverse impact on our business, financial condition, and results of operations.

#### *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 a consolidated putative class action in federal district court relating to the same factual allegations. Additionally, 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 access fee caps. In March 2024, the SEC adopted amendments to enhance order execution disclosures under Rule 605 of Regulation NMS, which will apply for the first time to RHF and RHS beginning in December 2025. In September 2024, the SEC also adopted rules related to order tick size and access fee caps (the "Tick Size and Access Fee Cap Rules").

Beginning in December 2025, the Order Execution Disclosure Rules will require brokers, including RHF and RHS, to make new, publicly available execution quality disclosures that will allow customers, regulators, academics, the press and others to compare execution quality between brokers. Execution quality of brokers may vary based on the trading characteristics of the broker's customers, including, but not limited to, the average number of shares traded, the types of securities (e.g., large cap, small cap, more liquid or less liquid, average spread size, etc.), what types of orders customers submit (e.g., market or limit) and when customers place their trades (e.g., market open, during the regular session or market close). Depending on how our order execution quality compares to other brokers, we could be subject to negative press or critical academic studies that could result in regulatory scrutiny or civil actions which could harm our brand and reputation.

Beginning in November 2025, the Tick Size and Access Fee Cap Rules will make information about smaller-sized orders publicly available and is likely to result in the contraction of spreads across many securities, which we expect will lead to a decrease in the PFOF earned from such orders. Although these final and remaining proposed rules related to market structure design do not ban PFOF, the remaining December 2022 Rule Proposals would introduce new requirements and would have the indirect effect of making PFOF more difficult to earn. Any new or heightened PFOF regulation, including the September 2024 Final Rules and the remaining December 2022 Rule Proposals if adopted as proposed, will result in increased compliance costs and otherwise could materially decrease our transaction-based revenue, might make it more difficult for us to expand our platforms 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



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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 (as defined in Note 14 - Commitments & Contingencies to our unaudited condensed consolidated financial statements in this Quarterly Report), 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 platforms. 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.

RHC has started to allow customers to choose a fee-based model in lieu of a liquidity provider rebate-based model (under which RHC receives Transaction Rebates from liquidity providers) for cryptocurrency orders routed to exchanges for execution. This shift may lead to negative publicity due to potential differences in total costs for customers under the two models. Depending on the nature of these cost differences, concerns might arise about (i) the use of PFOF with respect to other asset classes like equities and options and/or (ii) the replacement of liquidity provider rebates by customer fees for orders in cryptocurrency routed to exchanges for execution. Any negative publicity associated with adopting this model may have an adverse impact on 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 have in the past and could in the future reduce our net interest revenues and otherwise result in reduced profitability.***

A 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. Reductions in interest rates have negatively impacted, 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

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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. Fluctuations in interest rates could adversely impact our customers’ general spending levels and ability and willingness to invest and spend through our platforms.

***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. We have in the past and continue to be subject to investigations related to our best execution practices. We face additional investigations and/or a risk of 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 remaining 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 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 by regulatory changes related to our obligations with regard to capital maintenance requirements. For example, in December 2024, the SEC adopted 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. These amendments, which require broker-dealer

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compliance by December 2025, will make it more difficult for us to comply with our obligations with regard to capital maintenance requirements. Additionally, there is no 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.

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. 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. We also need to hold capital and make deposits with respect to certain event contracts in accordance with applicable CFTC regulations and ForecastEx, LLC, Kalshi Klear LLC, and KalshiEx LLC's Rulebooks for Robinhood Derivatives, LLC.

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 the income tax withholding and remittance obligations that arise upon the vesting and/or settlement of our outstanding RSUs, and 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



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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 platforms, 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 platforms, such as the November 2021 Data Security Incident (as defined in Note 14 - Commitments & Contingencies to our unaudited condensed consolidated financial statements in this Quarterly Report) 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.

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 platforms;*
- *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), or any outright failure to meet our deposit requirements;*
- *litigation, regulatory actions, settlements, or investigations involving our platforms or our business;*
- *regulators requesting or requiring us to cease offering specific products or services;*
- *any failures to comply with legal, tax and regulatory requirements;*
- *any perceived or actual weakness in our financial strength or liquidity;*
- *any regulatory action or settlement that results in changes to, or prohibits us from offering, certain features, products or services;*

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- *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;*
- *our decision to offer products viewed by some as controversial;*
- *our inability to successfully expand into new markets or make successful acquisitions of, or investments in, other companies, products or technologies;*
- *a prolonged weakness in popular equities or cryptocurrencies specifically or in U.S. or international equity and cryptocurrency markets generally, or a sustained downturn in the U.S. or international economies;*
- *negative claims or publicity involving our culture or businesses, regardless of whether such claims are accurate; 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, 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%. Additionally, 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

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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 financial market volatility (such as we previously experienced during the COVID-19 pandemic or have experienced and may experience in the future due to recent trade policy shifts and the imposition or escalation of tariffs implemented by the United States and other countries or blocs, including China, Canada and the EU, and those countries' or blocs' responses to such shifts and tariffs), economic and political conditions including unemployment rates, inflation, tax and interest rates, geopolitical conflicts, such as the Russian invasion of Ukraine and ongoing events in the Middle East, significant increases in the volatility or trading volume of particular securities, cryptocurrencies, or Futures (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, cryptocurrencies, or Futures trading generally and 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. 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 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 CEO, Vladimir Tenev, has 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, most of 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.

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We also might not be successful in attracting, integrating or retaining qualified personnel to fulfill our current or future needs. These challenges increase when considering the foreign national employee population within which we hire due to changes in U.S. immigration policies and enforcement practices. 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 performance of our stock price has in the past had, and could continue to have, a significant impact on our ability to recruit, retain, and motivate highly skilled personnel. Additionally, our working model 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 our recent restructurings, 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. Our ability to close these transactions might be subject to third-party approvals and customary closing conditions, such as governmental and other regulatory approvals, some of which are beyond our control, and may take longer than expected to be obtained, if at all. If pending transactions are not completed, we have in the past and could in the future be subject to losses from legal fees and other expenses as well as impairment charges.

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 and/or compliance obligations, 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. For example, we recently completed the acquisition of TradePMR, and we may encounter challenges in integrating its operations, technology, and personnel. Moreover, the anticipated benefits of any acquisition or investment

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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 currently operate 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 U.K. through Robinhood U.K., Ltd., crypto services in select jurisdictions in the European Union (the "EU") through Robinhood Europe, UAB ("RHEU"), and our Robinhood Wallet, which is available in over 150 countries and offered through our Cayman Islands subsidiary, Robinhood Non-Custodial Ltd. We expect that our pending acquisition of Bitstamp, if completed, will help us accelerate our international expansion, including across the EU, in the U.K. and in certain other countries.

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;*

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- *compliance with anti-bribery and anti-corruption laws, such as the Foreign Corrupt Practices Act ("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, inflation, and tariffs and trade policy shifts could limit our ability to operate efficiently across or within borders, 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.

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

We currently have a large segment of employees who work remotely and are not required to come into the office on a daily basis. Allowing employees to work remotely subjects us to heightened



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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. Additionally, in June 2024 FINRA's new Residential Supervisory Location Designation Rule became effective, under which the homes of certain of our employees who work remotely could be treated as "residential supervisory locations" subject to inspections on a regular periodic schedule, which in turn has required certain operational changes and compliance adjustments. Non-compliance with the Residential Supervisory Location Designation Rule could subject us to fines, penalties or enforcement actions. 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 in the past made and may 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 working model 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.

## 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 U.K., 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 and products (such as payment processing, settlement services, and credit cards), cryptocurrency, derivatives, 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 greenhouse gas emissions and other metrics related to climate change.

The substantial costs and uncertainties related to complying with these laws and 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, after launching Sherwood Media, our media subsidiary dedicated to providing news and information about the markets, economics, business, technology, and the culture of money), we received inquiries from FINRA regarding Sherwood Media's relationship to RHF. In addition, after announcing in March 2024 the launch of the Robinhood Gold Card, which is offered through Robinhood Credit exclusively to Robinhood Gold Subscribers and provides rewards via the Robinhood Gold Credit Card Rewards Program, we received requests for information from the MSD related to the Robinhood Gold subscription service and the Robinhood Gold Card. After we began to offer certain event contracts in October 2024 related to the U.S. presidential election and in March 2025 related to the annual NCAA college basketball tournaments, we received requests for information and a subpoena from the MSD, respectively. Regulations are intended to ensure the integrity of financial markets, to maintain

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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. For instance, since we began to offer event contracts, the CFTC has been in the process of appealing the U.S. District Court for the District of Columbia's decision in *KalshiEx LLC v. Commodity Futures Trading Commission*, and should the CFTC succeed on appeal, we may not be able to continue to offer certain event contracts and potentially could be subject to adverse litigation and regulatory actions for doing so. In addition, the CFTC has proposed a rule amendment that has not been finalized—if adopted by the CFTC as proposed, we would likely be prohibited from offering election event contracts (similar to the ones we offered in November 2024) in the future. Our ability to offer certain products may also be impacted by actions taken by government regulators. There is a risk that regulators could request or require us to cease offering specific products or services. Such regulatory actions could lead to the suspension or termination of product offerings, which may result in increased compliance costs, financial losses and negative publicity. For example, in February 2025 after we began offering sports event contracts tied to the pro football championship, the CFTC formally requested that RHD “not permit customers to access” sports event contracts “until staff can complete a review,” leading us to suspend the rollout of that product. After we began offering sports event contracts tied to the annual NCAA college basketball tournaments in March 2025 and provided the CFTC with certain information and documents, the CFTC indicated it lacked a “legal justification” to prevent us from offering access to those event contracts. In addition to the MSD subpoena described above, the New Jersey Division of Gaming Enforcement issued a letter in March 2025 to RHM demanding that we, among other things, cease and desist from offering the sports event contracts, which it views as unlicensed sports wagering under state law. Other state regulators with authority over sports wagering have since sent RHM and RHD similar demands. On April 8, 2025, a federal district court in Nevada issued a preliminary injunction in *KalshiEx, LLC v. Hendrick, et al.* preventing the Nevada Gaming Commission and Nevada Gaming Control Board from enforcing applicable Nevada state laws and pursuing civil or criminal liability against KalshiEx, LLC for offering sports-related event contracts because the Commodity Exchange Act (“CEA”) grants the CFTC exclusive jurisdiction over event contracts that are traded or executed on a designated contract market and the CFTC has approved (or at least has not disapproved) the contracts. KalshiEx has filed for similar injunctive relief in New Jersey and Maryland. On April 28, 2025, the federal district court in the New Jersey lawsuit, *KalshiEx LLC v. Flaherty, et al.*, issued a similar preliminary injunction against the New Jersey gaming regulators concluding that KalshiEx has demonstrated a reasonable chance of prevailing on its preemption arguments. Federal courts, including appellate courts, may come to different conclusions as to whether state laws attempting to prevent the trading of CFTC-permissible sports-related event contracts are preempted by the CEA, which may require us to cease offering certain event contracts in these states and could lead to adverse litigation and regulatory actions against us for doing so. 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, FCM, and Investment Adviser Regulations*



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As broker-dealers, our subsidiaries RHF, RHS, and TradePMR 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. Our subsidiary RHD, a registered FCM with the CFTC, is also subject to extensive regulation by federal and state regulators and SROs related to offering our customers Futures products. 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. Our subsidiary, Robinhood Asset Management ("RAM"), is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). The Advisers Act mandates a variety of requirements for RIAs, including fiduciary duties, record-keeping, operational protocols, and disclosure obligations. The Advisers Act grants regulatory bodies such as the SEC significant administrative authority to govern investment advisory firms. If the SEC or other government agencies determine that RAM has not complied with relevant laws or regulations, they can impose fines, suspend registrants and individual employees, or enact other sanctions, which may include revoking RAM's registration under the Advisers Act.

### *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 DOJ, SEC, FINRA, the CFTC and The National Futures Association or other federal agencies such as the Office of Foreign Assets Control ("OFAC"), the FDIC or CFPB, state regulatory

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agencies, such as the MSD, the California Attorney General's Office, the New York State Department of Financial Services ("NYDFS"), and international regulatory agencies, such as the U.K.'s Financial Conduct Authority, 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 connection with the Early 2021 Trading Restrictions, we and our employees, including our 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 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 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. On January 10, 2025, SEC Enforcement advised us in writing that it had closed its investigation into the Early 2021 Trading Restrictions and any contemporaneous employee trading issues. On March 6, 2025, we resolved FINRA's investigations into the Early 2021 Trading Restrictions and employee trading issues.
- In January 2024, we settled a matter with the MSD related to supervision of certain product features and marketing strategies, the service outages on our U.S. stock trading platform on March 2-3, 2020 and March 9, 2020 (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 engaged 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.
- In August 2024, we settled a matter with the California Attorney General's Office related to among other things, certain disclosures by RHC and delivery of customers' cryptocurrency assets under California Corporations Code Sections 29520 and 29505 during the period January 2018 through April 2022. We paid a monetary penalty of \$3.9 million.
- In January 2025, as part of the January 2025 SEC Settlement, we settled multiple matters with the SEC (including investigations into Regulation SHO, the timeliness of our broker-dealers' suspicious activity reporting ("SAR") filings, EBS submissions, various brokerage recordkeeping issues, the November 2021 Data Security Incident, and Regulation S-ID violations) in which RHF and RHS paid penalties totaling \$45 million, and agreed to certain undertakings.
- In March 2025, as part of the March 2025 FINRA Settlement, we settled multiple matters with FINRA (including investigations into RHF's historical practice of collaring market orders, customer identification program ("CIP"), use of certain social media influencers, delivery of certain regulatory required documents to customers, and origin code designations for professional customers; RHS's supervision of its clearing system technology, improper rejection of certain ACATS requests, improper effectuation of trades in securities during trading halts, execution of trades during extraordinary market volatility at prices that were above or below specified price bands, and the maintenance and reporting of inaccurate or incomplete trade, order, and position data to FINRA, FINRA TRF, CAT Central Repository, and the OCC; and both broker-dealers' AML programs, registration of required personnel, and supervision of trading in associated persons' brokerage accounts). RHF and RHS paid a penalty totaling \$26 million, and agreed to pay restitution of approximately \$3.76 million to customers plus interest and certain undertakings.

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These and other proceedings, some of which are described in Note 14 - Commitments & Contingencies to our unaudited condensed consolidated financial statements in this Quarterly Report, have in the past and might in the future relate to broker-dealer, derivatives, investment adviser, credit card, cryptocurrency, and financial services rules and regulations, including our trading and supervisory policies and procedures, our clearing and routing practices, our trade reporting, our public communications, our compliance with FINRA registration requirements, anti-money laundering and other financial crimes regulations, cybersecurity matters, a particular cryptocurrency's status as a "security," our licensing status, and our business continuity plans, among other topics. These sorts of proceedings, inquiries, examinations, investigations, and other regulatory matters have in the past and might in the future 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 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 completed its evaluation and made recommendations to implement enhancements in certain areas identified in the settlement, which will 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 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 investigation as to whether, or conclusion that we are servicing customers in its jurisdiction without being appropriately licensed, registered, or authorized has in the past and could in the future result in fines or other enforcement actions or settlements. For example, in December 2024, we were required to pay fines and entered into consent orders with the Nebraska Department of Banking and Finance and the Massachusetts Division of Banks in connection with prior unlicensed activity.

***Previous 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 previously made statements about our business and that of other broker-dealers signaling an increased focus on new or additional laws or regulations that, if acted upon, could impact our business. For instance, the former SEC Chair had previously indicated that he had instructed the SEC Staff to study, and in some cases make rulemaking recommendations to the SEC or had otherwise discussed: 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; whether broker-

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dealers have appropriate tools to manage their liquidity and risk; 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; the use of mobile app features such as rewards, bonuses, push notifications and other prompts and that such prompts could promote behavior that is not in the interest of the customer, such as excessive trading, and whether expanded enforcement mechanisms are necessary; and digital engagement practices. In July 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 and while the former SEC Chair had indicated that the SEC Staff was considering re-proposing modified versions of these rules, if adopted as originally 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. The current SEC may revise or withdraw some of these proposals. Additionally, from time to time, we have received requests from regulators, including from the SEC, regarding our collection and uses of customer data and related disclosures.

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, which we resolved as part of the March 2025 FINRA Settlement. 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, derivative 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

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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 14 - Commitments & Contingencies to our unaudited condensed consolidated financial statements in this Quarterly 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 CIP 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. and foreign 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 while there may currently be a reduced focus on enforcement in the U.S. in light of a February 2025 Presidential executive order, these laws 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 and in January 2025, as part of the January 2025 SEC Settlement, RHF and RHS paid penalties totaling \$13 million for violations of the timeliness of our broker-dealers' compliance with SAR filing requirements from January 2020 through March 2022.

Although our operations are currently concentrated in the United States, we have expanded 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 conduct ongoing monitoring of our customers and their transactions on our systems, 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, consumer financial service providers 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 platforms 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.

[Table of Contents](#)***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, 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. 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;
- a shift in pricing models, including allowing customers to choose a fee-based model for cryptocurrency orders;
- 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 bear markets that developed for equities and crypto in the second quarter of 2022 and continued into 2023 (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 platforms or with our ceasing support for cryptocurrencies on our RHC platform that the SEC or a court has asserted or determined are securities or our proactively removing certain cryptocurrencies from our RHC platform because they share similarities with such cryptocurrencies.

Our customers may choose to cease using our platforms, products, and services at any time, and may choose to transfer their accounts to another broker-dealer. For example, during the first quarter of

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2021 many customers became upset by our imposition of the Early 2021 Trading Restrictions and we saw an increase in customers choosing to transfer their accounts to other broker-dealers.

***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 (for instance, event contracts). 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, or realizing the intended benefits of acquisitions of, or investments in, other companies, products or technologies, 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 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 currently operate 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 Platforms, 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 platforms. 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, vulnerabilities, 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 platforms, 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.

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



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learning models) in order to collect, store, retrieve, transmit, manage and otherwise process immense amounts of data. The software on which we rely has in the past contained and might in the future 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. 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 platforms 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 platforms, especially as our platforms and product offerings become more complex and our customer base grows. For instance, we have needed and will continue to need to have adequate capacity and infrastructure on our platform with respect to the rollout, offering, and settlement of event contracts. 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 platforms. 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 platforms and technical infrastructure might be affected.

In addition, surges in trading volume on our platforms 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 U.S. trading platform for a period of time, and (ii) the partial service outages and degraded service on our RHC 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"), which resulted in some of our customers being unable to buy and sell cryptocurrencies for a period of time. Our platforms have 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, as well as cash remediation payments. 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.

[Table of Contents](#)***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 platforms 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 platforms 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 platforms and those changes might be unfavorable to us and our customers' use of our platforms. 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 platforms), internet service providers, payment services providers, market and third-party data providers, regulatory services providers, clearing systems, market makers, exchanges, facilitators of cryptocurrency staking services for RHEU customers, alternative trading systems (such as BOATS with respect to Robinhood 24 Hour Market), exchange systems (such as ForecastEx, LLC and KaishiEx LLC, with respect to certain event contracts), 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 platforms, facilitate trades by

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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 have been and 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. For example, after BOATS, the trading venue that primarily supports overnight trading on Robinhood 24 Hour Market (8:00 pm - 4:00 am ET), experienced disruptions during the overnight trading session on August 4-5, 2024, we received requests for information from certain regulators.

***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 certain circumstances, such as to increase the efficiency of our in-app chat support, customer support workflows, fraud detection systems, and software coding optimization, as well as to improve the customer experience in our newsfeed. This is also via our acquisition of Pluto Capital, an AI powered investment research platform, and we have plans to continue to expand our use of AI in the future. Our research and development of such technology also 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 and use 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, or our efforts to expand our business. For example, EU's AI Act, which became effective on August 1, 2024, governs the development, marketing and use of AI in the EU and could impose significant additional costs on us to comply or significant fines for failing to comply.

We also 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,

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among others, and has not yet been 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 platforms 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 and have experienced negative publicity in connection with previous security incidents 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 platforms 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, such as the November 2021 Data Security 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 is increased. Third-party risks include insufficient security measures, data location uncertainty, vulnerabilities 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

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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, in late October 2024, a cyberattack occurred on our Newsroom in which a cyberattacker gained access to our Newsroom website, control of which is subcontracted to a third party vendor, for a limited number of hours. The cyberattack did not result in any unauthorized access of customer information. In addition, in December 2024, a cyberattack occurred at Cyberhaven, a data protection company we utilize as a third-party vendor, creating the potential for attackers to steal sensitive data through a malicious version of a Google Chrome extension. Although we do not believe at this time that this third party vulnerability impacted us, the attack highlights the growing risk from cybersecurity threats against third-party service providers. 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.

A core aspect of our business is the reliability and security of our platforms. 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 and our third party partners' efforts to improve security and protect data from compromise has in the past identified and might in the future identify previously undiscovered security breaches or vulnerabilities. There could be public announcements regarding any security incidents or vulnerabilities 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.

While we maintain cybersecurity insurance, our coverage may be insufficient to cover all liabilities resulting from a cybersecurity incident. We cannot be certain that our insurance coverage will be adequate to address the results of regulatory or civil investigations or any liabilities resulting from a cybersecurity incident, that adequate insurance will be available to us on economically reasonable terms, or that our insurer will cover all cybersecurity incident-related claims. The successful assertion of one or more significant claims against us or changes in our cybersecurity insurance coverage, premiums, or deductibles may adversely affect our reputation, business, financial condition or results of operations.

***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***



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***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 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, the Digital Operational Resilience Act, the ePrivacy Directive (including its national implementations), and other data protection regulations including but not limited to facing complexity in interpreting, applying, implementing and complying with such regulations. The regulatory framework for data privacy and security worldwide is also evolving and, as a result, interpretation, 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 and international agencies and state attorneys general and legislatures and consumer protection agencies. For instance, we have in the past (as discussed in Note 14 - Commitments & Contingencies, to our unaudited condensed consolidated financial statements in this Quarterly Report) and may in the future be subject to investigations and examinations 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 received requests for information from regulatory authorities regarding, among other things, the adequacy of our information security measures, and as part of the January 2025 SEC Settlement, RHF and RHS paid penalties for violating Regulation S-P.

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 SEC Uniform Net Capital Rule, which specifies minimum

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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 Act, which requires broker-dealers to maintain a reserve account to ensure customer securities are protected and accessible, even in cases of firm insolvency. Our failure to maintain the required net capital levels and protect customer assets could potentially 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, 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. For example, in December 2024, the SEC adopted proposed amendments to Rule 15c3-3, which require certain broker-dealers, including RHF and RHS, by December 2025 to increase the frequency with which they perform computations of the net cash they owe to customers and other broker-dealers from weekly to daily. 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 previous and continued expanded operations 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. RHF and RHS settled the SEC's investigation into these practices as part of the January 2025 SEC Settlement, paying penalties totaling \$8 million and agreeing to complete an internal audit review of electronic communications retention.

***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

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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, (i) could lead to 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) have led to, and could in the future lead to the risk of, fines or other actions by regulators. For example, as part of the January 2025 SEC Settlement, RHS settled investigations with the SEC related to suspicious activity reporting, identity theft protection, unauthorized access to Robinhood systems, off-channel communications, retention of brokerage data, failure to maintain certain templated customer communications, EBS submissions and Regulation SHO in connection with fractional share trading and stock lending, which resulted in RHS paying combined monetary penalties of \$33.5 million and agreeing to certain undertakings. Furthermore, as part of the March 2025 FINRA Settlement, RHS resolved multiple matters with FINRA, including RHS's supervision of its clearing system technology, improper rejection of certain ACATS requests, improper effectuation of trades in securities during trading halts, execution of trades during extraordinary market volatility at prices that were above or below specified price bands, and the maintenance and reporting of inaccurate or incomplete trade, order, and position data to FINRA, FINRA TRF, CAT, and OCC, and RHS's AML program, registration of required personnel, and supervision of trading in associated persons' brokerage accounts. RHS, along with RHF, paid a penalty totaling \$26 million and agreed to pay restitution and to certain undertakings to resolve these investigations, among others.

All customers can place limit orders to buy whole shares of the most traded exchange-traded funds 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 outside of regular market hours. Overnight trading on Robinhood 24 Hour Market is primarily supported by BOATS, a trading venue that replicates the role that stock exchanges play during regular market hours. If BOATS becomes unwilling or unable to do business with us or one of our market makers in the future, we may be unable to find another trading platform to support Robinhood 24 Hour Market, which could negatively impact our transaction-based revenue and generate negative publicity. Additionally, any disruptions in the services provided by BOATS, whether due to technical malfunctions, operational mishaps, or external factors such as regulatory changes or market volatility, have in the past, and may in the future impair our ability to execute our client's orders. Should BOATS experience downtime or diminished performance (as it has in the past and could again in the future), particularly during overnight trading hours, our ability to execute customer orders through Robinhood 24 Hour Market could be compromised and could have an adverse impact on our business, financial condition, results of operations, and/or brand and reputation. For example, on August 5, 2024, BOATS did not open for overnight trading and as a result, Robinhood customers were unable to execute any trades during that overnight session.

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



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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.

Additionally, RHD is obligated to establish and maintain an appropriate Residual Interest Targeted Amount ("RITA"), which is the amount of RHD's own capital held in segregation in excess of the amount required to be segregated based on customer positions. RHD also maintains additional firm capital in segregation greater than the established RITA amount, (i.e., excess segregated funds). If the aggregate customer margin deficiency amount on any day exceeds the excess segregated funds amount to the point where RHD breaches its RITA, RHD would be in violation of CFTC rules and would potentially be subject to monetary penalties, sanctions, or other disciplinary actions for failing to maintain an appropriate RITA.

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 advice and 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 advice and recommendations include those arising from how we disclose and address possible conflicts of interest, inadequate due diligence, inadequate

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disclosure, and human error. The Advisers Act and its related rules and interpretations impose a fiduciary duty on our provision of investment advisory services to customers, and other 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, the North American Securities Administrators Association ("NASAA") (an association of state securities administrators) has adopted amendments 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, the SEC and various states have considered or 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 or use certain covered technologies while communicating with existing or prospective customers.

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 Sherwood Media has launched and will continue to launch, and the Robinhood Investor 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. 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

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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 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 platforms 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. 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, exposed, 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 exposure or 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 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 2025, 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 platforms, 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.

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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. 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

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deteriorate or if demand moves to other cryptocurrencies not supported by our platforms. The listing committees of RHC and RHEU conduct regular reviews of the cryptocurrencies available on our platforms to ensure that they continue to meet our requirements under our internal policies and procedures (collectively, the “Crypto Listing Frameworks”) for continued support on our platforms and possess 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, the Enterprise Risk Management (“ERM”) team maintains an enterprise wide risk management standard to ensure risks are evaluated in a clear and transparent manner and partners with various front-line risk teams and risk owners across Robinhood to foster consistent risk management practices across Robinhood. In particular, the ERM team provides governance over risk management practices and reports 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 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. 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 the ERM team.

In light of events in 2022, including the 2022 Crypto Bankruptcies, cryptocurrency market risks were identified as a key 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). The ERM team has also provided quarterly updates to the Safety Committee with respect to such risks and responses. In addition, RHC and RHEU maintain listing committees as described above.

***In the United States, 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, for cryptocurrencies supported on our RHC platform, that we believe are not securities under relevant U.S. federal and state securities laws. Determining whether any given cryptocurrency is a security is a highly complex, fact-driven analysis, which may change and 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, and guidance and statements from the SEC and states, such as the recent SEC Division of



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Corporation Finance (“Corp Fin”) staff statements, have clarified the analysis for specific cryptocurrencies. 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 the SEC Staff have previously taken positions that certain cryptocurrencies are “securities” in the context of settled or litigated enforcement actions. Although the SEC had not historically provided advance confirmation on the status of any particular cryptocurrency as a security, (i) Corp Fin staff recently published statements that they do not view the offers and sales of certain “stablecoins” and “meme coins” to constitute the offer and sale of securities under the federal securities laws and (ii) senior officials at the SEC have previously indicated that the SEC does not intend to take the position that Bitcoin or Ethereum are securities (in their current forms). However, such statements and views are not official policy statements by the SEC and reflect only the SEC Staff’s and speakers’ views, which are not binding on the SEC or any court or other agency (including, for instance, the NYDFS, which recently published a consumer alert concerning meme coins that did not opine on whether meme coins constituted securities but warned consumers of the risks of such coins), may be withdrawn at any time without notice or comment by the SEC or its senior officials, cannot be generalized to any other cryptocurrency, and might evolve (including, for instance, proposed legislation may provide guidelines for the regulation of stablecoins in the U.S. and may differ from the views set forth in the Corp Fin staff statement). With respect to all cryptocurrencies other than Bitcoin and Ethereum, there is less certainty about whether they would be viewed as securities under the applicable federal and securities laws. Furthermore, U.S. regulators have expressed concerns about cryptocurrency platforms adding multiple new coins, some of which they may view as unregistered securities. Additionally, the current presidential administration and control of Congress in the U.S. present considerable uncertainty as to cryptocurrency regulations and how regulators will apply the securities laws to cryptocurrencies and what changes Congress may enact with respect to cryptocurrencies. 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, a state regulator, or a court were to assert or determine that a cryptocurrency supported by our RHC platform is a “security” under U.S. law. For example, 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”) 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. The charges also implicated Coinbase’s staking-as-a-service program and its non-custodial wallet. In November 2023, the SEC brought similar charges against Payward, Inc. and Payward Ventures Inc.) (collectively, “Kraken”), alleging that it operated as an unregistered securities exchange, brokerage and clearing agency. In February 2025, a 60-day stay was granted in the SEC’s lawsuit against Binance in response to a joint request by both the SEC and Binance, which acknowledged that the SEC’s newly formed Crypto Task Force’s focus on developing a federal securities laws framework for digital assets may resolve the case. In February 2025, Coinbase and the SEC entered into a joint stipulation to dismiss the SEC’s lawsuit with prejudice. Kraken has also announced that it has reached a settlement with the SEC. Several other digital assets market participants, including us, have also announced that the SEC informed them that the SEC was terminating its investigation or enforcement action into their firm. Also, in April 2025, the Office of the Deputy Attorney General issued a memorandum (the “April DOJ Memo”), setting out new enforcement priorities for digital asset-related investigations and prosecutions by the DOJ. The April DOJ Memo directed prosecutors not to “target virtual currency exchanges, mixing and tumbling services, and offline wallets for the acts of their end users or unwitting violations of regulations”. The April DOJ Memo explained that the DOJ will instead prioritize cases against individuals who cause financial harm to digital asset investors and consumers and/or use digital assets in furtherance of other criminal conduct. The outcome of these matters (to the extent not yet dismissed) and decisions by regulators not to bring enforcement actions 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. On January 21, 2025, the SEC announced that SEC Acting Chairman Mark Uyeda “launched a crypto task force dedicated to developing a comprehensive and clear regulatory framework for crypto assets.” The task force will be focused on helping the SEC “draw clear regulatory lines, provide realistic paths to registration, craft sensible disclosure frameworks, and deploy enforcement

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resources judiciously.” While the SEC has formed the Crypto Task Force to provide clarity on the application of the federal securities laws to the crypto asset market and to recommend practical policy measures that aim to foster innovation and protect investors, the task force has only recently begun. From time to time, we also have received, and might in the future receive SEC inquiries regarding specific cryptocurrencies supported on our RHC 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 SEC find that, certain cryptocurrencies supported by our RHC platform are securities, and in the second quarter of 2024, we received the May 2024 Wells Notice (as defined in Note 14 - Commitments & Contingencies to our unaudited condensed consolidated financial statements in this Quarterly Report). On February 21, 2025, SEC Enforcement closed the investigation, advising RHC in writing that it had concluded its investigation and did not intend to move forward with recommending an enforcement action.

To the extent that the SEC or a court asserts or determines that any cryptocurrencies supported by our RHC 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 RHC 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 RHC 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 any 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. For instance, in April 2023, the SEC 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. In addition, our growth might be adversely affected if we are not able to expand our RHC 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 the RHC platform under our internal policies and procedures (collectively, our “RHC Crypto Listing Framework”) on a periodic basis to ensure that they continue to meet our requirements for continued support on the RHC platform which include, among other factors, that we continue to believe they are not securities under relevant 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 RHC Crypto Listing Framework. However, an assertion or determination by the SEC or a court that a cryptocurrency supported by our RHC platform constitutes a security could also result in our determination that it is advisable to remove that cryptocurrency and others with similar characteristics to the cryptocurrency that was asserted or determined to be a security from our RHC platform. If we proactively remove certain cryptocurrencies from our RHC platform because the SEC, a state, or a court has asserted or determined they constitute securities or because they share similarities with such cryptocurrencies or otherwise do not meet our RHC Crypto Listing Framework, it has and could in the future negatively impact customer sentiment and

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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 platforms.***

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. For example, California has enacted the Digital Financial Assets Law, which requires registration for certain digital financial asset business activities. Operators must comply with its licensing requirements by July 2026. We will continue to monitor developments in state-level legislation, guidance or regulations applicable to us. 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. The current presidential administration and control of Congress in the U.S. also present considerable uncertainty as to future cryptocurrency regulations. Additionally, regulation in response to the climate impact of cryptocurrency mining could negatively impact cryptocurrency trading on our platforms.

The cryptocurrency accounting rules and regulations that we must comply with are complex and subject to interpretation by the 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. On May 22, 2024, the U.S. House of Representatives passed the Financial Innovation and Technology for the 21st Century Act, which would provide the CFTC with new jurisdiction over digital commodities, clarify the SEC's jurisdiction over digital assets offered as part of an investment contract, and impose disclosure, safeguarding, and operational requirements on entities required to be registered with the CFTC and/or the SEC. Additionally, some lawmakers and regulators have 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. The current presidential administration and control of Congress in the U.S. also present considerable uncertainty as to such regulatory actions or policies. 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 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



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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, and, although we have not obtained a formal legal opinion on this matter, after consultation with internal and external legal counsel, we believe that the cryptocurrency we hold in custody for users of our platforms 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 cryptocurrencies might not be secure in a bankruptcy generally, their willingness to hold crypto in custodial accounts and their general interest in trading cryptocurrencies might decline.

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. On June 28, 2024, final regulations were released that require information reporting by digital asset brokers on certain digital asset sales or exchanges that occur on or after January 1, 2025, and basis tracking for digital assets that are treated as "covered securities" if acquired on or after January 1, 2026. Final regulations requiring information reporting by certain decentralized finance participants were published by the Treasury Department on December 27, 2024 and apply to sales or exchanges of digital assets on or after January 1, 2027. The implementation of these requirements, and any further legislative changes or related guidance from the Internal Revenue Service and the Treasury Department, 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 currently operate 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, the provisions of the Markets in Crypto-Assets Regulation ("MiCA") went into effect as of December 30, 2024, and RHEU is now subject to the authorization, compliance, and disclosure regime of MiCA for crypto asset service providers ("CASP"). We must obtain a MiCA compliant CASP license in our home member state and compliance with such regulation requires the implementation of new systems and processes, and updates to our policies. While MiCA provides member states with the option of implementing a transitional period from December 30, 2024 to July 1, 2026, at this time, Lithuania's Ministry of Finance and the Bank of Lithuania have adopted a MiCA transitional period for registrants in Lithuania to June 1, 2025. If we are unable to obtain a MiCA compliant CASP license by June 1, 2025, we may need to cease operations in the EU. Obtaining a MiCA compliant CASP license in our home EU member state could take longer than we expect and would adversely affect our international operations. Additionally, under recommendations from the Financial Crimes Enforcement Network, and the Financial Action Task Force, the United States and several foreign jurisdictions have imposed the Funds Travel Rule and the Funds Transfer Rule (commonly referred to collectively as the Travel Rule) on financial service providers in the cryptoeconomy. We may incur high costs to implement and comply with the Travel Rule, and could also face penalties for technical violations or lose customers if it negatively impacts customer experience.

***Our Crypto Transfers, crypto staking, 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 RHC platform through our Crypto Transfers feature in the states in which RHC operates (other than New

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York, where our regulatory application is still pending). Since the third quarter of 2024, we also allow customers of RHEU to deposit and withdraw crypto to and from our RHEU platform. 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, U.S. customers have access to 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 platforms, 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 platforms, 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 platforms. A number of errors could occur in the process of depositing or withdrawing cryptocurrencies to or from our platforms, 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 platforms, 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.

We also provide crypto staking services through our RHEU platform in which eligible RHEU customers are given the option to "stake" eligible crypto-assets. Staking allows RHEU customers to earn rewards by locking up the cryptocurrencies, subject to the network and cryptocurrency's requirements and bonding periods, and so limits RHEU customers' access to their funds during such time. We currently rely on and, upon customers' instructions, delegate RHEU customers' assets to a third-party service provider to facilitate these staking services. Some networks may further require customer assets to be transferred into smart contracts on the underlying blockchain networks not under our or anyone's control. If our third-party service provider or any such smart contracts fail to behave as expected, suffer cybersecurity attacks, experience security issues, or encounter other problems, RHEU customers' assets may be irretrievably lost. In addition, certain blockchain networks dictate requirements for participation in the relevant decentralized governance activity, and may impose penalties, or "slashing," if the relevant activities are not performed correctly, such as if the staker, delegator, or baker acts maliciously on the network, "double signs" any transactions, or experience extended downtimes. If we or our third-party service provider are slashed by the underlying blockchain network, RHEU customers' assets may be confiscated, withdrawn, or burnt by the network, resulting in losses for which we may be responsible. Furthermore, certain types of staking require the payment of transaction fees on the underlying blockchain network and such fees can become significant as the amount and complexity of the transaction grows, depending on the degree of network congestion and the price of the network token. If we experience a high volume of such staking requests from RHEU customers on an ongoing basis, we could incur significant costs. The technological complexity of staking mechanisms also introduces operational challenges both to us and our third-party provider, which could result in the loss of RHEU customer assets. Any of these risks could negatively impact our reputation, business, financial condition, and results of operations and discourage existing and future customers from utilizing our products and services.

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With Robinhood Wallet, our self-custody, web3 wallet, users 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 user's Robinhood Wallet and do not have access to users' private keys, users who lose their private keys, and thus access to their Robinhood Wallet balances, may react negatively. Although our account agreements for Crypto Transfers and licensing agreements for Robinhood Wallet disclaim responsibility for losses caused by user errors, such incidents could result in user 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 platforms increases the risk that our platforms 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 platforms 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 Frameworks. 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

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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 gain the majority 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 platforms. 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 Frameworks (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 platforms 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, exchanges, 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, exchanges 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 platforms rely on direct settlements between us and our customers and direct settlements between us and our market makers, exchanges 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, exchanges and liquidity providers (as well as maintaining the minimum capital required by regulators). If we, third-party banks, market makers, exchanges 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 platforms 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

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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 platforms, 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, our exchanges 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 RHC 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 platforms. 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 platforms 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 Bank ("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.



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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 a number of state licensing and other regulatory requirements and 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. Robinhood Credit is in the process of acquiring licenses in all states where required to do so. Failure to obtain or maintain these licenses, failure to comply with these rules or requirements, or conducting such activity without a license, 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 regulatory fines, penalties, or criminal charges. For example, in December 2024, Robinhood Credit paid a penalty of \$200,000 to the Massachusetts Division of Banks for previously engaging in the business of a third party loan servicer in Massachusetts without the appropriate registration. 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.

***The offering of consumer credit cards through Robinhood Credit increases our exposure to customer defaults and credit risk and could result in losses.***

We market consumer credit cards, such as the Robinhood Gold Card, 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 and the extent of credit losses incurred, as well as our ability to offer competitive features such as the Robinhood Gold Card Rewards Program, 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). Additionally, if any of these factors make it economically unfeasible for us to continue to offer the Robinhood Gold Card Rewards Program and we cease to offer such rewards, it might make Robinhood Credit products less desirable to customers. Any material increase in credit losses and defaults or inability to retain existing or attract new Robinhood Credit customers could have adverse effects on our financial condition and results of operations.

[Table of Contents](#)***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.

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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, services, or marketing materials 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



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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.

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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 platforms, 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 platforms 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 March 31, 2025, we have U.S. federal, state and non-U.S. net operating loss carryforwards ("NOLs") available to reduce future taxable income subject to certain limitations. Under Sections 382 and 383 of 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. In addition, there may be periods during which the use of NOLs is suspended or otherwise limited. For instance, for state income tax purposes, a California franchise tax law change limits the usability of California state NOLs to offset California taxable income in taxable years beginning on or after January 1, 2024 and before January 1, 2027. 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.***

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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, Total Platform Assets, Net Deposits, and Robinhood Gold Subscribers, 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, 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 platforms are 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

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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 declined by as much as 18%, and on March 10, 2025 (amid a significant downturn in the equity markets driven by recession concerns and macroeconomic uncertainty), the intra-day trading price of our Class A common stock declined by as much as 20%. 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;*

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- *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 March 31, 2025, our founders and their related entities hold approximately 14% 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 (as defined in Note 11 - Common Stock and Stockholders' Equity to our unaudited condensed consolidated financial statements in this Quarterly Report) and for issuance under our Employee Share Purchase Plan ("ESPP"). 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). 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.

***There are no guarantees that we will repurchase shares under the Repurchase Program or that the Repurchase Program will result in increased shareholder value.***



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On May 28, 2024, Robinhood announced that its board of directors approved the Repurchase Program authorizing the Company to repurchase up to \$1 billion of its outstanding Class A common stock to return value to shareholders. In July 2024, Robinhood began to execute on the Repurchase Program and as of March 31, 2025, has made share repurchases of \$579 million under the Repurchase Program. On April 30, 2025, we announced that the board of directors has authorized an additional \$500 million, bringing the Repurchase Program authorization to a total of \$1.5 billion. While the Repurchase Program does not have an expiration date, the Company's management expects to complete the remainder of the authorization over the next roughly two years, with flexibility to accelerate if market conditions warrant. The timing and amount of repurchase transactions will be determined by the Company from time to time at its discretion based on its evaluation of market conditions, share price, and other factors, and repurchase transactions may be made using a variety of methods, such as open market share repurchases, including the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act, or other financial arrangements or transactions. The Repurchase Program does not obligate the Company to acquire any particular amount of Class A common stock, and the Repurchase Program may be suspended or discontinued at any time at the Company's discretion. As a result, there is no guarantee with respect to the timing or amount of any future share repurchases, or that we will repurchase the full amount authorized under the Repurchase Program. Other factors, including changes in tax or securities laws, such as the U.S. Inflation Reduction Act of 2022 which imposes a corporate excise tax of 1% on net stock repurchases, could also impact our stock repurchases.

There are a number of ways in which the Repurchase Program could fail to result in enhanced shareholder value. For example, any failure to repurchase stock after we have announced our intention to do so may negatively impact the trading price of our Class A common stock. The existence of the Repurchase Program could also cause our stock price to trade higher than it otherwise would and could potentially reduce the market liquidity for our stock. The trading price of our Class A common stock could decline below the levels at which we repurchased shares and short-term stock price fluctuations could reduce the effectiveness of the Repurchase Program. Any announcement of a pause in, or termination of, the Repurchase Program may also result in a decrease in the trading price of our Class A common stock. Furthermore, there is no guarantee that our stock repurchases will be able to successfully mitigate the dilutive effect of the equity awards we grant to our employees.

Additionally, repurchasing our Class A common stock will reduce the amount of cash, cash equivalents and marketable securities we have available to fund working capital, capital expenditures, capital preserving investments, strategic acquisitions or business opportunities, and other general corporate purposes, and there are no guarantees that the Repurchase Program will result in increased shareholder value. Furthermore, the timing and amount of repurchases, if any, will be subject to liquidity, market and economic conditions, compliance with applicable legal requirements and other relevant factors. If we are unable to, or choose not to, repurchase shares under the Repurchase Program, this may have a negative impact on the perception of the Company as an investment opportunity by shareholders or investment analysts, which may in turn negatively impact the trading price 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 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 Charter and our



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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

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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 Financial Conduct Authority, 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

### *Sales of Unregistered Securities*

On February 26, 2025, the Company completed the acquisition of TradePMR. The acquisition date fair value of the consideration transferred for TradePMR was approximately \$175 million following customary purchase price adjustments and was entirely paid in cash. The post-close compensation consisted of 2,049,711 unvested shares of the Company's Class A common stock, valued at approximately \$100 million as of the closing date of the acquisition, which will vest over a four-year period

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post-acquisition, subject to the terms of a vesting agreement, in a transaction exempt from registration pursuant to Section 4(a)(2) of the Securities Act. Refer to Note 3 - Business Combinations to our unaudited condensed consolidated financial statements in this Quarterly Report for more information on this transaction.

### *Issuer Purchases of Equity Securities*

The following table presents repurchases of shares of our Class A common stock during the three months ended March 31, 2025:

Period	Total Number of Shares Purchased	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup> <i>(in millions)</i>
January 1, 2025 - January 31, 2025	349,922	\$ 44.67	349,922	\$ 728
February 1, 2025 - February 28, 2025	4,022,326	\$ 48.37	4,022,326	\$ 533
March 1, 2025 - March 31, 2025	2,796,121	\$ 39.86	2,796,121	\$ 421
Total	<u>7,168,369</u>	<u>\$ 44.87</u>	<u>7,168,369</u>	<u>\$ 421</u>

<sup>(1)</sup> The average cost per share excludes the 1% excise tax on net share repurchase and commissions.

<sup>(2)</sup> On May 28, 2024, we announced that the board of directors approved the Repurchase Program authorizing the Company to repurchase up to \$1 billion of its outstanding Class A common stock. On April 30, 2025, we announced that the board of directors has authorized an additional \$500 million, bringing the Repurchase Program authorization to a total of \$1.5 billion. Repurchase transactions may be made using a variety of methods, such as open market share repurchases, including the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act, or other financial arrangements or transactions. The Repurchase Program does not obligate us to acquire any particular amount of Class A common stock and the Repurchase Program may be suspended or discontinued at any time at our discretion. Refer to Note 11 - Common Stock and Stockholders' Equity of our unaudited condensed consolidated financial statements in this Quarterly Report for more information about the Repurchase Program.

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### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

(c) On February 14, 2025, Jason Warnick, our Chief Financial Officer, adopted a “Rule 10b5-1 trading arrangement” (as defined in Item 408(a) of Regulation S-K) intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act pursuant to which he may sell up to 525,000 shares of our Class A common stock on or prior to June 24, 2026. RSUs convert into Class A common stock on a one-for-one basis upon vesting and settlement.

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).

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## ITEM 6. EXHIBIT INDEX

The documents listed below are filed (or furnished, as noted) as exhibits to this Quarterly Report on Form 10-Q:

Exhibit Number	Description	Incorporated by Reference			Filed Herewith
		Form*	Filing Date	Exhibit	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Robinhood Markets, Inc., dated August 2, 2021</a>	8-K	2021-08-02	3.1	
3.2	<a href="#">Amended and Restated Bylaws of Robinhood Markets, Inc., dated December 14, 2022</a>	8-K	2022-12-16	3.1	
4.1	<a href="#">Form of Class A Common Stock Certificate of Robinhood Markets, Inc.</a>	S-1/A	2021-07-19	4.1	
4.2	<a href="#">Form of ten-year Warrant to Purchase Stock of Robinhood Markets, Inc., issued to multiple investors on February 12, 2021</a>	S-1	2021-07-01	4.2	
10.1	<a href="#">Fourth Amended and Restated Credit Agreement, dated as of March 21, 2025, among Robinhood Securities, LLC, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent</a>	8-K	2025-03-25	10.1	
31.1	<a href="#">CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act</a>				X
31.2	<a href="#">CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act</a>				X
32.1†	<a href="#">CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act</a>				X
32.2†	<a href="#">CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act</a>				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.

† The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q 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 of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, 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 signed this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Menlo Park, California, on April 30, 2025.

Robinhood Markets, Inc.

By: /s/ Vladimir Tenev  
Name: Vladimir Tenev  
Title: Chief Executive Officer and President

By: /s/ Jason Warnick  
Name: Jason Warnick  
Title: Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)