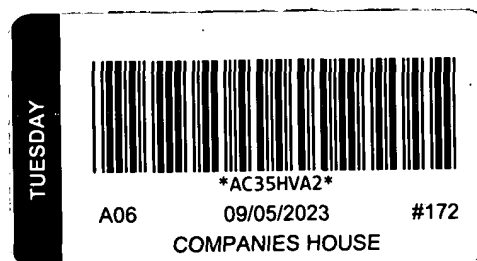


**ROBINHOOD U.K. LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**



<b>Directors</b>	A J Van Delft J A H Loat (resigned 3 August)
<b>Registered number</b>	09908051
<b>Registered office</b>	100 New Bridge Street London EC4V 6JA
<b>Independent auditor</b>	Ernst & Young LLP 25 Churchill Place London E14 5EY
<b>Accountants</b>	MHA MacIntyre Hudson Building 4 Foundation Park Roxborough Way Maidenhead SL6 3UD

**ROBINHOOD U.K. LTD**

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**CONTENTS**

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	Page
<b>Strategic report</b>	1-2
<b>Director's report</b>	3-4
<b>Independent auditor's report</b>	5-7
<b>Income Statement</b>	8
<b>Statement of financial position</b>	9
<b>Statement of changes in equity</b>	10
<b>Notes to the financial statements</b>	11-21

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

### **Introduction**

Robinhood U.K. Ltd (the "Company") is a company incorporated in England and Wales that provides intra-group services to its parent company, Robinhood Markets, Inc. (the "Parent" or "RHM") and is preparing to launch brokerage services to individual UK retail investors in 2023 as an introducing broker to Robinhood Securities, LLC ("RHS"), an affiliate of the Company and a wholly owned subsidiary of RHM.

### **Business review**

The Company's success will depend on the future plan and strategy for operations in the UK. The Company is still evaluating its future plan and actively planning for future operations for the UK, including the launch of brokerage services to individual UK retail investors in 2023. The Company is still in operation and is planned to continue for the foreseeable future.

### **Principal risks and uncertainties**

The risk landscape for the Company is dependent on the determination of the Company's future operating model which is currently being evaluated. Given the current position of the Company, it is reliant on RHM for continued support. RHM carried out an Initial Public Offering ("IPO") in 2021 and is now listed on the Nasdaq Stock Market.

### **Key performance indicators**

The key performance indicator of the Company consists primarily of providing services to RHM and our operating profit/(loss). As the Company operates on a cost-plus model, the Company is guaranteed in generating income so long as the Company continues to provide support to RHM. The Company's future operating model of launching brokerage services to individual UK retail investors in 2023 is currently being evaluated. Refer to the income statement for the profit/(loss) for 2022 and 2021.

### **Directors' statement of compliance with duty to promote the success of the Company**

The board of directors always consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a) - (f) of the Companies Act 2006, in the decisions taken during the year ended 31 December 2022

Our plan is designed to have a long term beneficial impact and to contribute to the Company's success in delivering a high quality of service across our business in a regulatory compliant manner.


Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we conduct our business. Engagement with suppliers and customers is also key to our success. We communicate with our business partners regularly throughout the year and take the appropriate action, when necessary, to prevent involvement in modern slavery, corruption, bribery and breaches of competition law.

Our plan considers the impact of the Company's operations on the community and environment and our wider social responsibilities, and in particular how we comply with environmental legislation and pursue waste-saving opportunities and react promptly to local concerns.

As the board of directors, our intention is to behave in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.

As the board of directors, our intention is to behave responsibly towards all stakeholders in our business and treat them fairly, so they too may benefit from the successful delivery of our plan.

This report was approved by the board and signed on its behalf by:

DocuSigned by:  
  
F20AB833BEO427...  
A J Van Delft  
Director

Date: April 26, 2023

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Results and dividends**

The profit for the year, after taxation, amounted to £58,980 (2021: £488,013).

### **Directors**

The directors who served during the year were:

A J Van Delft  
J A H Loat

### **Future developments**

There are no significant developments since the year end.

### **Engagement with suppliers, customers and others**

The only current customer of the Company is the Parent, to which the Company provides intra-group services. We highly value our suppliers and apply a fair payment commitment across the entire supply chain.

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Coronavirus pandemic**

Macro-economic uncertainty arose during the year due to the COVID-19 pandemic, which has impacted global financial markets. This volatility may have an impact on our operations, but we are a resilient business. We will continue to evaluate and monitor markets for ongoing impacts. In addition, the significant estimates and judgements that will be made in preparing future financial statements may also be impacted if the current macro-economic uncertainty continues.

The extent of the continuing impact of COVID-19 on our business, financial condition, and results of operations will depend largely on future developments, including the duration of the pandemic, actions taken to contain COVID-19 or address its impact, our ability to adapt to the long-term distributed "Remote First" workforce model we have adopted, the impact on capital and financial markets, and the related impact on the financial circumstances of our customers, all of which are highly uncertain and difficult to predict.

#### **Auditor**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

DocuSigned by:  
  
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A J Van Delft  
Director

Date: April 26, 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROBINHOOD U.K. LTD**

### **Opinion**

We have audited the financial statements of Robinhood U.K. Ltd ('the Company') for the year ended 31 December 2022 which comprise Income Statement, Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material



misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting

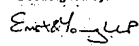
irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the accounting standards adopted in conformity with the requirements of the Companies Act 2006, relevant tax compliance regulations, and the rules and regulations of the Financial Conduct Authority (FCA).
- We understood how the Company is complying with those frameworks by making enquiries of senior management and the directors for their awareness of any non-compliance with laws and regulations and to understand how the Company maintain and communicate their policies. We corroborated our understanding through our review of board meeting minutes and correspondence received from regulatory bodies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and the manipulation by management of administrative expenses. We performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance; recalculating revenue in accordance with relevant agreements, reviewing the appropriateness of the transfer pricing arrangement, review of legal and professional expenses, review of breaches register and review of board meeting minutes.
- As the Company is regulated, we obtained an understanding of the Company's regulatory permissions, its business activities and understood the regulatory control environment in which it operates. In assessing the control environment, we considered the compliance to these regulations as part of our audit procedures, which included a review of correspondence with the regulators and inquiries of the directors and senior management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Amarjit Singh (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London, United Kingdom

April 26, 2023

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	1,893,536	2,581,689
Cost of sales		—	—
<b>Gross profit</b>		<b>1,893,536</b>	<b>2,581,689</b>
Administrative expenses		(1,772,127)	(2,391,874)
<b>Operating profit</b>	5	<b>121,409</b>	<b>189,815</b>
Tax on profit	8	(62,429)	298,198
<b>Profit for the financial year</b>		<b>58,980</b>	<b>488,013</b>

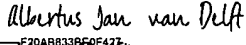
There were no recognised gains and losses for 2022 or 2021 other than those included in the income statement.

The notes on pages 11 to 21 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

		2022	2021
	Note	£	£
<b>Fixed assets</b>			
Tangible assets.....	9	13,599	6,063
<b>Current assets</b>			
Debtors: amounts falling due within one year.....	10	1,299,423	1,553,727
Cash at bank and in hand.....	11	3,707,310	3,138,647
		5,006,733	4,692,374
Creditors: amounts falling due within one year.....	12	(275,452)	(206,458)
<b>Net current assets</b>		4,731,281	4,485,916
<b>Total assets less current liabilities</b>		4,744,880	4,491,979
<b>Net assets</b>		4,744,880	4,491,979
<b>Capital and reserves</b>			
Called up share capital.....	14	3	3
Share premium account.....		6,192,187	6,192,187
Profit and loss account.....		(1,447,310)	(1,700,211)
		4,744,880	4,491,979

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
 F20AB8338F0F47E  
 A J Van Delft  
 Director

Date: April 26, 2023

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	3	6,192,187	(2,616,220)	3,575,970
Profit for the year			488,013	488,013
Share based payment charge, net	—		427,996	427,996
At 1 January 2022	3	6,192,187	(1,700,211)	4,491,979
Profit for the year			58,980	58,980
Share based payment charge, net			193,921	193,921
At 31 December 2022	3	6,192,187	(1,447,310)	4,744,880

The notes on pages 11 to 21 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. General information**

Robinhood U.K. Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 100 New Bridge Street, London, United Kingdom, EC4V 6JA.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are prepared in pound sterling, which is the functional currency of the Company. Monetary amounts are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.9.

This information is included in the consolidated financial statements of the Parent as at 31 December 2022 and these financial statements may be obtained from the U.S. Securities and Exchange Commission's web site at [www.sec.gov](http://www.sec.gov).

**2.3 Going concern**

Given the liquidity and capital resources arrangements in place, the accounts have been prepared on a going concern basis. The going concern basis is supported by future cash flow forecasts that support the Company on an ongoing basis.

While the short-term outlook due to the COVID-19 pandemic is uncertain, we believe our business is resilient. Our working practices have changed to ensure operational continuity and we will continue to evaluate and monitor markets for ongoing impacts. In reaching the conclusion that the going concern basis is appropriate, we have stress tested future cash flow forecasts for the Company to evaluate the impact of plausible downside scenarios.

**ROBINHOOD U.K. LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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Under all plausible scenarios, the Directors concluded that the Company retains sufficient liquidity and that the going concern basis remains appropriate for at least a period of twelve months from the date of approval of these financial statements.

**2.4 Foreign currency translation Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue of the Company arises principally from charges to its parent company for general and administrative and engineering services in the UK to support the products and services for the parent company.

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**2.7 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.8 Group equity incentive plan**

The Parent's Amended and Restated 2013 Stock Plan, as amended (the "2013 Plan"), and the 2020 Equity Incentive Plan, as amended (the "2020 Plan"), provide for share based awards to eligible participants, including employees of the Company. The 2013 Plan was terminated in connection with the adoption of the 2020 Plan, and the 2020 Plan was terminated in connection with the adoption of the 2021 Omnibus Incentive Plan (the "2021 Plan"), which became effective on July 27, 2021 immediately prior to the IPO. Any awards outstanding under the 2013 Plan and 2020 Plan remain in effect in accordance with their terms. Any shares that were or otherwise would become available for grant under the 2013 Plan or 2020 Plan will be available for grant under the 2021 Plan, which provides for share based awards (including both stock options and restricted stock units ("RSUs")) and cash based awards. Any grants under the 2013 Plan, 2020 Plan or 2021 Plan, (together, the

## ROBINHOOD U.K. LTD

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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"Plan") are subject to the discretion of the board of the Parent, and relate to shares in the Parent.

*Share Options*

Options granted by the Parent under the Plan may be granted with an exercise price per share not less than the fair market value at the date of grant. Options granted generally vest over a four-year term from the date of grant, at a rate of 25% after one year, then monthly on a straight-line basis thereafter. Generally, options granted are exercisable for up to ten years from the date of grant. We estimate the fair value of stock options granted to employees and directors using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model incorporates various assumptions including expected stock price volatility, expected term and risk-free interest rates. The Company recognizes a share-based payment charge on a straight-line basis over the requisite service period in respect of share options granted to its current or former employees.

*Restricted Stock Units (RSUs)*

RSUs granted by the Parent under the Plan vest upon the satisfaction of a time-based service condition. The fair value of RSUs is estimated based on the fair value of the Parent's common stock on the date of grant. Generally, RSUs expire seven years from the date of grant. We record share-based compensation expense for these awards on an accelerated attribution method over the requisite service period.

**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



**ROBINHOOD U.K. LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	7 years
Office and equipment	3 years
Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.12 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.15 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## ROBINHOOD U.K. LTD

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Company's accounting policies, the directors are required to make judgements, estimates and Assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the times when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

*Critical judgments in applying the Company's accounting policies*

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

**- Assessing indicators of impairment**

In assessing whether there have been any indicators of impaired assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

*Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**- Determining residual values and useful economic lives of property, plant and equipment**

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market price.

**4. Turnover**

The whole of the turnover is attributable to the provision of services.

Analysis of turnover by country of destination:

	2022	2021
	£	£
United Kingdom	1,893,536	2,581,689

## ROBINHOOD U.K. LTD

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**5. Operating profit**

The operating profit is stated after charging:

	2022	2021
	£	£
Exchange differences	896	1,662
Other operating lease rentals	168,255	114,307
Share based payment charge	193,921	985,655

**6. Auditor's remuneration**

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	68,249	52,500

**7. Employees**

Staff costs were as follows:

	2022	2021
	£	£
Staff salaries (including share based payment charge)	923,519	1,428,350
Social security costs	115,481	253,648
Cost of defined contribution scheme	11,725	24,777
Staff private health insurance	3,863	23,064
	1,054,588	1,729,839

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Employees	4	4
Directors	2	2
	6	6

## ROBINHOOD U.K. LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 8. Taxation

	2022	2021
	£	£
<b>Corporation tax</b>		
Current tax on profits for the year	—	—
<b>Total current tax</b>		
<b>Deferred tax</b>		
Origination and reversal of timing differences	52,087	(125,245)
Changes to tax rates	10,342	(236,303)
Adjustments to prior year	—	63,350
<b>Total deferred tax</b>	62,429	(298,198)
<b>Taxation (Benefit) on profit on ordinary activities</b>	<b>62,429</b>	<b>(298,198)</b>

## Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
<b>Profit/(loss) on ordinary activities before tax</b>	<b>121,409</b>	<b>189,815</b>
<b>Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)</b>	<b>23,068</b>	<b>36,065</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	—	304
Adjustments to tax charge in respect of prior periods	—	63,350
Change in tax rate	10,342	(236,303)
Share scheme deduction	29,019	(161,614)
<b>Total tax charge for the year</b>	<b>62,429</b>	<b>(298,198)</b>

## Factors that may affect future tax charges

An increase to the UK corporation tax main rate from 19% to 25% was announced in March 2021 (to be effective from 1 April 2023) for non-ring fenced profits, the new charge applying to profits over £250,000. A marginal rate between 19% and 25% has been introduced for profits between £50,000 and £250,000.

## ROBINHOOD U.K. LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 9. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2022	4,653	—	7,660	12,313
Additions	—	13,349	—	13,349
At 31 December 2022	4,653	13,349	7,660	25,662
<b>Depreciation</b>				
At 1 January 2022	1,994	—	4,256	6,250
Change for the year on owned assets	665	2,595	2,553	5,813
At 31 December 2022	2,659	2,595	6,809	12,063
<b>Net book value</b>				
At 31 December 2022	1,994	10,754	851	13,599
At 31 December 2021	2,659	—	3,404	6,063

## 10. Debtors: amounts falling due within one year

	2022 £	2021 £
Amounts owed by group undertakings	290,569	496,026
Other debtors	58,541	38,180
Prepayments and accrued income	8,811	15,591
Deferred taxation	941,502	1,003,930
	1,299,423	1,553,727

## 11. Cash and cash equivalents

	2022 £	2021 £
Cash at bank in hand	3,707,310	3,138,647

## 12. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	2,500	—
Other creditors	16,839	43,106
Accruals	256,113	163,352
	275,452	206,458

## ROBINHOOD U.K. LTD

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. Deferred taxation**

	2022	2021
	£	£
At beginning of year	1,003,930	705,732
Charged to profit or loss	(62,428)	298,198
At end of year	941,502	1,003,930

The deferred tax asset is made up as follows:

	2022	2021
	£	£
Accelerated capital allowances	(3,400)	(1,516)
Tax losses carried forward	854,482	901,660
Share based payments	90,420	103,786
	941,502	1,003,930

**14. Share capital**

	2022	2021
	£	£
Allocated, called up and fully paid		
3 (2021 - 3) Ordinary shares of £1 each	3	3

**15. Share options**

As set out in Note 2.8, the Company recognizes a share-based payment charge on a straight-line basis over the requisite service period in respect of share options over shares in the Parent granted to its current or former employees under the Plan. The effective option date window of the share options is dependent on specific terms set out within the relevant Plan rules and/or the option documentation or other agreements in place with the relevant employee. The fair values were calculated using a Black-Scholes model.

The inputs for the model were as follows:

Expected volatility	31.2%
Risk free rate	2.5 %
Expected term	5.94 years
Expected dividend yield	Nil

A summary of stock option activity for the year ended 31 December 2022 is as follows:

Balance at 1 January 2022	41,891
Cancelled and forfeited during the period	—
	41,891

All options have a weighted average exercise price of \$5.93 and were both vested and exercisable as of 31 December 2022.

## ROBINHOOD U.K. LTD

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Restricted stock units**

	Weighted average exercise price (pence)	Number
Unvested restricted stock at 1 January 2022	27.16	22,041
Granted during the year	9.44	20,494
Vested during the year	9.00	(6,311)
Cancelled during the year	9.50	(32,702)
<b>Unvested restricted stock at 31 December 2022</b>	<b>8.78</b>	<b>3,522</b>

RSUs vest upon the satisfaction of a time-based service condition. The awards become eligible to vest based on continuous employment by each recipient through the vesting date, which is considered a service condition.

**16. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £11,725 (2021: £24,777). There were no amounts payable to the fund as at the balance sheet date.

**17. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
No later than 1 year	10,376	69,350
	<u>10,376</u>	<u>69,350</u>

**18. Post balance sheet events**

On 13 March 2023, The Bank of England announced that, in consultation with the Prudential Regulation Authority, HM Treasury ("HMT") and the Financial Conduct Authority, it had taken the decision to sell Silicon Valley Bank UK Limited ("SVBUK"), the UK subsidiary of the US bank, to HSBC UK Bank Plc. The Bank of England and HMT confirmed that all depositors' money with SVBUK is safe and secure as a result of this transaction. As of 31 December 2022, the Company held majority of its Cash at bank and in hand in SVBUK. The Company had transferred substantially all of the balances held in SVBUK to JPMorgan Chase Bank post year end and now has access to its full liquidity.

**ROBINHOOD U.K. LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**19. Controlling party**

The immediate and ultimate parent company is Robinhood Markets, Inc. a public company limited by shares registered and domiciled at 85 Willow Rd, Menlo Park, CA 94025, USA. There is no individual controlling party.