

eToro Group Ltd.(Q3 Earnings)

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Corporate Speakers:

- Daniel Amir; eToro Group Ltd.; Head of Investor Relations
- Yoni Assia; eToro Group Ltd.; Chief Executive Officer
- Meron Shani; eToro Group Ltd.; Chief Financial Officer

Participants:

- Daniel Fannon; Jefferies; Analyst
- Devin Ryan; Citizens; Analyst
- Craig Siegenthaler; BofA; Analyst
- James Yaro; Goldman Sachs; Analyst
- Brett Knoblauch; Cantor Fitzgerald; Analyst
- Christopher Allen; Citi; Analyst
- William Katz; TD Cowen; Analyst
- Alex Kramm; UBS; Analyst
- James Friedman; Susquehanna International Group; Analyst
- John Todaro; Needham; Analyst
- Brian Bedell; Deutsche Bank; Analyst
- Dan Dolev; MIZ; Analyst

PRESENTATION

Daniel Amir^ My name is Daniel Amir, Head of Investor Relations.

This webcast is being recorded and will be available for replay in the Investors section of eToro's website.

Our earnings press release, investor presentation and October monthly spreadsheet is now available on our website at investors.etoro.com.

Today I'm joined by Yoni Assia, our CEO; and by Meron Shani, our CFO. Following the prepared remarks, we will conduct a Q&A session and answer questions from both institutional research analysts and a selection of the most upvoted question previously submitted by eToro's retail shareholders.

But before we begin, I want to note that today's discussion contains forward-looking statements including statements about goals, business outlook, industry trends, market opportunities, expectations for future financial performance and similar items, all of which are subject to risks, uncertainties and assumptions.

And you can find more information about these risks and uncertainties in the press release that we issued today and in the risk factors section of our filings at sec.gov.

Actual results may differ.

And we take no obligation to revise or update any forward-looking statements.

Finally, during today's meeting, we will discuss non-GAAP financial measures.

These non-GAAP financial measures are in addition to and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP.

Definitions and reconciliation of GAAP to non-GAAP measures is available in our press release, investor presentation and on the sec.gov website as applicable.

With that, I will pass the call to Yoni.

Yoni Assia^ Thank you, Daniel. And thank you, everyone, for joining us today.

Welcome to our third quarter's 2025 earnings call. After Meron and I conclude our prepared remarks, we'll open it up for questions.

We're proud to share another strong quarter that reflects eToro's continued momentum and a growing strength as a global leader in trading and investing. This performance with net contribution up 28% year-over-year to \$215 million and adjusted EBITDA rising 43% to \$78 million, delivering solid operating margins of 36% is a testament to the vision, resilience and scalability of our diversified business.

What excites us most is the remarkable pace of innovation unfolding across eToro, with AI accelerating our product development.

We're not only enhancing the platform that our users know today.

We're reshaping the future of investing.

We're expanding into new frontiers in crypto, tokenization and AI, while also broadening our global reach to serve an ever-growing community of smart investors. This wave of innovation is delivering tangible results.

Record assets under administration, robust growth across all segments and unprecedented engagement in copy trading. Together, these achievements underscore how our investment in technology is fueling growth, deepening client engagement and bringing us ever closer to our mission, which is to empower everyone to trade and invest in a simple and transparent way.

Our key performance indicators accelerated meaningfully this quarter. Funded accounts grew 16% year-over-year to \$3.73 billion with organic funded accounts expanding at a double-digit rate. This growth demonstrates the growing appeal of eToro's differentiated

platform, the trust we've built with our global community of investors and the success of our disciplined and data-driven marketing approach.

Assets under administration reached an all-time high of \$20.8 billion, up 76% year-over-year, fueled by growth in new deposits and strong user investment returns in both crypto and equities this year. The positive momentum in our KPIs has continued into Q4 as shown in the October results released today. These results show our strategy in action.

We're democratizing and investing by making it simple, accessible and social while combining multi-asset trading with smarter products like copy trading and smart portfolios to empower investors everywhere.

As we execute on this vision, we're confident in our ability to deliver lasting value for our users and shareholders.

To achieve the strong performance we delivered in Q3, we've remained focused on executing across our four strategic pillars of trading, investing, wealth management and neobanking while accelerating product innovation across the platform.

Let me share a few highlights across each of these areas.

In trading, we're continuing to expand market [act] globally.

We continue to expect our 24/5 trading.

We began offering retail investors access to stocks listed on NASDAQ Nordic changes throughout our partnership with NASDAQ. This expansion comes amid rising retail investor interest in the global markets.

Today we offer access to [22] different exchanges worldwide and plan to increase to over 30 in 2026.

We've expanded futures across Europe and launched spot-quoted futures and partnership with the CME Group. Retail participation continues to grow in these markets, and we are pleased to give local traders the ability to execute in a more advanced and diversified strategies.

Our expanded to futures also establishes the infrastructure to support prediction markets in the future.

In investing, we're bringing together the power of community and AI to drive deeper user engagement on eToro's platform and help investors make smarter decisions with AI.

Our Pro investor community has grown to over 4,000 investors globally, supported by our new Pro investor program. This program is designed to support users on their journey to certify themselves as professional investors.

Our Pro investors gain exposure and grow their profile by sharing their expertise with eToro's global user piece.

In addition, over 130 Pro investors now have north of \$1 million assets under management with our top row investor growing from \$50 million to over \$250 million in 2025 alone, a milestone that reflects the growth and influence of our Pro investor program.

Last month, we launched CopyTrading in the U.S.

We're excited to bring our flagship product to the world's largest capital market. Copy trading today is experienced across approximately a third of our users.

With the launch of Copy Trading in the U.S., we anticipate increased user engagement and platform traction.

In AI, we're entering the next great leap in trading and investing.

One that puts the power of professional grade technology direct in the hands of every investor with our newly launched eToro apps, users can build share and scale their own investment tools across our global community.

What was once the privilege of sophisticated institutions is now being democratized.

Our AI-driven insights from sentiment to decision analysis, enabling investors to think and act as institutional investors by creating their own strategies, dashboards and innovations that shape the future of investing.

In Wealth Management, we launched a new subscription model for the eToro Club, our loyalty and rewards program, offering members premium benefits and exclusive features. The subscription offers members smarter tools, monetary benefits and more personalized support while driving incremental engagement. Furthermore, we've expanded the eToro long-term savings offering for our U.K. users with the new eToro Cash ISA and Cashback rewards and management and do-it-yourself ISAs. And in Australia, we advanced integration of spaceship, giving users direct access to superannuation products through the eToro platform.

These developments demonstrate our commitment to continuously enhancing wealth management offering, which is a multitrillion-dollar opportunity.

With the Australian superannuation market valued at over \$2.5 trillion and the U.K. individual savings account market exceeding \$1.3 trillion.

In neo banking, we continue to enhance our global platform by delivering localized experiences that strengthen user trust, drive adoption and support sustainable growth

across our key regions. This quarter, we expanded our localization offering in the UAE, Singapore and Australia. Furthermore, across the U.K. and Europe on top of the 4% cash back in stocks, we now offer also a 1% cash back in stocks for new crypto deposits.

We plan to expand this offering to more countries in the future.

We're also very pleased with the strong traction we've seen with the eToro Money Card available today in Europe and the U.K., which saw a 2.4x increase in cards issued quarter-over-quarter.

Looking ahead, we believe there are five key factors that will drive eToro's continued growth and advance our mission to open the global markets, connect users to leading investors and give them tools they need to grow their knowledge and wealth. Number one, advancing at the forefront of innovation. Number two, continuing to expand globally. Number three, expanding our U.S. presence.

Number four, broadening our product offering with AI. And number five is leading to inevitable elastic macro trends.

We are focused on positioning our business to capture the significant growth opportunities presented by these five factors.

First, advancing the platform at the forefront of innovation. From day one, product innovation has been at the core of who we are.

We've built a strong track record of identifying early major trends like social trading and crypto and turning these trends into products that bring real financial utility to our users.

Our social investing products continue to define who we are today as a company. From the outset 15 years ago, eToro set out to transform retail investing experience by pioneering the concept of social investing, empowering individuals to learn from one another and invest together.

We believe there is a tremendous value and shared knowledge and collective insight.

Over the years, we have led the industry with innovations such as our social network, copy trading, crypto investing, fractional shares, machine learn driven analytics and our smart portfolios. Together, these capabilities make investing more inclusive, informed and collaborative for our growing global community.

Artificial intelligence is the next frontier in investing. And we're already seeing the impact across our business.

Our AI analyst story launched last quarter has already been used by over a third of our club members, a strong sign of engagement and potential.

As we expand our AI capabilities, we're giving an investor powerful tools to make smarter decisions, improve performance and deepen their connection to our platform.

Our vision is also centered on building open, tokenizing borderless market to help millions to build wealth.

We're bringing U.S.-listed equities to the blockchain enabling 24/5 trading of over 500 prominent stocks with plans to move forward to 24/7 as the market's involved.

We're currently developing a crypto wallet that will open the opportunity for our users through decentralized finance to participate in innovations like on chain prediction markets, lending, loans and swaps of their assets of millions of different crypto assets and connect our tokenized assets ecosystem and benefit from tokenization of real-world assets, which will happen over time.

We expect these more advanced crypto products to continue to increase our client engagement within the crypto industry.

Second, continue to expand globally.

We're proud to serve users in more than 75 different countries across the world. The diversification of our revenues across geographies is the core strength of eToro and a differentiator of our business.

In Q2, we expanded our footprint in Asia by launching our capital market services license in Singapore, a meaningful step towards scaling our business in that region.

Looking ahead, we plan to further localize our offering in key markets and continue to expand globally in region where we're underpenetrated.

As part of our broader strategy to solidify eToro's position as a truly global platform serving investors everywhere.

Third, expanding our U.S. presence.

We're seeing solid growth in the U.S. Year-to-date, new funded accounts have already surpassed those of 2024 and we've achieved that growth while remaining disciplined and efficient in our marketing spend, consistent with our strategy. To continue this growth, we're focused on bringing the full product offering for which we are known globally into the U.S. market.

For example, in the third quarter, we brought in an crypto offering in the U.S. to include more than 100 different crypto assets and introduced staking in the U.S.

As a result, we saw a 3x increase in our crypto volumes quarter-over-quarter in the U.S. market.

Additionally, last month, we announced the launch of Copy Trading in the U.S., a major milestone that lays the foundation for our next phase of expansion in this market. The copy trading product is a significant driver of user engagement with our platform is reflected in the increase of the number of trades we've seen this year.

We expect Copy Trading to be an important driver of growth in the U.S. going forward.

Fourth, broadening our product offering.

In our core markets, we're focused on increasing engagement and share of wallet by broadening what we offer across our four strategic pillars. Trading, investing, wealth management and neo banking.

We continue to expand each of these areas quarter after quarter.

As mentioned, recent highlights include the launch of the savings products in the U.K. and France, expansion of the eToro Money card across Europe, the (inaudible) futures and options across key European markets and introducing localized trading and cash management capabilities in new regions as well. This approach has proven successful over time by driving both higher user retention and growth in assets per account.

And fifth, leaning into elastic macro trends.

Over the next two years, we will see the largest generational transformation of wealth in history with over \$150 trillion moving to younger generations globally. These younger generations are digital first, and they're far more engaged with equities encrypted than their parents.

On their back end, we also expect to see \$100 trillion moving on change as capital markets transform into digital assets. Moreover, in many non-U.S. markets, retail participation remains below U.S. levels.

We believe this cap will continue to narrow as younger generations, more inclined to invest in crypto and equities than their parents enter the market, offering us a long runway for growth across our global franchise. These secular shifts are powerful tailwind that will continue to support both assets under [reinstatement] and new account growth over the long term.

Altogether, these five drivers gives us strong confidence in our ability to deliver sustainable, profitable growth and position eToro as the global broker of choice.

Lastly, we announced today a \$150 million share repurchase program, underscoring our confidence in eToro's long-term growth prospects and our continued commitment to delivering value for shareholders.

We believe that our stock is undervalued. And given our significant cash generation, we have the flexibility to buy back shares.

Our strong cash position also gives us the ability to consider M&A opportunities to drive inorganic growth.

We're evaluating a range of opportunities, though we will remain disciplined in any transaction we pursue.

In some, this quarter's results and KPIs for October clearly demonstrated that our strategy is working.

We're achieving double-digit growth in organic funded accounts, significantly increasing our assets under administration, expanding net contribution and adjusted EBITDA margins and doing so while entering new markets and launching new products that strengthen our leadership for the future.

With strong execution, financial discipline and a relentless focus on innovation, we believe we're very well positioned to drive long-term value, and we're just getting started.

With that, I will pass now along the call to Meron, our CFO, to discuss our financial results.

Meron Shani^ Thank you, Yoni.

As Yoni mentioned, we are very pleased with our third quarter results. Third quarter net contribution grew 28% year-over-year to \$250 million and adjusted EBITDA grew 43% year-over-year to \$78 million.

In line with our focus on diversified, profitable revenue growth, our adjusted EBITDA margin was 36%, expanding 370 basis points from a year ago. These results are consistent with our view that our long-term adjusted EBITDA margins will increase from these levels.

Our momentum has accelerated in the third quarter.

Assets added administration for the quarter increased 76% year-over-year to a record of \$20.8 billion, while our funded accounts grew 16% year-over-year to \$3.73 million. The growth was driven by strong user acquisition and retention efforts and ongoing disciplined marketing.

Let's take a closer look at our third quarter financials by business plans compared to a year ago.

Our net trading contribution from crypto grew 229% year-over-year to \$56 million, which was largely driven by higher invested amount per trade and increased crypto activity, especially in the month of July and August.

Our net trading contribution from capital markets, equities, commodities and currencies declined 21% year-over-year to \$73 million as investors shifted activity between crypto and capital markets. The 15% rise in the number of trades was driven by strong momentum across Copy Trading with record inflows into Copy, a clear reflection of growing customer engagement and platform strength.

Net interest income contributed \$62 million, up 44% year-over-year, largely driven by a 52% increase in higher interest-earning assets due to an increase in customers' cash deposits, customers' margin book, staking and corporate cash. eToro money contribution grew 50% year-over-year to \$21 million, largely driven by an increase in total money transfers.

In the third quarter, adjusted OpEx was \$137 million, flat quarter-on-quarter.

Our adjusted selling and marketing expense was \$47 million or 22% of net contribution.

Our business model provides us with flexibility in our selling and marketing expense, where approximately 70% of our expense is dynamic.

Adjusted R&D and G&A and operating expenses were \$36 million and \$54 million, respectively.

Our adjusted diluted EPS for the quarter was \$0.60 compared to \$0.51 in the third quarter of 2024.

Moving to our balance sheet.

We ended the quarter with \$1.2 billion in cash, cash equivalents and short-term investments and generated \$57 million in free cash flow from operations.

Now let me share a few comments on fourth quarter trends.

As part as our quarterly results today, we also released our October monthly KPIs. Consistent with our commitment to greater transparency and enhanced disclosure, we will now begin publishing KPIs on a monthly basis.

We've also made a detailed spreadsheet available on our website, which includes historical monthly data to help investors better track our performance over time.

Our goal is to provide the investment community with the information and tools needed to more clearly understand, model and evaluate our business.

The month of October continues the strength that we saw in Q3.

Our capital markets and crypto businesses saw significant year-over-year growth in both total number of trades and invested demand per trade.

Assets under administration was \$20.5 billion, up 72% year-over-year and funded accounts were [3.76%], up 17% year-over-year.

To summarize, we are very pleased with our strong Q3 performance and positive momentum, and we believe we are well positioned to capture new opportunities, drive sustainable growth, and further strengthen eToro's leadership in global investing.

With that, Daniel, let's move to Q&A.

Daniel Amir^ Thank you, Meron. The first question here comes from a list of questions that have been pre-submitted by our retail investors. This question is for Yoni.

So eToro announced its new subscription offering.

Can you comment on why eToro decided to launch the program?

And what is the opportunity?

Yoni Assia^ Sure.

We've built the eToro Club program to provide great premium benefits including unique features, better service as well as discounts to various parts in eToro, as well as the card, the cash back and now the crypto cash back. The club originally was based only on the tiers of how much assets customers have, and we wanted to provide the same great benefits to people who want to subscribe to the new eToro subscription. This also consolidates to subscription models that we've had from acquisitions that we've done in the past, and we're very excited to see how the pickup is already to the new subscription model.

Daniel Amir^ Thank you, Yoni.

Operator?

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question will be coming from Dan Fannon of Jefferies.

Daniel Fannon^ Wanted to talk about account growth. And so obviously it's been good or quite strong.

I was hoping you could talk about if there are regions or new markets that are contributing more and maybe the breakdown of that account growth here, not just for the quarter, but also October, if there's any more granularity, that would be helpful.

Yoni Assia^ Sure. Meron?

Meron Shani^ Thank you, Dan.

So with regards to our current growth, like organically, as we discussed in the past, we have achieved a double-digit growth.

We've seen great results coming out of the cohort of clients that we are bringing, increasing the level of deposits on to the platform and increasing their level also of engagement with the platform.

So overall, very good results.

With regards to geographic, we are not breaking down geographically, but I could definitely tell you that we are seeing early, but good signs coming out of the new regions that we launched in the -- recently and in the last few years as well as well as a significant strength coming from our core markets.

Yoni Assia^ And we have seen also a very good increase in the size of accounts coming into eToro.

So it's both new funded accounts growth and their first time deposit, which is a very good indicator to the future size of the accounts.

Operator^ And our next question will be coming from Devin Ryan of Citizens.

Devin Ryan^ A question on artificial intelligence implications here.

So great to see 30% of club members engage with eToro.

It'd be great to hear about anything you can share on kind of conversion uplift from doing research to actually trading and trade frequency.

I know we're early days here, but I'm just trying to think about that. And then more broadly, taking a step back, just some of the other types of offerings you're planning to launch with artificial intelligence and just how you feel like that can maybe differentiate the eToro offering in the market?

Yoni Assia^ Sure.

So during our Pro Investor Summit about two weeks ago, we've actually announced our new tools, an AI studio for Pro investors to actually vibe code tools. Those tools include

both new types of analysis that can actually look at their portfolio using AIs, look at other people's portfolio, using AI read our entire feed and create automated strategy.

I think the biggest driver eventually of AI, and I started, I think I did my first automated trading strategy when I was about 16, 17 is the transition from just click to trade through the (inaudible) to eventually running automated strategies, quantitative strategies of our users.

And what we've built is the ability for our Pro investors to actually build those apps, those strategies.

It includes dashboards and analysis of how they generate their trades and then actually provide an app store, so all of our customers can access that. And we've seen some really amazing apps developed already by our pro investors. This is a quick example.

We've had one of our pro investors actually creating the persona of Ward Buffet Benjamin Gram, and I think it was Kathy Wood basically ranking his stocks in his portfolio and suggesting how to rebalance the portfolio.

So I do believe AI One is an amazing tool for people who are not necessarily technical to actually bring in sort of their ideas on how to automate their strategies, how to make their strategies more professional on top of the eToro platform. And I think over time that drives both high returns, so making our customers more successful and actually higher velocity of trades in eToro.

Operator^ And our next question will be coming from Craig Siegenthaler of Bank of America.

Craig Siegenthaler^ Our question is on your strategic focus by geography.

So please correct me if I'm wrong, but I see a company that is very focused on growth in the U.S., in Asia and maybe widely geographically as new markets.

But eToro has leading share in Europe with some scale. And this market also looks a lot less competitive than the U.S. and Asia.

So my question is, why not focus on your first-mover advantage in Europe, and continue to deepen our investor base here, especially given that there are less regulatory restrictions on your coffee charter model in Europe than in the U.S.?

Yoni Assia^ Sure.

So as we think of our growth strategy, first of all, we think of long-term growth, and we do want to build significant presence in the U.S. and in Asia. Nonetheless, on the day-to-day when we drive our marketing and most of our marketing is a data-driven

performance marketing approach, we always look at basically the ratio between CAC to LTV.

So when we have a strong region, and obviously Europe -- some of our strongest regions in Europe, UAE, Australia as well we're actually doubling down on growth there as well.

So we are focused on growing the business through data-driven approach and make sure that where we see the highest return on investment, that's where we continuously grow and invest more.

So we are definitely focused on maintaining our leadership in Europe in the retail brokerage industry.

Operator^ And our next question will be coming from James Yaro of Goldman Sachs.

James Yaro^ Could you help us think about the account growth algorithm here.

What do you see as achievable for account growth going forward? Is it high single digits or double-digit account growth on a yearly basis? And then in the press release, you talked about net new accounts in the first three quarters being stronger than all of 2024, but maybe any ability to comment more narrowly on the 3Q 25 trends?

Yoni Assia^ Sure.

So first of all, strategically, we are aiming towards double-digit growth of funded accounts.

We believe, again, PAUSE the total available market of new generations coming into the market, the market itself will grow in double digits, and we believe we can outpace the market growth in all of our -- both existing strong regions in Europe and beyond as well as obviously new regions such as the U.S.

The comment in the press release, I do believe, was regarding the U.S., which post IPO, we actually started basically revamping both our product strategy in the U.S., bringing all of eToro's global products into the U.S. including now more than 100 crypto assets staking that was launched in the U.S. as well as very excited about launching CopyTrader now in the U.S.

So we do expect double-digit growth in funded accounts moving forward strategically across all regions.

Operator^ And our next question will be Brett Knoblauch of Cantor Fitzgerald.

Brett Knoblauch^ Maybe to one on the crypto side, it was a really strong quarter in terms of crypto volumes have been -- you guys bought outpaced global spot volumes by two 1, if not more.

Can you point to comment to that was maybe from what you did in the U.S. and had new tradable assets in the U.S. post outside of the U.S.

And then as a follow-up, I think ECC can be a bit below where we were expecting.

Can you just talk about some dynamics at play within the DCC doing shorter as well?

Yoni Assia^ Sure.

So I'll cover a high level and then I'll let Meron talk a bit about the numbers in the quarter.

But first of all, when you look at our numbers in the last eight quarters, and you see that in the investor presentation, what we've seen over time is very clear. When one asset class is very strong, we see a shift towards the asset class from other asset classes.

So every time crypto has a very strong momentum, we actually see the noncrypto revenues or capital markets revenue actually going down a bit.

And then as crypto goes down, we see capital markets significantly shift higher as well. And that is a dynamic that we did see in Q3.

In addition to that, within capital markets, there are two segments. There's currencies, commodities and indices basically future based and their stocks. And we did see more stock trading volumes increase in Q3, which led to the lower -- basically take rate this take rate on stock trading is lower than on commodities and they (inaudible) FX.

Regarding the crypto market, of course, we've seen a couple of all time highs during Q3 that always supports our crypto revenues and trading activities.

In general, we do expect to continue and see a strong crypto market with a very, very positive U.S. administration towards the crypto industry and a lot of new product rollouts for eToro within the crypto industry with that a bit about the actual numbers in Q3.

Meron Shani^ Sure.

So we can see definitely a sequential growth from Q2 in a very high pace, both on the number of trades as well as the invested amount.

We saw elevated activity coming in July and August as we released our KPIs also early September about the summer.

So very good traction coming out of the crypto activities of customers in the summer.

We did see a slight reduction in that in September, but remains at the same level also in October.

We're very happy about what we see in the industry.

And in general, as it goes to become more and more mainstream, we'll see the number of trades and the number of customers tapping into crypto growing. And together with that, our revenues as well.

Operator^ Our next question will be coming from Chris Allen of Citi.

Christopher Allen^ Maybe you could talk about capital allocation priorities here. You announced the buyback this morning, make some sense with a lot of exploration now but you've also talked in the past about looking at inorganic growth opportunities, particularly in the U.S. to build it out.

So help us think about the different levers here from a capital allocation perspective.

Yoni Assia^ Sure.

So first of all, we've added a significant amount of cash flow already this year.

So our balance sheet grew from \$1 billion to \$1.8 billion in total with \$1.2 billion in cash and short-term investments.

So we have a very strong balance sheet to look both at buyback. And again, at these levels, we do believe the price is undervalued, which is why we're buying as well.

And of course, leaves a significant amount of dry powder also to look at acquisitions.

We have been talking to various potential targets.

We're always excited to meet great teams of great founders with products that we believe add value to our customers and that our products will add value to their customers, and we're actively exploring these opportunities across different regions. And of course, as we announce them, you'll know what are the actual targets.

Operator^ And our next question will be coming from Bill Katz of TD Cowen.

William Katz^ This question coming back to your commentary about the longer-term opportunity for the prediction and the event market. Just wondering if you could maybe lay out your pathway of like how you get there.

Is this an organic opportunity? Is it inorganic? And then within that, I was just wondering if you could share your thoughts on just philosophically how you think about the sports or gambling opportunity within that?

Yoni Assia^ Sure.

So prediction markets, we're looking at basically both alternatives.

So first of all, we've launched futures in Europe and the future rails that we've launched in Europe are the same rails that eventually enable basically to trade prediction markets in the U.S. as well.

In addition, we are launching our crypto wallet, which will enable our customers to engage with on chain prediction markets such as Poly Chain and others.

So we're actually going towards both of those directions.

We do believe that prediction markets on financial events, on geopolitics, on economic events have to create significant value and people thinking about their trading strategies or hedging what they want to do and that initially will be our focus to help our customers, basically find those financial opportunities that are related to their portfolios.

Operator^ Our next question will be coming from Alex Kramm of UBS.

Alex Kramm^ Just on Copytrade in the U.S., I know it's super early, but maybe you can talk a little bit about (technical difficulty) how you're looking to scale it in terms of marketing, you're leaning in.

I think you have 300,000 roughly accounts in the U.S.

I think you said earlier, CopyTrader globally has a third or so of your clients have uptake there.

So just how should we be thinking about the opportunity and how quickly gain scale and if the third is kind of like a good target for the U.S. as well?

Yoni Assia^ Sure.

So our view holistically is always, as we enter new markets to roll out all of the products that we offer globally in that market. And of course, we look at the U.S. as a huge opportunity with now crypto back, taking back and Copy Trader now launch alongside stocks and options trading as well. And the way we look at each product that we release is an attachment of a customer.

So a customer engaging with CopyTrader.

What we see over time is the increase in both size of the wallet or share of wallet as well as over time LTV increases significantly.

So the way we view it is we continue basically to do what we do across the globe now here in the U.S., which is promoting the CopyTrader feature within the app, increase the attachment rate of Copy Trading, building gradually more and more great investors that in the U.S. people can copy.

And over time we'll see that increasing LTV and enabling us to basically spend more or increase our tax in the marketing budget to bring in more users to the eToro platform.

So it's all about bringing all of the products to our U.S. product strategy, then make sure that throughout the product, we create those attachment rates that increase the lifetime value and share of wallet of our customers here in the U.S., and that obviously leads to us scaling up our marketing strategy here in the U.S. in a profitable way.

Operator^ And our next question will be coming from Jamie Friedman of Susquehanna International Group.

James Friedman^ (Inaudible) ask first about funded accounts as well. (Inaudible).

Yoni Assia^ Let's move to the next question, and then I'll come back if we can get a better connection with him.

Operator^ Our next question will be coming from John Todaro of Needham.

John Todaro^ Congrats here.

I just wanted to follow up, and I'll make sure I heard it correctly. Would you guys look for kind of economic partnerships on production markets with like a telco poly market, and then if I could get kind of a second question.

It sounds like there is some -- I don't know if you want to call it cannibalization intra-quarter between some of these trading products, as you mentioned, where crypto maybe goes up and some of the other markets go down a little bit. How do you eventually get around that where they kind of are all kind of up and up on -- in the same quarter?

Yoni Assia^ Sure.

So first of all, we are talking to (inaudible) poly market.

Obviously the market leader is in prediction markets. And we are excited about exploring the path of our users to be able to trade prediction markets on financial events.

On the -- sorry, do you want to take it?

Meron Shani^ Yes. The switching between the...

Yoni Assia^ I'm not sure whether cannibalization is the right way to describe where customers inter-quarter trade different products.

So over time when you look at the growth of the net contribution of trading, both in crypto and capital markets, you see them growing over time and we think it's a great opportunity for people to actually reshuffle or rebalance their portfolios.

We've seen by this -- by the way, the same also between U.S. stocks and European stocks earlier this year as European stocks were very strong and a lot of our customers started buying basically defense stocks.

We've seen, obviously in the past, the same amping with (inaudible).

Later, we've seen it with MIM coins.

So again, as we bring in more products to our customers, we expect constant rebalancing of customers between different assets. And actually, that's the strength of eToro versus pure crypto companies, which don't have stocks or significant capital markets, and it's a significant strength of eToro, the fact that we cover today 22 different global exchanges, so our customers can trade all of those different products, alongside, of course, both on-exchange and off-exchange derivatives like futures and options.

So we feel that the fact that customers are trading in between the different assets that is a strength and something that we actually want to see with all of our customers.

Operator^ And our next question comes from Brian Bedell of Deutsche Bank.

Brian Bedell^ Maybe just to go back to copy trading, the mechanics of that in the U.S., in particular, I know there was some different regulatory regime in terms of being able to offer it with, I guess, the advisory component being a -- critical component of being able to be paid.

Can you just go through the mechanics of how this is operating in the U.S. versus outside the U.S.? And if it's the same now or when you expect to have that aligned with how it works outside the U.S.? And any commentary on initial take-up.

I know it's very early, of course.

Yoni Assia^ Sure.

So first of all, it's very early to look at take rates and engagement, but we have seen already people being copied and people are copying top investors here on the U.S. platform, which is great to see.

Second on the mechanics. The mechanics are quite similar from how it operates.

So you can actually -- when you copy an investor, it copies their entire portfolio into your portfolio in the amount you chose.

So you copy somebody with \$1,000, it fractionalize his entire account across stocks and crypto and it basically opens those trades in your account. And every time they trade and trade in your account at the same time the same price and the same proportion.

So the mechanics of copying works the same here in the U.S. and outside the U.S., we are looking right now outside the U.S., we've actually just revamped our Pro investor program, which is around how do the Pro investors actually get paid here.

We're still early stages.

We'll be building that as well as we move towards next year.

The second copy product, which is our smart portfolios product, where our Global Chief Investment Officer actually curates specific portfolios, about 120 different smart portfolios across different strategies. That part will fall under an RIA license, which we are in the process and expect that to launch in H1 next year.

Operator^ And our next question will be coming from Dan Dolev of MIZ.

Dan Dolev^ Congrats, guys. Great quarter, great October.

I have a question on banking. A lot of fintech companies view thinking as the Holy Grail kind of, that's what everyone wants to do.

So Yoni, Meron, like how do you guys view sort of like banking services globally in the U.S., et cetera, in terms of the long-term opportunity for eToro?

Yoni Assia^ Sure.

So I generally say everybody is looking at the concept of the super app, right? So we believe our core is actually helping our customers find data in alpha into their portfolio to generate over time returns than to compound wealth over time.

So our view comes more from our core expertise on trading in investing.

What we've seen over time is basically expanding the business also into savings, the various pension schemes around the world where we have already launched U.K., Australia and France recently including the now new launch of cash sizes in the U.K.

And lastly, of course, neobanking.

And what we wanted to see and what we're seeing in our strategy is basically when we provide our customers the virtual bank account on eToro, interest rate that they can get on

their local currency and the ability to convert easily FX from euro to dollars or pounds to dollars to efficiently trade also U.S. capital markets and then attach into that also the Visa debit card, we remove the need of a customer to actually take their money back to the bank.

So I think us as a financial super app, we're looking for customers to increase their share of wallet over time on eToro.

We believe most of customer assets should be compounded towards capital markets in crypto markets and they should easily spend from that account without the need to actually take their money back into the bank. And we've seen that significantly improve basically attachment rates of customers, lifetime value of customers, which is why we're also providing great incentives at user Visa debit card with a 4% stock back.

So when you spend and we see a lot of our customers now posting on X when they're spending on a meal and then they get a 4% stock back into their portfolio. Again, why the stock back? Because we do believe that all of our customers would actually have most of their funds or the vast majority of their funds in capital markets and crypto markets, and that's the efficient way to compound wealth over time.

Dan Dolev^ Great. Makes a lot of sense. Congrats again on a great quarter.

Operator^ And our next question will come from Jamie Friedman of Susquehanna International Group.

James Friedman^ Yoni, the press release indicates that the 16% growth in funded accounts was driven both by the user acquisition, but also the retention.

I was hoping at a high level, you could unpack that those dimensions. And then if I could just sneak in another one, Meron.

Can you remind us about the typical seasonality of the business as we build out our models?

Yoni Assia^ Sure.

So we currently don't break down win backs churn and retention, but we've been engaging significantly in going back into basically our database of funded accounts across time and making sure that they are kept up to date on all of the new product releases, whether it's, again, the debit card in Europe, whether it's futures trading, so or whether it's the new crypto wallet and the ability to use our crypto to buy stocks.

So as we do that, we bring in also old customers into eToro sort of customers that churned in the past that are now joining back eToro for our new products. The second question, you can answer, Meron.

Meron Shani^ Yes.

With regards to -- you touched about the breakdown, we do not provide it, but we can definitely see strong signs coming out of both the retention side as well as the acquisition as we aim -- as we discussed in the past, for a double-digit growth on the funded accounts on an annual basis.

Yoni Assia^ Regarding seasonality, I would say, historically, we see strong Q1s and Q4s.

It's mostly though related, I believe, to the market.

So I would say we're enjoying usually seasons of the markets. And it seems, again, if I look at the last three years, Q1s and Q4s are usually good markets in both crypto and capital markets, but of course, we don't control the rain or the seasons.

Operator^ Next question will be coming from Alex Kramm of UBS.

Alex Kramm^ Just wanted a couple of follow-up questions. Hopefully, I didn't miss this earlier, but on the expense side, I think previously it said flattish for the remainder of the year.

Is that still right for the fourth quarter? And then just another housekeeping one on the interest income.

I know there's a lot of moving pieces, but I think the implied rates -- interest rate actually went up quarter-over-quarter if you just use the interest earning assets.

So again, I know there's a lot of things in there, but maybe just unpack what you're seeing on the interest income side?

Yoni Assia^ Sure.

I'll start on the first one, which was related to the expenses.

So yes, definitely, we -- as we mentioned last quarter, we're aiming to keep our cost base the same quarter-on-quarter. And indeed, we came with a flat view.

So we are roughly looking at staying within those lines also in Q4.

With regards to the -- what was the second question?

Second question, Daniel?

Alex Kramm^ The interest income...

Yoni Assia^ So we have seen like definitely, there is a decrease in the interest rate coming from the two rate cuts.

But what we have witnessed in those periods is that actually customers balances in all different asset classes have actually grown.

Now -- so even though there is a direct reduction expected in interest income.

Over time we do see those balances increase. And therefore, we should be able to grow also on the revenue, that also taking into consideration that customers are inclining when the interest rates are lower, to bring their assets more into a more riskier portfolios that will generate higher return for them than the lower interest rate in the market.

Operator^ And we have no further questions. And for closing remarks, we'll bring it back to Daniel.

Daniel Amir^ Thank you for attending our earnings call today.

We're looking forward to seeing you at our upcoming investor conference during the quarter. These conferences are on our website that you can go see on the Investor Relations section. And thank you.

And have a great day.

Yoni Assia^ Thank you very much.

Meron Shani^ Thank you.