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EDITED TRANSCRIPT

ETOR.OQ - Q2 2026 eToro Group Ltd. Earnings Call

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PRESENTATION

Operator

Hi, 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 July monthly spreadsheet is now available on our website at investors.etoro.com.

Today, I'm joined by Yoni Asia, our CEO, and by Miron 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 at 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.

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With that, I will pass the call to Yoni.

Yoni Assia - *eToro Group Ltd - CEO*

Thank you, Daniel, and thank you to everyone joining us today. Welcome to eToro's second quarter 2026 earnings call. After Meron and I conclude our prepared remarks, we'll open the call for your questions. We delivered another strong quarter, demonstrating the strength of our diversified business model. One of Etoro's key differentiators is our ability to perform across a wide range of market environments and the second quarter was another example of that. As investor activity shifted from commodities to equities, our platform continued to deliver strong results, underscoring the value of offering users access to multiple asset classes through a single platform.

Net contribution increased 9% year over year to $229 million, and adjusted EBITDA grew 9% to $78 million.

We also continued to see strong momentum across our key performance indicators as part of our growth strategy.

Funded accounts increased 18% year-over-year to 4.28 million, driven by marketing investment and improved user retention, while assets under administration grew 10% year-over-year to more than 19 billion, reflecting continued strong user inflows. Today's announcement of our planned acquisition of TradeZero marks another important milestone for eToro.

TradeZero has built a successful franchise with differentiated technology. A robust broker-dealer infrastructure, and a highly engaged trading community. This combination gives us a faster path to launching new products for US users and strengthens our offering.

I will provide additional details on the acquisition later in my remarks. But perhaps the most important thing this quarter demonstrates is execution. Every few years, technology fundamentally changes the way people invest. Throughout our history, eToro has embraced those shifts from social investing to crypto and now to AI and on-chain finance. Social investing made investing collaborative. Crypto introduced new financial infrastructure. Now, AI is changing how people discover opportunities, analyze information and make decisions. We don't see these as separate trends. We see them as the same evolution, and our edge has always been spotting these shifts early, simplifying them, and making them accessible to millions of users. This quarter, we kept turning that into our products.

Our new app reflects that strategy and our journey towards becoming a financial super app. This isn't simply a redesign. The app brings together AI personalization and a growing ecosystem of apps and agents. Through Tori. Our AI agent, the platform, delivers proactive insights, helping users better understand their portfolios, identify opportunities, and stay informed wherever they are.

Rather than waiting for users to search for information, the experience increasingly anticipates what matters to them and delivers relevant insights when they need them. More broadly, we remain focused on four strategic pillars: trading, investing, wealth management, and neobanking.

Let me walk you through some of the highlights of the quarter. Let's start with trading. As I mentioned earlier, the second quarter once again demonstrated the strength of our diversified multi-asset platform. Over the past three quarters, we've seen our users shift their activity across asset classes from crypto to commodities and now to equities, highlighting the resilience of our business model and the value of offering investors access to a broad range of markets through a single platform. We believe this highlights one of Etoro's greatest competitive advantages. Regardless of where market opportunities emerge. Our users can seamlessly move across asset class within a single platform, driving higher engagement, long-term retention, and continued business performance. We also launched Etoro Edge, a new web platform designed for active traders, combining professional-grade trading tools with our intelligence of our AI ecosystem.

As our users become more experienced, we continue to invest in products that support every stage of their investing journey, from first-time investors through to highly active traders. We've also recently introduced the ability for users to increase their equity and crypto buying power directly from their eToro cash account, simplifying access to margin trading. Lastly, expanding access to differentiated investment opportunities remains a key strategic priority. During the quarter, we enabled pre-IPO trading in SpaceX price and eligible customers to

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participate in the SpaceX offering, an example of our broader effort to increase access to IPOs and other investment opportunities, particularly for European users.

Turning to investing is becoming increasingly personalized. For many years, the industry focused on giving people access to the markets. We believe the next phase is about giving investors access to more intelligent tools, helping them combine their own judgment with AI while always remaining in control of their decisions. During the quarter, we continued to expand our investing ecosystem through the eToro App Store, which now includes more than 75 applications built by developers, partners, and pro investors. These give users new ways to discover ideas, analyze markets, and personalize how they invest on an open platform that will keep evolving. We also launched agent portfolios, letting users connect AI agents to dedicated portfolios within their eToro account while keeping full control over their objectives, capital allocation, and risk parameters. Agent portfolios don't replace the investor. They extend what the investor can do within boundaries they define.

As part of this, we introduced agentic investing, enabling users to create and manage multiple agents through Tori. Last month, we also introduced sub-accounts, giving investors the ability to organize their investments around different financial goals, whether it's savings to a child's location, buying a home or planning for retirement. Combined with agent portfolios and agent investing, these capabilities provide investors with more personalized and flexible ways to invest while remaining firmly in control of their financial decisions.

Turning to wealth management. Helping people build long-term wealth remains central to our strategy. That's why we continue to expand the products that support users throughout their financial journey.

Our savings offering has a real momentum. This quarter we saw 15 times year-over-year growth in AUM, which reinforces the strength of our long-term saving proposition and our strategy of building a full wealth platform alongside our trading business.

Finally, in neobanking, we continue to make it easier for users to move and manage their money across traditional digital finance. We recently launched eToro Work, making it easier for employees to invest directly from every paycheck. Investing consistently over time is one of the most powerful ways to build wealth, and eToro Work brings that right into people's everyday financial lives. Earlier this quarter, we also announced the acquisition of crypto wallet provider Zengo, strengthening our self-custody offering, making a strategic investment in extended and on-chain perpetual futures platform and become a founding partner of OpenUSD. Reducing friction between traditional finance and digital assets is an important step towards making digital assets more accessible to a much broader audience. We're also seeing strong momentum across eToro Money. The number of eToro Money cards issued across Europe increased by more than 30% quarter over quarter, reflecting growing engagement with their offering and increasing role eToro plays in our users' everyday financial lives.

Taking together these product innovations and partnerships reinforce our long-term strategy of connecting traditional finance with the on-chain economy while making it simpler for users to access digital assets, self-custody and decentralized finance through the eToro ecosystem.

Finally, let me come back to TradeZero. Today we announce our planned acquisition of TradeZero for up to $230 million in cash and stock. TradeZero is a highly complementary business that significantly strengthens our presence in the US, one of our most important growth markets and opens access also to the Canadian market. It brings an experienced US management team and a highly engaged active trader community. TradeZero is also expected to bring differentiated capabilities including four proprietary trading platform, advanced tools and features and robust broker-dealer infrastructure that further strengthens our platform. We see real opportunities here to accelerate innovation, enhance client experience and broaden the products and services we offer across both platforms. This is also anticipated to be a financially attractive transaction. TradeZero generated approximately $80 million in revenues in the last 12 months with more than 80% gross margins in Q2 2026. That makes it an immediately complementary addition to our financial profile while strengthening our long-term growth prospects. We look forward to welcoming the TradeZero team to eToro following the close of the transaction in the first half of 2027.

To close, we're excited by our second quarter and by the momentum across the business through the first half. We remain focused on executing our long-term strategy, investing across AI, digital assets, wealth management and financial services, while selectively expanding our footprint through initiatives like the acquisition of TradeZero.

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Every few years, technology changes in investing. Every time, eToro embraced it. From social investing to crypto and now to AI and on-chain finance, our focus hasn't changed. Using technology to open the global markets and help millions of people become more confident and more successful investors. We're excited about what comes next and about turning this approach into products that create long-term value for our users and our shareholders. With that, I will hand it over to Marana.

Meron Shani - *eToro Group Ltd - CFO*

Thank you, Yoni. We delivered another solid quarter, demonstrating the resilience of our diversified multi-asset business model.

Second quarter net contribution grew 9% year-over-year to $229 million, while adjusted EBITDA grew 9% year-over-year to $78 million. Our adjusted EBITDA margin was 34%. In line with the same period last year.

Our KPIs also remained strong during the second quarter, with assets administration increasing 10% year-over-year to $19 billion and funded accounts growing 18% year-over-year to $4.28 million.

This growth was driven by continued investment in user acquisition and retention.

Let's take a closer look at the second quarter of financials by BusinessLine.

Our net trading contribution from capital markets, equities, commodities and currencies grew 25% year over year to $142 million.

This was driven by increased user engagement with many users moving from crypto into commodities into equities as market conditions involved.

The number of trades increased 64% year over year, supported by strong activity in equities and continued engagement in copy trading.

We are also encouraged by the continued high invested amounts on the platform.

As users broaden their investing activity beyond crypto and commodities into equities and other asset classes, they are investing more across the platform.

This is exactly what we would expect from a diversified multi-asset offering and is an important driver of the long-term growth.

Net trading contribution from crypto was $11 million.

The year-over-year decline primarily reflects lower trading activity and the continued shift of users towards equities.

We have seen this cyclicality in the crypto market over the past 15 years.

Crypto net contribution also includes a $2 million negative valuation impact relating to our corporate crypto holdings, resulting in a balance of $30 million at the end of Q2.

Net interest income contributed $49 million, up 7% year-over-year, which was largely driven by a 12% increase in higher interest earning assets. As a result of an increase in users' cash deposits and corporate cash.

Etoro Money's contribution grew 44% year-over-year to $26 million, driven by 92% year-over-year increase in total money transfers as we continue to experience increased deposits and user activity.

Turning into expenses.

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Our adjusted OpEx for the quarter was $151 million, up 1% quarter over quarter. The results were driven by $8 million increase in sales and marketing expense, reflecting our continued investment in customer acquisition.

This was largely offset by lower R&D and G&A expenses.

Adjusted sales and marketing expense was $68 million.

Representing 29% of net contribution and in line with our strategic decision to accelerate funded accounts growth in 2026 I discussed earlier this year.

Adjusted R&D expense was $33 million, while adjusted G&A and operating expenses for the quarter were $51 million.

Our adjusted diluted EPS for the quarter was $0.68. Compared to $0.56 in the second quarter of 2025.

Moving to our balance sheet, we ended the quarter with $1.2 billion in cash equivalents and short-term investments and generated $39 million of cash from operating activities during the quarter.

In accordance with our previously announced share purchase program, in the second quarter, we repurchased approximately.

2.3 million shares for an aggregate amount of approximately $87 million.

As Yoni mentioned, today we announced the acquisition of TradeZero for up to $231 million.

In the last 12 months, TradeZero generated approximately $80 million in revenues with more than 80% gross margin.

We believe that the transaction is strategically compelling. Financially attractive and expected to be adjusted EPS accretive to earnings in the first full year post-completion.

We will provide additional details whilst the transaction closes as expected in the first half of 2027.

Now, let me share a few comments on the third quarter trends.

As part of our quarterly results today, we also released our July monthly KPIs.

Turning to our key metrics for July, funded accounts grew 18% year-over-year to 4.32 million.

Assets under administration totaled $18.5 billion, down 5% year-over-year as a result of the decline in crypto pricing.

On capital markets trading activity, the number of trades is flat year-over-year and consistent with seasonal patterns.

With regards to adjusted OpEx, we expect Q3 to be slightly higher than Q2 due to continued investment in growth activities.

To summarize, we are pleased with our second-quarter performance and the announced acquisition of TradeZero.

We continue to generate strong cash flow, invest with discipline, and allocate capital thoroughly, while maintaining flexibility to pursue strategic opportunities such as Trade Zero.

We believe that we are well positioned to continue delivering sustainable, profitable growth and long-term shareholder value.

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

QUESTIONS AND ANSWERS

Operator

Thank you, Meron.

The first question comes from our list of questions that have been resubmitted by our retail investors.

This question is for you, Yoni.

EToro unveiled a brand refresh and product announcements in July.

What are you most excited about from that event in July?

Yoni Assia - *eToro Group Ltd - CEO*

Well, I'm definitely most excited about our two significant product launches, the new eToro AI app. Where we actually written from scratch the entire app of eToro, taking probably more than 500 many years of work on the existing eToro app and rewriting everything with AI. That puts the infrastructure not only for a much faster development process, but also a faster app with AI built in where Tori, our AI agent, is front and center. The second part was the launch of Edge, a new professional trading platform that's meant for the most active traders on the eToro platform with charts and automated trading coming very soon into our Now Pro trading platform.

Operator

Thank you.

To ask a question, please press *11 on your telephone and wait for your name to be announced. To withdraw your question, please press *11 again.

We have a question from the line of Dan Dolev with Mizuho. Your line is now open.

Dan Dolev - *Mizuho - Analyst*

Hey, guys.

Really strong results today. Congratulations, Yoni and Miran. I have two quick questions. One, we noticed that your account growth on a sequential basis and an year-over-year basis continues to accelerate. So can you tell us a little bit of the sustainability of this and what you're doing to get there? And then I have a quick follow-up.

Thank you.

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Yoni Assia - *eToro Group Ltd - CEO*

So one of the great unlocks we've had in Q2 was driven by a very strong momentum in our savings offering in the UK and globally as well. And we do expect that to continue. So as we create more products, each product also gets a specific funnel. So it's not only about increasing the marketing spend, it's about increasing the marketing spend and also scaling up the product offering of Vitoro to create more channels. We do believe that from both product perspective and global perspective, with the acceleration now of the product roadmap. With the two existing acquisitions that were completed in Q2 and now looking forward also to TradeZero, we'll be able to continue both product expansion and then adoption to all of the local markets, growth markets and therefore continue to expand marketing moving forward.

Dan Dolev - *Mizuho - Analyst*

Got it.

Thank you. And then my follow-up quickly is on TradeZero.

Really nice to see the acquisition here in the U.S. Maybe can you tell us a little bit more of the strategic rationale, like what incremental capabilities, products are you eyeing?

What was the main decision maker here? Thanks and congrats again.

Yoni Assia - *eToro Group Ltd - CEO*

So first of all, a great team that we've known for a while in TradeZero, a great team based here in the U.S. In New York, a very big focus on scaling the capabilities of the eToro offering in the US specifically, enabling a lot of the features that are very popular of eToro outside the US. Here in the US, for example, leverage trading, margin trading, as well as futures that's launched for TradeZero here in the US. And shorting capabilities which are actually very unique to TradeZero's technology and patents. So one is a focus on the US bringing all of the global capabilities of eToro together with the self-clearing capabilities of TradeZero here to the US to the eToro platform once we complete integration. And the second part, similar to our focus with the new Edge platform, which is meant for the more active trader segment, TradeZero. Showed great capabilities on building a community of more active traders that are always on, that are more desktop focused and we believe that our combined now capabilities of both clearing leverage trading short on stocks as well as the professional trading platform will attract more sophisticated audience that can also by the way use then. APIs and AI to trade across asset classes and now very soon globally on the eToro platform.

Operator

Thank you. Our next question comes from the line of Dan Fannin of Jefferies LLC. Your line is now open.

Dan Fannin - *Jefferies LLC - Analyst*

Great, thanks. So wanted to follow-up on the outlook. For Q3 and maybe a little bit longer-term on the spend. I assume some of the increased expenses you mentioned for 3Q reflects the acquisitions that closed in 2Q. So maybe if you could give us a little bit of revenue contribution from those transactions and then also unpack a bit of the increased spend as you think about the back half of the year?

Meron Shani - *eToro Group Ltd - CFO*

Sure, yeah, I'll take it. So while we don't break the revenues from the new acquisitions, it's going to be in the crypto space. Not a material number at this stage, we expect that to increase in the future also as crypto becomes in the other side of the cyclicality. So that's on that

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on the revenue side, on the cost side, it's no material amount, it's part of the growth that we expect in Q3, but the numbers there are not really material.

Dan Fannin - *Jefferies LLC - Analyst*

And so then the increase is mostly reflected around marketing in terms of the Q3?

Meron Shani - *eToro Group Ltd - CFO*

It's a combined of marketing and it's combined of a slight increase in R&D as well.

Dan Fannin - *Jefferies LLC - Analyst*

And then just as a follow-up, as you think about.

The environment today where obviously crypto has been under pressure. Some of your other peers have seen the benefit of prediction markets picking up. I was hoping you could talk about your strategy for other products, particularly prediction, perpetual, some of these other areas that are increasingly in focus as we think about retail participation.

Yoni Assia - *eToro Group Ltd - CEO*

Sure. So perpetual markets in futures is something that's embedded in the global eToro platform. Prediction markets was actually launched during Q2 as a first product on the Zengo non-custodial wallet. So our global customers were applicable can actually trade prediction markets on Zengo. We are looking right now, especially with the acquisition of TradeZero, which already supports futures in the US, to launch prediction markets in the US as we progress on the integration. With TradeZero. On perpetuals, specifically, we're looking at launching First Europe, now with TradeZero futures in the U.S., which basically is the same framework for perpetuals, both on TradFi, which is the core and the vast majority of the business, but also looking at DeFi opportunities in perpetual. Which is a small minority investment we did in a perpetual decentralized exchange as well. Just as an example of how this connects, how the two worlds connect is, for example, in the SpaceX.

IPO we actually launched a perpetual future trading the SpaceX price prior to the IPO. Then in the IPO we distributed the IPO shares to retail demand in the UK and a day after we started trading 24/7 SpaceX shares based also on perpetual futures prices.

Dan Fannin - *Jefferies LLC - Analyst*

Great, thank you.

Operator

Thank you. Our next question comes from the line of Craig Siegenthaler with Bank of America. Your line is now open.

Craig Siegenthaler - *Bank of America - Analyst*

Thanks for taking my question. Hope everyone is doing well.

My question is on your agent portfolios that you launched, I think, back in March.

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How has progress with your agentic trading progressed? Can you disclose client assets or number of accounts?

And based on that first batch of accounts, how is monetization activity deferred from your average account? I'm wondering if you're seeing higher trading velocity, lower cash week balances. And I just have one follow-up after that, Tim.

Yoni Assia - *eToro Group Ltd - CEO*

So first of all, we're very excited to see the early adoption of agent portfolios. We shared some data on social. It's not in front of me. I'll ask the team to see whether we can have an updated slide here soon.

But it's a relatively small amount of customers that are trading in very high volumes. So what we're seeing is more sophisticated users right now and we're simplifying the product actually launching today the ability to connect Claude connector and official Grok connector as well. So when our customers today actually open Grok across the globe. And we actually provide a free Super Grok to our pro investors across the globe. So when they open their Grok, they can actually see an official Grok connector. You can actually click, connect to your SSO, to your eToro account, and then create agent portfolios basically directly from Grok, from Claude, coming very soon to the rest of the models as well. What we're seeing is more technical sophisticated users right now that have been. Early adopters to AI, building agent portfolios and building agentic trading strategies. Now, we've been doing this for a while now. Our long-short portfolios, our alpha portfolios in eToro, which has, by the way, been performing amazing over the past year on the eToro platform.

Are all based on agentic trading, on quantitative trading. What we're seeing in communities of active traders in Etoro today is that they're starting to use AI to actively trade 24/7 in their accounts. We also started seeing more activity of 24/7, actually of over the weekend trading, both in commodities now in equities as well, and we expect that trend to continue to accelerate.

Craig Siegenthaler - *Bank of America - Analyst*

Thanks. And then just for a follow-up there, do you have any plans to launch an internal native option that maybe you could charge for in addition to sort of the external options you have today? And can clients still connect via an API? I think that's how it initially was. Or is there MCP connectivity too?

And then based on your comments, is it.

Semi or fully autonomous now? Is there a human sort of decision on that final trade or is it trading fully autonomously?

Yoni Assia - *eToro Group Ltd - CEO*

So we do have MCP trading enabled on eToro. So what I mentioned that actually launched yesterday is your ability to actually connect to the MCP of eToro. You can actually look at it at builders.etoro.com. So a lot of people that are also building apps. Are building based on the MCPs and an official Grok and Claude connector. So you can actually click in Grok itself, say connect to my eToro account, then go with your username, password if you're logged in, or if you're logged in just connect and authorize basically Grok to trade in your account. Then Grok can actually trade autonomously. So you can actually create. A scheduled task, an autonomous agent in Grok that looks at the market, that explores the market and automatically trades in your account. You can do it in Grok or Claude, or you can do it with Tori, our own AI agent that's based on the frontier models of Grok right now. So it is fully automated. Of course, the users can define their permissions of the MCP, so you can decide that the connector that you're connecting into eToro. Is, for example, only for read or you can define for an AI agent specifically to only operate on a specific agent portfolio or sub portfolio. So we've built it in a very flexible way where the users have basically the control to define how they want to operate with AI. Regarding options trading, we haven't launched APIs trading yet for options. So we do have APIs for crypto trading, stock trading, leverage trading. As well as commodities trading. Now, actually with the TradeZero acquisition, I've been actually trading options with my AI connected to TradeZero APIs. So we hope very soon to integrate that into our global offering as well.

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Craig Siegenthaler - *Bank of America - Analyst*

Thanks, Johnny.

Operator

Thank you. Our next question comes from the line of James Yarrow with Goldman Sachs. Your line is now open.

James Yarrow - *Goldman Sachs - Analyst*

Good morning and thanks for taking the question. I wanted to turn again to the TradeZero acquisition. Could you just update us on the broader U.S. Growth strategy and I guess are you contemplating any additional acquisitions in the region or does this get you to what you think is critical mass?

Yoni Assia - *eToro Group Ltd - CEO*

So I think this is a great acquisition to have a significant team and business here in the U.S. And great infrastructure for us to be basically connected directly into the markets. In addition to that, we recently received our RIA license as well, which will enable us to also launch the smart portfolios. I would say the core strategy is very consistent. First of all, make sure that we launch in the U.S. All of the products that we have overseas. Now with the TradeZero acquisition that completes futures, so the ability to trade on commodities, currencies and indices, leverage trading as well as short. So a lot of the popular more active trader parts of the Toro platform globally will come into the US with RIA licensed smart portfolio and copy trading. And what we're doing is bringing all of the successful. Products of eToro into the U.S. To increase basically the lifetime value, the product attachment in the U.S. And then start basically scaling marketing the same way that we do outside the U.S.

We are looking at additional opportunities, by the way, both in the U.S. And globally. I would say that both our appetite for acquisition remains strong and we continue. To have great engagement from potential targets across the globe, including the U.S.

James Yarrow - *Goldman Sachs - Analyst*

Thank you. Just as a quick follow-up, any ability to provide any additional KPIs or metrics around the deal? I think the areas that I think would be interested in would be number of customers, the assets under the AUA base, and I guess just some of the growth trends in those that would see it over time if you're able to.

Yoni Assia - *eToro Group Ltd - CEO*

What we've discussed is we'll do that closer to closing or post-closing as we look at consolidating, obviously, numbers and matrix of eToro and TradeZero.

James Yarrow - *Goldman Sachs - Analyst*

Thanks a lot, Yoni.

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Operator

Thank you. Our next question comes from the line of Devin Ryan with Citizens Bank. Your line is now open.

Devin Ryan - *Citizens Bank - Analyst*

Thanks. Good morning, everyone.

Question just on crypto and kind of the outlook there. Yoni, obviously, as you guys talked about, you have a long history with this asset class, longer than most. And as we look at kind of the recent results in July as well, obviously, a lot of pressure. I think investors are a little bit more negative on this element of the market.

But as we think about recent pressure, kind of cyclical versus maybe some other kind of real speculative tail coming out of the market and maybe that kind of continues, it sounds like you're still pretty constructive on the intermediate term from a cyclical perspective. So I just love to get some perspective around like what is underpinning that, Yoni, and then.

As you kind of map crypto out over the next few years, how do you think it develops from maybe what was historically a really speculative market to one that's maybe more utility-driven?

Yoni Assia - *eToro Group Ltd - CEO*

So first, I remain very bullish and confident on the intersection combination between extremely large TAMs. One is. Younger, the rise of retail investors, younger audiences, Gen. Y and now Gen. Z coming into the markets with expectation over the next 20 years of more than $100 trillion moving to those younger generations. And then on the back end, what we're seeing which is the tokenization of real world assets and moving finance. On-chain, which is another at least $100 trillion move on the back end. So we're seeing two tectonic shifts in the entire financial services industry where we're really just in the infancy. What we're seeing in 2026 is a lot of these things connect our ability to tokenize. Assets on chain to be able to see SpaceX trading on chain SpaceX derivatives trading on chain SpaceX launching 24/7 in the first day of trading 24/7 unlocked in eToro globally coming very soon I believe to perpetual futures market in the US. So what we're seeing is a lot of those building blocks that people in crypto I've been talking about since 2013 about the tokenization of real world assets and writing about it. Now in 2026 and again with the U.S. Administration being very bullish on moving finance on chain. So from a tech perspective and an industry perspective, I believe eToro is positioned in a very unique way that is the intersection of traditional finance or capital markets and digital asset markets.

On the other hand, you have prices, right? So prices of crypto markets and adoption of blockchain and crypto technology do not always go hand to hand. What we actually usually see is a lot of the innovation builds more in the bearish markets of the cycles. I have to say this is our fourth cycle in eToro from 2013. Peak in October to the drawdown of '14, from the '17 peak in October to the drawdown in '18, then '21, '22. The cycles look remarkably the same where you have the peak post halving, then you have a correction, then you have sort of a beginning of a new rally. We remain very confident and bullish on future of. Bitcoin as digital gold moving forward. I believe this cycle will eventually look like previous cycles in the past and every cycle we've seen also a lot of new innovation coming into the markets during those more, I'd say, crypto winter periods.

Devin Ryan - *Citizens Bank - Analyst*

Thank you, Yoni. Appreciate all that color. And then as a follow-up, just want to maybe also a thought exercise on your kind of IPO market reopening and implications on eToro. Obviously, SpaceX, you guys were involved there to a degree. So love to just think about if we're on the front end of a bigger IPO cycle, what did you learn from SpaceX around your customer interest and what did you see with customer trading?

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Around that event, and then also other kind of ancillary revenue streams, like securities lending, like how meaningful could that be for eToro if we go into kind of, it's all why these IPOs over the next year actually do come. And the other connected pieces, I know TradeZero has really, as you mentioned, kind of patents around sec lending, and that's a big part. Did they participate at all in the SpaceX kind of activity?

And is that an opportunity for eToro with TradeZero as well? Thanks.

Yoni Assia - *eToro Group Ltd - CEO*

Sure. So first of all, the SpaceX IPO on its own was an amazing event, largest IPO ever. On eToro, we had over 200,000 customers that traded over $1.7 billion of volumes in SpaceX shares and derivatives. We've seen, and again, connecting this to the opportunities. So first of all, big IPOs. So the same as in eToro, every time there's something interesting in the market, we're seeing significant interest around it. Whether it was Dogecoin in 2021 when Elon Musk went on Saturday Night Live or SpaceX IPO in Q2, that was actually a significant driver of new funded accounts. In Q2. So every large-scale IPO is driving both client activity and new funded accounts. I think the unique part which we've learned with the SpaceX IPO is the fact that you can actually launch the IPO price prior to the IPO.

That was a great product, an innovative product that enabled us.

And our customers to basically speculate on the price of where the IPO is going to start. And it was also our first retail distribution of an IPO in the UK. We do expect that to, by the way, grow. So this was a very unique retail distribution where our retail clients received somewhere between 60% to 80% of the retail demand.

We hope to see that trend continues where more of the large companies actually allocate more to retail investors, obviously keen to see how both hopefully Anthropic and OpenAI are rumored to IPO this year. And on smaller scale, of course, we've seen many more IPOs come to the market. Each of those actually have a marketing campaign and we're launching them.

On eToro and we're working directly of course with issuers as well. So some of the IPOs like Lime and others were successful launches in the U.S. And we'll continue to invest to build that infrastructure for more offerings in eToro.

On TradeZero, just to note, still early days to talk about how I'd say IPO market plus SEC lending works together hand in hand. Of course, more tech companies, more volatility in tech companies coming into the market means also more interest potentially both in lending and insured.

Devin Ryan - *Citizens Bank - Analyst*

Okay, great.

Thank you, Yoni.

Operator

Thank you. Our next question comes from the line of Chris Allen with KBW. Your line is now open.

Chris Allen - *KBW - Analyst*

Good morning, guys. Thanks for the question.

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I was wondering if you could dig in a little bit just on the July trends, which I think it's how your stocks reacting this morning. Maybe give us some color on ECC, the pullback in activity, is that just primarily driven in equities?

And then I'd also love to hear just on interest earning assets, the pullback there, and maybe color during the quarter, we saw the yield go up. Was that increased margin lending, did that benefit there, just how margin lending trending is going right now?

Yoni Assia - *eToro Group Ltd - CEO*

Sure. So I'll cover sort of more macro markets product and let Meron touch the numbers. Macro, what we've seen is two things in July.

One is commodities was very active in Q4 and Q1. I think we've seen commodities volatility generally go down both on oil as well as precious metals. That lowered the number of active traders and trading activity. In commodities Q2 versus Q1 and Q4. In Q2, we've seen very significant activity with volatility and active trading across equities, actually mostly across stock trading in Q2, which was very active. I think July both had seasonality impact into it as well as a correction.

Into the more popular stocks in eToro. So what we see many times in stocks is when the markets correct down, customers basically take a bit of a breather and then start buying the deep. So I do believe we'll see more of that now that we're connecting back upwards after July sort of semiconductor correction in the market.

And with that, I'll let Miron comment a bit about the numbers.

Meron Shani - *eToro Group Ltd - CFO*

Sure. I'll just add on top of that that we've already seen some improvement coming up in the first 10 days of August to date. So that's a good sign that July might have been at the bottom, as Yoni mentioned before.

On your question on EBITDA, similar to the trend that Yoni mentioned, we've also seen customers scaling back some of their margin book.

So we definitely hope that we'll see that coming up in the next few weeks as they return to the market. But in general, also adding on top of what Yoni said, we don't look at the business on a month by month basis. We look at the horizon. We look at the 12-month basis. You can see the numbers year to date or last 12 months. We've delivered significant growth in all different KPIs.

One month that we see that is coming every year is not something that concerns us on how we manage the business on a day-to-day basis.

Chris Allen - *KBW - Analyst*

One more thing is the launch of buying power.

So we did launch the ability for customers to actually convert their cash equity positions. Into buying power to actually increase margin capabilities on eToro. We started launching this to the premium accounts on eToro as well as launching very soon crypto buying power so customers can actually bring in their crypto. In crypto potentially exchanges that don't have diversification of assets, bring it into eToro, receive basically buying power to be able to then buy stocks and diversify their portfolio. So I do expect new product offers both on buying power and on margin and with, by the way, the capabilities of bringing that also into the US market with the completion of the acquisition of TradeZero will over time increase. A margin net open position and therefore also EBITDA on Etoro.

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Operator

Our next question comes from the line of Brian Bedell with Deutsche Bank. Your line is now open.

Brian Bedell - *Deutsche Bank - Analyst*

Great, thanks. Morning, guys. Thanks for taking my questions.

Maybe just good to see the RIA license in the U.S., and maybe, Jon, if you could just comment on your expectation for that as an accelerant for smart portfolios, but maybe even more importantly, the launch of copy trading in the U.S., to what extent -- I know copy trading is already existing in the U.S., but I believe the pro traders in the U.S.

If I'm not mistaken, can't be compensated just yet because of that RIA license. So does this enable that? And then if not, then what other steps do you need to take to get to like a full-fledged copy trading platform in the US, both from investors being able to copy trade and pros being able to be compensated?

Yoni Assia - *eToro Group Ltd - CEO*

Sure. So RIA license doesn't lock.

In H2 our abilities to launch smart portfolios, which by the way had an amazing momentum outside the U.S. During H1 with record of copy money input to smart portfolios and to PIs. We continue to work on additional products which will enable U.S. Customers to copy both in the U.S. Customers and outside the U.S. Customers and smart portfolios.

In relation to the pro-investor program in the U.S., we do believe the ability of us integrating into the RIA platform and putting all of the required regulatory requirements from a technology and technical perspective will enable us over time to also offer a comp in the U.S. For RIAs.

I would say that it's really about building that marketplace. Building both sort of the buyer demand and the seller's demand of an RIA marketplace. We do believe, by the way, globally that market of RIAs, which by the way in different markets is called different names, has the same challenge by the way of the sort of traditional markets where you have younger audience who have very different expectations. We see the same with RIAs and.

Basically younger people looking at the eToro platform as an opportunity to become an RIA, to become a financial advisor in Europe as well and using eToro as their platform and their digital distribution channel to build basically their online presence, their own applications bringing in their innovation. We are seeing a lot of licensed activities of financial advisors right now. Outside the U.S. Actually building apps on the Toro platform, and we believe that will translate into the RIA market over time here in the U.S. As well.

Brian Bedell - *Deutsche Bank - Analyst*

Yeah, that's great. And maybe that's a great segue to my second part of my question, which would be to what extent can copy trading be accelerated by AI usage? So in other words, can pro investors develop their own AI technology.

And therefore copy traders be able to leverage that expertise in AI trading from those pro investors? And then I guess how would that also, can that also be accelerated with the TradeZero acquisition?

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Yoni Assia - *eToro Group Ltd - CEO*

That's a great question. One of the areas I'm most passionate about is quantitative trading and how you can unlock with AI the abilities of more sophisticated trading capabilities. So internally in eToro, as we launch our momentum strategies and long-short strategies outside the U.S., these all use AI to basically create hedge fund-like strategies, basically market neutral strategies, alpha strategies. We've been actually working with Quant pro traders in eToro and building pods. We launched five pods. Each pod is. Actually as somebody coming from finance and somebody coming from physics or computer sciences and they've launched basically these new pods which is somewhere in between a smart portfolio that we're developing and a popular investor that can be copied in eToro. We paired them up and gave them quantitative tools and quantitative tools include quantitative skills that actually our team are building, quantitative data sets that our teams are building. So basically as many things in eToro where we're building.

Capabilities first, same way that we started trading Bitcoin in 2011, two years before actually launching it to customers, we've built a lot of expertise now in using AI for quantitative trading. We started opening this to our pro investors with actually having quant courses similar to the.

Ways we actually promoted value investing to investors four or five years ago. Now we believe that the tools that our pro investors have with the AI studio, with the APIs, with the MCPs connected to our APIs and of course the capabilities of AI to run through large data sets in large contexts and create trading strategies significantly improve the abilities of our pro investors to actually. Create more sophisticated, more quantitative and by the way also more active trading strategies over time. The TradeZero acquisition unlocks that for us in the U.S. With a short and leveraged trading alongside the RAA license. So from things I'm looking at internally, which is a lot of our alpha portfolios, both existing ones that launched. But even more exciting for me are the 21s that right now are in beta running on signals. We accelerated significantly our internal ability of our quantum to build those strategies, and we're building these tools and exposing them to our traders as well. And again, a part of our focus on the more active trader segment and pro trader segment, I believe that's a very large untapped opportunity both globally and here in the US.

Brian Bedell - *Deutsche Bank - Analyst*

That's great color.

Thank you so much.

Operator

Thank you. Our last question comes from the line of Alex Cram with UBS. Your line is now open.

Alex Cram - *UBS - Analyst*

Yeah, hey, hello, everyone. Just wanted to come back to TradeZero, a couple of specific ones. First, can you talk about roughly how much U.S. Options is for these guys and how that changes or drives your U.S. Options strategy in general? I think you're still pretty under-indexed there.

Yoni Assia - *eToro Group Ltd - CEO*

So they are trading in options in the US. I don't have in front of me exactly the data and we have been integrating and working also with their options APIs. I do believe this will significantly enable us to grow our active trader segment here in the US and active traders of course are trading also more complex products such as options. And futures in the US. So I firmly believe integrating TradeZero capabilities both globally and specifically here in the US in the CoriToro platform and of the TradeZero platform will enable us to scale significantly derivative trading and more complex products attachment here in the US.

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Alex Cram - *UBS - Analyst*

All right, good. And secondly, I know you said limited financial information so far. But maybe as you get closer. But just on the cost side, can you give us a rough idea about the fixed costs that they have and to what degree cost synergies and opportunity here? And if you don't want to give specifics, maybe just talk more holistically because previously a lot of these deals were about taking out costs, but you're kind of earlier days in the U.S. So just wondering, is there even a cost opportunity or is this actually something where you're going to be growing the expenses significantly from here?

Yoni Assia - *eToro Group Ltd - CEO*

So again, I'll cover strategically. We bought a profitable company.

I think -- I know this deal over time is going to be accretive, $80 million revenues as in when we go from signing to closing. As I mentioned before, we of course will consolidate numbers and share more data.

We do not expect to grow expenses. I think we are looking at this opportunity as basically building a significant franchise here in the U.S. That also, by the way, it's in the U.S. And in North America, in Canada with capabilities of a Global Pro offering as well. Of course, as in any deal we will also explore over time. Cost synergies, but very much focused first and foremost on revenue synergies in scaling our business both here in the U.S. And the pro trader segment globally.

Anything to add?

Alex Cram - *UBS - Analyst*

Makes sense.

Thank you.

Yoni Assia - *eToro Group Ltd - CEO*

We'll share more details post-closing about our expectation as well.

Alex Cram - *UBS - Analyst*

Fantastic. Thanks again.

Operator

Thank you. I would now like to hand the call back over to Yoni Assia for closing remarks.

Great.

Thank you for attending the earnings call today. We look forward to seeing you at one of our upcoming investor conferences that you can see at our events stage during the quarter. And thank you and have a great day.

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Yoni Assia - *eToro Group Ltd - CEO*

This concludes today's conference.

Thank you for your participation. You may now disconnect.

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