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eToro Group Ltd. (ETOR)

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MANAGEMENT DISCUSSION SECTION

Daniel Amir

Head-Global Investor Relations, eToro Group Ltd.

Hi. My name is Daniel Amir, Head of Investor Relations. This webcast is being recorded and will be available for replay in the investor section of eToro's website. Our earnings press release, investor presentation and April 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.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Thank you, Daniel, and thank you to everyone joining us today. Welcome to eToro's First Quarter 2026 Earnings Call. After Meron and I conclude our prepared remarks, we will open the call for questions. This was a very strong quarter and a very strong start to 2026. Net contribution and adjusted EBITDA were both record as a public company. Net contribution increased by 19% year-over-year to \$258 million, while adjusted EBITDA grew 35% to \$109 million. This marks our fourth consecutive strong quarter since becoming a public listing.

Just as importantly, the quarter demonstrates the durability of our model and a confirmation of our strategy as trading continued to shift from crypto to commodities and our diversified offering kept users engaged. This highlights our ability to sell across market environments and is a core structure advantage. We also saw meaningful acceleration across our key performance indicators. Funded accounts grew 12% year-over-year to over \$4 million, representing our fastest organic growth in over a year, driven by increased strategic marketing investment and improved retention efforts. Momentum carried into April, with funded accounts growing 13% year-over-year. Assets under administration reached \$17 billion, up 15% year-over-year, driven by strong customer inflows.

We are a highly diversified global financial services company. We're building a global platform for investing, built around the idea that everyone should have access to the world's financial markets in a simple and transparent way. Today, users can invest across almost every major asset classes from stocks, indices, commodities, currencies, crypto assets, tokenized assets, and emerging market opportunities like prediction markets. Innovation remain at the core of our strategy. We continue to expand our platform with new products and technologies, including AI powered investing experiences, 24/7 trading capabilities and on chain financial infrastructure will continue to strengthen our traditional investment offering. We believe these initiatives position us well to capture the long-term evolution of global investing and wealth creation.

Six months ago, we made AI a company-wide mandate across every function in eToro. We didn't just adopt tools, we rethought how we operate. Today, every function inside eToro, research, engineering, product development and marketing, is supported by AI agents that operate against our infrastructure, continuously upgrade themselves as frontier models improve. The impact is significant. We're already seeing significant productivity gains in engineering with more to come, and similar acceleration is extending across the rest of the organization. Work that historically took quarters now ships in a fraction of the time. Capabilities that used to require deep technical expertise are become accessible across the business. We believe 2026 is the year of agents and eToro is among the early adopters of this shift in our industry. This is an engine behind a significantly faster product roadmap.

As we deliver against our mission, we have remained focused on execute on our four strategic pillars; trading, investing, wealth management and neo banking. Allow me to share a few highlights across each of these areas. In trading, we saw incredibly strong growth in commodities, which represented 60% of trading commission in the first quarter, with volumes increasing nearly fourfold year-over-year. This reflects both market conditions as well as the strength of our multi asset model, which continues to drive cross-asset engagement. Over the past six months, users who initially traded crypto or equities accounted for most of the commodities' trading volume. That is the multi-asset model in action and is how we deepen user engagement over time. The strength and resilience of eToro's business model are anchored in our proven ability to sell across a diversified multi-asset platform, a pattern we've successfully executed through both crypto rallies and periods of elevated activity in traditional

capital markets. Our 24/5 trading offering launched last year and is being widely used and it underscores the global nature of our user base.

This year, we took the next step. We rolled out 24/7 trading across multiple asset classes. eToro users can now trade select commodities, single stocks and indices around the clock with more to come. We see this as an evolution in capital markets. Traditional markets are starting to look like crypto markets, and users want to trade on their own schedule. We also continue to expand our offering. With the addition this quarter of Japanese equities, eToro users can now trade equities from 26 of the world's leading stock exchanges. In the US, we expanded our crypto offering with the launch of crypto trading for users in New York, the epicenter of the country's financial markets following the successful activation of our BitLicense and Money Transmitter License.

Turning to investing, copy trading remains a core differentiator for eToro, as we're the only company offering automated agentic trading. This quarter, copy trading reached an all-time high driven by rising demand to copy, and pro investors were actively reacting to volatile market events. Copy trading is widely used by our users, reinforcing its role as a cornerstone of our social investing model. As an AI first company, AI powered investing sits at the core center of our innovation strategy. We're entering a new era of investing where AI is reshaping how individuals access markets, make decisions and build wealth. At eToro, we see AI as a force that levels the playing field, giving every investor access to capabilities once reserved only for institutions.

Our vision is to equip each user with their own team of AI agent, tools that analyze the markets, generate insights and share personalized analysis while enabling them to build, share and scale strategies within a global, collaborative investing ecosystem. We're extending the same agent architecture we have built internally directly to our users by putting institutional grade capabilities into the hands of every retail investor on eToro, designed to similarly integrate with the community they already trust to learn from and engage with.

Ultimately, AI is accelerating a long-term trend of making investing more accessible, more social and more personalized. The Internet democratized information, blockchain democratized value, AI is now democratizing financial expertise, and as finance and technology continue to converge, it is becoming the primary interface between users and the markets. AI will help millions of people participate in the markets with greater confidence, better tools, and a stronger connection to both data and community.

The introduction of agent portfolios is also a meaningful step on that journey. Agent portfolios let users allocate capital to AI driven strategies inside a dedicated environment in their eToro account. Through Tori, our AI investing agent and conversational interface, users define the parameters and the AI agents run the portfolio. They get exposure to intelligent portfolio management in a controlled and transparent way while keeping full control over their broader investments. As part of our AI efforts, we also recently expanded our partnership with SpaceX AI by embedding real time X intelligence in market sentiment powered by the frontier Grok 4.2 model directly into the investment workflows of Tori.

As more activity shifts toward automated AI driven strategies, we expect increased engagement, trading activity and volume across the platform. Building on this, we have launched eToro App Store, a marketplace for trading and analytics applications directly within the eToro ecosystem. We've also introduced a builder's portal, providing partners with access to APIs, tools and development resources. Some of the apps developed include AI trading and AI trading cockpit, a trading hub, a Bloomberg style terminal for traders, price point turns web page into trading signal and POTUS turns politicians and influencer comments into trading signals.

Together with agent portfolios, eToro App Store and our Builders Portal create a foundation for a new builders economy, enabling the creation and distribution of applications to millions of users, including no-code AI powered

tools. Developers, quantitative strategists and everyday users can now access, create, share and scale financial applications across our global platform. Over time, we expect a broad set of applications to be built on top of eToro, further expanding the capabilities of our ecosystem and fostering a more engaged, loyal user base.

In wealth management, the continued adoption of our Club Subscription gave us the runway to introduce an upgraded plan, giving users access to first class benefits of our premium tier for a monthly or annual recurring fee. More users can now get enhanced rewards, professional tools and premium experiences, which we believe drives deeper engagement and higher user satisfaction. Our cash ISA offering in the UK also had a record quarter. ISA AUA grew 15 times compared to the same period last year, with underlying market opportunity exceeding \$1 trillion. We're now using that playbook to push deeper into localized savings products across other key markets.

In Neo-Banking, eToro Money delivered a record quarter. We continue to invest in localization and in regional expansion, enhancing the user experience and supporting long-term growth. We've seen strong adoption to the eToro money card, available today in Europe and the UK, and we'll continue to expand the benefits associated with that card. In the first quarter, the number of cards issued more than doubled quarter-over-quarter.

Finally, last month we announced the acquisition of Zengo, a leading self-custodial crypto wallet provider, marking an important step in advancing our long-term crypto strategy. At eToro, we have long believed that blockchain technology and digital assets will play a central role in the future of finance. Crypto is revolutionary because it reduces friction in financial services, gives individuals and companies true ownership of their assets, and expands access to a more inclusive global economy.

As one of the first crypto companies to offer crypto back in 2013, we've been pioneers in blockchain technology. Having experienced many crypto cycles, we believe that crypto downtimes are the time to build, and this acquisition reflects that long term commitment and approach. Zengo combines naturally with eToro. Our global multi-asset platform and distribution, together with their secure, self-custodial wallet technology, gives users direct control over their digital assets while staying seamlessly connected to on chain infrastructure. This transaction enhances our digital asset capabilities and accelerates our strategy to bridge traditional investing with decentralized financing, unlocking new opportunities across tokenized assets, prediction markets, and perpetual futures. Globally, we now offer over 200 crypto assets on eToro and access now to thousands of more on Zengo, including tokenized stocks. Importantly, our crypto efforts are not dependent on short-term market conditions. We are seeking to position eToro to lead the transition to on chain financial world.

To wrap up, we've delivered strong financial results, growing funded accounts ahead of the market and continue to drive product innovation, particularly in AI. At the same time, we continue to thoughtfully pursue strategic initiatives, including expansion through acquisitions and our share repurchase program. Our focus remains firmly on creating long term value, and we believe our strong start to the year reflects our unwavering commitment to that objective.

With that, I'll hand it over to Meron.

Meron Shani

Chief Financial Officer, eToro Group Ltd.

Thank you, Yoni. As Yoni mentioned, we're very pleased with our first quarter results which demonstrate our continued momentum as well as the durability of our diversified business model. First quarter net contribution grew 19% year-over-year to \$258 million, and adjusted EBITDA grew 35% year-over-year to \$109 million. In line with our focus on diversified, profitable revenue growth, our adjusted EBITDA margin was 42% compared to 37% a year ago. These very strong margin results were due to higher net contribution in the quarter. Our KPIs reflect

strong momentum in the first quarter, with AUA increasing 15% year-over-year to \$17 billion and funded accounts growing 12% year-over-year to \$4.02 million. These positive trends continued into April, which I will discuss in more detail shortly. Growth was driven by strong user acquisition and retention, supported by continued investment in marketing initiatives.

Now, let's take a closer look at our first quarter financials by business lines compared to a year ago. Our net running contribution from capital markets grew 71% year-over-year to a record \$166 million, supported by increased engagement of our customers and crypto traders shifting to trading capital markets with commodities being particularly strong. As Yoni mentioned, in Q1, commodities accounted for 60% of our trading commissions. The 90% rise in the number of trades during the quarter was primarily driven by strong market activity in commodities and record inflows into corporate trading, as pro investors reacted to evolving market conditions in the first quarter. This performance reflects growing user engagement and the strength of our multi-asset business model.

Additionally, the growth of our business is reflected in the steady increase in total invested amount over time. This growth has been driven by the expansion of our capital markets business and the continued shift of crypto customers towards broader investment products and with crypto market cyclicality. Net trading contribution from crypto was \$13 million, with a year-over-year decline, driven primarily by lower trading activity and customers shifting to trade commodities. As we have seen in prior crypto cycles, these periods of volatility are expected and our diversified business model has demonstrated resilience across market cycles. Our crypto net contribution includes a \$5 million negative valuation impact of our corporate crypto holdings, resulting in a balance of \$14 million at the end of the quarter.

Net interest income contributed \$48 million, down 5% year-over-year, largely driven by a lower interest rate environment and user deleveraging amid market volatility. The decline was partially offset by a 13% increase in higher interest earning assets as a result of an increase in user cash deposits, staking and corporate cash. eToro Money's contribution grew 32% year-over-year to a record \$29 million, driven by a 70% year-over-year increase in total money transfers as we continue to experience increased deposits and user activity.

In the first quarter, adjusted OpEx was \$150 million, up 7% quarter-on-quarter, driven by a \$12 million increase in customer acquisition costs. Our adjusted selling and marketing expenses for the quarter was \$58 million or 22% of net contribution. As discussed last quarter, given the strength of our [ph] cohort (00:19:53) returns and our objective to accelerate growth in 2026, we plan to increase our sales and marketing investment from 21% last year, scaling gradually to 25% of net contribution this year. Adjusted R&D, G&A and operating expenses for the quarter were \$38 million and \$54 million, respectively. Our adjusted diluted EPS for the quarter was \$0.91 compared to \$0.77 in the first quarter of 2025.

Moving to our balance sheet. We ended the quarter with \$1.3 billion in cash, cash equivalents and short-term investments and generated \$104 million of cash from operating activities during the quarter. In the first quarter, we repurchased approximately 3.3 million shares within an aggregate of \$103 million in accordance with our previously announced share repurchase program.

Now, let me share a few comments on the second quarter trends. As part of our quarterly results today, we also released our April monthly KPIs. April has continued on a positive trajectory, with the business momentum carrying through from Q1. Our capital markets business followed the same year-over-year pattern as Q1, with significant growth in total trades led by equities and commodities with higher than average revenue per trade. We have seen the multi-asset strength yet again when 40% of the customers who traded commodities in Q1 also traded stocks or crypto in April. In April, KPIs accelerated, AUA reached \$18.7 billion, up 19% year-over-year, and

funded accounts grew to \$4.07 million, up 13% year-over-year. These KPIs reflect the strength of our multi-asset platform and a confirmation of our strategy even against the backdrop of the current crypto market cycle.

To summarize, we are very pleased with our strong first quarter performance and positive momentum year-to-date. We believe we're well-positioned to capture new opportunities, drive sustainable growth and further strengthen eToro's leadership at the forefront of trading and investing while delivering meaningful value to shareholders.

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

QUESTION AND ANSWER SECTION

Daniel Amir

Head-Global Investor Relations, eToro Group Ltd.

A

Thank you, Meron. The first question comes from our list of questions that have been pre-submitted by our retail investors. This question is for Yoni. Following Zengo's acquisition, can you elaborate on eToro's crypto strategy?

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

We've always been very big believers in crypto, in blockchain and in Bitcoin, starting with launching Bitcoin back in 2013 while actually starting the company as a TradFi company. So we were always a regulated financial institution, starting from our regulated activities, and then adding to our brokerage activities, crypto over time, where we support now more than 200 crypto assets. Over the last five years, roughly, we've seen an inflection in DeFi technologies and customers, mostly Gen-Z or even younger audiences, that are crypto native and are basically managing their entire financials on chain. Zengo accelerates our path to have a crypto native offering where our customers can hold their own crypto on chain, transact across now thousands of coins in hundreds of different blockchains, introducing products like on chain swaps, yield, prediction markets and perpetuals over time, and any other new innovation coming into the DeFi world. So Zengo accelerates our path into DeFi and on chain capital.

Daniel Amir

Head-Global Investor Relations, eToro Group Ltd.

A

Thank you, Yoni. So, we'll now open it up to questions from our institutional analysts. Operator, go ahead.

Operator: Thank you. [Operator Instructions] Our first question comes from the line of Dan Fannon of Jefferies. Your line is open, Dan.

Daniel T. Fannon

Analyst, Jefferies LLC

Q

Thanks. Good morning. So wanted to just follow up on the kind of current environment. So, the April updates, seeing still very good activity and the mix skewed more towards commodities. So, can you maybe talk about the capture rates that you're seeing, as well as we start 2Q, but also just the sustainability of the move to commodities versus crypto and whether you think – or any stats that you could share around number of products being traded or thinking about the structural change towards commodities that might be more sustainable versus temporary.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

Sure. So, as we've always said, there's always something interesting happening in the markets. During both Q4 and Q1, that something interesting was really around, first, precious metals, then oil, then going back to precious metals. And the strength of the eToro platform has always been the ability to offer our customers a multi-asset offering where with a click of a button they can shift between crypto commodities to stocks.

Right now, we're seeing more volatility all times high in stocks, still heightened volatility in commodities, so as we look at the different markets, usually crypto is very directional. When crypto – and we're starting to see that shift back up when crypto is going higher, especially when it reaches all-time high, we'll see record activities in crypto and we've seen that historically in the last four waves of crypto. Stocks, we actually see more heightened activity when the markets drop. So, when there's significant volatility, we see actually customers buying the deep consistently. We've seen it through tariffs, we've seen it's through Q4. So every time there is significant volatility, downturn, we see increased customer activity, and then they basically accumulate as markets go up and reach all times high.

And commodities, it's really about volatility, the heightened volatility across different types of assets. By the way, we're seeing interesting things in food commodities, like corn and cacao, so the heightened volatility impacts almost directly the same day the increased activity of customers. So in relation to what should we expect in the rest of the quarter, it's really up to the markets. What we are seeing right now is again increased volatility still in the commodities market and starting to see the rise of crypto which we expect to see higher by the end of the year. In relation to some of the numbers and KPIs that we shared on April, maybe Meron can add some more.

Meron Shani

Chief Financial Officer, eToro Group Ltd.

A

Sure. We also added some color about the fact that we expect our revenue for trade to be just slightly above the range, which is the \$0.60 to \$0.75 that we normally communicate to the market. So, that continued the trend also from previous quarter. In terms of the rest of the KPIs, we do see the strength and we do see the effectiveness of our business model where customers are trading and navigating from one asset to another. So, customers who traded commodities in Q1, we saw a lot of them already switching back to equities or to crypto as well.

Daniel T. Fannon

Analyst, Jefferies LLC

Q

Thank you. That's helpful. And just as a follow-up, as you think about the account growth, it's picked up a bit, any shift in geography or areas of contribution that maybe is a bit more outsized more recently than previous periods?

Meron Shani

Chief Financial Officer, eToro Group Ltd.

A

So, we haven't seen any significant growth in a specific region. We are spread all over the world, as you guys are aware, and our efforts are globally. So, but into the future, we do have some markets that we expect to grow faster, being Singapore or being US and some other markets where we are trying to integrate as well.

Daniel T. Fannon

Analyst, Jefferies LLC

Q

Thanks for taking my questions.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Thanks, Dan.

A

Operator: Thank you. Our next question comes from the line of Devin Ryan of Citizens Bank. Please go ahead, Devin.

Devin Ryan

Analyst, Citizens JMP Securities LLC

Great. Thanks so much for taking the questions. First one, just on the agentic portfolios and kind of the opportunity there. Obviously, investors are going to have more tools and access. Do you have any early evidence about how customers can perform, the customer outcomes being better using these agentic tools? Obviously, that's going to be important to adoption. And then, just also the kind of multiplier that you expect on transaction activity. You clearly would expect to be many times more than kind of the average trader. So, kind of what do you expect on the transactions per account and using those as well. Thanks.

Q

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Sure. So, I've been a, I'd call it, amateur quant trader since I was about 16, so I love algo trading. But historically, anything that revolves around building software to automatically trade the market has been a very complex process that required a lot of resources. When you think of the capabilities today of AI that are in the hands of hundreds of millions of people, AI really levels the playing field for people to actually trade algorithmically. What we're seeing right now is we have about published 45 apps to the App Store and we see that the majority of them include actually agentic trading capabilities. And with that, we're seeing a significant increase in the velocity of – or the trading behavior velocity of our customers as they're starting to use more and more of these tools to manage some or their entire portfolio.

A

I believe that over time, we're going to see retail investors as a whole use more agentic tools to optimize their portfolios over time. And I'm a very big believer that, that significantly improves their alpha. Retail customers actually were very good at finding beta and investing in the markets over time. And beta of retail actually was quite good, whether it's crypto or tech stocks over the past five years. I think agentic tools enable retail investors to actually also participate and find alpha in a much more meaningful way.

Devin Ryan

Analyst, Citizens JMP Securities LLC

Okay. Thanks, Yoni. And then, just a follow-up here just on the balance sheet, obviously, continue to be in incredibly strong position with over a third of the market cap in cash and investments today. You just did the Zengo deal. Can you talk about just the optionality that you have right now and kind of how you're thinking about deploying cash towards more buybacks versus what does the acquisition pipeline look like and are there actionable things to do there that are accretive but would just seem like you have a lot of optionality to drive accretion with that excess cash. Thanks.

Q

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

So, first of all, we announced two acquisitions over just the last two weeks. We also announced Bit2C acquisition, which is one of the two regulated exchanges of crypto in Israel. We have a very, very strong M&A pipeline. So,

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we've been in the business some 20 years. We know hundreds of companies in the space. And we actually do believe that the fact that currently crypto is in a downturn provides us the opportunity to find significant and accretive M&A opportunities in 2026. So, we have a very good pipeline. That's why we keep the optionality. And in parallel, as we said in the past, we believe in buybacks as a company and we'll continue to explore that in relation of course to the company's cash flow.

Devin Ryan

Analyst, Citizens JMP Securities LLC

Great. Thank you.

Q

Operator: Our next question comes from the line of Joseph Vafi of Canaccord Genuity. Please, go ahead, Joseph.

Joseph Vafi

Analyst, Canaccord Genuity LLC

Hey, guys. Good morning. Great results here. Congratulations. Just wanted to drill down a little more on the pivot in trading volume from crypto over commodities and equities. Just the mechanics there, to a certain degree of user signs up to trade crypto, they may not be a commodity trader, they may not know much about commodities. Are they following coffee traders? Is there incentives or education you're providing? How are these investors finding this other asset class in such a big way? And then I have a quick follow-up.

Q

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

So, we're very focused on market education and retail investor education. We have the eToro Academy, which continuously adds more and more information. And now we added also the layer of shared intelligence, and of Tori, the AI agent that actually can cover what's happening in the markets and tell you about what's happening in the markets, where things that are interesting and actually seize your portfolio and tell you, in relation to other people portfolios, where are the opportunities. So we are very focused on making sure our customers understand both the risk management and understand all of the options in eToro's ecosystem. We look internally at products sold per customer, and as we've seen in the IPO deck, which we're celebrating [ph] now one year to (00:34:47), the more products that our customers use, we see a significant increase both to the lifetime value of eToro, but more important, to actually the net deposits over time and the size of the accounts of our customers. So as our customers educate themselves more about the markets, we see them significantly adding more and more funds into their accounts. Just as an example, our long short Momentum Smart portfolio accumulated a lot of assets during the last nine months, and it actually brought people to educate themselves about long short strategies. About 60% of customers that traded commodities in Q1 originally came to eToro to trade crypto or to trade equities. So we've always seen that I'd say unification between people who came to trade crypto in eToro and learn about the stock markets, people who came to eToro to trade stocks and learn about crypto. I'd say the last six months where we had a lot of commodities trading in the news enabled a lot of our customers to dive into and learn more about commodities markets as well. And in addition, we've launched, which is a very unique product, 24/7 trading on commodities and our selected stocks as well.

A

Joseph Vafi

Analyst, Canaccord Genuity LLC

[indiscernible] (00:36:19) what does that mean for the business moving forward strategically and the US business [ph] was at now (00:36:32) of choosing to acquire before a bigger push, maybe broader product set, etcetera? Just updated thoughts there. Thank you.

Q

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

So what we're seeing internally is a much more accelerated product delivery utilizing AI in the company. And just as an example we have today, both product managers are launching directly to the App Store without engineering as well as internally operations teams that are building internal tools and launching them to an internal App Store. That accelerated product roadmap enables us to bring more products to more regions faster. And in the US, of course, our futures or commodities is CFTC, NFA regulated. We are looking at enabling our customers to trade commodities in the US in the next six to nine months as well. So definitely, our capabilities of delivering faster on product globally in all of the regions where we operate will enable us to bring more products to our customers across the globe, which we believe will increase significantly lifetime value and deposits of customers as well.

Operator: Thank you. Our next question comes from the line of Edward Engle of Compass Point. Please go ahead, Edward.

Edward Engel

Analyst, Compass Point Research & Trading LLC

Q

Hi. Thanks for taking my question. I want to dig a little bit more into the agentic portfolios. Have these enrolled out across most of your key markets today? And I guess, for the users that you are seeing implementing strategies, is there any color you can give on the impact to trading volumes for these users?

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

Sure. So first of all, it's relatively early days. I'd say I think it's been about three weeks since we launched it. We've seen north of 500,000 trades so far, so early days of agentic portfolios, small amount of customers with a lot of trades. So if you look at the ratio of number of trades per customer, per agentic portfolio, we see a significant increase, customers are actually using their agents, whether it's a Tori internal agent or external agents, anywhere from open cloud, Claude, we just – we're on App Store of Cursor as well, which is rumored to be acquired by SpaceX AI, which is a partner of ours on Tori with Grok 4.2. I believe that over time, we'll see significant adoption of customers of agentic portfolio. These are still early days, and that, that will significantly increase trading velocity of customers.

Edward Engel

Analyst, Compass Point Research & Trading LLC

Q

Great. Thanks. And then, I recall the take rate on copy trading is often lower than [ph] standalone (00:39:36) trading. I was wondering, for the take rate on agentic trading, is it similar to copy trading or is it similar to typical trading?

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

It's more similar to copy trading. So, we see some higher velocity in smaller size right now. So, a big part of the agent portfolio rollout was our understanding that customers don't want to connect AI or their AI agent, whether it's internal or third party, to their entire portfolio because people still need to trust AI and their strategies, which is why when you create an agent portfolio, if you have a \$50,000 account in eToro, you basically tell the agent, take \$5,000. So it actually operates on the same model of copy trading in smart portfolio, which is why it enables us to run faster. So it actually creates a personalized smart portfolio for you, and then you connect your agent to define the strategy of that agent portfolio.

So, once we launch that agent portfolio, it actually increase significantly the usage of the eToro APIs that we launched about six months ago, because again, retail investors with AI suddenly have capabilities to run algorithms very easily, but they were still afraid or concerned to connect that to their entire account. So, we use the same technology of smart portfolios and CopyTrader to enable agent portfolio through APIs, and that means it's a part of their portfolio, which is why also trades are smaller than managed by AI, which is why velocity is higher.

Edward Engel

Analyst, Compass Point Research & Trading LLC

That's great color. Thank you.

Operator: Thank you. Our next question comes from the line of James Yaro of Goldman Sachs. Please go ahead, James.

Hi, all. Morning. [indiscernible] (00:41:34) on behalf of James. My first question is that, you touched upon the rationale for the Zengo acquisition. I wanted to ask if having self-custodial wallet capability allow you to facilitate CopyTrader in the US.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Well, CopyTrader in the US is actually under our regulated broker dealer in the US and MSB. So it operates for copy trading on the CeFi part or the TradFi part. On DeFi, we haven't yet went into the details of copy trading. We are looking at agentic trading into the DeFi part of eToro and soon are going to launch something very similar to agent portfolio, which is called Agent Wallet, where we can actually create now a DeFi wallet and use AI to algorithmically trade DeFi markets as well. So we are looking at parts of automated trading into DeFi markets. Copy trading and how it is being done and who do you copy in the DeFi wallet of Zengo is something we started exploring but don't have a direct roadmap.

Thank you for that context. That's helpful. And as a quick follow-up, could you update us on the status of CopyTrader in the US? Where are you in the rollout and the regulatory considerations at this point?

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Sure. So, we are in process of getting the RIA license to enable the smart portfolios in the US. CopyTrader is in limited rollout right now, is in process with discussions with the regulators. So we do expect both to be in complete rollout in H2.

Thank you. That is helpful.

Operator: Thank you. Our next question comes from the line of Jamie Friedman of Susquehanna. Please go ahead, Jamie.

James E. Friedman

Analyst, Susquehanna International Group, LLP

Good morning. Good evening. Yoni, could you share your early impressions regarding 24/5 and 24/7 trading? How much can you see this adding to your volume?

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

So 24/5 added significant amount of volume. About 30% of volume in stock shifted to aftermarket hours. I'm not sure whether we have a how much – was it additive versus substitute volumes? Do we have that number?

Meron Shani

Chief Financial Officer, eToro Group Ltd.

We haven't shared that number.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

We haven't heard that number. So we did add to volumes. I am not sure how much of the 30% again is additive versus substitute. 24/7 still relatively early days. I do believe that over time, again, we saw this in crypto, so I remember these dialogues in 2017 because we came from TradFi to crypto. We had these dialogues around do we open over the weekend trading. That's how we call it back then in crypto. And obviously, that required for us to set up the trading room, the NOC, the network monitoring room as well as the – everything had to shift to 24/7 for crypto back then. And we've seen roughly 10% to 20% of additional volume to crypto. And in crypto rallies in some cases, we saw Saturday and Sunday trading activity which actually surpass the activity in regular days, right?

So again, it all comes down to volatility and the volatility of those assets over the weekend. Right now, it's early days for 24/7. The market formation, price formation is actually coming from, in some cases, the crypto markets which operate always 24/7. I do believe over time, again, that adds both customers, customers' expectations coming from crypto. We saw a lot of people who don't understand why aren't markets opened during the weekend, and I expect that to be at least 10% to 20% of volumes over time.

James E. Friedman

Analyst, Susquehanna International Group, LLP

And then, what's your high level perspective on marketing? Is this summer or winter or spring? Is that 1% sequential that we had talked about last quarter still a good way to think about it? Thank you.

Meron Shani

Chief Financial Officer, eToro Group Ltd.

So, you refer to the margin in terms of the net contribution. So as we discussed last quarter as well, we are planning to grow marketing out of net contribution to 25% by the end of the year. We do expect to do it gradually. However, we are also looking at the market opportunities and taking advantages of different events that are coming. So when markets are high, then we have the [ph] like the (00:46:41) summer also in terms of customer

acquisition. We do have the ability to scale up very quickly and scale down as well. So we do expect that to gradually grow. Again, as Yoni mentioned, also depending on the events in the market.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

Yeah. And it's, again, when we operate globally across the globe, 24/7 across all markets, 26 now stock exchanges, commodities, currencies, crypto, there's always summer somewhere, so might be winter-ish in crypto, but it's summer in commodities and it's summer in AI stocks. We saw increased volatility and activity now in a lot of the AI driven stocks, from the obvious ones like NVidia to the hopefully expectation of SpaceX AI coming post IPO into the platform, to the 4,000% [ph] suddenly (00:47:37) increase in SanDisk and other AI related stocks.

So, as a reminder, we always look at the daily activity of our customers to see what is happening, what is interesting for retail investors. And then we take those insights and actually promote them on social media, on digital channels, so we have the insight of millions of customers trading millions of trades every day. We take those insight and actually translate them with AI directly to all of the ad platforms and social media channels of eToro, accelerating basically that impact and market education about where is summer right now.

James E. Friedman

Analyst, Susquehanna International Group, LLP

Q

Thank you both.

Operator: Thank you. Our next question comes from the line of Brian Bedell of Deutsche Bank. Your line is open, Brian.

Brian Bedell

Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thanks. Thanks. Good morning, guys. Thanks for taking the question. Maybe if you could talk a little bit more about Zengo in terms of your expectations on – maybe it's early, but any expectations on revenue contribution? And probably, more importantly, just that 2 million user base that you're acquiring, your views on converting those users to funded accounts and any color on expectations of trading growth from that business.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

Sure. I think it's still early days. We just closed the deal. And again, the hypothesis there is that customers which we've seen in eToro, that crypto native customers want to trade also stocks and that our customers will want to trade also assets on Zengo. We are seeing convergence because you can actually trade now tokenized stocks in Zengo, and you can obviously trade crypto the 200 coins today on eToro but now suddenly thousands on Zengo. So there's a process here of both integrating the platforms.

I would say that over time what it increases is our market share in crypto. So we're now building the entire suite of products to compete on crypto on the entire product categories across the globe. And that will, over time, increase our crypto market share in all of the different markets where we operate. So I see this as an opportunity to actually scale up product category coverage across DeFi and TradFi which enables our customers to basically stay in eToro, trade all of the crypto that they want on eToro and all of the products that they want, whether it's DeFi or TradFi within the eToro ecosystem.

Brian Bedell

Analyst, Deutsche Bank Securities, Inc.

Q

Great. That's great color. And maybe, just any update on prediction markets in terms of your development of connectivity to prediction markets and how you're seeing the customer demand for that at eToro?

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

So, again, early days for us with the Zengo acquisition. We do plan to launch prediction markets in Zengo over time in the applicable markets. And we are also working on building prediction markets for our US customers with NFA regulated introducing broker. So we're looking at a lot of the new products. We're now looking at both TradFi and DeFi for the right applicable markets with the right licenses.

Brian Bedell

Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thank you very much.

Operator: Thank you. Our next question comes from the line of John Todaro of Needham. Please go ahead, John.

John Todaro

Analyst, Needham & Co. LLC

Q

Hey, guys. Thanks for taking my question and congrats on the results here. I guess just first on there's a number of big IPOs coming up. We've seen a push from these companies to get more retail allocations. Just wondering on the overall strategy there and how you guys see that that opportunity set playing out over a longer time.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

Sure. So first of all, we're actually looking now at potentially launching prices on secondary markets to our customers around these IPOs. We've been talking to the companies who we work with as well to see how can we get potential IPO location. There has been also an interesting shift potentially in regulation in Europe, in the UK, specifically around enabling US IPOs to launch overseas, which is an interesting development. So, we know from the past when there is hot IPO season, we launch it on the same day of trading and that's quite popular. And we are looking at enabling actually participation in the IPOs. And again, some of them are expected to be very significant IPOs that we are seeing our customers already gaining interest, whether it's the SpaceX AI, Anthropic, and potentially OpenAI IPOs.

John Todaro

Analyst, Needham & Co. LLC

Q

That's great to hear, Yoni. And then, I guess just turning to crypto, you talked about there just needs to be some of that directionality movement in order to get customers more engaged. Is there just kind of other catalysts you see driving that, whether that's Clarity Act here in the US, this adoption of tokenized real-world assets, anything there that you can point to that may be driving some of that momentum?

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

A

Sure. I think, first of all, markets have their cycles in crypto. We do believe that we're going to see again, I'm personally very bullish on crypto markets in the future, especially when we're seeing capital markets moving on chain, I'd say systematically, right? So when you think of the dialogues that the DTCC is having now, and when you hear the SEC chair, CFTC chair pushing basically the market infrastructure players to move on chain, that's a very significant catalyst into crypto markets. So the same way that Stablecoins accelerate adoption of crypto across the globe, I think tokenized assets, whether it's stocks, treasuries, money market funds, private equity, private credit, all of that moving on chain will continue to accelerate crypto as a whole.

Basically, crypto and digital assets are going to converge. Again, our view is this is a transition of \$100 trillion over the next 10 to 15 years moving on chain and potentially happening much, much faster if DTCC converges what is now early days into a full rollout. So I think those are very, very strong momentums within the crypto industry. Clarity Act is another one. I think it's, by the way, beautifully marketed as exactly what it is. Clarity Act, it provides clarity on the regulation of crypto markets and digital asset to markets. Right now, when you look at DeFi and TradFi, you're seeing those sort of parallel worlds, and in many cases, in many jurisdictions, you don't necessarily have that bridge between DeFi and TradFi. You don't have clarity on the various regulations in DeFi. I think once there are better rules, regulations, clarity coming from regulators, not only in the US but globally, that will increase adoption of crypto, crypto markets, and prices will follow that.

John Todaro

Analyst, Needham & Co. LLC

Great. Thanks for all that and congrats again on the quarter, guys.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Thank you.

Operator: Thank you. [Operator Instructions] Our next question comes from the line – for a moment. Next question comes from the line of Dan Dolev of Mizuho. Your line is open, Dan.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Hi, Dan.

Dan Dolev

Analyst, Mizuho Securities USA LLC

Hey, guys. Thanks for squeezing me in here. Appreciate it. Great results as expected. I wanted to ask you, Yoni and Meron, like the user growth has been phenomenal and continued into April. Can you maybe talk about your new strategic user acquisition strategy? And to the extent that you feel comfortable talking about it. And again, congrats.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

So, we've been utilizing more and more actually AI in marketing activities, leading to more, I'd say, micro segments both on retention and on acquisition. So, what in the past would have taken us four or five weeks to create a specific campaign to, let's say, a target audience in Germany is now shortening to a point of like we're able to create a landing page marketing assets in multiple times a day and also distributed across the company.

So, in the past, a region like Germany or Australia, if they needed a campaign, they needed to sort of open it, take it, go to marketing, and marketing had to build the campaign, they had to then go to engineering to set up the website and landing pages, then for someone to hook up everything for tracking. Today, it's a click of a button basically for people in the different places and that's accelerating. So we moved, I'd say, from five campaigns a month to potentially now 20 to 50, and we expect that to potentially accelerate to 100 a day, and that's both for retention and for acquisition.

So, we can now, using AI, find these micro-segments within the eToro ecosystem, which is, who are the people? So things that in the past companies like Meta, Facebook did which is called custom audiences, right, so you're looking for people who are similar to the people who already bought a specific product. Now we're able to do that internally and searching for the audiences that we believe the right marketing message is relevant to. Plus, the ability to create those campaigns with AI is truly magnificent. We're even testing right now with our pro investors who are with me in various groups. We're actually testing the ability of our pro investors using our AI and our brand to create their own landing pages. So, with a click of a button, they create a landing page. And that landing page is then connected to our AI that can manage Facebook, Taboola, ex-LinkedIn. So what we're building for our internal teams in eToro to be able to run faster, better micro-segments on both acquisition and return and much faster campaign creation and management is something that we're actually looking to give the 5,000 people that are in the pro investor program, and I do believe that will continue acceleration of funded accounts over time.

Dan Dolev

Analyst, Mizuho Securities USA LLC



Great, guys. And congrats again on excellent quarters.

Operator: Thank you. I would now like to turn the conference back to Daniel Amir for closing remarks. Sir?

Daniel Amir

Head-Global Investor Relations, eToro Group Ltd.

Thank you. Thank you all for attending our earnings call today. We're looking forward to seeing you at our upcoming investor conferences during the quarter. And thanks, and have a great day.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

Meron Shani

Chief Financial Officer, eToro Group Ltd.

Thank you, everyone.

Johnathan Alexander Assia

Co-Founder, Chairman & Chief Executive Officer, eToro Group Ltd.

Thank you.

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