Webull Corporation

Second Quarter 2026 Earnings Conference Call

Wednesday, August 19, 2026, 5:00 PM Eastern

CORPORATE PARTICIPANTS

Anthony Denier - *President, Chief Executive Officer,* US

H.C. Wang - *Chief Financial Officer*

Carlos Questell - *Head of Investor Relations*

PRESENTATION

Operator
Good day and welcome to the Webull Corporation Second Quarter 2026 Earnings Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key followed by "0." After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*" then "1" on a touchtone phone, to withdraw your question, please press "*" and then "2." Please note, this event is being recorded.

I would now like to turn the conference over to Carlos Questell, Head of Investor Relations for Webull. Please go ahead.

Carlos Questel
Good morning, good afternoon, and good evening, everyone. Welcome to Webull's second quarter 2026 conference call. Earlier today, we issued a press release detailing our second quarter financial results. A copy of the release can be found on our IR website at webullcorp.com under the investor relations tab. Please note that this call is being recorded and will be available for replay via our IR website.

This call will include forward-looking statements about the company's performance and business outlook. These statements are based on how we see things today and contain elements of uncertainty. For information concerning the factors that can cause actual results to differ materially, please refer to the cautionary statement and risk factors contained in our filings with the Securities and Exchange Commission and press release, both of which can be accessed via our website.

Today's presentation will include a discussion on adjusted operating expenses, adjusted operating profit, and adjusted net income, all non-GAAP financial measures. Reconciliation of these non-GAAP financial measures to their most directly comparative GAAP measures are included in the press release that we issued today. It is important to note that although we believe that these non-GAAP measures provide useful information about our operating results, this should not be considered in isolation or construed as an alternative to their directly comparative GAAP measures.

Furthermore, other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage our investors and others to review our financial information in its entirety and not rely on a single financial measure.

With me today is our Group President and US CEO, Anthony Denier, and our Group CFO, H.C. Wang. We will begin with prepared remarks and then take questions at the end.

With that, I would now like to turn it over to Anthony.

Anthony Denier
Thank you, Carlos, and hello, everyone. Thanks for joining us today. Before I walk through our second quarter results, I want to share an update on the SEC's elimination of the Pattern Day Trader rule, or PDT rule, that became effective on June 4.

Last quarter, we highlighted our expectation that the elimination of the PDT rule would be a strong tailwind for our active traders and noted that our engineering team was busy ensuring our

systems were ready for the change. Today, I am pleased to share that we successfully navigated the changes in the market resulting from the removal of the PDT rule. From the moment the rule change took effect, Webull's advanced technology platform enabled every qualified customer to place unlimited day trades with the full benefit of our zero-commission model behind them. Executing on this rule change was our defining event for the quarter and contributed to a significant increase in trading volumes and record quarterly results.

Turning now to slide two. In Q2, we delivered record revenue of $198.8 million, up 51% year-over-year, driven by continued asset growth and strong trading activity across all our core asset classes, with options and equities being particularly strong on the back of the PDT rule change.

Customer assets reached $28.5 billion, representing 79% year-over-year growth. While we continue to aggressively invest in organic growth initiatives and remain committed to building this business for long-term category leadership, the Q2 results also demonstrate the operating leverage in our business model as revenue growth significantly outpaced the growth in adjusted operating expenses. As a result, we delivered record adjusted operating profit of $62.6 million, up 169% year-over-year, representing an adjusted operating margin of 31.5%.

Now turning to slide three, which highlights key developments in Q2 towards executing on our 2026 strategic roadmap. Webull's focus remains centered on our three core growth pillars. First, establishing Webull as a platform of choice for active traders. Second, expanding our global footprint by exporting the US retail experience worldwide. And third, building our institutional business.

As we have highlighted over the past year, AI remains core to everything we are building. For active traders, we continue to roll out AI-powered tools that further enhance the Webull user experience. Vega, our AI-powered intelligence system, continues to see very good traction with our active trader base. We added approximately 160,000 new Vega users in Q2, bringing the total number of active Vega users to 480,000, an increase of 12% quarter-over-quarter. Active traders remain the heaviest Vega users, with engagement up approximately 23% quarter-over-quarter.

During the quarter, we further enhanced our position within the agentic stack with our MCP server being connected to leading AI models, enabling users to use natural language to conduct research, build tools, and execute trades through the Webull platform. This is an important step forward in agentic trading and further establishes Webull's infrastructure as a differentiator in agentic trading.

We also significantly upgraded our paper trading offering, establishing parity with our live trading capabilities across asset classes and giving users an increasingly comprehensive environment to test and refine their trading strategies. We believe this is a unique offering, empowering our users to create realistic simulations and gain invaluable experience in a no-risk environment.

Turning to our international expansion efforts, we now have approximately 810,000 international funded accounts. We are licensed across 35 markets globally and operate trading activities in 18 markets following the Q2 launches in Spain, Argentina, and Colombia. We continue to leverage our global infrastructure, compliance expertise and product depth to scale the US trading experience globally.

In APAC, our customer assets have grown to over $5 billion. We recently announced the acquisition of Pi Securities in Thailand, which is expected to close at the end of August. This

acquisition will increase our AUM in the region significantly and positions us for further growth in Thailand as we combine Pi's expertise in the local market with our best-in-class technology platform.

In Latin America, we continue to expand our product offering, including in Argentina, where we completed our first customer-initiated tokenized equity trade, an important milestone as we continue to expand our product capabilities across the region.

Finally, turning to our institutional business. We continue to make progress building out this business, with institutional AUM exceeding $1.4 billion as our customer base continues to grow, accounting for approximately 5% of our total AUM. The large majority of institutional clients are located outside of the US. Within the US, having received our clearing license from FINRA in April, our team is busy building the platform of our future, even though we are not currently clearing and do not anticipate clearing trades for some time.

In addition to offering execution and custody services, we also expanded our institutional product offering to include access to futures and prediction markets. We further announced our partnership with Monark Markets to provide accredited investors with access to late-stage private companies through special purpose vehicles, further broadening the investment opportunities available through the Webull ecosystem.

On slide four, I'll discuss our continued user and funded account growth. Our targeted marketing continues to drive adoption as we added approximately 600,000 registered users during the quarter, bringing our total to 28.2 million, up 13% from 24.9 million at the end of the second quarter of 2025.

As a reminder, Webull has a considerable number of registered users that still take advantage of our data offerings in markets where our trading platform is not yet available. We remain committed to providing access to industry-leading market data and information to all users, regardless of their ability to currently invest on the platform.

On the right side of the slide, you can see funded account metrics, which showed steady growth. For context, funded accounts are defined as accounts where customers have made an initial deposit and the balance has remained above zero for 45 consecutive calendar days as of the record date.

Funded accounts reached 5.13 million in the quarter, an 8% year-over-year increase. Growth in gross funded accounts was approximately 132,000, while net new funded accounts increased by approximately 20,000 users as we continue to actively address dormant accounts. Our quarterly retention rate was 97.3%.

Turning now to slide five. Customer assets increased 79% on a year-over-year basis to $28.5 billion. I would note that our average customer account has nearly doubled to over $5,500 over this period. As you can see on the right-hand side of the slide, net customer deposits in the quarter were $1.6 billion, up over 7% on a year-over-year basis.

On slide six, you will find trading volumes for the quarter. As mentioned in my earlier remarks, our successful navigation of the PDT rule change drove meaningful share gains, helping us reach a top five position among all retail brokers in options for the first time in our history, and driving record volume in both equities and options during the quarter. Equity notional volume

totaled $279 billion, up 73% year-over-year and 7% sequentially. While options contract volume reached 213 million contracts, up 68% year-over-year and 34% sequentially.

With that, I will pass the call over to HC for a closer look at our financial results for the quarter.

H.C. Wang
Thank you, Anthony, and thanks to everyone for joining the call today. The second quarter was the strongest we have delivered as a public company, and it showed across our financial results. Total quarterly revenue reached a record $198.8 million, up 51% year-over-year and an acceleration from the growth rate we posted in the first quarter. This strong performance was driven by continued strength across both trading and interest-related revenue streams, which I will walk through in more detail shortly.

On the expense side, adjusted operating expenses were $136.2 million, up 26% year-over-year, primarily due to higher trading-related activity and investment in new products, a meaningfully slower growth rate than our revenue, which is the operating leverage story I want to spend a minute on.

Turning to profitability on slide eight, Q2 was our most profitable quarter to-date. Adjusted operating profit was $62.6 million, representing a 31.5% operating profit margin. Adjusted net income was $43.2 million, representing a net profit margin of 21.7%. We remain disciplined on our marketing spend, which started to normalize as a percentage of revenue during the quarter. As a technology-driven platform, we see significant operating leverage in our business model and expect that will continue to be reflected in our operating margins as our revenue continues to scale.

Turning to slide nine, we had another quarter of record trading volumes across our core asset classes. Trading-related revenues increased 66% year-over-year to $147.7 million and were up 33% quarter-over-quarter. Our DARTS also increased 62% year-over-year to $1.64 million and were up 25% from the first quarter of 2026. These results demonstrate that our platform continues to meet the needs of our active traders, and we believe we are well-positioned for continued sustainable growth in trading revenues over time.

Turning to slide 10. In the second quarter, interest-related income grew 18% year-over-year to $42.8 million, mainly driven by higher AUM as well as growth in margin loans and client cash balances. This line item has been relatively stable in the last few quarters and continues to provide a durable complement to our trading revenue.

Now turning to expenses on slide 11. Adjusted operating expenses increased 26% year-over-year to $136.2 million, primarily driven by brokerage and transaction costs associated with higher trading activity. I also want to highlight that adjusted operating expenses declined 6% sequentially from $145.1 million in the first quarter, primarily reflecting the normalization of our marketing spend.

Excluding marketing, our operating profit margin has remained above 40% every quarter since the third quarter of 2024, underscoring the strength of our underlying platform economics, even as we continue to invest. We remain focused on disciplined expense management as we continue to scale the business.

Lastly, this quarter, we began publishing our monthly operating metrics. We believe this level of disclosure provides our investors and analysts additional transparency into the business. You can find the monthly metrics on the investor relations tab of our website at webullcorp.com.

With that, I will turn the call back to Anthony before we open the line for questions.

Anthony Denier
Thanks, HC. To summarize, we are pleased to deliver another record-breaking quarter for Webull, including record revenue and operating profit. We continued executing on our three key priorities while focusing on responsibly growing our AUM. I want to personally thank our global team members for a fantastic first half of the year, as your dedication continues to be evident in our solid results. We are encouraged by our progress and excited about our growth prospects going forward. We look forward to engaging with you at our forthcoming investor event this quarter.

And on that note, we welcome any questions you may have, either here on the call or one-on-one. Thank you.

QUESTION AND ANSWER

Operator
Thank you. We will now begin the question-and-answer session. To ask a question, you may press "*" then "1" on your touchtone phone. If you are using a speakerphone, please pickup your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw the question, please press "*" and then "2." At this time, we'll pause momentarily to assemble the roster.

The first question will come from Devin Ryan with Citizens Bank. Please go ahead.

Noah Katz
Hey, guys. This is Noah Katz on for Devin. Thank you for taking my questions. First, I want to touch on the PDT removal. It clearly contributed to a strong increase in activity this quarter. You've described Webull as benefiting from account consolidation across the industry as well. So from what you've seen so far, is the bigger opportunity customers trading more actively within their accounts or more so transferring assets and then consolidating activity from several brokers? And also, what will show you that this is a durable benefit rather than an initial bump in activity following the rule change? Thanks.

Anthony Denier
Hey, Noah. Thanks for the question. Yes, we've been…I feel like I've been talking about PDT for the past year. So it's great to finally have the first kind of earnings print that show all the work that we've been putting in ahead of this huge kind of industry-changing event, especially for platforms like Webull, where the average account size is well below that 25,000 PDT limit. So to give some perspective, it comes from both sides, right? So we were very, very active in targeting accounts where we looked at different cohorts of accounts and accounts that were very active, let's say, show up on Monday, day trade three times on Monday, and then we don't see them again until next Monday, right? You have to go in and assume that those active accounts have multiple accounts or fractionize their kind of brokerage accounts across the industry to skirt those PDT rules. So we kind of aggressively targeted a lot of those types of accounts with e-mail campaigns and reach out attempts.

Now it is difficult, I will admit to put together like a hard case with numbers on exactly how many assets that we brought in from those accounts because typically, we use ACAT data for those. And we're talking about day traders. So at the end of the day, typically, they have no securities on…no securities to transfer. And ACAT process, as most probably know on this call, is extremely cumbersome, takes several days up to sometimes past a week. So we're not going to see much data on these types of active trader accounts through that. But what we did see is a considerable amount of deposits…new deposits from those types of accounts, meaning the ones that would trade on Monday, we wouldn't see them again till the next Monday.

In terms of sustainable or sustainability or durability of these levels, when we put out our July figures only last week, you can clearly see that the options volume was pretty steady. We did see a little bit of softness on the equity side compared to June. But kind of comparatively, when you think of June, there was a couple of events, I think most importantly for the equities business with SpaceX. That was just a huge retail event. There was a lot of interest and a lot of eyes on the space during June. And August so far is kind of trending just along where we saw June as well. So August is looking even stronger than July. I truly believe that removal of PDT is the standard going forward. It will not revert, or volumes will not revert to pre-PDT levels. We actually see the behavior of a lot of those active traders change as well, meaning when customers knew they only had a set amount of day trades that they can make in a week, their behavior has changed when that restriction was removed. We're now seeing a significant amount of smaller day trades happening.

Customers are taking…at least the day trading customers are taking kind of smaller scalps on their position, getting in and out kind of at lower P&L threshold levels, which from a take rate perspective is actually much healthier for our business as well, right? So not only has the volume risen, but the amount of actual trades within that volume has risen significantly as well, which also raises our take rates or the amount of payment for order flow that we receive on those orders. So it's kind of a double positive there. I hope that answers your question.

Noah Katz
Yes, that's great. That's great detail there. Thanks. That's very helpful. And then…so, no more PDT questions. But if I can switch gears a sec and looking at your APAC activity this quarter, with customer assets now around $5 billion and your recent acquisition of Pi Securities, further expanding your presence in the region. We also saw a stronger institutional trading activity across Asian markets this quarter. So can you speak about what you're seeing in retail trading activity and then product usage relative to other regions? And then on the acquisition, how are you thinking about the opportunity to bring your trading technology to an established local customer base? Thank you.

Anthony Denier
Sure. So we've always been very aggressive on growing our business outside of the US. It's one of our core pillars of growth that we've had for several years now operating. We have 35 licenses operating now in 18 different markets. And the kind of the largest APAC markets are the most mature markets that we have ex the US, Hong Kong, Singapore, they are pretty much the largest markets in APAC across the board. We've seen significant kind of evolution in customer trading behavior across APAC, specifically Hong Kong, Singapore, where I've said this before, and I hope I don't sound like a broken record too much. But as the world kind of de-globalizes over the last several years, the retail investors have truly globalized, right? And you see retail investors outside of the US kind of reacting and positioning themselves alongside the traders that we have here domestically in the US, and they're looking very, very similar in terms of the products they use. I think options is the best example or the adoption of US options

trading outside of the US has completely taken off. And I think we're still only in the early innings of that.

In terms of the Pi Security acquisition, that is a strategic opportunity that we saw in Thailand. We do have a small but aggressively growing business organically in Thailand. And looking at this opportunity with Pi Securities, not only is it immediately accretive for us in terms of growing our APAC AUM, but it also introduces us to a significant amount of high-quality active trading funded accounts for a very low customer acquisition cost that we normally would have to pay a high price for that quality of account, and it would take a very long time to organically grow that over time. So it's like a little boost of, I guess, I'm of the age. So a little testosterone replacement therapy for us in, I guess, in a casual way to say it. HC, any comments on Asia?

H.C. Wang
Yes, I think Asia is one of our strategic markets. So we look at Asia collectively as a whole and not so much individual markets like Hong Kong, Singapore and Thailand, where there's a lot of synergies actually between these markets. So we have…for example, we have our institutional business in Hong Kong is serving broker-dealers from Thailand trading US stocks. And we have a high-net-worth clients from one market that may want to open up for accounts in another market. And the fact that we are on the ground in all these different markets and operating as one is really a key differentiation factor for Webull, and that's how we're able to grow so fast so quickly.

Noah Katz
Understood. Thanks for taking my questions.

Operator
The next question will come from Ed Engel with Compass Point. Please go ahead.

Ed Engel
Hi, everyone. Thanks for taking my questions and congrats on a nice quarter here. Can you elaborate on what you mean on addressing dormant accounts, I recall something about COVID-era accounts kind of being pruned out, but I just kind of wanted to put it on that. And then I guess, any kind of clarity of when that kind of starts to roll off for the end of the year? Thanks.

Anthony Denier
Sure. Hey, Ed. So, every platform has dormant accounts. It's just kind of a nature of the brokerage business in general. Typically, when you kind of use words like an escheatment, it's really a compliance function. But if anyone on this call doesn't know what escheatment is, we deal in the US, we deal obviously with 50 different states. Every state has their own kind of rules and regs surrounding on what qualifies as a dormant account, whether it's an account hasn't logged in for two years, some states have gone as far as five years. But typically, when an account is deemed dormant, it is an operational function required by broker-dealers in the US where we actually have to liquidate the positions in those accounts and then transfer the funds from those accounts over to the state, whether it's a comptroller's office or the treasury office, right? And this is obviously an operational lift for us. It is…it does cost us money. It is an operational function, and we do have to pay a fee to the state for every account that we do "Escheat."

So that is, like when we roll promotions, especially most of these promotions…excuse me, most of these accounts that have been deemed dormant that we are rolling off, which is why we separated the gross new accounts and the net new funded accounts to specifically show that

we are growing significantly funded accounts. A lot of these were accounts that came on during kind of the GameStop frenzy or right after the GameStop frenzy, and we were running a lot of kind of small deposit promotions, deposit anything, deposit a dollar and get a free share of stock. At the end of the day, these are accounts that had very low AUM. On average, we're talking like $10 to $15 of total AUM that did not trade, that did not invest. These are accounts that signed up specifically to hopefully get an expensive share of stock only to get an expensive share of stock, not to be an investor.

So this actually cleans up our account base on its own. And it's a very healthy thing for our business. So, as we focus right now on just quality accounts, especially the way we use our promotions and our marketing, we are replacing a lot of these non-revenue-producing drain accounts, removing them and replacing them with high quality, which is one of the factors in us gaining our average account size, so quickly this quarter.

Ed Engel
Great. Thanks for the color. And then it looks like marketing costs were down quite a bit Q-on-Q, and I think it was actually pretty far below the implied guidance you gave, just as a percent of sales. Do you mind providing any kind of directional commentary of kind of how this should shape out for the rest of the year? And I guess, were there any lumpy items in 4Q and 1Q related to maybe prior quarter incentives that are maybe normalizing now?

H.C. Wang
Yes. We spoke about the normalization of marketing expense, So like last year, we actually ran very aggressive asset matching promotions. So for example, we had 3.5% match for IRA deposits. So and those…as I've talked about in…on the call, the last couple of quarters, those promotions, because we require customers to keep their AUM on the platform for about…usually for about 12 months, sometimes longer than a year. So the expenses are actually amortized over a period of time. So in Q1, our marketing also in Q2, so actually our marketing spends included the effects of amortization from last year's promotions. So they are not just a marketing spend for this year. So the results of those asset matching promotions that you saw last year was primarily reflected in the net deposits in Q4. But the spend was still being amortized well into 2026. So we've actually reduced the level of asset match promotions starting in Q1. So we have kind of…for example, we've reduced the 3.5% match to like 1% match, and we've cut off or stopped those promotions in some markets. And so, you are seeing…so you'll start to see our marketing spend like normalizing more over the next couple of quarters, as the effect from last year's aggressive asset match promotions rolls off.

Ed Engel
Great. Thanks for that. And then just lastly, I guess maybe it is a little bit too exciting to get excited about crypto. But I guess with the recent kind of rally here, can you kind of remind us of where your crypto product stands today, in terms of just number of coins offered and then maybe anything about coin-in, coin-out? Thanks.

Anthony Denier
Sure. I mean, I think, I don't know…maybe it is kismet, right? Crypto rallying, we see Bitcoin up like almost 10% today on our earnings day. Last several quarters, one of the probably more disappointing businesses across the industry, not just Webull specific, has been crypto. And even this quarter, crypto represents, what did we do about $2.25 million we did in crypto revenue for Q2, right? That's just over 1% of our total Q2 revenue stream. So any uptick in our crypto business will be immediately accretive, right to our business. And we have been talking

about consolidation on the margins in the crypto business and building a crypto product that is attractive for active crypto and semi-institutional crypto type of platforms, and traders.

So where are we now? We are in the process of gray scaling coin-in, coin-out, which is perfect timing, giving kind of the new spotlight put on the asset class. So for the first time, probably in the last nine months, I am starting to see the clouds start to part in the crypto business, and that is a very positive thing. The direction we are seeing a lot of the commentary, and listen, I look at the odds-on…on clarity to pass on Poly and Kalshi as well, but I think now there is some sun that is starting to shine, and that will be a nice step forward in our business.

Ed Engel
Great. Thanks Denier. Again, congrats on your quarter.

Anthony Denier
Thank you.

Operator
The next question will come from Chris Brendler with Rosenblatt Securities. Please go ahead.

Chris Brendler
Hey, thanks, and congratulations, guys. What a fantastic quarter. Good to see. I am going to ask question on July, obviously things slowed down, market, the huge AI trade took a step back in July, but your results in the options business particular were fairly strong, and I am getting questions from folks, is your business sort of not as market sensitive today, or is that just the PDT sort of helping support July volumes in the options business? Can you give us any color there on how we should think about market volatility as it relates to Webull's growth prospects right now?

Anthony Denier
Yes, I think comparatively, I think Webull stands out as a bit more insulated than some of our peers, I think particularly because of our high concentration of active traders and active investors, right? So when there is volatility, when there is a weak market, we see sometimes even a spike in volume, in the initial days. Now, spread that out over the course of long-term in a bear market, eventually you are going to see volumes dry out. But in the short term, like when we see a slow month or a slow several months, we actually see a little change in behavior of our customers, which from a revenue perspective, can be a little bit of a headwind because instead of trading more single stock, they trade a bit…a bit more kind of broad index ETF, whether it is QQQ or SPY.

So we are not completely immune, but I think we are a bit more insulated. I mean, when you talk about how our customer demographic looks, over the course of the last six years, we've had to close over 1 million active trading and funded accounts because of the PDT rule, right? And trust me, we reached out to every one of them. On June 4, for example, we abated more than 50,000 margin calls as a result of the PDT rule, meaning abated, we removed those calls. Yes, we reached out to every one of those 50,000 active funded accounts on the platform. So those are the types of traders that when there is volatility, when the VIX is rising, they are getting involved, right? They are trading the momentum. So our numbers tend to be pretty steady through kind of the downturns. And I think that's…you know that's something we have always concentrated on, and that's something we are really proud to have built over the years.

Chris Brendler
That is fantastic, color. Thank you and then I am going to ask a PDT question, if you don't mind. I was very interested to hear about the sort of multiple trades occurring, smaller trades, because that makes total sense if you are limited to five or whatever the old rules were, that you would be very careful about which trades you were going to place, because you can only place a handful a week. Was that something that was anticipated, because I remember your guidance was at least 20% over the medium term, and are we already through the medium term, or do you think this is like a sort of a 6 to a 12-month process of folks getting used to the new rules?

Anthony Denier
Well, I think Chris, I think it was you that asked me the question on our Q1. What's my forecast for the additional volume kind of in a post-PDT world, And I think I said 20% to you. There might have been a little sandbagging in that.

Chris Brendler
Not a coincidence.

Anthony Denier
Yes, just to kind of protect myself a little. But this is the new like…this is the new environment for trading, right? And we are seeing it across multiple asset classes. You look at the different products and crypto has never had a PDT rule, right? These new event contracts or prediction markets never had a PDT rule, yet we are seeing basically 70% Q-on-Q increase in our volume on prediction markets, right? And so, when you kind of flow begets, flow is something we have always been saying in this industry for the last 25 years.

And this momentum, I think, is very sustainable. So in the medium term…I think we are in the medium term now, right? PDT removed in June…in the beginning of June. We now had almost a full month of June, which kind of took everyone by surprise. I do not understand why, but it did. July showed that it is sustainable, and here we are almost towards the end of August. And it's…we are still seeing that same sustained level of activity. And obviously, with the last few sessions with the AI trade coming back on and back in vogue, volumes have been really, really healthy. So I am very optimistic for this to continue on.

Chris Brendler
Awesome. Thanks so much, and congrats again.

Operator
The next question will come from Eli Abboud with Bank of America. Please go ahead.

Eli Abboud
Good afternoon. Thanks for taking the question. I wanted to drill down further on your new agentic AI offering. First, can you highlight what you view as the main points of differentiation between your offering and the agentic trading capabilities of your peers, like Robinhood and IBKR? And then how much volume was attributable to agentic trading? Is there any disproportionate amount of flow coming from one asset class or the other?

Anthony Denier
Hey, Eli. No, I'm not an expert in what any of my peers are doing in this space. I am an expert on what we're doing. So if my explanation on what my competitors are doing isn't spot on, I apologize ahead of time. But in terms of you know we're looking, in our MCP relationship, we're

working with all of the large AI agentic platforms. We are putting a lot of emphasis on education and walking new customers and new clients through the process of how to utilize this new technology. And I think it comes in different phases. Right now, we are very early in Phase I, where most of the interactions with our MCP server is based around portfolio building, research, and trade analysis. It's not so much built on algorithmic execution strategies where maybe some of my peers are focusing on that.

And I think there's reasons…there's reasons to do things in kind of a proper step fashion. It does take time kind of to normalize the experience that is completely new for how retail is going to engage with their trading platform. And we want to make sure that we do it in a very responsible and very transparent way. I can use a perfect real-time example that I just looked at the other day with my MCP connection. I was trying to figure out, obviously, Webull is a sponsor of the Tampa Bay Rays. Rays are not doing bad. First place, best league in the American League. I was trying to figure out which event contract was the most active for MLB games. Now, I can take a spreadsheet, and I can block out about four hours and go through every single contract that's trading to come to that conclusion or I connected with my MCP through a Claude interface, and I asked the question in natural language, and it came back in less than 30 seconds with an analysis on what is the most active in terms of price band movements of event contracts for MLB.

Alright, that's kind of one perfect use case scenario on kind of the beginning phases on how you can use this technology to your advantage. I think towards the end of the year, you will start to see a lot more product rollout that will be more on the execution side. But it will take time to get there, and that's been our strategy on rolling out AI. I have been very, very vocal on talking about how AI interfaces, and I do not want to spoil yet, but there is going to be a lot of really exciting announcements on our Vega product suite that will go more into the trade execution side of the AI product suite and what it can do.

Eli Abboud
Got it. And if I can maybe switch gears and ask about your margin balances for a second. It looked like they stepped down a bit in July. Would it be possible to give any color on how those margin balances are trending in month to-date in August? And how would you, bigger picture, just characterize your clients' risk appetite at this moment?

H.C. Wang
I think margin balances, they typically tend to fluctuate with the, I mean, with the overall AUM level. So like July was a very choppy, very difficult month. So I think it's…there is a lot of de-leveraging, probably because the leverage that has been built-up until July. So we saw that in our customers' trading behavior as well. But overall, if you look at a longer time horizon, the margin balances of our customers have been steadily increasing, and that's a result of our actually best-in-class margin rates for our premium customers. And so, we are seeing more usage of margin. We are seeing greater trade flow. And I think longer term, you will continue to see that going up. I think July is more of a kind of one-off. So overall, I guess our AUM continues to grow and we expect our margin balances will continue to grow as well.

Anthony Denier
Yes, and I would also add that. Again, I've said multiple times on this call August has been a very healthy trading month for our customers. It seems that risk on is back on, so to speak. And I am seeing like real time our margin debt balances are trending to get to all-time highs, if they are not there today.

Eli Abboud
Got it. Thanks, guys.

Operator
The next question will come from Mike Grondahl with Northland Securities. Please go ahead.

Mike Grondahl
Hey, guys. Congrats on the quarter. First off, I just want to circle back on the marketing spend in the quarter. I was surprised it dropped $15 million sequentially from about $50 million to $35 million. HC, can you quantify how much maybe 1Q and 2Q had in it related to 2025? And when you said marketing spend is still normalized, do you mean that will drop in 3Q and 4Q, kind of the reported number or I am just trying to figure if there is some more leverage there?

H.C. Wang
Sure. I think it's about 40% of the marketing expense in Q1, and to a lesser extent in Q2, is related to last year. So when we say normalizing, we just mean that the marketing spend will be more reflective of the actual marketing promotions that we're doing, as opposed to having a lagged…being a lagged indicator from last year. So I think going forward for the remainder of the year, we can expect marketing spend, I mean, absent of significant changes in the market, we kind of expect marketing spend to be similar…probably similar in quantum to the first half. So that means that we'll continue to invest in acquiring new customers. We'll continue to invest in acquiring AUM. So it will not be lower compared to the Q2 levels, but we also don't expect it to be higher than the Q1 levels. So I hope that answers your question.

Mike Grondahl
Got it. And then just related to that, what are the marketing priorities right now? What are you kind of out there promoting or pushing today with the spend?

Anthony Denier
So focusing on brand building, focusing on quality account acquisition, and focusing on international growth. And so, obviously, the majority of our marketing spend still sits in the US, but that's just because of the scale of the market here. But if you were to look at proportionately in the smaller markets outside of the US, we are aggressively reaching new customers and onboarding new funded accounts. We look at kind of CAC and payback rates all over the world, and we kind of put our foot down on the gas in markets where we see kind of the most return on investments. So right now, again, it's branding in the US, it is quality customer acquisition outside the US.

Mike Grondahl
Got it. And then your institutional strategy overseas, you know a couple of quarters ago, you talked about merits. Anthony, how is that going? Is that where you thought it would be August of 2026, kind of an update there would be helpful?

Anthony Denier
Is it where I thought it would be? No, it's taken longer than I had expected. That being said, we are ready to fire on all cylinders hopefully by the end of this month…the end of August, especially with several of the kind of large Korean platforms that we partnered with.

The onboarding process and the ability to build that institutional pipeline is a lot easier outside of the US, specifically because of our differentiation of kind of having so many options outside the US. If you just think of trade execution as an institutional business, we operate right now in 18

different markets. We can execute trades in 16 of those 18, right? That is…that's a huge differentiator for us. That's obviously an easier product to sell to platforms that are outside of the US, where the appetite for global trading is higher than it is here.

Mike Grondahl
Got it. Hey, lastly, I would just ask on the crypto, you gave us that number, I think it was 2.5 million or close to that of revenue. Do you have a number of revenue you generated in the quarter tied to prediction markets?

Anthony Denier
I don't think we break it down in the quarter, but I don't think we have it in the sheet, but I absolutely know what the number is. And happy to say that sequentially, our prediction markets are up 71% quarter-over-quarter. I'm sometimes a little hesitant to put out like a specific number because it is a growing business, and it's not as robust as some of our peers. But we're probably doing anywhere between $5 million and $6 million per quarter right now in prediction markets, and that number grows significantly month-over-month.

Mike Grondahl
Great. Hey, thanks a lot, guys.

Anthony Denier
Thank you.

Operator
The next question will come from Brian Vieten with Siebert. Please go ahead.

Brian Vieten
Great. Thanks, guys. And I know we have covered this a bit, but when the PDT rule first went into effect, I think it was early 2000s. Can you just speak again to how broad-based you are seeing this within your customers? And I know you said there is a little bit of a ramp, but just one more time as far as…is this something that only a handful of folks are really driving a lot of this increase? Does that ramp throughout the year? And then just one more on just the adoption curve there. And then just one more on competitive dynamics. I know everybody is using a different exchange, and the exchanges, I understand, implement this over the next 15 months or so, 15-18 months, something like that. Is there a first-mover advantage? I know you guys have this platform and customer base it's very digitally native that allowed you to be a very first mover. Is there much of a competitive advantage here, or is it just kind of a rising tideless salt buzz dynamic? Thanks.

Anthony Denier
Hey, Brian. On the PDT stuff, not to beat a dead horse too much. I think…when you are dealing with…if you think about customer demographic, customer age, right? And maybe this isn't widely known, but average customer age on Webull sits at, still, it's actually been for probably the last year, sits at 34 years old, is our average customer age. A lot of our newer users of the platform are significantly younger than that, right? And so, having them come on board now without even knowing what PDT means, not having any cares of what PDT means, it changes the dynamic. Whereas, I would say a year ago, I'm just using broad numbers, but a year ago, you would see clients specifically avoiding our low AUM clients, specifically avoiding certain asset classes, meaning options and equities, because of that limitation. And oftentimes they go to products like prediction markets. They go to products like crypto trading, so they can

scalp, they can trade in and out of names, they can play momentum, and had to basically go around the PDT rule.

And I talked about fractionalization of brokerage accounts, like that's cumbersome. It's really a pain in the neck. It's an inconvenience to the client. So sometimes they would just trade other products. Like that restriction is completely gone, right? And the idea that someone just starting their trading…they are kind of trading life, right, or their interest in trading markets. Now, the options market is kind of number one product they're looking at now, because they're not having to deal with any restrictions on how many times they can actually get in and out of a position. This is, I think, a huge change for us, whereas, again, going back to account size. If you talk about some of the bigger players or the more traditional platforms that have been around for the last 20 years or so, that's not the customer that excites them. They're looking for that big asset transfer.

They're looking for someone to grow their asset management business so they can add another 'T' on their AUM. This is our core, right. This is how we build and become that platform in 20 years where we have trillions under AUM. So we're focused on these clients, and it's really paid off in terms of seeing our engagement levels grow, in terms of seeing the amount of interest we're seeing in actively trading their accounts on a daily basis instead of on a one-time-a-week basis. So that ramp, I think, will continue as trading behavior evolves and changes. No longer having PDT as being an obstacle to either get around or avoid completely.

And then, you know the second part of your question asking about the exchange, I didn't fully understand it. Would you mind kind of just drilling down a bit more?

Brian Vieten
Just, I know you guys were one of the first ones to implement. So I was just curious if there is much of a first-mover advantage or if it's. I think it's more exchange specific, but I was just curious if you guys are getting maybe incremental ads because you guys added this first or if it's not really too much of an impact there.

Anthony Denier
Oh! sorry. My bad. Brian, I thought you said exchange, not the change. So I think in terms of our share of voice, meaning how much press we received during the PDT rule change, it was actually the biggest kind of momentum that we've ever seen in terms of, I believe, I mean, these numbers may be a little off because my marketing team likes to show off, but if you take every article that was published that talks about the removal of the PDT rule, Webull was mentioned in almost 90% of them, right? And we have never had an event like that.

And so the amount of exposure that we've gotten by making sure that we were well ahead of this change, both from a media standpoint as well from reaching out to different outlets. I was educating reporters kind of in the background, behind the scenes, obviously aggressive kind of customer awareness and customer education ahead of the rule. So yes, I'd love to take that credit if you're willing to give it. That first-mover advantage is going to help us, but it definitely lifts all tides, right? So even like I mentioned earlier in the first part of your question, if I'm opening up an account at one of my peer platforms that doesn't even care about PDT or is really not targeting a 25-year-old that wants to trade a $2,500 account, they're still going to get the added benefit of that customer trading more, right? But first mover advantage, I'll take the win.

Brian Vieten
Thanks, guys.

CONCLUSION

Operator
This will conclude our question-and-answer session as well as conference call. Thank you all for attending today's presentation. You may now disconnect