BGC Group, Inc.

Q2 2026 EARNINGS CALL TRANSCRIPT

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Company Participants

John Abularrage, Co-Chief Executive Officer

JP Aubin, Co-Chief Executive Officer

Sean Windeatt, Co-Chief Executive Officer

Jason Hauf, Chief Financial Officer

Jason Chryssicas, Head of Investor Relations

Other Participants

Patrick Moley, Analyst, Piper Sandler

Eli Abboud, Analyst, Bank of America

Operator

Greetings, and welcome to the BGC Group Second Quarter 2026 Earnings Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. As a reminder, this conference is being recorded.

It is now my pleasure to introduce Jason Chryssicas, Head of Investor Relations. Please go ahead.

Jason Chryssicas

Hello everyone.

This morning, we issued BGC's financial results which can be found at ir.bgcg.com.

Any historical results provided on today's call compare only the current period with the prior year period, unless otherwise specified.

All references on today's call to 'record' results are to BGC standalone financial results, excluding Newmark prior to the spin-off in November 2018.

We will be referring to our results on a non-GAAP basis, which include the terms Adjusted Earnings and Adjusted EBITDA. Please refer to today's investor materials on our website for additional details on our financial results, relevant economic and industry statistics, and for complete and updated definitions of any non-GAAP terms, reconciliations of these items to the corresponding GAAP results, and how, when, and why management uses them.

The outlook discussed today assumes no material acquisitions or dispositions. Our expectations are subject to change based on various macroeconomic, social, political, and/or other factors.

Information on this call contains forward-looking statements, including without limitation, statements about our economic outlook and business. These statements are subject to risks and uncertainties which could cause our actual results to differ from expectations.

Except as required by law, we undertake no obligation to update any forward-looking statements. For information on factors that could cause actual results to differ from forward-looking statements, and a complete discussion of the risks and other factors that may impact these forward-looking statements, see our SEC filings, including but not limited to the risk factors and disclosures within these documents.

With that, I am now happy to turn the call over to Sean Windeatt, Co-Chief Executive Officer of BGC Group.

Sean Windeatt

Thank you, Jason.

Good morning and welcome to our second quarter 2026 conference call.

With me today are my fellow Co-Chief Executive Officers, John Abularrage and JP Aubin, along with our Chief Financial Officer, Jason Hauf.

We produced revenues of 846 million dollars, a second quarter record, up 8 percent versus last year. This growth was broad-based across every asset class, reflecting the durability, diversification, and the strength of our global platform.

Our revenues for the first half of 2026 were up more than 24 percent to 1.8 billion dollars, the highest ever through the first two quarters of the year.

Since 2022 and the return of interest rates, we have grown our revenues double-digits every year since, and our half year revenues in 2026 were greater than our full year revenues of just 3 years ago.

FMX once again saw market share gains across its cash U.S. Treasury and futures businesses. FMX UST market share grew to 42 percent, a new all-time high, and FMX SOFR and U.S. Treasury futures also reached new market share highs for the month of June.

With that, I'd like to turn the call over to John to discuss our exciting new partnership with Fanatics and the quarterly results of the business in more detail:

John Abularrage

Thank you, Sean.

Earlier this week, we announced our partnership with Fanatics, a global sports platform, to build a prediction market ecosystem that serves both retail and institutional participants, combining BGC's extensive client network and Fanatics' database of over 100 million customers. Together, BGC and Fanatics will also deliver unique market data in this innovative and rapidly growing asset class.

This partnership brings together BGC's established market data and analytics capabilities to enable the development of new data products. Prediction markets are a gauge of sentiment, which predict outcomes, as opposed to our traditional data, which reflects past events. Merging these two together will allow us to offer new and exciting data sets to our clients.

As part of the agreement, BGC will receive upfront consideration and a performance-based earnout, as well as a license to the exchange's data. This is entirely separate from FMX's CFTC-registered DCM, which BGC continues to own and control.

Similar to the sale of kACE and Capitalab, this transaction once again underscores the tremendous value of the assets that BGC owns — assets that we believe are worth significantly more than what is currently reflected by the market.

Now turning to our second quarter results:

We delivered record second quarter revenues of 845.5 million dollars, a 7.8 percent increase versus last year.

Our total brokerage revenues grew by 7.2 percent to 771.4 million dollars, driven by growth across all asset classes.

ECS revenues grew by 5.3 percent to 275.5 million dollars, driven by strong growth across our shipping, environmental, and commodities businesses, partially offset by lower oil and refined product volumes due to disruptions caused by the Strait of Hormuz closure.

Additionally, we announced the launch of BGC Compute Infrastructure Markets during the second quarter, a logical extension of our existing power business. This is a new business focused on developing the secondary market for compute and memory capacity.

Rates revenues increased 10.6 percent to 221.9 million dollars, reflecting higher volumes across all major Rates products during the quarter.

Foreign Exchange revenues were up 9.4 percent to 118.7 million dollars, primarily due to strong volume growth in emerging market and G10 products, and precious metals.

Credit revenues increased by 5.4 percent to 79.3 million dollars, driven by PortfolioMatch, along with higher European and emerging market credit volumes.

Equities grew by 2.8 percent to 76 million dollars, reflecting strong U.S. equities volumes, partially offset by lower European equity derivative activity.

Data, Network, and Post-trade revenues grew by 18.6 percent to 36.7 million dollars, excluding kACE, which we sold in the fourth quarter of 2025.

Now turning to Fenics.

Fenics revenues increased by 14.3 percent to a second quarter record of 186.2 million dollars.

Fenics Markets generated revenues of 152.8 million dollars, an increase of 16.5 percent, excluding kACE. This growth was driven by higher electronic trading volumes across Rates, Credit, Foreign Exchange and increased Fenics Market Data revenues.

Fenics Growth Platforms revenues grew to 33.4 million dollars, a 22.9 percent increase, primarily driven by FMX, PortfolioMatch, and Lucera.

FMX UST generated record second quarter ADV of 79.4 billion dollars, 17 percent higher compared to last year. FMX UST continued to grow its market share to 42 percent in the second quarter, up from 41 percent last quarter and 35 percent a year ago.

FMX Futures Exchange delivered another quarter of significant growth with second quarter ADV of approximately 54,000 contracts, more than 16-fold higher than a year ago. SOFR ADV rebounded strongly in June, following reduced Iran-driven volatility, achieving a monthly record of more than 59,000 contracts. U.S. Treasury futures continued to scale in the second quarter, averaging more than 15,000 contracts per day, and total open interest ended at more than 140,000 contracts, up from approximately 22,000 contracts a year ago. As you know, we currently list only the 2- and 5-year U.S. Treasury futures contracts and we will be listing the remaining tenors across the full curve on August the 3rd, 2026, supporting further growth in trading volumes and open interest on the exchange.

FMX FX average daily volumes increased by 16 percent to 18 billion dollars, driven by continued growth across spot FX and NDF volumes, resulting in continued market share gains.

PortfolioMatch ADV grew 82 percent to a new quarterly record of 431 million dollars, significantly outpacing the broader credit market.

Lucera, Fenics' network business providing real-time trading infrastructure to the capital markets, grew revenues by 15 percent.

And with that, I would now like to turn the call over to Jason.

Jason Hauf

Thank you, John, and hello everyone.

BGC generated revenues of 845.5 million dollars during the second quarter. EMEA and Americas grew revenues by 11.2 percent and 6.1 percent, respectively, while Asia-Pacific revenues decreased by 2.9 percent.

Turning to expenses.

Compensation and employee benefits for Adjusted Earnings increased by 7.7 percent. The increase was related to higher commissionable revenues during the period.

Non-compensation expenses for Adjusted Earnings increased by 5.2 percent, primarily due to increased selling and promotion, along with commissions and floor brokerage expenses related to higher client activity.

Moving on to our record second quarter Adjusted Earnings.

Our pre-tax Adjusted Earnings grew by 11.1 percent to 192.9 million dollars, representing a pre-tax incremental margin of 31.3 percent.

Post-tax Adjusted Earnings increased by 11.2 percent to 171 million dollars, resulting in a post-tax Adjusted Earnings per share of 35 cents, 12.9 percent higher versus last year.

Adjusted EBITDA increased by 7.2 percent to 228.7 million dollars.

Turning to share count.

BGC's fully diluted weighted-average share count for Adjusted Earnings was 495.4 million shares during the period, approximately flat compared to last quarter, and a 1 percent decrease compared to last year.

As of June 30th, our liquidity was 861.4 million dollars compared with 979.1 million dollars as of year-end 2025.

We recently received upgraded credit ratings from both Kroll and JCRA to triple-B-plus and A-minus, respectively, due to the continued strong performance of our business.

With that, I'd like to turn the call back to Sean to go over our third quarter outlook.

<u>Sean Windeatt</u>

Thank you, Jason.

I'm pleased to provide the following guidance for the third quarter of 2026.

We expect to generate revenues of between 775 and 835 million dollars, compared to 736.8 million dollars in the third quarter of 2025, which at the midpoint of our guidance would represent just over 9 percent revenue growth for the third quarter and 19 percent revenue growth for the first nine months of the year.

We anticipate pre-tax Adjusted Earnings to be in the range of 172 to 190 million dollars, versus 155.1 million dollars last year, which at the midpoint of guidance would represent 17 percent earnings growth for the third quarter and 24 percent earnings growth for the first nine months of the year.

We expect our Adjusted Earnings tax rate to be between 11 and 14 percent for the full year 2026.

Before we open the call for questions, I am excited to announce that we will be hosting our first-ever FMX Investor Day on October 13th, with further details to follow. I am also excited to share that our keynote speaker will be Geoffrey Hinton, the "Godfather of AI", who won the 2024 Nobel Prize and the 2018 Turing Award, for his work with artificial and deep neural networks.

With that, operator, we would like to open the call for questions.

Question & Answer

Operator

Our first question is from Patrick Moley with Piper Sandler.

Patrick Moley

Yeah, good morning, gentlemen.

I want to start off with a question on the BGC Compute Infrastructure Markets. You launched that in June. I know this is being positioned by yourselves and others in the industry as kind of a compute memory capacity being an emerging commodity market.

So, I was hoping you could maybe just walk us through the growth opportunity there and the monetization model. Is this primarily a brokerage of OTC blocks between some of the participants in the AI ecosystem? Is there a market data or benchmarking opportunity?

And then ultimately, I guess, how are you thinking about the maturity curve here? When should we expect revenues, I guess, from this business to maybe be reflected in the financials?

And then I have a follow-up. Thanks.

John Abularrage

Hey, Patrick, it's John.

That was a bunch of questions, so I'll do my best, but remind me if I skip one.

I mean, the obvious point is CapEx is going to be close to $1 trillion globally. We obviously look at it and think there hasn't been an effective market that's formed to hedge risk. And so, the focus so far has been on cleared futures.

But I think for BGC, the real opportunity is going to be in the OTC market. So, cash-settled derivatives to hedge exposure and OTC delivered trades when counterparties want actual physical delivery.

So, we're number one in ECS. I think it's a natural extension of our power markets and where we're going with it is to drive standardization across what is a highly fragmented market that needs a broker in it.

And so, when we see revenues, I would assume we'll start to trade relatively soon, but it's early and too nascent a market for us to give financial guidance at the moment.

But I think we have a group of some of our best ECS brokers who are doing this. I think we have connectivity to the hyperscalers, the Neos and the traditional client base. So, I think we're uniquely positioned to enter the market and help standardize things.

And on the back of that, I think we're very excited about the potential opportunity. So, I hope that answers the question.

Patrick Moley

No, definitely. Thanks for that.

And then just a follow-up on the 3Q guidance and margins. I think pretty impressive revenue guide on the margin side. This quarter, I think it was up 100 basis points year-over-year pre-tax Adjusted margin. I think that's going to accelerate this quarter based on the midpoint of the guide to maybe 150 basis point step-up year-over-year.

So, could you maybe just talk about the longer-term realistic multi-year margin destination? How you're thinking about that today and what's really driving that incremental margin step-up year-over-year?

Thanks.

Sean Windeatt

Yes, certainly, Patrick, it's Sean here.

I think you've actually framed it quite correctly. What you're seeing is the gearing that we've always spoken about and that's why in the prepared notes, we didn't just point out the quarter, but pointed out the nine months assuming the midpoint.

What you're seeing is, you're seeing that in that guidance for Q3, you're seeing the flow-through of just under 40 percentage points. And that's a mixture of the incremental business, the incremental growth and the cost savings that we've identified and executed during the year.

I think as you quite rightly say, we're incredibly excited going forward because what you have is – we have a model where the gearing is in place, you're seeing even on the sort of 22%-ish margin, you're seeing that, but on incremental, it's well in excess of 30% of course, leading into 2027 and beyond.

We still have our electronic platforms and our FMX business, which will of course, once up to full speed, dwarf the margins of our of our existing business. And so, I think our runway remains incredibly positive.

Patrick Moley

All right. Thank you all. That's it from me.

Operator

Our next question is from Eli Abboud with Bank of America.

Eli Abboud

Good morning, everyone. Thanks for taking the question.

I wanted to ask if you were seeing any impacts downstream from the SLR reforms, which took place or took effect at certain banks earlier this year.

I appreciate that your Rates revenue is broadly strong here, up 19% in aggregate in the first half. But are you seeing any outsized contribution coming from the bank channel that's worth calling out?

JP Aubin

Hello, Eli, JP here.

Yes, it's early-stage, but we did notice stronger activity from the banks linked to the SLR. So yes, it's positive, definitely.

Our strong market-share with the top banks provide us the ability to notice, on the various underlyings, on the positive aspect of the SLR.

Eli Abboud

Got it.

And I have a couple here for you on FMX as well. Can you talk about how the progress is coming in hooking up the buy-side clients? And I mean to the extent that you've seen obstacles there, can you give us any details into what pushback you guys are getting from that client channel?

John Abularrage

Sure, Eli, it's John.

I would say that the onboarding of the buy-side is accelerating. I would say that we're happy with the progress. I would say that the pipeline of buyside participants and new participants that are coming on the exchange is happening at least as fast as we had hoped and the new participants certainly will drive the number of contracts going forward.

So, I don't think we've had a problem at all, but I think it was, as we told you before, kind of going into the progression in year three of FMX, the buyside is taking notice and starting to trade more actively. So we're pretty happy with where we are.

Eli Abboud

Got it.

And just bigger picture on FMX for a second. I know year three was kind of always framed as all about market share. That's when the big market share push was going to be.

So, I guess as we come across that three-year anniversary very shortly here. What should our expectations be? Where do you expect to end year three in terms of market-share? Can you just like give us a baseline expectation?

John Abularrage

Higher would be the answer.

So, we've avoided, as you know, giving direct targets, because it's a new exchange and we're constantly in-building mode. So, we're not going to change that now in terms of giving an exact number, but I am pretty confident that the number going into year three and the end of year three would be higher than where you see our averages now.

Eli Abboud

Got it. And then just last one for me here.

Can you walk us through some of the assumptions that you were baking into the 3Q '26 revenue guide. It looks like listed Energy Futures volumes are up quarter-to-date versus 2Q. Energy is your largest segment. So, I would have anticipated that your revenue would also be headed higher sequentially.

So, is there maybe some conservatism baked into that guide or is maybe some softer areas in other asset classes? Any detail there would be helpful.

Sean Windeatt

Sure. So look, I mean, as you know, Eli, we always guide what we see, right?

And that we've been fairly consistent that we would have expected sort of the circa the 10% for this year. Obviously, we've exceeded that.

Q3 is always an interesting one to guide for because you have the summer months of July and August and the biggest month of the quarter is, of course, September, and that's why we give a range.

You're right to say that the biggest asset class we have is ECS, right about 36%, but we have others. There's nothing that we're seeing to cause any concern whatsoever.

But look, I think with the sustained geopolitical tensions that exist, I think that's why we've given the range, but certainly no challenges. I think a mid-guide of sort of just under 10% and at a higher end of 13.5% seems pretty good to us.

Eli Abboud

Got it. Thanks, everyone.

Sean Windeatt

Thank you.

John Abularrage

Thank you.

Operator

Our next question is from Patrick Moley with Piper Sandler.

Patrick Moley

Yeah, thanks for taking the follow-up.

Maybe just a broad one on the Fanatics partnership. Could you maybe just elaborate on, you know, how that came together and maybe just some of the nuances of the partnership in terms of the revenue-share, what you're getting out of that? And then why do you think Fanatics was the right partner for you?

I know that they're, I think, more of a sports oriented platform. I would think your customers are maybe more focused on economic indicators and maybe interest rate prediction markets and things like that. So how do you kind of marry that? And yeah, any kind of color you can just give on that – on how that came together?

Thanks.

John Abularrage

Sure.

I think the genesis of it, was that we had a DCO and the DCO was kind of kept active by a few trades a year. So, we knew we had that asset and when these things started trading in the market, we looked at how we would best capitalize that.

So, I think we've shown from our prior acquisitions and disposals that our focus is on maximizing shareholder value. So, the conversation happened internally about what to do with the DCO. Then our General Counsel introduced me to a gentleman who is an expert in the field and we talked about what to do with it. And we thought the real value was in applying for a DCM and putting the two of them together. So, we did that, started that process.

And then I fortuitously got introduced to a great partner named Matt King, who runs the Fanatics sports and exchange business. And from the beginning of that, I think we thought this was a perfect marriage.

So, to your last question, yes, currently Fanatics is a sports-related business, but their reach in terms of consumers in retail is over 100 million customers in their database. That is something that since I've come into this industry has been a relative criticism, where we have no reach into retail.

So, we've solved that problem by partnering with Fanatics. I think that all you need to do in terms of realizing that this is the right partner to get our shareholders long-term great shareholder value is attend Fanatics Fest, which is, you know, mind-boggling in terms of its reach and the people that are there. And I think we're incredibly excited about this partnership.

And of course, Fanatics does more at the moment than sports in terms of their current listing, but we will be helping bring the institutional market that BGC is known for to that retail market and combining those two things on contracts that you quite rightly point out our client base will be more interested in will take prediction markets where it needs to go.

And on the back of that, you will see predictive data. So, as we said in the opening remarks, the vast majority of the data that we currently sell is backward-looking and now you get predictive data and you will get all new client interest in new data sets.

And so for us, partnering with Michael Rubin, Matt King, Glenn Schiffman and the team over at Fanatics is an absolute grand slam for us. And we're incredibly happy about it and we will do our very best to deliver shareholder value as we always do.

Patrick Moley

Okay. And then I apologize if I missed it, we've been juggling a few calls this morning. So it might be in the deck, but anything you've disclosed or willing to disclose on the economics of that partnership?

John Abularrage

Not yet. I mean, I think what we said was that there is upfront consideration, which again, we're always focused on delivering shareholder value and there is an earn-out associated with the exchange volume.

And finally, there is a true partnership on the data side. So that's where we are. There's a gentleman called Arran Rowsell on our side, he's running the project for us and we will endeavor to again deliver the right shareholder value through that.

Patrick Moley

All right. Great, John. Thanks for that color.

And I look forward to your October FMX Analyst Day. It is a day after my wedding anniversary, but I'm going to try to make it work. So, I'll see you guys soon.

John Abularrage

We can extend an extra invitation to your wife.

Patrick Moley

Yeah. Have a good one, guys. Thanks.

Operator

There are no further questions at this time. I would like to hand the floor back over to Mr. Windeatt for any closing remarks.

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.

About BGC Group, Inc.

BGC Group, Inc. (Nasdaq: BGC) is a leading global marketplace, data, and financial technology services company for a broad range of products, including fixed income, foreign exchange, energy, commodities, shipping, equities, and now includes the FMX Futures Exchange. BGC's clients are many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, and investment firms.

BGC and leading global investment banks and market making firms have partnered to create FMX, part of the BGC Group of companies, which includes a U.S. interest rate futures exchange, spot foreign exchange platform and the world's fastest growing U.S. cash treasuries platform.

For more information about BGC, please visit www.bgcg.com.

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