Q2 2026 Earnings Call

Introduction

Thank you, and hello everyone. Welcome to Bending Spoons' Q2 2026 earnings conference call. With us today to discuss our results are Luca Ferrari, co-founder and CEO, and Enrico Martinelli, co-CFO. For the Q&A portion of the call, we'll also be joined by Davide Scarpazza, co-CFO, Francesco Mancone, CTO, and Francesco Patarnello, co-founder and head of M&A. But before we begin, let me cover the safe harbor statement.

Some of the information you'll hear today will consist of forward-looking statements, including those regarding our objectives and outlook. These statements reflect our current expectations and are subject to a variety of risks and uncertainties. Actual results and events may differ materially. For more information, please refer to our registration statement on Form F-1, including the risk factors described there. We assume no obligation to update any forward-looking statements.

During the call, we'll discuss both GAAP and non-GAAP financial measures. You can find the definitions of our non-GAAP financial measures, together with reconciliations to the most directly comparable GAAP financial measures, in today's earnings press release, which is available on the Bending Spoons investor relations website at *investors.bendingspoons.com.*

Unless we say otherwise, all comparisons refer to year-over-year results.

And now, over to you, Luca.

Luca Ferrari, co-founder and CEO

Thanks James, and thank you all for joining Bending Spoons' first quarterly earnings call.

I'll first explain what Bending Spoons is. Then, I'll briefly summarize the quarter. Finally, I'll address a question central to our long-term prospects: what could constrain our ability to scale.

What Bending Spoons is

Our Playbook is simple: We acquire digital businesses, undertake deep integrations and transformations to improve them, and reinvest the cash they generate, together with incremental leverage, in further acquisitions. Underlying this Playbook is our long-term aspiration to build what we think of as the perfect operating machine.

We've been refining this model since 2013. At its foundation is what we call our Platform, which consists of three elements: our people, our proprietary technologies, and our proprietary data. Today, our Platform brings together nearly 700 selectively recruited core team members, whom we call Spooners, powerful internally developed technologies spanning everything from A/B testing to AI model orchestration, and valuable insights accumulated through more than 50 acquisitions and thousands of experiments.

And our results to date have demonstrated what we can achieve with this Platform. Since the start of 2023, we've deployed nearly $6 billion across 15 acquisitions, consistently applying 25% unlevered and 65% levered IRR hurdles in our underwriting process. Through the execution of our Playbook, we've more than tripled revenue, operating income, and Adjusted Operating Income in the two years to 2025.

Q2 results

I'll turn now to Q2 2026, where we delivered a similar level of growth. Revenue increased 126% to $704 million. Operating income increased 139% to $240 million, representing a margin of 34%. Adjusted Operating Income increased 150% to $381 million, representing a margin of 54%. Diluted earnings per share was $0.28, up 163%. And Adjusted Earnings per Share was $0.46, up 167%.

Operationally, we made encouraging progress in the transformations of AOL, Eventbrite, and Vimeo. During the quarter, we released more than 70 product improvements across these three businesses. We also made substantial progress modernizing their underlying technologies, creating a stronger foundation for a faster pace of product development and monetization improvement.

We continued to strengthen our proprietary technologies, added dozens of Spooners to our team, expanded our sources of financing, completed the acquisition of Tractive for an enterprise value of $759 million, and undertook negotiations to acquire Airtable, with us last week announcing we had reached an agreement to acquire that business for an enterprise value of $1.29 billion.

Long-term constraints

While we're pleased with what we delivered in Q2, our focus remains on the long term. In particular, given how quickly we've been growing, a natural question is how far Bending Spoons can scale, and what could ultimately limit that growth.

We think about this constantly, and see at least three potential constraints: the availability of attractive acquisition opportunities, our operational capacity to integrate and transform acquired businesses, and access to capital at reasonable terms.

To expand our capacity to grow and fulfill our ambitions for Bending Spoons, we continually work to ease these constraints. I'll discuss our approach to each in turn, and highlight some of the actions we've taken recently.

Opportunity set

The first potential constraint is the availability of attractive acquisition targets.

As we described in our IPO prospectus, our bottom-up analysis has identified more than 1,000 digital businesses that could be attractive targets over the next several years. Collectively, those businesses generated nearly $400 billion of estimated revenue in 2025.

We therefore don't currently view target availability as a material constraint at least for the next few years, and our acquisition pipeline is as strong as at any point in our history.

However, to maximize our prospects of generating attractive returns for many years to come, we believe it's important to continue expanding our addressable market and broadening the range of businesses within this addressable market whose acquisitions we can underwrite with conviction. We approach this deliberately: Ideally, for any acquisition of material size, the core economics should be familiar to us, and any new capability the business brings should have the potential to be reused across our Platform.

Tractive is a good example. It's the market-leading pet tracking and health monitoring service, and we were attracted to the business due to the growth potential of the category and the opportunities we saw to continue improving the product offering, broaden distribution, and optimize marketing. Tractive primarily generates revenue through subscriptions, an area in which we have extensive experience. However, it also incorporates a physical device, giving us an opportunity to deepen our capabilities in areas such as hardware design, device connectivity, supply chain management, and support for an installed base. Success with Tractive would give us confidence in further expanding our addressable market.

Airtable provides another example. Airtable is a no-code/low-code platform that enables teams to organize data and manage critical workflows. The strength of its brand and product, its positive revenue trajectory, and the still sizable opportunity in the category all contributed to our decision to acquire the business. A substantial portion of Airtable’s revenue is generated through the self-serve channel, again an area very familiar to us. However, the pending acquisition would also create an opportunity for us to deepen our experience serving enterprise customers through direct sales.

Enterprise SaaS is included in our $400 billion addressable market estimate, and we already have a foundation in this area through Brightcove and Vimeo. At the same time, further enhancing our Platform in connection with direct enterprise sales would improve our ability to confidently underwrite more acquisitions of this kind going forward.

Operational capacity and the use of AI

The second potential constraint is the operational capacity required to undertake the deep integrations and transformations that are often needed to achieve our return objectives.

AI is becoming increasingly important in expanding that capacity, and during Q2 we made further progress incorporating AI into our day-to-day work.

One example is Alt-Spooner, a personal AI agent that we developed during the quarter and made available to every Spooner in early July. It operates within each user’s existing access permissions, and can work with that person’s authorized history and connected accounts.

Alt-Spooner runs on open-weight models that we host ourselves, and its model-agnostic architecture allows us to use and compare different models, including closed-weight ones, as their performance and economics evolve. During its first three weeks of general availability, Alt-Spooner processed more than 100 billion tokens. The speed of adoption and its effectiveness have been encouraging.

I’ve personally had some wow moments with Alt-Spooner.

During Q2, we also introduced AI-enabled interactive tasks into parts of our recruiting process. Our testing indicates that these tasks provide a predictive input into candidate assessment. They also make our recruiting process more scalable.

These initiatives build on the broader, sophisticated, and long-standing use of AI across our Platform, and our overall progress in expanding operational capacity can be seen in our productivity metrics. In Q2, revenue per Spooner exceeded $4 million on an annualized basis.

We're also undertaking increasingly large transformations without a comparable increase in the number of Spooners deployed. For instance, around 60 Spooners worked on Vimeo during Q2, broadly in line with the number of Spooners who worked on the Evernote transformation in 2023. This is despite Vimeo being roughly four times the size of Evernote in revenue terms, and a more complicated business from both a technical and operational perspective.

Even with these efficiency gains, Spooners are likely to remain our scarcest resource. Therefore, we'll continue to invest in our ability to attract, select, retain, and develop exceptional talent at scale. We'll also continue to make aggressive tradeoffs as we deploy resources to what we judge to be the highest return activities. Most often this is the integration and transformation of recently acquired businesses. Finally, we can't rule out the possibility that, from time to time, we'll have to slow down our acquisition activity in light of operational capacity constraints.

Access to capital

The third potential constraint is access to capital. Through the actions taken during Q2 and after quarter-end, both the scale of the resources available to us and the breadth of our financing options have improved.

During Q2, we entered into new euro-denominated term loan facilities totaling €255 million, and increased our euro-denominated revolving credit facility by €460 million for a total of $1.58 billion based on the quarter-end exchange rate. After quarter-end, we secured a further €590 million of term loan financing, increased our revolving credit facility by another €30 million, and received net proceeds of $1.10 billion from our IPO.

These actions, together with our existing cash balances and the cash we expect our businesses to continue generating, provide sufficient funding for the pending Airtable acquisition while preserving flexibility to pursue additional acquisitions that meet our return thresholds. We intend to exercise that flexibility while maintaining plenty of headroom under our debt covenants and sufficient liquidity to meet our obligations in a range of downside scenarios.

As a public company, we now have access to a broader range of financing sources. We'll select among those sources carefully, remaining focused on the objectives of maximizing long-term shareholder returns while keeping a prudent risk profile.

With that, I'll hand the call over to Enrico to discuss our financial results in greater detail.

Enrico Martinelli, co-CFO

Thank you Luca, and hello everyone.

In Q2, we delivered triple-digit revenue growth and expanded profitability, with contributions from across our diversified portfolio of businesses. Cash generation and our financial position remained strong. I'll cover each of these areas before discussing our outlook.

Revenue

For Q2, total revenue was $704 million, up 126%.

Organic revenue growth was 3%. Underpinning this organic revenue growth, the strongest contributions came from WeTransfer and Tractive, partly offset by a decline in Remini and Splice revenue. Relative to our expectations, we primarily saw better than anticipated performance in AOL advertising.

Operating expenses and profitability

Q2 operating income totaled $240 million, increasing 139%, and Adjusted Operating Income reached $381 million, increasing 150%. To calculate Adjusted Operating Income, we remove amortization and impairment of acquired intangible assets, transaction-related expense, reorganization-related expense, and other items that we don't consider indicative of core or ongoing operating performance.

Operating income margin was 34% and Adjusted Operating Income Margin was 54%, expanding 2 percentage points and 5 percentage points, respectively. This margin expansion resulted from scale economies, as well as operational efficiencies unlocked as we continue to improve our Platform. In addition, we keep redeploying Spooners to areas offering the highest return, which we see as an advantage of our approach.

Looking at the major components of our cost base, cost of revenue increased to $241 million, representing 34% of revenue, unchanged from the prior-year period. The increase in cost of revenue was primarily driven by three factors. First, an increase in amortization of acquired intangible assets, reflecting continued acquisition activity. Second, an increase in IT infrastructure expense, reflecting an increase in cloud infrastructure utilization, mainly driven by acquisitions. And third, an increase in distribution and payment processing expense, reflecting the increase in revenue.

Operating expenses increased to $223 million, representing 32% of revenue, compared with 33% in the prior-year period. The increase in operating expenses primarily reflects personnel costs associated with the ongoing operation of newly acquired businesses, and separation packages offered to team members in connection with the reorganizations of AOL, Eventbrite, Tractive, and Vimeo.

After adjusting for the items excluded in our calculation of Adjusted Operating Income, cost of revenue increased to $155 million. This represents 22% of revenue, unchanged from the prior-year period. The increase was primarily driven by IT infrastructure expense and distribution and payment processing expense.

Adjusted to exclude the same cost items, operating expenses increased to $168 million, representing 24% of revenue compared to 29% in the prior-year period. We continue to drive productivity across the organization, and remain disciplined in our approach to sales and marketing activities. The development and adoption of cutting-edge technological tools has been, and should remain, a key driver of efficiency gains.

Equity compensation expense totaled $14 million in Q2. We do not exclude this expense in the calculation of our non-GAAP financial measures.

Bottom line

Returning to our GAAP financials, interest expense was $109 million, rising 205% year over year due to an increase in our absolute debt levels and, to a much lesser extent, an increase in the effective interest rate. Other income was $19 million and we recognized an income tax benefit of $26 million. This resulted in diluted earnings per share of $0.28 and Adjusted Earnings per Share of $0.46, up 163% and 167%, respectively.

As we detailed in our earnings release, we've revised our definition of Adjusted Net Income and Adjusted Earnings per Share to exclude two additional items. Foreign exchange gains and losses on assets and liabilities denominated in a non-functional currency are now excluded, as are gains and losses from changes in the fair value of interest rate swaps. These items are recorded in other expense (income) in our GAAP financial statements, and have been excluded from our non-GAAP financial measures as we believe that such adjustments improve period-to-period comparability. Full details of these revisions, together with recast historical results, can be found in our earnings release.

Cash flow and financial position

Turning now to cash flow and our financial position.

For the first half of 2026, net cash from operating activities totaled $254 million, against capital expenditure of just $4 million. This cash flow was net of cash payments associated with transaction-related expense and reorganization-related expense.

In terms of uses of cash, in the first half of the year we paid $2.29 billion for acquisitions, net of cash received. We also made $204 million in principal repayments of long-term debt.

We ended Q2 with total long-term debt of $4.88 billion, cash and cash equivalents of $793 million, and thus net debt of $4.09 billion. Leverage ratio stood at 2.4×. Please refer to the earnings release for the definitions of net debt and leverage ratio.

During the quarter, we entered into new euro-denominated term loan facilities with an aggregate principal amount of €255 million, and obtained a €460 million increase of our existing euro-denominated revolving credit facility. We drew a total of $581 million under a combination of these new term loan facilities, and existing term loan and revolving credit facilities. Of that amount, $296 million was drawn under the revolving credit facilities on May 6, 2026, remained outstanding as of quarter end, and has since been repaid.

After the end of Q2 2026, we entered into additional euro-denominated term loan facilities totaling €590 million, and obtained increases of euro-denominated revolving credit facilities for a total amount of €30 million.

Also, we sold 39.6 million primary shares at $29 per share in our initial public offering in July. Net of underwriting discounts and commissions, this raised a total of $1.10 billion. The primary shares issued in our initial public offering will be reflected in our basic and diluted shares outstanding as of Q3, 2026.

Guidance

Now to guidance. For Q3, we expect revenue to be in the range of $733 million to $745 million, and for Adjusted Operating Income to be in the range of $380 million to $400 million.

For the full year, we expect revenue to be in the range of $2.78 billion to $2.82 billion, and for Adjusted Operating Income to be in the range of $1.46 billion to $1.51 billion.

This guidance is based on the set of businesses we own today, and doesn't incorporate any contribution from future acquisitions. Specifically, it doesn't include any contribution from the pending Airtable acquisition, which we expect to close before the end of the year.

With that, we're ready to start the Q&A portion of the call.