



Operator:

Greetings. Welcome to the Bakkt first quarter 2022 earnings conference 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 call is being recorded. I will now turn it over to Ann DeVries, head of investor relations at Bakkt, please go ahead.

Ann DeVries:

Good morning. And thank you for joining us for Bakkt's first quarter earnings call. Today's presentation, including the separate earnings call presentation that can be found at our investor relations website at www.investors.bakkt.com will contain certain forward-looking statements about Bakkt. These statements are based on the current expectations of the management of Bakkt and are subject to uncertainty and changes in circumstance, many of which are beyond Bakkt's control, which may cause actual results to differ materially from those expressed or implied in such forward-looking statements.

For a more complete discussion on forward looking statements and the uncertainties related to Bakkt's business, please refer to its filings with the Securities and Exchange Commission, including the discussion of Bakkt's risk factors in its most recent annual report on Form 10-K and its subsequent quarterly report on Form 10-Q.

During today's presentation, in addition to discussing results that are calculated in accordance with generally accepted accounting principles, we will refer to certain non-GAAP financial measures. For more information on this, the basis of our presentation for our financial results and our non-GAAP measures, please refer to our earnings release, which was filed this morning with the SEC.

Joining me on today's call are Gavin Michael, Chief Executive Officer and Drew LaBenne, Chief Financial Officer. After our prepared remarks, we will answer questions we received from our investors through the Say Technologies platform. After that, Gavin and Drew will be available to answer questions from the analyst community. I'll now turn it over to Gavin.

Gavin Michael:

Thank you, Ann. Good morning, everyone and thanks for joining. At Bakkt we're connecting the digital economy, powering commerce by unlocking value from digital assets. We're forging new partnerships and activating our products in this growing ecosystem while also deepening relationships with existing partners to really create new opportunities. Momentum is building across our business and we've built a strong foundation for our future growth, so let's dig in.

We help our partners actively participate in the new and dynamic economy that's driven by digital assets. Bakkt's crypto services are just one of our core pillars. Crypto has proven that it has staying power and we're helping businesses play catch up. Our products and services enable businesses to meet rapidly changing user needs and increase relevance to their customers. Let's walk through some updates on our core capabilities.

Our crypto buy/sell capabilities or Bakkt Crypto Connect connects our partner's customers to crypto, where they're already transacting digitally. Our embedded experience will be live soon with a number of



partners. And this embedded experience is built upon the same crypto capabilities being used in market today through our app. It includes core services to onboard customers, to manage buy/sell capabilities, and all of this is done in a seamless experience in their trusted banking environment.

Rather than watching deposits flow out of their ecosystem to crypto exchanges, banks can help keep their customer attention within their environment while realizing the brand benefit of these innovative solutions. We also enable our partners to increase customer acquisition, especially of new and younger demographics. This is a segment everyone is competing for today. Our B2B2C go to market approach allows us to build scale quickly. And our platform partnerships enable us to efficiently roll this capability out to potentially hundreds of member banks and millions of end users.

This is where our partnerships with platforms like Fiserv and Finastra are so critical as we've signed a number of banks to our crypto connect offering and continue to build the technology to launch with them later this year. Our approach has traction in the market. This is shown by our recent announcements, including the addition of American Bank, which is the first bank slated to go live. We expect to see a strong acceleration in the second half of this year.

Let's next turn to Bakkt Crypto Payout. We all know that the war for talent is impacting every single sector. Transformation and innovation is happening in the payout space quickly and Bakkt Crypto Payout allows employers to differentiate their opportunities from others by allowing their employees to receive a portion of their pay in crypto. We surveyed gig economy workers and found that nearly 80% would like to receive either all or a portion of their pay in cryptocurrency.

Our first partner in the gig worker space is Bring Me That, a food delivery service platform. We're also excited to announce today that we're adding Laetro, a creative marketplace for enterprises and SMEs to our list of partners. Starting soon, creators who take on Laetro projects will be able to get paid a portion or all of their pay in crypto.

We continue to work with our platform partners to make this crypto payout capability available to a multitude of industries and market segments. Bakkt Crypto Payout has strong applicability across gaming and gambling marketplaces, the creator economy, the sharing economy and traditional employers. The ability for larger audiences to passively acquire crypto will only increase further adoption and uptake.

Moving next to Crypto Rewards, which we believe is a terrific entry point for crypto adoption by many more people in a passive way. And we believe can democratize access and inclusivity for everyone. Consumers can earn crypto through their daily activity. And our research is showing that as they get access to even small amounts of crypto, their knowledge increases significantly and they're more likely to buy and engage more deeply in the crypto economy.

Crypto Rewards will be live later this year. First with Fiserv through their uChoose rewards program, serving financial institutions' debit and credit cards. Cardholders in these programs will soon have the option to redeem their points directly for crypto. We're working across multiple partners to enable earning crypto both with credit cards and within merchant loyalty programs. With MasterCard specifically, we're working together to integrate Crypto Rewards into their platform to make it easy for clients to implement once we go live. We're collaborating on the product, customer experience and market fit. And we're taking the time to get this right, to ensure that we have a seamless experience for our joint partners.



Brands that offer Crypto Rewards create this truly differentiated customer engagement as consumers more frequently come back to check their Crypto Rewards and balances. And crypto buyers and holders are leading the charge on this trend.

A study we released earlier this year found that over 70% of those who purchased crypto, at least once in the past six months, are likely to redeem loyalty points for cryptocurrency. And about half of the crypto buyers are interested in earning cryptocurrency instead of loyalty points. It's so very clear that offering Crypto Rewards can drive a brand's credibility for being innovative and create a deeper connection that they're looking for, all leading to improved growth.

Moving to the next page. We were excited to launch Pay with Points and it's live with Wyndham Rewards. With this capability, Wyndham Rewards members can use their points to pay anywhere that Apple Pay and Google Pay are accepted. Pay with points enables the extension of more traditional point redemption opportunities. And we can bring this type of integration to a really wide universe of brands. We're able to create unmatched payment ease and more flexible use of loyalty points.

As brands compete to differentiate themselves, our pay with points capability is a big step forward for driving brand affinity, while also providing customers with new sources of funds and showing them increased value for their loyalty.

We saw in a 2021 Wise Marketer study that when compared to other payment options available in the industry, 90% of participants stated that pay with points increases the ease of redemption. This also creates a terrific retention feature as consumers say they'd be more likely to stay with a loyalty program that offers this capability. We see lots of ways that brands can take advantage of this capability. For faster speed to market, the functionality is embedded in our app and partners, like Wyndham, use this as a storefront for linking their payment capabilities.

For brands that are looking for an integrated experience, we simply embed the functionality in their ecosystem. This product has terrific scalability, and we're able to bring the familiar experience of checking out and paying in points to a really broad array of merchants.

Turning to our platform. Bakkt does much more than just provide technology to our customers. We work with our partners and customers to ensure that they are compliant with the regulatory standards required to offer crypto to their customers and help them work with their regulators on the overall understanding of this evolving space. We're regulated by NYDFS and our compliance measures, controls, and rigorous risk management practices are at the core of how we operate. We have the right infrastructure in place: bank trust charters, bit license, MTLs in every state required, to be highly regulatory-compliant and secure. We also provide sales support and 24/7 customer service, along with co-branded marketing collateral, to really help our partners educate their consumers about crypto and sell their Bakkt-enabled product. We are working to gain clarity on some of the recent statements regarding crypto from the various regulatory bodies. We're working closely with our partners to navigate the regulation thoroughly.

We're excited about our recent partnerships. We announced a strategic alliance with Global Payments. As part of this agreement, Global Payments will be supporting a wide range of our use cases, starting with enabling cryptocurrency redemption in customer loyalty programs offered by bank card clients, and then expanding into its banking as a service offering to include access to cryptocurrency, and ultimately



leveraging their issuing technologies for linking virtual debit, credit, and prepaid solutions. In addition to working with them in these areas, we are broadly collaborating with Global Payments on multinational merchant payment acceptance.

Another partner we recently signed is PSCU. They provide payment and digital banking solutions to their members, which include more than 1900 credit unions and banks. In partnership with PSCU, we'll be bringing Bakkt Crypto Connect capabilities to credit unions across the country.

We're really excited to work with our new partners to activate each of these areas of collaboration and really illustrate the value that our platform can bring to businesses, and subsequently to the broader ecosystem of consumers that they all represent.

And with that, I'll pass it along to Drew for a review of our financial results for this quarter.

Drew LaBenne:

Thank you, Gavin. Good morning, everyone. I will now walk you through the first quarter financial results. As a reminder, we use the term "predecessor" to represent the results of Bakkt Holdings, LLC, prior to October 15th. These results exclude any results from the VPC Impact Acquisition Holdings. "Successor" represents the results of Bakkt Holdings, Incorporated from October 15th forward, which is the post-merger period. "Combined" represents the combination of predecessor and successor for the applicable period. This is a non-GAAP figure.

Turning to slide 12, we have our first quarter 2022 financial results. We saw strong net revenue for the quarter of \$12.5 million, which increased by \$4.4 million or 54% compared to the first quarter of 2021, primarily driven by strong activity from loyalty redemption, particularly a rebound in travel as we're coming out of the pandemic. Revenue was down quarter over quarter, but you'll recall that the fourth quarter is seasonally strong for us.

We had \$61 million of operating expense in the period, which is up \$24.5 million or 67% year over year due to an increase in non-cash compensation and head count.

The net loss for the quarter was \$43.3 million, which resulted in a diluted net loss of 14 cents per share on an average diluted share base of 258.6 million shares. Net loss allocated to the non-controlling interest in the operating company was \$36.2 million, leaving a \$7.1 million loss attributable to Bakkt Holdings Incorporated, or a net loss of 12 cents per share on an average basic share count of 57.2 million shares. Partnership shares had a dilutive impact on EPS this quarter, due to the tax benefit from the DTL utilization, that would be created if the partnership shares converted to Class A shares. In the previous quarter, we had no such impact due to the DTL created from the VIH merger. Any dilution from the partnership shares in the future will be dependent on usage of the remaining DTL.

On slide 13, we have our EBITDA and adjusted EBITDA in the first quarter of 2022. Adjusted EBITDA reflects adjustments for non-cash and acquisition-related items that impacted the period. EBITDA and adjusted EBITDA for the quarter were losses of \$40.7 and \$28.9 million, respectively. The loss of adjusted EBITDA was primarily due to increased investment in growing the company.

In the first quarter, we had \$36.1 million of cash burn as we invested in our business to drive future growth. This leaves us with over \$355 million of cash readily available, representing significant liquidity



to fund continued investment for growth. Our near-term priority areas include continued investment in our platform capabilities and increased marketing spend as we go to market with our partnerships. We have plenty of dry powder available should we come across any interesting expansion opportunities.

On slide 14, we show net revenue broken out between subscription and service revenue and transaction revenue. Combined net revenue in the first quarter of 2022 was \$12.5 million and increased 54% compared to the first quarter of 2021. The strong revenue growth that we've seen in the last two quarters is the result of an increase in enterprise customers and an improvement in the economy as COVID-19 impacts have subsided.

Turning to slide 15, we have total operating expense. Total expense for the quarter was \$61 million, which was up 67% year over year. Total compensation expense of \$35.1 million increased 130% compared to the first quarter of 2021. This was driven by non-cash compensation charges related to the issuance of restricted stock units. We also saw 54% year over year increase in SG&A to \$9.4 million as we continued to invest in the business for growth.

On slide 16, we have our key performance indicators. These KPIs reflect the full breadth of how our capabilities are accessed across both partner and Bakkt experiences, whether through a community bank's trusted digital platform, through a large financial institution's loyalty storefront, or through the Bakkt app. We look at transacting accounts as an important metric to reflect activity on our overall platform from our B2B2C model. Transacting accounts across the Bakkt platform were 678,000 in the first quarter of 2022, up 26% year over year.

Digital asset conversions are a dollar weighted measure and more directly aligned to revenue growth. This measure was up 91% year over year, which reflects the strong growth we saw in loyalty redemption and the impact of a heavy travel season in the first quarter.

Crypto buy-sell volume is currently a relatively smaller portion of our overall platform activity. We expect this to increase in the near future as we activate the partners Gavin just spoke about, as well as build new relationships.

The lockup for Class V shares that were issued as consideration for the merger expired on April 18th. The Class V shares may be exchanged for Class A shares on a one-for-one basis, and an exchange does not necessarily mean that the holder has sold their shares to the market. For example, some exchanges are done for tax purposes or for other reasons. As of this call, Class V exchanges have totaled 17.5 million shares, or 8% of total Class V shares. ICE has not exchanged any of their Class V shares and now hold 90% of the remaining Class V shares.

As a reminder, last quarter, we gave guidance of net revenue for the full year of 2022 of \$60 to \$80 million, and cash burn of \$150 to \$170 million, to be used for investing in growing our business and leaving us ample liquidity for the future. The high end of our revenue guidance is dependent on activating our new partnerships and yielding consumer growth based on those implementations. We plan to provide updates on guidance midway through the year on our second quarter earnings call.

That concludes my section on the financial results. I will now turn it back over to Gavin for his closing remarks.



Gavin Michael:

Our priorities remain consistent and aligned with our vision to connect the digital economy, build out and activate our partnerships. We are laser-focused on this and expect to activate and ramp up our partnerships throughout the remainder of this year.

Investing in products and capabilities. Last quarter, we laid out our roadmap to the year. We launched Pay With Points and we expect to roll out real time funding by the end of this quarter. We expect to continue to launch many of the other items in the second half of this year.

Deepening our relationships with our existing partners. We're actively working to bring the breadth of our entire platform capabilities to the existing partner set that we have. We're working with them every day to find innovative solutions to their pain points.

And finally, execute on expansion activities. We're prioritizing new markets, new product capabilities, and other growth opportunities. And I really look forward to keeping you updated on these initiatives as we continue to execute. And now with that, I'll turn to Ann to manage our Q&A.

Ann DeVries:

Thanks, Gavin. Let's move over to questions from the investor community. Leading into our Q&A session, we'll start by answering the top questions from Say ranked by number of votes. Given the great volume of questions we have seen, we'll look to skip those questions that were addressed in our presentation and we'll group together questions that share common themes. After that, we'll turn to live questions from the analyst community. Our first group of questions is around our growth strategy. Specifically, Luke T. and others ask, what is your strategy this year to drive customer adoption and growth and increase revenues? Gavin, do you want to take that one?

Gavin Michael:

Yeah, sure. Look, I'll take it. We've just discussed our growth priorities. And as I've said, these remain consistent. We know that sticking to our priorities will ultimately deliver the customer adoption and revenue growth that we know we're all capable of. Near term, we expect more of our growth to come from the loyalty business as we ramp up and activate new capabilities in other areas of the platform. Our teams are working hard and moving with urgency to activate all of the things we've told you about, but we're taking the time to work closely with our partners on integration to ensure that we ultimately provide a seamless experience for their end customers and one that we are very, very confident is going to scale. When we start to activate these relationships more broadly, you'll see the growth flow onto our platform. And we have an addressable market of well over 100 million users. We have incredible reach with what we've built. Further, we have over \$355 million in available cash. We are exceptionally well capitalized to continue investing in our business and to drive future growth.



Ann DeVries:

Thanks, Gavin. Our next question is from Matthew M. He asks, "Do you plan on rolling out a marketing campaign soon? How do you plan on building a customer base? What is the current cost for acquisition?" Drew, can you answer this one?

Drew LaBenne:

Sure. Happy to. Our marketing strategy mirrors our business strategy. Our marketing focuses on a few key areas. First, B2B, where we are building out content and product marketing campaigns against our core products and rolling out those products through activations. Next, consumer facing incentives delivered through our partners, such as bonus points or crypto for their first transaction. Then, consumer facing digital marketing with a focus on testing incentives and messages we believe will help us with partner activations of case studies. And then finally, exploring brand sponsorships with partners who can help us drive awareness and activate core elements for business model, mostly exploring areas of crypto rewards and/or payments and payouts. The majority of our marketing will be done in conjunction with our partners to attract their customers to our platform and provide incentives for adoption.

We will also invest smaller amounts in direct marketing through digital and other channels, as well as some investments to build the Bakkt brand. We don't disclose our CAC, but we will say that with early partner activations, we've already seen CAC below our direct consumer testing, demonstrating that a B2B2C model is effective.

Ann DeVries:

Thanks, Drew. Next, we have numerous questions related to our stock price from Santhosh Kumar, Oscar P., Timothy T., and a few others. They ask, "How are you going to improve your stock price which went from \$50 to the mid \$3 level? What will you do going forward to increase market cap and appeal to new investors? What is your plan to look out for shareholders and improve our investments?" Gavin, can you please provide some color on this?

Gavin Michael:

Yeah. I'll take this one. Look, first, thanks to everyone for the support and for standing by us as shareholders. We understand your frustration. The markets have been incredibly volatile and challenging, and our stock has been very volatile since we went public. It's not easy being a shareholder in fintech growth stocks in the current macro environment. Our focus is on building a company with long term growth and sustainable returns for our shareholders. Executing on our roadmap, like our partnerships and platform enhancements we will deliver the financial results that will ultimately drive the positive momentum in our stock price. So that's what we're focused on. Our best opportunity to increase the market cap is pretty simple. Execute, execute, execute. That's what's going to generate long term value for all of you.



Ann DeVries:

Thanks, Gavin. Next up, Kevin M. Nicolae D., and others want to know about our future partnerships. Gavin, this one's for you.

Gavin Michael:

Yeah. Great question. Look, our sales and marketing teams are working hard to build relationships with prospective partners. We've recently signed several new partners, Global Payments, American Bank, and Laetro. These are really strong proof points for us. And these partners provide entryways into new industries, new segments, and a customer base. We've got such an active pipeline of new potential partnerships that we look forward to communicating to you all when the time is appropriate. And this is one of our key priorities, and we're confident in our ability to deliver against this priority. Simultaneously, we're also working to deepen the relationships with our existing partners. We're working with them actively to bring the breadth of our entire platform capabilities to their businesses. And so, we're constantly working with them to create new and innovative solutions to the pain points that they see in their businesses.

Ann DeVries:

Thanks, Gavin. Next, we have a question from Working P. who asks, "What is Bakkt's strategy to enable crypto payments for creators?"

Gavin Michael:

I love this question. We enable crypto as a form of payment, as well as an opportunity for people to get paid in crypto. And we mentioned during the earnings call that we've just entered into a partnership with Laetro, a curated creative marketplace for enterprises and SMEs to our list of partners. So starting soon, professional freelance creators who take on Laetro project jobs are going to be able to get paid a portion of their fees in crypto with Bakkt. Along the same thread, we announced back in December, our partnership would Bring Me That which is also getting close to launching. We believe there's a huge opportunity in the gig economy and new and exciting opportunities for many different segments of payment recipients to engage with these new digital assets. Our capabilities create key differentiators for platforms, for marketplaces. And in fact, really any employer to really attract and retain employees with new and exciting payment and reward options. We're really looking forward to continuing to build the momentum in this space. But I think you can already see that with the partners that we've announced, the proof points are starting to gather.

Ann DeVries:

Great. We have time for one more question from the Say platform. Samuel R. asks, "Is there still a plan for the crypto debit card?"



Gavin Michael:

Yeah. Look, I'll take this one as well. We rolled out our Bakkt branded Visa debit card, which you can fund with crypto last year. You can use it today anywhere Google Pay or Apple Pay is accepted. Our card provides a really convenient option for consumers to leverage their crypto for real life spending without first having to sell it and wait to have it transferred to a bank to make a purchase. In addition to crypto, we've also enabled the ability for consumers to pay with points, now unlocking the value of the points that they've earned, and we're thrilled to bring to life the ability for consumers to use these digital assets, such as crypto and rewards points in their daily lives.

Ann DeVries:

Great. Thank you, Gavin. And with that, I would now like to turn the call back over to the operator to open up the phone line to take questions from the analyst community.

Operator:

Absolutely. If you would like to ask a question, please press star followed by one on your telephone key pad. If for any reason you would like to remove that question, please press star followed by two. Again, to ask a question, press star one. As a reminder, if you're using a speaker phone, please remember to pick up your headset before asking your question. We will pause briefly as questions-

are registered. The first question comes from the line of Trevor Williams with Jeffries. You may proceed.

Trevor Williams:

Good morning, guys. Gavin, this one's for you. I mean, I know we're still very early in the life cycle. The company got a number of partnerships still yet to ramp, new products rolling out. Just balancing that against the sea of change that we've started to see in the market, just in terms of strategic priorities in your focus, has there been any change to what you're prioritizing over the next, we'll call it, six to 12 months? I mean, it sounds like just staying heads down, getting the announced partnerships up and running is the key focus, but would love any more insight into how you're thinking about key priorities that you would orient us to over the next six to 12 months would be great? Thanks a lot.

Gavin Michael:

Sure. Good morning, Trevor. Thanks for the question. Right now, mate, no change. I mean, the same focus all about execution and activation. You've seen through today's earnings, together with previously announced platform partners, we have a terrific and growing ecosystem of partners that we're keen and anxious to activate. We're seeing strong traction in the market for the ability for us to embed our Crypto Connect solution, the buy-sell opportunity into a wide range of banking solutions. We continue to see strong traction from emerging spaces, like crypto payout, where we want to be able to see newer products that are on the platform are really driving new opportunities for us. You see that with BringMeThat and Laetro, the two that we've announced.



And the work that's happening within our loyalty space. When you think about the crypto rewards proposition, these are all growth marketing opportunities. So we are talking to our partners about improving their top line growth, deepening the relationship that they have with their existing customers and giving them the opportunity to really activate new customers as well. So right now, no change, heads down, execute, great set of partners, great prospects. Thanks mate.

Trevor Williams:

Got it. That's very clear. Thank you. And then just my next question's on crypto specifically. I mean, with how quickly prices have moved, can you give us a sense for what you guys are seeing in real time related to volumes and activity? And I know it's still a small percentage of your overall transaction volume, but if we have a continued down drift in crypto prices, I mean, how should we think about that impact? Drew, I know you said you guys are going to update the guidance later this year. But just within the \$60 to \$80 million, if we see a continued down drift in prices, how should we think about that impacting the revenue outlook for the year? Thanks.

Drew Labenne:

Yeah. Yeah, sure. I mean, right now we're not seeing a lot of differences in terms of the activity levels, and as we've been saying, they're still low till we get these partnerships up and running. We're obviously watching what's happening to crypto prices in the market. I think it's worth reiterating, we're in the two most liquid and well traded markets, Bitcoin and Ether. And low prices does not necessarily mean lower activity. We'll have to wait to see how that plays out, but some may also view it as a buying opportunity to get into the market related to crypto. But we're watching it very closely. And as we said, we'll update our guidance midyear based on the trends that we're seeing and extrapolate that out into our forecast.

Trevor Williams:

Okay, perfect. I appreciate it guys. Thank you.

Operator:

Thank you, Mr. Williams. The next question comes from the line of Rich Repetto with Piper Sandler. You may proceed.

Rich Repetto:

Yeah. Good morning. Good morning, Gavin. And I guess my question's a follow-up on crypto as well, and I think you got a unique positioning, but some of the issues that are going on in the space with these new disclosures of, if you hold crypto for a third party and you're publicly traded, you have to disclose the bankruptcy estate risk. I guess, can you just clarify your relationship there and whether you're even anywhere involved with that?



Drew LaBenne:

Yeah. Hey, Rich, Drew LaBenne. I think you're talking about SAB 121 that came out from the SEC. Which really-

Rich Repetto:

Exactly. Yeah.

Drew Labenne:

... Yeah. As a custodian of crypto assets, we will need, starting in Q2, to gross up our balance sheet for the crypto that we're providing custody services for. And then the guidance is still being worked on, the specific details with the big four accounting firms. And so we're working on getting clarity. There is a haircut aspect to this that relates to, do you need to, I'll call it in my own words, hold a reserve for the risk that you're holding and custodialing these assets. We're waiting for more guidance on that. But I think what's helpful, at least from our perspective, is we've had very clean historical performance on managing cryptocurrency assets. We're highly regulated. We have all the controls in place that we need, that we believe we need to effectively manage crypto assets. So we feel like we're in a good spot to adopt this and are well positioned to be a strong custodian in the future.

Rich Repetto:

And I'm sorry if I missed this, but did you disclose how much crypto assets you have in custody?

Drew Labenne:

No, we didn't disclose that yet, but starting in Q2, I think along with all other custodians, we'll disclose that.

Rich Repetto:

Got it. Okay. And one last question, I guess, Gavin, on growth of revenues going forward as you target partnerships. And right now the transaction subscription revenue is close to evenly contributed to revenue. I guess for the next year, do you see that at a steady pace that mix? And then over the longer term, which way should it tilt?

Gavin Michael:

Yeah. Good question, Rich. Good morning. Right now, in the near future, yes, we continue to see it pretty evenly paced. As we see traction in the marketplace, as the activations occur, we would expect over the longer term to see the subscription revenue continue to grow, maybe at a slightly higher rate. But definitely for the near term, as you said, we expect it to be equal pegging.



Rich Repetto:

Okay. That thank you very much. That's helpful.

Operator:

Thank you. Again, ladies and gentlemen, if you would like to ask a question, please press star one. There are no questions waiting at this time. I would like to pass the conference back to Ann for any closing remarks.

Ann DeVries:

Great. Thank you everyone for attending our earnings call this morning. We look forward to connecting with you again soon.

Operator:

Ladies and gentlemen, that concludes our event. You may now disconnect.