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PRESENTATION

Operator

Greetings, and welcome to the Bakkt Fourth Quarter 2021 Earnings Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded.

I would now like to turn it over to Ann DeVries, Head of Investor Relations at Bakkt. Please go ahead.

Ann DeVries - *Bakkt Holdings, Inc. - Head of Investor Relations*

Good morning, and thank you for joining us for Bakkt's fourth quarter earnings call. Today's presentation, including the separate earnings call presentation that can be found at our Investor Relations website at www.investor.bakkt.com, will contain certain statements about Bakkt that are forward-looking statements. These statements are based on the current expectations of the management of Bakkt and are subject to uncertainty and changes in circumstances, 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.

In addition, these statements are based on a number of assumptions that are subject to change. Please refer to our company's current report on Form 8-K filed on October 21, 2021, following the closing of our recent business combination for a more complete discussion on forward-looking statements and the risk factors applicable to our company.

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. Furthermore, the presentation of the income tax benefit or expense for the successive portion of the fourth quarter of 2021 as well as items derived from such measure, like net loss, reflects management's current estimate for income tax benefit or expense, which is subject to change. For more information on this, the basis of the 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 - Bakkt Holdings, Inc. - Chief Executive Officer

Thanks, Ann. Good morning, everyone. It's my pleasure to discuss Bakkt's fourth quarter earnings for 2021. Since our last quarterly update, we've been hard at work on the objectives we set forth during that call. We are utilizing our extremely strong capital position to build scale with new and existing partners, drive growth through new capabilities and invest in our business platform and infrastructure to create sustainable, long-term shareholder value.

Our vision remains unchanged, to connect the digital economy. We power commerce by enabling consumers, businesses and institutions to unlock value from digital assets. 2021 was truly a transformative year in this vision for Bakkt. We focused on building the foundation for the company in advance of our public listing, signing and activating partners and building our team and our capabilities.

The numbers on this page illustrate the strong base we're working from. Today, the Bakkt platform is multifaceted and robust. We said this before, but we're truly just getting started. And this set of metrics demonstrate the power of the platform we are starting from.

In 2021, we saw 1.4 billion linked on our platform through the consumer app, more than 88 billion points redeemed across our platform, 82% quarterly growth in crypto trades and 250% quarterly increase in person-to-person sending of crypto. With an employee base of almost 600, up more than 130% year-over-year, our team is helping to drive so much of this momentum.

These metrics show the depth and breadth of our platform today. This shows that we are growing and scaling further from a position of strength. It's truly reflective of the strong and trusted partnerships that we already have with well-recognized and influential brands.

Our key priorities remain consistent with what we shared during our third quarter earnings call. We are connecting the digital economy at the intersection of loyalty, crypto and payment. We are continuing to build partnerships which align with our B2B2C go-to-market model. This approach enables us to scale quickly and efficiently, and we're enriching partner brands by bringing valuable experiences to their existing customers and potential growth opportunity with new customers.

We have extensive relationships with companies that are household names, and we are deepening these relationships by seeking ways that we can partner across multiple Bakkt product pillars. We're also aggressively investing in our products and capabilities to support existing and new partnerships. We remain focused on our 4 major product areas, crypto services, crypto rewards, paying with digital assets and powering loyalty, and making thoughtful decisions on where and how we make enhancements. And of course, we are evaluating and executing on potential expansion opportunities, which means continuing to grow our B2B2C partnerships and activating those that we've already announced, but also evaluating the landscape for growth in adjacent areas as opportunities arise.

We continue to build and enhance our product capabilities for our partners, supported by our institutional grade technology platform, which is the core of everything we do. Our crypto services, including buy/sell capabilities, supported by our regulated platform and secure custody, enable businesses to bring crypto to their customers directly in their trusted environments. We are leading the way in bringing crypto services to non-native crypto companies.

With Bakkt crypto rewards, brands can reward their customers in crypto every day as they spend. Whether within an existing loyalty program, through a credit or debit card or a new way to earn, we are enabling unique brand experiences and an ability for consumers to passively acquire digital assets that have an opportunity to rise in value.

As mass adoption of crypto currencies continue, crypto buyers are signaling a desire for these new rewards mechanisms. In fact, in our recent loyalty and rewards study with 1,000 consumers, about half of the crypto buyers are interested in earning rewards in crypto instead of traditional rewards points. We see this trend continuing, and it's an important call to action for brands and businesses to quickly define their crypto strategies.

Paying with digital assets represents a broad array of opportunities. We enable using digital assets like crypto and points for payment, but we're also seeing strong traction with disbursements and payout capabilities in crypto. We're enabling crypto disbursements so that businesses can pay gig workers, marketplace sellers and creators in crypto when they receive a payment. We can enable a simple, embedded experience during key

moments of money decision-making. We expect younger generations and tech-savvy consumers to engage with crypto in this new way, and our capabilities provide an important differentiator to platforms that are competing for scale with customers and workers alike.

Our platform has been built from the start to power loyalty programs. Large financial institutions and loyalty programs alike take advantage of our turnkey solutions to drive consumer loyalty and engagement. Consumers can access a full spectrum of travel and experiences, Apple and other merchandising gift cards through our developed store fronts. The strength of the platform that we have in loyalty is a very strong differentiator for us, both in our deep expertise in understanding loyalty and in our valued relationships with large and established partners that are seeking to redefine brand loyalty in a post-pandemic retail market.

Our capabilities set up numerous differentiated use cases for partners and consumers alike. We can walk through just a few. We are connecting crypto experiences to trusted banks and credit unions, truly bringing crypto to mainstream. Adoption of crypto is already here, and we are the connection between consumer financial services and crypto. We make this embedded capability seamless for our partners.

We're connecting crypto rewards to consumers' daily spending and enabling brands to offer redemption or earn in crypto capabilities, providing their customers with choice and yield opportunities. We're bringing crypto to the gig economy and the disbursements universe more broadly, from crypto rewards for customers to enabling workers, creators and sellers to elect for portions of their payment to be received in crypto. We believe this segment is ripe for crypto, and we're focused on scaling our partner set in this space.

We're connecting loyalty programs to consumer choice and delight, creating opportunities for flexibility, connection and alignment with other brands. And moments of surprise and delight can go a long way with consumers and the choices they make. We are truly helping brands set themselves apart.

We're connecting payment options to drive commerce. From paying with your digital assets like rewards points or value earned through crypto, payments are a natural extension to the digital asset ecosystem that enables brands to further integrate into consumers' everyday lives.

And our custody service remains the backbone of our crypto offerings. Our unique capabilities differentiate us, specifically our state-of-the-art physical and cyber security and institutional-grade technology and governance. Custody is a key enabler for us to serve as a valuable partner to a variety of businesses across the industry, particularly as we see unprecedented institutional demand for crypto currencies.

Going deeper on our crypto partnerships with trusted banks and credit unions. In Q4, we announced strategic and important platform partners that enable us to access and serve thousands of regional, local and community banks across the country via a set of repeatable processes and integration. Our work in activating their networks is already well underway. In December, we were pleased to announce the first member bank in Manasquan Bank and have subsequently added great names like Hanover Bank and Valliance Bank to our growing roster.

These partners will be making cryptocurrency access simple and approachable within the digital banking environment that clients know and trust. And that is enabling the banks to participate in this space and break into new customer segments like younger generations, the crypto curious, and the crypto newbies. Our capabilities embed in their platforms, creating an easy bridge for consumers to invest with even small amounts and to be able to transact and view their crypto in the context of their broader financial lives. Our services go much further than fully embedded crypto experiences. They extend to customer service, marketing support and educational content to drive usage and customer engagement.

We're excited to help these and many more financial institutions deliver crypto services to their customers and associate their brands with innovation, new opportunities for customer acquisition and really prepare for potential futures of money.

Crypto experiences are at the doorstep of the gig economy and offer new and exciting opportunities for so many different segments of payment recipients to engage with new digital assets.

Our platform can enable using your crypto or other digital assets to pay for food or daily groceries like in our newly announced partnership with BringMeThat.com, but also enables payouts and disbursements in crypto for a variety of use cases. These include for those gig workers or side

hustlers, for marketplace payments or gaming or even for payroll and a new take on employee rewards. We're working to give businesses more opportunities to leverage new digital assets in their ecosystem and really set themselves apart from the competition.

And our capabilities are built to scale and repeat across partners, starting with BringMeThat, which we announced in December. That will be integrated as a payment option within the company's digital channels, allowing customers to pay with cash, participating points or crypto that they hold in our consumer wallet.

In addition, we'll launch our crypto payout capabilities to enable drivers working with BringMeThat.com to select crypto as a payment method via Bakkt. Our capabilities create key differentiators for platform, marketplace and payroll companies to attract workers and users with new and exciting payment and rewards options.

As I mentioned earlier, we continue to connect businesses to secure crypto custody as the backbone of our crypto services. We are a regulated custodian for both bitcoin and ether, and our warm and cold asset storage is rebalanced between tiers to minimize the risks associated with warm storage. For additional layers of protection, our warm and cold wallets are built on secure wallet architectures along with multi-zone physical security, including bank-grade vaults. We also hold insurance policies against these assets.

Our custody partners span a wide set of businesses and financial institutions, at a time when the crypto market continues to expand at a robust pace, leading reputable companies to diversify their custody of assets.

Recently, we announced a custody partnership with Nexo, a leading digital asset exchange and trading institution. We're pleased that Nexo and many others continue to trust our solutions as they diversify their asset bases. Staying at the forefront of crypto custody helps to inform and enable our broader crypto use cases for businesses and consumers.

In our Q3 earnings, we talked about the capabilities we enable for customers to engage with their loyalty points in brand-new ways. We continue to build on this capability with new partners, and our partnership with Wyndham is another great example of this. We went live with Wyndham Rewards in Q4, enabling members to link their account within the Bakkt App to instantly convert their points to cash. Once converted, members could choose to deposit funds into their bank account, send them to a friend, purchase discounted gift cards or use them online and in-store for purchases via both Apple Pay and Google Pay, among other options like purchasing cryptocurrency.

Since launch, we've seen some great response with a nearly 30% increase in download to registration conversion, 30% lower cost per acquisition and 5x activation of the Bakkt card versus the overall population.

We continue to see reinforcement of the attractiveness of using your points and digital assets to transact in new ways. As we work with a variety of partners, we will support brands and businesses in driving customer loyalty and growth.

We're making rapid progress with the platform partners that we announced in Q4. As we continue to move forward and work closely, we're truly excited about the expansive opportunity. With Fiserv, we've seen some early wins with the rollout of our crypto services with multiple banks, and we're further integrating buy/sell capabilities into their bank network. We're also partnering to build crypto payout functionality across their client set.

With Finastra, we're currently integrating crypto buy/sell capabilities into their bank network and engaging in conversation with prospective partners. These activities are foundational to our activation with each of these partners. But they are also relevant more broadly.

From a scaling perspective, this work enables us to expand much more quickly from here and build upon our momentum. We are building repeatable processes with broad market application, processes that enable us to achieve scale quickly such that deepening with existing partners and activating new ones becomes easily repeatable. Our platform is engineered for scale. Everything from our back-end technology, embedded experiences and customer care easily scale and allow partners to rapidly deploy our services.

We are aggressively investing in our products and capabilities, leveraging our strong capital position to invest in and scale the business. Our teams are hard at work on our payout and disbursement capabilities. Earlier, we talked about this in the context of our partner, BringMeThat, but we see payout functionality being relevant to gig economy platforms, marketplaces, payroll companies, gaming, gambling and beyond.

We will be enabling open-loop crypto wallets so that consumers can deposit and withdraw crypto, starting with bitcoin, without conversion to fiat. This enables us to access the entire network of bitcoin owners today, leveraging our payment or buy/sell capabilities regardless of where they originated their crypto transactions. This has great application for many new partners as well who want to engage in the open-loop environment.

We will also be expanding beyond bitcoin and ether to offer additional cryptocurrencies and stablecoins on our platform. The specific timing of this will, of course, be subject to regulatory approvals, but we recognize that consumers value choice, and that is what we want to provide. We will stay true to our roots of offering a small number of well-controlled coins, prioritizing a handful of the largest and most liquid.

We are continuing to invest in our loyalty business with rewards and points innovations. We are launching pay with points capabilities that are applicable to partners broadly. We are enhancing our Apple and our merchandise storefront to more easily allow for consumer choice and convenience. And we continue to enhance our travel capability with more self-serve opportunities to make transacting with us through our partners even easier and to reduce the costs for our partners.

We know that enabling real-time funding is necessary for our platform across our own experiences and experiences embedded in partner applications. It is critical for us to make it easy for customers to use our services instantly without having to wait for the deposit to clear. Very soon, real-time funding will be live on our platform, both for transactions within the app but also for the platform more broadly.

I appreciate the opportunity to talk about our focused set of activities over the last quarter at Bakkt. I'll now turn it over to Drew LaBenne, our CFO, to discuss our fourth quarter and full year 2021 financial results.

Andrew LaBenne - Bakkt Holdings, Inc. - Chief Financial Officer

Thank you, Gavin, and good morning, everyone. I will now walk through our financial results for the quarter. Before we dive into the numbers, there are a few items to note regarding the presentation of our results for the quarter. On October 15, we completed our business combination with VPC Impact Acquisition Holdings, or VIH. As such, our results for the quarter are significantly impacted by the acquisition.

First, I want to note that we used the term Predecessor to represent the results of Bakkt Holding, LLC prior to October 15. These results exclude any results from VIH. Successor represents the results of Bakkt Holdings, Inc. from October 15 to December 31, 2021, which is the post-merger period. The Combined represents the combination of Predecessor and Successor for the applicable period. This is a non-GAAP figure. For future quarterly results, the presentation of results should be more straightforward.

Turning to Slide 15. We have our fourth quarter results separated into the Predecessor and Successor periods. Net revenue in the fourth quarter of 2021 for the Combined period, which is a non-GAAP figure, was \$13.7 million, which increased by \$4.2 million or 45% compared to the fourth quarter of 2020, primarily driven by strong activity from loyalty redemption.

During the quarter, we recognized certain significant items related to the business combination, which are largely noncash. We had \$52.6 million of operating expense in the predecessor period of the fourth quarter and \$86 million of operating expense in the Successor period. A substantial portion of this expense was related to the business combination, including noncash compensation charges of \$30.6 million and [\$47.2 million] (corrected by company after the call) of Predecessor and Successor, respectively, related to the issuance of Class B common stock of Bakkt to employees and directors in exchange for legacy interest in the acquired company. This Class B stock was included in the initial aggregate valuation of \$2.1 billion. And acquisition-related expense of \$12.7 million and \$1.5 million are included in the Predecessor and Successor, respectively.

In addition, we had a noncash mark-to-market expense of \$79.4 million in the Successor period related to the fair value of warrant liabilities issued by VIH prior to the business combination. The 6.1 million private placement warrants were exercised by the sponsor, which caused \$50.4 million of the impact. Additionally, 3.2 million of the public warrants were exercised and contributed \$23.4 million of the impact. Of the 16.5 million warrants

originally outstanding at the transaction close, only 7.1 million were still outstanding at December 31, 2021. Those remaining public warrants drove an incremental mark-to-market impact of \$5.6 million at year-end.

We reported a net loss of \$153.1 million in the Successor period when we were in a public company, of which [\$128.1 million] (corrected by company after the call) was related to the significant items I just mentioned. A portion of the loss attributable to the Class A shareholders was \$32.4 million or a loss of \$0.60 per share. As a reminder, there are another 206 million Class B shares related to the operating company that are currently not participating in the diluted share count.

On Slide 16, we have our EBITDA and adjusted EBITDA for the fourth quarter of 2021. Adjusted EBITDA reflects adjustments for noncash and acquisition-related items that impacted that period. EBITDA for the Successor period was a loss of \$147.6 million. Adjusted EBITDA for the Successor period was a loss of \$21.8 million. The loss in adjusted EBITDA was primarily due to the increased investment in growing the company. We will continue investing in our business and have significant liquidity on our balance sheet to fund this growth with almost \$400 million of cash readily available for investment.

On Slide 17, we showed net revenue broken out between subscription and service revenue and transaction revenue. Combined net revenue in the fourth quarter of 2021 was \$13.7 million and increased 45% compared to the fourth quarter of 2020. Combined net revenue for the full year of 2021 was \$39.4 million, up 38% compared to 2020. Strong revenue growth that we saw in 2021 was a result of an increase in enterprise customers and an improvement in the economy as COVID-19 impacts have subsided.

Turning to Slide 18. We have total operating expense. Total expense for the fourth quarter was \$52.6 million in the Predecessor period and \$86 million in the Successor period. As I mentioned earlier, operating expense this quarter included \$43.3 million in the Predecessor and [\$48.7 million] (corrected by company after the call) in the Successor period of expense related to the closing of our business combination with VIH.

On Slide 19, we have our key performance indicators. We look at the transacting accounts as an important metric to reflect the activity on our overall platform from our B2B2C model. 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.

Transacting accounts across the Bakkt platform were 867,000 in the fourth quarter of 2021, up 13% year-over-year. The fourth quarter of 2020 included a large number of promotional accounts, which elevated the transacting accounts in that quarter.

Digital asset conversions are a dollar weighted measure and more directly aligned to revenue growth. This measure was up 34% year-over-year, which reflects the strong growth we saw in loyalty redemption. Crypto buy/sell volume is currently a relatively smaller portion of the overall platform activity. We expect this to increase materially in the future as we activate existing partners and build new partnerships.

On Slide 20, we thought it would be useful to provide some guidance for 2022. Note that our guidance assumes no further significant interruptions from the COVID-19 pandemic, and any potential acquisitions are not included in our projections.

Net revenue for the full year is expected to grow to \$60 million to \$80 million, an increase of approximately 50% to 100% compared to 2021 Combined net revenue, driven by continued strength in loyalty redemption and an increase in new partnerships driving crypto buy/sell and other activity in the second half of 2022, further diversifying our revenue base.

We are targeting using \$150 million to \$170 million or approximately \$400 million of available liquidity over the course of 2022. We will adjust our plan as needed according to observed business trends and additional opportunities that may appear. We plan to invest significant capital to grow our business, and therefore, we will operate at a quarterly loss throughout 2022.

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

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Thanks, Drew. As I mentioned at the start of our presentation, our focus remains on executing on our strategic plan, growing new partnerships and activating existing partnerships through our B2B2C go-to-market model, deepening relationships with our existing partners to enable new customer engagement opportunities, investing in products and capabilities to support existing and new partnerships and evaluating and executing on potential expansion opportunities.

We are well capitalized to execute on this strategic plan. As Drew mentioned, we ended the quarter with almost \$400 million in liquidity, and we will use that to fund our diversified revenue growth.

With that, I'll turn it over to Ann to manage the Q&A.

QUESTIONS AND ANSWERS

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Thanks, Gavin. Let's move over to questions from the investor community. We are excited to be using Say Technologies this quarter to engage more with our investors, particularly our retail shareholders. 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 partnerships, and comes from Brandon G., William K., Sathish E., Kartik I. and others. They ask, what are some new partnerships the company is looking at by the end of 2022? Will you partner with large banks such as Bank of America, JPMorgan Chase and Wells Fargo? How about institutions such as Apple, Amazon and Google?

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Thanks for the question. I'm happy to take that one. Our focus remains on signing new partners and deepening our relationships with existing partners. We have a strong pipeline of new partners seeking new ways to engage their millions of customers. Our use cases around crypto services, crypto rewards, payments and loyalty are resonating with large partners. And our reach through our current partners exceeds 100 million customers. As you can imagine, these partnership discussions are highly confidential, and we can't disclose potential partners. But we are focused on building this pipeline as the year progresses.

We also have relationships with many of the institutions that were mentioned. We power loyalty programs for many of the top banks in the country. Apple is a key partner for us as well as our storefronts enable consumers to redeem rewards points for their products. We're excited about these existing relationships, and we'll continue to explore ways to provide even more value to our partners and their customers.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Our next question comes from Travis D. He wants to know if Bakkt will be buying any crypto and holding it as an asset for investment.

Andrew LaBenne - Bakkt Holdings, Inc. - Chief Financial Officer

Thanks. I'm happy to take that question. Bitcoin and ether are held in custody for institutional customers, or we execute back-to-back transactions for consumers. We keep a small amount of bitcoin and ether as treasury stock to facilitate consumer transactions when the markets are closed and back-to-back transactions aren't possible.

We are still considering how to invest the proceeds from our recent deal funding, and we may consider holding more crypto as an investment. We are exploring extending margin based on these holdings for consumers and businesses as well.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Thanks, Drew. Next, Rajeev S. asks, what would be the main focus for Bakkt in 2022, getting more partnerships or activating existing partnerships in production or both? Gavin, do you want to take this one?

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Yes. Sure. Look, really, it's all of it. We outlined in our earnings presentation our key priorities: building out and activating partnerships, deepening relationships with our existing partners, investing in products and capabilities to support existing and new partnerships and executing on expansion opportunities. These continue to be our focus going forward. And through the balance of the year, you'd expect to see us activate many of our new and existing partnerships and capabilities and bring on more partners to continue to drive growth on the platform.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Thanks, Gavin. Next, we received a number of questions around competition from Jason D., Shauraya K. and others. They ask, as crypto becomes more widely accepted, many new businesses are starting to pop up in this industry. What are some things Bakkt has planned for the future to stay ahead of the pack?

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Yes. Great question. We believe our platform is uniquely positioned to help these businesses, institutions and brands offer crypto in ways that make sense for their business model and customers. There are many recent examples of companies who are starting to offer crypto buy/sell, and we know the competition in this space is intense. Our differentiator lies with our platform at the intersection of crypto, loyalty and payments and our B2B2C go-to-market model.

Importantly, the connection points between these capabilities help us to really create innovative products that we take to our partners. Crypto rewards and crypto payouts and disbursements are key examples of this. And we're seeing strong traction in our pipeline with the conversations that we have underway. Importantly, our B2B2C model allows us to scale more efficiently and at a lower cost than a direct-to-consumer model. So we will continue to leverage this unique positioning and the backing of our secure, stable platform to innovate and expand on our product offering appropriately.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Next up, we received some questions about the employee base from Isaac C. and others. Can you talk about the focus of the team and our locations across the country?

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Our people are truly at the core of what we do, and we have a great team with expertise across fintech, crypto, payments and loyalty to execute on our vision. People with strong experience in growing and scaling and running businesses. We talked earlier in our presentation about having almost 600 employees. We've been very focused on bringing in new complementary talent and building our team. And we grew headcount by 134% from the prior year across our sites that are really located in key talent pools across the U.S., in Atlanta, in New York, in San Francisco and in

Scottsdale to name a few. We will continue to focus on expanding our team as appropriate to execute on our strategy and drive growth for the company.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

A number of questions came in around the stock price. Specifically, Brandon C. asked, why did your price tank from \$50 to \$3? Drew?

Andrew LaBenne - Bakkt Holdings, Inc. - Chief Financial Officer

Sure. I can take this one. While we actively monitor and are aware of our stock price as it fluctuates over time, we have no control over the market price and do not intend to make it a practice to comment on it. Having said that, we understand that the stock has been very volatile since our public listing. Our stock price reached its highest level in October, shortly after our transaction was completed, which also tracked with the announcement of several key partnerships.

We saw subsequent declines in the stock price, which we believe largely coincided with overall market volatility impacting stocks related to crypto, growth, tech and de-SPACs. In December, when our PIPE shares were released to the market, we saw a larger decline, which we, in part, attribute to related selling activity and an almost 3x increase of available float. All of this said, we continue to be excited about the future and executing on our vision, and we are laser-focused on the near-term activities to drive future growth in our company.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Next, we have a number of marketing-themed questions. Investors want to know, will they start to see Bakkt in commercials and advertising? What is the plan to get Bakkt out there and more widely known?

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Ann, I'll take that one. Our marketing strategy aligns with our business strategy. We are focused on investing marketing dollars in the following areas: B2B, where we are building our content and product marketing campaigns against our core products and rolling out those products through our activations in 2022. We're working on consumer-facing incentives delivered through our partners, bonus points or crypto for their first transaction. Consumer-facing digital marketing with a focus on testing incentives and messages that we believe will help us with partner activation and case studies. And then finally, we're also exploring brand sponsorships with partners who can help us drive awareness and activate core elements of our business model around crypto, rewards and payment.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Next, we have a few questions around the regulatory landscape. Sophon K. asked, how will the incoming crypto regulation announcement coming from the Biden administration affect your future plans and growth?

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Another great question. From the very beginning, Bakkt has always prioritized safety, security and compliance as the cornerstones of its products and services. None of that has changed. We are pleased to see increased attention on the crypto space from the White House and from regulators at every level and believe that, ultimately, greater regulatory clarity will benefit disciplined players in the crypto ecosystem. As we continue to expand our platform, we will do so with the same emphasis on compliance that we've always had.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

We have time for one more question from the Say platform. A few investors would like to know about our plans to expand internationally.

Gavin Michael - Bakkt Holdings, Inc. - Chief Executive Officer

Our primary focus is to leverage our partnerships to scale our business first in the U.S. We believe staying focused on execution initially is critical to the achievement of our long-term strategy and will provide us with opportunities to expand later down the road. That being said, we are being really thoughtful about building relationships with new partners, and our platform allows for scale for the right opportunities.

Many of our existing partners have strong international capabilities. So over time, we will evaluate together the potential for international expansion through these partnerships. We're confident that there will be ample opportunities to pursue international growth over time, and we're going to be careful and deliberate on how we approach these decisions.

Ann DeVries - Bakkt Holdings, Inc. - Head of Investor Relations

Thank you. 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

(Operator Instructions) And our first question today comes from Trevor Williams of Jefferies.

Trevor Ellis Williams - Jefferies LLC, Research Division - Equity Research

Great. I wanted to ask on the revenue guide for the year, just between all of the new partner wins and what I'm assuming you guys have in the pipeline that you're expecting to convert. Just kind of what level of visibility do you have into the \$60 million to \$80 million in terms of what you might consider being already booked? How much growth do you need from the existing base of partners you have versus new wins to get into that range? Really just trying to understand what needs to happen to be at the low end or the high end of the range. Any help there would be great.

Andrew LaBenne - Bakkt Holdings, Inc. - Chief Financial Officer

Yes. Sure. Absolutely. Trevor, this is Drew. The way that the guidance is set out, we're going to ramp throughout the year in terms of revenue growth. So the early part of the year is really going to be our existing portfolio of partners and the new partners that we've already announced wrapping in. And on top of that, in the back half of the year, there's an expectation that we'll continue to sign partners, execute on them and have revenue growth related to those. In particular, in the newer products, crypto buy/sell and other products as well. So there is embedded in there an expectation of continued growth in partners and executing on the model that we've articulated over the course of the year.

Trevor Ellis Williams - Jefferies LLC, Research Division - Equity Research

Okay. Perfect. That makes sense. And then just on your transacting accounts, I think the initial guide had been for 9 million active users by the end of year 1 post-close. I'm just curious if there's any updated thinking on that for 2022 and any initial takeaways now that you've been in the market for a few months, co-marketing with the existing partner base? Just anything there that stood out so far on that front would be great.

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

Yes. Sure. I'll take the first part of that. And I think it's -- in terms of transacting accounts versus users, which were -- was in the original merger model, we've changed the metric. And I think we talked about this last quarter, but I'll reiterate for everyone. We've changed the metric because transacting accounts really captures the activity across the entire platform.

And on top of that, it's more of a metric of users that is linked to active revenue activities versus users who sign up for an app. And given the app is still very important to us, but some of our new partnerships that we've announced may not transact primarily through the app, the transacting account metric becomes, I think, much more relevant for investors going forward.

We obviously didn't guide on transacting accounts, and there will be a lot of volatility in where that number ends over the course of the year. We certainly expect it to grow rapidly. But depending on when partner implementations happen, how many new partners we sign and what the customer ramp curve looks like, there can be some variability in that number going forward. But the plan is absolutely to grow that number at a rapid pace in line with what we've discussed previously.

Operator

And our next question today comes from Owen Lau of Oppenheimer.

Owen Lau - *Oppenheimer & Co. Inc., Research Division - Associate*

Could you please add a little bit more color on how you want to enable an open-loop crypto wallet? How is it going to be different from the open-loop platform offered by other crypto companies?

Gavin Michael - *Bakkt Holdings, Inc. - Chief Executive Officer*

Owen, it's Gavin. Thanks for the question. So when we think about the way in which we are establishing our ecosystem, we see requests from our partners to be able to work in a hybrid environment. So we see some that want to be able to offer an open loop to be able to allow people to bring their crypto into their environment. But whilst they have that ability, they want to be able to control how that crypto flows through their ecosystem. So you can imagine us working with banks who want to be able to allow their customers who already have existing crypto holdings to bring it into their offering but then to be able to have them control a little bit more about how that coin gets used.

So we think that we're in a unique position to be able to offer a full spectrum of offering. So those who want completely open loop is what we've been talking about this morning versus those who want to be able to create new innovative solutions and really attract back the customers that have existing crypto holdings somewhere else into their environment. And the way the platform is structured with our custodial services underpinning it, we believe we're in a unique position to offer that.

Owen Lau - *Oppenheimer & Co. Inc., Research Division - Associate*

Got it. That's very helpful. And then, Drew, maybe in terms of the cash spending guidance in 2022, could you please talk about the key area of investments? Is it related to product development or personnel or tech and infrastructure or compliance? How much of that is maybe nonrecurring?

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

Yes. Absolutely. And the answer is yes, yes, yes and yes. But to give you a little more detail, it's -- there will be investment in headcount both for sales and tech development over the course of the year. There will be a ramp in marketing spend over the course of the year for implementing and comarketing with new partners and driving users to the platform. The product development, there will definitely be a ramp. I think that ramp

is actually happening now. And then I think the product road map over time as it continues to evolve will determine if that is more of a higher spend and we level off or if we should continue to invest and to continue developing new products.

But that's why there's some width -- there's some range in terms of the guidance of how much cash we're going to use this year. And I would say as we see opportunities in front of us that maybe we don't have visibility to right now, we would certainly invest even more in exciting opportunities if we saw the opportunity to do that. So we raised this cash to invest heavily in the business and grow it rapidly. We're certainly not going to shy away from opportunities to use the cash to generate shareholder return in the future.

Owen Lau - *Oppenheimer & Co. Inc., Research Division - Associate*

Got it. If I may, I'll just add one more quick one, which is, can you please give us an update on the progress of activating your partnerships such as Mastercard and Fiserv? What are the remaining hurdles?

Gavin Michael - *Bakkt Holdings, Inc. - Chief Executive Officer*

Thanks, Owen. Look, I'll take that one. As we said in the presentation, we're making really strong progress on the ability for us to be able to work with these platform partners that we announced in Q4. As we are working with them, we're finding and seeing some terrific expansive opportunities. We mentioned the work we're doing with Finastra to embed our capabilities into their banking platform. You're seeing fruit from the Fiserv relationship already. And then on Mastercard, we're really working to closely enable this passive acquisition of cryptocurrency, this notion of crypto reward. We've already built the core foundation for the rewards functionality, and we're really focused on establishing the connectivity with the work that we're doing in conjunction with Mastercard to be able to use them as a distribution partner.

We're also working to continue to drive the ability for us to attract partners through our B2B2C model. We're working very closely with them to be able to bring our capabilities. And remember, our partners have an addressable market of well over 100 million users. And that's what we're aiming to leverage as we think about these integration points with Finastra, with Fiserv and with Mastercard.

Operator

(Operator Instructions) And our next question comes from Kevin Dede of H.C. Wainwright.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

It's Kevin Dede, H.C. Wainwright. I was hoping, Gavin, you could elaborate a little bit on your customer acquisition via partnerships. Is there a step involved in combining or taking your partners' customers and adding them to your group? And I know Drew referenced transaction accounts. I'm wondering if you could just sort of add a little color to that.

Gavin Michael - *Bakkt Holdings, Inc. - Chief Executive Officer*

Yes. Sure. Kevin, thanks for the question. So when we think about the way in which we're working, you've heard us focus a lot on the repeatability of the platform that we're building. That's important for the scale that Drew was referencing. So we expect to see the impact of our partners in the second half of this year. We've really started to -- as we announce the partners, as we bring them on board, we're focused very much on closing the gap between the announcement and then when we see the impact of them in our financials, and we expect to see that in the second half.

When we think about the work that we're doing to enable our partners, we are not just providing the technology backbone to be able to execute the services that we're working with them, whether they'd be on the crypto buy/sell side, whether it be through the crypto rewards work that we're doing or the new releases that we've been talking about with the payout and the disbursements of crypto. We're also providing them with marketing, with customer care, with the ability for them to be able to educate their customers because the partners we're working with are deploying our

services to be able to deepen the relationships that they have with their existing customers, and they see this as a key acquisition moment for them to be able to grow their businesses.

So we expect to be able to see the impact of these partnerships in the latter half of this year. But we're also working to create something that is scalable and repeatable so that as the partners start to get announced, we start to reduce the barrier to entry into our ecosystem. And a lot of the work that Drew was referencing in terms of the investments have really been focused on making that happen.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

Okay. So a partner bank joins, do those customer accounts become Bakkt customer accounts as they start to execute [on your] platform?

Gavin Michael - *Bakkt Holdings, Inc. - Chief Executive Officer*

Exactly. That's exactly the model. That's exactly the model.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

Okay. Drew, I know you touched on this a little bit, but you went on to discuss the difference between users and transactional accounts. Do you have an update on the current level of transactional accounts now and how that may have changed since the end of the year?

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

Yes. The transacting accounts are in the presentation. We had 867,000 transacting accounts in the quarter. So those are users that have done a transaction on the broader Bakkt platform.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

Do you monitor how...

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

That could be -- go ahead.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

Yes. Apologies. Apologies. Do you monitor how those transactional accounts change in terms of size and use of the Bakkt platform?

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

Yes. Yes. I mean we see how many of them are doing loyalty redemption, how many of them are doing crypto buy/sell, all the different activities.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

Do you think you'll offer at some point a metric, a KPI that represents how each -- how the, I guess, maybe average transactional account increases?

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

You mean in terms of, let's call it, the notional amount of the transaction? Is that what you're referring to?

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

Yes.

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

For example, if you look at the other KPIs, the digital asset conversion volume, that's the notional amount of transaction that's happening. So you could actually take those numbers and divide [the 2]. And I'm not saying that's an exact way to do it, but you would get a relative scale of the notional transaction amount that is happening. And there's certainly seasonality to that number as well. So please just keep that in mind as you're working that math.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

No. Understood. I was trying to drill in and somehow come to some sort of an ARPU-like metric.

Andrew LaBenne - *Bakkt Holdings, Inc. - Chief Financial Officer*

Yes. That's -- yes. Yes. And I think we're now on our first quarter of officially reporting as a public company, and we're moving into growing new part of our business. So I think over time, as that is occurring, we'll consider which KPIs provide the best information on the performance as we evolve on that front.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

So Gavin, maybe a little more detail on the banks you announced in the December quarter, Valliance, Hanover, Manasquan. Were those sought through your marketing efforts? Or did they come to you through Fiserv? And can you talk a little bit about how you've been able to integrate them into the Bakkt platform or vice versa?

Gavin Michael - *Bakkt Holdings, Inc. - Chief Executive Officer*

Yes. Sure, Kevin. Look, at the moment, we have 2 routes to market. We work through our platform partnerships and we work direct. The ones that we're talking about right now have been coming through our partnership relationships. When we think about the way that we work, we're building a repeatable set of processes that allow us to embed our capabilities in their digital banking applications.

So as you saw in the chart that we showed, an illustrative example of what that experience looks like. So you'll be able to see your crypto balances sitting right next to your check accounts, your savings account. And we're driving to build a set of surrounding processes in terms of marketing, user education and customer care to be able to help banks like Manasquan, Valliance, Hanover scale quickly and bring customers into the new offering.

Kevin Darryl Dede - *H.C. Wainwright & Co, LLC, Research Division - MD of Equity Research & Senior Technology Analyst*

Okay. Fair enough. Fair enough. Can you talk about the tokens on your platform and how you decide which ones you can support? Are they strictly just the Greenlisted ones? And what sort of designs do you have on increasing the number that you accept?

Gavin Michael - *Bakkt Holdings, Inc. - Chief Executive Officer*

Yes. Kevin, look, thanks for the continued dialogue. We mentioned that we are increasing the exposure beyond bitcoin and ether that are on our platform today. We have to work in conjunction with our regulatory approval processes. So the Greenlist plays a very important role in what we do. And we're looking for coins and tokens that have sufficient liquidity and demand in them to be used by our partners.

But we also recognize that our partners and our platform needs to provide consumer choice and convenience. And using our safe and secure and regulated platform to make those available seems like the right direction for our product to move in, hence the announcement this morning.

Operator

Thank you for your questions. We have no further questions on the line. So I'll hand back over to Ann DeVries for any closing remarks.

Ann DeVries - *Bakkt Holdings, Inc. - Head of Investor Relations*

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

Operator

Thank you. Ladies and gentlemen, this concludes today's call. Thank you all for joining. You may now disconnect your lines.

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