

Bakkt Q2'25 Earnings Call Script

Operator: Greetings, and welcome to the Bakkt second quarter 2025 earnings conference call. At this time, all participants are in a listen-only mode. As a reminder, this conference call is being recorded. I will now turn it over to Cody Fletcher, Investor Relations Advisor at Bakkt. Please go ahead.

Cody Fletcher, Orange Group Advisors, Investor Relations

Hello everyone and thank you for joining Bakkt's second quarter 2025 earnings call.

Before we get started, I'd like to remind everyone that today's earnings call includes a separate supplemental presentation that can be found at our investor relations website at investors.bakkt.com. During today's call, we will make certain forward-looking statements, including statements regarding our signed commercial agreement with Distributed Technologies Research, or DTR, and the anticipated integration of DTR's stablecoin and AI payment infrastructure with Bakkt's regulated platform. We'll also discuss our strategic realignment into a pure-play crypto infrastructure company, including the divestiture of our custody business to ICE, including expected timelines, and the definitive agreement signed regarding the divestiture of our loyalty business, as well as expectations regarding the stablecoin payments market, regulatory environment, and our product roadmap. These statements are based on management's current expectations and are subject to risks and uncertainties, which may cause actual results to differ materially from those expressed or implied in such forward-looking statements. For additional information regarding forward-looking statements and risk factors, please refer to our filings with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the second quarter of 2025.

Further, in addition to discussing results that are calculated in accordance with generally accepted accounting principles, we will also make reference to certain non-GAAP financial measures. For more detailed information on our non-GAAP financial disclosures, please refer to our full earnings release, which can be found on our investor relations website.

Thank you, and I'll now turn the call over to Andy.

Andy Main, Co-Chief Executive Officer

Thank you, Cody, and hello everyone. Thanks for joining Bakkt's second-quarter 2025 earnings call, it's great to connect with you all again. With me today is Akshay Naheta, Co-CEO, and Karen Alexander, our Chief Financial Officer.

Slide 3: Digital assets: transformational trend to disrupt global finance

To begin today, I'd like to zoom out to view the broader market. As you can see, it's clear we're on cusp of a generational shift of what money is, how it's used and how it's moved around the globe. Blockchain technology is beginning to transform traditional markets, and over \$700 trillion in global assets—from equities and bonds to real estate—are potential candidates for disruption. This is not a niche trend; we believe it's a re-architecture of the financial system itself.

Digital assets are emerging as a transformational asset class, combining value, computing, and programmable functionality in ways that legacy systems cannot replicate. Institutional adoption is accelerating, with ETFs, tokenized securities, and programmable payments bridging the gap between innovation and tradition.

At Bakkt, we're positioning ourselves to be a core enabler of this monumental trend. Our stablecoin payment infrastructure, built in partnership with DTR, is designed to meet institutional-grade standards while unlocking entirely new use cases for cross-border value transfer. With a leaner, more focused operating model and a team purpose-built for this next phase, we believe Bakkt is well positioned to help lead the tokenization of real-world assets as this market evolves.

Slide 4 – Realignment: pure-play crypto infrastructure

Since stepping into the CEO role last March, I've focused on strategically realigning Bakkt to unlock its full potential. We took decisive action to streamline our operations—reducing costs, exiting non-core businesses, and refocusing the company on **crypto** where we see the greatest opportunity for long-term growth.

A major step forward was forming our partnership with DTR, which gives us the infrastructure to compete in one of the most disruptive blockchain use cases: stablecoin payments. To drive this vision, I brought in Akshay Naheta, CEO of DTR, as Co-CEO of Bakkt and a strengthened leadership team with deep expertise across crypto and fintech.

Today, I'm excited to share with you that we have made significant progress since our last call that accelerates Bakkt's realignment into a pure-play crypto infrastructure company.

During the quarter, we completed the sale of Bakkt Trust Company to Intercontinental Exchange, or ICE. This was the first step of our strategic realignment, as we saw significantly higher competition in the custody landscape following the repeal of SAB 121, which allowed larger institutions to enter the crypto custody space.

On July 23, we entered into a definitive agreement to divest our Loyalty business to Project Labrador Holdco, LLC, a wholly owned subsidiary of Roman DBDR Technology Advisors, Inc. When completed, this transaction will represent the completion of our strategic divestiture initiatives and marks a pivotal step that will accelerate our focus entirely on our core crypto offerings and forthcoming stablecoin payments infrastructure.

The transaction includes monetary accommodations of \$11 million plus relief of estimated negative working capital and indebtedness to ensuring a smooth transition. We expect the transaction to close in the third quarter, subject to customary closing conditions. Beginning in Q3, once the sale is finalized, we will report the Loyalty business as a discontinued operation.

With the divestiture of Bakkt Trust and the expected completion of the divestiture of our Loyalty business, we are transitioning into a lean, efficient organization that's ready to execute at scale. Our newly streamlined organization ensures we can move quickly to capitalize on market opportunities while maintaining cost discipline. The divestitures of Trust and Loyalty will reduce our cost structure and free up working capital that will reduce our cash burn and accelerate our path towards profitability.

On July 31, we signed a commercial agreement with DTR which paves the way for the completion of the integration of our systems with DTR's, enabling innovative stablecoin payment

solutions for our customers. We're already laying the groundwork for these innovative offerings, which Akshay will cover during his remarks.

Further, on July 30, we successfully closed a \$75 million SEC-registered offering of common stock and warrants. This new funding significantly recapitalizes our balance sheet and supports our exciting growth initiatives as well as the launch of a differentiated Bitcoin treasury strategy, which Akshay will cover in more detail shortly.

We're now operating as a leaner, more agile organization—focused squarely on the growing trend of digitalization of real-world assets. It's still early innings, but I believe Bakkt is well positioned to lead in this next wave of innovation.

As a result of the tremendous progress we have made over the past year, the clear opportunities ahead of us as a pure play crypto company, and the regulatory approval process for Akshay substantially complete, I want to share that effective today, I am handing the reins over to Akshay, who will assume the sole CEO position to lead Bakkt forward. I'd like to take this opportunity to thank Akshay for his partnership over the last several months and to congratulate him on becoming Bakkt's next CEO. I will remain closely involved as an advisor - focusing on finalizing the Loyalty divestiture and offering strategic guidance as Bakkt enters this exciting phase of growth.

I'm confident that with Bakkt's strong regulatory moat and technology infrastructure, under Akshay's leadership, Bakkt will transform into a leading platform in the crypto ecosystem for sustained growth. Thank you to our shareholders and partners for your support over the past year and being a part of Bakkt's evolution.

With that, I'll now turn the call over to Akshay.

Akshay Naheta, Co-Chief Executive Officer

Thank you, Andy, for your leadership through Bakkt's strategic restructuring and positioning the company for long-term success. I'm honored to build on this foundation to unlock the next phase of growth for Bakkt as a leading global crypto infrastructure platform.

Slide 5: Three pillars of Bakkt's crypto platform

Starting on slide 5, I want to frame where Bakkt is headed over the coming quarters. As Andy just mentioned, we're still in the early innings of a massive market opportunity. To better position Bakkt to capitalize on this opportunity, we are building Bakkt to be a leaner and more agile company, free of our legacy non-core assets. Further, we have successfully recapitalized our balance sheet with over \$100 million of financing to accelerate the three pillars of our growth strategy, which positions us at the center of this transformation in money and global finance.

First, our brokerage-in-a-box solution, a turnkey platform that enables clients to achieve a rapid time-to-market to launch in the U.S, while operating under SOC 2 compliance and the necessary regulatory licenses. Over the second half of the year, we are preparing to roll out a comprehensive set of technology upgrades to our platform that will significantly enhance user experience, expand trading capabilities, and create new monetization opportunities for Bakkt.

Second, stablecoin payments, powered by our DTR partnership. This is where we're delivering programmable, agentic solutions designed for cross-border value transfer—positioning Bakkt to compete in one of the most disruptive blockchain use cases in the market today—stablecoins.

Third, our Bitcoin treasury strategy, which we initiated just last week through our investment in MarushoHotta, to be renamed bitcoin.jp upon shareholder approval. We plan on taking this differentiated approach to other markets over the next few quarters. Bakkt will leverage the technical know-how to drive and manage an active treasury strategy, institutional custody solutions, yield generation and seek mNAV expansion for these companies.

Together, these three pillars give us a clear, and high-conviction roadmap to capture on the biggest trends in tokenization, stablecoin adoption, and Bitcoin adoption.

Slide 6: Brokerage-in-a-box 2.0

We will now discuss each of these three pillars in more detail beginning on slide 6. Our brokerage-in-a-box solution is already one of the most complete turnkey brokerage solutions available in the U.S. today. We provide full license coverage across the country, integrated liquidity solutions, and a regulated, SOC 2-compliant technology stack—all designed to give

clients rapid time-to-market with advanced brokerage and trading capabilities. This combination of compliance, infrastructure, and speed positions us as a trusted partner for institutions that don't want to build their own infrastructure from scratch.

Additionally, we're leveling up our trading infrastructure in a big way. Over the second half of 2025, we plan to begin rolling out brokerage-in-a-box 2.0—a comprehensive technology upgrade to our platform that significantly expands our capabilities and revenue potential. These enhancements will increase the supported coins on our platform to over 200 from approximately 50 today, upgrade our current trading engine, add social features such as copy trading, which lets users replicate the strategies of top traders on the platform, as well as yield generation capabilities. We are also introducing a redesigned user interface to improve the client experience and integrate support for tokenization use cases across broader assets aligned with the pending Digital Asset Market Clarity Act of 2025. We believe these upgrades will significantly enhance our monetization opportunities while maintaining the same speed-to-market and compliance standards, which will make our platform extremely effective.

[Slide 7: Immediate strategic priorities](#)

As we roll out brokerage-in-a-box 2.0, our immediate strategic priorities are: Deepen current client and prospective client engagement, strengthen our growing sales pipeline and broaden our monetization opportunities. We're already seeing strong adoption. We've recently added Longbridge, AscendEX, and BTSE to our platform and are seeing increased demand from institutions around our capabilities to offer other value-added crypto services while maintaining their existing brand relationships. Our platform is particularly compelling for international companies looking to immediately onshore into the U.S. market. Our sales funnel also remains healthy, with more than 400 leads at the top of the funnel and over 10 qualified leads moving through late-stage discussions. This strong pipeline reflects the growing global demand for turnkey brokerage solutions.

On the product side, we are focused on delivering immediate enhancements that include institutional grade custody partnerships to meet the highest standards, a B2B control panel to give clients greater operational control and efficiency, and margin lending products to expand trading capabilities and create new revenue streams.

These initiatives are designed to reinforce Bakkt's leadership in compliant, scalable brokerage infrastructure, while positioning us to capture a larger share of the market as institutional adoption of digital assets accelerates.

[Slide 8: Stablecoin payments](#)

Our second pillar, stablecoin payments, highlighted on slide 8, is becoming reality through the upcoming launch of Bakkt Agent, our AI-powered global transfers product, and the first step in our vision to simplify and automate complex financial transactions for consumers. This product is designed to deliver efficient domestic and cross-border payments, one of the most disruptive blockchain use cases in the market.

As consumers are getting more habituated with AI agents, the Bakkt Agent is capable of transforming any messaging interface into a programmable money platform with just a few lines of code. This solution will deliver chat-based transfers where users can send, receive, and convert funds through natural interactions like voice commands, text messages, or images – all through familiar conversational interfaces that people already use. The conversational, AI-driven experience will simplify the complexity of managing finances, allowing users to simply tell the agent what to do – eventually moving beyond simple transfers to create a platform that truly differentiates us from 'neobanks' of the past. Bakkt Agent is fully interoperable with our brokerage platform via APIs, enabling agentic global payments and expanding our remittance infrastructure through the DTR integration.

[Slide 9: Product rollout and development timeline](#)

We have launched a private beta for early testers this month, enabling transfers to over 36 countries initially, with plans to expand to more than 90 countries within the next few quarters. Our focus is on the high remittance corridors in Asia and LATAM. By the end of Q3, we are planning to roll out the consumer offering to existing clients, followed by a Q4 pilot with select businesses.

Looking ahead, our roadmap is focused on developing a full-featured financial AI agent that can autonomously manage and move money – a fundamental shift from traditional banking and not just an incremental improvement, but a new paradigm in how people interact with their money.

This includes introducing current and savings accounts, overnight interest-bearing accounts and payment cards for both local and international spending. These features will extend Bakkt's role in the digital money ecosystem, offering clients and consumers a comprehensive suite of blockchain and AI-enabled financial tools. This initiative not only positions us at the forefront of stablecoin adoption but also builds a scalable, capital-light, SAAS platform with multiple monetization channels in a market that's still in its very early innings.

[Slide 10: Bitcoin treasury strategy](#)

Finally, our third pillar, the Bitcoin treasury strategy beginning on slide 10. It is clear that leading companies adopting a Bitcoin treasury strategy at scale have created tremendous value for their shareholders.

Our differentiated approach is to capitalize on markets with unique structural advantages. We are focused on large, liquid markets, beginning with Japan, where there are few publicly listed companies and institutionally credible vehicles such as ETFs offering direct Bitcoin exposure. This dynamic combined with a strong demand for digital assets, has resulted in premium mNAVs for public companies that are actively accumulating Bitcoin onto their balance sheet.

The markets that we will focus on present high barriers to entry in terms of regulatory licensing and market trust, creating a durable competitive moat. These markets also have more predictable, supportive regulatory frameworks for digital assets as well as certain favorable tax related advantages for corporations holding Bitcoin.

Furthermore, we plan on bringing retail brand recognition through our ownership of domains such as bitcoin.jp and bitcoin.kr, positioning us to achieve strong market visibility, which we believe will strengthen our position with institutional and retail investors.

We believe our expertise and our unique approach will enable us to operate at scale, leveraging institutional-grade custody solutions, enhancing returns through yield generation capabilities, and creating recurring revenue streams for Bakkt via treasure management and related services. Together, these elements position Bakkt to deliver sustainable value for our shareholders and we plan on expanding this model into other strategic markets and geographies over time.

Slide 11: Initiation of Bitcoin treasury strategy with Japan

And we've already begun executing, beginning with Japan. Japan's growing interest for crypto and clear regulatory framework for digital assets, makes it an ideal jurisdiction to initiate our differentiated Bitcoin treasury strategy. On August 7th, we successfully closed a share purchase agreement to acquire approximately 30% of MarushoHotta Co., Ltd., or MHT, a Tokyo-listed company, making Bakkt the company's largest shareholder.

As part of the transaction, we have nominated Phillip Lord, President of Bakkt International, as CEO of MHT to oversee the integration of Bitcoin into the company's operating and financial model. Further, we will rebrand the company's name to bitcoin.jp, pending MHT shareholder approval. Bitcoin.jp will be the title sponsor of the upcoming leading Web3 and blockchain conference in Asia, WebX 2025 in Tokyo at the end of August. We look forward to sharing more details on this at the next earnings call following the EGM of MHT, which is expected to be in the second half of October.

Slide 12: Immediate strategic priorities

In closing, as a result of Bakkt's strategic realignment, we believe that will be a significantly more focused company, which is uniquely positioned to capitalize on the massive tailwind of the digitalization of assets. **I want to end my remarks today on slide 12** and summarize the key near-term strategic priorities that we plan to execute over the next couple of quarters:

- One, finalize the sale of our loyalty business. This marks a pivotal milestone that will accelerate our focus entirely on our core crypto offerings and stablecoin payments infrastructure.
- Two, as we move forward without our legacy non-crypto businesses, we will finalize our comprehensive review process, fully right-sizing our cost structure aligned to our existing revenue base. This includes a bottom-up evaluation of our organizational structure, 3rd party service providers, internal workflow and technology optimization to drive synergies across our business. We plan to share details of this plan on our next earnings call.

- Three, commence roll out of our brokerage-in-a-box 2.0 technology upgrades and new product roadmap to position Bakkt to capture efficiencies and significant monetization opportunities.
- Four, launch our stablecoin payments platform, Bakkt Agent, that efficiently enables cross-border payments and, overtime, reshape the way consumers manage and move money in their every day lives.
- Lastly, expand our Bitcoin treasury strategy to other markets having initiated it with Japan where there's clear regulatory and structural advantage for Bakkt, as we've started with MHT in Japan. We are looking forward to providing updates on this in our next earnings call.

I want to thank our customers and shareholders for their continued support and patience as we are well on our way into a major strategic transformation. We are still in the early stages of a generational shift in what money is, how money moves and how markets operate and trade. I'm excited to lead Bakkt into this exciting global trend of digital assets as we unlock long-term value for our shareholders through our differentiated position as a pure-play crypto infrastructure company.

I'll now turn it over to Karen to review the Q2 financial results in more detail. Karen?

Karen Alexander – Chief Financial Officer

Slide 13: Financial results

Thank you, Akshay. I will now walk you through Bakkt's second-quarter KPIs and financial results. As a reminder, in accordance with GAAP, we present crypto services revenue and crypto costs and execution, clearing, and brokerage fees on a gross basis, as we are a principal in the crypto services we provide our customers. By contrast, we are an agent in the loyalty redemption services we provide our loyalty customers. Therefore, loyalty revenue is presented on a one-line net basis.

Slide 14: Trading volumes

Starting with our crypto trading volumes, sequentially, Q2 experienced a decline in crypto trading volumes, which aligned with broader market trends during the second quarter. The crypto market faced headwinds from March through June as investors adopted a cautious stance amid regulatory uncertainty and macroeconomic pressures that characterized the first half of 2025.

Crypto trading volume for the second quarter was also impacted by the previously announced restructuring of our relationship with Webull, as we discussed on prior earnings calls.

Despite these near-term challenges, we remain optimistic about the strong tailwinds ahead. The regulatory environment has never been more supportive, with the current administration and Congress demonstrating unprecedented bullishness toward digital assets. Since the end of Q2, with Bitcoin hitting new all-time highs in July, we experienced a significant improvement in our trading volumes, up over 50% month-over-month.

As Akshay mentioned, we've also onboarded three new institutional clients to our platform – Longbridge, AscendEX, and BTSE - who we expect will meaningfully contribute to our trading volume activity moving forward.

We believe this favorable policy backdrop, combined with our pure-play crypto infrastructure positioning, full-scale DTR integration, and expanding partner pipeline, position us well to capitalize on the next wave of institutional adoption and market growth.

[Slide 15: 2Q25 KPIs](#)

Now on slide 15, I'll walk you through our Q2 KPIs, which provide insight into the underlying trends driving our business.

In Q2, total active transacting accounts were 689,000, segmented into 265,000 loyalty redemption accounts and 424,000 crypto trading accounts. This reflected the overall market as the heightened activity we saw in Q4 of last year dwindled over the next 2 quarters, with the uncertainty in the markets around legislation. The year-over-year comparison was relatively flat.

Total notional volume for Q2 was \$733 million, comprising \$565 million from crypto trading and \$168 million from loyalty redemptions. Our crypto volumes underperformed market benchmarks on a sequential basis but outpaced the market on a year-over-year comparison, demonstrating our resilience over longer timeframes. Loyalty redemption volumes declined year-over-year but increased sequentially. The year-over-year decline in volume is driven by the exit of a loyalty client in 2024 and general softening in historical redemption levels. The sequential increase in volume reflects redemption promotions that occurred in the second quarter.

Finally, assets under custody at our custodian partners for our brokerage business totaled \$1.36 billion. In the quarter, we completed the sale of our Trust business to ICE. We continue to offer custody solutions for our clients through our partners BitGo and Coinbase Custody.

[Slide 16: 2Q25 Revenues](#)

On slide 16, we show our total revenue broken out between our crypto and loyalty products. Total revenue for the second quarter of 2025 was \$577.9 million, up 13.3% year over year and down 46.2% sequentially. Gross crypto services revenue for the quarter was \$568.1 million up 14.3% year over year and down 46.7% sequentially. As noted earlier, the sequential decline in gross crypto services revenue reflects the market's moderation after a record-breaking performance in the fourth quarter of 2024, while the year over year increase demonstrates the improved market sentiment we have seen in crypto since the fourth quarter of 2024.

Crypto services revenue, net of crypto costs and execution, clearing, and brokerage fees, or ECB, totaled \$2.9 million, reflecting a 41.1% increase year-over-year and a 15.7% decrease sequentially.

Net loyalty revenues were \$9.8 million, down 23.3% year-over-year and up 6.8% sequentially. Of this amount, loyalty transaction revenues contributed \$5.8 million while subscription and service revenues were \$4.0 million. The year-over-year decline was primarily related to the exit of a loyalty client in 2024, as well as reduced volume-based services revenue and transaction volume. The increase sequentially was due to higher transaction volumes driven by seasonal redemption promotions.

[Slide 17: 2Q25 operating expense](#)

Moving to slide 17, total operating expenses for the quarter were \$596.4 million, including \$565.2 million of crypto costs and ECB which are correlated to crypto trading volumes.

SG&A expenses were \$3.6 million, down 34.9% year-over-year and 6.2% sequentially, driven by reductions in insurance, marketing and promotion, and occupancy costs.

Total compensation expense was \$20.1 million, down 10.1% year-over-year and up 12.9% sequentially. The year-over-year decline reflects lower salaries, wages and benefits driven by our restructuring actions in 2024. The sequential increase in compensation expense is driven by stock-based compensation awards granted in lieu of cash bonuses and for new employees.

Slide 18: 2Q25 condensed P&L

Turning to slide 18, we present our condensed profit and loss statement. Net loss for the quarter was \$30.2 million, improving 15.1% year-over-year from a loss of \$35.5 million. \$15.4 million was attributable to the non-controlling interest in the operating company and \$14.7 million attributable to Bakkt Holdings, resulting in a loss of \$2.16 per share for both basic and diluted EPS.

Slide 19: 2Q25 condensed balance sheet

On slide 19, we have our condensed balance sheet as of June 30, 2025. We ended the quarter with \$61.5 million in cash, cash equivalents and restricted cash. The \$20.5 million sequential increase in our cash position in Q2 was primarily driven by the \$23.7 million of net proceeds from our convertible debt offering in June, \$4.5 million of proceeds from the sale of Bakkt Trust in May, and a \$1.9 million reduction in restricted cash collateral requirements, partially offset by the repayment of \$5.2 million of principal and accrued interest on the ICE line of credit and other operating cash utilization. At the end of July, coinciding with our successful \$75 million capital raise, of which we received approximately \$68.8 million after deducting the underwriting discounts and commissions, we terminated the ICE line of credit agreement given the pending sale of loyalty and our strengthened liquidity position.

Slide 20: 2Q25 adjusted EBITDA (non-GAAP)

On slide 20, we have our adjusted EBITDA for the second quarter of 2025. Adjusted EBITDA reflects adjustments for certain non-cash and restructuring, and transaction-related items that impacted the period. Adjusted EBITDA for Q2 2025 was a loss of \$12.6 million. The year-over-year improvement in Adjusted EBITDA loss, which narrowed by 29.9%, was primarily due to the overall decrease in compensation and benefits and SG&A expenses, partially offset by an increase in professional fees.

Thank you everyone, that concludes the prepared remarks section of our second quarter 2025 earnings call.

I will now pass it back to Cody for closing.

Slide 21: Closing

Cody Fletcher, Orange Group Advisors, Investor Relations

Thank you, Karen, Andy, Akshay, and everyone for attending our earnings call. We look forward to connecting with you again soon.

Operator: Ladies and gentlemen, this concludes our event. You may now disconnect. Thank you.