Bakkt Holdings, Inc. (NYSE: BKKT)

Bakkt Confirms No Exposure to FTX, FTT, Alameda, or Other Affected Companies

KEY POINTS

- Bakkt confirmed it is not exposed to the bankruptcy of FTX, nor to the contagion among some crypto companies. Consumers on the Bakkt platform continue to have access to their crypto and can buy or sell as usual, and Bakkt’s institutional platform also continues to be fully operational.

- In the press release, CEO Gavin Michael said that Bakkt has “no exposure to affected companies and continues to operate all aspects of our business as usual.” He added, “as a publicly traded US company, we have opted to be regulated in the most comprehensive way available for a company in this space. These latest developments only strengthen my belief that there is an important role for Bakkt as an experienced, regulated player that enables crypto access in a thoughtful and responsible way.”

- On an industry crypto panel at Oppenheimer this morning, Michael reiterated Bakkt’s zero exposure to FTX and highlighted its commitment to controls and regulatory compliance.

- Regulatory compliance-first infrastructure is a differentiated strength of Bakkt. Borne out of NYSE-owner Intercontinental Exchange, (NYSE: ICE), Bakkt is secure and fully regulated, creating a significant moat that comes to the forefront when markets are in turmoil, as they are now. Bakkt is one of less than 20 firms that have a New York Bitcoin license.

- The company recently announced the acquisition of Apex Crypto, which is expected to be complementary to Bakkt’s platform and add new product capabilities including staking, NFTs, and additional coins.

- The acquisition should expand Bakkt’s TAM into the rapidly growing fintech sector, while accelerating its technology roadmap and creating a strategic partnership with Apex Fintech Solutions (AFS). The transaction is expected to close in 1H23 and is subject to regulatory approval.

KEY STATISTICS

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<tr>
<td><strong>Price</strong></td>
<td>$1.98</td>
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<tr>
<td><strong>52-Week Range</strong></td>
<td>$1.70 - $22.40</td>
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<tr>
<td><strong>Average Daily Trading Volume (30-Day)</strong></td>
<td>1,630,399</td>
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<tr>
<td><strong>Shares Outstanding (MM)</strong></td>
<td>264</td>
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<tr>
<td><strong>Market Capitalization ($MM)</strong></td>
<td>$521</td>
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<tr>
<td><strong>Insiders Own (%)</strong></td>
<td>21%</td>
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<tr>
<td><strong>Short Interest/% of Float</strong></td>
<td>11.9 / 19.1%</td>
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<tr>
<td><strong>Fiscal Year-End</strong></td>
<td>December</td>
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Source: YCharts, as of November 17, 2022

THE COMPANY

Bakkt was formed in 2018, with a vision to connect the digital economy. Its platform operates at the intersection of cryptocurrency (“crypto”), loyalty and rewards, and payments. It is uniquely positioned to enable consumers, brands, and financial institutions to better manage, transact with, and monetize those assets in exciting new ways.

Bakkt’s institutional-grade technology platform is at the core of everything it does. It has thoughtfully built a unique and powerful platform, melding together institutional-grade loyalty services to complement its institutional-grade crypto capabilities.

The Bakkt platform provides end-to-end services for its partners, which includes easily digestible technology services, 24/7 customer support, and marketing playbooks. Bakkt’s customers include consumers, businesses, and institutions.

Businesses leverage Bakkt’s crypto-related capabilities to facilitate new assets acquisition and rewards opportunities for their customers. Its loyalty-related capabilities help businesses deepen their relationships with their customers. Bakkt enables institutions to trade crypto using Bitcoin futures contracts that are traded and cleared on ICE and to store Bitcoin and Ether securely in its custody warehouse.
ABOUT THE ANALYST

In his role at Water Tower Research, Dr. Roy provides cutting-edge equity research coverage of IT hardware companies supplying hardware to both commercial and individual users, and communications equipment companies that power the connected world.

Prior to Water Tower Research, Dr. Roy worked as a lead analyst at UBS, covering IT Hardware, Communications Equipment, and IT Services. During his 20 years covering technology stocks on the sell-side, Dr. Roy was also a lead analyst covering IT Hardware and Nanotechnology at Merrill Lynch; and Alternative Energy, Advanced Materials and Nanotechnology at W.R. Hambrecht, and at Janney Montgomery Scott. Before his sell-side equity research career, Dr. Roy was a lead software architect at J.P. Morgan, an AI sales engineer at Neuron Data, and a systems engineer and AI researcher at Hughes Aircraft.

Dr. Roy holds a Ph.D. in Computer Science from the University of California, Irvine, a MSEE degree from the University of Southern California, and a BSEE degree from the University of California, San Diego where he was a Regents Scholar.
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