UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

Amendment No. 2

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
April 1, 2023

Bakkt Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-39544**	**98-1550750**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

10000 Avalon Boulevard, Suite 1000, Alpharetta, Georgia	**30009**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (678) 534-5849

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	**BKKT**	**The New York Stock Exchange**
Warrants to purchase Class A Common Stock	**BKKT WS**	**The New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

This Amendment No. 2 on Form 8-K/A ("Amendment No. 2") amends the Current Report on Form 8-K of Bakkt Holdings, Inc. ('Bakkt" or the "Company") filed with the Securities and Exchange Commission on April 3, 2023 (as amended by the Amendment No. 1 on Form 8-K/A to the Initial Filing, as filed with the Securities and Exchanges Commission on April 18, 2023, the "Initial Filing"), in which the Company reported, among other things, the closing of the previously announced acquisition (the "Acquisition") by Bakkt Marketplace, LLC, an indirect wholly owned subsidiary of the Company ("Bakkt Marketplace" and, together with Bakkt, the "Bakkt Parties"), of all of the membership interests in Apex Crypto LLC, a Delaware limited liability company ("Target"), from Apex Fintech Solutions Inc., a Delaware corporation ("Seller" and, together with Target, the "Seller Parties"), pursuant to the terms of a Membership Interest Purchase Agreement, dated as of November 2, 2022, by and among the Bakkt Parties and the Seller Parties, as amended.

This Amendment No. 2 does not amend any other items of the Initial Filing or purport to provide an update or a discussion of any developments at the Company or its subsidiaries subsequent to the filing date of the Initial Filing and is being filed solely to provide the disclosures required by Item 9.01 of Form 8-K that were not previously filed with the Initial Filing. The information previously reported in or filed with the Initial Filing is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial Statements of Business Acquired*

The unaudited financial statements of Target as and for the three months ended March 31, 2023, and the related notes, are filed herewith as Exhibit 99.1 and incorporated herein by reference.

(b) *Pro Forma Financial Information*

Certain unaudited pro forma financial information for the nine months ended September 30, 2023, are filed herewith as Exhibit 99.2 and incorporated herein by reference.

(d) *Exhibits*

Exhibit No.	Description
99.1	Unaudited financial statements of Apex Crypto, LLC as of and for the three months ended March 31, 2023
99.2	Unaudited pro forma combined financial information for the nine months ended September 30, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Dated: February 14, 2024

BAKKT HOLDINGS, INC.

By: /s/ Marc D'Annunzio

Name: Marc D’Annunzio

Title: General Counsel and Secretary

Exhibit 99.1

Apex Crypto LLC

Financial Statements

As of and for the three months ended March 31, 2023

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APEX CRYPTO LLC
STATEMENTS OF FINANCIAL CONDITION
(unaudited)

		March 31, 2023		December 31, 2022
Assets				
Cash and cash equivalents	$	10,916,397	$	24,304,401
Restricted cash		1,712,500		1,712,500
Receivables, net				
Customers		554,629		2,769,535
Receivables from affiliates		—		2,084,853
Brokers, dealers, correspondents and clearing organizations		17,691,393		1,283,005
Total receivables, net		18,246,022		6,137,393
Property and equipment, net		5,269,736		4,344,034
Intangible assets		306,297		305,762
Cryptocurrencies safeguarding asset		682,273,226		477,870,168
Other assets		1,148,020		2,482,465
Total assets	**$**	**719,872,198**	**$**	**517,156,723**
Liabilities and member's equity				
Liabilities				
Payable to brokers, dealers, correspondents and clearing organizations		2,643,525		2,116,940
Payables to affiliates		1,304,683		517,085
Cryptocurrencies safeguarding liability		682,273,226		477,870,168
Cryptocurrencies payable to customers		10,712,885		—
Accrued expenses and other liabilities		5,641,860		3,801,550
Total liabilities		**702,576,179**		**484,305,743**
Commitments and contingencies				
Member's equity				
Member's equity		17,296,019		32,850,980
Total liabilities and member's equity	**$**	**719,872,198**	**$**	**517,156,723**

See accompanying notes to financial statements.

APEX CRYPTO LLC
STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	2023	2022
Net revenues		
Cryptocurrencies revenue	$ 445,121,820	$ 1,295,728,706
Other fees and services	3,502	—
Other income	18,952	15,035
Total non-interest income	445,144,274	1,295,743,741
Interest income	232,168	—
Total net interest income	232,168	—
Total net revenues	**445,376,442**	**1,295,743,741**
Non-interest expenses		
Cryptocurrencies costs	440,639,348	1,284,068,233
Execution, clearing and brokerage fees	2,773,560	8,508,919
Employee compensation and benefits	1,526,108	2,689,617
Administrative and general	343,527	281,534
Communications	573,264	448,640
Occupancy, depreciation and amortization	79,591	42,531
Total non-interest expenses	**445,935,398**	**1,296,039,474**
Loss before income taxes	(558,956)	(295,733)
Income tax benefit	(150,777)	(87,190)
Net loss	**$ (408,179)**	**$ (208,543)**

See accompanying notes to financial statements.

APEX CRYPTO LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(unaudited)

		Total Member's Equity
Balance as of December 31, 2021	**$**	**36,825,923**
Share-based compensation		69,063
Net loss		(208,543)
Balance as of March 31, 2022		**36,686,443**

		Total Member's Equity
Balance as of December 31, 2022	**$**	**32,850,980**
Distribution to member		(15,000,000)
Share-based compensation		(146,782)
Net loss		(408,179)
Balance as of March 31, 2023	**$**	**17,296,019**

See accompanying notes to financial statements.

APEX CRYPTO LLC
STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2023	**2022**
Cash flows from operating activities		
Net loss	$ (408,179)	$ (208,543)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	71,597	42,531
Deferred income taxes	164,909	(20,028)
Share-based compensation	(146,782)	69,063
Changes in operating assets and liabilities:		
Receivables from customers	2,214,906	1,419,086
Cryptocurrencies intangible assets	(535)	8,822,280
Receivables from brokers, dealers, correspondents and clearing organizations, net	(5,695,504)	4,115,939
Receivables from affiliates	2,084,853	—
Other assets	1,169,536	(1,552,822)
Payables to brokers, dealers, correspondents and clearing organizations	526,586	(2,271,591)
Payables to affiliates	787,598	(261,059)
Accrued expenses and other liabilities	1,840,310	(2,408,527)
Net cash provided by operating activities	**2,609,295**	**7,746,329**
Cash flows from investing activities		
Capitalization of software development costs	(997,299)	(439,182)
Net cash used in investing activities	**(997,299)**	**(439,182)**
Cash flows from financing activities		
Distribution paid to member	(15,000,000)	—
Net cash used in financing activities	**(15,000,000)**	—
Net (decrease) increase in cash, segregated cash, and restricted cash	(13,388,004)	7,307,147
Cash, cash equivalents and restricted cash at beginning of period	26,016,901	28,461,363
Cash, cash equivalents and restricted cash at end of period	$ 12,628,897	$ 35,768,510
Cash, cash equivalents and restricted cash		
Cash and cash equivalents	10,916,397	34,493,510
Restricted cash	1,712,500	1,275,000
Cash, cash equivalents and restricted cash at end of period	$ 12,628,897	$ 35,768,510

See accompanying notes to financial statements.

APEX CRYPTO LLC
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION AND NATURE OF BUSINESS

Apex Crypto LLC (the "Company") was incorporated on January 26, 2018 as a single member limited liability company in the State of Delaware. The Company is a wholly owned subsidiary of Apex Fintech Solutions Inc. ("Apex Fintech"), formerly known as Apex Fintech Solutions LLC. Apex Fintech is majority owned by PEAK6 APX Holdings LLC ("PEAK6 APX").

The Company is registered with the U.S. Treasury Financial Crimes Enforcement Network ("FinCEN") as a money services business and holds a money transmission license or virtual currency equivalent licenses. The Company enters into transactions in cryptocurrencies with customers and provides custody of cryptocurrencies for customers. The Company is currently licensed as a money transmitter or the virtual currency equivalent in various states. In addition, the Company is participating in Hawaii's Digital Currency Innovation Lab and has a pending BitLicense in New York. The Company is currently operational in all other U.S. states and jurisdictions based on legal opinion, and in some cases state regulator confirmation, that a license is not required.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

These interim unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as established by the Financial Accounting Standards Board ("FASB"). The unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all normal and recurring adjustments that are, in the opinion of management, necessary to present fairly the Company's financial position, results of operations, changes in member's equity, and cash flows for the periods presented. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any other future annual or interim period.

The unaudited Statement of Financial Condition as of December 31, 2022 included herein was derived from the audited financial statements as of that date, but does not include all disclosures including certain notes required by U.S. GAAP on an annual reporting basis. These Financial Statements should be read in conjunction with the audited Financial Statements and notes.

There have been no changes to the significant accounting policies described in the Company's audited Financial Statements and related notes for the year ended December 31, 2022

Reclassification

Where applicable, certain amounts in the prior year's financial statements have been reclassified to conform to current year presentation. There were no material or significant rearrangements or reclassifications made during the year, and these reclassifications had no impact on net income.

Cash, Cash Equivalents and Restricted Cash

The Company has cash on deposit with major financial institutions. The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Company also collects deposits from correspondents with certain restrictions as to its use under the terms of certain contractual agreements which are recorded as restricted cash and a corresponding payable to correspondents.

Receivable from Customers

Receivable from customers include amounts due on cash for trades pending settlement and are reflected in the Statements of Financial Condition on a trade date basis

Receivables from and Payables to Brokers, Dealers, Correspondents and Clearing Organizations

Receivables include amounts receivable relating to open transactions, non-customer receivables, and amounts related to unsettled activities. Payables include amounts payable relating to open transactions, non-customer payables, and amounts related to unsettled activities. These balances are reported net by counterparty when the right of offset exists.

The Company collects commissions and other fees from correspondents' customers either monthly or periodically through the month. As stipulated by individual agreements with correspondent introducing brokers ("correspondents" or "clients"), the Company remits net amounts due to correspondents after deducting charges for clearing, execution, and others as applicable.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization, and consists of capitalized software costs. Amortization on capitalized software is recorded on a straight-line basis using an estimated useful service life of 8 years. Depreciation and amortization are recorded in the Statements of Operations in Occupancy, depreciation and amortization. Property and equipment are reviewed annually for impairment, with no such impairment loss recorded in the current year.

Capitalized Software Costs

Software development costs consist primarily of employee salaries and benefits incurred in the development of new internal-use software solutions. When determining whether applicable costs qualify for capitalization, the Company uses judgment in distinguishing between the preliminary project and application development stages of the project. The application development stage costs generally include costs associated with internal-use software configuration, coding, installation, and testing.

The Company determines the amount of internal-use software costs to be capitalized based on the amount of time spent by developers on projects in the application stage of development. There is judgment involved in estimating time allocated to a particular project in the application stage.

Capitalized software costs for the development of internal-use software applications are recorded as part of property and equipment in the Statement of Financial Condition. During the three months ended March 31, 2023 and the year ended December 31, 2022, the Company capitalized internal-use software development costs of $997,299 and $3.3 million, respectively.

Amortization of capitalized internal-use software begins on the date the software is placed in service and the amortization period is based on estimated useful life. Significant estimates and assumptions include determining the appropriate amortization period based on the estimated useful life and assessing the unamortized cost balances for impairment.

Intangible Assets

Intangible assets consist of cryptocurrencies owned by the Company as well as cryptocurrencies in-transit with market makers, and are accounted for as indefinite-lived intangible assets and are initially measured at cost under the guidance in Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other*. These assets are not amortized, but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. See footnote 8 for more information about the economic impact and short-term settlement of the intangible assets in-transit with market makers.

Impairment exists when the carrying amount exceeds its fair value. The fair value of cryptocurrencies is determined as the lowest price of executed transactions during the measurement period, using the quoted price of the cryptocurrencies from the Company's counterparties. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. After an impairment loss is recognized, the adjusted carrying amount of the digital asset becomes its new accounting basis. Impairment losses are included in Cryptocurrencies costs in the Statements of Operations. A subsequent reversal of a previously recognized impairment loss is not permitted.

The Company assigns costs to transactions on a first-in, first-out basis. Realized gains and losses are included in Cryptocurrencies revenue in the Statements of Operations. The Company intends to receive the economic benefits of the cryptocurrencies within one year to support operations and growth. The Company classifies cash flows from cryptocurrencies within cash flows from operating activities.

Revenue from Contracts with Customers

The Company offers customers the ability to purchase or sell certain cryptocurrencies on its platform. A cryptocurrency transaction includes multiple performance obligations, which are execution, custody of the customer's purchased cryptocurrency, and material rights for ongoing custody beyond the original contractual period.

The Company charges the customer an execution fee at the transaction level. The fee takes the form of a markup or markdown based on the aggregate market price of the cryptocurrency a customer is buying or selling. The Company receives its fee upon a customer's settlement of the order. Funds transferred in US dollars to or from the customer's account at Apex Clearing Corporation ("ACC") to settle the transaction are inclusive of fees. The Company satisfies its execution performance obligation on the cryptocurrency when control of the cryptocurrency transfers from the Company to the customer, the point in time when the transaction is recorded in the customer's account to denote the transfer of control of the cryptocurrency to the customer.

The contract between the Company and the customer can be terminated by either party at any time without the requirement to pay a termination penalty. Upon termination of the contract, the customer's cryptocurrency held in the Company's custody is required to be liquidated and the proceeds are required to be distributed to the customer. Accordingly, the initial contractual period in which the Company and the customer have present enforceable rights and obligations with respect to the custody of the customer's cryptocurrency is one day. Thereafter, by virtue of electing not to terminate the contract, the customer has a material right to obtain custodial services from the Company for no additional cost, for additional days until the customer sells the cryptocurrency or closes its account with the Company.

Accordingly, the Company satisfies its custody performance obligation over the one-day contractual period. The customer exercises the material right for ongoing custody performance obligations each day over the period for which the customer chooses to maintain its cryptocurrencies in the Company's custody, which ends when the customer sells cryptocurrency or closes its account with the Company. Therefore, the Company's performance obligation with respect to the material right is satisfied over the period of time for which the customer's cryptocurrencies are in the Company's custody.

The Company's services include an obligation to execute customer orders for cryptocurrency assets when customers' buy or sell orders are routed to its platform by the introducing broker. The customer, through the introducing broker, places an order for purchase of cryptocurrencies through the Company's proprietary digital trading platform. Based on the live feed of prices and availabilities of the various cryptocurrencies published by market makers, to which the Company's customers have access through the digital trading platform, the digital trading platform identifies and selects the market maker that is currently offering the best price for the cryptocurrency ordered by the customer. Based on the price offered by the selected market maker, the Company translates the customer order from the notional amount to a specific quantity of the cryptocurrency that the customer has ordered. The Company executes a corresponding order with the market maker. Upon execution of each order, the customer, the market maker, and the Company have legally enforceable rights and obligations with respect to the purchase or sale of the cryptocurrency and the payment of the consideration in exchange for the cryptocurrency. Upon execution of the order, the Company draws the amount of consideration, which includes the price of the cryptocurrency charged by the market maker and the Company's mark-up, from the customer's account with ACC. The Company fills the customer order from its own account of the respective cryptocurrency. The cryptocurrency purchased by the customer is placed in omnibus digital wallets hosted by the Company or third-party custodians. Depending on the transaction, the definition of a customer may differ, as the customer is the counterparty who places the order with the Company to buy (whether the account holder or the clearing organization), and the vendor is the counterparty who "fulfills" the order by providing or purchasing the cryptocurrency to/from the Company (for example, when the account holder places a "sell" order and the clearing organization is therefore placing a "buy" order. Contracts to buy/sell cryptocurrency with the clearing organization not related to customer contracts are not treated as revenue transactions.

Judgment is required in determining whether the Company is the principal or the agent in these transactions. The Company evaluates the presentation of revenue on a gross or net basis based on whether it controls the crypto asset provided before it is transferred to the customer or whether it acts as an agent by arranging for customers to purchase or sell the crypto asset utilizing the platform. In accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), the Company acts as a principal in the transaction when a customer purchases or sells crypto assets, and therefore reflects gross presentation for the transactions as Cryptocurrencies revenue on the Statements of Operations. The corresponding gross presentation of the cost to purchase cryptocurrency is recorded as Cryptocurrencies costs on the Statements of Operations. The Company has concluded it is a principal in the transaction because it controls the cryptocurrencies during the settlement process, and it is primarily responsible for the delivery of cryptocurrencies to the customers. Cryptocurrencies represent fungible units that can be subdivided into smaller fractional units. The Company assigns costs to the transactions on a first-in, first-out basis for each individual cryptocurrency asset sold.

The Company allocates transaction price to each performance obligation based on relative standalone selling prices. The Company has observable standalone selling price for its performance obligation to execute customer orders for cryptocurrency trading, based on the price that it charges to customers that engage in day trading and do not obtain the Company's custody services. The Company estimates that standalone selling prices for the custody service and the material right for ongoing custody service using a combination of the expected cost plus a margin approach and the adjusted market assessment approach, maximizing the use of observable inputs in its estimation method.

Share-Based Compensation

The Company's employees participate in Apex Fintech's stock-based compensation plan. The Company accounts for share-based compensation with persons classified as employees for accounting purposes under ASC 718, *Compensation-Stock Compensation*, which recognizes awards at fair value on the date of grant and the recognition of compensation expenses over the period during which an employee is required to provide services in exchange for the awards, known as the requisite service period (usually, the vesting period). The grant date fair value is utilized for restricted stock unit awards ("RSUs") and stock options. Time-based and graded vesting service awards are recognized on a straight-line basis over the employees' requisite service period. Forfeitures are accounted for as they occur. To date, Apex Fintech has issued share-based awards with only service-based vesting conditions. All share-based awards are classified as equity, as they may only be settled in shares of the Apex Fintech's common stock.

Subsequent to the vesting period, earned stock-settled restricted stock units (equity classified) are paid to the holder in shares of Apex Fintech common stock, provided the holder is still employed with the Company as of the vesting date.

Derivative Instruments

The Company has master netting agreements with its clearing organizations utilized to execute its customer trading activities regarding cryptocurrencies that provide for, amongst other things, settlement of these activities on a batch or net basis that occurs at least on a daily basis. That is, forward contracts are all settled generally within the next business day. These contracts have been determined to meet the definition of a derivative under the provisions of ASC 815, *Derivatives and Hedging* ("ASC 815"). Derivative instruments are recorded on the Statements of Financial Condition at fair value. The Company has decided to net derivative assets and liabilities with the same counterparty on the Statements of Financial Condition if a legal right of offset exists and certain other criteria are met.

Due to the short-term nature of these derivatives, the forward contracts do not have a material impact on the Statements of Operations. The Company does not enter into derivatives for trading or speculative purposes, and none of the Company's derivatives are designated as hedges and do not qualify for hedge accounting.

Cryptocurrencies Safeguarding Liability and Corresponding Safeguarding Asset

Cryptocurrencies safeguarding asset and liability represent the Company's obligation to safeguard customers' cryptocurrencies in digital wallets on the Company's platform. The Company safeguards these assets for customers and is obligated to safeguard them from loss, theft, or other misuse. The Company recorded a safeguarding liability with respect to its obligation to safeguard customers' cryptocurrencies along with a corresponding safeguarding asset under the guidance of Securities and Exchange Commission ("SEC") staff released Staff Accounting Bulletin No. 121 ("SAB 121"). The safeguarding asset and liability are initial recognized at fair value and are remeasured at fair value on a recurring basis with no impact to the Statements of Operations. Unsettled customers' transactions with clearing organizations at the date of the financial statements, are excluded from the safeguarding asset and liability and are recorded as Receivables from brokers, dealers, correspondents and clearing organizations, and Cryptocurrencies payable to customers on the Statements of Financial Condition, respectively. Any wastage, conversion or misappropriation would impact the measurement of the safeguarding asset.

Income Tax

As a single-member limited liability company, the Company is disregarded as an entity separate from its owner and its operations are included in the federal and state income tax returns of its parent, Apex Fintech Solutions Inc. There is no requirement to allocate income tax expense to a legal entity that is both not subject to tax and disregarded by the taxing authority, however the Company has elected to allocate the consolidated amount of current and deferred tax expense as if it were a separate taxpayer.

Current and deferred tax expense is allocated to the Company based on a modified "separate return" method. Under this method the Company is assumed to file a separate return with the tax authority, thereby reporting the Company's taxable income or loss and paying the applicable tax to or receiving the appropriate refund from Apex Fintech. The Company follows a "benefits-for-loss" approach to assess deferred tax realizability. Under this approach, deferred tax assets are characterized as realizable by the Company when those assets are realized by the consolidated group, even if the Company would not otherwise have realized them on a stand-alone basis. Pursuant to a tax sharing agreement with Apex Fintech, any utilization by Apex Fintech of the Company's tax losses, including any carryovers thereof, will either reduce the current tax liability or be remitted to the Company

Deferred tax assets and liabilities are determined based on the temporary differences between carrying amounts and tax bases of assets and liabilities using enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized. Uncertain tax positions are recognized if they are more likely than not to be sustained upon examination, based on the technical merits of the position. Changes in the unrecognized tax benefits occur on a regular basis due to tax return examinations and settlements that are concluded, statutes of limitations that expire, and court decisions that are issued that interpret tax law. There are positions involving taxability in certain tax jurisdictions and timing of certain tax deductions for which it is reasonably possible that the total amounts of unrecognized tax benefits for uncertain tax positions will significantly decrease within twelve months because the tax positions may be settled in cash or otherwise resolved with taxing authorities. When applicable, a valuation allowance is established to reduce any deferred tax asset when it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

Recently Adopted Accounting Pronouncements

The Company's management has evaluated all of the recently issued, but not yet effective, accounting standards that have been issued or proposed by the FASB or other standards-setting bodies through the date of the financial statements and except as described below, does not believe the future adoption of any such pronouncements will have have significance, or potential significance, on the Company's financial statements.

3. RECEIVABLES FROM AND PAYABLES TO BROKERS, DEALERS, CORRESPONDENTS AND CLEARING ORGANIZATIONS

Receivables from brokers, dealers, correspondents and clearing organizations consist of the following:

		March 31, 2023		December 31, 2022
Receivables from clearing organizations	$	10,712,885	$	—
Deposits at brokers or dealers		6,729,668		1,002,365
Receivables from correspondents, net of allowance of $0		248,840		280,640
Total	**$**	**17,691,393**	**$**	**1,283,005**

Payables to brokers, dealers, correspondents and clearing organizations consist of the following:

		March 31, 2023		December 31, 2022
Payables to correspondents	$	2,643,525	$	2,112,596
Proprietary accounts of brokers or dealers		—		4,344
Total	**$**	**2,643,525**	**$**	**2,116,940**

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

		March 31, 2023		December 31, 2022
Capitalized internal use software development costs	$	4,506,551	$	3,886,961
Software		882,460		504,751
Computer hardware		168,827		168,827
Total property and equipment		**5,557,838**		**4,560,539**
Less: Accumulated depreciation and amortization		(288,102)		(216,505)
Property and equipment, net	**$**	**5,269,736**	**$**	**4,344,034**

Depreciation and amortization expense were $71,597 and $42,531, respectively, for the three months ended March 31, 2023 and 2022 and is included in Occupancy, depreciation and amortization on the Statements of Operations.

5. INTANGIBLE ASSETS

Intangible assets consist of the following:

		March 31, 2023		December 31, 2022
Intangible assets with indefinite lives:				
Cryptocurrencies digital assets	$	306,297	$	305,762
Intangible assets	**$**	**306,297**	**$**	**305,762**

The Company recorded gross impairment charges of $1,744,823 and $22,254,285 during the three months ended March 31, 2023 and 2022 respectively, due to the observed market price of cryptocurrencies digital assets decreasing below the carrying value during the respective periods. Impairment expense is included in Cryptocurrencies costs in the Statements of Operations.

6. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by ASC 820 are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Valuation of these instruments does not require a high degree of judgment, as the valuations are based on quoted prices in active markets that are readily and regularly available.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable as of the measurement date, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities. These financial instruments are valued by quoted prices that are less frequently refreshed than those in active markets or by models that use various assumptions derived from or supported by data that is generally observable in the marketplace. Valuations in this category are inherently less reliable than those determined by quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and applicable underlying assumptions. Examples of observable inputs other than quoted prices for the asset or liability are interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates.

Level 3 - Valuations based on inputs that are unobservable and not corroborated by market data. These financial instruments have significant inputs that cannot be validated by readily determinable data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurements in its entirety requires judgment and considers factors specific to the financial instrument.

A market is active if there are sufficient transactions on an ongoing basis to provide current pricing information for the asset or liability, pricing information is released publicly, and price quotations do not vary substantially either over time or among market makers. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

The Company has evaluated the estimated fair value of derivative assets and liabilities financial instruments using available market information such as quoted market prices in active markets. These instruments are classified within Level 1 of the fair value hierarchy.

The following table summarizes the assets and liabilities measured at fair value on a recurring basis based on the three-tier fair value hierarchy:

	Level 1	Level 2	Level 3	Total
As of March 31, 2023				
Assets				
Derivative assets	$ 1,065,046	$ —	$ —	$ 1,065,046
Cryptocurrencies safeguarding asset	—	682,273,226	—	682,273,226
Receivables from brokers, dealers, correspondents and clearing organizations	—	10,712,885	—	10,712,885
Total financial assets	**$ 1,065,046**	**$ 692,986,111**	**$ —**	**$ 694,051,157**
Liabilities				
Derivative liabilities	4,708,815	—	—	4,708,815
Cryptocurrencies safeguarding liability	—	682,273,226	—	682,273,226
Cryptocurrencies payable to customers	—	10,712,885	—	10,712,885
Total financial liabilities	**$ 4,708,815**	**$ 692,986,111**	**$ —**	**$ 697,694,926**
As of December 31, 2022				
Assets				
Derivative assets	799,522	—	—	799,522
Cryptocurrencies safeguarding asset	—	477,870,168	—	477,870,168
Total financial assets	**$ 799,522**	**$ 477,870,168**	**$ —**	**$ 478,669,690**
Liabilities				
Derivative liabilities	61,610	—	—	61,610
Cryptocurrencies safeguarding liability	—	477,870,168	—	477,870,168
Total financial liabilities	**$ 61,610**	**$ 477,870,168**	**$ —**	**$ 477,931,778**

There were no transfers between levels during the periods presented. Derivatives assets and liabilities are included in Other assets and Accrued expenses and other liabilities in the Statements of Financial Condition, respectively.

Cryptocurrencies safeguarding asset and liability represent the Company's obligation to safeguard customers' crypto assets. Accordingly, the Company has valued the assets and liabilities using quoted market prices for the underlying crypto assets which is based on Level 2 inputs.

7. DERIVATIVE INSTRUMENTS

Derivatives may give rise to counterparty credit risk and/or market risk if the clearing organizations fail to settle these contracts. All clearing organizations must be pre-approved prior to engaging in any transaction with the Company. They are also monitored on a regular basis by the Company to ensure compliance with the Company's risk policies and agreed upon limits. Additionally, the overall amount of derivatives are not significant to the financial statements as a whole. Therefore, the Company has assessed the likelihood of a material credit risk event to be remote.

Changes in the fair value of derivatives are reported in Other income in the Statements of Operations. However, as these contracts are typically settled within 24 hours with the counterparties at contract value the next day; the contract value approximates the fair value.

Derivative assets and derivative liabilities are recorded at their net fair values in Other assets and Accrued expenses and other liabilities in the Statements of Financial Condition, respectively. The following table presents the total notional or contractual amounts and fair values for these derivatives. The notional, or contractual amount represents the total number of coins for each period presented.

	Contract/Notional	Gross Derivative Assets	Gross Derivative Liabilities
March 31, 2023			
Bitcoin	(195.7590006)	$ 6,302,502	$ 708,388
Cardano	(1,306,199.092)	594,519	74,031
Ethereum	5,476.1391	499,065	10,513,606
Dogecoin	(2,768,336.383)	280,071	66,550
Shiba Inu	(3,402,189,102)	158,584	122,226
Litecoin	(447.0583304)	64,472	23,009
Solana	(1,132.196353)	53,360	29,746
Polygon	31,139.96134	31,278	66,260
Fantom	24,618.28136	10,785	22,544
Other coins	201,449.33711539	220,601	232,646
Gross derivative assets/liabilities		**8,215,237**	**11,859,006**
Less: Legally enforceable master netting agreements		7,150,191	7,150,191
Total derivative assets/liabilities		**$ 1,065,046**	**$ 4,708,815**

	Contract/Notional	Gross Derivative Assets	Gross Derivative Liabilities
December 31, 2022			
Bitcoin	(12.5297)	513,660	306,689
Ethereum	(258.2660)	491,532	182,935
Shiba Inu	(20,950,960,382.0000)	$ 335,149	$ 166,959
Fantom	(1,059.4801)	205,895	206,060
Dogecoin	407,747.2084	166,395	194,899
Cardano	(79,995.1082)	120,464	101,065
Solana	(3,037.7789)	109,793	80,675
Litecoin	(521.4232)	67,552	31,067
Polygon	(9,232.0748)	32,920	25,942
Other coins	(552,976.3411)	181,852	191,009
Gross derivative assets/liabilities		**2,225,212**	**1,487,300**
Less: Legally enforceable master netting agreements		1,425,690	1,425,690
Total derivative assets/liabilities		**$ 799,522**	**$ 61,610**

The table below provides information on the gross fair values of derivative assets and liabilities, the balance sheet netting adjustments and the resulting net fair value amount recorded on the Company's Statements of Financial Condition. The Company executes all of its derivative transactions under master netting arrangements and reflects all derivative balances and related cash collateral subject to enforceable master netting arrangements on a net basis within the Statements of Financial Condition.

The Company determines the balance sheet netting adjustments based on the terms specified within each master netting arrangement. The Company discloses the balance sheet netting amounts within the column titled "Gross amounts offset in Statements of Financial Condition." Balance sheet netting adjustments are determined at the counterparty level for which there may be multiple coin types. As a result, the net amounts disclosed by contract type may not represent the actual exposure upon settlement of the contracts.

The "Net amounts in Statements of Financial Condition" column within the table below represents the aggregate of the Company's net exposure to each counterparty after considering the adjustments on the Statements of Financial Condition.

	Gross amounts recognized	Gross amounts offset in Statements of Financial Condition	Net amounts in Statements of Financial Condition
March 31, 2023			
Bitcoin	$ 6,302,502	$ 6,355,273	$ (52,771)
Cardano	594,519	123,425	471,094
Ethereum	499,065	221,392	277,673
Dogecoin	280,071	62,340	217,731
Shiba Inu	158,584	120,684	37,900
Litecoin	64,472	22,673	41,799
Solana	53,360	45,677	7,683
Polygon	31,278	17,041	14,237
Fantom	10,785	13,668	(2,883)
Other coins	220,601	168,018	52,583
Total derivative assets	**$ 8,215,237**	**$ 7,150,191**	**$ 1,065,046**

		Gross amounts recognized		Gross amounts offset in Statements of Financial Condition		Net amounts in Statements of Financial Condition
Bitcoin	$	708,388	$	6,355,273	$	(5,646,885)
Cardano		74,031		123,425		(49,394)
Ethereum		10,513,606		221,392		10,292,214
Dogecoin		66,550		62,340		4,210
Shiba Inu		122,226		120,684		1,542
Litecoin		23,009		22,673		336
Solana		29,746		45,677		(15,931)
Polygon		66,260		17,041		49,219
Fantom		22,544		13,668		8,876
Other coins		232,646		168,018		64,628
Total derivative liabilities	**$**	**11,859,006**	**$**	**7,150,191**	**$**	**4,708,815**
December 31, 2022						
Bitcoin		513,660		306,689		206,971
Ethereum		491,532		180,018		311,514
Shiba Inu	$	335,149	$	192,893	$	142,256
Fantom		205,895		205,541		354
Dogecoin		166,395		174,629		(8,234)
Cardano		120,464		100,890		19,574
Solana		109,793		57,722		52,071
Litecoin		67,552		23,209		44,343
Polygon		32,920		25,876		7,044
Other coins		181,852		158,223		23,629
Total derivative assets	**$**	**2,225,212**	**$**	**1,425,690**	**$**	**799,522**
Bitcoin	$	306,689	$	306,689	$	—
Ethereum		182,935		180,018		2,917
Shiba Inu		166,959		192,893		(25,934)
Fantom		206,060		205,541		519
Dogecoin		194,899		174,629		20,270
Cardano		101,065		100,890		175
Solana		80,675		57,722		22,953
Litecoin		31,067		23,209		7,858
Polygon		25,942		25,876		66
Other coins		191,009		158,223		32,786
Total derivative liabilities	**$**	**1,487,300**	**$**	**1,425,690**	**$**	**61,610**

8. CRYPTOCURRENCIES SAFEGUARDING OBLIGATION

The Company recognizes a cryptocurrencies safeguarding liability to reflect the Company's obligation to safeguard the cryptocurrencies held for the benefit of customers, which is recorded in Cryptocurrencies safeguarding liabilities on the

Statements of Financial Condition upon the adoption of SAB 121. The Company also recognize a corresponding safeguarding asset which is recorded in Cryptocurrencies safeguarding asset on Statements of Financial Condition.

The cryptocurrencies purchased by customers are placed in omnibus digital wallets hosted by the Company or third party custodians. The Company maintains the internal recordkeeping of the Company's customers' crypto assets, including the amount and type of crypto assets owned by each of the Company's customers in the custodial accounts. The Company and its third party sub-custodians safeguard crypto assets and related cryptographic keys for customers and accordingly are obligated to safeguard the customers' crypto assets from wastage, conversion or misappropriation. The Company currently utilizes three custodians. Therefore, we have concentration risk in the event the third-party custodians are not able to perform in accordance with our agreements.

The following table summarizes the significant cryptocurrencies we hold for the benefit of our customers and the digital asset safeguarding liability and corresponding safeguarding asset:

	As of March 31, 2023	As of December 31, 2022
Bitcoin	$ 182,284,935	$ 110,322,409
Ethereum	167,071,181	117,706,042
Shiba Inu	155,658,696	116,597,756
Dogecoin	71,136,797	63,205,875
Cardano	31,793,633	19,353,146
Litecoin	13,824,803	9,983,488
Solana	8,203,655	3,833,459
Polygon	8,010,519	5,984,213
Fantom	2,523,169	1,252,812
Other coins	41,765,838	29,630,968
Total cryptocurrencies safeguarding liability	**682,273,226**	**477,870,168**
Total cryptocurrencies safeguarding asset	**$ 682,273,226**	**$ 477,870,168**

As of March 31, 2023 and December 31, 2022, Accrued expenses and other liabilities includes $277,953 and $1,119,869 payable to customers for in-transit transactions.

9. COMMITMENTS, CONTINGENCIES AND GUARANTEES

General Contingencies

In the ordinary course of business, the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications to the counterparties under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

Commitment to Purchase Customer Cryptocurrencies under Custody

The Company has entered into customer user agreements which provides a commitment of the Company to buy the cryptocurrencies of the customer upon their request to sell at prevailing market rates as determined by the Company. This commitment is limited to the amount of customer cryptocurrencies under custody.

10. SHARE-BASED COMPENSATION

Total share-based compensation included as a component of employee compensation and benefits was as follows:

	Three Months Ended March 31,	
	2023	2022
Restricted stock unit awards	$ 38,281	$ 36,675
Stock options	134,747	—
Stock option forfeitures	(351,459)	—
Allocated share-based compensation	31,649	32,388
Total share-based compensation	**$ (146,782)**	**$ 69,063**

For the three months endeds ended March 31, 2023 and 2022 the Company recorded share-based compensation expenses of $31,649 and $32,388, respectively, related to expenses allocate to the Company by Apex Fintech for time spent by employees of Apex Fintech on the management of the Company, with a corresponding amount recorded as a deemed capital contribution by Apex Fintech.

Restricted Stock Unit Awards

The following table summarizes the activity for RSUs awarded to the Company's employees for the three months ended March 31, 2023:

	Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2022	75,000	$ 6.21
Granted	—	$ 0.00
Vested	—	$ 0.00
Forfeited	—	$ 0.00
Unvested at March 31, 2023	**75,000**	**$ 6.21**

As of March 31, 2023, unrecognized compensation costs related to unvested RSUs issued to employees were $427,469 and will be recognized over a weighted-average period of 2.75 years.

Stock Options

The following table provides a summary of the activity for stock options awarded to the Company's employees for the three months ended March 31, 2023:

	Number of options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Terms (Years)	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2022	989,100	$ 6.21		$ 2.21
Forfeited	(847,400)	$ 6.21		$ 2.21
Outstanding as of March 31, 2023	**141,700**	**$ 6.21**	**9.25**	**$ 2.21**

The total unrecognized compensation expenses at March 31, 2023 was $254,386, which will be recognized over a weighted-average period of 3.50 years.

11. INCOME TAXES

The Company uses an estimate of the Company's annual effective tax rate to determine the provision for income taxes during the interim period. The Company reported income tax benefit of $150,777 and $87,190 for the three months ended March 31, 2023 and 2022, respectively. The estimated effective tax rate may be subject to adjustment in subsequent quarterly periods as the forecasts of pretax income and other items impacting forecasted income tax expense change. The Company's provision for income taxes reflected an effective tax rate of approximately 27.0% and 29.5% for the three months ended March 31, 2023 and 2022, respectively.

As of March 31, 2023 and December 31, 2022, the Company had income taxes receivable of $— and $1,435,057, respectively, which are included in Other assets in the Statements of Financial Condition. The net deferred tax asset of $— and $26,006 as of March 31, 2023 and December 31, 2022, respectively, is included in Other assets in the Statements of Financial Condition.

12. RELATED PARTIES TRANSACTIONS

The Company and PEAK6 Group LLC are parties to an intercompany expense-sharing agreement that outlines the allocation of direct and indirect costs between the entities which is at management's discretion. For the three months ended March 31, 2023 and 2022, the Company recorded expenses of $680,280 and $1,244,636, respectively, attributable to compensation and benefits, and consulting services related to technology, compliance, legal, marketing, and insurance fees that are included in the Statements of Operations. As of March 31, 2023 and December 31, 2022, the Company had a payable to PEAK6 Group LLC of $277,095 and $316,477, respectively, that is included in Payables to affiliates in the Statements of Financial Condition. As of December 31, 2022, the Company has a received due from PEAK6 Group LLC of $2,084,853, that is included in Receivables from affiliates in the Statements of Financial Condition.

Apex Clearing Corporation

The Company and ACC have entered into a expense sharing services agreement ("Service Agreement") that outlines the allocation of direct and indirect costs between the two entities. Under the terms of the Service Agreement, ACC provides various support and other services to the Company and is entitled to fees and other payouts. For the three months ended March 31, 2023 and 2022, ACC charged the Company $2,253,346 and $1,181,790, respectively, under the Service Agreement that are included in various accounts within the Statements of Operations. As of March 31, 2023 and December 31, 2022, the Company had a payable to ACC of $251,976 and $100,554, respectively, that is included in Payables to affiliates in the Statements of Financial Condition.

As of March 31, 2023 and December 31, 2022, the Company has a clearing receivable of $6,530,713 and $877,077, respectively, due from ACC that is included in Receivables from brokers, dealers, correspondents and clearing organizations in the Statements of Financial Condition.

Apex Fintech Solutions Inc.

As of March 31, 2023 and December 31, 2022, the Company had a payable to Apex Fintech of $775,612 and $100,054, respectively, recorded in the Statements of Financial Condition as Payables to affiliates. For the three months ended March 31, 2023 and 2022, the Company recorded $60,364 and $99,121, respectively, of expenses in the Statement of Operations, attributable to technology expenses and employee related expenses allocated to the Company.

13. CUSTOMER CONCENTRATION

Concentration of Business

For the three months ended March 31, 2023, one client accounted for approximately 75.9% of the Company's business in aggregate.

Concentration of Receivables

As of March 31, 2023, no client accounted for more than 10% of receivables.

14. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Cryptocurrencies Risk

The Company is subject to various risks including market, liquidity, regulatory and other risks related to its digital asset holdings. Digital asset prices have been volatile and subject to influence by many factors including the level of liquidity and the Company may experience losses.

There is a risk that some, or all, of the Company's and customers' cryptocurrencies could be lost or stolen. Further, digital asset movements are irrevocable and, if stolen or incorrectly transferred, cryptocurrencies may be irretrievable.

To the extent the private keys for digital asset addresses are lost, destroyed or otherwise compromised and no backup of private keys are accessible, the Company may be unable to access the digital currencies held in the associated address and the private key will not be capable of being restored by the digital asset networks. The processes by which digital asset transactions are settled is subject to operational risk. Third party service providers may be vulnerable to hacking or other malicious activities.

The Company regularly reviews the cryptocurrencies it lists to comply with applicable laws and regulations and may add or delist cryptocurrencies in the future in accordance with this policy. The above factors contribute to the uncertainty with respect to the future viability and value of cryptocurrencies.

Credit Risk and Concentration of Credit Risk

Credit risk arises from the potential inability of counterparties to perform in accordance with the terms of the contract. The Company's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts.

The Company enters into various transactions with corresponding brokers and over the counter trading counterparties. In the event these counterparties do not fulfill their obligations, the Company may be exposed to risk. It is the Company's policy to monitor the creditworthiness of each party with which it conducts business.

The Company maintains its cash in bank deposit accounts. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash deposits.

15. SUBSEQUENT EVENTS

The Company evaluates subsequent events through the date on which the financial statements were issued. Other than the below items, there have been no material subsequent events that occurred during this period that could require an adjustment to these financial statements.

On November 3, 2022, Apex Fintech entered into a definitive agreement to sell the Company to Bakkt Holdings, Inc. The transaction closed on April 1, 2023.

Subsequent to March 31, 2023, the Company determined it would delist certain cryptocurrencies from our platform as a result of periodic reviews against our listing policy. Customers who have not liquidated or transferred, where permitted, their holdings in these cryptocurrencies by the announced delisting date will be forcibly liquidated in accordance with our customer agreements. The delisted cryptocurrencies accounted for 30% of the Company's volume in the period ended March 31, 2023.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction:

The unaudited pro forma condensed combined financial information is prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma condensed combined financial information presents the pro forma effects of the acquisition of Apex Crypto LLC ("Apex") by Bakkt Holdings, Inc. (the "Company") on April 1, 2023 (the "Acquisition"). Apex is a financial technology company with an integrated crypto trading platform that was wholly owned by Apex Fintech Solutions, Inc. ("AFS").

The unaudited pro forma condensed combined financial information is based upon, and should be read in conjunction with, the historical financial statement and related notes of the Company and Apex. The pro forma statement of operations has been presented for information purposes only and is not necessarily indicative of what the Company's statement of operations actually would have been had the Acquisition been completed as of the date indicated, nor does it purport to project the future operating results of the Company. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The pro forma financial information is presented for illustrative purposes only and does not reflect the costs of any integration activities or cost savings or synergies that may be achieved as a result of the Acquisition.

The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2023 gives pro forma effect of the Acquisition as if it had been consummated on January 1, 2022.

The pro forma statement of operations was prepared using the acquisition method of accounting under the provisions of ASC 805 ("ASC 805") on the basis of the Company as the accounting acquirer and Apex as the accounting acquiree. Under the acquisition method of accounting, the purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed of Apex, based on their estimated acquisition-date fair values. These estimates are determined through established and generally accepted valuation techniques.

The following the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2023 are based on the historical financial statement of the Company and Apex, each as filed with the Securities and Exchange Commission (the "SEC"). The unaudited pro forma adjustments are based on information currently available, and assumptions and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations for the Nine Months Ended September 30, 2023

($ in millions, except share and per share data)	Historical Financials: Bakkt (Historical Nine Months Ended 9/30/2023)	Historical Financials: Apex (Historical Three Months Ended 3/31/2023)	Transaction Accounting Adjustments		Pro Forma Combined
Revenues:					
Crypto services	$ 527.5	$ 445.1	$ —		$ 972.6
Loyalty services, net	38.1	—	—		38.1
Total revenues	565.6	445.1	—		1,010.7
Operating expenses:					
Crypto costs	521.6	440.6	—		962.2
Execution, clearing and brokerage fees	2.9	2.8	—		5.7
Compensation and benefits	85.8	1.5	0.3	**AA**	87.6
Professional services	7.2	—	—		7.2
Technology and communication	15.6	0.6	—		16.2
Selling, general and administrative	21.7	0.3	—		22.0
Acquisition-related expenses	17.1	—	—		17.1
Depreciation and amortization	10.8	0.1	0.5	**BB**	11.4
Related party expenses	3.1	—	—		3.1
Goodwill and intangible assets impairments	23.3	—	—		23.3
Impairment of long-lived assets	0.1	—	—		0.1
Restructuring expenses	4.5	—	—		4.5
Other operating expenses	1.2	—	—		1.2
Total operating expenses	715.0	445.9	0.8		1,161.7
Operating loss	(149.4)	(0.8)	(0.8)		(151.0)
Interest income, net	3.5	0.2	—		3.7
Loss from change in fair value of warrant liability	(0.9)	—	—		(0.9)
Other income, net	0.0	0.0	—		0.0
Loss before income taxes	(146.7)	(0.6)	(0.8)		(148.1)
Income tax (expense) benefit	(0.4)	0.2	(0.2)	**CC**	(0.4)
Net loss	(147.1)	$ (0.4)	(1.0)		(148.5)
Less: Net loss attributable to noncontrolling interest	(99.0)		(0.3)	**DD**	(99.3)
Net loss attributable to Bakkt Holdings, Inc.	$ (48.2)		$ (0.7)		$ (48.9)
Earnings per share					
Weighted average shares outstanding of Class A common shares (basic)	87,726,210				89,750,487
Net loss per share (basic)	$ (0.55)				$ (0.55)
Weighted average shares outstanding of Class A common shares (diluted)	87,726,210				89,750,487
Net loss per share (diluted)	$ (0.55)				$ (0.55)

See Notes to Unaudited Pro Forma Condensed Combined Statement of Operations.

Notes to Unaudited Pro Forma Condensed Combined Financial Information

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined statement of operations has been prepared using the acquisition method of accounting with the Company as the acquiring entity. Under the acquisition method of accounting, the Company's assets and liabilities will retain their carrying values and the assets and liabilities associated with Apex are recorded at their fair values measured as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired, if applicable, are recorded as goodwill. The acquisition method of accounting is based on ASC 805 and uses the fair value concepts defined in ASC Topic 820, Fair Value Measurements ("ASC 820"). In general, ASC 805 requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date by the Company, who was determined to be the accounting acquirer.

ASC 820 defines fair value, establishes a framework for measuring fair value, and sets forth a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to develop the fair value measurements. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for a non-financial asset assume the highest and best use by these market participants. Many of these fair value measurements can be highly subjective, and it is possible that other professionals applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

The pro forma adjustments represent management's estimates based on information available as of the date of the filing of the condensed combined statement of operations and do not reflect possible adjustments related to restructuring or integration activities that have yet to be determined. Further, estimated one-time transaction-related expenses incurred in connection with the consummation of the Acquisition are presented in the unaudited pro forma condensed combined statement of operations as if it was consummated on January 1, 2022.

The accompanying unaudited pro forma condensed combined statement of operations was prepared using the acquisition method of accounting in accordance with ASC 805 and are based on certain currently available information and certain assumptions and methodologies that the Company believes are reasonable under the circumstances. The Company believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Acquisition based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2023 presents the pro forma effect of the Acquisition as if it had been consummated on January 1, 2022.

2. Description of the Acquisition

Pursuant to the Apex Crypto LLC Membership Interest Purchase Agreement dated November 2, 2022, the Company received all of the membership interests of Apex for consideration consisting of an initial purchase price of $55.0 million in cash, up to $45.0 million in shares of our Class A common stock that may be earned if Apex achieved certain profitability targets for the fourth quarter of 2022, and up to an additional $100.0 million in shares of our Class A common stock depending on Apex's achievement of certain financial targets through 2025. The actual achievement of the fourth quarter 2022 profitability growth target resulted in $9.1 million Class A common stock issuable to AFS.

3. Transaction Accounting Adjustments to Pro Forma Condensed Combined Statement of Operations

Explanations of the transaction accounting adjustments to the pro forma balance sheet are as follows:

(AA) Represents post-Acquisition pro forma expense adjustment associated with the Company and Apex's non-cash compensation. We did not acquire all of the employees of Apex crypto and the individuals that were employees of Apex received restricted stock units upon consummation of the Acquisition resulting in a net decrease in stock compensation. The pro forma expense adjustment is based on the March 31, 2023 closing price of Class A common stock of $1.72 per share, which was the last trading day immediately prior to the Acquisition.

(BB) Represents adjustments to incorporate estimated additional tangible and intangible assets depreciation and amortization for the step-up basis from purchase price accounting at the closing of the Acquisition. This pro forma adjustment has been proposed assuming the Acquisition happened on January 1, 2022. The following table is a summary of information related to certain intangible assets acquired, including information used to calculate the pro forma change in amortization expenses:

($ in millions)	**Expected Useful Life (Years)**	**Fair Value**	**Amortization Expense for the Three Months Ended March 31, 2023**
Customer Relationships	10.0	10.2	0.3
Developed Technology	5.0	5.6	0.3
Total		**$ 15.8**	**$ 0.6**
Less: Historical amortization expenses			(0.1)
Pro forma adjustments to amortization expenses			**$ 0.5**

(CC) Reversal of Apex's income tax expense to reflect the Company's full valuation allowance.

(DD) Represents the impact of the change in the Company's non-controlling ownership percentage as if the issuance of 6,140,611 shares of Class A Common Stock, described below, had occurred on January 1, 2022, as well as the impact of Transaction Accounting Adjustments on Noncontrolling Interest.

4. Pro Forma Earnings Per Share Information

As a result of the Acquisition, both the pro forma basic and diluted weighted average shares outstanding are inclusive of an additional 6,140,611 shares of Class A Common Stock issued for Apex's achievement of certain profitability targets for the fourth quarter of 2022. The per share calculation does not give effect to the issuance of additional contingent consideration shares as the future targets are currently not expected to be met.

(in millions, except per share data)	Nine Months Ended September 30, 2023	
Net loss attributable to Bakkt Holdings, Inc.	$	(48.9)
Weighted average shares outstanding (basic)		89.8
Loss per share (basic)	$	(0.55)
Weighted average shares outstanding (diluted)		89.8
Loss per share (diluted)	$	(0.55)

Earnings per share exclude potential common shares that would be anti-dilutive to pro forma EPS, including (i) 13.0 million restricted stock units and performance stock units, (ii) 7.1 million public warrants, (iii) 0.2 million participation units, (iv) 0.8 million private placement warrants, (v) 2.1 Bakkt Holdings, LLC ("Opco") incentive units, and (vi) 181.1 million Opco common units that are exchangeable (together with the cancellation of an equal number of shares of voting, non-economic Class V Common Stock) into Class A Common Stock.