S&P Global
Market Intelligence

Bakkt Holdings, Inc.

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Earnings Call

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Call Participants

EXECUTIVES

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President, CEO & Director

Karen J. Alexander
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ANALYSTS

John Marc Andre Roy
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Presentation

Operator

Greetings, and welcome to the Bakkt First Quarter 2024 Earnings Conference Call. At this time, all participants are in a listen-only mode. The question-and-answer session will follow the formal presentation. As a reminder, this conference call is being recorded. I'll now turn it over to Olivia Keavey, Senior Lead of Communications at Bakkt. Please go ahead.

Olivia Keavey

Good afternoon, and thank you for joining us on Bakkt's first quarter earnings call. Today's presentation, including the separate earnings call presentation that can be found at our Investor Relations website at www.investor.bakkt.com will contain certain forward-looking statements. 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 a more complete discussion on forward-looking statements and the risks and uncertainties related to Bakkt's business, please refer to its filings with the Securities and Exchange Commission. During today's presentation, in addition to discussing results that are calculated in accordance with generally accepted accounting principles, we will refer to certain non-GAAP financial measures. For more information on this, the basis of presentation for our financial results and our non-GAAP measures, please refer to our earnings release, which was filed this afternoon with the SEC. Joining me on today's call are Andy Main Chief Executive Officer; and Karen Alexander Chief Financial Officer. After our prepared remarks, we will answer questions we received from our investors through the Stay technology platform. After that, Andy and Karen will be available to answer questions from the analyst community. I'll now turn it over to Andy.

Andrew A. Main
President, CEO & Director

Thank you, Olivia, and good afternoon, everyone. Thank you for joining Bakkt's earnings call. It's great to speak to you all again. I want to start today by recapping 3 key priorities that we laid out in detail on our last quarter call and provide an update on the progress that we've already made in the first few months of the year against these goals. So beginning on Slide 4. As we outlined last quarter, we are laser-focused on 3 key strategic priorities in the year ahead. First, growing our client network and deepening our existing client relationships; secondly, expanding our product solutions and extending the back ecosystem; and third, realigning our costs and prudently managing expenses. So I'd like to provide a few highlights for each of our priorities. On the client side, I've had the opportunity to speak with a number of our clients over the past few weeks. For both our loyalty and crypto businesses, our focus on being our clients, partnering growth, combined with our robust solutions and winning client experience is resonating well. On the product side, we've continued to enhance our trading and custody platform, which caters to both institutional and retail clients. This broad market positioning, combined with the rigor we apply to the complexities of security and compliance in crypto allows us to serve a diverse range of clients. Our appeal to the market is further enhanced by the trust clients had in us. This can be attributed to the discipline we apply to being a publicly traded crypto company and our NYDFS regulated custody platform.

In terms of our expense realignment, we've also significantly reduced our operating expenses through company-wide initiatives. Notably, we conducted a reduction in force on May 2 that will yield cost savings. This is in addition to the year-over-year expense reduction of 16% that is reflected in the Q1 2024 actuals. Although challenging, these decisions are crucial as we navigate towards profitability and to reallocate our strategic investments to growth areas. Overall, we believe these actions will strengthen our financial foundation as we move forward and optimize our goals to scale. Now I'd like to turn to Slide 5 to discuss our Q1 financial update and operational update. This update demonstrates the success of the team's efforts. Q1 revenue net of crypto services revenue, crypto cost and execution and clearing and brokerage fees was at $17 million, up approximately 33% from Q1 last year. These results were driven by robust cypto trading activity across our platform with notional crypto volume up 94% compared to the same period last year. Further, OpEx, excluding crypto costs and execution and clearing and brokerage fees decreased by 16% versus Q1 last year as a result of our cost restructuring initiatives over the past few quarters. The combination of higher revenues and driving down costs helped us improve our net loss by 53% year-over-year and our adjusted EBITDA loss by approximately 44% year-over-year.

On the operational side of things, I'd like to call out the progress we're making towards the MVP launch of our Electronics Communication Network or ECM, an offering for institutional trading and custody. This will represent a significant milestone in expanding our client base potential and tapping into new market opportunities. Additionally, our strategic partnerships with Unchained and Swan Bitcoin have enhanced our collaborative custody and trading efforts. Our assets under custody at the end of the first quarter grew to a record $1.1 billion. And finally, our loyalty business is performing consistently well for some of the largest credit card programs in the U.S.A. and incentive programs in Canada. This business is benefiting from the changing and growing interest from consumers and all things of loyalty. The consumer trends driving this sector forward include maximizing the value of earned loyalty points through a broad range of services and products as well as leveraging alternative currencies in the market given the broader macroeconomic pressures on the value of cash. We remain excited about the loyalty business and the growth opportunities it presents for back and our clients.

Moving to Slide 6. As evidenced in our trading volumes in Q1, we've begun to see positive green shoots in the market and the overall demand environment improving with more industry activity, higher coin prices and overall higher retail trading volume. Bakkt is taking advantage of this trend as we have experienced high volume driving through our platform. In Q1 2024, our notional traded volume was 324% higher than Q4 2023, while overall market activity was up 65%. In March 2024, volume on the Bakkt crypto platform had an all-time high since we acquired it in April 2023 at $593 million. In April 2024, trading volume dipped slightly from March, but was still 134% higher than the 2023 average. Moving on to Slide 7. We are upping the pace on rightsizing our cost structure by intensifying our expense restructuring efforts. Notably, on May 2, we completed a workforce reduction of 28 employees that will take effect during the second quarter as part of our broader expense restructuring initiative. The total restructuring plan, which also includes future closure of certain open roles and optimization of Bakkt's contact center resources is expected to reduce Bakkt's planned headcount by 20% at the end of 2024.

These actions are estimated to yield $13 million in cash savings on an annualized basis going forward, of which $7 million will be realized in 2024, excluding any onetime severance costs. This was not a decision taken lightly and was carefully planned so our team can continue executing on our key priorities and serving our clients effectively. This was in addition to the $9.5 million lower year-over-year OpEx, excluding crypto costs and execution, including in brokerage fees in Q1 2024. In addition to this headcount reduction, we will also continue to prioritize cost savings and look for ways to streamline our operations and cost structure, including reducing vendor and discretionary spend. Moving on to Slide #8. I'd just like to say that the Board appointed me as CEO to scale the business and guide it towards profitability. The performance required will be achieved by working at the intersections of processing people, platform and products and with our partners. Using this framework, let's talk more about what the future holds for our business and what we have coming down the pipeline.

So Slide 9, I'd like to dive into what we see as a massive untapped market. The crypto trading industry has been built primarily for everyday retail investors who use a central limit order book trading structure. Meanwhile, institutional investors who are offering Bitcoin ETFs are increasingly finding that the retail central limit order book structure is not meeting their large-scale needs. That has designed a groundbreaking solution to uniquely appeal to the needs of institutional investors. So moving on to Slide #10. This is for our ECN, which we call BakktX comes in. Unlike a central and order book, this platform will be a trading venue designed for institutional traders and market participants within our existing approved regulatory footprint. We believe BakktX will be a differentiated, innovative platform to enable institutional crypto-trading with high performance, low latency and low costs. The platform is expected to be an industry first, the first foreign exchange ECN in the digital asset space that will offer institutional clients a reliable and low-cost trading experience. The brokerage side of our business will be amongst the first clients. We believe this improvement in trading technology will harden our existing relationships and open the door to new clients that demand the most from their infrastructure providers.

Second, when combined with our custody capabilities, we will shift from a pure custody provider to a partner that offers more complete solutions for our institutional clients. With a mature retail trading market, institutional investors are eager and ready for a trading venue tailor made for institutional requirements, and we believe this is the opportune time to launch an innovative market solution serving our targeted high-value segments. Moving on to Page #11. Another key element in shaping back progression is the vitality of the ecosystem in which we operate. We have a strong marketplace of relationships that enhance our solutions and processes, which continues to evolve as we innovate our offerings. As I mentioned, we have many high-value client segments, including brokerages, trading desks, asset managers and crypto natives. In collaboration with our go-to-market technology providers, our capabilities allow us to deepen liquidity for our clients and enhance data and pricing aggregation and analytics. Our goal is to cultivate an ecosystem of solutions tailored to the needs of those diverse clients. The mission of the Bakkt ecosystem is to bring further value to our clients through comprehensive aggregation analytics, high-performance execution, robust liquidity supporting tight spreads, secure clearing and settlement processes upholding the integrity of each transaction and our New York Department of Financial Services regulated custody solution. This integrated approach with our partners ensures that back stands out as the comprehensive ecosystem that empowers our client network to trade confidently and successfully. So thank you for the time allowing me to share more about our current performance and further progress for 2024. Now I'll turn it over to Karen, who will speak to our financial results.

Karen J. Alexander
CFO & Principal Financial Officer

Thanks, Andy. I will now walk you through our first quarter KPIs and financial results. A quick reminder that in accordance with GAAP, we present crypto services revenue, in crypto costs and execution, clearing and brokerage fees on a group basis since we are a principal in the crypto services we provide our customers. By contrast, we are an agent in the loyalty redemption services that we provide our loyalty customers. So royalty revenue is presented at a one-line net basis. Crypto costs and execution clearing and brokerage fees, which we will refer to as crypto costs and ECB for the remainder of this call, drive gross cryptoservices revenue and the difference between these 2 line items represent Crypto trading's contribution to margin. Please see the notes section of our earnings presentation for additional detail on Crypto Services revenue and related costs. Starting on Slide 13, we have our Q1 KPIs that we believe provide a snapshot to the health of the underlying trends that drive our business. As a reminder, we have included back crypto in historical KPI figures on this slide for comparison purposes. We had 6.3 million crypto-enabled accounts at the end of the first quarter, which reflects a steady increase over the past 12 months. Next, we have our transaction accounts, which we break out into crypto and loyalty accounts. There were $779,000 transacting accounts in the first quarter, of which $484,000 were for loyalty redemption and $295,000 work [indiscernible].

While the number of crypto transaction accounts declined year-over-year, we saw an approximately 235% increase in the notional amount per trade year-over-year. This led to a year-over-year increase in the notional traded volume for crypto, which we will cover next. Total notional traded volume was $1,041 million, of which $860 million was from crypto and $181 million was related to loyalty redemption. On this chart, we have also included the crypto industry trading volumes, which is the orange line. As depicted here, our crypto trading volumes were up 324% on a sequential basis, outperforming the overall industry, which was up only 65% sequentially. Meanwhile, loyalty redemption volume was down 6% year-over-year due to lower redemption activity in traveling gift cards. While overall volumes were down, we did have some benefit related to the mix shift from lower-margin products such as air travel to higher-margin products such as hotels. At the end of Q1, our assets under custody increased 76% year-over-year to $1,233.2 million on higher coin prices.

On Slide 14, we show revenue for the company. Total revenue for the first quarter of 2024 was $854.6 million. Gross crypto services revenue for the quarter was $841.3 million. As Andy noted earlier, our Q1 '24 gross crypto notional traded volume increased 324% on a quarter-over-quarter basis, outperforming the 65% quarter-over-quarter increase in the overall market risk of the notional traded volume. Our Q1 '24 traded volume was the strongest in March, where we saw particularly strong demand for certain main points. Net royalty revenues of $13.2 million increased 3% year-over-year. This was driven by a

20% year-over-year increase in subscription and service revenues to $6.6 million. Approximately half of the increase was driven by an adjustment to the remaining life of one of our service contracts, with the remaining increase driven by higher volume-based service revenue. Transaction revenues of $6.6 million were down 9% year-over-year, primarily due to lower redemption volume in travel and lower redemption margin and merchandise.

Turning to Slide 15. We have a slide comparing gross crypto services revenue, encryptor costs and ECB. Gross scripted services revenue of $841.3 million increased 22% sequentially and was impacted by improving industry-wide volumes. Crypto costs in ECB were $837.6 million for the quarter. The difference between Crypto Services gross revenue, and cryptor cost in ECB represents the net revenue contribution of retail crypto trading services. On a percentage basis, the net revenue contribution for Q1 '24 of $3.7 million is a take rate of approximately 44 basis points. This is lower than back crypto's take rate of 80 basis points in Q4 '23 due to the adjustment of the Webull Pay revenue share agreement in Q3 '23. As I've commented in prior quarters, we had expected the take rate to revert back to the pre-Q3 '23 historical take rate of approximately 30 to 40 basis points prior to Q3 '23 as we will pay activity levels increased. Turning to Slide 16. We had total operating expense. Total expense for the first quarter of $886.4 million includes $837.6 million of crypto costs in ECB. These costs are driven by crypto trading volumes. SG&A expense of $7.8 million includes a $900,000 marketing expense associated with the strategic marketing agreement. Excluding this payment, SG&A expenses were roughly flat to Q1 '23. Total compensation expense of $24.5 million declined 28% compared to the first quarter of 2023 due to lower head count and a decrease in incentive [indiscernible] and benefits.

Note that the Q4 '23 compensation expense included reversals of $6.5 million of incentive and noncash compensation expenses to adjust this accrual to lower achievement of performance targets. Other expenses of $15.4 million included $6.1 million of nonrecurring restructuring expenses. Operating expenses, excluding crypto costs in ECB and noncash goodwill, intangible assets and long-lived asset impairment charges were $48.8 million. This represents a decrease of 16% year-over-year. This improvement is primarily due to a reduction in total compensation and benefits and acquisition-related expenses and reflects our commitment to maintaining disciplined expense management. We're pleased with the continued progress we have been making in reducing our expense base through our disciplined approach towards allocating capital. As Andy noted, this will remain a key focus for us as we look ahead to the remainder of the year, and we are committed to continuing this trend, as I will describe further when I address our updated outlook for 2024.

On Slide 17, we have our EBITDA and adjusted EBITDA for the first quarter of 2024. Adjusted EBITDA reflects adjustments for noncash restructuring and acquisition-related items that impacted the period. EBITDA and adjusted EBITDA for the quarter were losses of $22.0 million and $16.3 million, respectively. As Andy noted earlier, our adjusted EBITDA loss has narrowed significantly over the last 12 months, reflecting our expense management efforts. Turning to Slide 18. We have our first quarter 2024 condensed financial statements. I've already covered revenue and operating expenses on the previous slides. So I'll just jump to the bottom line items. Net loss for the quarter was $21.3 million, which resulted in a diluted loss of $1.86 per share on an average diluted share base of 4.4 million shares. Net loss allocated to the noncontrolling interest in the operating company was $13.1 million, resulting in an $8.2 million loss attributable to Bakkt Holding Inc. for a net loss of $1.86 per share on an average basic share count of 4.4 million shares. Following our recent capital raise, an after giving effect to our 1 to 25 reverse stock split that occurred on April 26, 2024, our total share count as of May 3 is 13.4 million shares. Following the capital raise, ICE still remains our largest shareholder as they own 56% of our aggregate shares. Note that their percent ownership is down due to new Class A share issuances and not due to the stainless shares by ICE.

Turning to Slide 19. We have our condensed balance sheet as of March 31, 2024. We ended the quarter with $74.6 million of cash, cash equivalents and available for sale securities. After giving effect to the registered direct operating proceeds, our cash usage for the first quarter was $33.7 million. Our cash usage from quarter-to-quarter may include contractual payments where the timing is not always consistent as well as normal operating expenses. Cash usage for the first quarter 2024 included a $4.9 million increase to surety bond collateral and a $7.0 million transfer of available cash to restricted cash related to our purchasing card facility. Excluding some of these lumpier items, we are continuing to see improvements in our cash usage run rate from a lower operating expense base, which I will cover more on the guidance slide. Before moving on to our guidance, I would like to address the material weakness in our internal controls as noted in our 10-Q filed this afternoon. The issue stems from an air made by a Big 4 third-party valuation specialist in the fair value measurement of our Class I and Class II warrants that were issued in the March registered direct offering. Generally accepted accounting principles require that we recognize is warrants liabilities that measure them at fair value every reporting period. The valuation of these warrants requires the use of a complex valuation model with a number of sensitive assumptions that must be made from the perspective of a market participant. This issue is solely related to our Class 1 and Class 2 warrants and is noncash in nature. We have resolved the valuation issue specific to our Class I and Class II warrants in the financial position and results of operations presented today and reported in our first quarter 10-Q. We are actively addressing the identified material weakness in our internal controls to make sure such discrepancies are identified and managed more effectively in the future.

Moving on to Slide 20. We have updated our 2024 full year outlook. Since our Q4 '23 earnings release, we've had a few months of client activity and engagement metrics to fine-tune the wide range that we provided in March. Accordingly, we are updating our expected outlook for 2024. We expect total revenues to be in the range of $302 million to $4,447 million. This range includes gross crypto revenue of $2,949 million to $4390 million. There are several factors that influence that wide range. First, we consider a range of potential trading engagement metrics, an observed trading engagement in Q1 '24 as well as longer-term historical trading engagement metrics. With the third quarter '23 being a low point for both our platform as well as the broader market. As we mentioned earlier, we saw improved trading activity so far in the first quarter of 2024 with March volume being exceptionally strong. Our expected revenue range for the full year 2024 considers a reversion to 2023 engagement metrics at the low end of the range and steady improvement engagement metrics at the high end of the range. We did not assume that the exceptional trading volume we observed in March will continue for the rest of the year.

Secondly, we have updated our range of possible scenarios for the activation of new clients currently in our pipeline. The rate in devising timing and conversion rate of those pipeline opportunities is reflected in the range of expected gross crypto revenue in 2024. One metric we have considered is the increase in crypto enabled accounts from new clients. We are expecting our crypto trading accounts to grow by approximately 1 to 3x with a significant portion of that growth coming from new clients. Based on our current view of pipeline and current client growth, we have reduced our expectation for crypto trading account growth relative to the guidance I provided in March, while maintaining the general expectation of continued growth in crypto trading accounts. Third, we continue to expect that crypto pain care will be activated in the second half of 2024 to support high demand by international retail traders. Finally, our expected gross crypto revenue range assumes the addition of institutional clients beginning in the second quarter of 2024, with steady ramp-up in ECB from those clients in the second half of 2024. We have not adjusted our expectation for net royalty revenue of $53 million to $57 million, consistent with the performance of that business in 2023.

We expect crypto costs from ECB of $2.934 million to $4,365 million, driven by the range of expected gross crypto revenue. We expect total operating expenses of $155 million to $165 million, updated to reflect the May 2024 restructuring actions. This guidance does not anticipate any acquisition or inorganic transaction expenses, like the acquisition expenses we incurred in 2023 related to the acquisition of Bakkt's crypo. The net of operating expenses and noncash expenses represents our expected cash operating expenses for 2024. Expected operating cash flow usage of $58 million to $72 million, reflects both expected revenue and expense ranges that I've. Free cash flow, which is a non-GAAP metric, is expected to be a usage of between $64 million to $78 million. We expect to end the year with $42 million typically $47 million of available cash, cash equivalents and available for sale securities. This range reflects both the $47 million cash savings from the May restructuring action as well as the $5 million reduction in the net revenue contribution from crypto-trading. It also reflects our updated expectations for capital efficiencies driven from legal entity integration of our regulated notes, including a $9 million reduction of restricted cash as we eliminate duplicate surety bond requirements. We continue to believe we have sufficient cash to fund our operations in 2024. As you will note from this range, we expect our cash utilization to reduce over the course of 2024 as we achieve our revenue growth and expense reduction curve. I'll now pass it back to Andy for his closing remarks.

Andrew A. Main
President, CEO & Director
Thank you, Karen, for taking us through the financials. Between our ongoing focus on providing the winning client experience, the strategic broadening of our product offering and prudent management of our expenses, I believe we are positioned to scale and take advantage of a turning market. I look forward to sharing more about our progress in the months to come. Thank you, everyone, for your ongoing interest in Bakkt. I will now turn it over to Olivia to manage the Q&A.

Question and Answer

Olivia Keavey

Thanks, Andy. Let's move over to questions from the investor community. Leading into our Q&A session, we'll start by answering the top questions from say technology ranked by number of votes. We have consolidated some of the questions that address similar themes. After that, we'll turn to live questions from the analyst community. Our first question from the investor community comes from Saed and William, somewhat the same question, but combined here for time. As the United States embarks on a new [indiscernible] crypto currency advancement, how is back to positioning itself at the forefront of this movement, particularly with the support of the Intercontinental Exchange and ultimately restoring confidence to shareholders. Andy, can you share your perspective here?

Andrew A. Main
President, CEO & Director

Thank you, Saed, and William, for your question and being fellow stockholders of Bakkt. Just like we mentioned, we are laser-focused on our 3 key priorities: firstly, expanding our client network; secondly, broadening our product offerings within the Bakkt ecosystem, primarily our anticipated institutional BakktX ECN offering; and thirdly, enhancing our cost management strategies. Having ICE and our corner for support has been a huge help as we leverage our established infrastructure and market presence. We believe the support in implementing these priorities in due time will bring this company to the forefront of the ever-evolving crypto landscape. We're always looking forward and pursuing ways to stay ahead of the curve and ultimately deliver value to our stockholders like you.

Olivia Keavey

Next question is from Jeffrey C. Jeffrey ask, why did you pursue the reverse split so quickly after shareholder approval when you had several months to regain good standing on the New York Stock Exchange. Karen, can you take this one?

Karen J. Alexander
CFO & Principal Financial Officer

Of course. Our primary goal was to promptly address the compliance issues with the New York Stock Exchange's minimum price requirements, ensuring the stability and continued listing of our stock, acting quickly on the work split allowed us to minimize uncertainty for our investors and stabilize the market perception of Bakkt's financial health. Including opening new doors for institutional investors who may have minimum price requirements for their investments. This action is part of our broader strategy to secure our company's financial foundation and improve investor confidence.

Olivia Keavey

Next question is from Working P. Working asks as your company explored the possibility of collaborating with ICE to secure cryptocurrency custody business from the top 4 to 5 ETF providers. Additionally, what steps does Bakkt to undertake to successfully acquire business in this sector. Andy, can you provide your thoughts here?

Andrew A. Main
President, CEO & Director

Thank you. Yes. Indeed, we've been -- we'll continue to leverage ICE's established infrastructure and market presence. We aim to develop robust customer solutions that meet the complex needs of these institutional players. To successfully acquire business in the sector, we are focusing on enhancing our technological capabilities, ensuring compliance with regulatory standards and building a product suite that aligns with the specific requirements of these large institutional clients. Our ongoing product development and strategic partnerships are geared towards creating a compelling value proposition in the institutional crypto market and securing a large portion of the available market share.

Olivia Keavey

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

Operator

[Operator Instructions] Our first question is from John Roy with Water Tower Research.

John Marc Andre Roy
Water Tower Research LLC

So Karen, on this increase in the estimate for the end of the year cash, you're going to $42 million to $57 million. Is that mainly savings in OpEx expense management? Or is there some non-OpEx factors that are going on?

Karen J. Alexander
CFO & Principal Financial Officer

John, thanks for the question. Obviously, as you could tell from Q1 so far, there's a lot of things going on with our available cash that are beyond just what we're seeing from operations with the ins and outs of what we have to hold as restricted cash. So thinking about where we are so far, as I mentioned, we ended the quarter with $74.6 million of available cash. If you think about the burn rate that's inherent in that number, given -- after giving the effect of the RDO, we burned about $33.7 million of cash during the quarter. But there's definitely some onetimers in there that I mentioned on the call. So if you think about the increases that we had to set aside for sure divide collateral and collateral for our purchasing card facility, that's over $10 million of that usage. So I certainly would -- do not want to give investors the impression that, that $33.7 million is -- can just be divided by 3 and that would be a monthly run rate. As you can see from the numbers, our run rate is going to come down pretty significantly. So between the 74.6% that we ended Q4 with -- or sorry, Q1 wih and then if I maybe kick that down to roughly $49.5 million, which is the midpoint of my guidance range. That's a change of $25 million approximately.

Included in there, as I mentioned, is about $10 million of restricted cash release that we've built into the expectation of the cash balance, given the fact that we were now able to get some of the efficiencies from being able to integrate our regulated entities. So when you factor that in to something that looks more like a roughly $35 million, $36 million cash utilization from operations for the rest of the year. That's more like a $4 million run rate on a monthly basis for the rest of the year. Keep in mind also, though, that our cash usage is not straight line. So you could certainly see it in the first quarter where we had more cash utilization. The $4 million is -- it's a simplified straight-line number, but what we'll see is it vary from quarter-to-quarter, which is why I wanted to give the end of year balance as a better indication of what we would utilize for the rest of the year.

John Marc Andre Roy
Water Tower Research LLC

Great. That really does kind of clear things up.

Operator

Our next question is from Trevor Williams with Jefferies.

Trevor Ellis Williams
Jefferies LLC, Research Division

Andy, maybe a bigger picture question just on the regulatory backdrop being in an election year. Maybe just give us a sense for kind of how you see state of the union on the regulatory side, how you're expecting things to evolve over the next next 12 to 24 months and just how you guys are positioning the business for kind of a different range of outcomes on the regulatory front.

Andrew A. Main
President, CEO & Director

Yes, Trevor, thanks so much for the question. So back being a publicly traded crypto company, we are just extremely focused on the regulatory front, particularly with the NYDFS and certainly complying to the SEC regulations. And clearly, with the election coming up, we certainly are proceeding on the basis that the U.S. government will certainly support the current crypto regulations, and we'll be in a position to support additional licensees for entrants coming into this market. So we're fairly buoyant on the fact that the government SEC in particular, will support its current crypto position to help us part of the economy development flurries. So that's very much the position we're taking as we go forward here.

Operator

We have no further questions at this time. So I'll pass the call back to the management team for any closing remarks.

Olivia Keavey

Thank you, everyone, for attending our [indiscerrnible] we look forward to connecting with you again soon.

Operator

That concludes today's call. Thank you all for your participation. You may now disconnect your line.