Bakkt, Inc.

Bakkt, Inc. - Q2 2026 Earnings Call

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Event Participants

Executives 4
Cody Fletcher, Akshay Naheta, Daniel Ishag, Karen Alexander

Analysts 2
Brian Dobson, Mark Palmer

Operator Operator

Thank you. Hello, and welcome to Bakkt's second quarter 2026 earnings call and webcast. [Operator Instructions]

I would now like to hand the conference over to Cody Fletcher. Sir, you may begin.

Cody Fletcher Executive

Good afternoon, and welcome to Bakkt's second quarter 2026 earnings call. Joining me on the call are Akshay Naheta, our Chief Executive Officer; Daniel Ishag, our Chief Commercial Officer; and Karen Alexander, our Chief Financial Officer.

Today's discussion contains forward-looking statements within the meaning of the federal security laws. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those reflected or implied. We refer you to the cautionary language in our earnings release, in this presentation and in our SEC filings, including the risk factors set forth in our most recent Form 10-K and our Form 10-Q for the period ended March 31, 2026.

Today's discussion also includes references to non-GAAP measures, including EBITDA and adjusted EBITDA. Reconciliations to their nearest GAAP measures, along with definitions and methodology for our operational metrics, total transacting volume, monthly active users and strategic asset value are included in this presentation.

With that, I will turn the call over to our CEO, Akshay Naheta. Akshay?

Akshay Naheta Executive

Thank you, Cody, and thank you all for joining us today. The clearest way to understand Bakkt today is as one platform powered by three complementary engines: Markets, Agent and Global. Each engine addresses a significant opportunity on its own, but together, they create a compounding flywheel that can become more valuable with every product, client, and market we add. Bakkt Markets is the regulated infrastructure layer. It provides the rails for payments, settlement, trading, and over time, the tokenization of real-world assets.

The financial system was not designed for continuous global activity. We are building infrastructure for a world in which value can move securely, programmatically and around the clock. Bakkt Agent is the intelligence and distribution layer. It transforms that infrastructure into a simpler and more powerful financial experience. For our clients, it creates a single platform through which they can launch differentiated financial products and deepen their customer relationships.

And for their customers, it can make managing and moving money dramatically more intuitive. And finally, Bakkt Global expands our strategic reach. It provides access to important markets, differentiated assets and scale distribution opportunities that would be slower and more capital-intensive to build organically. As those positions develop, they can bring additional relationships, capabilities and opportunities into the broader Bakkt platform. Beneath all three engines is the same shared foundation: regulatory compliance and KYC, combined with programmable 24/7 stablecoin settlements.

That common infrastructure is important because it means we are not building three separate businesses. We are building one integrated operating system.

And that is where the flywheel becomes more powerful. Markets provides the rails. Agent brings intelligence, customers and distribution onto those rails. And Global expands the assets, relationships and markets that can connect to the platform. More distribution can generate more activity.

More activity can make the infrastructure more valuable. And a stronger platform can support more products, partnerships and strategic opportunities. Each engine gives Bakkt a meaningful way to win, and together, they create a platform designed to compound. With every turn of the flywheel, every product, client and market we add, the system becomes more valuable and harder to replicate. Last quarter, I introduced the scorecard as a qualitative management view of our execution.

It is not financial guidance. It is a disciplined way to show where Bakkt is progressing, where we are investing and where our attention remains focused.

The headline this quarter is clear: execution is accelerating across the platform. Every category is either stable or improved. Six of the eight categories are now at 75 or above, and the areas that require the greatest attention are also showing the fastest improvement. Partners and distribution increased 20 points, the largest movement on the page. Following the DTR close, we rebuilt the commercial organization, sharpened the offering and advanced the integrations and partnerships required to bring more clients and more activity onto the platform.

At 50, it remains our most important execution priority, but we are entering this next phase with a materially stronger commercial foundation, better visibility into upcoming activations and growing confidence in the potential for flows to scale meaningfully as those integrations come online. Team and talent increased 15 points to 75. We have strengthened the leadership bench, made substantial progress integrating DTR into our platform and aligned the organization around a clear set of commercial priorities. AI-enabled execution is also becoming increasingly embedded across the company, helping our teams with greater speed and leverage.

That discipline is contributing directly to operational efficiency, which increased by 10 points. We're building a leaner, faster and more scalable operating model, one designed to support substantially greater activity without creating the cost structure of a traditional financial institution.

The broader foundation continues to strengthen. Regulatory is at 85, infrastructure and technology are both at 80, with the DTR rails now in-house and the Agent platform on track for the second half. Financial strength remains at 75, supported by a balance sheet with no long-term debt. And global network has increased to 75 as our strategic positions and international relationships continue to develop.

The important shift is the stage Bakkt has now reached. Much of the foundational build is in place. Our focus is increasingly moving towards external outcomes: launching new products, activating clients and scaling transaction flows. Each engine has clear ownership, and we intend to remain transparent and accountable for the progress we make. The foundation is in place, execution is strengthening, and commercial activation is now the next major growth unlock.

With that, let me turn the call over to Daniel to take you through Markets and Agent.

Daniel Ishag Executive

Thank you, Akshay, and good afternoon, everyone. Before I turn to the platform, let me briefly share what I've seen in my first 3 months. Akshay has aligned product, engineering, compliance and sales around the same commercial priorities, and that alignment is translating into faster, more coordinated execution.

The market we're building into has continued to expand this quarter. Stablecoin market capitalization reached an all-time high of approximately $320 billion in May 2026. Adjusted on-chain stablecoin volume reached approximately $1.79 trillion in June, a new monthly high. And global cross-border payment flows reached approximately $208 trillion in 2025.

Against markets of this scale, focused adoption across priority clients, corridors and use cases can drive a step change in volume from our current base. Today, most of that money still moves through traditional correspondent banking. That means multi-day settlement, intermediary fees, FX costs, failed transactions and limited transparency. The further you move away from the major currencies, the more pronounced these problems become.

That is exactly what our infrastructure has been built to address. Let me bring you up to date on where the platform stood at the end of the second quarter. There are four key numbers: 1 core

KYC framework across the product set; access across more than 63 countries; support for 19 currencies and connectivity across 10 public blockchains.

Behind those numbers are four production APIs, all live today. This quarter, we consolidated onboarding across the product suite. A client can complete the core compliance process once and use that foundation as it activates additional products, with product- and market-specific requirements applied where needed. The second is our stablecoin API, which provides the settlement rail from fiat to stablecoins and back again. Wire and ACH went live this quarter, closing the loop between traditional bank rails and stablecoin settlement within a single API.

That gives clients faster settlement. More importantly, it gives them settlement speed they can turn into a commercial advantage for their own customers. The third is Zaira, our chat-native interface for cross-border payments. Zaira has supported live fiat payment corridors since last September and is now integrated into Bakkt's in-house payment stack. And the fourth is the Bakkt Widget, our embeddable on- and off-ramp.

Partners can integrate it directly into their own platforms and deliver the service within their existing customer experience.

The widget combines the other APIs and demonstrates the strength of the platform. It is modular, but the modules work together. The principle is simple: integrate once, then activate what you need. One core integration, one common regulated foundation and an expanding menu of products and services.

The six offerings on the left are live and available today. They include our trading infrastructure, stablecoin OTC, digital asset OTC, our stablecoin on- and off-ramp, cross-border payments through the Zaira API and the Bakkt Widget. None of this is roadmap. These products are live and being sold today.

For the second quarter, total transacting volume was approximately $169 million. For the first half, TTV was approximately $410 million. Our current full-year 2026 TTV target remains approximately $2.5 billion, and we remain confident in achieving it. The movement in the second quarter was driven principally by lower trading activity. At the same time, payments entered TTV for the first time following the May 1 integration.

The initial production volume is an important proof point. It demonstrates that the payment infrastructure is live, in-house and processing real institutional and cross-border flow. We expect payments to become an increasingly important contributor to growth from here.

The commercial problems we are solving are consistent across clients: reducing pre-funding, shortening settlement times, improving traceability and simplifying multi-party payouts. Those needs arise across supplier settlement, trade-related payments, global payroll and contractor payments. Our infrastructure addresses them through one core integration across the markets and currencies we support.

Achieving our full-year target requires a meaningful acceleration in the second half. Our confidence is based on a broader set of drivers now in place: six live offerings, payments contributing to TTV for the first time and client integrations and activations already progressing through defined compliance, technical and launch stages. The expected step-up does not depend solely on a recovery in trading activity. In addition to activating our previously described relationships, we're advancing further opportunities across payments, the widget and embedded finance.

I also want to be clear about the metric. TTV is the total notional value moving through our platforms, and the margin we earn varies by transaction type. These businesses generate fees and spreads on flow. As volume and product adoption scale, we expect the revenue opportunity to expand alongside them. The commercial organization is in place and selling today, with senior coverage continuing to expand in line with the opportunity set.

We have six live offerings. Integrations and activations are underway, and the mandate is clear: activate clients, grow volume and execute.

That brings me to the second engine, and I want to be precise about what Bakkt Agent is because it's the newest part of the story. Bakkt Agent is a B2B and a B2B2C platform. We do not sell directly to consumers. We sell it to businesses, banks, fintechs and brands, which use it to offer financial products to their own customers.

Agent turns the regulated rails you have just seen into a simpler and more valuable customer relationship by connecting three layers. First, regulated rails: accounts, payments, cards and cross-border transfers. Second, financial intelligence: customer financial context used with the appropriate permissions to personalize the experience. And third, customer action: a simple interface that turns insight into action.

For the end customer, that can create a more useful financial experience. For our clients, it creates a stronger distribution model, deeper engagement, more financial activity and more opportunities to generate value from the customer base. The client controls the customer experience and drives distribution, Bakkt provides the regulated rails and the intelligence underneath.

The way I think about it is simple. The intelligence layer amplifies the value of every regulated rail beneath it. Agent is organized around three product paths. Embedded finance is commercially available today for partner integration. We expect co-branded card programs and Neobank-as-a-Service to launch in the fourth quarter, subject to applicable approvals.

First, Bakkt Agent's embedded finance. Clients can embed accounts, payments and international transfers into their existing experience through one modular platform: more than 63 countries, 19 currencies, 10 chains, one core KYC framework and 24/7 stablecoin settlement. And you'll see one more line on the card, targeted for Q4 of this year: a conversational interface on top of those rails, designed to let a customer ask, understand and act in plain language, with every action running through the same regulated APIs and secure authorization. For clients, it is a differentiated experience that would otherwise require assembling multiple technology, banking and regulatory relationships.

Second, co-branded card programs designed around the client's brand and customer relationship, with issuing, payments and loyalty supported by a regulated stack and banking partners. Third, Neobank-as-a-Service: a full branded experience with accounts, savings, cards and rewards and cross-border payments, while Bakkt operates the regulated infrastructure underneath. Availability will vary by client, and market remains subject to applicable regulatory, licensing, bank partner and network requirements. The commercial logic is consistent with Markets: one modular regulated stack and multiple product paths that allow a client to start with the capability it needs and expand as its customer's relationship develops.

This slide brings the product to life. It illustrates the branded end-user experience that Neobank-as-a-Service is designed to deliver. A client's customers can get paid into a checking account, save towards goals, spend on cards with rewards and send money across borders, all within the client's own app and brand. It's one branded experience with more opportunities to engage customers as they manage everyday money. And the experience is assembled from the same modular capabilities I've just described.

Let me close the Agent story with the commercial logic behind the product set. This is a flywheel at the level of a single client. Markets provides the regulated rails, and Agent gives the client multiple ways to use those rails across a deeper customer relationship.

The path shown here is illustrative. A customer can enter the product path that best fits its needs and expand as additional capabilities come online. The three steps are: embed, engage and expand. A client can embed accounts, payments and international transfers inside its existing experience. It can then engage customers more frequently through a co-branded card program.

And it can expand into a full branded neobank experience with accounts, savings, cards, rewards and cross-border payments. Across those paths, the client uses the same core integration and regulated infrastructure, with onboarding and KYC applied as required by product and market. The commercial opportunity expands in three ways. First, each additional product creates more opportunities for fees and transacting volume on the same core platform. Second, each product can add permitted financial context, helping make the next experience more relevant and better timed.

And third, expanding an existing client relationship can be more efficient than acquiring a new one. Deeper product adoption can strengthen retention for our clients and its customers, and for Bakkt with its clients. This is the strategy: activate clients on the capabilities available today, expand each relationship over time and continue adding new clients to the platform. Grow every client relationship as we grow the client base. With that, back to Akshay for Bakkt Global.

Akshay?

Akshay Naheta Executive

Thank you, Daniel. The third engine is Bakkt Global with our strategic investments in Japan and India. Japan gives Bakkt a foothold in major private capital and innovation ecosystems, where access to issuers, private market opportunities and local partners can be as valuable as the capital itself.

The strategic fit is very direct. Bitcoin Japan creates local access, relationships and potential asset supply. Bakkt Markets provides the global technology and regulated infrastructure we are building to support the tokenization, settlement and distribution of eligible private market assets. Rather than building a private markets footprint from scratch, we can leverage Bitcoin Japan's partnerships to participate in this large and growing opportunity in a capital-efficient way.

India represents a distribution side of the same strategy. Through Transchem, which we expect to be renamed in due course, subject to required approvals, we are pursuing a broker-led approach that can include acquisitions and strategic partnerships to build scaled local distribution across India's rapidly expanding investor market. Bakkt's role is to create the global asset pipeline and tokenization stack, eligible private market and other real-world assets delivered through regulated local channels and ultimately experienced by consumers from a modern, Bakkt-powered investment platform. Bakkt Agent can make that experience far simpler, helping customers discover, understand, transact in and manage global investment opportunities through an intuitive financial interface.

The end state is powerful. Japan can build differentiated access to private markets and real-world assets. India can build scaled consumer distribution. Bakkt connects both with its Markets infrastructure, Agent experience and Global operating stack. These are not passive holdings.

These are important footholds in a much larger platform opportunity. And this slide is deliberately straightforward: the increase in the illustrative value of our strategic investments in Japan and India, including amounts currently reported in our financial statements and cash previously received. We invested in these markets strategically, and a significant portion of the increase is reflected in Bakkt's reported financial position. Both markets have independent governance and strong local management teams who are executing for the long term. That reflects the capital discipline behind our approach: targeted investments in strategically important platforms that can create meaningful upside without requiring us to build every capability or market position from scratch.

But we see this as an early marker, not the end state. As we execute on the strategy, build scale across Markets and Agent and as these positions develop into operating platforms with deeper asset access and distribution, we believe the value that they create for Bakkt shareholders will compound substantially over the long term. What is visible on this slide today is only the beginning of the opportunity ahead.

Last quarter, we introduced one primary KPI for each engine, and here's where we stand. For Bakkt Markets total transacting volume, approximately $410 million for the first half, including payments volume alongside trading for the first time. And we continue to expect approximately $2.5 billion for the full year. For Bakkt Agent monthly active users, we are not reporting MAUs today because the relevant Bakkt Agent products do not have activity that is meaningful yet. But this quarter, we are setting the first marker.

Based on the launch plan our Chief Product Officer, Ankit Khemka, and the product team have laid out, our initial target is approximately 25,000 monthly active users by year-end.

Embedded finance is commercially available for partner integration now. Commercial end-user launches and the MAUs that come with them begin as partners activate. The other drivers are on the calendar. Neobank-as-a-service targeted for the fourth quarter, and our cross-border corridors, including flows into India and South Asia, ramping through the second half. And to be clear about what the number is, this is our year-end monthly target, not an annual average.

For Bakkt Global strategic asset value, approximately $119 million as of June 30. We have revised the definition of SAV this quarter to align it directly with our financial statements. It now consists of $10.6 million equity method carrying value for our Japan investment and the $107.9 million fair value of the Transchem warrants.

There are no internal valuation models or additional components. The KPI reconciles directly to the amounts reported in the financial statements in our 10-Q. We will report TTV and SAV consistently each quarter, and we expect to begin reporting MAUs quarterly once the relevant Bakkt Agent activity is meaningful so you can follow activation and scale as it happens. With that, I'll turn the call over to Karen to review the financial results. Karen?

Karen Alexander Executive

Thank you, Akshay. The financial takeaway for the quarter is straightforward. Bakkt reported GAAP net income of $80.8 million. Diluted EPS for the quarter was $1.94 per share. This is a strong reported GAAP result and an important milestone as we build a more valuable full-stack financial platform.

We ended the quarter with $50.7 million of cash and restricted cash and no long-term debt. That gives us meaningful flexibility to continue investing in commercial activation with discipline.

We now have six live commercial offerings, $410 million of total transacting volume in the first half and a current full-year 2026 TTV target of approximately $2.5 billion. Based on the integrations and customer activations underway, we remain confident in achieving that target. The Transchem fair value re-measurement is reflected in our GAAP results and is fully disclosed in our materials. The broader point is that Bakkt enters the second half with a stronger platform, growing commercial momentum and a clear path to greater flows as customer activations ramp. We believe those flows can scale meaningfully from here, supported by the still early adoption of stablecoins across global trading and settlements.

This reconciliation is provided for transparency and comparability, with the prior year presented on the same continuing operations basis. You'll see one new line, $3.6 million of transaction-related advisory fees, which are excluded from adjusted EBITDA and not expected to recur at this level. Our focus is on translating the platform, integrations and client pipeline we have built into higher levels of activity and operating leverage as activations ramp.

In closing, we have delivered a strong reported result and have made material progress in the first half towards building Bakkt into a financial operating system for the AI and token economy.

We are investing across regulated infrastructure, intelligence and distribution to deliver higher-value solutions and tools to our customers. We enter the second half with a stronger platform, clear commercial momentum and substantial room to scale.

With that, let's go to Q&A. Cody, back to you.

Operator Operator

[Operator Instructions] Our first question comes from the line of Brian Dobson with Clear Street.

Brian Dobson Analyst

So you've made some significant headway during the quarter. I was wondering if maybe you could take a step back and tell us how you see the business evolving further over the next 12 months?

Akshay Naheta Executive

Thanks, Brian. So I think that we've -- we continue to maintain the year-end target on our total transacting volume at $2.5 billion. And I think that as the commercial team has expanded and we've attracted great talent to that team over the past quarter, we believe that, that volume will ramp up significantly next year. At this time, we are not going to be giving financial guidance for next year. But if you assume the trend that we are forecasting going into year-end, I think that, that trend will accelerate even faster going into next year.

Brian Dobson Analyst

Yes, thanks. And then in terms of capital allocation, as you look across your product portfolio and you seek to deploy incremental dollars, right, putting incremental dollars to work, which areas do you find most attractive and would like to see some financial muscle put behind to grow them?

Akshay Naheta Executive

I mean, at this time, really, our entire commercial offering is fully connected, and it's integrated in one framework. And where we are really spending a lot of time is in attracting the right kind of talent to the organization to actually go ahead and scale and activate the different relationships that we have to scale the transacting volume. Because at the end of the day, that's what translates into revenues for us and earnings.

And so from my perspective, I don't think there are any major financial capital allocations that we see on the horizon for the moment, other than the ones that we've already disclosed. And I think that our heads-down focus is on really going out and executing on the opportunities and the client activations that are currently underway already.

Operator Operator

[Operator Instructions] Our next question comes from the line of Mark Palmer with Benchmark.

Mark Palmer Analyst

I wanted to ask about the monetization of total transacting volume, especially given that you have six live offerings. How should we think about the blended take rate of those combined offerings? And how does the take rate differ across each of them?

Akshay Naheta Executive

Yes, so I think the best way to think about this, Mark, is that when you're looking at stablecoin-related volume overall, as it relates to any of the GP3 currencies, which is dollars, euros, and sterling, you're looking at very slim margins and take rates that range from a few basis points all the way to in the low-teen basis points. But then the real margin comes in the cross-border payments opportunities, which are -- you know, today our platform is live in over 63 countries, we execute in over 19 currencies. And there, the margins can range from anywhere between 50 basis points to close to 1.5 points.

And I think that we have not given out any guidance in terms of where the blended take rate will come out. But I think starting next quarter, you'll start getting more evidence on where that number lands. I don't know if Daniel wants to add anything to this if he's on the call.

Daniel Ishag Executive

Good evening. As we start solving payment problems around the world, as Akshay mentioned, we've got 60-plus countries we're working in. We're seeing significant demand across a number of the emerging markets for cross-border payments, and that's where we're really positioned to take advantage of greater margins. Over that, because we have an integrated offering, we're able to solve customer problems incredibly quickly without multiple onboardings. And those efficiencies are starting to really scale into major savings for our partners.

So over the coming quarters, we look forward to keeping you updated.

Operator Operator

Thank you. Ladies and gentlemen, at this time I would like to turn the call back over to Cody for more questions.

Cody Fletcher Executive

Thank you, operator. So before we close, we wanted to address some questions we hear most often from our retail investor community. These are all drawn from our followers on X and some other public channels.

First one here is for Daniel. Daniel, what progress has Bakkt made since completing the DTR acquisition?

Daniel Ishag Executive

Hi there. Look, we closed the DTR acquisition on April 30, and in just two months, we've consolidated onboarding. We've launched wire and ACH funding. We've brought the payments infrastructure completely in-house and included payments in the TTV for the first time.

As mentioned earlier in the call, we now have six live commercial offerings connected through one integration framework. And we've strengthened the commercial organization with exceptional talent this quarter. The core foundation is integrated. Our focus now is activating new clients and scaling the associated volume.

Cody Fletcher Executive

Great. Thank you, Daniel. The second one is for Akshay, kind of around Bakkt Global. How should shareholders think about the strategic and financial value of Bakkt Global?

Akshay Naheta Executive

So Bakkt Global, the investments that we made there have already created significant shareholder value for Bakkt shareholders. But the strategic opportunity is a lot broader than the financial gains that we've made from these investments.

As I said in my prepared remarks, Japan basically expands our access to global private markets and the associated real-world asset tokenization opportunities that, that presents. And India really provides us with a very scaled distribution platform, which then Bakkt can connect through both Bakkt Markets and Bakkt Agent. So we believe that these investments in these two countries through Bakkt Global can compound substantially in value for Bakkt shareholders over the long term as these respective operating platforms scale. But at the same time, the strategic benefits and the associated revenue benefits that Bakkt gets through Markets and Agent will be materially visible as these platforms grow. So what is visible today is only the beginning of the opportunity ahead.

And I think that these tie in completely into the overall Bakkt strategy, but they also add to Bakkt in a big way because of the supply side and the demand side of the equation that we're creating through India and Japan.

Cody Fletcher Executive

And our last question here, probably our most common, but when do you expect to be operationally break-even?

Akshay Naheta Executive

So the core platform is in place. And as we've alluded to in our prepared remarks, the activity we see is going to grow substantially across the rails that we've already built. And we expect meaningful operating leverage without having to recreate the cost base of a traditional financial institution.

We're not providing a precise date today. However, based on the current execution plan and the client activations that are already underway, my expectation is that Bakkt will reach adjusted

EBITDA break-even at some point during the fourth quarter of 2026. That expectation depends principally on the timing and scale of these activations and the visibility we have on those, but I believe we are well-positioned to achieve that important milestone by then.

Cody Fletcher Executive

All right. Thank you, Akshay and Daniel and Karen. And operator, back to you for closing.

Operator Operator

Thank you. Ladies and gentlemen, that concludes today's conference call. Thank you for your participation. You may now disconnect.