



# First Quarter 2023 Earnings

May 11, 2023

# Important notice

Unless the context otherwise provides, “we,” “us,” “our,” “Bakkt” and like terms refer (i) prior to October 15, 2021 (the closing date of the business combination), to Bakkt Opco Holdings, LLC (f/k/a Bakkt Holdings, LLC, “Opco”) and its subsidiaries and (ii) after October 15, 2021, to Bakkt Holdings, Inc. and its subsidiaries, including Opco.

## **Forward-Looking Statements**

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, but are not limited to, statements regarding the impacts from the Apex Crypto acquisition and Bakkt’s guidance, plans, objectives, expectations and intentions with respect to future operations, products, services and the application of Bakkt’s available cash, among others. Forward-looking statements can be identified by words such as “will,” “likely,” “expect,” “continue,” “anticipate,” “estimate,” “believe,” “intend,” “plan,” “projection,” “outlook,” “grow,” “progress,” “potential” or words of similar meaning. Such forward-looking statements are based upon the current beliefs and expectations of Bakkt’s management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and beyond Bakkt’s control. Actual results and the timing of events may differ materially from the results anticipated in such forward-looking statements as a result of the following factors, among others: Bakkt’s ability to grow and manage growth profitably; changes in Bakkt’s business strategy; changes in the market in which Bakkt competes, including with respect to its competitive landscape, technology evolution or changes in applicable laws or regulations; changes in the markets that Bakkt targets; disruptions in the crypto market that subject Bakkt to additional risks, including the risk that banks may not provide banking services to Bakkt; the possibility that Bakkt may be adversely affected by other economic, business, and/or competitive factors; the inability to launch new services and products or to profitably expand into new markets and services; the inability to execute Bakkt’s growth strategies, including identifying and executing acquisitions and Bakkt’s initiatives to add new clients; Bakkt’s ability to successfully integrate the Apex Crypto business and employees and to achieve the expected benefits from the acquisition; Bakkt’s failure to comply with extensive government regulation, oversight, licensure and appraisals; uncertain regulatory regime governing blockchain technologies and crypto; the inability to develop and maintain effective internal controls and procedures; the exposure to any liability, protracted and costly litigation or reputational damage relating to Bakkt’s data security; the impact of any goodwill or other intangible assets impairments on Bakkt’s operating results; the impact of any pandemics or other public health emergencies; Bakkt’s inability to maintain the listing of its securities on the New York Stock Exchange; and other risks and uncertainties indicated in Bakkt’s filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on such forward-looking statements. Such forward-looking statements relate only to events as of the date on which such statements are made and are based on information available to us as of the date of this presentation. Unless otherwise required by law, we undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events.

## **Basis of Presentation**

This presentation includes discussions of Adjusted EBITDA and Free Cash Flow, which are financial measures that are not calculated in accordance with GAAP. For more information regarding Adjusted EBITDA please see slide 21 and for Free Cash Flow please see slide 26.

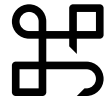


# Our differentiated platform and 2023 key priorities position us to win



## Expand crypto platform

- Combining Bakkt's secure custody solutions with Apex Crypto's advanced trading capabilities creates a best-in-class platform and positions us as the crypto infrastructure provider of choice
- Continuing to invest in custody and trading capabilities to meet demand from new and existing clients
- Maintaining and building upon our regulatory and compliance-first approach



## Activate and broaden client network

- Collaborating closely with existing clients that provide reach to millions of users across client verticals, including the fast-growing fintech industry
- Driving volume by bringing new platform capabilities to market
- Broadening network with new clients



## Strategically allocate capital

- Opportunistically deploying capital towards revenue-generating activity
- Prudently managing expenses

# Apex Crypto acquisition update



# We are excited to have closed our acquisition of Apex Crypto

## Transformational acquisition

- Bringing Apex Crypto's trading capabilities together with our secure crypto solutions
- ~5.8mm crypto-enabled accounts and new clients across verticals like fintech provides immediate scale and opportunities to deepen relationships
- Fast-tracks our crypto product roadmap
- Bolsters our path to profitability
- Adds talented employees to our team

## Focused execution

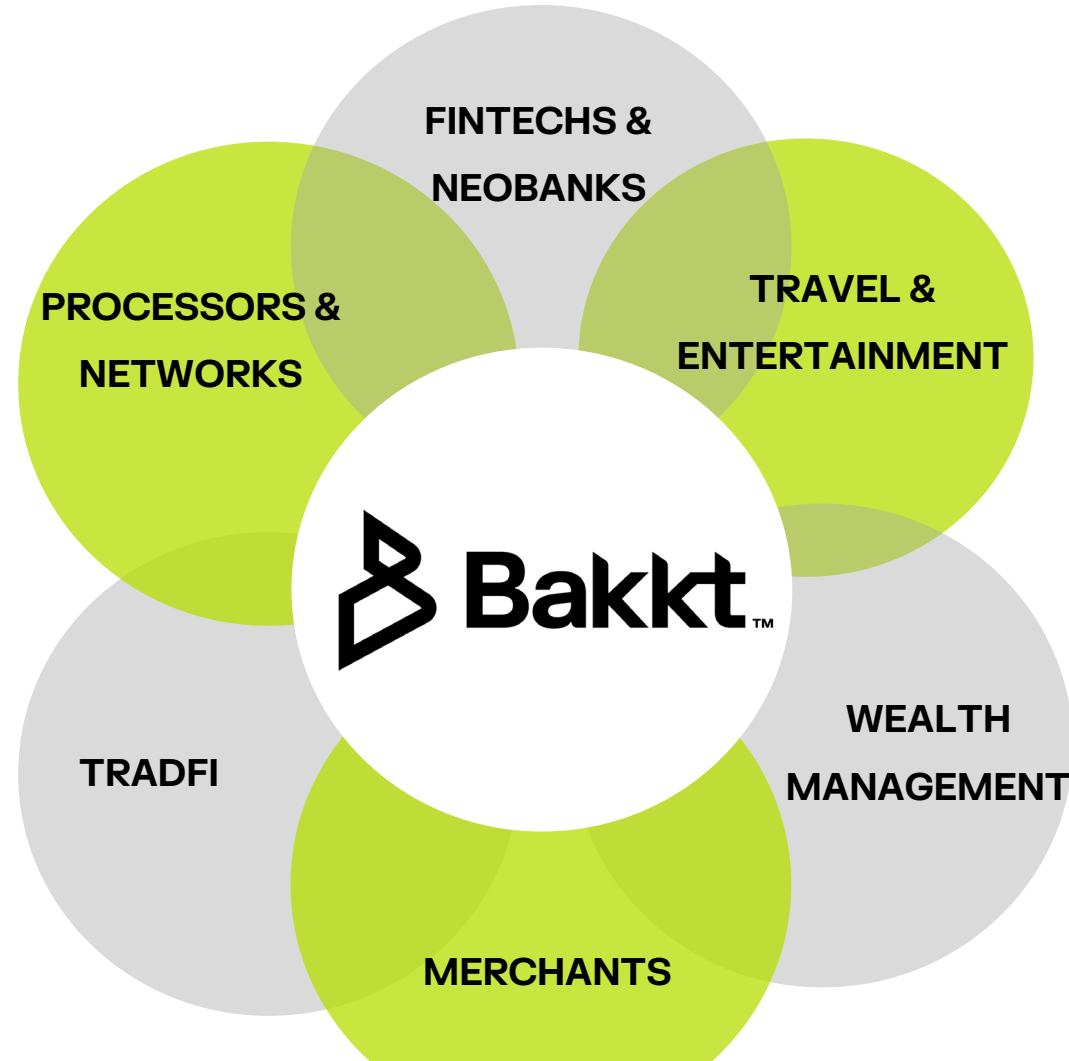
- Integration of businesses underway
- Near-term focus on expanding into new markets including the UK, EU and Southeast Asia, to meet demand from existing client base
- Strategic investments in platform to expand capabilities
- Continued collaboration with Apex Fintech Solutions (AFS); Commercial Agreement aligns interests in driving revenue growth & achieving financial earnout targets
- Conducted detailed analysis of Apex Crypto's coins against our listing policy



# Our acquisition provides access to new client verticals in high growth sectors

- Our acquisition broadens our client reach into an attractive addressable market with the rapidly growing fintech industry
- Fintech firms tend to be more agile with shorter activation timelines and have attractive customer demographics
- Continue to deepen relationships with Apex Crypto's existing customers

## Broad reach across client verticals



## Examples of our expanded client base



# We're able to provide advanced crypto trading to clients

## Deep liquidity

- Partner with several top crypto liquidity providers to provide unparalleled liquidity and price quality
- Customers receive deep, tight and transparent pricing, as well as redundant markets for 100% uptime

## Seamless integration & customer experience

- Clients integrate with easy-to-use APIs in ~45 days (average)
- Provide clients competitive advantage with ability to offer investing across multiple asset classes and broad range of accounts, from the same UI/platform
- Instant funds settlement; no pre-funding required
- Failover protection ensures customers can access our platform 24/7

## Advanced order management system

- Full spectrum of order types with broad execution capabilities including quantity/notional order denominations, block trading and allocations

## Coin transfer\*

- Sending and receiving customer BTC, LTC and BCH; additional coins coming soon

## Multiple fee structures

- Markup/markdown
- Trade fees that can be customized per order

## Gifting

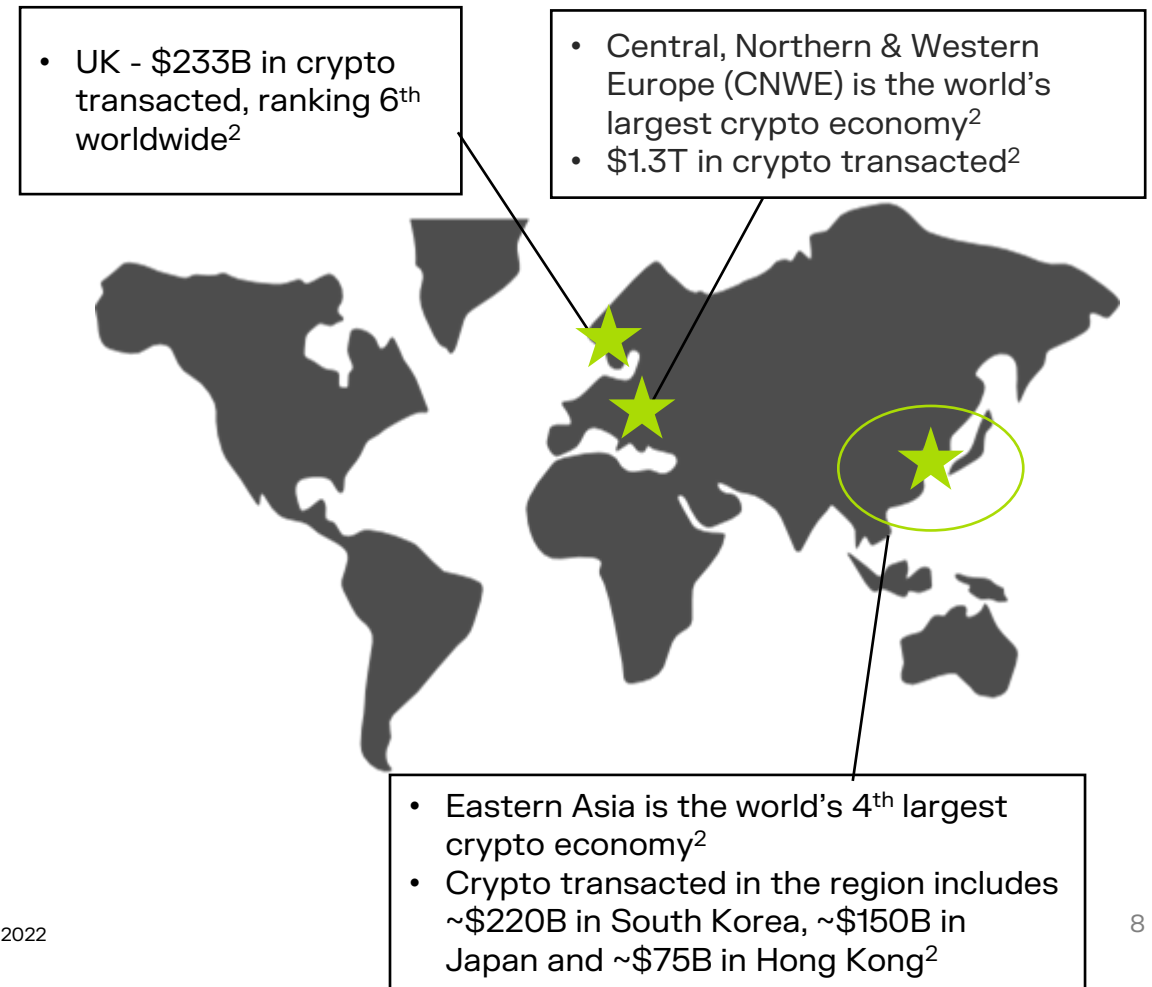
- Ability for clients to gift crypto to end customers



\* Not available in New York

# We are well-positioned to significantly broaden our reach into international markets

- Given strong demand coming from our client base for international expansion, we are focused on bringing our crypto capabilities into the UK, EU and Southeast Asia
- Enhanced regulatory clarity around crypto provides a clearer framework through which to operate
- Positive consumer sentiment towards crypto in focus markets
  - 10% rebound in trust towards crypto since Sept. 2022 in the U.K.<sup>1</sup>



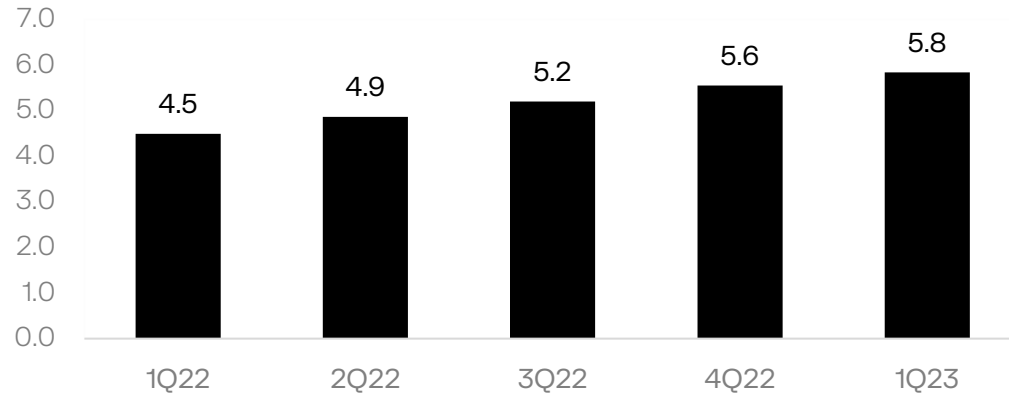
<sup>1</sup>Source: Morning Consult, "Global Cryptocurrency Sentiment," May 2023

<sup>2</sup>Source: Chainalysis, "The 2022 Geography of Cryptocurrency Report." Transaction period covers July 2021 – June 2022

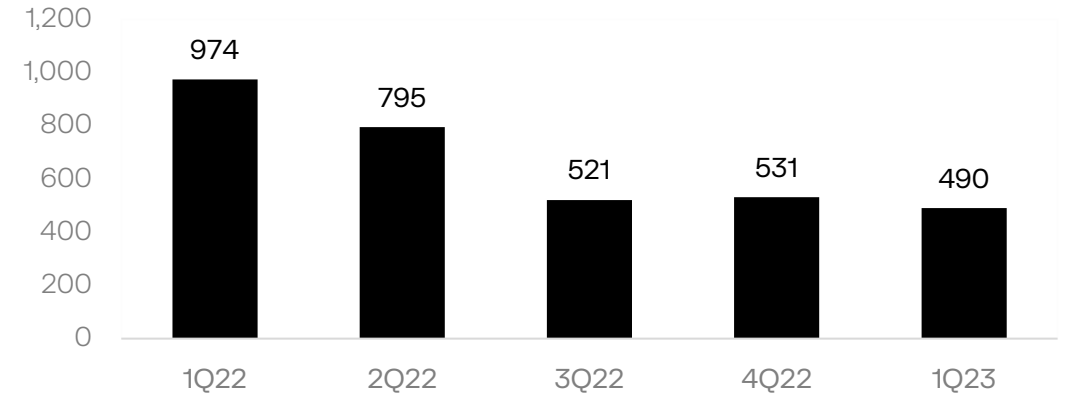
# Apex Crypto key performance indicators

Volume trends have performed in-line with the overall industry

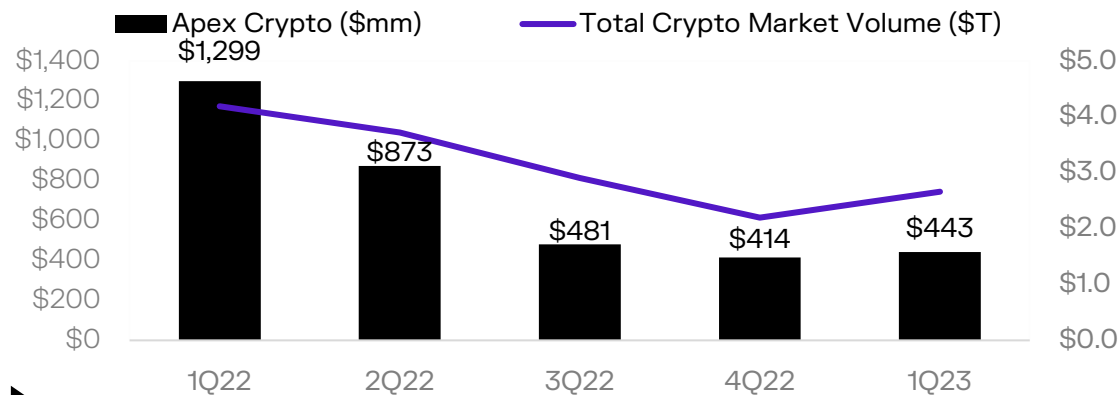
Crypto-enabled accounts (millions)



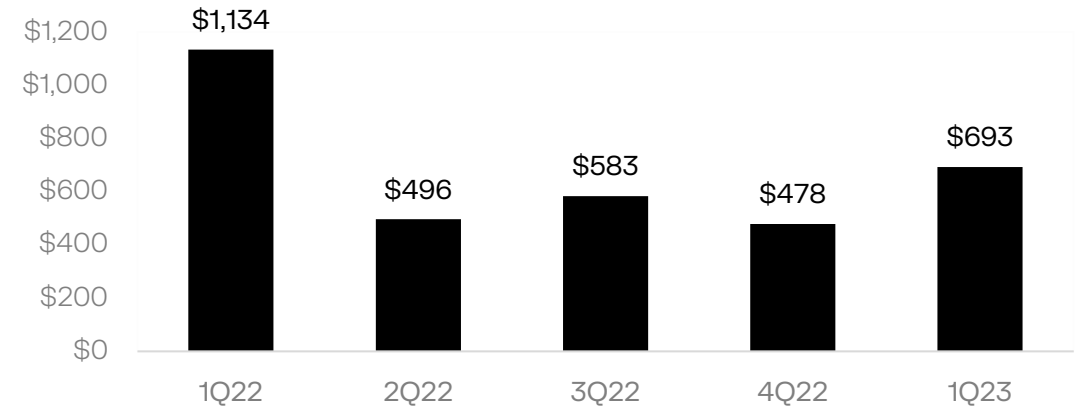
Active accounts (thousands)



Notional traded crypto volume



Assets under custody (\$ millions)



Note: The operating data on this slide is unaudited. Please refer to the Notes section in this presentation for definitions. Total crypto market volume sourced from The Block and represents total crypto exchange volume.

# Apex Crypto enhances our path to profitability

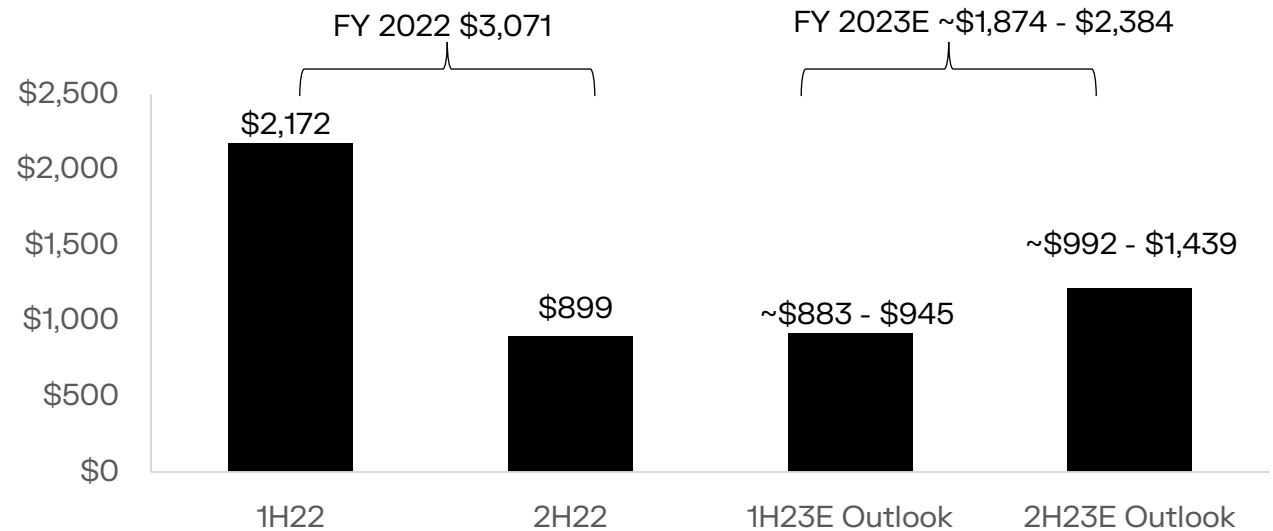
## FY 2022

- Gross revenue of \$3,071mm was driven by strong 1H22 results before crypto market events stalled activity levels
- Crypto costs and execution, clearing and brokerage fees of \$3,063mm in line with revenue levels

## FY 2023E outlook

- Apex Crypto gross revenue expected to recover throughout 2023
- Gross revenue outlook of ~\$1,874mm – \$2,384mm
- Crypto costs and execution, clearing and brokerage fees outlook of \$1,868mm - \$2,376mm

Apex Crypto gross revenue (\$ millions)

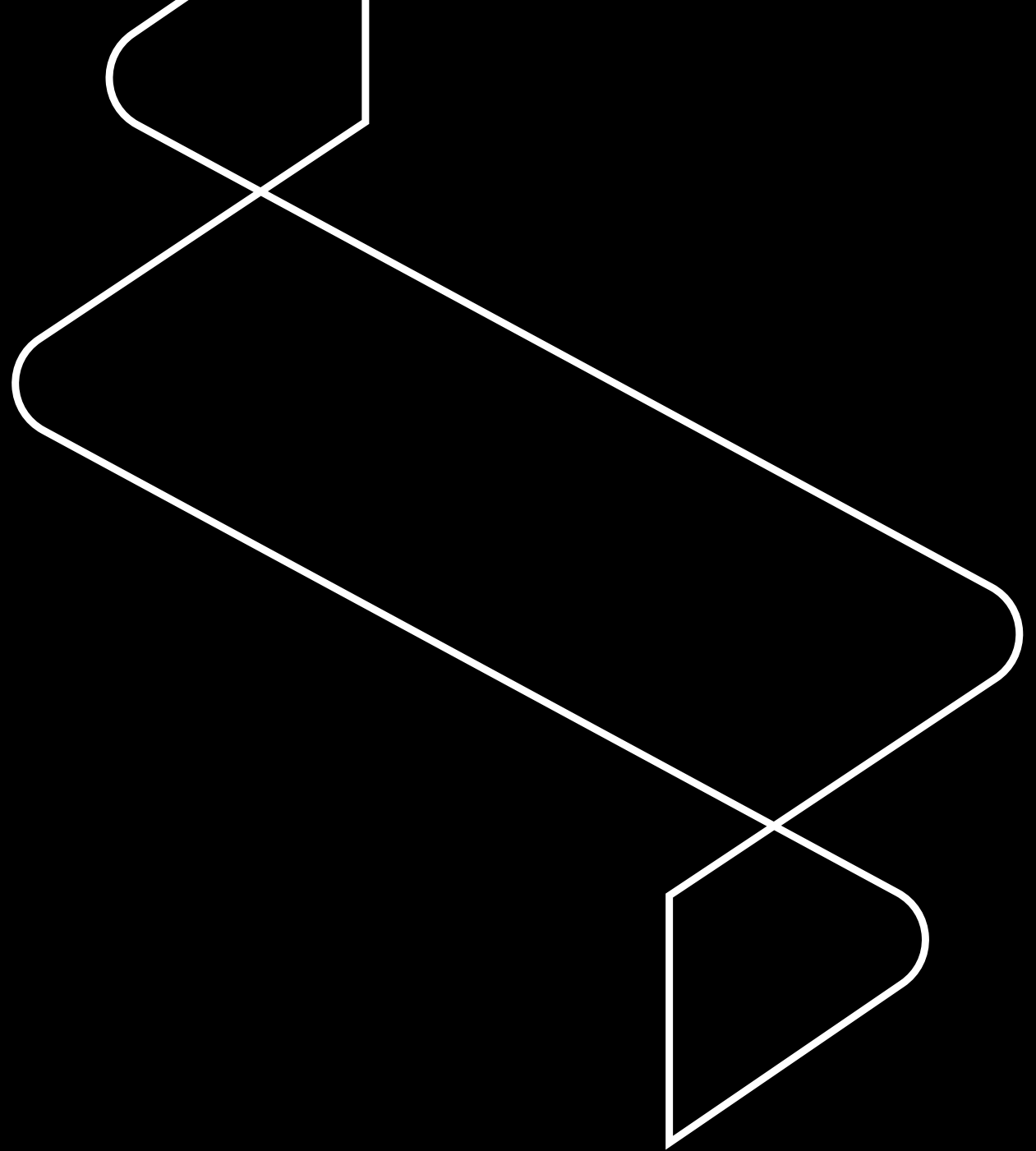


<i>Crypto costs and execution, clearing and brokerage fees (\$ millions)</i>	1H22	2H22	1H23E Outlook	2H23E Outlook
	\$2,167	\$896	~\$880 - \$942	~\$988 - \$1,434



Note: Data on this slide is unaudited. Gross revenue includes notional traded crypto volume, platform fees and other customer fees. Gross revenue outlook assumptions include number of accounts, percent of accounts trading and notional amount per trade

# Financial results



## FINANCIAL RESULTS

# Summary of 1Q23 condensed results

- **Net revenues of \$13.0mm** increased 4% YoY, driven by increase in transaction revenues
- **Operating expenses of \$58.4mm** decreased \$2.6mm, or 4% YoY, primarily due to a reduction in total SG&A expenses
  - Includes a \$4.3mm restructuring charge
- **Total shares outstanding of 265.9mm<sup>1</sup>**
  - Class A 82.6mm shares
  - Class V 183.3mm shares
  - 22.7mm Class V shares exchanged as of March 31, 2023

<i>\$mm's</i>	1Q23	4Q22	1Q22
Net revenues	\$13.0	\$15.6	\$12.5
Goodwill and intangible assets impairments	—	274.4	—
Operating expenses, excluding goodwill and intangible assets impairments	58.4	73.2	61.0
<b>Operating loss</b>	<b>\$(45.4)</b>	<b>\$(332.0)</b>	<b>\$(48.5)</b>
Interest income, net	1.6	1.0	0.1
(Loss) gain from change in FV of warrant liability	(1.0)	3.5	2.4
Other expense, net	(0.0)	(1.5)	(0.5)
<b>Loss before income taxes</b>	<b>\$(44.8)</b>	<b>\$(328.9)</b>	<b>\$(46.5)</b>
Income tax (expense) benefit	(0.0)	2.5	3.1
<b>Net loss</b>	<b>\$(44.9)</b>	<b>\$(326.4)</b>	<b>\$(43.3)</b>
Less: Net loss for noncontrolling interest	(30.9)	(229.2)	(36.2)
<b>Net loss attributable to Bakkt Holdings, Inc.</b>	<b>\$(14.0)</b>	<b>\$(97.2)</b>	<b>\$(7.1)</b>
Weighted average basic shares (mm)	81.9	79.4	57.2
Weighted average diluted shares (mm)	81.9	261.5	258.6
Net loss per basic share	\$(0.17)	\$(1.23)	\$(0.12)
Net loss per diluted share	\$(0.17)	\$(1.25)	\$(0.14)



Note: All financial data on this slide is unaudited.

<sup>1</sup> As of March 31, 2023. Intercontinental Exchange, Inc. ("ICE") owns an aggregate of 66% of shares, consisting of both Class A and Class V.

## FINANCIAL RESULTS

# 1Q23 Adjusted EBITDA (non-GAAP)

- 1Q23 Adjusted EBITDA loss of \$(28.9)mm was flat YoY. Higher non-share-based and unit-based compensation costs, offset by lower marketing costs and professional service fees

<i>\$mm's</i>	1Q23	4Q22	1Q22
Net loss	\$(44.9)	\$(326.4)	\$(43.3)
Depreciation and amortization	3.1	7.0	5.9
Interest income, net	(1.6)	(1.0)	(0.1)
Income tax expense (benefit)	0.0	(2.5)	(3.1)
<b>EBITDA</b>	<b>\$(43.4)</b>	<b>\$(322.9)</b>	<b>\$(40.7)</b>
Acquisition-related expenses	0.8	4.5	0.5
Share-based and unit-based compensation expense	7.9	2.9	13.3
Cancellation of common units	—	—	(0.1)
Loss (gain) from change in fair value of warrant liability	1.0	(3.5)	(2.4)
Goodwill and intangible assets impairments	—	274.4	—
Impairment of long-lived assets	—	11.5	—
Restructuring expenses	4.3	2.3	—
ICE transition services expense	0.6	0.3	0.4
<b>Adjusted EBITDA loss</b>	<b>\$(28.9)</b>	<b>\$(30.5)</b>	<b>\$(28.9)</b>

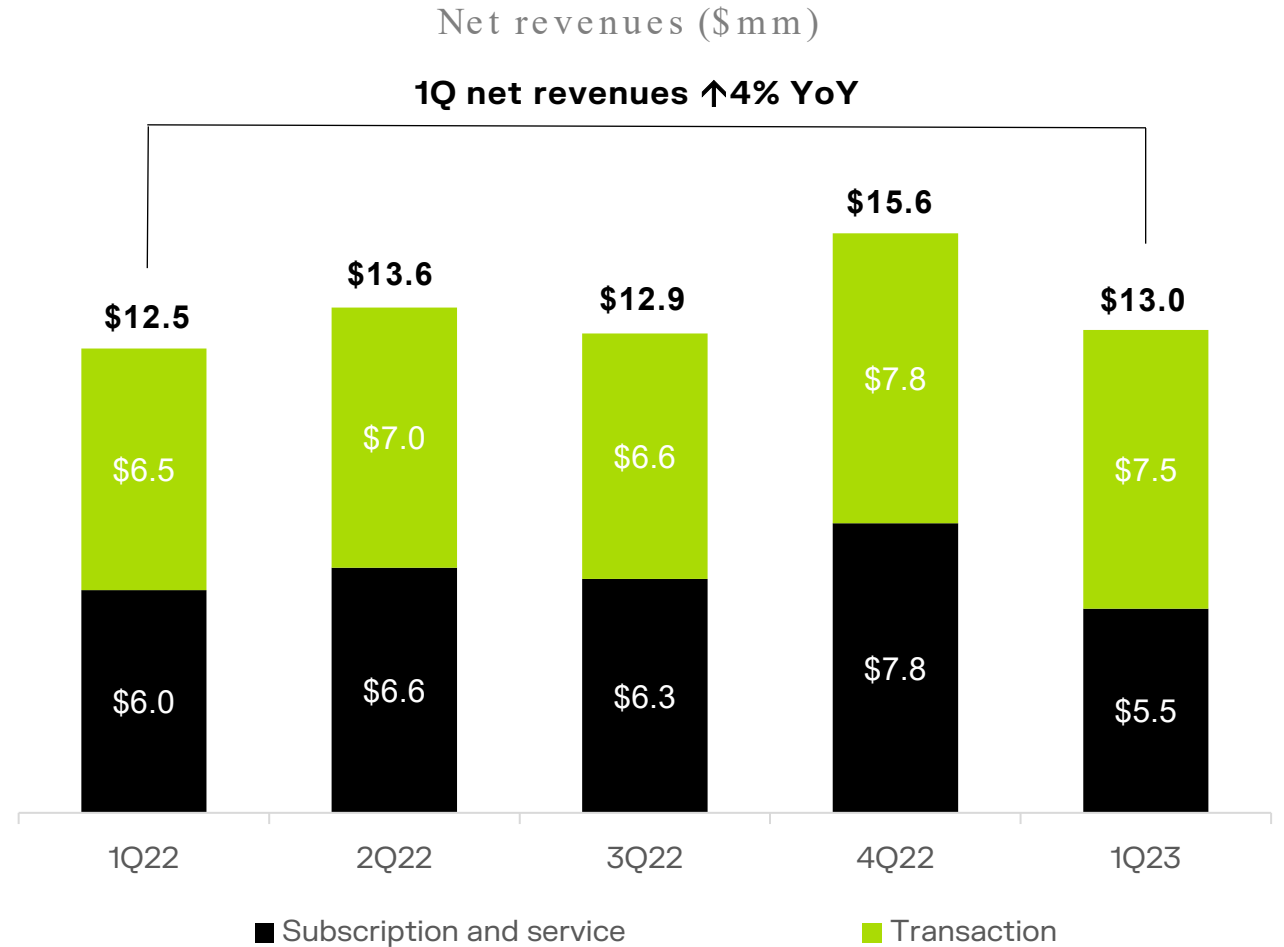


Note: All financial data on this slide is unaudited. Adjusted EBITDA is a non-GAAP financial measure. For more information, please refer to the Notes section in this presentation.

## FINANCIAL RESULTS

# 1Q23 Net revenues

- Net revenues of \$13.0mm increased 4% YoY
- Transaction revenues of \$7.5mm increased 15% YoY, driven by an increase in air travel in loyalty redemptions
- Subscription and service revenues of \$5.5mm decreased 8% YoY, due to a reduction in volume-based service revenues, partially offset by a slight increase in subscription revenue



Note: All financial data on this slide is unaudited.

## FINANCIAL RESULTS

# 1Q23 Operating expenses

### Total expenses

- Total operating expenses of \$58.4mm decreased 4% YoY

### SG&A expenses

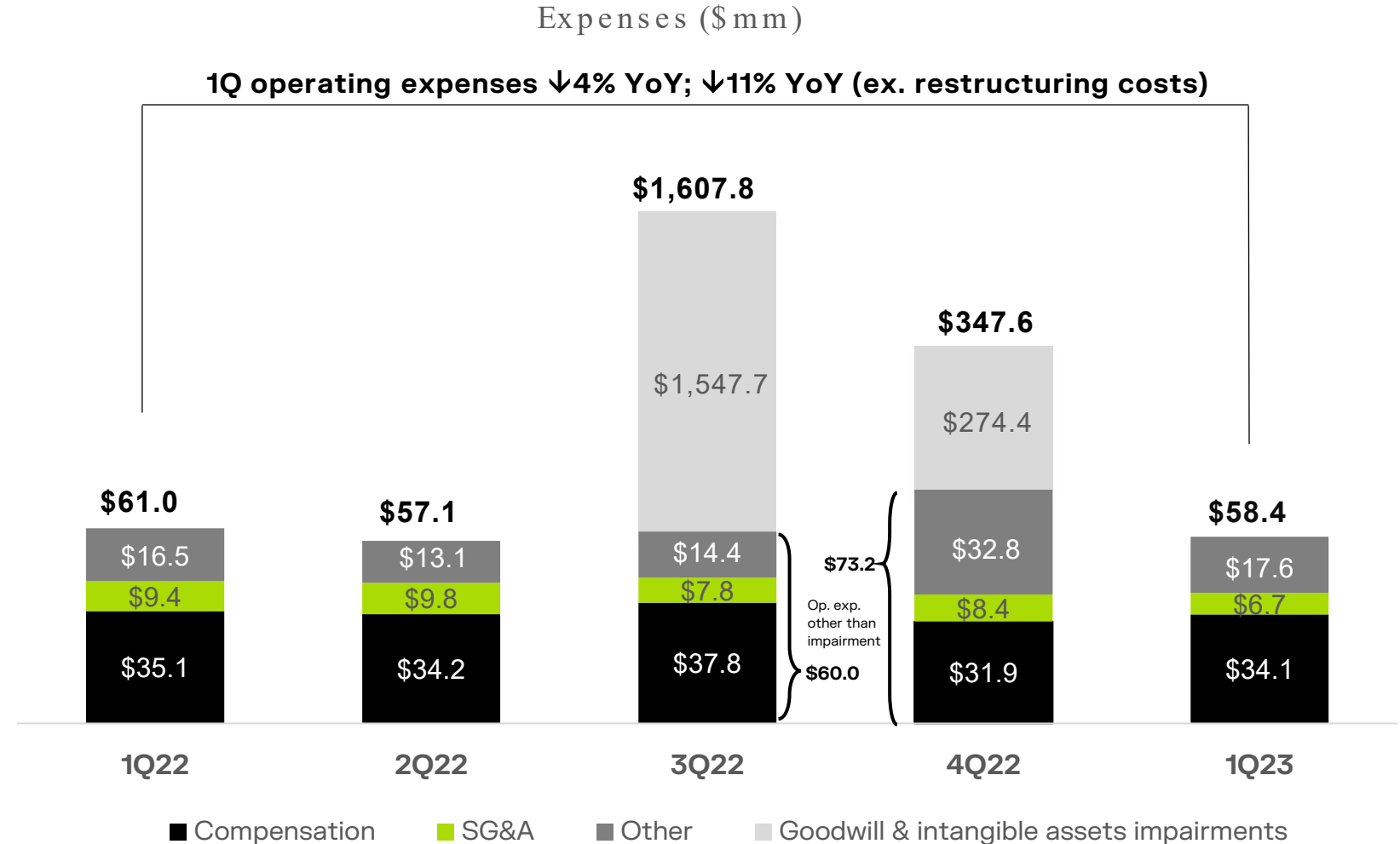
- Total SG&A expenses of \$6.7mm decreased 29% YoY driven by a reduction in marketing expense

### Compensation expenses

- Total compensation expenses of \$34.1mm were down 3% YoY, primarily due to lower share-based compensation expense

### Other<sup>1</sup> expenses

- Other expenses of \$17.6mm increased 7% YoY, primarily due to a \$4.3mm restructuring expense



Note: All financial data on this slide is unaudited. Bar chart not fit to scale.

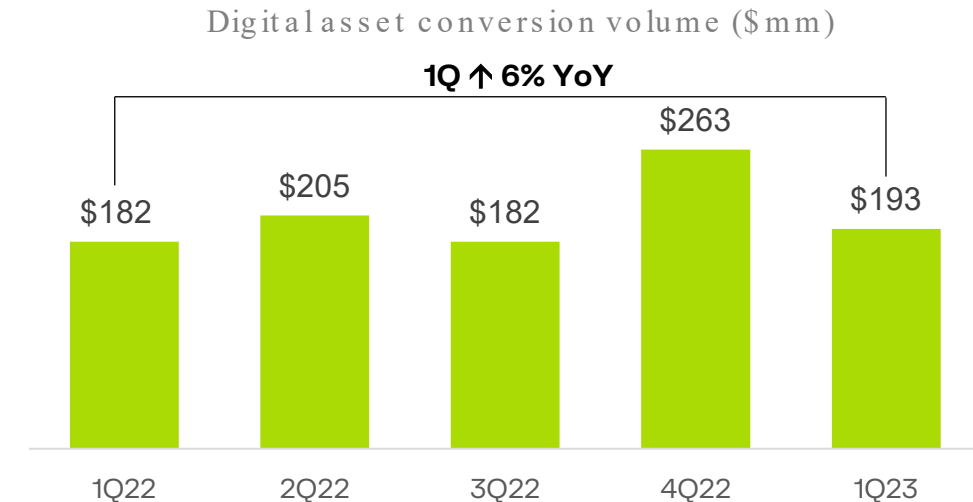
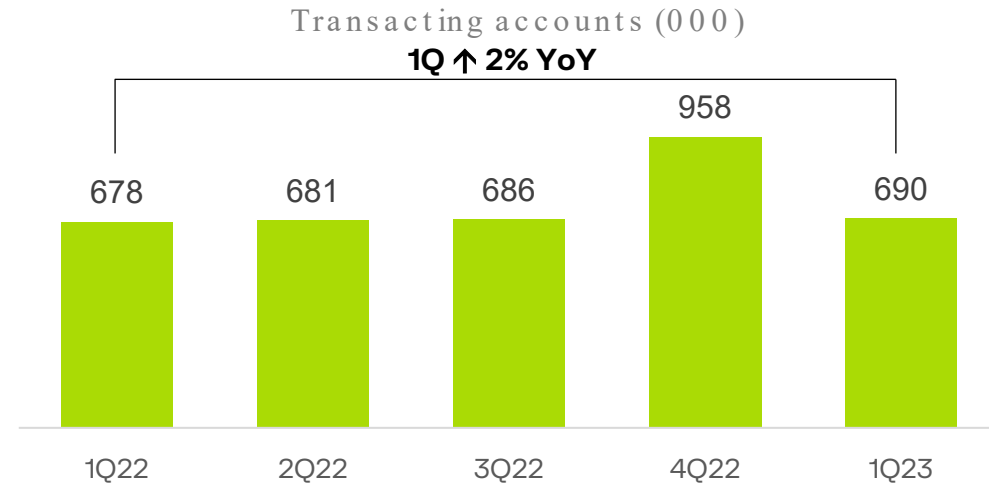
<sup>1</sup> Other comprised of Professional services, Technology & communication, acquisition-related expenses, Depreciation & amortization, Related party expenses, Impairments of long-lived assets, Restructuring costs, and Other operating expenses.

## FINANCIAL RESULTS

# Key performance indicators

### First quarter 2023

- Transacting accounts across our platform up 2% YoY
- Digital asset conversion volume up 6% YoY
- YoY growth driven by increased air travel, partially offset by lower hotel, rental car and merchandise redemption activity
- QoQ decline due to 4Q seasonality



Note: The operating data on this slide is unaudited. Please refer to the Notes section in this presentation for definitions.

## FINANCIAL RESULTS

# 1Q23 Condensed balance sheet

- \$117.6mm of available cash, cash equivalents and available-for-sale securities
- Cash usage of \$121.8mm includes:
  - \$67.2mm in cash held in escrow for payment of Apex Crypto transaction<sup>1</sup>
  - \$13.6mm of seasonably high payable settlements, including \$4.1mm of acquisition-related costs
  - \$4.3mm of cash severance costs for 4Q22 and 1Q23 restructurings
  - \$2.8mm of restricted cash related to surety bonds
  - \$1.4mm of withholding taxes for vested stock awards
  - Capex spend of \$3.7mm
- Apex Crypto for remainder of 2023 expected to be approximately free cash flow breakeven excluding deal costs

<b>\$mm's</b>	<b>As of 3/31/23 (unaudited)</b>	<b>As of 12/31/22</b>
<b>Assets</b>		
Cash & cash equivalents	\$50.8	\$98.3
Cash held in escrow	67.2	—
Available-for-sale securities	66.8	141.1
Other current assets	97.4	87.1
<b>Total current assets</b>	<b>\$282.3</b>	<b>\$326.5</b>
Goodwill	15.9	15.9
Intangible assets, net	54.4	55.8
Other assets	60.8	57.4
<b>Total assets</b>	<b>\$413.3</b>	<b>\$455.5</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$84.3	\$92.1
Noncurrent liabilities	30.8	27.3
<b>Total liabilities</b>	<b>\$115.1</b>	<b>\$119.4</b>
Total stockholders' equity	89.3	96.3
Noncontrolling interest	209.0	239.8
Total equity	\$298.3	\$336.1
<b>Total liabilities and stockholders' equity</b>	<b>\$413.3</b>	<b>\$455.5</b>



<sup>1</sup>\$67.2mm consists of \$12.2mm acquired of cash and working capital and \$55.0mm Apex Crypto cash purchase price

Note: All financial data on this slide is unaudited. Cash usage is calculated using changes in cash & cash equivalents and available-for-sale securities balances from the GAAP balance sheet over a specified time period. First quarter 2023 cash usage of \$121.8mm is calculated by adding the change in available cash & cash equivalents from 12/31/22 to 3/31/23 of (\$47.5mm) with the change in available-for-sale securities from 12/31/22 to 3/31/23 of (\$74.3)mm

## CLOSING REMARKS

# We are well-positioned to benefit from improving crypto market conditions

### Differentiated platform built for sustainable growth

- Our best-in-class crypto infrastructure platform combines industry leading secure custody solutions with advanced trading capabilities
- Our regulatory and compliance-first focused culture and processes differentiates us, enabling us to benefit from a flight to quality

### Significant expansion opportunities

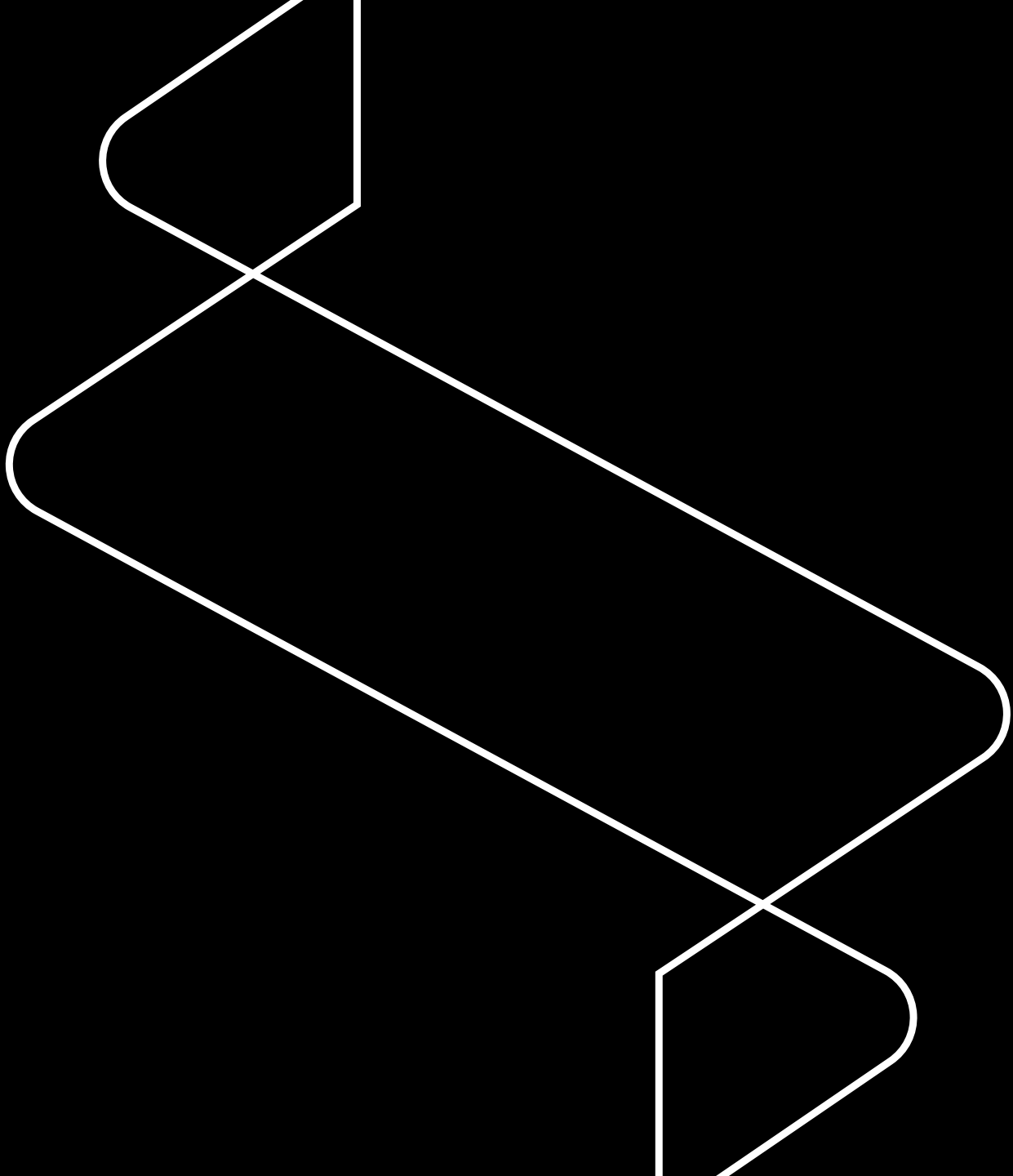
- Focus on expanding into new attractive international markets to meet demand from existing clients
- Active conversations continue across the board, with ongoing caution on regulatory environment expressed by prospects

### Strategically allocate capital

- Opportunistically deploy capital to strong growth opportunities
- Remain focused on prudent firmwide expense management



# Notes



## NOTES

# Definitions

Legacy Bakkt key performance indicators

**Digital asset conversion volume:** Dollar value of transaction volume across loyalty redemption, crypto buy/sell and gift card purchases

**Transacting accounts:** Unique accounts that perform transactions on the Bakkt platform each month

Legacy Apex Crypto key performance indicators

**Crypto-enabled accounts:** total accounts open on the Apex Crypto platform

**Active accounts:** unique accounts that perform at least one trade each month

**Notional traded crypto volume:** total notional volume of cryptocurrencies bought and sold on the Apex Crypto platform

**Assets under custody:** the sum of coin quantities held by customers on the last day of the quarter multiplied by the final quote for each coin



## NOTES

# Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure, which we define as earnings before interest, income taxes, depreciation, amortization, acquisition-related expenses, share-based and unit-based compensation expense, goodwill and intangible assets impairments, restructuring charges, changes in the fair value of our warrant liability and certain other non-cash and/or non-recurring items that do not contribute directly to our evaluation of operating results and are not components of our core business operations. Adjusted EBITDA provides management with an understanding of earnings before the impact of investing and financing transactions and income taxes, and the effects of aforementioned items that do not reflect the ordinary earnings of our operations. This measure may be useful to an investor in evaluating our performance. Adjusted EBITDA is not a measure of our financial performance under GAAP and should not be considered as an alternative to net income (loss) or other performance measures derived in accordance with GAAP. Our definition of Adjusted EBITDA may not be comparable to similarly tied measures used by other companies.

Non-GAAP financial measures like Adjusted EBITDA have limitations, should be considered as supplemental in nature and are not meant as a substitute for the related financial information prepared in accordance with GAAP. The non-GAAP financial measures should be considered alongside other financial performance measures, including net loss and our other financial results presented in accordance with GAAP.



NOTES

# Adjusted EBITDA reconciliation – Non-GAAP

<i>\$mm's</i>	1Q23	4Q22	1Q22
Net loss	\$(44.9)	\$(326.4)	\$(43.3)
Depreciation and amortization	3.1	7.0	5.9
Interest income, net	(1.6)	(1.0)	(0.1)
Income tax expense (benefit)	0.0	(2.5)	(3.1)
<b>EBITDA</b>	<b>\$(43.4)</b>	<b>\$(322.9)</b>	<b>\$(40.7)</b>
Acquisition-related expenses	0.8	4.5	0.5
Share-based and unit-based compensation expense	7.9	2.9	13.3
Cancellation of common units	—	—	(0.1)
Loss (gain) from change in fair value of warrant liability	1.0	(3.5)	(2.4)
Goodwill and intangible assets impairments	—	274.4	—
Impairment of long-lived assets	—	11.5	—
Restructuring expenses	4.3	2.3	—
ICE transition services expense	0.6	0.3	0.4
<b>Adjusted EBITDA loss</b>	<b>\$(28.9)</b>	<b>\$(30.5)</b>	<b>\$(28.9)</b>



Note: All financial data on this slide in unaudited. Adjusted EBITDA is a non-GAAP financial measure.

## NOTES

Balance  
sheet

<i>\$mm's</i>	As of 3/31/23 (unaudited)	As of 12/31/22
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$50.8	\$98.3
Restricted cash	19.3	16.5
Cash held in escrow	67.2	—
Customer funds	0.6	0.6
Available-for-sale securities	66.8	141.1
Accounts receivable, net	25.4	25.3
Prepaid insurance	18.5	22.8
Safeguarding asset for crypto	26.1	15.8
Other current assets	7.6	6.1
<b>Total current assets</b>	<b>282.3</b>	<b>326.5</b>
Property, equipment and software, net	20.1	19.7
Goodwill	15.9	15.9
Intangible assets, net	54.4	55.8
Deposits with clearinghouse	15.3	15.2
Other assets	25.4	22.5
<b>Total assets</b>	<b>\$413.3</b>	<b>\$455.5</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$49.0	\$66.8
Customer funds payable	0.6	0.6
Deferred revenue, current	3.8	4.0
Due to related party	0.5	1.2
Safeguarding obligation for crypto	26.1	15.8
Other current liabilities	4.3	3.8
<b>Total current liabilities</b>	<b>84.3</b>	<b>92.1</b>
Deferred revenue, noncurrent	2.7	3.1
Warrant liability	1.8	0.8
Deferred tax liabilities, net	—	—
Other noncurrent liabilities	26.3	23.4
<b>Total liabilities</b>	<b>115.1</b>	<b>119.4</b>
<b>Stockholders' equity</b>		
Class A common stock (\$0.0001 par value, 750,000,000 shares authorized, 82,624,773 shares issued and outstanding as of 3/31/23 and 80,926,843 shares outstanding as of 12/31/22)	—	—
Class V common stock (\$0.0001 par value, 250,000,000 shares authorized, 183,279,887 shares issued and outstanding as of 3/31/23 and 183,482,777 shares outstanding as of 12/31/22)	—	—
Additional paid-in capital	780.0	773.0
Accumulated other comprehensive loss	(0.4)	(0.3)
Accumulated deficit	(690.4)	(676.4)
<b>Total stockholders' equity</b>	<b>89.3</b>	<b>96.3</b>
Noncontrolling interest	209.0	239.8
<b>Total equity</b>	<b>298.3</b>	<b>336.1</b>
<b>Total liabilities and stockholders' equity</b>	<b>413.3</b>	<b>455.5</b>



Note: All financial data on this slide is unaudited.

NOTES

# Statement of operations

<i>\$mm's</i>	1Q23	4Q22	1Q22
Revenues:			
Net revenues <sup>1</sup>	\$13.0	\$15.6	\$12.5
Operating expenses:			
Compensation and benefits	34.1	31.9	35.1
Professional services	2.4	2.2	4.7
Technology and communication	5.7	4.4	4.4
Selling, general and administrative	6.7	8.4	9.4
Acquisition-related expenses	0.8	4.5	0.5
Depreciation and amortization	3.1	7.0	5.9
Related party expenses	0.6	0.3	0.4
Goodwill and intangible assets impairments	—	274.4	—
Impairment of long-lived assets	—	11.5	—
Restructuring expenses	4.3	2.3	—
Other operating expenses	0.8	0.6	0.7
Total operating expenses	58.4	347.6	61.0
<b>Operating loss</b>	<b>(45.4)</b>	<b>(332.0)</b>	<b>(48.5)</b>
Interest income, net	1.6	1.0	0.1
(Loss) gain from change in fair value of warrant liability	(1.0)	3.5	2.4
Other expense, net	(0.0)	(1.5)	(0.5)
<b>Loss before income taxes</b>	<b>(44.8)</b>	<b>(328.9)</b>	<b>(46.5)</b>
Income tax (expense) benefit	(0.0)	2.5	3.1
<b>Net loss</b>	<b>(44.9)</b>	<b>(326.4)</b>	<b>(43.3)</b>
Less: Net loss attributable to noncontrolling interest	(30.9)	(229.2)	(36.2)
<b>Net loss attributable to Bakkt Holdings, Inc.</b>	<b><u><u>\$(14.0)</u></u></b>	<b><u><u>\$(97.3)</u></u></b>	<b><u><u>\$(7.1)</u></u></b>
Net loss per share attributable to Class A common stockholders			
Basic	\$(0.17)	\$(1.23)	\$(0.12)
Diluted	\$(0.17)	\$(1.25)	\$(0.14)

<sup>1</sup>Includes related party net revenues (in thousands) of \$1, \$2, and \$20, respectively



Note: All financial data on this slide is unaudited.

NOTES

# Statement of cash flows

\$mm's	1Q23	4Q22	1Q22
<b>Cash flows from operating activities:</b>			
Net loss	\$(44.9)	\$(326.4)	\$(43.3)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	3.1	7.0	5.9
Non-cash lease expense	0.8	0.8	0.3
Share-based compensation expense	7.2	2.7	13.2
Unit-based compensation expense	0.7	0.2	0.2
Forfeiture and cancellation of common units	—	—	(0.1)
Deferred income taxes	—	(2.7)	(3.1)
Loss on disposal of assets	0.0	3.8	—
Impairment of long-lived assets	—	11.5	—
Loss (gain) from change in fair value of warrant liability	1.0	(3.5)	(2.4)
Goodwill and intangible assets impairments	—	274.4	—
Other	0.2	0.1	0.3
Changes in operating assets and liabilities:			
Accounts receivable	(0.1)	(3.2)	(1.3)
Prepaid insurance	4.3	(2.2)	4.3
Deposits with clearinghouse	(0.2)	—	—
Accounts payable and accrued liabilities	(16.0)	11.4	(1.7)
Due to related party	(0.7)	0.3	(0.3)
Deferred revenue	(0.5)	(0.3)	(0.9)
Operating lease liabilities	(0.6)	(0.1)	0.1
Customer funds payable	(0.0)	0.0	0.1
Other assets and liabilities	(1.7)	2.7	(4.3)
Net cash used in operating activities	<u>(47.2)</u>	<u>(23.7)</u>	<u>(33.2)</u>
<b>Cash flows from investing activities:</b>			
Capitalized internal-use software development costs and other capital expenditures	(3.7)	(8.0)	(3.1)
Purchase of available-for-sale securities	(27.0)	(117.8)	—
Proceeds from the maturity of available-for-sale securities	101.0	90.5	—
Acquisition of Bumped LLC	(0.6)	—	—
Net cash provided by (used in) investing activities	<u>69.7</u>	<u>(35.4)</u>	<u>(3.1)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from the exercise of warrants	—	0.0	0.0
Net cash provided by financing activities	<u>—</u>	<u>0.0</u>	<u>0.0</u>
Effect of exchange rate changes	0.0	0.1	0.2
<b>Net increase (decrease) in cash, cash equivalents, restricted cash, cash held in escrow and customer funds</b>	<u>22.5</u>	<u>(61.6)</u>	<u>(36.1)</u>
Cash, cash equivalents, restricted cash, cash held in escrow and customer funds at the beginning of the period	\$115.4	\$177.0	\$408.4
Cash, cash equivalents, restricted cash, cash held in escrow and customer funds at the end of the period	<u>\$137.9</u>	<u>\$115.4</u>	<u>\$372.3</u>

Note: All financial data on this slide in unaudited.



## NOTES

# Free cash flow reconciliation – Non-GAAP

Free Cash Flow is a non-GAAP financial measure. Free Cash Flow is cash flow from operations adjusted for “capitalized internal use software development costs and other capital expenditures” and “interest income.” We adjust for capitalized expenses associated with internally developed software for our technology platforms given they are a large component of our ongoing expense base given our position as a technology platform company.

We provide Free Cash Flow because we believe that Free Cash Flow, when viewed with our results under GAAP, provides useful information for the reasons noted above. However, Free Cash Flow is not a measure of liquidity under GAAP and, accordingly, should not be considered as an alternative to net cash used in operating activities as an indicator of liquidity.

\$mm's	1Q23	4Q22	1Q22
Net cash used in operating activities	(47.2)	\$(23.7)	\$(33.2)
Capitalized internal-use software development costs and other capital expenditures	(3.7)	(8.0)	(3.1)
Interest income, net	(1.6)	(1.0)	(0.1)
Free cash flow	\$(52.5)	\$(32.7)	\$(36.4)



Note: All financial data on this slide is unaudited. Free Cash Flow is a non-GAAP financial measure.