UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number 001-40289

Coinbase Global, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-4707224**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Madison Avenue **Suite 2400** **New York, NY**	**10010**
(Address of Principal Executive Offices)[1]	(Zip Code)[1]

Not Applicable
Registrant's telephone number, including area code[1]

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.00001 par value per share	COIN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of May 1, 2025, the number of shares of the registrant's Class A common stock outstanding was 211,407,406 and the number of shares of the registrant's Class B common stock outstanding was 43,297,558.

[1] We are a remote-first company. Accordingly, we do not maintain a headquarters. We are including this address solely for the purpose of satisfying the Securities and Exchange Commission's request.

Stockholder communications may also be sent to the email address: secretary@coinbase.com.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth, and our objectives for future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as “believe,” “may,” “will,” “estimate,” “potential,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “target,” or the negative of these terms or other similar expressions.

Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our net revenue, operating expenses, and our ability to achieve and maintain future profitability;
- our business plan and our ability to effectively manage any growth;
- anticipated trends, growth rates, and challenges in our business, the cryptoeconomy, the price, and market capitalization of crypto assets and in the markets in which we operate;
- market acceptance of our products and services;
- beliefs and objectives for future operations;
- our ability to maintain, expand, and further penetrate our existing customer base;
- our ability to develop new products and services and grow our business in response to changing technologies, customer demand, and competitive pressures;
- our expectations concerning relationships with third parties;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to continue to expand internationally;
- the effects of increased competition in our markets and our ability to compete effectively;
- future acquisitions of or investments in complementary companies, products, services, or technologies and our ability to successfully integrate such companies or assets;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally given the highly evolving and uncertain regulatory landscape;
- general macroeconomic conditions, including interest rates, inflation, changes in tariffs and trade restrictions, instability in the global banking system, economic downturns, and other global events, including regional wars and conflicts and government shutdowns;
- economic and industry trends, projected growth, or trend analysis;
- trends in revenue;
- trends in operating expenses, including technology and development expenses, sales and marketing expenses, and general and administrative expenses, as well as certain variable expenses, and expectations regarding these expenses as a percentage of revenue;
- our key business metrics used to evaluate our business, measure our performance, identify trends affecting our business, and make strategic decisions;
- our plans with respect to the Share Repurchase Program; and
- other statements regarding our future operations, financial condition, and prospects and business strategies.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors, including those described in the section titled "*Risk Factors*" in Part II, Item 1A of this Quarterly Report on Form 10-Q and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on any forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in such forward-looking statements.

Neither we nor any other person assume responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, restructurings, joint ventures, partnerships, or investments we may make.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

RISK FACTORS SUMMARY

Consistent with the foregoing, our business is subject to a number of risks and uncertainties, including those risks discussed at length below. These risks include, among others, the following, which we consider our most material risks:

- Our operating results have and will significantly fluctuate, including due to the highly volatile nature of crypto;
- Our total revenue is substantially dependent on the prices of crypto assets and volume of transactions conducted on our platform. If such price or volume declines, our business, operating results, and financial condition would be adversely affected and the price of our Class A common stock could decline;
- Our net revenue may be concentrated in a limited number of areas. Within transaction revenue and subscription and services revenue, a meaningful concentration is from transactions in Bitcoin and Ethereum and stablecoin revenue in connection with USDC, respectively. If revenue from these areas declines and is not replaced by new demand for crypto assets or other products and services, our business, operating results, and financial condition could be adversely affected;
- We have in the past, and may in the future, enter into partnerships, collaborations, joint ventures, or strategic alliances with third parties. If we are unsuccessful in establishing or maintaining strategic relationships with these third parties or if these third parties fail to deliver certain operational services, our business, operating results, and financial condition could be adversely affected;
- Interest rate fluctuations could negatively impact us;

- Adverse economic conditions could adversely affect our business;
- The future development and growth of crypto is subject to a variety of factors that are difficult to predict and evaluate. If crypto does not grow as we expect, our business, operating results, and financial condition could be adversely affected;
- Cyberattacks and security breaches of our platform, or those impacting our customers or third parties, could adversely affect our brand, reputation, business, operating results, and financial condition;
- We are subject to an extensive, highly-evolving and uncertain regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our brand, reputation, business, operating results, and financial condition;
- We operate in a highly competitive industry and we compete against unregulated or less regulated companies and companies with greater financial and other resources, and our business, operating results, and financial condition could be adversely affected if we are unable to compete effectively;
- We compete against a growing number of decentralized and noncustodial platforms and our business, operating results, and financial condition could be adversely affected if we fail to compete effectively;
- As we continue to expand and localize our international activities, our obligations to comply with the laws, rules, regulations, and policies of a variety of jurisdictions will increase and we may be subject to inquiries, investigations, and enforcement actions by U.S. and non-U.S. regulators and governmental authorities, including those related to sanctions, export control, and anti-money laundering;
- We are, and may continue to be, subject to material litigation, including individual and class action lawsuits, as well as investigations and enforcement actions by regulators and governmental authorities. These matters are often expensive and time consuming, and, if resolved adversely, could adversely affect our business, operating results, and financial condition;
- If we cannot keep pace with rapid industry changes to provide new and innovative products and services, the use of our products and services, and consequently our net revenue, could decline, which could adversely affect our business, operating results, and financial condition;
- A particular crypto asset, product or service’s status as a “security” in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize a crypto asset or product offering, we may be subject to regulatory scrutiny, inquiries, investigations, fines, and other penalties, which could adversely affect our business, operating results, and financial condition;
- We currently rely on third-party service providers for certain aspects of our operations, and any interruptions in services provided by these third parties may impair our ability to support our customers;
- Loss of a critical financial institution or insurance relationship could adversely affect our business, operating results, and financial condition;
- Any significant disruption in our products and services, in our information technology systems, or in any of the blockchain networks we support, could result in a loss of customers or funds and adversely affect our brand, reputation, business, operating results, and financial condition;
- Our failure to securely store and manage our and our customers’ fiat currencies and crypto assets could adversely affect our business, operating results, and financial condition; and
- The theft, loss, or destruction of private keys required to access any crypto assets held in custody for our own account or for our customers may be irreversible. If we are unable to access our private keys or if we experience a hack or other data loss relating to our ability to access any crypto assets, it could cause regulatory scrutiny, reputational harm, and other losses.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Coinbase Global, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except per share data)
(unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 8,051,169	$ 8,543,903
Restricted cash and cash equivalents	55,672	38,519
USDC	2,225,054	1,241,808
Customer custodial funds	5,369,865	6,158,949
Crypto assets held for operations	67,485	82,781
Loan receivables	454,473	475,370
Crypto assets held as collateral	597,548	767,484
Crypto assets borrowed	235,433	261,052
Accounts receivable, net	245,112	265,251
Other current assets	151,977	277,536
Total current assets	17,453,788	18,112,653
Crypto assets held for investment	1,268,001	1,552,995
Deferred tax assets	995,529	941,298
Goodwill	1,153,621	1,139,670
Other non-current assets	860,067	795,335
Total assets	$ 21,731,006	$ 22,541,951
Liabilities and Stockholders' Equity		
Current liabilities:		
Customer custodial fund liabilities	$ 5,369,865	$ 6,158,949
Crypto asset borrowings	272,608	300,110
Obligation to return collateral	628,854	792,125
Accrued expenses and other current liabilities	662,042	690,136
Total current liabilities	6,933,369	7,941,320
Long-term debt	4,237,090	4,234,081
Other non-current liabilities	92,307	89,708
Total liabilities	11,262,766	12,265,109
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, $0.00001 par value; 500,000 shares authorized and zero shares issued and outstanding at each of March 31, 2025 and December 31, 2024	—	—
Class A common stock, $0.00001 par value; 10,000,000 shares authorized at March 31, 2025 and December 31, 2024; 210,960 and 209,762 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	2	2
Class B common stock, $0.00001 par value; 500,000 shares authorized at March 31, 2025 and December 31, 2024; 43,630 and 43,878 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	—	—
Additional paid-in capital	5,483,821	5,365,990
Accumulated other comprehensive loss	(42,092)	(50,051)
Retained earnings	5,026,509	4,960,901
Total stockholders' equity	10,468,240	10,276,842
Total liabilities and stockholders' equity	$ 21,731,006	$ 22,541,951

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Coinbase Global, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2025	**2024**
Revenue:		
Net revenue	$ 1,960,319	$ 1,587,677
Other revenue	73,976	49,893
Total revenue	2,034,295	1,637,570
Operating expenses:		
Transaction expense	303,026	217,407
Technology and development	355,368	357,863
Sales and marketing	247,283	98,585
General and administrative	394,346	287,236
Losses (gains) on crypto assets held for operations, net	34,365	(86,358)
Other operating (income) expense, net	(5,899)	2,376
Total operating expenses	1,328,489	877,109
Operating income	705,806	760,461
Interest expense	20,511	19,071
Losses (gains) on crypto assets held for investment, net	596,651	(650,429)
Other expense (income), net	6,188	(45,605)
Income before income taxes	82,456	1,437,424
Provision for income taxes	16,848	261,179
Net income	$ 65,608	$ 1,176,245
Net income attributable to common stockholders:		
Basic	$ 65,608	$ 1,175,479
Diluted	$ 65,608	$ 1,178,079
Net income per share:		
Basic	$ 0.26	$ 4.84
Diluted	$ 0.24	$ 4.40
Weighted-average shares of common stock used to compute net income per share:		
Basic	253,878	242,793
Diluted	271,251	267,945

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Coinbase Global, Inc.
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2025	**2024**
Net income	$ 65,608	$ 1,176,245
Other comprehensive income (loss):		
Translation adjustment	8,018	(6,898)
Income tax effect	(59)	(328)
Translation adjustment, net of tax	7,959	(7,226)
Comprehensive income	$ 73,567	$ 1,169,019

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Coinbase Global, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount				
Balance at January 1, 2025	253,640	$ 2	$ 5,365,990	$ (50,051)	$ 4,960,901	$ 10,276,842
Issuance of common stock upon settlement of stock awards, net of shares withheld	554	—	(100,303)	—	—	(100,303)
Issuance of common stock upon exercise of stock options	396	—	10,840	—	—	10,840
Stock-based compensation (inclusive of capitalized stock-based compensation)	—	—	207,294	—	—	207,294
Other comprehensive income	—	—	—	7,959	—	7,959
Net income	—	—	—	—	65,608	65,608
Balance at March 31, 2025	254,590	$ 2	$ 5,483,821	$ (42,092)	$ 5,026,509	$ 10,468,240
Balance at January 1, 2024	242,048	$ 2	$ 4,491,571	$ (30,270)	$ 1,820,346	$ 6,281,649
Cumulative-effect adjustment due to the adoption of Accounting Standards Update 2023-08, net of tax	—	—	—	—	561,489	561,489
Issuance of common stock upon settlement of stock awards, net of shares withheld	999	—	(117,225)	—	—	(117,225)
Issuance of common stock upon exercise of stock options, net of repurchases	2,324	—	44,603	—	—	44,603
Stock-based compensation (inclusive of capitalized stock-based compensation)	—	—	235,569	—	—	235,569
Purchases of capped calls	—	—	(104,110)	—	—	(104,110)
Other comprehensive loss	—	—	—	(7,226)	—	(7,226)
Net income	—	—	—	—	1,176,245	1,176,245
Balance at March 31, 2024	245,371	$ 2	$ 4,550,408	$ (37,496)	$ 3,558,080	$ 8,070,994

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Coinbase Global, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities		
Net income	$ 65,608	$ 1,176,245
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	33,333	29,327
Stock-based compensation expense	190,729	224,504
Deferred income taxes	(54,540)	214,361
Losses (gains) on crypto assets held for operations, net	34,365	(86,358)
Losses (gains) on crypto assets held for investment, net	596,651	(650,429)
Other operating activities, net	77,629	(22,163)
Net changes in operating assets and liabilities	(1,126,502)	(474,002)
Net cash (used in) provided by operating activities	(182,727)	411,485
Cash flows from investing activities		
Fiat loans originated	(277,922)	(416,405)
Proceeds from repayment of fiat loans	248,055	254,600
Purchase of crypto assets held for investment	(148,083)	(135)
Dispositions of crypto assets held for investment	10,622	51,659
Other investing activities, net	(64,325)	(15,400)
Net cash used in investing activities	(231,653)	(125,681)
Cash flows from financing activities		
Taxes paid related to net share settlement of equity awards	(100,303)	(117,225)
Customer custodial fund liabilities	(818,487)	645,938
Issuance of convertible senior notes, net	—	1,246,025
Purchases of capped calls	—	(104,110)
Fiat received as collateral	231,895	340,296
Fiat received as collateral returned	(225,230)	(132,879)
Other financing activities, net	18,323	49,676
Net cash (used in) provided by financing activities	(893,802)	1,927,721
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(1,308,182)	2,213,525
Effect of exchange rates on cash, cash equivalents, and restricted cash and cash equivalents	1,655	(21,186)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of period	14,610,442	9,555,448
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	$ 13,303,915	$ 11,747,787

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Coinbase Global, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. NATURE OF OPERATIONS

Coinbase, Inc. was founded in 2012. In April 2014, in connection with a corporate reorganization, Coinbase, Inc. became a wholly-owned subsidiary of Coinbase Global, Inc. (together with its consolidated subsidiaries, the “Company”).

The Company provides a trusted platform that serves as a compliant on-ramp to the onchain economy and enables users to engage in a wide variety of activities with their crypto assets in both proprietary and third-party product experiences enabled by access to decentralized applications. The Company offers (i) consumers their primary financial account for the cryptoeconomy, (ii) institutions a full-service prime brokerage platform with access to deep pools of liquidity across the crypto marketplace, and (iii) developers a suite of products granting access to build onchain.

The Company is remote-first and accordingly, does not maintain a headquarters. Substantially all of the Company’s executive team meetings are held virtually, with meetings occasionally held in-person at locations that are either not in the Company’s offices or in various of the Company’s offices distributed around the world. The Company holds all of its stockholder meetings virtually.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and preparation

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiaries – entities in which the Company holds, directly or indirectly, more than 50% of the voting rights, or where it exercises control. The Condensed Consolidated Financial Statements are unaudited but have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) on the same basis as the audited Consolidated Financial Statements, and in management’s opinion, reflect all adjustments, consisting only of normal, recurring adjustments, that are necessary for the fair presentation of the Company’s Financial Statements. Preparation of the Condensed Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions in the Condensed Consolidated Financial Statements and notes thereto. Certain prior period amounts in the Condensed Consolidated Financial Statements have been reclassified to conform to the current period’s presentation. The unaudited Condensed Consolidated Results of Operations for the three months ended March 31, 2025 are not necessarily indicative of the results to be expected for the full year or any other period and should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (the “SEC”) on February 13, 2025 (the “Annual Report”).

There were no material changes to the Company’s most significant estimates and assumptions, significant accounting policies, segment reporting, or recent accounting pronouncements that were disclosed in *Note 2. Summary of Significant Accounting Policies* to the Consolidated Financial Statements included in the Annual Report, other than as discussed below.

Concentration of credit risk

The Company’s cash and cash equivalents, restricted cash and cash equivalents, customer custodial funds, USDC, loan receivables, certain crypto assets held, accounts receivable, and deposits are potentially subject to concentration of credit risk. See below and *Notes 4. Collateralized Arrangements and Financing* and *6. Accounts Receivable, Net* for a discussion of these risks by counterparty and type of transaction.

Funds held at financial institutions

Cash and cash equivalents, restricted cash and cash equivalents, and customer custodial funds are primarily placed with financial institutions which are of high credit quality. The Company holds cash and cash equivalents and customer custodial funds primarily in highly liquid, highly rated instruments which are uninsured. The Company may also have corporate deposit balances with financial institutions which exceed the Federal Deposit Insurance Corporation insurance limit of $250,000. The Company has not experienced losses on these accounts and does not believe it is exposed to any significant credit risk with respect to these accounts.

Funds held at trading venues, payment processors, and clearing brokers

The Company holds cash, restricted cash and deposits, and crypto assets at crypto asset trading venues, payment processors, and clearing brokers, and performs a regular assessment of these venues as part of its risk management process. As of March 31, 2025, the Company held $231.6 million at these venues, including $135.5 million in cash, $62.9 million in crypto assets, and $31.0 million in restricted cash. As of December 31, 2024, the Company held $88.2 million in cash at these venues.

USDC

The Company holds USDC, a stablecoin redeemable on a one-to-one basis for U.S. dollars and issued by Circle Internet Financial, LLC (“Circle”) and its affiliate, Circle Internet Financial Europe SAS. USDC is accounted for as a financial instrument in the Condensed Consolidated Financial Statements. Circle reported that, as of March 31, 2025, underlying reserves were held in cash, short-duration U.S. Treasuries, and overnight U.S. Treasury repurchase agreements within segregated accounts for the benefit of USDC holders.

3. REVENUE

The following table presents revenue disaggregated by type (in thousands):

	Three Months Ended March 31,	
	2025	2024
Net revenue		
Transaction revenue		
Consumer, net	$ 1,095,506	$ 935,212
Institutional, net	98,888	85,392
Other transaction revenue, net	67,814	56,137
Total transaction revenue	1,262,208	1,076,741
Subscription and services revenue		
Stablecoin revenue[(1)]	297,535	197,317
Blockchain rewards	196,592	150,929
Interest and finance fee income[(2)]	63,086	66,663
Other subscription and services revenue	140,898	96,027
Total subscription and services revenue	698,111	510,936
Total net revenue	1,960,319	1,587,677
Other revenue		
Corporate interest and other income[(1)]	73,976	49,893
Total other revenue	73,976	49,893
Total revenue	$ 2,034,295	$ 1,637,570

(1) Amounts represent revenue that is not accounted for as revenue from contracts with customers, as defined in Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers (“ASC 606”).
(2) Amounts primarily represent revenue that is not accounted for as revenue from contracts with customers, as well as an immaterial amount of finance fee income in all periods presented that is accounted for as revenue from contracts with customers.

Coinbase Global, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

During the three months ended March 31, 2025 and 2024, one counterparty accounted for more than 10% of total revenue in each period.

Revenue by geographic location

The following table presents revenue disaggregated by geography based on domiciles of the customer or other counterparty (in thousands):

	Three Months Ended March 31,	
	2025	2024
U.S.(1)	$ 1,705,652	$ 1,353,450
International(2)	328,643	284,120
Total revenue	$ 2,034,295	$ 1,637,570

(1) Nearly all revenue that is not accounted for as revenue from contracts with customers, as defined in ASC 606, is with counterparties in the U.S.
(2) No country accounted for more than 10% of Total revenue.

4. COLLATERALIZED ARRANGEMENTS AND FINANCING

Loans and related collateral

The following table summarizes the Company's Prime Financing lending arrangements (in thousands):

	March 31, 2025	December 31, 2024
Loan receivables		
Fiat loan receivables	$ 393,046	$ 382,751
Crypto asset loan receivables	41,853	92,619
Fiat trade finance receivables	19,574	—
Total loan receivables	$ 454,473	$ 475,370
Customer loans not meeting recognition criteria		
USDC	$ 62,732	$ 168,795

As of March 31, 2025 and December 31, 2024, the Company had two counterparties each, who accounted for more than 10% of the Company's recognized Loan receivables. As of both of these dates, the Company also had three counterparties each, who accounted for more than 10% of the Company's customer loans that did not meet the recognition criteria.

As of March 31, 2025 and December 31, 2024, the collateral requirements for all loans outstanding, including customer loans not meeting recognition criteria, ranged from 100% to 300% of the fair value of the loan. No allowance, write-offs, or recoveries were recognized against loan receivables or customer loans not meeting recognition criteria during the periods presented, and none of these loans were past due.

Coinbase Global, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following table summarizes assets the Company holds and has recognized as collateral with a corresponding obligation to return the collateral to the borrower (in thousands, except units):

	March 31, 2025			December 31, 2024		
	Units	Cost Basis	Fair Value	Units	Cost Basis	Fair Value
Fiat[1]	N/A	N/A	$ 31,306	N/A	N/A	$ 24,641
Bitcoin	6,587	$ 419,448	542,555	6,918	$ 414,745	647,568
Ethereum	30,280	89,060	54,993	33,130	98,787	111,445
Other crypto assets[2]	—	—	—	nm	8,065	8,471
Crypto assets held as collateral		$ 508,508	597,548		$ 521,597	767,484
Total recognized held as collateral			$ 628,854			$ 792,125

nm - not meaningful
(1) Fiat collateral held is recognized within Cash and cash equivalents in the Condensed Consolidated Balance Sheets. Cost basis and units are not required disclosure and are therefore labeled N/A.
(2) Includes various other crypto asset balances, none of which individually represented more than 5% of the fair value of total Crypto assets held as collateral.

The following table summarizes assets the Company holds as collateral that it has not recognized as collateral nor as an obligation to return the collateral to the borrower (in thousands):

	March 31, 2025	December 31, 2024
Fiat	$ 43,397	$ 64,760
USDC	55,151	45,222
Crypto assets	146,200	178,619
Total customer collateral not recognized as collateral	$ 244,748	$ 288,601

Borrowings and related collateral

The following table summarizes the units, cost basis, and fair value of Crypto assets borrowed and the associated Crypto asset borrowings (in thousands, except units):

	March 31, 2025			December 31, 2024		
	Units	Cost Basis	Fair Value	Units	Cost Basis	Fair Value
Crypto assets borrowed						
Bitcoin	2,130	$ 196,907	$ 175,789	1,923	$ 191,986	$ 179,480
Ethereum	22,725	74,058	41,405	17,413	65,213	57,989
Other crypto assets[1]	nm	26,126	18,239	nm	18,701	23,583
Total borrowed		$ 297,091	$ 235,433		$ 275,900	$ 261,052
Crypto asset borrowings						
Bitcoin	2,200	$ 202,963	$ 181,538	2,178	$ 213,096	$ 203,370
Ethereum	28,937	85,149	52,725	19,133	68,803	63,720
Other crypto assets[1]	nm	46,393	38,345	nm	28,141	33,020
Total borrowings		$ 334,505	$ 272,608		$ 310,040	$ 300,110

nm - not meaningful
(1) Includes various other crypto asset balances, none of which individually represented more than 5% of the fair value of total Crypto assets borrowed or total Crypto asset borrowings, as applicable.

As of March 31, 2025 and December 31, 2024, the weighted average annual fees on these borrowings were 2.6% and 2.4%, respectively.

The fair value of the Company's corporate assets pledged as collateral against Crypto asset borrowings consisted of the following (in thousands):

	March 31, 2025	December 31, 2024
Assets pledged as collateral		
USDC	$ —	$ 4,009
Assets pledged as collateral not meeting derecognition criteria		
USDC	$ 300,897	$ 329,832

5. CRYPTO ASSETS HELD FOR OPERATIONS

The following table summarizes Crypto assets held for operations (in thousands, except units):

	March 31, 2025			December 31, 2024		
	Units	Cost Basis	Fair Value	Units	Cost Basis	Fair Value
Bitcoin	302	$ 28,280	$ 24,993	57	$ 7,814	$ 5,473
Ethereum	9,058	15,186	16,518	8,142	21,843	27,122
Solana	31,910	4,768	3,990	69,280	14,526	13,245
Other crypto assets(1)	nm	31,657	21,984	nm	51,871	36,941
Total held for operations		$ 79,891	$ 67,485		$ 96,054	$ 82,781

nm - not meaningful
(1) Includes various other crypto asset balances, none of which individually represented more than 5% of the fair value of total Crypto assets held for operations.

6. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following (in thousands):

	March 31, 2025	December 31, 2024
Stablecoin revenue receivable	$ 112,876	$ 85,983
Customer fee revenue receivable	34,038	39,317
Other accounts receivable	125,525	169,380
Gross accounts receivable	272,439	294,680
Less: allowance for doubtful accounts	(27,327)	(29,429)
Total accounts receivable, net	$ 245,112	$ 265,251

As of both March 31, 2025 and December 31, 2024, one counterparty accounted for more than 10% of Accounts receivable, net.

7. CRYPTO ASSETS HELD FOR INVESTMENT

The following table summarizes Crypto assets held for investment (in thousands, except units):

	March 31, 2025			December 31, 2024		
	Units	Cost Basis	Fair Value	Units	Cost Basis	Fair Value
Bitcoin	9,267	$ 518,365	$ 765,034	6,885	$ 272,164	$ 642,738
Ethereum	137,334	314,167	250,229	115,700	260,674	385,314
Other crypto assets(1)	nm	406,727	252,738	nm	347,827	524,943
Total held for investment		$ 1,239,259	$ 1,268,001		$ 880,665	$ 1,552,995

nm - not meaningful

(1) Includes various other crypto asset balances, none of which individually represented more than 5% of the fair value of total Crypto assets held for investment.

As of March 31, 2025, the Company had $47.7 million of Crypto assets held for investment subject to selling restrictions that are time-based and lift between 2025 and 2029.

8. LONG-TERM DEBT

The components of Long-term debt were as follows (in thousands, except percentages):

	Effective Interest Rate	Principal Amount	Unamortized Debt Discount and Issuance Costs	Net Carrying Amount	Fair Value(1)
March 31, 2025					
0.50% 2026 Convertible Notes due June 1, 2026	0.98 %	$ 1,273,013	$ (7,924)	$ 1,265,089	$ 1,248,189
3.38% 2028 Senior Notes due October 1, 2028	3.57 %	1,000,000	(6,138)	993,862	906,300
0.25% 2030 Convertible Notes due April 1, 2030	0.55 %	1,265,000	(18,415)	1,246,585	1,170,252
3.63% 2031 Senior Notes due October 1, 2031	3.77 %	737,457	(5,903)	731,554	623,151
Total		$ 4,275,470	$ (38,380)	$ 4,237,090	$ 3,947,892
December 31, 2024					
0.50% 2026 Convertible Notes due June 1, 2026	0.98 %	$ 1,273,013	$ (9,395)	$ 1,263,618	$ 1,331,062
3.38% 2028 Senior Notes due October 1, 2028	3.57 %	1,000,000	(6,562)	993,438	901,250
0.25% 2030 Convertible Notes due April 1, 2030	0.55 %	1,265,000	(19,322)	1,245,678	1,353,044
3.63% 2031 Senior Notes due October 1, 2031	3.77 %	737,457	(6,110)	731,347	624,995
Total		$ 4,275,470	$ (41,389)	$ 4,234,081	$ 4,210,351

(1) Fair values are based on quoted prices for these instruments in markets that are not active and other market observable inputs, which are considered Level 2 valuation inputs.

9. DERIVATIVES

During the periods presented, the Company’s derivatives were all embedded forward contracts to receive or deliver a fixed amount of crypto assets in the future and none were designated as hedging instruments.

Coinbase Global, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

Impact of derivatives on the Condensed Consolidated Balance Sheets

The following table summarizes information on derivative instruments by their location in the Condensed Consolidated Balance Sheets, as measured in U.S. dollar equivalents (in thousands):

	Host	Embedded Derivative		Aggregate Carrying Value
		Gross Derivative Assets	Gross Derivative Liabilities	
March 31, 2025				
Accounts receivable, net[1]	$ 28,814	$ 38,984	$ 4,299	$ 63,499
Crypto asset borrowings	334,506	63,552	1,654	272,608
Obligation to return collateral[1]	508,508	48,856	137,896	597,548
Accrued expenses and other current liabilities[1]	25,100	7,652	2,312	19,760
Total fair value of derivatives		$ 159,044	$ 146,161	
December 31, 2024				
Accounts receivable, net[1]	$ 16,264	$ 20,368	$ 1,811	$ 34,821
Other current assets[1]	99,265	61,304	—	160,569
Crypto asset borrowings	310,040	18,030	8,100	300,110
Obligation to return collateral[1]	526,337	2,149	243,296	767,484
Accrued expenses and other current liabilities[1]	37,428	6,814	2,708	33,322
Total fair value of derivatives		$ 108,665	$ 255,915	

(1) Represents the portion of the Condensed Consolidated Balance Sheets line item that is denominated in crypto assets.

Impact of derivatives on the Condensed Consolidated Statements of Operations

Gains (losses) on derivative instruments recognized in the Condensed Consolidated Statements of Operations were as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Crypto asset borrowings[1]	$ 51,968	$ (95,914)
Obligation to return collateral[1]	152,106	(117,266)
Other[2]	(15,249)	12,074
Total	$ 188,825	$ (201,106)

(1) Changes in fair value are recognized in Transaction expense in the Condensed Consolidated Statements of Operations. The impact of changes in fair value of Crypto asset borrowings and Obligation to return collateral derivatives is naturally offset, at least in part, by the impact of changes in fair value of the associated naturally offsetting positions, which are also recognized in Transaction expense.

(2) Changes in fair value are recognized in Other operating (income) expense, net or Other expense (income), net in the Condensed Consolidated Statements of Operations depending on the nature of the derivative.

10. OTHER CONDENSED CONSOLIDATED BALANCE SHEETS DETAILS

The following table presents certain other details of the Condensed Consolidated Balance Sheets (in thousands):

	March 31, 2025	December 31, 2024
Other current assets		
Prepaid expenses	$ 109,562	$ 88,500
Income taxes receivable	5,762	5,530
Other	36,653	183,506
Total other current assets	$ 151,977	$ 277,536
Other non-current assets		
Strategic investments	$ 417,259	$ 374,161
Software and equipment, net	218,445	200,080
Intangible assets, net	46,599	46,804
Income taxes receivable	60,554	60,004
Lease right-of-use (“ROU”) assets	83,660	81,151
Other	33,550	33,135
Total other non-current assets	$ 860,067	$ 795,335
Accrued expenses and other current liabilities		
Accrued payroll and payroll related expenses	$ 98,635	$ 186,151
Other accrued expenses	223,019	145,369
Accounts payable	62,515	63,316
Income taxes payable	127,597	90,910
Other payables	150,276	204,390
Total accrued expenses and other current liabilities	$ 662,042	$ 690,136
Other non-current liabilities		
Lease liabilities	$ 85,050	$ 85,789
Other	7,257	3,919
Total other non-current liabilities	$ 92,307	$ 89,708

11. FAIR VALUE MEASUREMENTS

The following table sets forth by level within the fair value hierarchy, the Company's assets and liabilities measured and recorded at fair value on a recurring basis (in thousands):

	March 31, 2025		December 31, 2024	
	Level 1	Level 2	Level 1	Level 2
Assets				
Cash equivalents[1]	$ 6,153,826	$ —	$ 6,607,023	$ —
Restricted cash equivalents[2]	2,802	—	1,415	—
Customer custodial funds[3]	3,359,413	—	4,269,410	—
Crypto assets held for operations	67,485	—	82,781	—
Crypto asset loan receivables	—	41,853	—	92,619
Crypto assets held as collateral	597,548	—	767,484	—
Crypto assets borrowed	235,433	—	261,052	—
Crypto assets held for investment	1,268,001	—	1,552,995	—
Derivative assets[4]	—	159,044	—	108,665
Total assets	$ 11,684,508	$ 200,897	$ 13,542,160	$ 201,284
Liabilities				
Derivative liabilities[4]	$ —	$ 146,161	$ —	$ 255,915

(1) Represents cash equivalents, which comprise money market funds. Excludes cash of $1.9 billion at each of March 31, 2025 and December 31, 2024.
(2) Represents restricted cash equivalents, which comprise money market funds. Excludes restricted cash of $52.9 million and $37.1 million as of March 31, 2025 and December 31, 2024, respectively.
(3) Represents customer custodial cash equivalents, which comprise money market funds. Excludes customer custodial funds of $2.0 billion and $1.9 billion as of March 31, 2025 and December 31, 2024, respectively.
(4) See *Note 9. Derivatives* for additional details.

The Company has valued all Level 2 assets and liabilities measured at fair value on a recurring basis using quoted market prices for the underlying crypto assets as an observable input.

Assets and liabilities measured and recorded at fair value on a non-recurring basis

The Company's non-financial assets, such as software and equipment, goodwill, and other intangible assets, are adjusted to fair value when an impairment charge is recognized.

The Company's strategic investments are nearly all accounted for using the measurement alternative, whereby they are recognized at cost and adjusted to fair value for observable transactions for same or similar investments of the same issuer or for impairment, on a non-recurring basis. Fair value measurements for strategic investments are based predominantly on Level 3 inputs to an Option-Pricing Model that uses publicly available market data of comparable companies and other unobservable inputs including expected volatility, expected time to liquidity, adjustments for other company-specific developments, and the rights and obligations of the securities the Company holds.

The impact on the Condensed Consolidated Statements of Operations from remeasurement of measurement alternative investments was immaterial for all periods presented, as were cumulative upward adjustments of measurement alternative investments outstanding at March 31, 2025 and December 31, 2024. Cumulative impairments and downward adjustments as of these dates were $120.7 million and $145.8 million, respectively. See *Note 10. Other Condensed Consolidated Balance Sheets Details* for the carrying amount of the Company's strategic investments.

Assets and liabilities not measured and recorded at fair value

Certain of the Company's financial instruments are not measured and recorded at fair value because carrying values of these instruments approximate their fair values due to their liquid or short-term nature. The following financial instruments denominated in fiat or USDC, as applicable, would be based on Level 1 valuation inputs if they were recorded at fair value: cash, restricted cash, USDC, certain customer custodial funds and related liabilities, collateral pledged, and obligations to return collateral. The following financial instruments denominated in fiat or USDC, as applicable, would be based on Level 2 valuation inputs if they were recorded at fair value: accounts receivable, loan receivables, accounts payable, and long-term debt.

The Company's long-term debt is not measured and recorded at fair value. See *Note 8. Long-Term Debt* for the estimated fair value of the Company's long-term debt.

12. STOCK-BASED COMPENSATION

Stock options

A summary of stock options activity, including performance-based options, is as follows (in thousands, except per share and years data):

		Weighted-Average		
	Options Outstanding	Exercise Price Per Share	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance at January 1, 2025	22,929	$ 25.59	5.2	$ 5,106,538
Exercised	(396)	26.57		
Forfeited and cancelled	(34)	113.11		
Balance at March 31, 2025	22,499	$ 25.44	5.0	$ 3,320,324
Exercisable at March 31, 2025	17,592	$ 25.99	4.9	$ 2,590,282
Vested and expected to vest at March 31, 2025	17,592	$ 25.99	4.9	$ 2,590,282

As of March 31, 2025, there was total unrecognized compensation cost of $17.3 million related to unvested stock options, which cost is expected to be recognized over a weighted-average period of 2.6 years.

Other awards

A summary of restricted stock units, performance restricted stock units, and restricted stock ("Other Awards") activity is as follows (in thousands, except per share data):

	Restricted Stock Units		Performance Restricted Stock Units		Restricted Stock	
	Number of Shares	Fair Value[1]	Number of Shares	Fair Value[1]	Number of Shares	Fair Value[1]
Balance at January 1, 2025	2,350	$ 163.82	724	$ 55.42	340	$ 98.49
Granted	3,062	268.16	—	—	—	—
Vested	(847)	201.77	(81)	55.42	(235)	113.75
Forfeited and cancelled	(166)	205.56	—	—	—	—
Balance at March 31, 2025	4,399	$ 227.56	643	$ 55.42	105	$ 64.51

(1) Represents the weighted-average grant date fair value per share.

As of March 31, 2025, there was unrecognized compensation cost related to Other Awards as follows (in thousands, except years data):

	Unrecognized Compensation	Weighted-Average Recognition Period (Years)
Restricted stock units	$ 905,359	1.5
Performance restricted stock units	$ 6,572	0.8
Restricted stock	$ 5,219	0.9

Stock-based compensation

The effects of stock-based compensation on the Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets are as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Statements of Operations		
Technology and development	$ 108,092	$ 139,830
Sales and marketing	14,905	16,623
General and administrative	67,732	68,051
Total stock-based compensation expense	$ 190,729	$ 224,504
Balance Sheets		
Other non-current assets[(1)]	$ 16,565	$ 11,065

(1) Represents capitalized stock-based compensation that is recognized in Software and equipment, net and presented within this financial statement line item. See *Note 10. Other Condensed Consolidated Balance Sheets Details* for additional details.

13. OTHER EXPENSE (INCOME), NET

Other expense (income), net consisted of the following (in thousands):

	Three Months Ended March 31,	
	2025	2024
Losses (gains) on other financial instruments, net	21,683	(13,186)
Losses (gains) on crypto asset loan receivables, net	2,853	(25,526)
Other	(18,348)	(6,893)
Total other expense (income), net	$ 6,188	$ (45,605)

14. INCOME TAXES

For the three months ended March 31, 2025 and 2024, the Company calculated the tax provision using a discrete effective tax rate method. The Company's effective tax rate ("ETR") for the three months ended March 31, 2025 and 2024 was 20.4% and 18.2%, respectively. The ETR of 20.4% for the three months ended March 31, 2025 was lower than the U.S. statutory rate of 21.0%, primarily due to the Company's deductible stock-based compensation, mostly offset by non-deductible expenses, state tax, and tax on foreign operations.

As of March 31, 2025, the Company had a net deferred tax asset balance of $995.5 million, compared to $941.3 million as of December 31, 2024. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. Management determined that there is sufficient positive evidence to conclude that it is more likely than not that the Company's net deferred tax asset will be fully realized.

15. NET INCOME PER SHARE

The computation of Net income per share, including the weighted-average shares outstanding ("WASO") used in the computation, is as follows (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2025	2024
Numerators		
Net income	$ 65,608	$ 1,176,245
Less: Net income allocated to participating shares	—	(766)
Net income attributable to common stockholders, basic	$ 65,608	$ 1,175,479
Net income	$ 65,608	$ 1,176,245
Add: Interest on convertible notes, net of tax	—	2,531
Less: Net income allocated to participating shares	—	(697)
Net income attributable to common stockholders, diluted	$ 65,608	$ 1,178,079
Denominators		
WASO - basic	253,878	242,793
Weighted-average effect of potentially dilutive shares:		
Stock options	15,823	18,534
Restricted stock units	949	1,828
Performance restricted stock units	380	336
Restricted stock	221	309
Convertible notes	—	4,145
WASO - diluted	271,251	267,945
Net income per share attributable to common stockholders:		
Basic	$ 0.26	$ 4.84
Diluted	$ 0.24	$ 4.40

The rights, including the liquidation and dividend rights, of the holders of Class A common stock and Class B common stock are identical, except with respect to voting. As a result, the undistributed earnings are allocated on a proportionate basis and the resulting income or loss per share will, therefore, be the same for both Class A common stock and Class B common stock on an individual or combined basis.

The following potentially dilutive shares were not included in the calculation of diluted shares outstanding as the effect would have been anti-dilutive (in thousands):

	Three Months Ended March 31,	
	2025	2024
Stock-based compensation awards[1]	8,088	8,260
Convertible notes	7,229	—
Total	15,317	8,260

(1) Includes shares under the ESPP.

16. COMMITMENTS AND CONTINGENCIES

Crypto assets and USDC on platform

The Company is obligated to securely store all crypto assets and USDC that it holds in custodial products on behalf of customers. As such, the Company may be liable to its users for losses arising from the Company's failure to secure these assets from theft or loss. The Company has not incurred any losses related to such obligations and therefore has not accrued any liabilities as of each March 31, 2025 and December 31, 2024. The Company holds crypto assets and USDC in custodial products on its platform on behalf of its customers totaling $327.5 billion and $404.0 billion at fair value at March 31, 2025 and December 31, 2024, respectively. These assets are not recognized in the Condensed Consolidated Balance Sheets. Similarly, as the Company has an obligation to securely store all of these assets, it has a corresponding unrecognized liability of $327.5 billion and $404.0 billion at March 31, 2025 and December 31, 2024, respectively. Since the risk of loss is remote, the Company did not recognize a contingent liability at March 31, 2025 or December 31, 2024. The Company has no reason to believe it will incur any expense associated with such potential liability because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually verifies the amount of crypto assets within its control, and (iii) it has established security around custodial product private keys to minimize the risk of theft or loss.

Indemnifications

In the event any registrable securities are included in a registration statement, the Company's Amended and Restated Investors' Rights Agreement (the "IRA") entered into with certain of the Company's stockholders provides indemnity to each stockholder, their partners, members, officers, directors, and stockholders and certain of their advisors; each underwriter, if any; and each person who controls each stockholder or underwriter, against any damages incurred in connection with investigating or defending any claim or proceeding arising as a result of such registration from which damages may result. The Company will reimburse each such party for any legal and any other expenses reasonably incurred, provided that the Company will not be liable in any such case to the extent the damages arise out of or are based upon any actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such stockholder or underwriter and stated to be specifically for use therein.

The Company also has indemnity agreements with certain officers and directors of the Company pursuant to which the Company must indemnify the officer or director against all expenses, judgments, fines, and amounts paid in settlement reasonably incurred in connection with a third party proceeding, if the indemnitee acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and in the case of a criminal proceeding, had no reasonable cause to believe the indemnitee's conduct was unlawful.

It is not possible to determine the maximum potential exposure under these indemnification agreements: (i) because the facts and circumstances involved in each claim are unique and the Company cannot predict the number or nature of claims that may be made; (ii) due to the unique facts and circumstances involved in each particular agreement; and (iii) due to the requirement for a registration of the Company's securities before any of the indemnification obligations contemplated in the IRA become effective.

The Company has also provided indemnities or similar commitments on standard commercial terms in the ordinary course of business.

Legal and regulatory proceedings

The Company is subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of its business. The Company is also subject to regulatory oversight by numerous regulatory and other governmental agencies, including at the federal and state levels and internationally. The Company reviews its lawsuits, regulatory investigations, and other legal proceedings on an ongoing basis and provides disclosure and recognizes loss contingencies in accordance with the loss contingencies accounting guidance. In accordance with such guidance, the Company establishes accruals for such matters when potential losses become probable and can be reasonably estimated. If the

Company determines that a loss is reasonably possible and the loss or range of loss can be estimated, the Company discloses the possible loss in the Condensed Consolidated Financial Statements.

In July and August 2021, three purported securities class actions were filed in the U.S. District Court for the Northern District of California against the Company, its directors, certain of its officers and employees, and certain venture capital and investment firms. The complaints alleged violations of Sections 11, 12(a)(2) and 15 of the Securities Act, in connection with the registration statement and prospectus filed in connection with the Direct Listing. In November 2021, these actions were consolidated and recaptioned as *In re Coinbase Global Securities Litigation*, and an amended complaint was filed. The plaintiff sought, among other relief, unspecified compensatory damages, attorneys' fees, and costs. The Company disputed the claims and vigorously defended against them. In March 2025, the plaintiff voluntarily dismissed this action and the court entered an order closing the case. The resolution of this action did not have a material impact on the Company's business and financial statements. The Company has subsequently received, and expects to receive in the future, similar shareholder claims.

In October 2021, a purported class action captioned *Underwood et al. v. Coinbase Global, Inc.*, was filed in the U.S. District Court for the Southern District of New York (the "District Court") against the Company alleging claims under Sections 5, 15(a)(1) and 29(b) of the Exchange Act, and violations of certain California and Florida state statutes. On March 11, 2022, plaintiffs filed an amended complaint adding Coinbase, Inc. and Brian Armstrong as defendants and adding causes of action, including alleging claims under Sections 5, 12(a)(1) and 15 of the Securities Act and violations of certain New Jersey state statutes. Among other relief requested, the plaintiffs sought injunctive relief, unspecified damages, attorneys' fees and costs. On February 1, 2023, the District Court dismissed all federal claims (with prejudice) and state law claims (without prejudice) against Coinbase Global, Inc., Coinbase, Inc. and Brian Armstrong. Subsequently, on February 9, 2023, the plaintiffs appealed that ruling to the U.S. Court of Appeals for the Second Circuit (the "Court of Appeals"), and the parties completed briefing the appeal on September 13, 2023. Oral argument took place on February 1, 2024 and on April 5, 2024, the Court of Appeals issued a Summary Order affirming the District Court's dismissal order with respect to the claims alleging violations of the Exchange Act, and reversing the District Court's dismissal order with respect to the claims alleging violations of the Securities Act and violations of the state statutes. On June 27, 2024, defendants filed an answer to the amended complaint, and on July 29, 2024, the defendants filed a Motion for Judgment on the Pleadings requesting the District Court dismiss the remaining claims. On February 7, 2025, the District Court denied defendants' Motion for Judgement on the Pleadings and allowed the case to proceed to bifurcated discovery, followed by summary judgment motions. The defendants continue to dispute the claims in this case and intend to vigorously defend against them. Based on the nature of the proceedings in this case, the outcome of this matter remains uncertain and the Company cannot estimate the potential impact, if any, on its business or financial statements at this time. The Company has subsequently received, and expects to receive in the future, similar class action claims.

In December 2021, a shareholder derivative suit captioned *Shin v. Coinbase Global, Inc.*, was filed in New York state court against the Company and its directors, alleging breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets, and seeking unspecified damages and injunctive relief. The Company has subsequently received, and expects to receive in the future, similar derivative claims. The Company disputes the claims in these cases and intends to vigorously defend against them. Based on the preliminary nature of the proceedings in these cases, the outcome of these matters remain uncertain and the Company cannot estimate the potential impact, if any, on its business or financial statements at this time.

In June 2023, the SEC filed a complaint in the District Court against the Company and Coinbase, Inc. alleging that Coinbase, Inc. acted as an unregistered securities exchange, broker, and clearing agency in violation of Sections 5, 15(a) and 17A(b) of the Exchange Act and that, through its staking program, Coinbase, Inc. offered and sold securities without registering its offers and sales in violation of Sections 5(a) and 5(c) of the Securities Act. The SEC also alleged that the Company is liable for the alleged violations as an alleged control person of Coinbase, Inc. The case was captioned *SEC v. Coinbase, Inc.*

et al. The SEC sought, among other relief, injunctive relief, disgorgement and civil money penalties. The Company and Coinbase, Inc. filed an answer to the SEC complaint in June 2023, disputed the claims in the case, and vigorously defended against them. On August 4, 2023, the Company and Coinbase, Inc. filed a motion for judgment on the pleadings. The SEC filed its response on October 3, 2023 and the Company and Coinbase, Inc. filed their reply on October 24, 2023. Oral argument took place on January 17, 2024. On March 27, 2024, the District Court denied in part the Company and Coinbase, Inc.'s motion for judgment on the pleadings with respect to the SEC's claims that Coinbase, Inc. operated as an unregistered securities exchange, broker, and clearing agency and engaged in an unregistered offer and sale of securities through the Company's staking program. The District Court dismissed the SEC's claim that Coinbase, Inc. acted as an unregistered broker through its wallet service. On April 12, 2024, the Company and Coinbase, Inc. filed a motion with the District Court seeking certification of an interlocutory appeal to the Court of Appeals. The District Court granted that motion on January 7, 2025 and stayed proceedings in the District Court. On January 17, 2025, the Company and Coinbase, Inc. filed a petition for permission to appeal to the Court of Appeals. On February 28, 2025, the SEC and the Company and Coinbase, Inc. jointly stipulated to dismissal of *SEC v. Coinbase, Inc. et al.* with prejudice. The case is now concluded. The resolution of the SEC's lawsuit did not have a material impact on the Company's business and financial statements.

In June 2023, the Company and Coinbase, Inc. were issued notices, show-cause orders, and cease-and-desist letters, and became the subject of various legal actions initiated by U.S. state securities regulators in the states of Alabama, California, Illinois, Kentucky, Maryland, New Jersey, South Carolina, Vermont, Washington and Wisconsin alleging violations of state securities laws with respect to staking services provided by Coinbase, Inc. In July 2023, the Company and Coinbase, Inc. entered into agreements with state securities regulators in California, New Jersey, South Carolina and Wisconsin, pursuant to which customers in those states will no longer be able to stake new funds, in each case pending final adjudication of the matters. In October 2023, the Company and Coinbase, Inc. entered into a similar agreement with the Maryland state securities regulator. In March and April 2025, the Alabama, Kentucky, Illinois, South Carolina, and Vermont state securities regulators dismissed, vacated, rescinded, and/or withdrew their legal actions. The Company and Coinbase, Inc. dispute the claims of the state securities regulators and intend to vigorously defend against them. Based on the preliminary nature of these actions, the final outcome of these matters remains uncertain and the Company cannot estimate the potential impact on its business or financial statements at this time. An adverse resolution in these state matters could have a material impact on the Company's business and financial statements.

The Company has, from time to time, received investigative subpoenas and requests from regulators for documents and information, including about certain customer programs, operations, and existing and intended future products, including the Company's processes for listing assets, the classification of certain listed assets, its staking programs, and its stablecoin and yield-generating products.

Except as otherwise disclosed, the Company believes the ultimate resolution of existing legal and regulatory investigation matters will not have a material adverse effect on the financial condition, results of operations, or cash flows of the Company. However, in light of the uncertainties inherent in these matters, it is possible that the ultimate resolution of one or more of these matters may have a material adverse effect on the Company's results of operations for a particular period, and future changes in circumstances or additional information could result in additional accruals or resolution in excess of established accruals, which could adversely affect the Company's results of operations, potentially materially.

Tax regulation

Current tax rules related to crypto assets are evolving and require significant judgments to be made in interpretation of the law, including but not limited to the areas of income tax, information reporting, value added taxes, digital services tax, transaction level taxes and the withholding of tax at source. Further, it is possible that additional legislation or guidance may be issued by U.S. and non-U.S. governing bodies that may differ significantly from the Company's practices or interpretation of the law, which could have unforeseen effects on the Company's financial condition and results of operations, and accordingly, the

Company is unable to determine an estimate of the possible loss or range of loss beyond amounts already accrued. As a result, the Company may have exposure to additional tax liabilities that could have an adverse effect on the Company's operating results and financial condition.

17. RELATED PARTY TRANSACTIONS

Revenue and Accounts receivable, net

Certain of the Company's directors, executive officers, and principal owners, including immediate family members, are users of the Company's platform. The Company recognized revenue from related party customers of $3.6 million and $6.9 million during the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025 and December 31, 2024, Accounts receivable, net from related party customers were $1.4 million and $2.7 million, respectively.

Customer custodial funds and liabilities

Customer custodial funds and Customer custodial fund liabilities for related parties were $7.0 million and $44.0 million as of March 31, 2025 and December 31, 2024, respectively.

Other assets

The Company made strategic investments of an aggregate of $3.1 million and an immaterial amount during the three months ended March 31, 2025 and 2024, respectively, in investees in which certain related parties of the Company held an interest over 10%.

Expenses and Accounts payable

There were immaterial professional and consulting services provided by entities affiliated with related parties during the three months ended March 31, 2025, compared to $1.1 million during the same period in 2024. As of March 31, 2025 and December 31, 2024, there were no Accounts payable to related parties.

18. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Changes in operating assets and liabilities affecting cash were as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
USDC	$ (1,035,421)	$ (299,507)
Accounts receivable, net	(10,443)	(108,802)
Customer custodial funds in transit	(41,862)	(21,260)
Income taxes, net	29,163	41,613
Other current and non-current assets	(55,554)	(3,856)
Other current and non-current liabilities	(12,385)	(82,190)
Net changes in operating assets and liabilities	$ (1,126,502)	$ (474,002)

The following is a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents (in thousands):

	March 31,	
	2025	2024
Cash and cash equivalents	$ 8,051,169	$ 6,711,400
Restricted cash and cash equivalents	55,672	33,499
Customer custodial cash and cash equivalents	5,197,074	5,002,888
Total cash, cash equivalents, and restricted cash and cash equivalents	$ 13,303,915	$ 11,747,787

Coinbase Global, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following is a supplemental schedule of non-cash investing and financing activities (in thousands):

	Three Months Ended March 31,	
	2025	2024
Crypto assets received as collateral	$ 779,893	$ 590,690
Crypto assets received as collateral returned	797,722	495,237
Crypto asset loan receivables originated	730,895	424,248
Crypto asset loan receivables repaid	766,183	286,475
Crypto assets borrowed	465,262	191,436
Crypto assets borrowed repaid	440,796	77,451
Additions of crypto asset investments	171,542	3,051
Cumulative-effect adjustment due to the adoption of ASU 2023-08	—	561,489

The following is a supplemental schedule of cash paid for interest and income taxes (in thousands):

	Three Months Ended March 31,	
	2025	2024
Cash paid during the period for income taxes, net of refunds	$ 36,092	$ —
Cash paid during the period for income taxes (prior to ASU No. 2023-09, *Improvements to Income Tax Disclosures*)	—	5,528

19. SUBSEQUENT EVENT

On May 8, 2025, the Company signed a definitive agreement to acquire Sentillia B.V. (“Deribit”) for an aggregate purchase price of approximately $2.9 billion based on the closing price of the Company’s Class A common stock on May 7, 2025, consisting of cash and shares of the Company’s Class A common stock. Deribit is a crypto derivatives exchange, and this strategic acquisition will enable the Company to grow its global presence within crypto derivatives trading. The acquisition is subject to customary closing conditions, including regulatory approvals, and is expected to close by December 31, 2025.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and the accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2024 (the “Annual Report”). The following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in the section titled Risk Factors in Part II, Item 1A of this Quarterly Report on Form 10-Q. Unless otherwise expressly stated or the context otherwise requires, references to “we,” “our,” “us,” “the Company,” and “Coinbase” refer to Coinbase Global, Inc. and its consolidated subsidiaries. For all narrative provided in this Item 2, two numbers presented consecutively represent figures for the three months ended March 31, 2025 as compared to the corresponding period in 2024, respectively, unless otherwise noted.

Executive Overview

This executive overview of Management’s Discussion and Analysis of Financial Condition and Results of Operations highlights selected information and does not contain all of the information that is important to readers of this Quarterly Report on Form 10-Q.

During the first quarter of 2025, we continued to make progress against our mission by launching advanced trading tools, scaling derivatives globally, and growing our institutional and consumer user base. We also expanded access to financial services and implemented key infrastructure updates by upgrading Base to support the next generation of onchain apps and driving stablecoin adoption at scale, both of which are key to expanding global crypto usage.

For the three months ended March 31, 2025, our net revenue was $2.0 billion, including $1.3 billion in transaction revenue and $0.7 billion in subscription and services revenue. For the three months ended March 31, 2024, our net revenue was $1.6 billion, including $1.1 billion in transaction revenue and $0.5 billion in subscription and services revenue.

For the three months ended March 31, 2025, our net income was $65.6 million and Adjusted EBITDA was $0.9 billion. For the three months ended March 31, 2024, our net income was $1.2 billion and Adjusted EBITDA was $1.0 billion.

Despite multiple Federal Funds Rate decreases in late 2024, future interest rate decreases are not certain. If interest rates continue to decline, they may materially impact our subscription and services and other revenue. We plan to dynamically adjust our expense base in order to be responsive to market conditions and revenue opportunities, increasing or decreasing it as needed, especially with respect to certain variable expenses. In the second quarter of 2025, we expect technology and development and general and administrative expenses to decline as compared to the first quarter of 2025, driven by lower variable customer support expenses and seasonally lower payroll taxes. Additionally, we expect sales and marketing expenses to grow modestly, as compared to the first quarter of 2025, primarily due to expected higher USDC rewards expense and brand marketing spend seasonality.

Key Business Metrics

In addition to the measures presented in our Condensed Consolidated Financial Statements, we use the key business metrics listed below to evaluate our business, measure our performance, identify trends affecting our business, and make strategic decisions:

	Three Months Ended March 31,		Change
	2025	2024	%
MTUs[1] *(in millions)*	9.7	8.0	21
Assets on Platform[2] *(in billions)*	$ 328	$ 323	1
Trading Volume *(in billions)*	$ 393	$ 312	26
Net income *(in millions)*	$ 66	$ 1,176	(94)
Adjusted EBITDA[3] *(in millions)*	$ 930	$ 1,014	(8)

nm - not meaningful
(1) Represents quarterly MTUs, which are derived from the average of each month's MTUs in each respective quarter.
(2) Represents Assets on Platform as of March 31, 2025 and 2024.
(3) See the section titled "*Non-GAAP Financial Measure*" below for a reconciliation of net income to Adjusted EBITDA and an explanation for why we consider Adjusted EBITDA to be a helpful metric for investors.

Monthly Transacting Users

We define a Monthly Transacting User ("MTU") as a consumer who actively or passively transacts in one or more products on our platform at least once during the rolling 28-day period ending on the date of measurement. MTUs engage in transactions that generate both transaction revenue and subscription and services revenue. Revenue-generating transactions include active transactions, such as buying or selling crypto assets or passive transactions such as earning staking rewards and USDC rewards. MTUs also engage in transactions that are non-revenue generating, such as consumers sending and receiving crypto assets between wallets and off-platform accounts on a non-expedited basis. MTUs may overstate the number of unique consumers due to differences in product architecture or user behavior.

MTUs increased for the three months ended March 31, 2025 as compared to 2024, primarily due to an increase in trading users, influenced by overall crypto market sentiment and activity, including higher average prices for certain crypto assets.

Assets on Platform

We define Assets on Platform ("AOP") as the total United States ("U.S.") dollar equivalent value of USDC and crypto assets held or managed on behalf of customers in digital wallets on our platform, including our custody services but excluding assets for which the customer holds full or partial keys, calculated based on the market price on the date of measurement. AOP demonstrates the scale of balances held across our suite of products and services, the trust customers place in us to securely store their assets, and the underlying growth of the cryptoeconomy. AOP also represents a monetization opportunity through our products and services, including from trading and the adoption and use of USDC, staking, custody, and Prime Financing, when customers use these assets to engage with these products and services.

The following table sets forth the value of AOP by asset (in thousands, except percentages):

	March 31, 2025	March 31, 2024	Change %
Bitcoin	$ 219,076,329	$ 156,528,307	40
Ethereum	28,811,726	61,311,867	(53)
XRP	17,775,950	3,184,375	458
Solana	13,811,430	24,304,478	(43)
USDC	7,839,131	4,925,086	59
Other crypto assets[1]	40,195,126	73,223,316	(45)
Total	$ 327,509,692	$ 323,477,429	1

(1) Includes various other crypto asset balances, none of which individually represented more than 5% of total AOP.

AOP at March 31, 2025 remained relatively flat as compared to March 31, 2024, reflecting increases of $37.9 billion due to higher Bitcoin units on platform and $24.7 billion due to increases in the price of Bitcoin, largely offset by the impact of net decreases in the prices of Ethereum and other crypto assets. Separately, we attribute the growth in USDC AOP primarily to our USDC rewards program, combined with deeper integration of USDC across our products.

Trading Volume

We define Trading Volume as the total U.S. dollar equivalent value of spot matched trades transacted between a buyer and seller through our platform during the period of measurement. Trading Volume does not include derivatives volume on our platform or trades executed on third-party venues. Trading Volume represents the product of the quantity of assets transacted and the trade price at the time the transaction was executed. As trading activity directly impacts transaction revenue, we believe this measure is a reflection of liquidity on our order books, trading health, and the underlying growth of the cryptoeconomy. Institutions incur lower fees per transaction than consumers and, as a result, the impact of changes in consumer Trading Volume on transaction revenue is more pronounced than the impact of changes in institutional Trading Volume.

Generally, Trading Volume on our platform is primarily influenced by overall market dynamics, namely the price of crypto assets, crypto asset volatility, and macroeconomic conditions, and by our share of total crypto market spot trading volume. In periods of high crypto asset prices and crypto asset volatility, we have experienced correspondingly high levels of Trading Volume.

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change %
Trading Volume (in billions)			
Consumer	$ 78	$ 56	39
Institutional	315	256	23
Total Trading Volume	$ 393	$ 312	26
Trading Volume by crypto asset			
Bitcoin	27 %	33 %	(18)
USDT	13	11	18
Ethereum	11	13	(15)
XRP	11	nm	nm
Other crypto assets(1)	38	43	(12)
Total	100%	100%	

nm - not meaningful

(1) Includes various other crypto asset balances, none of which individually represented more than 10% of our total Trading Volume.

For the three months ended March 31, 2025 as compared to 2024, Trading Volume increased reflecting an increase in both the total market and our market share in the U.S., where our business is concentrated:

- *Total market* — Crypto Asset Volatility[1] increased 15% and average total crypto market capitalization increased 56%. These two macro inputs have historically been highly correlated with Trading Volume and are typically influenced by overall crypto market sentiment, activity in the crypto market, and changes in average crypto asset prices; and
- *Market share* — Trading Volume growth outpaced the 17% growth in overall U.S. spot market trading volume, as we were able to capture a larger portion of the trading activity due to our competitive position and product strategy.

[1] Crypto Asset Volatility represents our internal measure of crypto asset volatility in the market relative to prior periods. The volatility is based on intraday returns of a volume-weighted basket of all assets listed on our trading platform. These returns are used to compute the basket's intraday volatility which is then scaled to a daily window. These daily volatility values are then averaged over the applicable time period as needed.

Results of Operations

The following table presents the Condensed Consolidated Statements of Operations (in thousands), as well as each component as a percentage of total revenue:

	Three Months Ended March 31,			
	2025		2024	
	$	%(1)	$	%(1)
Revenue:				
Net revenue	$ 1,960,319	96	$ 1,587,677	97
Other revenue	73,976	4	49,893	3
Total revenue	2,034,295	100	1,637,570	100
Operating expenses:				
Transaction expense	303,026	15	217,407	13
Technology and development	355,368	17	357,863	22
Sales and marketing	247,283	12	98,585	6
General and administrative	394,346	19	287,236	18
Losses (gains) on crypto assets held for operations, net	34,365	2	(86,358)	(5)
Other operating (income) expense, net	(5,899)	—	2,376	—
Total operating expenses	1,328,489	65	877,109	54
Operating income	705,806	35	760,461	46
Interest expense	20,511	1	19,071	1
Losses (gains) on crypto assets held for investment, net	596,651	29	(650,429)	(40)
Other expense (income), net	6,188	—	(45,605)	(3)
Income before income taxes	82,456	4	1,437,424	88
Provision for income taxes	16,848	1	261,179	16
Net income	$ 65,608	3	$ 1,176,245	72

(1) Figures presented above may not sum precisely due to rounding.

Comparison of the three months ended March 31, 2025 and 2024

Revenue

For the three months ended March 31, 2025 and 2024 we generated 84% and 83%, respectively, of total revenue in the U.S. No other country accounted for more than 10% of total revenue during the periods presented. International revenue comprised mainly transaction revenue in both periods presented.

Transaction revenue

	Three Months Ended March 31,		Change	
(in thousands, except %)	2025	2024	$	%
Consumer, net	$ 1,095,506	$ 935,212	$ 160,294	17
Institutional, net	98,888	85,392	13,496	16
Other transaction revenue, net	67,814	56,137	11,677	21
Total transaction revenue	$ 1,262,208	$ 1,076,741	$ 185,467	17

Transaction revenue increased for the three months ended March 31, 2025 as compared to 2024, due to:

- an increase in consumer transaction revenue of $366.5 million due to a 39% increase in consumer Trading Volume. This increase was offset in part by a decrease of $206.2 million attributed to a lower average blended fee rate, primarily due to changes in the mix of Trading Volume from Simple to Advanced trading, as well as growth in Trading Volume from Coinbase One users.
- an increase in institutional transaction revenue primarily driven by growth in derivatives trading volume on our international exchange. Separately, the impact of a 23% increase in institutional Trading Volume was offset by a lower average blended fee rate resulting primarily from reduced fees at higher volumes; and
- an increase in other transaction revenue primarily driven by higher revenue from instant transfer withdrawals.

The percentage of transaction revenue from trading on our platform broken down by crypto asset was as follows:

	Three Months Ended March 31,		Change
	2025	2024	%
Bitcoin	26 %	30 %	(13)
XRP	18	nm	nm
Ethereum	10	15	(33)
Solana	10	nm	nm
Other crypto assets(1)	36	55	(35)
Total	100 %	100 %	

nm - not meaningful
(1) Includes various other crypto asset balances, none of which individually represented more than 10% of our total transaction revenue.

Subscription and services revenue

(in thousands, except %)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change $	Change %
Stablecoin revenue	$ 297,535	$ 197,317	$ 100,218	51
Blockchain rewards	196,592	150,929	45,663	30
Interest and finance fee income	63,086	66,663	(3,577)	(5)
Other subscription and services revenue	140,898	96,027	44,871	47
Total subscription and services revenue	$ 698,111	$ 510,936	$ 187,175	37

Subscription and services revenue increased for the three months ended March 31, 2025 as compared to 2024, primarily due to:

- increases in stablecoin revenue of $105.1 million due to higher average USDC balances held in Coinbase products[2], on which we earn the vast majority of the interest on the associated reserves, and $67.9 million due to higher average USDC off-platform balances, on which we earn varying percentages depending on where the USDC is held. This revenue growth was partially offset by a decrease of $68.5 million due to lower average interest rates, which declined 96 basis points;

[2] Includes corporate USDC balances and USDC held on behalf of customers in eligible Coinbase products.

- an increase in blockchain rewards of $20.5 million due to changes in average crypto asset prices, and $13.9 million due to changes in reward rates primarily for Solana and Ethereum; and
- an increase in other subscription and services revenue, primarily due to growth of Coinbase One, reflecting a higher number of paid subscribers.

There were no material changes to note within interest and finance fee income.

Other revenue

	Three Months Ended March 31,		Change	
(in thousands, except %)	2025	2024	$	%
Corporate interest and other income	$ 73,976	$ 49,893	$ 24,083	48
Total other revenue	$ 73,976	$ 49,893	$ 24,083	48

Other revenue increased for the three months ended March 31, 2025 as compared to 2024, primarily reflecting an increase of $35.2 million due to higher average cash and cash equivalents balances, partially offset by lower average interest rates earned on these balances, which declined 77 basis points.

Operating expenses

Certain prior period amounts have been reclassified to conform to the current period presentation.

Transaction expense

	Three Months Ended March 31,		Change	
(in thousands, except %)	2025	2024	$	%
Blockchain rewards fees	$ 120,021	$ 105,454	$ 14,567	14
Payment processing and account verification	64,645	33,109	31,536	95
Transaction rebates and commissions	59,585	14,991	44,594	297
Transaction reversal losses	46,844	19,974	26,870	135
Blockchain transaction fees	7,954	42,488	(34,534)	(81)
Other	3,977	1,391	2,586	186
Total transaction expense	$ 303,026	$ 217,407	$ 85,619	39

Transaction expense increased for the three months ended March 31, 2025 as compared to 2024, primarily due to:

- higher blockchain rewards fees, which rose with blockchain rewards revenue, partially offset by the impact of adjustments to our fee structures;
- an increase in payment processing fees of $18.7 million, due to 26% Trading Volume growth and expanding international payment methods. Account verification fees also rose with more new users verified;
- higher transaction rebates and commissions, primarily reflecting an increase in rebates earned by institutional customers providing liquidity on our international exchange, driven by growth in volume; and
- an increase in transaction reversal losses primarily driven by higher transaction volume; offset in part by
- a decrease in blockchain transaction fees primarily due to lower average gas and asset prices for Ethereum.

There were no material changes to note within other.

Technology and development

(in thousands, except %)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change $	Change %
Personnel-related	$ 232,586	$ 266,581	$ (33,995)	(13)
Website hosting and infrastructure	67,247	49,873	17,374	35
Amortization, depreciation, and impairment	32,012	25,850	6,162	24
Other	23,523	15,559	7,964	51
Total technology and development	$ 355,368	$ 357,863	$ (2,495)	(1)

Technology and development expenses decreased for the three months ended March 31, 2025 as compared to 2024, primarily due to:

- a decrease in personnel-related expenses reflecting:
  - $20.5 million lower stock-based compensation expense attributed to the roll-off of non-recurring multi-year stock-based compensation awards;
  - $17.3 million higher capitalization of costs of internally developed technology; and
  - a $10.3 million decrease due to updates made in late 2024 to our vesting schedule for new awards to achieve linear expense recognition; offset in part by
  - $15.6 million higher personnel-related expenses due to higher average headcount.
- an increase in website hosting and infrastructure expenses driven by increased activity on our platform.

There were no material changes to note within amortization, depreciation, and impairment or other.

Sales and marketing

(in thousands, except %)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change $	Change %
Marketing programs	$ 104,970	$ 30,459	$ 74,511	245
USDC rewards	100,034	26,562	73,472	277
Personnel-related	33,456	35,492	(2,036)	(6)
Other	8,823	6,072	2,751	45
Total sales and marketing	$ 247,283	$ 98,585	$ 148,698	151

Sales and marketing expenses increased for the three months ended March 31, 2025 as compared to 2024, primarily due to:

- an increase in marketing program expenses due to higher digital advertising spend as we capitalized on market momentum during the quarter; and
- an increase in USDC rewards payouts of $53.2 million primarily due to growth in average customer USDC balances held in Coinbase products[3], with the remainder primarily due to higher reward rates offered to customers in an effort to enhance customer acquisition, retention, and platform engagement.

There were no material changes to note within personnel-related or other.

[3] Comprises USDC held on behalf of customers in eligible Coinbase products.

General and administrative

(in thousands, except %)	Three Months Ended March 31, 2025	2024	Change $	%
Personnel-related	$ 166,159	$ 156,313	$ 9,846	6
Customer support[(1)]	70,455	18,720	51,735	276
Professional services	58,176	43,158	15,018	35
Other	99,556	69,045	30,511	44
Total general and administrative	$ 394,346	$ 287,236	$ 107,110	37

(1) Excludes personnel-related and professional services expenses.

General and administrative expenses increased for the three months ended March 31, 2025 as compared to 2024, primarily due to:

- an increase in customer support costs as a result of increased capacity needs. Our capacity needs typically increase in periods following higher Trading Volumes;
- an increase in professional services primarily due to higher costs of legal advisory services; and
- a $27.8 million increase in policy spend within other as we increased our crypto advocacy efforts, offset in part by a decrease of $20.1 million in legal costs. The remaining variance in other was due to increases across various expenses, with no material changes to note.

There were no material changes to note within personnel-related.

Losses (gains) on crypto assets held for operations, net

(in thousands, except %)	Three Months Ended March 31, 2025	2024	Change $	%
Losses (gains) on crypto assets held for operations, net	$ 34,365	$ (86,358)	$ 120,723	(140)

Changes in losses (gains) on crypto assets held for operations, net resulted primarily from holding these assets during a period of declining crypto asset prices in 2025 as compared to a period of rising crypto asset prices in 2024. Though gross inflows and outflows of these assets were both $0.3 billion during each of the three months ended March 31, 2025 and 2024, respectively, losses and gains on changes in the fair value of the assets were limited as these assets are converted to cash or used for expenses nearly immediately after receipt.

Other operating (income) expense, net

(in thousands, except %)	Three Months Ended March 31, 2025	2024	Change $	%
Platform-related incidents	$ 720	$ 195	$ 525	269
Other	(6,619)	2,181	(8,800)	(403)
Total other operating (income) expense, net	$ (5,899)	$ 2,376	$ (8,275)	(348)

There were no material changes to note within Other operating (income) expense, net.

Interest expense

(in thousands, except %)	Three Months Ended March 31, 2025	2024	Change $	%
Interest expense	$ 20,511	$ 19,071	$ 1,440	8

There were no material changes to note within Interest expense.

Losses (gains) on crypto assets held for investment, net

(in thousands, except %)	Three Months Ended March 31, 2025	2024	Change $	%
Losses (gains) on crypto assets held for investment, net	$ 596,651	$ (650,429)	$ 1,247,080	(192)

Losses on crypto assets held for investment, net during the three months ended March 31, 2025 were primarily due to fair value remeasurement of these assets, mainly Bitcoin and Ethereum, as asset prices decreased, offset in part by increased investment purchases during the period. Gains on crypto assets held for investment, net during the three months ended March 31, 2024 were primarily due to fair value remeasurement of these assets, mainly Bitcoin and Ethereum, during a period when the asset prices increased.

Other expense (income), net

(in thousands, except %)	Three Months Ended March 31, 2025	2024	Change $	%
Losses (gains) on other financial instruments, net	$ 21,683	$ (13,186)	$ 34,869	(264)
Losses (gains) on crypto asset loan receivables, net	2,853	(25,526)	28,379	(111)
Other	(18,348)	(6,893)	(11,455)	166
Total other expense (income), net	$ 6,188	$ (45,605)	$ 51,793	(114)

Other expense (income), net changed for the three months ended March 31, 2025 as compared to 2024, primarily reflecting changes in the prices of crypto assets underlying certain of our investments, as prices increased in 2024 and decreased in 2025. There were no material changes to note within other.

Provision for income taxes

(in thousands, except %)	Three Months Ended March 31, 2025	2024	Change $	%
Provision for income taxes	$ 16,848	$ 261,179	$ (244,331)	(94)

For the three months ended March 31, 2025 as compared to 2024, the decrease in provision for income taxes was primarily due to lower pretax income, partially offset by lower tax benefits from stock-based compensation.

Non-GAAP Financial Measure

In addition to our results determined in accordance with GAAP, we believe Adjusted EBITDA, a non-GAAP financial performance measure, is useful information to help investors evaluate our operating performance because it: enables investors to compare this measure and component adjustments to similar information provided by peer companies and our past financial performance; provides additional company-specific adjustments for certain items that may be included in income from operations but that we do not consider to be normal, recurring, operating expenses (or income) necessary to operate our business given our operations, revenue generating activities, business strategy, industry, and regulatory environment; and provides investors with visibility to a measure management uses to evaluate our ongoing operations and for internal planning and forecasting purposes. For example:

- We believe it is useful to exclude certain non-cash expenses, such as depreciation and amortization and stock-based compensation, from Adjusted EBITDA because the amounts of such expenses can vary significantly from period to period and may not directly correlate to the underlying performance of our business operations.

- We believe it is useful to exclude certain items that we do not consider to be normal, recurring, cash operating expenses and therefore, not reflective of our ongoing business operations. For example, we exclude: (i) other (income) expense, net, as the income and expenses recognized in this line item are not part of our core operating activities and are considered non-operating activities under GAAP and (ii) gains and losses on crypto assets held for investment because such investments are considered primarily long-term holdings. We do not plan on engaging in regular trading of crypto assets, and, as an operating company, our investing activities in crypto are not part of our revenue generating activities, which are based on transactions on our platform and the sales of subscriptions and services.
- We believe Adjusted EBITDA is useful to measure a company's operating performance without regard to items such as stock-based compensation expense, depreciation and amortization expense, interest expense, other expense (income), net, and benefit from or provision for income taxes that can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired.

Limitations of Adjusted EBITDA

We believe that Adjusted EBITDA may be helpful to investors for the reasons noted above. However, Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. There are a number of limitations related to Adjusted EBITDA rather than net income (loss), which is the nearest GAAP equivalent of Adjusted EBITDA. Some of these limitations are that Adjusted EBITDA excludes:

- provision for income taxes;
- interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us;
- depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated and amortized may have to be replaced in the future;
- stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- net gains or losses on our crypto assets held for investment; and
- other expense (income), net, which represents losses or gains on other financial instruments, and other non-operating income and expense activity.

In addition, other companies, including companies in our industry, may calculate Adjusted EBITDA differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our disclosure of Adjusted EBITDA as a tool for comparison. A reconciliation is provided below for Adjusted EBITDA to net income, the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measure and the reconciliation of Adjusted EBITDA to net income, and not to rely on any single financial measure to evaluate our business.

The following table provides a reconciliation of net income to Adjusted EBITDA (in thousands):

	Three Months Ended March 31,	
	2025	2024
Net income	$ 65,608	$ 1,176,245
Adjusted to exclude the following:		
Provision for income taxes	16,848	261,179
Interest expense	20,511	19,071
Depreciation and amortization	33,333	29,327
Stock-based compensation expense	190,729	224,504
Losses (gains) on crypto assets held for investment, net	596,651	(650,429)
Other expense (income), net[(1)]	6,188	(45,605)
Adjusted EBITDA	$ 929,868	$ 1,014,292

(1) See *Note 13. Other expense (income), net* of the Notes to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional details.

Liquidity and Capital Resources

There have been no material changes to our liquidity and capital resources from those presented in the Annual Report, other than those described below.

We continue to believe our existing cash and cash equivalents and USDC will be sufficient in both the short and long term to meet our requirements and plans for cash, including meeting our working capital and capital expenditure requirements. Our ability to meet our requirements and plans for cash, including meeting our working capital and capital expenditure requirements, will depend on many factors, including market acceptance of crypto assets and blockchain technology, our growth, our ability to attract and retain customers on our platform, the continuing market acceptance of our products and services, the introduction of new subscription products and services on our platform, expansion of sales and marketing activities, and overall economic conditions. We anticipate satisfying our short-term cash requirements with our existing cash and cash equivalents and USDC and with future cash flows from operations and may satisfy our long-term cash requirements additionally with proceeds from a future equity or debt financing. The sale of additional equity would result in additional dilution to our stockholders. The incurrence of additional debt financing would result in debt service obligations, and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations.

Cash and cash equivalents and USDC

Our cash and cash equivalents and USDC balances consisted of the following (in thousands):

	March 31, 2025	December 31, 2024
Cash and cash equivalents		
Cash equivalents[1]	$ 6,153,826	$ 6,607,023
Cash held at financial institutions	1,761,826	1,848,700
Cash held at venues	135,517	88,180
Total cash and cash equivalents	$ 8,051,169	$ 8,543,903
USDC[2]		
USDC not loaned or pledged as collateral	1,861,425	743,181
USDC pledged as collateral[3]	300,897	329,832
USDC loaned[3]	62,732	168,795
Total USDC	$ 2,225,054	$ 1,241,808

(1) Cash equivalents consists of money market funds.
(2) USDC is a stablecoin redeemable on a one-to-one basis for U.S. dollars. While not accounted for as cash or cash equivalents, we treat our USDC holdings as a liquidity resource.
(3) USDC pledged as collateral represents assets pledged as collateral against our crypto asset borrowings, which do not meet the criteria for derecognition from our Condensed Consolidated Balance Sheets. USDC loaned represents loaned assets that do not meet the criteria for derecognition from our Condensed Consolidated Balance Sheets. See *Note 4. Collateralized Arrangements and Financing* of the Notes to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional details.

Long-term debt and other contractual obligations

There have been no material changes in our long-term debt and other contractual obligations since those presented in the Annual Report. As of March 31, 2025, our primary contractual obligation remained long-term debt, of which we held $4.3 billion in aggregate principal amount.

Crypto assets

We hold and use crypto assets for various purposes. Crypto assets held for operations are received in the ordinary course of business and are converted to cash or used to fulfill expenses, primarily blockchain rewards, nearly immediately. In order to facilitate Prime Financing, we hold crypto assets we borrow, as well as crypto assets customers pledge as collateral against certain of our loans to them. We do not use these assets as a source of liquidity otherwise. Crypto assets held for investment are primarily long-term holdings and in certain cases fulfill capital requirements set by regulators (see also *Capital requirements* below). We do not plan to engage in regular trading of these crypto assets but may purchase additional crypto assets for investment as a buy and hold strategy. In case of a liquidity stress event, or for other episodic purposes, which may necessitate the use of these assets, we may change our policy and sell crypto assets held for investment to generate liquidity. During times of instability in the crypto assets market, we may not be able to sell our crypto assets at reasonable prices or at all. Our crypto assets held are considered less liquid than our cash and cash equivalents and may not be able to serve as a source of liquidity for us to the same extent as cash and cash equivalents. As of March 31, 2025, we held the following crypto assets: $67.5 million held for operations, $597.5 million held as collateral, $235.4 million that were borrowed, and $1.3 billion held for investment.

Customer assets and liabilities

Recognized customer assets and liabilities comprise customer custodial funds and corresponding customer custodial liabilities that represent our obligation to return these assets to the customers. We also securely store additional customer AOP that we do not recognize in our Condensed Consolidated

Balance Sheets. We do not use customer crypto assets as collateral for any loan, margin, rehypothecation, or other similar activities to which we or our affiliates are a party, without the customer's consent.

Our business model does not expose us to liquidity risk if we have excessive redemptions or withdrawals from customers. As of March 31, 2025, we have not experienced excessive redemptions or withdrawals, or prolonged suspended redemptions or withdrawals, of crypto assets to date.

Capital requirements

Although currently we are not supervised by any federal banking agency, and our trading platform is not an SEC-regulated national securities exchange or alternative trading system, we operate globally in a complex and rapidly evolving regulatory environment and are subject to a wide range of laws and regulations enacted by U.S. federal, state, and local and foreign governments and regulatory authorities. These rules and regulations govern how we manage our liquidity, operations, and capital structure. Additionally, we and our subsidiaries hold licenses to operate as trust companies, money transmitters, and derivatives exchanges, or equivalents, requiring compliance with strict safeguards for customer funds and crypto assets, as well as capital and net worth requirements. For more information, see Part I, Item 1. "Business–Government Regulations" in the Annual Report as well as Part II, Item 1A. Risk Factors of this Quarterly Report on Form 10-Q.

In certain jurisdictions, we are required to hold eligible liquid assets, as defined by applicable regulatory requirements and commercial law, at a level equal to at least 100% of the aggregate amount of all customer custodial fund liabilities. Eligible liquid assets can include cash, cash equivalents, customer custodial funds, and in-transit customer receivables. As of March 31, 2025 our eligible liquid assets were greater than the aggregate amount of customer custodial fund liabilities.

Additionally, certain of our subsidiaries are subject to regulatory capital requirements that involve quantitative measures of USDC and crypto asset transactions, as well as USDC and crypto assets under custody. As of March 31, 2025, in aggregate, these subsidiaries were compliant with associated capital requirements of approximately $1.6 billion, which were met by a combination of corporate cash and cash equivalents and certain crypto assets held.

Cash flows

The following table summarizes our Condensed Consolidated Statements of Cash Flows (in thousands):

	Three Months Ended March 31,	
	2025	**2024**
Net cash (used in) provided by operating activities	$ (182,727)	$ 411,485
Net cash used in investing activities	(231,653)	(125,681)
Net cash (used in) provided by financing activities	(893,802)	1,927,721
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	$ (1,308,182)	$ 2,213,525
Change in customer custodial cash and cash equivalents	$ (830,946)	$ 609,802

Operating activities

Our largest source of cash provided by operating activities are revenues generated from transaction fees. Our primary uses of cash in operating activities include payments to employees for compensation, website hosting and infrastructure services, and professional services.

Net cash used in operating activities increased by $594.2 million for the three months ended March 31, 2025 as compared to 2024 primarily due to:

- a $735.9 million increase in cash used to purchase USDC, reflecting higher customer demand;
- a $31.5 million increase in cash used to pay income taxes;
- a $27.8 million increase in cash used in policy spend as we increased our crypto advocacy efforts; and
- an overall increase in other cash expenses as we continue to grow our business; offset in part by
- an increase in cash provided as a result of the $396.7 million increase in total revenue; and
- a $36.0 million decrease in cash used as a result of higher annual employee performance compensation payouts during the prior year.

Investing activities

Net cash used in investing activities increased by $106.0 million for the three months ended March 31, 2025 as compared to 2024 as we invested more of our available cash, including:

- an increase of $189.0 million in cash used for purchases of crypto assets held for investment; and
- an increase of $19.7 million in cash used for purchases of strategic investments; offset in part by
- a decrease of $131.9 million in cash used for the origination of fiat loans, net of repayments, reflecting a decline in demand for Prime Financing products.

Financing activities

Net cash used in financing activities increased by $2.8 billion for the three months ended March 31, 2025 as compared to 2024 primarily due to:

- a $1.5 billion decrease in customer custodial cash, as we saw an increase in average customer USDC balances held in Coinbase products, which offer a higher yield;
- a $1.1 billion net decrease in cash provided as the prior year included proceeds from the issuance of our 2030 Convertible Notes less cash paid for associated capped calls; and
- a $200.8 million net decrease in recognized fiat collateral pledged by institutional customers related to Prime Financing loans reflecting changes in demand.

Critical Accounting Estimates

Our Condensed Consolidated Financial Statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP. The preparation of our Condensed Consolidated Financial Statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, operating results, and cash flows will be affected.

There have been no material changes to our critical accounting estimates as compared to the critical accounting estimates disclosed in the Annual Report.

Recent accounting pronouncements

See *Note 2. Summary of Significant Accounting Policies* of the Notes to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion about new accounting pronouncements adopted and not yet adopted as of the date of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk to our Condensed Consolidated Financial Statements associated with the effect of changes in market factors, including risks associated with interest rates, foreign currency, derivatives, equity investments, and crypto assets. These assets, liabilities, and equities are held for purposes other than trading. There have been no material changes to our market risk exposures from the information presented in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the year ended December 31, 2024 except for our market risk exposure on our crypto assets held for investment. Though the nature of this exposure and the overall implied volatility of the crypto assets underlying this exposure have not changed since December 31, 2024, the number of units we hold and the price of the assets have changed, resulting in a material change in the result of our sensitivity analysis.

Crypto assets held for investment are primarily held long term, and historically, we have not attempted to reduce our market risk exposure associated with these crypto assets. Crypto asset prices have been volatile, as demonstrated by the one year historical volatility of Bitcoin and Ethereum of approximately 50% implied from the annualized standard deviation of daily price returns observed in the past 24 months. A hypothetical 50% increase or decrease in crypto assets prices as of March 31, 2025 and December 31, 2024 would result in a $634.0 million and $776.5 million impact, respectively, to the value of our Crypto assets held for investment and would have been recorded as a gain or loss in our Condensed Consolidated Statements of Operations. The decrease in the hypothetical gain or loss since December 31, 2024 primarily reflects decreases in the prices of Bitcoin and Ethereum, offset in part by an increase in the units of each that we hold, as we increased our investment in crypto assets during the quarter, deploying available cash.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation and supervision of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2025. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2025, our disclosure controls and procedures were, in design and operation, effective at a reasonable assurance level.

Changes in Internal Controls Over Financial Reporting

There were no changes to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on the Effectiveness of Controls

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of material legal proceedings in which we are involved, see *Note 16. Commitments and Contingencies* of the Notes to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

We are not presently a party to any other legal or regulatory proceedings that in the opinion of our management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows. However, we are subject to regulatory oversight by numerous state, federal, and foreign regulators and we are and we may become subject to various legal proceedings, inquiries, investigations, and demand letters that arise in the course of our business. For example, we have received investigative subpoenas and other inquiries from various state agencies and attorneys general for documents and information pertaining to our business practices and policies, customer complaints, asset launches, certain ongoing litigation, and certain transfers of crypto assets. In addition, we have received investigative subpoenas from the SEC and similar subpoenas and demand letters from various regulators for documents and information, including about certain customer programs, operations, and existing and intended future products, including our processes for listing assets, the classification of certain listed assets, our staking programs, and our stablecoin and yield-generating products. We intend to cooperate fully with such investigations. These examples are not exhaustive.

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Condensed Consolidated Financial Statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. If any of the following risks occur, our business, operating results, financial condition, and future prospects could be materially and adversely affected. Many risks affect more than one category, and the risks are not in order of significance or probability of occurrence because they have been grouped by categories. The market price of our Class A common stock could decline, and you could lose part or all of your investment due to any of these risks.

The Most Material Risks Related to Our Business and Financial Position

Our operating results have and will significantly fluctuate, including due to the highly volatile nature of crypto.

Due to the highly volatile nature of the cryptoeconomy and the prices of crypto assets, our operating results have, and will continue to, fluctuate significantly from quarter to quarter in accordance with market sentiments and movements in the broader cryptoeconomy. Our operating results will continue to fluctuate significantly as a result of a variety of factors, many of which are unpredictable and in certain instances are outside of our control, including:

- crypto asset trading activity, including trading volume and the prevailing trading prices for crypto assets, which can be highly volatile;
- our ability to attract, maintain, grow, and engage our customer and developer base;
- changes in the legislative or regulatory environment, or actions by U.S. or foreign governments or regulators, including fines, orders, or consent decrees;
- regulatory changes or scrutiny that impact our ability to offer certain products or services;
- our ability to continue to diversify and grow our subscription and services revenue;
- our mix of revenue between transaction and subscription and services;
- pricing for or temporary suspensions of our products and services;
- adding crypto assets to, or removing from, our platform;
- our ability to establish and maintain partnerships, collaborations, joint ventures, or strategic alliances with third parties;
- market conditions of, and overall sentiment towards, the cryptoeconomy;
- macroeconomic conditions, including interest rates, inflation, changes in tariffs and trade restrictions, and instability in the global banking system;
- adverse legal proceedings or regulatory enforcement actions, judgments, settlements, or other legal proceedings, and enforcement-related costs;
- the development and introduction of existing and new products and services by us or our competitors;
- the amount and timing of our operating expenses related to the maintenance and expansion of our business and operations, including investments we make in the development of products and services, as well as technology offered to our developers, international expansion, and sales and marketing;
- system failures, outages or interruptions, including with respect to our platform and third-party crypto networks;
- our lack of control over decentralized or third-party blockchains and networks that may experience downtime, cyberattacks, critical failures, errors, bugs, corrupted files, data losses, or other similar software failures, outages, breaches and losses;
- breaches of security or privacy;
- inaccessibility of our platform due to our or third-party actions;
- our ability to attract and retain talent; and
- our ability to compete with our competitors.

As a result of these factors, it is difficult for us to forecast growth trends accurately and our business and future prospects are difficult to evaluate, particularly in the short term. In particular, our subscription and services revenue has grown over time, with stablecoin revenue received in connection with USDC becoming a more meaningful revenue contributor. Therefore, our operating results could fluctuate significantly as a result of changes in the demand for our subscription and service offerings, in the demand for USDC, in the mix of USDC balances held in Coinbase products as compared to that held off-platform, in interest rates, and to our ongoing relationships with third parties, such as Circle.

In view of the rapidly evolving nature of our business and the cryptoeconomy, period-to-period comparisons of our operating results may not be meaningful, and you should not rely upon them as an indication of future performance. Quarterly and annual expenses reflected in our financial statements may be significantly different from historical or projected rates. Our operating results in one or more future quarters may fall below the expectations of securities analysts and investors. As a result, the trading price of our Class A common stock may increase or decrease significantly.

Our total revenue is substantially dependent on the prices of crypto assets and volume of transactions conducted on our platform. If such price or volume declines, our business, operating results, and financial condition would be adversely affected and the price of our Class A common stock could decline.

We generate a large portion of our total revenue from transaction fees on our platform in connection with the purchase, sale, and trading of crypto assets by our customers. Transaction revenue is based on transaction fees that are either a flat fee or a percentage of the value of each transaction. For our consumer trading product, we also charge a spread to ensure that we are able to settle purchases and sales at the prices we quote to customers. We also generate a large portion of total revenue from our subscription and services, and such revenue has grown over time, primarily due to growth in stablecoin revenue in connection with USDC. Declines in the volume of crypto asset transactions, the price of crypto assets, or market liquidity for crypto assets generally may result in lower total revenue to us.

The price of crypto assets and associated demand for buying, selling, and trading crypto assets have historically been subject to significant volatility. If the price and transaction volume of crypto assets decline in the future, our ability to generate revenue may suffer and customer demand for our products and services may decline, which could adversely affect our business, operating results and financial condition and cause the price of our Class A common stock to decline. The price and transaction volume of any crypto asset is subject to significant uncertainty and volatility, depending on a number of factors, including:

- market conditions of, and overall sentiment towards, crypto assets and the cryptoeconomy, including, but not limited to, as a result of actions taken by or developments of other companies in the cryptoeconomy;
- changes in liquidity, market-making volume, and trading activities;
- trading activities on other crypto platforms worldwide, many of which may be unregulated, and may include manipulative activities;
- investment and trading activities of highly active consumer and institutional users, speculators, miners, and investors;
- the speed and rate at which crypto is able to gain adoption as a medium of exchange, utility, store of value, consumptive asset, security instrument, or other financial assets worldwide, if at all;
- decreased user and investor confidence in crypto assets and crypto platforms;
- negative publicity and events relating to the cryptoeconomy;
- unpredictable social media coverage or “trending” of, or other rumors and market speculation regarding, crypto assets;

- the ability for crypto assets to meet user and investor demands;
- the functionality and utility of crypto assets and their associated ecosystems and networks, including crypto assets designed for use in various applications;
- consumer preferences and perceived value of crypto assets and crypto asset markets;
- increased competition from other payment services or other crypto assets that may exhibit better speed, security, scalability, or other characteristics;
- adverse legal proceedings or regulatory enforcement actions, judgments, or settlements impacting cryptoeconomy participants;
- regulatory or legislative changes, scrutiny and updates affecting the cryptoeconomy;
- the characterization of crypto assets under the laws of various jurisdictions around the world;
- the adoption of unfavorable taxation policies on crypto asset investments by governmental entities;
- the maintenance, troubleshooting, and development of the blockchain networks underlying crypto assets, including by miners, validators, and developers worldwide;
- the ability for crypto networks to attract and retain miners or validators to secure and confirm transactions accurately and efficiently;
- legal and regulatory changes affecting the operations of miners and validators of blockchain networks, including limitations, and prohibitions on mining activities, or new legislative or regulatory requirements as a result of growing environmental concerns around the use of energy in Bitcoin and other proof-of-work mining activities;
- ongoing technological viability and security of crypto assets and their associated smart contracts, applications and networks, including vulnerabilities against hacks and scalability;
- speed and fees associated with processing crypto asset transactions, including on the underlying blockchain networks and on crypto platforms;
- financial strength of market participants;
- the availability and cost of funding and capital;
- the liquidity and credit risk of other crypto platforms and other participants of the cryptoeconomy;
- interruptions or temporary suspensions or other compulsory restrictions in products or services from or failures of major crypto platforms;
- availability of an active derivatives market for various crypto assets;
- availability of banking and payment services to support crypto-related projects;
- instability in the global banking system and the level of interest rates and inflation;
- monetary policies of governments, trade restrictions, and fiat currency devaluations; and
- national and international economic and political conditions.

There is no assurance that any supported crypto asset will maintain its value or that there will be meaningful levels of trading activities. In the event that the price of crypto assets or the demand for trading crypto assets decline, our business, operating results, and financial condition would be adversely affected and the price of our Class A common stock could decline.

Our net revenue may be concentrated in a limited number of areas. Within transaction revenue and subscription and services revenue, a meaningful concentration is from transactions in Bitcoin and Ethereum and stablecoin revenue in connection with USDC, respectively. If revenue from

these areas declines and is not replaced by new demand for crypto assets or other products and services, our business, operating results, and financial condition could be adversely affected.

While we support a diverse portfolio of crypto assets for trading, staking and custody, our net revenue is concentrated in a limited number of areas, such as transactions in Bitcoin and Ethereum for transaction revenue and stablecoin revenue in connection with USDC for subscription and services revenue. For the three months ended March 31, 2025 and the year ended December 31, 2024, we derived a meaningful amount of our net revenue from transaction fees generated in connection with the trading of Bitcoin and Ethereum; these trading pairs drove approximately 38% and 44% of total Trading Volume on our platform during these periods, respectively. In addition to the factors impacting the broader cryptoeconomy described in this section, our revenue may be adversely affected if the markets for Bitcoin and Ethereum deteriorate or if their prices decline, including as a result of the following factors:

- the reduction in blockchain transaction fees of Bitcoin, including block reward halving events, which are events that occur after a specific period of time and reduce the block reward earned by miners;
- public sentiment related to the actual or perceived environmental impact of Bitcoin, Ethereum, and related activities, including environmental concerns raised by private individuals and governmental actors related to the energy resources consumed in the Bitcoin mining process;
- disruptions, hacks, splits in the underlying networks also known as “forks,” attacks by malicious actors who control a significant portion of the networks’ hash rate such as double spend or 51% attacks, or other similar incidents affecting the Bitcoin or Ethereum blockchain networks;
- hard “forks” resulting in the creation of and divergence into multiple separate networks, such as Bitcoin Cash and Ethereum Classic;
- informal governance led by Bitcoin and Ethereum’s core developers that lead to revisions to the underlying source code or inactions that prevent network scaling, and which evolve over time largely based on self-determined participation, which may result in new changes or updates that affect their speed, security, usability, or value;
- the ability for Bitcoin and Ethereum blockchain networks to resolve significant scaling challenges and increase the volume and speed of transactions;
- the ability to attract and retain customers and developers to use Bitcoin and Ethereum for payment, store of value, unit of accounting, and other intended uses and the absence of another supported crypto asset to attract and retain developers and customers for the same;
- transaction congestion and fees associated with processing transactions on the Bitcoin and Ethereum networks and the absence of another supported crypto asset to replace these transactions;
- the identification of Satoshi Nakamoto, the pseudonymous person or persons who developed Bitcoin, or the transfer of Satoshi’s Bitcoins;
- negative perception of Bitcoin or Ethereum;
- developments in mathematics and technology, including in digital computing, algebraic geometry, and quantum computing that could result in the cryptography being used by Bitcoin and Ethereum becoming insecure or ineffective;
- adverse legal proceedings or regulatory enforcement actions, judgments, or settlements impacting cryptoeconomy participants;
- regulatory, legislative or other compulsory or informal restrictions or limitations on Bitcoin or Ethereum lending, mining or staking activities;
- liquidity and credit risk issues experienced by other crypto platforms and other participants of the cryptoeconomy; and

- laws and regulations affecting the Bitcoin and Ethereum networks or access to these networks, including a determination that either Bitcoin or Ethereum constitutes a controlled or otherwise regulated financial instrument under the laws of any jurisdiction.

Our subscription and services revenue has grown over time to represent a more meaningful amount of our revenue, primarily due to growth in stablecoin revenue received in connection with USDC. Such revenue depends on a variety of factors, including demand for our subscription and services offerings, demand for USDC, the overall USDC market capitalization, the mix of USDC balances held in Coinbase products as compared to that held off-platform, interest rates, and our ongoing relationships with third parties, such as Circle. If such factors are negatively impacted, our business, operating results, and financial condition could be adversely affected.

We have in the past, and may in the future, enter into partnerships, collaborations, joint ventures, or strategic alliances with third parties. If we are unsuccessful in establishing or maintaining strategic relationships with these third parties or if these third parties fail to deliver certain operational services, our business, operating results, and financial condition could be adversely affected.

We have in the past, and may in the future, enter into partnerships, collaborations, joint ventures, or strategic alliances with third parties in connection with the development, operation, and enhancement of our platform and products and the provision of our services. For example, Circle provides us with creation and redemption services for USDC, including the operational capabilities required for our USDC customer-facing services. If Circle fails to provide certain operational services, our ability to maintain our current level of offerings and customer experience for USDC could be harmed and interest or confidence in USDC could be impacted. Identifying strategic relationships with third parties and negotiating and documenting relationships with them may be time-consuming and complex and may distract management. Moreover, we may be delayed, or not be successful, in achieving the objectives that we anticipate as a result of such strategic relationships. In evaluating counterparties in connection with partnerships, collaborations, joint ventures or strategic alliances, we consider a wide range of economic, legal and regulatory criteria depending on the nature of such relationship, including the counterparties’ reputation, operating results and financial condition, operational ability to satisfy our and our customers’ needs in a timely manner, efficiency and reliability of systems, certifications costs to us or to our customers, and licensure and compliance status. Despite this evaluation, third parties may still not meet our or our customers’ needs which may adversely affect our ability to deliver products and services to customers, and could adversely affect our business, operating results, and financial condition. Counterparties to any strategic relationship may have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals, and may subject us to additional risks to the extent any such third party becomes the subject of negative publicity, faces its own litigation or regulatory challenges, or faces other adverse circumstances. Conflicts may arise with our strategic partners, such as the interpretation of significant terms under any agreement, which may result in litigation or arbitration which would increase our expenses and divert the attention of our management. If we are unsuccessful in establishing or maintaining strategic relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our business, operating results, and financial condition could be adversely affected.

Interest rate fluctuations could negatively impact us.

The level of prevailing short-term interest rates affects our profitability because we derive a large portion of our revenue from interest earned on funds deposited with us by our customers which we hold on their behalf in custodial accounts at financial institutions and from stablecoin revenue, which is derived from interest earned on USDC reserve balances, as well as from interest earned on corporate cash and cash equivalents. Higher interest rates increase the amount of interest and finance fee income and stablecoin revenue earned from these activities. When short-term interest rates decline, our revenue derived from interest correspondingly declines. Further, because stablecoin revenue from USDC has become an increased portion of our subscription and services revenue, if interest rates were to significantly decline from levels reached in the current interest rate environment, our net revenue could decline. Conversely, when interest rates increase, investors may choose to shift their asset allocations, which could negatively impact our stock price or the cryptoeconomy more generally.

The future development and growth of crypto is subject to a variety of factors that are difficult to predict and evaluate. If crypto does not grow as we expect, our business, operating results, and financial condition could be adversely affected.

Crypto assets built on blockchain technology were only introduced in 2008 and remain in the early stages of development. In addition, different crypto assets are designed for different purposes. Bitcoin, for instance, was designed to serve as a peer-to-peer electronic cash system, while Ethereum was designed to be a smart contract and decentralized application platform. Many other crypto networks, ranging from cloud computing to tokenized securities networks, have only recently been established. The further growth and development of any crypto assets and their underlying networks and other cryptographic and algorithmic protocols governing the creation, transfer, and usage of crypto assets represent a new and evolving paradigm that is subject to a variety of factors that are difficult to evaluate, including:

- many crypto networks have limited operating histories, have not been validated in production, and are still in the process of developing and making significant decisions that will affect the design, supply, issuance, functionality, and governance of their respective crypto assets and underlying blockchain networks, any of which could adversely affect their respective crypto assets;
- many crypto networks are in the process of implementing software upgrades and other changes to their protocols, which could introduce bugs, security risks, or adversely affect the respective crypto networks;
- several large networks, including Bitcoin and Ethereum, are developing new features to address fundamental speed, scalability, and energy usage issues. If these issues are not successfully addressed, or if these networks do not achieve widespread adoption, it could adversely affect the underlying crypto assets;
- security issues, bugs, and software errors have been identified with many crypto assets and their underlying blockchain networks, some of which have been exploited by malicious actors. There are also inherent security weaknesses in some crypto assets, such as when creators of certain crypto networks use procedures that could allow hackers to counterfeit tokens. Any weaknesses identified with a crypto asset could adversely affect its price, security, liquidity, and adoption rate. If one or more malicious actors obtains a majority of the compute or staking power on a crypto network, as has happened in the past, it may be able to engage in illicit activity, which could cause financial losses to holders, damage the network's reputation and security, and adversely affect its value;
- the development of new technologies for mining, such as improved application-specific integrated circuits (commonly referred to as ASICs), or changes in industry patterns, such as the consolidation of mining power in a small number of large mining farms, could reduce the security of blockchain networks, lead to increased liquid supply of crypto assets, and reduce a crypto asset's price and attractiveness;
- if rewards and transaction fees for miners or validators on any particular crypto network are not sufficiently high to attract and retain miners or validators, a crypto network's security and speed may be adversely affected, increasing the likelihood of a malicious attack;
- crypto networks may have consolidated points of failure (such as concentrated ownership or an "admin key"), allowing a small group of holders to have significant unilateral control and influence over key decisions related to their crypto networks, such as governance decisions and protocol changes, as well as the market price of such crypto assets;
- the governance of many decentralized blockchain networks, including L2 blockchains like Base, is by voluntary consensus and open competition, and many developers are not directly

compensated for their contributions. As a result, there may be a lack of consensus or clarity on the governance of any particular crypto network, a lack of incentives for developers to maintain or develop the network, and other unforeseen issues, any of which could result in unexpected or undesirable errors, bugs, or changes, or stymie such network's utility and ability to respond to challenges and grow; and

- many crypto networks are in the early stages of developing partnerships and collaborations, any or all of which may not succeed and adversely affect the usability and adoption of the respective crypto assets.

Various other technical issues have also been uncovered from time to time that resulted in disabled functionalities, exposure of certain users' personal information, theft of users' assets, and other negative consequences, and which required resolution with the attention and efforts of their global miner, user, and development communities. If any such risks or other risks materialize, and in particular if they are not resolved, the development and growth of crypto may be significantly affected and, as a result, our business, operating results, and financial condition could be adversely affected.

Cyberattacks and security breaches of our platform, or those impacting our customers or third parties, could adversely affect our brand, reputation, business, operating results, and financial condition.

Our business involves the collection, storage, processing, and transmission of confidential information, customer, employee, service provider, and other personal data, as well as information required to access customer assets. We have built our reputation on the premise that our platform offers customers a secure way to purchase, store, and transact in crypto assets. As a result, any actual or perceived security breach of us or our third-party partners may:

- harm our reputation and brand;
- result in our systems or services being unavailable and interrupt our operations;
- result in improper disclosure of data and violations of applicable privacy and data protection laws;
- result in significant regulatory scrutiny, investigations, fines, penalties, and other legal, regulatory, and financial exposure;
- cause us to incur significant remediation costs;
- lead to theft or irretrievable loss of our or our customers' fiat currencies or crypto assets;
- reduce customer confidence in, or decrease customer use of, our products and services;
- divert the attention of management from the operation of our business;
- result in significant compensation or contractual penalties payable by us to our customers or third parties as a result of losses to them or claims by them; and
- adversely affect our business, operating results, and financial condition.

For example, in 2021, third parties independently obtained login credentials and personal information for at least 6,000 customers and used those credentials to exploit a vulnerability that previously existed in the account recovery process. We reimbursed impacted customers approximately $25.1 million.

Further, any actual or perceived breach or cybersecurity attack directed at other financial institutions or crypto companies, whether or not we are directly impacted, could lead to a general loss of customer confidence in the cryptoeconomy or in the use of technology to conduct financial transactions, which could negatively impact us, including the market perception of the effectiveness of our security measures and technology infrastructure.

An increasing number of organizations, including large merchants, businesses, technology companies, and financial institutions, as well as government institutions, have disclosed breaches of their information security systems, some of which have involved sophisticated and highly targeted attacks, including on their websites, mobile applications, and infrastructure.

Attacks upon systems across a variety of industries, including the crypto industry, are increasing in their frequency, persistence, and sophistication, and, in many cases, are being conducted by sophisticated, well-funded, and organized groups and individuals, including state actors. The techniques used to obtain unauthorized, improper, or illegal access to systems and information (including customers' personal data and crypto assets), disable or degrade services, or sabotage systems are constantly evolving, may be difficult to detect quickly, and often are not recognized or detected until after they have been launched against a target. These attacks may occur on our systems or those of our third-party service providers or partners. Certain types of cyberattacks could harm us even if our systems are left undisturbed. For example, attacks may be designed to deceive employees and service providers into releasing control of our systems to a hacker, while others may aim to introduce computer viruses or malware into our systems with a view to stealing confidential or proprietary data. Additionally, certain threats are designed to remain dormant or undetectable until launched against a target, and we may not be able to implement adequate preventative measures.

Although we have developed systems and processes designed to protect the data we manage, prevent data loss and other security breaches, effectively respond to known and potential risks, and expect to continue to expend significant resources to bolster these protections, there can be no assurance that these security measures will provide absolute security or prevent breaches or attacks. We have experienced from time to time, and may experience in the future, breaches of our security measures due to human error, malfeasance, insider threats, system errors or vulnerabilities, or other irregularities. Unauthorized parties have attempted, and we expect that they will continue to attempt, to gain access to our systems and facilities, as well as those of our customers, partners, and third-party service providers, through various means, including hacking, social engineering, phishing, and attempting to fraudulently induce individuals (including employees, service providers, and our customers) into disclosing usernames, passwords, payment card information, or other sensitive information, which may in turn be used to access our information technology systems and customers' crypto assets. Threats can come from a variety of sources, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, and insiders. Certain threat actors may be supported by significant financial and technological resources, making them even more sophisticated and difficult to detect. We may also acquire other companies that expose us to unexpected security risks or increase costs to improve the security posture of the acquired company. Further, there has been an increase in such threat actor activities as a result of the increased prevalence of hybrid and remote working arrangements in recent years. As a result, our costs and the resources we devote to protecting against these advanced threats and their consequences may continue to increase over time.

Although we maintain insurance coverage, it may be insufficient to protect us against all losses and costs stemming from security breaches, cyberattacks, and other types of unlawful activity, or any resulting disruptions or data theft and loss from such events. Outages and disruptions of our platform, including any caused by cyberattacks, may harm our reputation, business, operating results, and financial condition.

We are subject to an extensive, highly-evolving and uncertain regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our brand, reputation, business, operating results, and financial condition.

Our business is subject to extensive laws, rules, regulations, policies, orders, determinations, directives, treaties, and legal and regulatory interpretations and guidance in the markets in which we operate, including those governing financial services and banking, federal government contractors, trust companies, securities, derivative transactions and markets, broker-dealers and alternative trading systems ("ATS"), commodities, credit, crypto asset custody, exchange, and transfer, cross-border and domestic money and crypto asset transmission, commercial lending, usury, foreign currency exchange, privacy, data governance, data protection, cybersecurity, fraud detection, payment services (including payment processing and settlement services), consumer protection, escheatment, antitrust and competition, bankruptcy, tax, anti-bribery, economic and trade sanctions, anti-money laundering, and counter-terrorist financing. Many of these legal and regulatory regimes were adopted prior to the advent of the internet, mobile technologies, crypto assets, generative artificial intelligence (“AI”) and related technologies. As a result, some applicable laws and regulations do not contemplate or address unique issues associated with the cryptoeconomy, are subject to significant uncertainty, and vary widely across U.S. federal, state, and local and international jurisdictions. These legal and regulatory regimes, including the laws, rules, and regulations thereunder, evolve frequently and may be modified, interpreted, and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. Moreover, the complexity and evolving nature of our business and the significant uncertainty surrounding the regulation of the cryptoeconomy requires us to exercise our judgment as to whether certain laws, rules, and regulations apply to us, and it is possible that governmental bodies and regulators may disagree with our conclusions. To the extent we have not complied with such laws, rules, and regulations, we could be subject to significant fines, revocation of licenses, limitations on or temporary or permanent suspensions of our products and services, reputational harm, and other regulatory consequences, each of which may be significant and could adversely affect our business, operating results, and financial condition.

Additionally, various governmental and regulatory bodies, including legislative and executive bodies, in the United States and in other countries may adopt new laws and regulations, the direction and timing of which may be influenced by changes in the governing administrations and major events in the cryptoeconomy. For example, following the failure of several prominent crypto trading venues and lending platforms, such as FTX, Celsius Networks, Voyager and Three Arrows Capital in 2022 (the “2022 Events”), the U.S. Congress expressed the need for both greater federal oversight of the cryptoeconomy and comprehensive cryptocurrency legislation.

Governmental and regulatory bodies, including in the United States, may introduce new policies, laws, and regulations relating to crypto assets and the cryptoeconomy generally, and crypto asset platforms in particular. Other companies’ failures of risk management and other control functions, including those that played a role in the 2022 Events, could contribute to stricter oversight of crypto asset platforms and the cryptoeconomy. Furthermore, new interpretations of existing laws and regulations may be issued by such bodies or the judiciary, which may adversely impact the development of the cryptoeconomy as a whole and our legal and regulatory status in particular by changing how we operate our business, how our products and services are regulated, and what products or services we and our competitors can offer, requiring changes to our compliance and risk mitigation measures, imposing new licensing requirements, or imposing a total ban on certain crypto asset transactions, as has occurred in certain jurisdictions in the past. For example, in April 2023, the SEC reopened a comment period for amendments to Rule 3b-16 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that could subject several cryptoeconomy participants and systems to registration or other operational compliance requirements under the Exchange Act. If the SEC’s proposed amendment is adopted in its current form, we, along with other cryptoeconomy participants, could face significant additional uncertainty and risk of increased operational costs. In November 2023, the New York Department of Financial Services (“NYDFS”) adopted guidance regarding the policies and procedures required for virtual currency business entities licensed in New York, such as Coinbase, Inc. This guidance and other applicable state law guidance regarding virtual currency business activity could result in changes to our business in such states as well as the risk of increased operational costs and the risk of enforcement actions. If we are unable to comply with any new requirements, our ability to offer our products and services in their current form may be adversely affected. Additionally, under recommendations from the Financial Crimes Enforcement Network (“FinCEN”), and the Financial Action Task Force, the United States and several foreign jurisdictions have or are likely to impose the Funds Transfer Rule (commonly referred to as the Travel Rule) on financial service providers in the cryptoeconomy. We may face substantial costs to operationalize and comply with the Travel Rule and may be further subject to administrative sanctions for technical violations or customer attrition if the user experience suffers as a result. In October 2023, FinCEN released a proposed rule that identifies virtual currency “mixing” as a class of transactions of primary money laundering concern and imposes heightened recordkeeping and reporting obligations for financial institutions with respect to those transactions. There are substantial uncertainties regarding the scope of these requirements in practice, and we may face substantial costs to operationalize and comply with these rules.

Moreover, we offer and may in the future offer products and services whose functionality or value depends in part on our management of token transaction smart contracts, liquid staking, asset tracking, or other applications that provide novel forms of customer engagement and interaction delivered via blockchain protocols. We may also offer products and services whose functionality or value depends on our ability to develop, integrate, or otherwise interact with such applications within the bounds of our legal and compliance obligations. The legal and regulatory landscape for such products, including the law governing the rights and obligations between and among smart contract developers and users and the extent to which such relationships entail regulated activity is uncertain and rapidly evolving. Our interaction with those applications, and the interaction of other blockchain users with any smart contracts or assets we may generate or control, could present legal, operational, reputational, and regulatory risks for our business.

We may be further subject to administrative sanctions for technical violations or customer attrition if the user experience suffers as a result. As another example, the extension of anti-money laundering requirements to certain crypto-related activities by the European Union’s Fifth Money Laundering Directive, as updated by the European Union’s Sixth Money Laundering Directive, has increased the regulatory compliance burden for our business in Europe and, as a result of the fragmented approach to the implementation of its provisions, resulted in distinct and divergent national licensing and registration regimes for us in different E.U. member states. Further E.U.-level legislation imposing additional regulatory requirements in relation to crypto-related activities is also expected in the near term, such as with the effectiveness of the Markets in Crypto-Assets Regulation (“MiCA”). Among other provisions, MiCA introduces a comprehensive authorization and compliance regime for crypto asset service providers and a disclosure regime for the issuers of certain crypto assets, which will impact our operations in the European Union, including through localization requirements.

Because we have offered and will continue to offer a variety of innovative products and services to our customers, many of our offerings are subject to significant regulatory uncertainty and we from time to time face regulatory inquiries regarding our current and planned products. For instance, we purchase USDC, a stablecoin redeemable on a one-to-one basis for U.S. dollars, from Circle and sell it to customers on our platform. The regulatory treatment of fiat-backed stablecoins is highly uncertain and has drawn significant attention from legislative and regulatory bodies around the world. The issuance, purchase, and sale of such stablecoins may implicate a variety of banking, deposit, money transmission, prepaid access and stored value, anti-money laundering, commodities, securities, sanctions, and other laws and regulations in the United States and in other jurisdictions. There are substantial uncertainties as to how these requirements would apply in practice, and we may face substantial compliance costs to operationalize and comply with these rules. Certain products and services offered by us that we believe are not subject to regulatory oversight, or are only subject to certain regulatory regimes, such as Coinbase Wallet, a standalone mobile application that allows customers to manage their own private keys and store their crypto assets directly on their mobile devices, may cause us to be deemed to be engaged in a form of regulated activity for which licensure is required or cause us to become subject to new and additional forms of regulatory oversight. We also offer various staking, rewards, and lending products, all of which are subject to significant regulatory uncertainty, and could implicate a variety of laws and regulations worldwide. For example, there is regulatory uncertainty regarding the status of our staking, lending, rewards, and other yield-generating activities under the U.S. federal and state securities laws. While we have implemented policies and procedures, including geofencing for certain products and services, designed to help monitor for and ensure compliance with existing and new laws and regulations, there can be no assurance that we and our employees, contractors, and agents will not violate or otherwise fail to comply with such laws and regulations. To the extent that we or our employees, contractors, or agents are deemed or alleged to have violated or failed to comply with any laws or regulations, including related interpretations, orders, determinations, directives, or guidance, we or they could be subject to a litany of civil, criminal, and administrative fines, penalties, orders and actions, including being required to suspend or terminate the offering of certain products and services. Moreover, to the extent our customers nevertheless access our platform, products or services outside of jurisdictions where we have obtained required governmental licenses and authorization, we could similarly be subject to a variety of civil, criminal, and administrative fines, penalties, orders and actions as a result of such activity.

Due to our business activities, we are subject to ongoing examinations, oversight, and reviews and currently are, and expect in the future, to be subject to investigations and inquiries, by U.S. federal and state regulators and foreign financial service regulators, many of which have broad discretion to audit and examine our business. We are periodically subject to audits and examinations by these regulatory authorities. As a result of findings from these audits and examinations, regulators have, are, and may in the future require us to take certain actions, including amending, updating, or revising our compliance measures from time to time, limiting the kinds of customers that we provide services to, changing, terminating, or delaying our licenses and the introduction of our existing or new product and services, and undertaking further external audit or being subject to further regulatory scrutiny, including investigations and inquiries. We have received, and may in the future receive, examination reports citing violations of rules and regulations, inadequacies in existing compliance programs, and requiring us to enhance certain practices with respect to our compliance program, including due diligence, monitoring, training, reporting, and recordkeeping. Implementing appropriate measures to properly remediate these examination findings may require us to incur significant costs, and if we fail to properly remediate any of these examination findings, we could face civil litigation, significant fines, damage awards, forced removal of certain employees including members of our executive team, barring of certain employees from participating in our business in whole or in part, revocation of existing licenses, limitations on existing and new products and services, reputational harm, negative impact to our existing relationships with regulators, exposure to criminal liability, or other regulatory consequences. Further, we believe increasingly strict legal and regulatory requirements and additional regulatory investigations and enforcement, any of which could occur or intensify, may continue to result in changes to our business, as well as increased costs, and supervision and examination for ourselves, our agents, and service providers. Moreover, new laws, regulations, or interpretations may result in additional litigation, regulatory investigations, and enforcement or other actions, including preventing or delaying us from offering certain products or services offered by our competitors or could impact how we offer such products and services. Adverse changes to, or our failure to comply with, any laws and regulations have had, and may continue to have, an adverse effect on our reputation and brand and our business, operating results, and financial condition.

We operate in a highly competitive industry and we compete against unregulated or less regulated companies and companies with greater financial and other resources, and our business, operating results, and financial condition could be adversely affected if we are unable to compete effectively.

The crypto industry is highly innovative, rapidly evolving, and characterized by healthy competition, experimentation, changing customer needs, frequent introductions of new products and services, and subject to uncertain and evolving industry and regulatory requirements. We expect competition to intensify in the future as existing and new competitors introduce new products or enhance existing products. We face significant competition from a variety of companies around the world, ranging from crypto-native companies, including decentralized exchanges, to large traditional financial services incumbents and financial technology providers. Our main competition falls into the following categories:

- traditional financial technology and brokerage firms that have entered the crypto asset market in recent years and offer overlapping features targeted at our customers;

- companies focused on the crypto asset market, some of whom adhere to local regulations and directly compete with our platform, and others who choose to operate outside of local rules and regulations or in jurisdictions with less stringent local rules and regulations and are potentially able to more quickly adapt to trends, support a greater number of crypto assets, and develop new crypto-based products and services due to a different standard of regulatory scrutiny;
- crypto-focused companies and traditional financial incumbents that offer point or siloed solutions specifically targeted at institutional customers;
- decentralized and non-custodial platforms; and
- stablecoins, other than USDC, and fiat currencies globally.

Historically, a major source of competition has been from companies, in particular those located outside the United States, who at times are and may in the future be subject to significantly less stringent regulatory and compliance requirements in their local jurisdictions. Their business models rely on being unregulated or only regulated in a small number of lower compliance jurisdictions, whilst also offering their products in highly regulated jurisdictions, including the United States, without necessarily complying with the relevant regulatory requirements in such jurisdictions.

Given the uneven enforcement by United States and foreign regulators, many of these competitors have been able to operate from offshore while offering large numbers of products and services to consumers, including in the United States, Europe, and other highly regulated jurisdictions, without complying with the relevant licensing and other requirements in these jurisdictions, and historically without penalty. Due to our regulated status in several jurisdictions and our commitment to legal and regulatory compliance, we have not been able to offer many popular products and services, including products and services that our unregulated or less regulated competitors are able to offer.

We also have expended significant managerial, operational, and compliance costs to comply with laws and regulations applicable to us in the jurisdictions in which we operate, and expect to continue to incur significant costs to comply with these requirements, which these unregulated or less regulated competitors have not had to incur.

Our competitors have made significant investments in research and development, and we expect these companies to continue to develop similar or superior products and technologies that compete with our products. Further, more traditional financial and non-financial services businesses may choose to offer crypto-based services in the future as the industry gains adoption and barriers to entry lower. As regulations and compliance requirements in the United States become clearer, we may face increased competition from companies based in the United States. Our current and potential competitors may establish cooperative relationships among themselves or with third parties that may further enhance their resources.

Our existing competitors have, and our potential competitors are expected to have, competitive advantages over us, such as:

- the ability to trade crypto assets and offer products and services that we do not support or offer on our platform (due to constraints from regulatory authorities, our financial institution partners, and other factors) such as tokens that constitute securities or derivative instruments under U.S. or foreign laws;
- greater name recognition, longer operating histories, larger customer bases, and larger market shares;
- larger sales and marketing budgets and organizations;
- more established marketing, banking, and compliance relationships;
- greater customer support resources;

- greater resources to make acquisitions;
- lower labor, compliance, risk mitigation, and research and development costs;
- larger and more mature intellectual property portfolios;
- greater number of applicable licenses or similar authorizations;
- established core business models outside of the trading of crypto assets, allowing them to operate on lesser margins or at a loss;
- operations in certain jurisdictions with lower compliance costs and greater flexibility to explore new product offerings; and
- substantially greater financial, technical, and other resources.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, operating results, and financial condition could be adversely affected.

We compete against a growing number of decentralized and noncustodial platforms and our business, operating results, and financial condition could be adversely affected if we fail to compete effectively.

We compete against an increasing number of decentralized and noncustodial platforms. On these platforms, users can interact directly with a market-making smart contract or onchain trading mechanism to earn crypto assets or to exchange one type of crypto asset for another without any centralized intermediary. We have seen increased interest in certain decentralized platforms with transaction volumes rivaling our own platform on multiple occasions, and expect interest in decentralized and noncustodial platforms to grow further as the industry develops. If the demand for decentralized platforms grows and we are unable to compete with these decentralized and noncustodial platforms, including, for example, if we fail to achieve sufficient decentralization and scaling of Base as an L2, our business, operating results, and financial condition could be adversely affected.

As we continue to expand and localize our international activities, our obligations to comply with the laws, rules, regulations, and policies of a variety of jurisdictions will increase and we may be subject to inquiries, investigations, and enforcement actions by U.S. and non-U.S. regulators and governmental authorities, including those related to sanctions, export control, and anti-money laundering.

As we expand and localize our international activities, we have become increasingly obligated to comply with the laws, rules, regulations, policies, and legal interpretations of both the jurisdictions in which we operate and those into which we offer services on a cross-border basis. For instance, financial regulators outside the United States have increased their scrutiny of crypto asset exchanges over time, such as by requiring crypto asset exchanges operating in their local jurisdictions to be regulated and licensed under local laws. Moreover, laws regulating financial services, the internet, mobile technologies, crypto, and related technologies outside of the United States are highly evolving, extensive and often impose different, more specific, or even conflicting obligations on us, as well as broader liability. In addition, we are required to comply with laws and regulations related to economic sanctions and export controls enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and the U.S. Department of Commerce’s Bureau of Industry and Security, and U.S. anti-money laundering and counter-terrorist financing laws and regulations, enforced by FinCEN and certain state financial services regulators. U.S. sanctions and export control laws and regulations generally restrict dealings by persons subject to U.S. jurisdiction with certain jurisdictions that are the target of comprehensive embargoes, currently the Crimea Region, the Donetsk People’s Republic, and the Luhansk People’s Republic of Ukraine, Cuba, Iran, North Korea, and Syria, as well as with persons, entities, and governments identified on certain prohibited party lists. Moreover, as a result of the Russian invasion of Ukraine, the United States, the E.U., the United Kingdom, and other jurisdictions have imposed wide-ranging sanctions on Russia and Belarus and persons and entities associated with Russia and Belarus. There can be no certainty regarding whether such governments or other governments will impose additional sanctions, or other economic or military measures against Russia or Belarus. We have continued to engage in activity in Russia and Belarus and with customers associated with these countries. At the same time, we have implemented additional processes and procedures to comply with these new sanctions. However, our activity in Russia and Belarus and with these customers associated with these countries subjects us to further exposure to sanctions as they are released. We have an OFAC compliance program in place that includes monitoring of IP addresses to identify prohibited jurisdictions and of blockchain addresses that have either been identified by OFAC as prohibited or that otherwise are believed by us to be associated with prohibited persons or jurisdictions. Nonetheless, there can be no guarantee that our compliance program will prevent transactions with particular persons or addresses or prevent every potential violation of OFAC sanctions. From time to time, we have submitted voluntary disclosures to OFAC or responded to administrative subpoenas from OFAC. Certain of these voluntary self-disclosures are currently under review by OFAC. To date, none of those proceedings has resulted in a monetary penalty or finding of violation. Any present or future government inquiries relating to sanctions could result in negative consequences for us, including costs related to government investigations, financial penalties, and harm to our reputation. The impact on us related to such matters could be substantial. Although we have implemented controls, and are working to implement additional controls and screening tools designed to prevent sanctions violations, there is no guarantee that we will not inadvertently provide access to our products and services to sanctioned parties or jurisdictions in the future.

Regulators worldwide frequently study each other’s approaches to the regulation of the cryptoeconomy. Consequently, developments in any jurisdiction may influence other jurisdictions. New developments in one jurisdiction may be extended to additional services and other jurisdictions. As a result, the risks created by any new law or regulation in one jurisdiction are magnified by the potential that they may be replicated, affecting our business in another place or involving another service. Conversely, if regulations diverge worldwide, we may face difficulty adjusting our products, services, and other aspects of our business with the same effect. These risks are heightened as we face increased competitive pressure from other similarly situated businesses that engage in regulatory arbitrage to avoid the compliance costs associated with regulatory changes.

The complexity of U.S. federal and state and international regulatory and enforcement regimes, coupled with the global scope of our operations and the evolving global regulatory environment, could result in a single event prompting a large number of overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions. Any of the foregoing could, individually or in the aggregate, harm our reputation, damage our brand, and adversely affect our business, operating results, and financial condition. Due to the uncertain application of existing laws and regulations, it may be that, despite our regulatory and legal analysis concluding that certain products and services are currently unregulated, such products or services may indeed be subject to financial regulation, licensing, or authorization obligations that we have not obtained or with which we have not complied. As a result, we are at a heightened risk of enforcement action, litigation, regulatory, and legal scrutiny which could lead to sanctions, cease and desist orders, or other penalties and censures which could adversely affect our business, operating results, and financial condition.

We are, and may continue to be, subject to material litigation, including individual and class action lawsuits, as well as investigations and enforcement actions by regulators and governmental authorities. These matters are often expensive and time consuming, and, if resolved adversely, could adversely affect our business, operating results, and financial condition.

We have been, currently are, and may from time to time become subject to claims, arbitrations, individual and class action lawsuits with respect to a variety of matters, including employment, consumer protection, advertising, and securities. In addition, we have been, currently are, and may from time to time become subject to, government and regulatory investigations, inquiries, actions or requests, other proceedings and enforcement actions alleging violations of laws, rules, and regulations, both foreign and domestic. For a description of such material litigation, regulatory investigations, and other proceedings, see *Note 16. Commitments and Contingencies* of the Notes to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The scope, determination, and impact of claims, lawsuits, government and regulatory investigations, enforcement actions, disputes, and proceedings to which we are subject cannot be predicted with certainty and may result in:

- substantial payments to satisfy judgments, fines, or penalties;
- substantial outside counsel, advisor, and consultant fees and costs;
- substantial administrative costs, including arbitration fees;
- additional compliance and licensure requirements;
- loss or non-renewal of existing licenses or authorizations, or prohibition from or delays in obtaining additional licenses or authorizations, required for our business;
- loss of productivity and high demands on employee time;
- criminal sanctions or consent decrees;
- termination of certain employees, including members of our executive team;
- barring of certain employees from participating in our business in whole or in part;
- orders that restrict our business or prevent us from offering certain products or services;
- changes to our business model and practices;
- delays to planned transactions, product launches or improvements; and
- damage to our brand and reputation.

Because of our large customer base, actions against us may claim large monetary damages, even if the alleged per-customer harm is small or non-existent. From time to time, we receive letters alleging claims on behalf of our users. Due to our large customer base, the ongoing defense and resolution or settlement of these alleged claims could be material and we may incur significant expenses associated with arbitrating or litigating the claims. Moreover, to the extent that a deterioration of the crypto asset market occurs for a prolonged period, large platforms like us may become subject to or the target of increased litigation and additional government and regulatory scrutiny. Regardless of the outcome, any such matters could adversely affect our business, operating results, and financial condition because of legal costs, diversion of management resources, reputational damage, and other factors.

If we cannot keep pace with rapid industry changes to provide new and innovative products and services, the use of our products and services, and consequently our net revenue, could decline, which could adversely affect our business, operating results, and financial condition.

Our industry has been characterized by many rapid, significant, and disruptive products and services in recent years. These include decentralized applications, DeFi, yield farming, non-fungible tokens (“NFTs”), play-to-earn games, lending, staking and re-staking, token wrapping, governance tokens, innovative programs to attract customers such as transaction fee mining programs, initiatives to attract traders such as trading competitions, airdrops and giveaways, staking reward programs, “layer 2” blockchain networks, smart contract wallets, and novel cryptocurrency fundraising and distribution schemes, such as “initial exchange offerings.” We expect new services and technologies to continue to emerge and evolve, which may be superior to, or render obsolete, the products and services that we currently provide. For example, decentralized networks and other disruptive technologies such as generative AI may fundamentally alter the use of our products or services in unpredictable ways. We cannot predict the effects of new services and technologies on our business. However, our ability to grow our customer base and net revenue will depend heavily on our ability to innovate and create successful new products and services, both independently and in conjunction with third-party developers. In particular, developing and incorporating new products and services into our business may require substantial expenditures, take considerable time, and ultimately may not be successful. Any new products or services could fail to attract customers, generate revenue, or perform or integrate well with third-party applications and platforms. In addition, our ability to adapt and compete with new products and services may be inhibited by regulatory requirements and general uncertainty in the law, constraints by our financial institution partners and payment processors, third-party intellectual property rights, or other factors. Moreover, we must continue to enhance our technical infrastructure and other technology offerings to remain competitive and maintain a platform that has the required functionality, performance, capacity, security, and speed to attract and retain customers, including large, institutional, high-frequency and high-volume traders. As a result, we expect to incur significant costs and expenses to develop and upgrade our technical infrastructure to meet the evolving needs of the industry. Our success will depend on our ability to develop, scale, and incorporate new offerings and adapt to technological changes and evolving industry practices. If we are unable to do so in a timely or cost-effective manner, our ability to successfully compete, to retain existing customers, and to attract new customers may be impacted and our business, operating results, and financial condition could be adversely affected.

A particular crypto asset, product or service's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize a crypto asset or product offering, we may be subject to regulatory scrutiny, inquiries, investigations, fines, and other penalties, which could adversely affect our business, operating results, and financial condition.

The SEC and its staff have taken evolving positions as to whether a range of crypto assets, products and services fall within the definition of a "security" under the U.S. federal securities laws. Despite the SEC being the principal federal securities law regulator in the United States, whether or not an asset, product, or service is a security or constitutes a securities offering under federal securities laws is ultimately determined by a federal court. The legal test for determining whether any given crypto asset, product, or service is an investment contract security was set forth in the 1946 Supreme Court case *SEC v. W.J. Howey Co.* and whether any given crypto asset, product, or service is a note in the 1990 Supreme Court case *Reves v. Ernst & Young*. The legal tests for determining whether any given crypto asset, product, or service is a security requires a highly complex, fact-driven analysis. Accordingly, whether any given crypto asset, product or service would be ultimately deemed by a federal court to be a security is uncertain and difficult to predict notwithstanding the conclusions of the SEC or any conclusions we may draw based on our risk-based assessment regarding the likelihood that a particular crypto asset, product or service could be deemed a "security" or "securities offering" under applicable laws. The SEC generally does not provide advance guidance or confirmation on its assessment of the status of any particular crypto asset, product, or service as a security. Furthermore, in our view, statements by the SEC and its staff have appeared contradictory at times. It is also possible that the change in the governing administration and the appointment of new SEC commissioners will substantially impact the approach to enforcement by the SEC and its staff.

The SEC's Strategic Hub for Innovation and Financial Technology published a framework for analyzing whether any given crypto asset is a security in April 2019. The SEC has also brought enforcement actions and entered into settlements with numerous cryptoeconomy participants alleging that certain digital assets are securities. More recently, the SEC dismissed many of those enforcement actions. These statements, framework and enforcement actions are not rules or regulations of the SEC and are not binding on the SEC. As noted above, whether any given crypto asset, product or service would be ultimately deemed by a federal court to be a security is uncertain and difficult to predict. Moreover, the SEC and the Commodities Futures Trading Commission (the "CFTC") and their senior officials have, at times, taken conflicting positions in speeches and enforcement actions as to whether a particular crypto asset is a security or commodity.

Several foreign jurisdictions have taken a broad-based approach to classifying crypto assets, products and services as "securities," while other foreign jurisdictions have adopted a narrower approach. As a result, certain crypto assets, products or services may be deemed to be a "security" under the laws of some jurisdictions but not others. Various foreign jurisdictions may, in the future, adopt additional laws, regulations, or directives that affect the characterization of crypto assets, products or services as “securities.”

The classification of a crypto asset, product or service as a security under applicable law has wide-ranging implications for the regulatory obligations that flow from the offer, sale, trading, and clearing, as applicable, of such assets, products or services. For example, a crypto asset, product or service that is a security in the United States may generally only be offered or sold in the United States pursuant to a registration statement filed with the SEC or in an offering that qualifies for an exemption from registration. Persons that effect transactions in crypto assets, products or services that are securities in the United States may be subject to registration with the SEC as a “broker” or “dealer.” Platforms that bring together purchasers and sellers to trade crypto assets that are securities in the United States are generally subject to registration as national securities exchanges, or must qualify for an exemption, such as by being operated by a registered broker-dealer as an ATS in compliance with rules for ATSs. Persons facilitating clearing and settlement of securities may be subject to registration with the SEC as a clearing agency. Foreign jurisdictions may have similar licensing, registration, and qualification requirements.

We have policies and procedures to analyze whether each crypto asset that we seek to facilitate trading on Coinbase Spot Market, as well as our products and services, could be deemed to be a “security” under applicable laws. Our policies and procedures do not constitute a legal standard, but rather represent our company-developed model, which we use to make a risk-based assessment regarding the likelihood that a particular crypto asset, product or service could be deemed a “security” under applicable laws.

Because Coinbase Spot Market, Coinbase Prime and Coinbase app are not registered or licensed with the SEC or foreign authorities as a broker-dealer, national securities exchange, or ATS (or foreign equivalents), we only permit trading of those crypto assets, and offer products and services, for which we determine there are reasonably strong arguments to conclude that the crypto asset, product or service is not a security. We believe that our process reflects a comprehensive and thoughtful analysis and is reasonably designed to facilitate consistent application of available legal guidance on crypto assets, products and services and to facilitate informed risk-based business judgment. In addition, as we shared in our petition for SEC rulemaking, we remain open to registering or relying on an exemption to facilitate and offer the sale of securities involving crypto assets. We recognize that the application of securities laws to the specific facts and circumstances of crypto assets, products and services may be complex and subject to change, and that a listing determination does not guarantee any conclusion under the U.S. federal securities laws. Regardless of our conclusions, we have been, and could in the future be, subject to legal or regulatory action in the event the SEC or a state or foreign regulatory authority were to assert, or a court were to determine, that a supported crypto asset, product or service offered, sold, or traded on our platform or a product or service that we offer is a “security” under applicable laws. There can be no assurance that we will properly characterize over time any given crypto asset, product or service offering as a security or non-security, or that the SEC, foreign regulatory authority, or a court having final determinative authority on the topic, if the question was presented to it, would agree with our assessment. We expect our risk assessment policies and procedures to continuously evolve to take into account case law, legislative developments, facts, and developments in technology.

If an applicable regulatory authority or a court, in either case having final determinative authority on the topic, were to determine that a supported crypto asset, product or service currently offered, sold, or traded on our platform is a security, we would not be able to offer such crypto asset for trading, or product or service on our platform, until we are able to do so in a compliant manner. A determination by the SEC, a state or foreign regulatory authority, or a court that an asset that we currently support for trading on our platform, or product or service that we offer on our platform, constitutes a security may result in us removing that crypto asset from or ceasing to offer that product or service on our platform, and may also result in us determining that it is advisable to remove assets from our platform, or to cease offering products and services on our platform, that have similar characteristics to the asset, product or service that was alleged or determined to be a security. Alternatively, we may determine not to remove a particular crypto asset from Coinbase Spot Market or to continue to offer a product or service on our platform even if the SEC or another regulator alleges that the crypto asset, product or service is a security, pending a final judicial determination as to that crypto asset, product or service's proper characterization, and the fact that we waited for a final judicial determination would generally not preclude penalties or sanctions against us for our having previously made our platform available for trading that crypto asset or offering that product or service on our platform without registering as a national securities exchange or ATS or registering tokens that we may issue, such as our cbETH and cbBTC tokens or our staking services, with the SEC. As such, we could be subject to judicial or administrative sanctions for failing to offer or sell the crypto asset, product or service in compliance with the registration requirements, or for acting as a broker, dealer, or national securities exchange without appropriate registration. Such an action could result in injunctions, cease and desist orders, as well as civil monetary penalties, fines, and disgorgement, criminal liability, and reputational harm. Customers that traded such supported crypto asset on our platform and suffered trading losses could also seek to rescind a transaction that we facilitated on the basis that it was conducted in violation of applicable law, which could subject us to significant liability. We may also be required to cease facilitating transactions in the supported crypto asset other than via our licensed subsidiaries, which could negatively impact our business, operating results, and financial condition. Additionally, the SEC has brought and may in the future bring enforcement actions against other cryptoeconomy participants and their product offerings and services that may cause us to modify or discontinue a product offering or service on our platform. If we were to modify or discontinue any product offering or service or remove any assets from trading on our platform for any reason, our decision may be unpopular with users, may reduce our ability to attract and retain customers (especially if similar products, services or such assets continue to be offered or traded on unregulated exchanges, which includes many of our competitors), and could adversely affect our business, operating results, and financial condition.

Further, if Bitcoin, Ethereum, stablecoins or any other supported crypto asset is deemed to be a security under any U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such supported crypto asset. For instance, all transactions in such supported crypto asset would have to be registered with the SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Moreover, the networks on which such supported crypto assets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the crypto asset. Also, it may make it difficult for such supported crypto asset to be traded, cleared, and custodied as compared to other crypto assets that are not considered to be securities. Specifically, even if transactions in such supported crypto asset were registered with the SEC or conducted in accordance with an exemption from registration, the current intermediary-based framework for securities trading, clearance and settlement is not consistent with the operations of the crypto asset market. For example, under current SEC guidance, securities involving crypto assets cannot be held on behalf of customers by broker-dealers that also support custody of traditional securities; and the SEC has not permitted public permissionless blockchain-based clearance and settlement systems for securities.

We currently rely on third-party service providers for certain aspects of our operations, and any interruptions in services provided by these third parties may impair our ability to support our customers.

We rely on third parties in connection with many aspects of our business, including payment processors, financial institutions, and payment gateways to process transactions; cloud computing services and data centers that provide facilities, infrastructure, smart contract development, website functionality and access, components, and services, including databases and data center facilities and cloud computing; as well as third parties that provide outsourced customer service, compliance support and product development functions, which are critical to our operations. Because we rely on third parties to provide these services and to facilitate certain of our business activities, we face increased operational risks. We do not directly manage the operation of any of these third parties, including their data center facilities that we use. These third parties may be subject to financial, legal, regulatory, and labor issues, cybersecurity incidents, data theft or loss, break-ins, computer viruses or vulnerabilities in their code, denial-of-service attacks, sabotage, acts of vandalism, loss, disruption, or instability of third-party financial institution relationships, privacy breaches, service terminations, disruptions, interruptions, and other misconduct. They are also vulnerable to damage or interruption from human error, power loss, telecommunications failures, fires, floods, earthquakes, hurricanes, tornadoes, pandemics and similar events. In addition, these third parties may breach their agreements with us, disagree with our interpretation of contract terms or applicable laws and regulations, refuse to continue or renew these agreements on commercially reasonable terms or at all, fail or refuse to process transactions or provide other services adequately, take actions that degrade the functionality of our services, impose additional costs or requirements on us or our customers, or give preferential treatment to competitors. There can be no assurance that third parties that provide services to us or to our customers on our behalf will continue to do so on acceptable terms, or at all. If any third parties do not adequately or appropriately provide their services or perform their responsibilities to us or our customers on our behalf, such as if third-party service providers to close their data center facilities without adequate notice, are unable to restore operations and data, fail to perform as expected, or experience other unanticipated problems, we may be unable to procure alternatives in a timely and efficient manner and on acceptable terms, or at all, and we may be subject to business disruptions, losses or costs to remediate any of the deficiencies, customer dissatisfaction, reputational damage, legal or regulatory proceedings, or other adverse consequences which could adversely affect our business, operating results, and financial condition.

Loss of a critical financial institution or insurance relationship could adversely affect our business, operating results, and financial condition.

We rely on financial institution relationships to provide our platform and custodial services. In particular, customer cash holdings on our platform are held with one or more financial institutions. As a registered money services business with FinCEN under the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, and its implementing regulations enforced by FinCEN, or collectively, the BSA, a licensed money transmitter in a number of U.S. states and territories, a licensee under NYDFS's Virtual Currency Business Activity regime, commonly referred to as a BitLicense, a licensed electronic money institution under both the U.K. Financial Conduct Authority and the Central Bank of Ireland, and a limited purpose trust company chartered by the NYDFS, our financial institution partners view us as a higher risk customer for purposes of their anti-money laundering programs. We may face difficulty establishing or maintaining such relationships due to instability in the global banking system, increasing regulatory uncertainty and scrutiny, or our partners' policies and some prior partners have terminated their relationship with us or have limited access to services. The loss of these partners or the imposition of operational restrictions by these partners and the inability for us to utilize other redundant financial institutions may result in a disruption of business activity as well as regulatory risks. In addition, as a result of the myriad of regulations or the risks of crypto assets generally, financial institutions in the United States and globally may decide to not provide, or be prohibited from providing, account, custody, or other financial services to us or the cryptoeconomy generally. Further, we have existing redundancies in U.S. and global financial institutions that work with crypto companies with which we engage.

However, if these financial institutions are subject to bank resolution or failure, or limit or end their crypto market activity, or if such relationships become severely limited or unavailable to crypto market participants in a certain country, there could be temporary delays in or unavailability of services in such country that are critical to our or our partners' operations, developers or customers, a further limit on available vendors, reduced quality in services we, our partners, our developers or our customers are able to obtain, and a general disruption to the cryptoeconomy, potentially leading to reduced activity on our platform which could adversely affect our business, operating results, and financial condition. For example, while our business and operations have not been materially affected by the closures of Silvergate Capital Corp. and Signature Bank and the cessation of their real-time fiat currency payment networks in March 2023, large cryptoeconomy participants, including us and our institutional customers, experienced a temporary inability to transfer fiat currencies outside of standard business hours.

We also rely on insurance carriers to insure customer losses resulting from a breach of our physical security, cybersecurity, or by employee or third party theft and hold surety bonds as required for compliance with certain of our licenses under applicable state laws. Our ability to maintain crime, specie, and cyber insurance, as well as surety bonds, is subject to the insurance carriers' ongoing underwriting criteria and our inability to obtain and maintain appropriate insurance coverage could cause a substantial business disruption, adverse reputational impact, inability to compete with our competitors, and regulatory scrutiny, and could adversely affect our business, operating results, and financial condition.

Any significant disruption in our products and services, in our information technology systems, or in any of the blockchain networks we support, could result in a loss of customers or funds and adversely affect our brand, reputation, business, operating results, and financial condition.

Our reputation and ability to attract and retain customers and grow our business depends on our ability to operate our service at high levels of reliability, scalability, and performance, including the ability to process and monitor, on a daily basis, a large number of transactions that occur at high volume and frequencies across multiple systems. For example, in March 2023, there was a temporary disruption to USDC services for several days following the news of Silicon Valley Bank's closure. Our platform, the ability of our customers to trade, and our ability to operate at a high level, are dependent on our ability to access the blockchain networks underlying the supported crypto assets, for which access is dependent on our systems' ability to access the internet. Further, the successful and continued operations of such blockchain networks will depend on a network of computers, miners, or validators, and their continued operations, all of which may be impacted by service interruptions.

Our systems, the systems of our third-party service providers and partners, and certain crypto asset and blockchain networks have experienced from time to time, and may experience in the future service interruptions or degradation because of hardware and software defects or malfunctions, distributed denial-of-service and other cyberattacks, insider threats, break-ins, sabotage, human error, vandalism, earthquakes, hurricanes, floods, fires, and other natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses or other malware, or other events. In addition, extraordinary Trading Volumes or site usage could cause our computer systems to operate at an unacceptably slow speed or even fail. Some of our systems, including systems of companies we have acquired, or the systems of our third-party service providers and partners are not fully redundant, and our or their disaster recovery planning may not be sufficient for all possible outcomes or events.

If any of our systems, or those of our third-party service providers, are disrupted for any reason, our products and services may fail, resulting in unanticipated disruptions, slower response times and delays in our customers' trade execution and processing, failed settlement of trades, incomplete or inaccurate accounting, recording or processing of trades, unauthorized trades, loss of customer information, increased demand on limited customer support resources, customer claims, complaints with regulatory organizations, lawsuits, or enforcement actions. Further, when these disruptions occur, we have in the past, and may in the future, fulfill customer transactions using inventory to prevent adverse user impact and limit detrimental impact to our operating results. A prolonged interruption in the availability or reduction in the availability, speed, or functionality of our products and services could harm our business. Significant or persistent interruptions in our services could cause current or potential customers or partners to believe that our systems are unreliable, leading them to switch to our competitors or to avoid or reduce the use of our products and services, and could permanently harm our reputation and brands. Moreover, to the extent that any system failure or similar event results in damages to our customers or their business partners, these customers or partners could seek significant compensation or contractual penalties from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly for us to address. Problems with the reliability or security of our systems would harm our reputation and the cost of remedying these problems could negatively affect our business, operating results, and financial condition.

Because we are a regulated financial institution in certain jurisdictions, interruptions have resulted and in the future may result in regulatory scrutiny, and significant or persistent interruptions could lead to significant fines and penalties, and mandatory and costly changes to our business practices, and ultimately could cause us to lose existing licenses or financial institution relationships that we need to operate or prevent or delay us from obtaining additional licenses that may be required for our business.

In addition, we are continually improving and upgrading our information systems and technologies. Implementation of new systems and technologies is complex, expensive, time-consuming, and may not be successful. If we fail to timely and successfully implement new information systems and technologies, or improvements or upgrades to existing information systems and technologies, or if such systems and technologies do not operate as intended, it could adversely affect our internal controls (including internal controls over financial reporting), and our business, operating results, and financial condition.

Our failure to securely store and manage our and our customers' fiat currencies and crypto assets could adversely affect our business, operating results, and financial condition.

We hold cash and store crypto assets on behalf of our customers and hold fiat and crypto for corporate investment and operating purposes. In addition, following the acquisition of Coinbase Asset Management, formerly One River Digital Asset Management ("CBAM"), we additionally store an immaterial amount of cryptocurrencies at third-party custodians for asset management products.

Securely storing customers' cash and crypto assets is integral to the trust we build with our customers. We believe our policies, procedures, operational controls and controls over financial reporting, protect us from material risks surrounding the storing of these assets and conflicts of interest. Our controls over financial reporting include among others, controls over the segregation of corporate crypto asset balances from customer crypto asset balances, controls over the processes of customer crypto asset deposits and customer crypto asset withdrawals and corporate and customer fiat balances. Our financial statements and disclosures, as a whole, are available through periodic filings on a quarterly basis, and compliant with annual audit requirements of Article 3 of Regulation S-X.

We hold cash at financial institutions in accounts designated as for the benefit of our customers. We have also entered into partnerships or joint ventures with third parties, such as with Circle, where we or our partners receive and hold customer funds. Our and our financial partners' abilities to manage and accurately hold customer cash and cash we hold for our own investment and operating purposes requires a high level of internal controls. We are limited in our ability to influence or manage the controls and processes of third-party partners or vendors and may be dependent on our partners' and vendors' operations, liquidity and financial condition to manage these risks. As we maintain, grow and expand our product and services offerings we also must scale and strengthen our internal controls and processes, and monitor our third-party partners' and vendors' ability to similarly scale and strengthen. Failure to do so could adversely affect our business, operating results, and financial condition. This is important both to the actual controls and processes and the public perception of the same.

Any inability by us to maintain our procedures, perceived or otherwise, could harm our business, operating results, and financial condition. Accordingly, we take steps to ensure customer cash is always secure. Customer cash and crypto asset balances are maintained through our internal ledgering processes. Customer cash is maintained in segregated Company financial institution accounts that are held for the exclusive benefit of customers with our financial institution partners or in government money market funds or other permissible investments. We store crypto assets using proprietary technology and operational processes. Crypto assets are not insured or guaranteed by any government or government agency, however we have worked hard to securely store our customers' crypto assets and our own crypto assets for investment and operational purposes with legal and operational protections.

Any material failure by us or our partners to maintain the necessary controls, policies, procedures or to manage the crypto assets we hold for our own investment and operating purposes could also adversely affect our business, operating results, and financial condition. Further, any material failure by us or our partners to maintain the necessary controls or to manage customer crypto assets and funds appropriately and in compliance with applicable regulatory requirements could result in reputational harm, litigation, regulatory enforcement actions, significant financial losses, lead customers to discontinue or reduce their use of our and our partners' products, and result in significant penalties and fines and additional restrictions, which could adversely affect our business, operating results, and financial condition. Moreover, because custodially held crypto assets may be considered to be the property of a bankruptcy estate, in the event of a bankruptcy, the crypto assets we hold in custody on behalf of our customers could be subject to bankruptcy proceedings and such customers could be treated as our general unsecured creditors. This may result in customers finding our custodial services more risky and less attractive and any failure to increase our customer base, discontinuation or reduction in use of our platform and products by existing customers as a result could adversely affect our business, operating results, and financial condition. Additionally, following the acquisition of CBAM, some of our asset management products hold customer assets at third-party custodians with their own bankruptcy protection procedures.

We place great importance on securely storing crypto assets we custody and keeping them bankruptcy remote from our general creditors, and in June 2022 we updated our Retail User Agreement to clarify the applicability of UCC Article 8 to custodied crypto assets – the same legal protection that our institutional custody and prime broker clients also rely upon. UCC Article 8 provides that financial assets held by Coinbase are not property of Coinbase and not subject to the claims of its general creditors. In light of UCC Article 8, we believe that a court would not treat custodied crypto assets as part of our general estate; however, due to the novelty of crypto assets, courts have not yet considered this type of treatment for custodied crypto assets.

We deposit, transfer, and custody customer cash and crypto assets in multiple jurisdictions. In each instance, we require bank-level security encryption to store customers' assets for our wallet and storage systems, as well as our financial management systems related to such custodial functions. Our security technology is designed to prevent, detect, and mitigate inappropriate access to our systems, by internal or external threats. We believe we have developed and maintained administrative, technical, and physical measures designed to comply with applicable legal requirements and industry standards. However, it is nevertheless possible that hackers, employees or service providers acting contrary to our policies, or others could circumvent these measures to improperly access our systems or documents, or the systems or documents of our business partners, agents, or service providers, and improperly access, obtain, or misuse customer crypto assets and funds. The methods used to obtain unauthorized access, disable, or degrade service or sabotage systems are also constantly changing and evolving and may be difficult to anticipate or detect for long periods of time. Certain of our customer contracts do not limit our liability with respect to security breaches and other security-related matters and our insurance coverage for such impropriety is limited and may not cover the extent of loss nor the nature of such loss, in which case we may be liable for the full amount of losses suffered, which could be greater than all of our assets. Our ability to maintain insurance is also subject to the insurance carriers' ongoing underwriting criteria. Any loss of customer cash or crypto assets could result in a subsequent lapse in insurance coverage, which could cause a substantial business disruption, adverse reputational impact, inability to compete with our competitors, and regulatory investigations, inquiries, or actions. Additionally, transactions undertaken through our websites or other electronic channels may create risks of fraud, hacking, unauthorized access or acquisition, and other deceptive practices. Any security incident resulting in a compromise of customer assets could result in substantial costs to us and require us to notify impacted individuals, and in some cases regulators, of a possible or actual incident, expose us to regulatory enforcement actions, including substantial fines, limit our ability to provide services, subject us to litigation, significant financial losses, damage our reputation, and adversely affect our business, operating results, financial condition, and cash flows.

The theft, loss, or destruction of private keys required to access any crypto assets held in custody for our own account or for our customers may be irreversible. If we are unable to access our

private keys or if we experience a hack or other data loss relating to our ability to access any crypto assets, it could cause regulatory scrutiny, reputational harm, and other losses.

Crypto assets are generally controllable only by the possessor of the unique private key relating to the digital wallet in which the crypto assets are held. While blockchain protocols typically require public addresses to be published when used in a transaction, private keys must be secured and kept private in order to prevent a third party from accessing the crypto assets held in such a wallet. To the extent that any of the private keys relating to our wallets containing crypto assets held for our own account or for our customers is lost, destroyed, or otherwise compromised or unavailable, and no backup of the private key is accessible, we will be unable to access the crypto assets held in the related wallet. Further, we cannot provide assurance that our wallets will not be hacked or compromised. Crypto assets and blockchain technologies have been, and may in the future be, subject to security breaches, hacking, or other malicious activities. Any loss of private keys relating to, or hack or other compromise of, digital wallets used to store our customers' crypto assets could adversely affect our customers' ability to access or sell their crypto assets, require us to reimburse our customers for their losses, and subject us to significant financial losses in addition to losing customer trust in us and our products. As such, any loss of private keys due to a hack, employee or service provider misconduct or error, or other compromise by third parties could hurt our brand and reputation, result in significant losses, and adversely affect our business, operating results, and financial condition.

To mitigate the risks associated with the loss or theft of keys, we utilize both hot wallets and cold wallets in our custodial solutions. We actively manage wallet balances and generally seek to hold no more than 2% of custodied assets in hot wallets at any given time. Cold wallet private key materials are stored and secured at facilities within the United States and internationally. We store the substantial majority of our own crypto asset holdings utilizing the same storage solutions that we provide to our customers. In limited cases, we use storage solutions not offered to our customers to store immaterial amounts of crypto held for corporate purposes outside of our core custodial product offerings. Additionally, our CBAM offering utilizes both Coinbase and third parties as custodians.

At all times, we hold corporate assets in excess of the total amount of assets held in our hot wallets. Similar to most financial institutions, the total customer assets on our platform, such as those assets held in cold storage, are substantially more than our corporate assets and available insurance. While we have for years maintained, and continue to maintain, a commercial crime insurance policy, which has a one-year term without automatic renewals, in the event of a loss from our cold wallets, our assets may be insufficient to cover amounts that exceed our insurance coverage. We may be liable for such uninsured losses where we are required to reimburse customers, and such liability could adversely affect our business, operating results, and financial condition.

Other Risks Related to Our Business and Financial Position

If we fail to retain existing customers or add new customers, or if our customers decrease their level of engagement with our products, services and platform, our business, operating results, and financial condition may be significantly harmed.

Our success depends on our ability to retain existing customers and attract new customers, including developers, to increase engagement with our products, services, and platform. To do so, we must continue to offer leading technologies and ensure that our products and services are secure, reliable, and engaging. We must also expand our products and services, and offer competitive prices in an increasingly crowded and price-sensitive market. There is no assurance that we will be able to continue to do so, that we will be able to retain our current customers or attract new customers, or keep our customers engaged. Any number of factors can negatively affect customer retention, growth, and engagement, including if:

- customers increasingly engage with competing products and services, including products and services that we are unable to offer due to regulatory reasons;

- we fail to introduce new and improved products and services, or if we introduce new products or services that are not favorably received;
- we fail to support new and in-demand crypto assets or if we elect to support crypto assets with negative reputations;
- there are changes in sentiment about the quality or usefulness of our products and services or concerns related to privacy, security, fiat pegging or other factors;
- there are adverse changes in our products and services that are mandated by legislation, regulatory authorities, or litigation;
- customers perceive the crypto assets on our platform to be bad investments, or experience significant losses in investments made on our platform;
- technical or other problems prevent us from delivering our products and services with the speed, functionality, security, and reliability that our customers expect;
- cybersecurity incidents, employee or service provider misconduct, or other unforeseen activities cause losses to us or our customers, including losses to assets held by us on behalf of our customers;
- modifications to our pricing model or modifications by competitors to their pricing models;
- we fail to provide adequate customer service;
- regulatory and governmental bodies in countries that we target for expansion express negative views towards crypto asset trading platforms and, more broadly, the cryptoeconomy; or
- we or other companies or high-profile figures in our industry are the subject of adverse media reports or other negative publicity.

From time to time, certain of these factors have negatively affected customer retention, growth, and engagement to varying degrees. If we are unable to maintain or increase our customer base and customer engagement, our revenue and financial results may be adversely affected. Any decrease in user retention, growth, or engagement could render our products and services less attractive to customers and lead to a decrease in revenue, and our business, operating results, and financial condition could be adversely affected. If our customer growth rate slows or declines, we will become increasingly dependent on our ability to maintain or increase levels of user engagement and monetization in order to drive growth of revenue.

Our operating expenses may increase in the future and we may not be successful in increasing our revenue to sufficiently offset these higher expenses, which could impact our ability to achieve profitability or positive cash flow from operations on a consistent basis and cause our business, operating results, and financial condition to be adversely affected.

Our operating expenses may increase in the future as we continue to grow our business. While we consistently evaluate opportunities to drive efficiency, we cannot guarantee that these efforts will be successful or that we will not need to accelerate operating expenditures in the future. Our operations may prove more expensive than we currently anticipate, and we may not succeed in increasing our net revenue sufficiently to offset these higher expenses. Additionally, our revenue growth may be negatively impacted by, among other things, reduced demand for our offerings, increased competition, adverse macroeconomic conditions, any decrease in the growth or size of the cryptoeconomy, regulatory uncertainty or scrutiny, changes that impact our ability to offer certain products or services, or failure of new products and services to gain market adoption. As a result, we cannot be certain that we will be able to achieve profitability or achieve positive operating cash flow on any quarterly or annual basis. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, operating results, and financial condition may suffer.

If we do not effectively manage our growth, including by maintaining and improving our systems and processes, our business, operating results, and financial condition could be adversely affected.

We have experienced, and may experience in the future, periods of significant growth. To effectively manage and capitalize on our growth periods, we will need to manage headcount, capital, and processes efficiently while making investments such as expanding our information technology and financial, operating, and administrative systems and controls, and such initiatives could strain our resources. We could experience operating difficulties in managing our business as it expands across numerous jurisdictions, including difficulties in hiring, training, managing and retaining a remote and evolving employee base. If we do not adapt or scale to meet these evolving challenges, we may experience erosion to our brand, the quality of our products and services may suffer, and our company culture may be harmed. Moreover, the failure of our systems and processes could undermine our ability to provide accurate, timely, and reliable reports on our financial and operating results, including the financial statements provided herein, and could impact the effectiveness of our internal controls over financial reporting. In addition, our systems and processes may not prevent or detect all errors, omissions, or fraud. Any of the foregoing operational failures could lead to noncompliance with laws and regulations, loss of operating licenses or other authorizations, or loss of financial institution relationships that could substantially impair or even suspend company operations.

Successful implementation of our growth strategy will also require significant expenditures before any substantial associated revenue is generated and we cannot guarantee that these increased investments will result in corresponding and offsetting revenue growth. Because we have a limited history operating our business at its current scale, it is difficult to evaluate our current business and future prospects, including our ability to plan for and model future growth. Our limited operating experience at this scale, combined with the rapidly evolving and volatile nature of the crypto asset market in which we operate, and other economic factors beyond our control, reduces our ability to accurately forecast quarterly or annual revenue.

Additionally, from time to time, we have realigned our resources and talent to implement stage-appropriate business strategies, including layoffs and reductions in force. For example, in June 2022 and in January 2023, in response to rapidly changing economic conditions and in an effort to reduce our operational costs and improve our organizational efficiency, we reduced our workforce. If there are unforeseen expenses associated with such realignments in our business strategies, and we incur unanticipated charges or liabilities, then we may not be able to effectively realize the expected cost savings or other benefits of such actions. Failure to manage any growth or any scaling back of our operations could have an adverse effect on our business, operating results, and financial condition.

Our strategy and focus on delivering high-quality, compliant, easy-to-use, and secure crypto-related financial services may not maximize short-term or medium-term financial results.

We have taken, and expect to continue to take, actions that we believe are in the best interests of our customers and the long-term interests of our business, even if those actions do not necessarily maximize short-term or medium-term results. These include expending significant managerial, technical, and legal efforts on complying with laws and regulations that are applicable to our products and services and ensuring that our products are secure. We also focus on driving long-term engagement with our customers through innovation and developing new industry-leading products and technologies. These decisions may not be consistent with the short-term and medium-term expectations of our stockholders and may not produce the long-term benefits that we expect, which could have an adverse effect on our business, operating results, and financial condition.

Laws and regulations regarding conflicts of interest associated with the use of predictive data analytics, digital engagement practices, and similar technologies, if adopted and found to be applicable to our business, may require us to modify, limit, or discontinue our use of certain technologies and features contained within our products and services and may impact the way

that we interact with existing and prospective customers, which could adversely affect our business, operating results, and financial condition.

Our products, services and educational offerings incorporate a holistic, customer-centric set of digital engagement practices, including educational content and notifications, which are designed, in part, to promote financial literacy and awareness and to provide customers with guidance and information to help them make better informed decisions about their crypto activity. Certain jurisdictions have proposed or are considering laws and regulations regarding conflicts of interest associated with the use of predictive data analytics, digital engagement practices, and similar technologies by broker-dealers, investment advisers and/or other securities market participants. For example, in July 2023 the SEC proposed rules (the “July 2023 Rule Proposals”) that would impose new obligations on broker-dealers and investment advisers registered, or required to be registered, with the SEC with respect to conflicts of interest associated with the use of predictive data analytics and similar technologies when interacting with investors. We do not believe that the July 2023 Rule Proposals, if adopted as proposed, would apply to our business. If the July 2023 Rule Proposals were to be adopted (as proposed or otherwise) and found to apply to our business, or if similar rules were to be adopted and found to apply to our business in any other jurisdiction in which we operate, we may be required to modify, limit, or discontinue our use of certain technologies and features used in connection with our products and services and/or to change the way that we interact with existing and prospective customers. The adoption of such laws or regulations in the jurisdictions in which we operate could, if they are deemed to apply to our business, adversely affect our business, operating results, and financial condition.

A significant amount of the Trading Volume on our platform is derived from a relatively small number of users, and the loss of these users, or a reduction in their Trading Volume, could have an adverse effect on our business, operating results, and financial condition.

A relatively small number of institutional market makers and high-transaction volume consumer customers account for a significant amount of the Trading Volume on our platform and our net revenue. We expect significant Trading Volume and net revenue attributable to these users for the foreseeable future. As a result, a loss of these users, or a reduction in their Trading Volume, and our inability to replace these users with other users, could have an adverse effect on our business, operating results, and financial condition.

Due to our limited operating history, it may be difficult to evaluate our business and future prospects, and we may not be able to achieve or maintain profitability in any given period.

We began our operations in 2012 and since then our business model has continued to evolve. Our net revenue has significantly grown since our formation, but there is no assurance that growth will continue in future periods and you should not rely on growth of our revenue in any given prior quarterly or annual period as an indication of our future performance. For example, while we generated $7.4 billion in net revenue for the year ended December 31, 2021, our net revenue for the years ended December 31, 2023 and 2022 declined to $2.9 billion and $3.1 billion, respectively, primarily due to declining crypto prices, lower crypto asset volatility, and uncertainty in the cryptoeconomy following the 2022 Events, before increasing to $6.3 billion for the year ended December 31, 2024. If our net revenue were to decline significantly for any extended period of time, our business, operating results, and financial condition could be adversely affected. Our limited operating history and the volatile nature of our business make it difficult to evaluate our current business and our future prospects. We have encountered and will continue to encounter risks and difficulties as described in this section. If we do not manage these risks successfully, our business, operating results, and financial condition could be adversely affected.

Because our long-term success depends, in part, on our ability to expand our sales to customers outside the United States, our business is susceptible to risks associated with international operations.

We currently have subsidiaries in the United States and abroad. We plan to enter into or increase our presence in additional markets around the world. We have a limited operating history outside the United States, and our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to particular challenges of supporting a growing business in an environment of diverse cultures, languages, customs, tax laws, legal systems, alternate dispute systems, and regulatory systems. As we continue to expand our business and customer base outside the United States, we will be increasingly susceptible to risks associated with international operations. These risks and challenges include:

- difficulty establishing and managing international operations and the increased operations, travel, infrastructure, including establishment of local customer service operations, local infrastructure to manage supported cryptocurrency or other financial instruments and corresponding books and records, and legal and regulatory compliance costs associated with different jurisdictions;
- the need to vary pricing and margins to effectively compete in international markets;
- the need to adapt and localize our products and services for specific countries, including offering services and support in local languages;
- compliance with multiple, potentially conflicting and changing governmental laws and regulations across different jurisdictions;
- compliance with U.S. and foreign laws designed to combat money laundering and the financing of terrorist activities, as well as economic and trade sanctions;
- the need to comply with a greater set of law enforcement inquiries including those subject to mutual legal assistance treaties;
- compliance with the extraterritorial reach of any U.S. regulatory rules, including those imposed by the CFTC, SEC, FinCEN or other U.S. based regulators;
- difficulties obtaining and maintaining required licensing from regulators in foreign jurisdictions;
- competition with companies that have greater experience in the local markets, pre-existing relationships with customers in these markets or are subject to less regulatory requirements in local jurisdictions;
- varying levels of payments and blockchain technology adoption and infrastructure, and increased network, payment processing, banking, and other costs;
- compliance with anti-bribery laws, including compliance with the Foreign Corrupt Practices Act, the U.K. Bribery Act 2010, and other local anticorruption laws;
- difficulties collecting in foreign currencies and associated foreign currency exposure;
- difficulties holding, repatriating, and transferring funds held in offshore bank accounts;
- difficulties adapting to foreign customary commercial practices, enforcing contracts and collecting accounts receivable, longer payment cycles and other collection difficulties;
- restrictions on crypto asset trading;
- stringent local labor laws and regulations;
- potentially adverse tax developments and consequences;
- antitrust and competition regulations; and
- regional economic and political conditions.

We have limited experience with international regulatory environments and market practices and may not be able to penetrate or successfully operate in the markets we choose to enter. In addition, we may incur significant expenses as a result of our international expansion, and we may not be successful. We may face limited brand recognition in certain parts of the world that could lead to non-acceptance or delayed acceptance of our products and services by customers in new markets. We may also face challenges in complying with local laws and regulations. For example, we may be subject to regulatory frameworks that are evolving, have not undergone extensive rulemaking, and could result in uncertain outcomes for our customers and/or our ability to offer competitive products in the broader cryptoeconomy. Our failure to successfully manage these risks could harm our international operations and have an adverse effect on our business, operating results, and financial condition.

Disputes with our customers could adversely affect our brand, reputation, business, operating results, and financial condition.

From time to time we have been, and may in the future be, subject to claims and disputes with our customers with respect to our products and services, such as regarding the execution and settlement of crypto asset trades, fraudulent or unauthorized transactions, account takeovers, deposits and withdrawals of crypto assets, failures or malfunctions of our systems and services, or other issues relating to our products services. For example, during periods of heavy Trading Volumes, we have received increased customer complaints. Additionally, the ingenuity of criminal fraudsters, combined with many consumer users’ susceptibility to fraud, may cause our customers to be subject to ongoing account takeovers and identity fraud issues. While we have taken measures to detect and reduce the risk of fraud, there is no guarantee that they will be successful and, in any case, require continuous improvement and optimization for continually evolving forms of fraud to be effective. There can be no guarantee that we will be successful in detecting and resolving these disputes or defending ourselves in any of these matters, and any failure may result in impaired relationships with our customers, damage to our brand and reputation, and substantial fines and damages. In some cases, the measures we have implemented to detect and deter fraud have led to poor customer experiences, including indefinite account inaccessibility for some of our customers, which increases our customer support costs and can compound damages. We could incur significant costs in compensating our customers, such as if a transaction was unauthorized, erroneous, or fraudulent. We could also incur significant legal expenses resolving and defending claims, even those without merit. To the extent we are found to have failed to fulfill our regulatory obligations, we could also lose our authorizations or licenses or become subject to conditions that could make future operations more costly, impair our ability to grow, and adversely affect our business, operating results, and financial condition. We currently are, or may in the future become, subject to investigation and enforcement action by state, federal, and international consumer protection agencies, including the Consumer Financial Protection Bureau, the Federal Trade Commission (the “FTC”), state agencies and attorneys general in the United States, the U.K. Financial Conduct Authority, the U.K. Financial Ombudsman Service, and the U.K. Office of Fair Trading, each of which monitors customer complaints against us and, from time to time, escalates matters for investigation and potential enforcement against us.

While certain of our customer agreements contain arbitration provisions with class action waiver provisions that may limit our exposure to consumer class action litigation, some federal, state, and foreign courts have refused or may refuse to enforce one or more of these provisions, and there can be no assurance that we will be successful in enforcing these arbitration provisions, including the class action waiver provisions, in the future or in any given case. Legislative, administrative, or regulatory developments may directly or indirectly prohibit or limit the use of pre-dispute arbitration clauses and class action waiver provisions. Any such prohibitions or limitations on or discontinuation of the use of such arbitration or class action waiver provisions could subject us to additional lawsuits, including additional consumer class action litigation, and significantly limit our ability to avoid exposure from consumer class action litigation.

We may suffer losses due to staking, delegating, and other related services we provide to our customers.

Certain supported crypto assets enable holders to earn rewards by participating in decentralized governance, bookkeeping and transaction confirmation activities on their underlying blockchain networks, such as through staking activities, including staking through validation, delegating, and baking. We currently provide and expect to continue to provide such services for certain supported crypto assets to our customers in order to enable them to earn rewards based on crypto assets that we hold on their behalf. For instance, as a service to customers and at their instruction, we operate staking nodes on certain blockchain networks utilizing customers' crypto assets and pass through the rewards received to those customers, less a service fee. In other cases, upon customers' instructions, we may delegate our customers' assets to third-party service providers that are unaffiliated with us. Some networks may further require customer assets to be transferred into smart contracts on the underlying blockchain networks not under our or anyone's control. If our validator, any third-party service providers, or smart contracts fail to behave as expected, suffer cybersecurity attacks, experience security issues, or encounter other problems, our customers' assets may be irretrievably lost. In addition, certain blockchain networks dictate requirements for participation in the relevant decentralized governance activity, and may impose penalties, or "slashing," if the relevant activities are not performed correctly, such as if the staker, delegator, or baker acts maliciously on the network, "double signs" any transactions, or experience extended downtimes. If we or any of our service providers are slashed by the underlying blockchain network, our customers' assets may be confiscated, withdrawn, or burnt by the network, resulting in losses for which we may be responsible. Furthermore, certain types of staking require the payment of transaction fees on the underlying blockchain network and such fees can become significant as the amount and complexity of the transaction grows, depending on the degree of network congestion and the price of the network token. If we experience a high volume of such staking requests from our customers on an ongoing basis, we could incur significant costs. Any penalties or slashing events could damage our brand and reputation, cause us to suffer financial losses, discourage existing and future customers from utilizing our products and services, and adversely affect our business, operating results, and financial condition.

We may not be able to generate sufficient cash to service our debt and other obligations, including our obligations under the 2026 Convertible Notes, 2030 Convertible Notes, and Senior Notes.

Our ability to make payments on our indebtedness, including the 2026 Convertible Notes, 2030 Convertible Notes, and Senior Notes, and our other obligations will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to attain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including each series of the 2026 Convertible Notes, 2030 Convertible Notes, and Senior Notes, and other obligations.

If we are unable to service our debt and other obligations from cash flows, we may need to refinance or restructure all or a portion of our debt obligations prior to maturity. Our ability to refinance or restructure our debt and other obligations will depend upon the condition of the capital markets and our financial condition at such time. Any refinancing or restructuring could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. Statutory, contractual or other restrictions may also limit our subsidiaries' ability to pay dividends or make distributions, loans or advances to us. For these reasons, we may not have access to any assets or cash flows of our subsidiaries to make interest and principal payments on each series of the 2026 Convertible Notes, 2030 Convertible Notes, and Senior Notes.

If our cash flows are insufficient to fund our debt and other obligations and we are unable to refinance or restructure these obligations on commercially reasonable terms or at all, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures, or to sell material assets or operations to meet our debt and other obligations. We cannot assure you that we would be able to implement any of these alternative measures on satisfactory terms or at all or that the proceeds from such alternatives would be adequate to meet any debt or other obligations when due. If it becomes necessary to implement any of these alternative measures, our business, operating results, and financial condition could be adversely affected.

We have a substantial amount of indebtedness and other obligations, which could adversely affect our financial position and prevent us from fulfilling our obligations under the 2026 Convertible Notes, 2030 Convertible Notes, and Senior Notes.

We have a substantial amount of indebtedness and other obligations. As of March 31, 2025, we had approximately $4.28 billion in aggregate principal amount of outstanding long-term indebtedness (excluding crypto asset borrowings), which includes $1.74 billion of our Senior Notes, $1.27 billion of our 2026 Convertible Notes, and $1.27 billion of our 2030 Convertible Notes.

Our substantial indebtedness and other obligations may:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on our 2026 Convertible Notes, 2030 Convertible Notes, Senior Notes, and our other obligations;
- limit our ability to use our cash flow for working capital, capital expenditures, acquisitions, or other general business purposes;
- increase our cost of borrowing;
- require us to use a substantial portion of our cash flow from operations to make debt service payments and pay our other obligations when due;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions, including changes in interest rates and foreign exchange rates.

We provide secured loans to our customers, which exposes us to credit risks and may cause us to incur financial or reputational harm.

We provide commercial loans to qualified customers secured by their fiat or crypto asset holdings, including USDC, on our platform, which exposes us to the risk of our borrowers' inability to repay such loans. In addition, such activity results in us being subject to certain lending laws and regulations in the applicable jurisdiction and as a result we may be subject to additional regulatory scrutiny. In the future we may enter into credit arrangements with financial institutions to obtain more capital. Any termination or interruption in the financial institutions' ability to lend to us could interrupt our ability to provide capital to qualified customers to the extent we rely on such credit lines to continue to offer or to grow such products. Further, our credit approval process, pricing, loss forecasting, and scoring models may contain errors or may not adequately assess creditworthiness of our borrowers, or may be otherwise ineffective, resulting in incorrect approvals or denials of loans. It is also possible that loan applicants could provide false or incorrect information. While we have procedures in place to manage our credit risk, such as conducting due diligence on our customers and running stress test simulations to monitor and manage exposures, including any exposures resulting from loans collateralized with crypto assets, we remain subject to risks associated with our borrowers' creditworthiness and our approval process. Such risks are heightened following the 2022 Events.

Borrower loan loss rates may be significantly affected by economic downturns or general economic conditions beyond our control and beyond the control of individual borrowers. In particular, loss rates on loans may increase due to factors such as prevailing market conditions in the cryptoeconomy, the price of

Bitcoin and other crypto assets, which have experienced significant fluctuations, the amount of liquidity in the markets, and other factors. Borrowers may seek protection under federal bankruptcy law or similar laws. If a borrower of a loan files for bankruptcy (or becomes the subject of an involuntary petition), a stay may go into effect that will automatically put any pending collection actions on the loan on hold and prevent further collection action absent bankruptcy court approval. The efficacy of our security interest in customer collateral is not guaranteed under applicable state law or the Uniform Commercial Code and therefore we may be exposed to loss in the event of a customer default, even if we appear to be secured against such default. While we have not incurred any material losses to date, if any of the foregoing events were to occur, our reputation and relationships with borrowers, and our financial results, could be harmed. We intend to continue to explore other products, models, and structures for offering commercial financing, and other forms of credit and loan products. Some of those models or structures may require, or be deemed to require, additional data, procedures, partnerships, licenses, regulatory approvals, or capabilities that we have not yet obtained or developed.

We are exposed to transaction losses due to chargebacks, refunds, or returns as a result of fraud or uncollectability that could adversely affect our business, operating results, and financial condition.

Certain of our products and services are paid for by electronic transfers from bank accounts, which exposes us to risks associated with returns and insufficient funds. Furthermore, some of our products and services are paid for by credit and debit cards through payment processors, which exposes us to risks associated with chargebacks and refunds. These risks could arise from fraud, misuse, unintentional use, settlement delay, insufficiency of funds, or other activities. Also, criminals are using increasingly sophisticated methods to engage in illegal activities, such as counterfeiting and fraud. If we are unable to collect such amounts from the customer, or if the customer refuses or is unable, due to bankruptcy or other reasons, to reimburse us, we bear the loss for the amount of the chargeback, refund, or return.

While we have policies and procedures to manage and mitigate these risks, we cannot be certain that such processes will be effective. Our failure to limit chargebacks and fraudulent transactions could increase the number of returns, refunds, and chargebacks that we have to process. In addition, if the number of returns, refunds, and chargebacks increases, card networks or our financial institution partners could require us to increase reserves, impose penalties on us, charge additional or higher fees, or terminate their relationships with us. Failure to effectively manage risk and prevent fraud could increase our chargeback, refund, and return losses or cause us to incur other liabilities. Increases in chargebacks, refunds, returns, or other liabilities could have an adverse effect on our operating results, financial condition, and cash flows.

We route orders through third-party trading venues in connection with our Coinbase Prime trading service. The loss or failure of any such trading venues could adversely affect our business, operating results, and financial condition.

In connection with our Prime trading service, we routinely route customer orders to third-party exchanges or other trading venues. In connection with these activities, we generally hold cash and other crypto assets with such third-party exchanges or other trading venues in order to effect customer orders. If we were to experience a disruption in our access to these third-party exchanges and trading venues, our Prime trading service could be adversely affected to the extent that we are limited in our ability to execute order flow for our Prime customers. In addition, while we have policies and procedures to help mitigate our risks related to routing orders through third-party trading venues, if any of these third-party trading venues experience any technical, legal, regulatory, or other adverse events, such as shutdowns, delays, system failures, suspension of withdrawals, illiquidity, insolvency, or loss of customer assets, we might not be able to fully recover the cash and other crypto assets that we have deposited with these third parties, and these risks may be heightened following the 2022 Events. For example, in connection with the 2022 Events, we were not able to recover an immaterial amount of cash deposited at FTX. As a result, our business, operating results, and financial condition could be adversely affected.

Any acquisitions and investments that we make could require significant management attention, disrupt our business, result in dilution to our stockholders, and could adversely affect our business, operating results, and financial condition.

As part of our business strategy, we routinely conduct discussions and evaluate opportunities for possible acquisitions, strategic investments, entries into new businesses, joint ventures, and other transactions. We have made, and may continue to make, acquisitions of and investments in, among other things, specialized employees and complementary companies, products, services, licenses, or technologies. In the future, the pace and scale of our acquisitions may increase and may include larger acquisitions than we have done historically. We also invest in companies and technologies, many of which are private companies and technologies that are highly speculative in nature. In the future, we may not be able to find other suitable acquisition and investment candidates, and we may not be able to complete acquisitions or make investments on favorable terms, if at all. In some cases, the costs of such acquisitions and investments may be substantial, and there is no assurance that we will receive a favorable return on investment for our acquisitions and investments. We have and may in the future be required to write off acquisitions or investments. Moreover, our previous and future acquisitions and investments may not achieve our goals, and any future acquisitions and investments we complete could be viewed negatively by customers, developers, advertisers, or investors. In addition, if we fail to successfully close or integrate any acquisitions, or integrate the products or technologies associated with such acquisitions into our company, our business, operating results, and financial condition could be adversely affected. Our ability to acquire and integrate companies, products, services, licenses, employees, or technologies in a successful manner is unproven. Any integration process may require significant time and resources, and we may not be able to manage the process successfully, including successfully securing regulatory approvals which may be required to close the transaction and to continue to operate the target firm's business or products in a manner that is useful to us. We may not successfully evaluate or utilize the acquired products, services, technology, or personnel, or accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt, or issue equity securities to pay for any such acquisition, which could adversely affect our business, operating results, and financial condition. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders, which, depending on the size of the acquisition, may be significant. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

If we fail to develop, maintain, and enhance our brand and reputation, our business, operating results, and financial condition could be adversely affected.

Our brand and reputation are key assets and a competitive advantage. Maintaining, protecting, and enhancing our brand depends largely on the success of our marketing efforts, ability to provide consistent, high-quality, and secure products, services, features, and support, and our ability to successfully secure, maintain, and defend our rights to use the "Coinbase" mark and other trademarks important to our brand. We believe that the importance of our brand will increase as competition further intensifies. Our brand and reputation could be harmed if we fail to achieve these objectives or if our public image were to be tarnished by negative publicity, unexpected events, or actions by third parties. Unfavorable publicity regarding, for example, our product changes, product quality, litigation or regulatory activity, privacy and data security practices, terms of service, employment matters, the use of our products, services, or supported crypto assets for illicit or objectionable ends, the actions of our customers, or the actions of other companies that provide similar services to ours, has in the past, and could in the future, adversely affect our reputation. Moreover, to the extent that we acquire a company and maintain that acquired company's separate brand, we could experience brand dilution or fail to retain positive impressions of our own brand to the extent such impressions are instead attributed to the acquired company's brand. In addition, because we are a founder-led company, actions by, or unfavorable publicity about, Brian Armstrong, our co-founder and Chief Executive Officer, may adversely impact our brand and reputation. Such negative publicity also could have an adverse effect on the size and engagement of our customers and could result in decreased revenue, which could adversely affect our business, operating results, and financial condition.

Key business metrics and other estimates are subject to inherent challenges in measurement and change as our business evolves, and our business, operating results, and financial condition could be adversely affected by real or perceived inaccuracies in those metrics or any changes in metrics we disclose.

We regularly review our key business metrics to evaluate our business, measure our performance, identify trends affecting our business, and make strategic decisions. These key business metrics are calculated using internal company data and have not been validated by an independent third-party. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement at the time of reporting, there are inherent challenges in such measurements. If we fail to maintain an effective analytics platform, our key business metrics calculations may be inaccurate, and we may not be able to identify those inaccuracies. Additionally, we may in the future calculate certain key business metrics using third-party data. While we believe the third-party data we have used in the past or may use in the future is reliable, we have not independently verified and may not in the future independently verify the accuracy or completeness of the data contained in such sources and there can be no assurance that such data is free of error. Any inaccuracy in the third-party data we use could cause us to overstate or understate our key business metrics. We regularly review our processes for calculating these metrics, and from time to time we make adjustments to improve their accuracy. Additionally, our MTUs metric is measured at a point in time and as our products and internal processes for calculating these metrics evolve over time, a previously reported number could fluctuate. We generally will not update previously disclosed key business metrics for any such inaccuracies or adjustments that are immaterial.

Our key business metrics may also be impacted by compliance or fraud-related bans, technical incidents, or false or spam accounts in existence on our platform. We regularly deactivate fraudulent and spam accounts that violate our terms of service, and exclude these users from the calculation of our key business metrics; however, we may not succeed in identifying and removing all such accounts from our platform. Additionally, users are not prohibited from having more than one account and our MTUs metric may overstate the number of unique customers who have registered an account on our platform as one customer may register for, and use, multiple accounts with different email addresses, phone numbers, or usernames. Furthermore, MTUs may overstate the number of unique consumers due to differences in product architecture or user behavior, which may cause MTUs to fluctuate. For example, a user may currently have a Coinbase Wallet account that is unlinked to their registered account on our platform, but then choose to link these accounts in the future as our product offerings evolve. To the extent that the user had activity in both their Wallet and their registered account in the measurement period, what was previously captured as two unique MTUs would now be counted as a single MTU. If MTUs or our other key business metrics provide us with incorrect or incomplete information about users and their behavior, we may make inaccurate conclusions about our business.

We may change our key business metrics from time to time, which may be perceived negatively. Given the rapid evolution of the crypto markets and our revenue sources, we regularly evaluate whether our key business metrics remain meaningful indicators of the performance of our business. As a result of these evaluations, in the past we have decided to make changes, and in the future may make additional changes, to our key business metrics, including eliminating or replacing existing metrics. Further if investors or the media perceive any changes to our key business metrics disclosures negatively, our business, operating results, and financial condition could be adversely affected.

Our platform may be exploited to facilitate illegal activity such as fraud, money laundering, gambling, tax evasion, and scams. If our platform is used to further such illegal activities, our business, operating results, and financial condition could be adversely affected.

Our platform may be exploited to facilitate illegal activity such as fraud, money laundering, gambling, tax evasion, and scams. We or our partners may be specifically targeted by individuals seeking to conduct fraudulent transfers, and it may be difficult or impossible for us to detect and avoid such transactions in certain circumstances. The use of our platform for illegal or improper purposes could subject us to claims, individual and class action lawsuits, and government and regulatory investigations, prosecutions, enforcement actions, inquiries, or requests that could result in liability and reputational harm for us. Moreover, certain activities that may be legal in one jurisdiction may be illegal in another jurisdiction, and certain activities that are at one time legal may in the future be deemed illegal in the same jurisdiction. As a result, there is significant uncertainty and cost associated with detecting and monitoring transactions for compliance with local laws. In the event that a customer is found responsible for intentionally or inadvertently violating the laws in any jurisdiction, we may be subject to governmental inquiries, enforcement actions, prosecuted, or otherwise held secondarily liable for aiding or facilitating such activities. Changes in law have also increased the penalties for money transmitters for certain illegal activities, and government authorities may consider increased or additional penalties from time to time. Owners of intellectual property rights or government authorities may seek to bring legal action against money transmitters, including us, for involvement in the sale of infringing or allegedly infringing items. Any threatened or resulting claims could result in reputational harm, and any resulting liabilities, loss of transaction volume, or increased costs could harm our business.

Moreover, while fiat currencies can be used to facilitate illegal activities, crypto assets are relatively new and, in many jurisdictions, may be lightly regulated or largely unregulated. Many types of crypto assets have characteristics, such as the speed with which digital currency transactions can be conducted, the ability to conduct transactions without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, the irreversible nature of certain crypto asset transactions, and encryption technology that anonymizes these transactions, that make crypto assets susceptible to use in illegal activity. U.S. federal and state and foreign regulatory authorities and law enforcement agencies, such as the Department of Justice, SEC, CFTC, FTC, or the Internal Revenue Service (“IRS”), and various state securities and financial regulators have taken and continue to take legal action against persons and entities alleged to be engaged in fraudulent schemes or other illicit activity involving crypto assets. We also support crypto assets that incorporate privacy-enhancing features, and may from time to time support additional crypto assets with similar functionalities. These privacy-enhancing crypto assets obscure the identities of sender and receiver, and may prevent law enforcement officials from tracing the source of funds on the blockchain. Facilitating transactions in these crypto assets may cause us to be at increased risk of liability arising out of anti-money laundering and economic sanctions laws and regulations.

While we believe that our risk management and compliance framework is designed to detect significant illicit activities conducted by our potential or existing customers, we cannot ensure that we will be able to detect all illegal activity on our platform. Base, an open source permissionless L2 protocol built on the Ethereum blockchain developed by us, has been in the past, and may in the future, be a target for scam tokens or other illegal activity. For example, in August 2023, a number of fraudulent tokens were identified and traded on Base blockchain. As we continue to develop Base, and in light of this fraudulent activity, we continue to invest in improving our security processes, including through our in-house blockchain monitoring capabilities, third-party tools for identifying malicious and out of pattern events, and the monitoring of contract source code and bytecode on Base against a database of known scam code patterns. While to date, such illegal or fraudulent activity on Base has not had a material impact on our business, operating results, financial condition, or cash flows, future illegal activity could adversely affect our business, operating results, financial condition or cash flows and our efforts to identify and remedy such illegal or fraudulent activity may not be successful. If our platform is used to further such illegal activities, our business, operating results, and financial condition could be adversely affected.

Our compliance and risk management methods might not be effective and may result in outcomes that could adversely affect our reputation, operating results, and financial condition.

Our ability to comply with applicable complex and evolving laws, regulations, and rules is largely dependent on the establishment, maintenance, and scaling of our compliance, internal audit, and reporting systems to continuously keep pace with our customer activity and transaction volume, as well as our ability to attract and retain qualified compliance and other risk management personnel. While we have devoted significant resources to develop policies and procedures to identify, monitor, and manage our risks, and expect to continue to do so in the future, we cannot assure you that our policies and procedures are and will always be effective or that we have been and will always be successful in monitoring or evaluating the risks to which we are or may be exposed in all market environments or against all types of risks, including unidentified or unanticipated risks. Our risk management policies and procedures rely on a combination of technical and human controls and supervision that are subject to error and failure. Some of our methods for managing risk are discretionary by nature and are based on internally developed controls and observed historical market behavior, and also involve reliance on standard industry practices. These methods may not adequately prevent losses, particularly as they relate to extreme market movements, which may be significantly greater than historical fluctuations in the market. Further, as a result of the 2022 Events or similar market disruptions in the future, we may reevaluate our risk management policies and procedures. Accordingly, in the future, we may identify gaps in such policies and procedures or existing gaps may become higher risk, and may require significant resources and management attention. Our risk management policies and procedures also may not adequately prevent losses due to technical errors if our testing and quality control practices are not effective in preventing failures. In addition, we may elect to adjust our risk management policies and procedures to allow for an increase in risk tolerance, which could expose us to the risk of greater losses.

Regulators periodically review our compliance with our own policies and procedures and with a variety of laws and regulations. We have received in the past and may from time to time receive additional examination reports citing violations of rules and regulations and inadequacies in existing compliance programs, and requiring us to enhance certain practices with respect to our compliance program, including due diligence, training, monitoring, reporting, and recordkeeping. If we fail to comply with these, or do not adequately remediate certain findings, regulators could take a variety of actions that could impair our ability to conduct our business, including, but not limited to, delaying, denying, withdrawing, or conditioning approval of certain products and services. In addition, regulators have broad enforcement powers to censure, fine, issue cease and desist orders, prohibit us from engaging in some of our business activities, or revoke our licenses. We face significant intervention by regulatory authorities, including extensive examination and surveillance activities, and will continue to face the risk of significant intervention by regulatory authorities in the future. In the case of non-compliance or alleged non-compliance, we could be subject to investigations and proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages which can be significant. Any of these outcomes would adversely affect our reputation and brand and our business, operating results, and financial condition. Some of these outcomes could adversely affect our ability to conduct our business.

We hold certain investments in DeFi protocols and may suffer losses if they do not function as expected.

We hold investments in various DeFi protocols. These protocols achieve their investment purposes through self-executing smart contracts that allow users to invest crypto assets in a pool from which other users can borrow without requiring an intermediate party to facilitate these transactions. These investments earn interest to the investor based on the rates at which borrowers repay the loan, and can generally be withdrawn with no restrictions. However, these DeFi protocols are subject to various risks, including uncertain regulatory and compliance conditions in large markets such as the United States, the risk that the underlying smart contract is insecure, the risk that borrowers may default and the investor will not be able to recover its investment, the risk that any underlying collateral may experience significant volatility, and the risk of certain core developers with protocol administration rights can make unauthorized or harmful changes to the underlying smart contract. If any of these risks materialize, our investments in these DeFi protocols may be adversely impacted.

We may suffer losses due to abrupt and erratic market movements.

The crypto asset market has been characterized by significant volatility and unexpected price movements, and has experienced significant declines in the past. Certain crypto assets may become more volatile and less liquid in a very short period of time, which was the case following the 2022 Events, resulting in market prices being subject to erratic and abrupt market movement, which could harm our business. For instance, abrupt changes in volatility or market movement can lead to extreme pressures on our platform and infrastructure that can lead to inadvertent suspension of services across parts of the platform or the entire platform. As a result, from time to time we experience outages. For example, in 2024, we experienced approximately 14 outages, with an average outage duration of 58.6 minutes. Outages can lead to increased customer service expense, can cause customer loss and reputational damage, result in inquiries and actions by regulators, and can lead to other damages for which we may be responsible.

Risks Related to Crypto Assets

Due to unfamiliarity and some negative publicity associated with crypto asset platforms, confidence or interest in crypto asset platforms may decline.

Crypto asset platforms are relatively new. Many of our competitors are unlicensed, unregulated, operate without supervision by any governmental authorities, and do not provide the public with significant information regarding their ownership structure, management team, corporate practices, cybersecurity, and regulatory compliance. As a result, customers and the general public may lose confidence or interest in crypto asset platforms, including regulated platforms like ours.

Since the inception of the cryptoeconomy, numerous crypto asset platforms have been sued, investigated, or shut down due to fraud, manipulative practices, business failure, and security breaches. In many of these instances, customers of these platforms were not compensated or made whole for their losses. Larger platforms like us are more appealing targets for hackers and malware, and may also be more likely to be targets of regulatory enforcement actions. For example, in February 2014, Mt. Gox, the then largest crypto asset platform worldwide, filed for bankruptcy protection in Japan after an estimated 700,000 Bitcoins were stolen from its wallets. In May 2019, Binance, one of the world’s largest platforms, was hacked, resulting in losses of approximately $40 million, and in February 2021, Bitfinex settled a long-running legal dispute with the State of New York related to Bitfinex’s alleged misuse of over $800 million of customer assets. The 2022 Events resulted in a loss of confidence in the broader cryptoeconomy, adverse reputational impact to crypto asset platforms, increased negative publicity surrounding crypto more broadly, heightened scrutiny by regulators and lawmakers and a call for increased regulations of crypto assets and crypto asset platforms.

In addition, there have been reports that a significant amount of crypto asset trading volume on crypto asset platforms is fabricated and false in nature, with a specific focus on unregulated platforms located outside the United States. Such reports may indicate that the market for crypto asset platform activities is significantly smaller than otherwise understood.

Negative perception, a lack of stability and standardized regulation in the cryptoeconomy, and the closure or temporary shutdown of crypto asset platforms due to fraud, business failure, hackers or malware, or government mandated regulation, and associated losses suffered by customers may continue to reduce confidence or interest in the cryptoeconomy and result in greater volatility of the prices of assets, including significant depreciation in value. Any of these events could have an adverse impact on our business and our customers’ perception of us, including decreased use of our platform and loss of customer demand for our products and services.

Depositing and withdrawing crypto assets into and from our platforms involve risks, which could result in loss of customer assets, customer disputes and other liabilities, which could adversely affect our business, operating results, and financial condition.

In order to own, transfer and use a crypto asset on its underlying blockchain network, a person must have a private and public key pair associated with a network address, commonly referred to as a "wallet." Each wallet is associated with a unique "public key" and "private key" pair, each of which is a string of alphanumerical characters. To deposit crypto assets held by a customer onto our platforms, a customer must "sign" a transaction that consists of the private key of the wallet from where the customer is transferring crypto assets, the public key of a wallet that we control which we provide to the customer, and broadcast the deposit transaction onto the underlying blockchain network. Similarly, to withdraw crypto assets from our platforms, the customer must provide us with the public key of the wallet that the crypto assets are to be transferred to, and we would be required to "sign" a transaction authorizing the transfer. In addition, some crypto networks require additional information to be provided in connection with any transfer of crypto assets to or from our platforms. A number of errors can occur in the process of depositing or withdrawing crypto assets into or from our platforms, such as typos, mistakes, or the failure to include the information required by the blockchain network. For instance, a user may incorrectly enter our wallet's public key or the desired recipient's public key when depositing and withdrawing from our platforms, respectively. Alternatively, a user may transfer crypto assets to a wallet address that the user does not own, control or hold the private keys to. In addition, each wallet address is only compatible with the underlying blockchain network on which it is created. For instance, a Bitcoin wallet address can only be used to send and receive Bitcoins. If any Ethereum or other crypto assets are sent to a Bitcoin wallet address, or if any of the foregoing errors occur, all of the customer's sent crypto assets will be permanently and irretrievably lost with no means of recovery. We have encountered and expect to continue to encounter similar incidents with our customers. Such incidents could result in customer disputes, damage to our brand and reputation, legal claims against us, and financial liabilities, any of which could adversely affect our business, operating results, and financial condition.

Moreover, we hold customer assets one-to-one at all times and we have procedures to process redemptions and withdrawals expeditiously, following the terms of the applicable user agreements. We have not experienced excessive redemptions or withdrawals, or prolonged suspended redemptions or withdrawals, of crypto assets to date. However, similar to traditional financial institutions, we may experience temporary process-related withdrawal delays. For example, we, and traditional financial institutions, may experience such delays if there is a significant volume of withdrawal requests that is vastly beyond anticipated levels. This does not mean we cannot or will not satisfy withdrawals, but this may mean a temporary delay in satisfying withdrawal requests, which we still expect to be satisfied within the withdrawal timelines set forth in the applicable user agreements or otherwise communicated by us. To the extent we have process-related delays, even if brief or due to blockchain network congestion or heightened redemption activity, and within the terms of an applicable user agreement or otherwise communicated by us, we may experience increased customer complaints and damage to our brand and reputation and face additional regulatory scrutiny, any of which could adversely affect our business, operating results, and financial condition.

A temporary or permanent blockchain "fork" to any supported crypto asset could adversely affect our business, operating results, and financial condition.

Blockchain protocols, including Bitcoin and Ethereum, are open source. Any user can download the software, modify it, and then propose that Bitcoin, Ethereum, or other blockchain protocols users and miners adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the Bitcoin, Ethereum or other blockchain protocol networks, as applicable, remain uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "fork" (i.e., "split") of the impacted blockchain protocol network and respective blockchain, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two parallel versions of the Bitcoin, Ethereum, or other blockchain protocol network, as applicable, running simultaneously, but with each split network's crypto asset lacking interchangeability.

Both Bitcoin and Ethereum protocols have been subject to "forks" that resulted in the creation of new networks, including Bitcoin Cash ABC, Bitcoin Cash SV, Bitcoin Diamond, Bitcoin Gold, Ethereum Classic, EthereumPOW, and others. Some of these forks have caused fragmentation among platforms as to the correct naming convention for forked crypto assets. Due to the lack of a central registry or rulemaking body, no single entity has the ability to dictate the nomenclature of forked crypto assets, causing disagreements and a lack of uniformity among platforms on the nomenclature of forked crypto assets, and which results in further confusion to customers as to the nature of assets they hold on platforms. In addition, several of these forks were contentious and as a result, participants in certain communities may harbor ill will towards other communities. As a result, certain community members may take actions that adversely impact the use, adoption, and price of Bitcoin, Ethereum, or any of their forked alternatives.

Furthermore, hard forks can lead to new security concerns. For instance, when the Ethereum and Ethereum Classic networks split in July 2016, replay attacks, in which transactions from one network were rebroadcast on the other network to achieve "double-spending," plagued platforms that traded Ethereum through at least October 2016, resulting in significant losses to some crypto asset platforms. Similar replay attacks occurred in connection with the Bitcoin Cash and Bitcoin Cash SV network split in November 2018. Another possible result of a hard fork is an inherent decrease in the level of security due to the splitting of some mining power across networks, making it easier for a malicious actor to exceed 50% of the mining power of that network, thereby making crypto assets that rely on proof-of-work more susceptible to attack, as has occurred with Ethereum Classic.

We do not believe that we are required to support any fork or airdrop or provide the benefit of any forked or airdropped crypto asset to our customers. However, we have in the past and may in the future continue to be subject to claims by customers arguing that they are entitled to receive certain forked or airdropped crypto assets by virtue of crypto assets that they hold with us. If any customers succeed on a claim that they are entitled to receive the benefits of a forked or airdropped crypto asset that we do not or are unable to support, we may be required to pay significant damages, fines or other fees to compensate customers for their losses.

Future forks may occur at any time. A fork can lead to a disruption of networks and our information technology systems, cybersecurity attacks, replay attacks, or security weaknesses, any of which can further lead to temporary or even permanent loss of our and our customers' assets. Such disruption and loss could cause us to be exposed to liability, even in circumstances where we have no intention of supporting an asset compromised by a fork.

We currently support, and expect to continue to support, certain smart contract-based crypto assets. If the underlying smart contracts for these crypto assets do not operate as expected, they could lose value and our business, operating results, and financial condition could be adversely affected.

We currently support, and expect to continue to support, various crypto assets that represent units of value on smart contracts deployed on a third-party blockchain. Smart contracts are programs that store and transfer value and execute automatically when certain conditions are met. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming and design can have damaging effects. For instance, in April 2018, a batch overflow bug was found in many Ethereum-based ERC20-compatible smart contract tokens that allowed hackers to create a large number of smart contract tokens, causing multiple crypto asset platforms worldwide to shut down ERC20-compatible token trading. Similarly, in March 2020, a design flaw in the MakerDAO smart contract caused forced liquidations of crypto assets at significantly discounted prices, resulting in millions of dollars of losses to users who had deposited crypto assets into the smart contract. If any such vulnerabilities or flaws come to fruition, smart contract-based crypto assets, including those held by our customers on our platforms, may suffer negative publicity, be exposed to security vulnerabilities, decline significantly in value, and lose liquidity over a short period of time.

In some cases, smart contracts can be controlled by one or more “admin keys” or users with special privileges, or “super users.” These users have the ability to unilaterally make changes to the smart contract, enable or disable features on the smart contract, change how the smart contract receives external inputs and data, and make other changes to the smart contract. For smart contracts that hold a pool of reserves, these users may also be able to extract funds from the pool, liquidate assets held in the pool, or take other actions that decrease the value of the assets held by the smart contract in reserves. Even for crypto assets that have adopted a decentralized governance mechanism, such as smart contracts that are governed by the holders of a governance token, such governance tokens can be concentrated in the hands of a small group of core community members, who would be able to make similar changes unilaterally to the smart contract. If any such super user or group of core members unilaterally make adverse changes to a smart contract, the design, functionality, features and value of the smart contract, its related crypto assets may be harmed. In addition, assets held by the smart contract in reserves may be stolen, misused, burnt, locked up or otherwise become unusable and irrecoverable. These super users can also become targets of hackers and malicious attackers. If an attacker is able to access or obtain the super user privileges of a smart contract, or if a smart contract’s super users or core community members take actions that adversely affect the smart contract, our customers who hold and transact in the affected crypto assets may experience decreased functionality and value of the applicable crypto assets, up to and including a total loss of the value of such crypto assets. Although we do not control these smart contracts, any such events could cause customers to seek damages against us for their losses, result in reputational damage to us, or in other ways adversely affect our business, operating results, and financial condition.

From time to time, we may encounter technical issues in connection with the integration of supported crypto assets and changes and upgrades to their underlying networks, which could adversely affect our business, operating results, and financial condition.

In order to support any supported crypto asset, a variety of front and back-end technical and development work is required to implement our wallet, custody, trading, staking and other solutions for our customers, and to integrate such supported crypto asset with our existing technical infrastructure. For certain crypto assets, a significant amount of development work is required and there is no guarantee that we will be able to integrate successfully with any existing or future crypto asset. In addition, such integration may introduce software errors or weaknesses into our platform, including our existing infrastructure. Even if such integration is initially successful, any number of technical changes, software upgrades, soft or hard forks, cybersecurity incidents, or other changes to the underlying blockchain network may occur from time to time, causing incompatibility, technical issues, disruptions, or security weaknesses to our platform. If we are unable to identify, troubleshoot and resolve any such issues successfully, we may no longer be able to support such crypto asset, our customers’ assets may be frozen or lost, the security of our hot, warm, or cold wallets may be compromised, and our platform and technical infrastructure may be affected, all of which could adversely affect our business, operating results, and financial condition.

If miners or validators of any supported crypto asset demand high transaction fees, our business, operating results, and financial condition could be adversely affected.

We charge blockchain transaction fees when a customer sends certain crypto assets from their Coinbase account to a non-Coinbase account. We estimate the blockchain transaction fee based on the cost that we will incur to process the withdrawal transaction on the underlying blockchain network. In addition, we also pay blockchain transaction fees when we move crypto assets for various operational purposes, such as when we transfer crypto assets between our hot and cold wallets, for which we do not charge our customers. However, blockchain transaction fees have been and may continue to be unpredictable. If the block rewards for miners on any blockchain network are not sufficiently high to incentivize miners, miners may demand higher transaction fees, or collude to reject low transaction fees and force users to pay higher fees. Although we generally attempt to pass blockchain transaction fees relating to customer withdrawals through to our customers, we have in the past incurred, and expect to incur from time to time, losses associated with the payment of blockchain transaction fees in excess of what we charge our customers, which could adversely affect our business, operating results, and financial condition.

Future developments regarding the treatment of crypto assets for U.S. and foreign tax purposes could adversely affect our business, operating results, and financial condition.

Due to the new and evolving nature of crypto assets and the absence of comprehensive legal and tax guidance with respect to crypto asset products and transactions, many significant aspects of the U.S. and foreign tax treatment of transactions involving crypto assets, such as the purchase and sale of crypto assets on our platform, as well as the provision of blockchain rewards and other crypto asset incentives and rewards products, are uncertain, and it is unclear whether, when and what guidance may be issued in the future on the treatment of crypto asset transactions for U.S. and foreign tax purposes.

In 2014, the IRS released Notice 2014-21, discussing certain aspects of “virtual currency” for U.S. federal income tax purposes and, in particular, stating that such virtual currency (i) is “property,” (ii) is not “currency” for purposes of the rules relating to foreign currency gain or loss, and (iii) may be held as a capital asset. From time to time, the IRS has released other guidance relating to the tax treatment of virtual currency or crypto assets reflecting the IRS’s position on certain issues. The IRS has not addressed many other significant aspects of the U.S. federal income tax treatment of crypto assets and related transactions.

There continues to be uncertainty with respect to the timing, character, and amount of income inclusions for various crypto asset transactions including, but not limited to lending and borrowing crypto assets, staking, and other crypto asset incentives and products that we offer. Although we believe our treatment of crypto asset transactions for federal income tax purposes is consistent with existing positions from the IRS and/or existing U.S. federal income tax principles, because of the rapidly evolving nature of crypto asset innovations and the increasing variety and complexity of crypto asset transactions and products, it is possible the IRS and various U.S. states may disagree with our treatment of certain crypto asset offerings for U.S. tax purposes, which could adversely affect our customers and the vitality of our business. Similar uncertainties exist in the foreign markets in which we operate with respect to direct and indirect taxes, and these uncertainties and potential adverse interpretations of tax law could impact the amount of tax we and our non-U.S. customers are required to pay, and the vitality of our platforms outside of the United States.

There can be no assurance that the IRS, U.S. state revenue agencies, or other foreign tax authorities, will not alter their respective positions with respect to crypto assets in the future or that a court would uphold the treatment set forth in existing positions. It also is unclear what additional tax authority positions, regulations, or legislation may be issued in the future on the treatment of existing crypto asset transactions and future crypto asset innovations under U.S. federal, U.S. state, or foreign tax law. Any such developments could result in adverse tax consequences for holders of crypto assets and could have an adverse effect on the value of crypto assets and the broader crypto assets markets. Future technological and operational developments that may arise with respect to crypto assets may increase the uncertainty with respect to the treatment of crypto assets for U.S. and foreign tax purposes. The uncertainty regarding tax treatment of crypto asset transactions impacts our customers, and could impact our business, both domestically and abroad.

Our tax information reporting obligations with respect to crypto transactions may be subject to further scrutiny in light of changes made to the U.S. and global broker reporting regime for tax reporting.

In November 2021, the U.S. Congress passed the Infrastructure Investment and Jobs Act (the “IIJA”), providing that brokers would be responsible for reporting to the IRS the transactions of their customers in digital assets, including transfers to other exchanges or to digital asset wallets not connected to any exchange. On June 28, 2024, the U.S. Treasury Department and the IRS released final regulations and issued other administrative guidance on tax information reporting for digital assets (collectively, the “Final Regulations”) that will be applicable, in certain cases starting January 1, 2025. The Final Regulations introduced new rules related to our tax reporting and withholding obligations on our customer transactions.

Although we believe we are compliant with U.S. tax reporting and withholding requirements with respect to our customers’ crypto asset transactions, our compliance with the Final Regulations, including but not limited to U.S. onboarding requirements through Forms W-9 and W-8, backup withholding, non-resident alien withholding, and Form 1099 and Form 1042-S reporting obligations, may be subject to scrutiny and may be challenged. There is a risk that we may not have proper processes and procedures necessary to comply with the Final Regulations, may not be able to interpret the IIJA, the Final Regulations, or the administrative guidance correctly, or may not be able to build systems within the required timelines to ensure compliance for certain customers or transactions. If the IRS determines that we are not in compliance with our tax reporting or withholding obligations on customer transactions, significant taxes and penalties may be imposed, which could adversely affect our financial position. The Final Regulations will require us to invest substantially in new compliance processes and procedures, which also could adversely affect our financial position. Further, the IRS may issue additional guidance in the future with respect to tax reporting and withholding obligations, which could impose additional burdens on us and result in significant taxes and penalties that could adversely affect our financial position.

Similarly, new rules for reporting crypto assets under the global “common reporting standard” (CRS) as well as under the “crypto-asset reporting framework” (CARF) will be implemented on our international operations, creating new obligations and a need to invest in new onboarding and reporting infrastructure. Such rules are under discussion by the member and observer states of the “Organization for Economic Cooperation and Development” and by the European Commission on behalf of the member states of the European Union. These new rules may give rise to potential liabilities or disclosure requirements for prior customer arrangements and new rules that affect how we onboard our customers and report their transactions to taxing authorities. Additionally, the European Union has issued a directive, commonly referred to as “CESOP” (the Central Electronic System of Payment information), which requires payment service providers in the European Union to report cross-border fiat transactions to taxing authorities on a quarterly basis. Any actual or perceived failure by us to comply with the above or any other tax and financial regulations that apply to our operations could harm our business and adversely affect our financial position.

The nature of our business requires the application of complex financial accounting rules, and there is limited guidance from accounting standard setting bodies on certain topics. If financial accounting standards undergo significant changes, our operating results could fluctuate.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (the “FASB”), the SEC, and various other bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls and many companies’ accounting policies are being subjected to heightened scrutiny by regulators and the public. Further, there has been limited precedent for the financial accounting of crypto assets and related valuation and revenue recognition. Moreover, a change in these principles or interpretations could have a significant effect on our reported financial results, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. For example, in December 2023, the FASB issued Accounting Standards Update No. 2023-08, Intangibles—Goodwill and Other—Crypto Assets (ASU 2023-08): Accounting for and Disclosure of Crypto Assets (“ASU 2023-08”), which represents a significant change in how entities that hold crypto assets will account for certain of those holdings. Previously, crypto assets held were accounted for as intangible assets with indefinite useful lives, which required us to measure crypto assets at cost less impairment. Effective as of January 1, 2024, we adopted ASU 2023-08, which requires us to measure crypto assets held at fair value at each reporting date, with fair value gains and losses recognized through Net income (loss). Fair value gains and losses can increase the volatility of our net income, especially if the underlying crypto asset market is volatile. Additionally, on March 31, 2022, the staff of the SEC issued Staff Accounting Bulletin (“SAB”) No. 121 (“SAB 121”), which represented a significant change regarding how a company safeguarding crypto assets held for its platform users reports such crypto assets on its balance sheet and required retrospective application as of January 1, 2022. In January 2025, the staff of the SEC issued SAB No. 122 (“SAB 122”), which rescinds the previously-issued interpretive guidance included within SAB 121. We have adopted SAB 122 as of December 31, 2024 on a retrospective basis.

Uncertainties in or changes to regulatory or financial accounting standards could result in the need to change our accounting methods and may retroactively affect previously reported results and impair our ability to provide timely and accurate financial information, which could adversely affect our financial statements, result in a loss of investor confidence, and our business, operating results, and financial condition.

Risks Related to Government Regulation and Privacy Matters

The cryptoeconomy is novel. As a result, policymakers are just beginning to consider what a regulatory regime for crypto would look like and the elements that would serve as the foundation for such a regime. This less developed consideration of crypto may harm our ability to effectively react to proposed legislation and regulation of crypto assets or crypto asset platforms adverse to our business.

As crypto assets have grown in both popularity and market size, various U.S. federal, state, and local and foreign governmental organizations, consumer agencies and public advocacy groups have been examining the operations of crypto networks, users and platforms, with a focus on how crypto assets can be used to launder the proceeds of illegal activities, fund criminal or terrorist enterprises, and simultaneously how to ensure the safety and soundness of platforms and other service providers that hold crypto assets for users. Many of these entities have called for heightened regulatory oversight, and have issued consumer advisories describing the risks posed by crypto assets to users and investors.

Competitors, including traditional financial services, have spent years cultivating professional relationships with relevant policymakers on behalf of their industry so that those policymakers may understand that industry, the current legal landscape affecting that industry, and the specific policy proposals that could be implemented in order to responsibly develop that industry. The lobbyists working for these competitors have similarly spent years developing and working to implement strategies to advance these industries. Members of the cryptoeconomy have started to engage policymakers directly and with the help of external advisors and lobbyists. For example, in order to advance our mission, in February 2022 we launched our Coinbase Innovation Political Action Committee to support crypto-forward political candidates and initiatives. Further, in December 2023, we together with a number of other crypto and blockchain market participants supported the launch of the Fairshake Political Action Committee to support political candidates in the 2024 U.S. presidential and congressional elections who support crypto and blockchain innovation and responsible regulation. However, these efforts to educate policymakers and advocate for sensible regulation are nascent compared to more established industries, and may be perceived unfavorably by investors and the public and have an adverse impact on our brand and reputation. As a result, new laws and regulations may be proposed and adopted in the United States and internationally, or existing laws and regulations may be interpreted in new ways, that harm the cryptoeconomy or crypto asset platforms, which could adversely affect our business, operating results, and financial condition.

Our Condensed Consolidated Balance Sheets may not contain sufficient amounts or types of regulatory capital to meet the changing requirements of our various regulators worldwide, which could adversely affect our business, operating results, and financial condition.

We are required to possess sufficient financial soundness and strength to adequately support our regulated subsidiaries. We may from time to time incur indebtedness and other obligations which could make it more difficult to meet these capitalization requirements or any additional regulatory requirements. In addition, although we are not a bank holding company for purposes of United States law or the law of any other jurisdiction, as a global provider of financial services and in light of the changing regulatory environment in various jurisdictions, we could become subject to new capital requirements introduced or imposed by the United States and international regulators. Any change or increase in these regulatory requirements could adversely affect our business, operating results, and financial condition.

As a financial institution licensed to, among other things, engage in money transmission in the United States, to conduct virtual currency business activity in New York, and issue electronic money in the United Kingdom and the European Union, we are subject to strict rules governing how we manage and hold customer fiat currency and crypto assets. We maintain complex treasury operations to manage and move customer fiat currency and crypto assets across our platforms and to comply with regulatory requirements. However, it is possible we may experience errors in fiat currency and crypto asset handling, accounting, and regulatory reporting that lead us to be out of compliance with these requirements. In addition, regulators may increase the amount of fiat currency reserves that we are required to maintain for our operations, as has happened in the past, which may lead to sanctions, penalties, changes to our business operations, or the revocation of licenses. Frequent launch of new products and services, margin trading, lending functions, and the addition of new payment rails increase these risks.

Many of the crypto assets in which we facilitate trading are subject to regulatory authority by the CFTC. Any fraudulent or manipulative activity in a crypto asset occurring on our platform could subject us to increased regulatory scrutiny, regulatory enforcement, and litigation.

The CFTC has stated and judicial decisions involving CFTC enforcement actions have confirmed that at least some crypto assets, including Bitcoin, ether, litecoin, and stablecoins, such as USDC, USDT and BUSD, fall within the definition of a “commodity” under the U.S. Commodities Exchange Act of 1936 (the “CEA”). As a result, the CFTC has general enforcement authority to police against manipulation and fraud in at least some spot crypto asset markets. From time to time, manipulation, fraud, and other forms of improper trading by market participants have resulted in, and may in the future result in, CFTC investigations, inquiries, enforcement action, and similar actions by other regulators, government agencies, and civil litigation. Such investigations, inquiries, enforcement actions, and litigation may cause us to incur substantial costs and could result in negative publicity.

Certain transactions in crypto assets may constitute “retail commodity transactions” subject to regulation by the CFTC as futures contracts. If crypto asset transactions we facilitate are deemed to be such retail commodity transactions, we would be subject to additional regulatory requirements, licenses and approvals, and potentially face regulatory enforcement, civil liability, and significant increased compliance and operational costs.

Any transaction in a commodity, including a crypto asset, entered into with or offered to retail investors using leverage, margin, or other financing arrangements (a “retail commodity transaction”) is subject to CFTC regulation as a futures contract unless such transaction results in actual delivery within 28 days. The meaning of “actual delivery” has been the subject of commentary and litigation, and the CFTC has adopted interpretive guidance addressing the “actual delivery” of a crypto asset. To the extent that crypto asset transactions that we facilitate or facilitated are deemed retail commodity transactions, including pursuant to current or subsequent rulemaking or guidance by the CFTC, we may be subject to additional regulatory requirements and oversight, and we could be subject to judicial or administrative sanctions if we do not or did not at a relevant time possess appropriate registrations. The CFTC has previously brought enforcement actions against entities engaged in retail commodity transactions without appropriate registrations, as well as recent enforcement settled orders against developers of decentralized platforms.

Particular crypto assets or transactions therein could be deemed "commodity interests" (e.g., futures, options, swaps) or security-based swaps subject to regulation by the CFTC or SEC, respectively. If a crypto asset that we facilitate trading in is deemed a commodity interest or a security-based swap, we would be subject to additional regulatory requirements, registrations and approvals, and potentially face regulatory enforcement, civil liability, and significant increased compliance and operational costs.

Commodity interests, as such term is defined by the CEA and CFTC rules and regulations, are subject to more extensive supervisory oversight by the CFTC, including registrations of entities engaged in, and platforms offering, commodity interest transactions. This CFTC authority extends to crypto asset futures contracts and swaps, including transactions that are based on current and future prices of crypto assets and indices of crypto assets. To the extent that a crypto asset in which we facilitate or facilitated trading or transactions in a crypto asset which we facilitate or facilitated are deemed to fall within the definition of a commodity interest, including pursuant to subsequent rulemaking or guidance by the CFTC, we may be subject to additional regulatory requirements and oversight and could be subject to judicial or administrative sanctions if we do not or did not at a relevant time possess appropriate registrations as an exchange (for example, as a designated contract market for trading futures or options on futures, or as a swaps execution facility for trading swaps) or as a registered intermediary (for example, as a futures commission merchant or introducing broker). Such actions could result in injunctions, cease and desist orders, as well as civil monetary penalties, fines, and disgorgement, as well as reputational harm. The CFTC has previously brought enforcement actions against entities engaged in crypto asset activities for failure to obtain appropriate exchange, execution facility and intermediary registrations.

Furthermore, the CFTC and the SEC have jointly adopted regulations defining "security-based swaps," which include swaps based on single securities and narrow-based indices of securities. If a crypto asset is deemed to be a security, certain transactions referencing that crypto asset could constitute a security-based swap. A crypto asset or transaction therein that is based on or references a security or index of securities, whether or not such securities are themselves crypto assets, could also constitute a security-based swap. To the extent that a crypto asset in which we facilitate or have facilitated trading or transactions in a crypto asset which we facilitate or have facilitated are deemed to fall within the definition of a security-based swap, including pursuant to subsequent rulemaking or guidance by the CFTC or SEC, we may be subject to additional regulatory requirements and oversight by the SEC and could be subject to judicial or administrative sanctions if we do not or did not a relevant time possess appropriate registrations as an exchange (for example, as a security-based swaps execution facility) or as a registered intermediary (for example, as a security-based swap dealer or broker-dealer). This could result in injunctions, cease and desist orders, as well as civil monetary penalties, fines, and disgorgement, as well as reputational harm.

We obtain and process a large amount of sensitive customer data. Any real or perceived improper use of, disclosure of, or access to such data could harm our reputation, as well as adversely affect our business, operating results, and financial condition.

We obtain and process large amounts of sensitive data, including personal data related to our customers and their transactions, such as their names, addresses, social security numbers, visa information, copies of government-issued identification, facial recognition data (from scanning of photographs for identity verification), trading data, tax identification, and bank account information. We face risks, including to our reputation, in the handling and protection of this data, and these risks will increase as our business continues to expand, including through our acquisition of, and investment in, other companies and technologies. Federal, state, and international laws and regulations governing privacy, data protection, and e-commerce transactions require us to safeguard our customers', employees', and service providers' personal data.

We have administrative, technical, and physical security measures and controls in place and maintain a robust information security program. However, our security measures, those of our vendors or service providers, or the security measures of companies we acquire, may be inadequate or breached as a result of third-party action, employee or service provider error, malfeasance, malware, phishing, hacking attacks, system error, trickery, advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security or otherwise, and, as a result, someone may be able to obtain unauthorized access to sensitive information, including personal data, on our systems. We could be the target of a cybersecurity incident, which could result in harm to our reputation and financial losses. Additionally, our customers have been and could be targeted in cybersecurity incidents like an account takeover, which could result in harm to our reputation and financial losses. For example, in 2021, third parties independently obtained login credentials and personal data for at least 6,000 customers and used those credentials to exploit a vulnerability that previously existed in the account recovery process. We reimbursed impacted customers approximately $25.1 million. Additionally, privacy and data protection laws are evolving, and these laws may be interpreted and applied in a manner that is inconsistent with our data handling safeguards and practices that could result in fines, lawsuits, and other penalties, and significant changes to our or our third-party partners' business practices and products and service offerings.

Our future success depends on the reliability and security of our platform. To the extent that the measures we, any companies we acquire, or our third-party service providers, vendors, or business partners have taken prove to be insufficient or inadequate, or to the extent we discover a security breach suffered by a company we acquire following the closing of such acquisition, we may become subject to litigation, breach notification obligations, or regulatory or administrative sanctions, which could result in significant fines, penalties, damages, harm to our reputation, or loss of customers. If our own confidential business information or sensitive customer information were improperly disclosed, our business, operating results, and financial condition could be adversely affected. Additionally, a party who circumvents our security measures could, among other effects, appropriate customer information or other proprietary data, cause interruptions in our operations, or expose customers to hacks, viruses, and other disruptions.

Depending on the nature of the information compromised, in the event of a data breach or other unauthorized access to our customer data, we may also have obligations to notify customers and regulators about the incident, and we may need to provide some form of remedy, such as a subscription to credit monitoring services, pay significant fines to one or more regulators, or pay compensation in connection with a class-action settlement. Breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. In the United States, the SEC has adopted rules for mandatory disclosure of material cybersecurity incidents suffered by public companies, as well as cybersecurity governance and risk management. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any incident that compromises customer data. Any failure or perceived failure by us to comply with these laws may also subject us to enforcement action or litigation, any of which could harm our business. Additionally, the financial exposure from the events referenced above could either not be insured against or not be fully covered through any insurance that we may maintain, and there can be no assurance that the limitations of liability in any of our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages as a result of the events referenced above. Any of the foregoing could adversely affect our business, reputation, operating results, and financial condition.

Furthermore, we may be required to disclose personal data pursuant to demands from individuals, regulators, government agencies, and law enforcement agencies in various jurisdictions with conflicting privacy and security laws, which could result in a breach of privacy and data protection policies, notices, laws, rules, court orders, and regulations. Additionally, changes in the laws and regulations that govern our collection, use, and disclosure of customer data could impose additional requirements with respect to the retention and security of customer data, could limit our marketing activities, and adversely affect our business, operating results, and financial condition.

We are subject to laws, regulations, and industry requirements related to data privacy, data protection and information security, and user protection across different markets where we conduct our business, including in the United States, European Economic Area (the "EEA"), and Asia-Pacific region, and industry requirements and such laws, regulations, and industry requirements are constantly evolving and changing. Any actual or perceived failure to comply with such laws, regulations, and industry requirements, or our privacy policies, could harm our business.

Various local, state, federal, and international laws, directives, and regulations apply to our collection, use, retention, protection, disclosure, transfer, and processing of personal data. These data protection and privacy laws and regulations are subject to uncertainty and continue to evolve in ways that could adversely affect our business, operating results, and financial condition. These laws have a substantial impact on our operations both outside and in the United States, either directly or as a data processor and handler for various offshore entities.

In the United States, state and federal lawmakers and regulatory authorities have increased their attention on the collection and use of user data and various laws and regulations apply to the collection, processing, disclosure, and security of certain types of data, including the Gramm Leach Bliley Act ("GLBA") and state laws relating to privacy and data security. GLBA requires financial institutions to explain their information sharing practices to their customers and to safeguard sensitive data. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination, and security of data. For example, California has enacted the California Consumer Privacy Act (the "CCPA").

The CCPA requires covered companies to, among other things, provide disclosures to individuals in California, and affords such individuals new privacy rights such as the ability to opt-out of certain sales of personal information and expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is collected, used, and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase security breach litigation.

In addition, other U.S. states have proposed or enacted laws that contain obligations similar to the CCPA that have taken effect or will take effect in coming years. We cannot fully predict the impact of recently proposed or enacted laws or regulations on our business or operations, but compliance may require us to modify our data processing practices and policies incurring costs and expense. Further, to the extent multiple state-level laws are introduced with inconsistent or conflicting standards, it may require costly and difficult efforts to achieve compliance with such laws. Our failure or perceived failure to comply with state privacy laws or regulations passed in the future could adversely affect our business, including how we use personal information, operating results, and financial condition.

Additionally, many foreign countries and governmental bodies, including Australia, Brazil, Kenya, the European Union, India, Japan, Philippines, Indonesia, Singapore, United Kingdom, Switzerland, and numerous other jurisdictions in which we operate or conduct our business, have laws and regulations concerning the collection, use, processing, storage, and deletion of personal data obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. Such laws and regulations may require companies to implement new privacy and security policies, permit individuals to access, correct, and delete personal data stored or maintained by such companies, inform individuals of security breaches that affect their personal data, require that certain types of data be retained on local servers within these jurisdictions, and, in some cases, obtain individuals' affirmative opt-in consent to collect and use personal data for certain purposes.

We are subject to both the European Union's and the United Kingdom's General Data Protection Regulation (collectively, the "GDPR"), which imposes stringent privacy and data protection requirements, and could increase the risk of non-compliance and the costs of providing our products and services in a compliant manner. A breach of the GDPR could result in regulatory investigations, reputational damage, fines and sanctions, orders to cease or change our processing of our data, enforcement notices, or assessment notices (for a compulsory audit). For example, if regulators assert that we have failed to comply with the GDPR, we may be subject to fines of up to €20 million in the European Union (£17.5 million in the U.K.) or 4% of our worldwide annual revenue, whichever is greater. We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

The GDPR and Swiss data protection laws impose strict rules on the transfer of personal data out of the E.U., U.K., or Switzerland to a “third country,” including the United States, unless particular compliance mechanisms are implemented. The mechanisms that we and many other companies rely upon for such data transfers (for example, standard contractual clauses or the E.U.-U.S. and Swiss-U.S. Data Privacy Framework (“DPF”) and the U.K. extension to the DPF) are the subject of legal challenge, regulatory interpretation, and judicial decisions. In the E.U. and other markets, potential new rules and restrictions on the flow of data across borders could increase the cost and complexity of doing business in those regions.

While we maintain E.U.-U.S., Swiss-U.S. and U.K.-U.S. DPF certification, we still rely on the standard contractual clauses for intercompany data transfers from the European Union, Switzerland, and the U.K. to the United States. As supervisory authorities continue to issue further guidance on personal data, we could suffer additional costs, complaints, or regulatory investigations or fines, and if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations and could adversely affect our financial results.

We are also subject to evolving E.U. privacy laws on cookies and e-marketing. In the European Union, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and an E.U. regulation known as the ePrivacy Regulation will significantly increase fines for non-compliance once in effect. In the European Union, informed consent, including a prohibition on pre-checked consents and a requirement to ensure separate consents for each cookie, is required for the placement of a cookie or similar technologies on a user’s device and for direct electronic marketing. As regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, negatively impact our efforts to understand users, adversely affect our margins, increase costs, and subject us to additional liabilities.

There is a risk that as we expand, we may assume liabilities for breaches experienced by the companies we acquire. Additionally, there are potentially inconsistent world-wide government regulations pertaining to data protection and privacy. Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection, and information security, it is possible that our practices, offerings, or platform could fail, or be alleged to fail to meet applicable requirements. For instance, the overall regulatory framework governing the application of privacy laws to blockchain technology is still highly undeveloped and likely to evolve. Further there are also changes in the regulatory landscape relating to new and evolving technologies. Our failure, or the failure by our third-party providers or partners, to comply with applicable laws or regulations and to prevent unauthorized access to, or use or release of personal data, or the perception that any of the foregoing types of failure has occurred, even if unfounded, could subject us to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, severe criminal, or civil sanctions, damage our reputation, or result in fines or proceedings by governmental agencies and private claims and litigation, any of which could adversely affect our business, operating results, and financial condition.

Issues relating to the development and use of AI in our business could result in reputational harm, competitive harm, and legal liability, and could adversely affect our business, operating results, and financial condition.

We currently leverage internally developed and third-party developed AI into certain aspects of our business and we anticipate that AI will become increasingly important to our operations in the future. Our competitors and other third parties may incorporate AI into their businesses or offerings more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our business, operating results, and financial condition.

Our use of AI may result in new or expanded risks and liabilities, including due to enhanced governmental or regulatory regulation and scrutiny, litigation, compliance issues, ethical concerns, confidentiality or security risks, as well as other factors that could adversely affect our reputation, business, operating results, and financial condition. Evolving rules, regulations, and industry standards governing AI may require us and our third-party developers to incur significant costs to modify, maintain, or align our business practices, services, and solutions to comply with rules and regulations, the nature of which cannot be determined at this time and may be inconsistent from jurisdiction to jurisdiction.

There can be no assurance that the use of AI and machine learning solutions and features will enhance our products or services, produce the intended results, or be beneficial to our business, including our efficiency. AI machine learning systems are complex and may be flawed, insufficient, reflect unwanted forms of bias, or contain errors or inadequacies that are not easily detectable, or may cause unintentional or unexpected outputs that are incorrect, do not match our business goals, do not comply with our policies or those of our regulators, or are otherwise are inconsistent with our brand. If the output that the AI applications we use to produce such output is, or is alleged to be, inaccurate, deficient, or biased, our reputation, business, operating results, and financial condition could be adversely affected.

Risks Related to Third Parties

Our current and future services are dependent on payment networks and acquiring processors, and any changes to their rules or practices could adversely affect our business, operating results, and financial condition.

We rely on financial institutions and other payment processors to process customers' payments in connection with the purchase of crypto assets on our platform and we pay these providers fees for their services. From time to time, payment networks have increased, and may increase in the future, the interchange fees and assessments that they charge for transactions that use their networks. Payment networks have imposed, and may impose in the future, special fees on the purchase of crypto assets, including on our platform, which could negatively impact us and significantly increase our costs. Our payment card processors may have the right to pass any increases in interchange fees and assessments on to us, and may impose additional use charges which would increase our operating costs and reduce our operating income. We could attempt to pass these increases along to our customers, but this strategy might result in the loss of customers to our competitors that may not pass along the increases, thereby reducing our revenue and earnings. If competitive practices prevent us from passing along the higher fees to our customers in the future, we may have to absorb all or a portion of such increases, thereby increasing our operating costs and reducing our earnings.

We may also be directly or indirectly liable to the payment networks for rule violations. Payment networks set and interpret their network operating rules and have alleged from time to time that various aspects of our business model violate these operating rules. If such allegations are not resolved favorably, they may result in significant fines and penalties or require changes in our business practices that may be costly and adversely affect our business. The payment networks could adopt new operating rules or interpret or reinterpret existing rules that we or our processors might find difficult or even impossible to follow, or costly to implement. As a result, we could lose our ability to give customers the option of using cards to fund their purchases or the choice of currency in which they would like their card to be charged. If we are unable to accept cards or are limited in our ability to do so, our business, operating results, and financial condition could be adversely affected.

We depend on major mobile operating systems and third-party platforms for the distribution of certain products. If Google Play, the Apple App Store, or other platforms prevent customers from downloading our apps, our ability to grow may be hindered and our business, operating results, and financial condition could be adversely affected.

We rely upon third-party platforms for the distribution of certain products and services. Our Coinbase and Coinbase Wallet apps are provided as free applications through both the Apple App Store and the Google Play Store, and are also accessible via mobile and traditional websites. The Google Play Store and Apple App Store are global application distribution platforms and the main distribution channels for our apps. As such, the promotion, distribution, and operation of our apps are subject to the respective platforms' terms and policies for application developers, which are very broad and subject to frequent changes and re-interpretation. Further, these distribution platforms often contain restrictions related to crypto assets that are uncertain, broadly construed, and can limit the nature and scope of services that can be offered. For example, Apple App Store's restrictions related to crypto assets have disrupted the proposed launch of many features within the Coinbase and Coinbase Wallet apps, including NFT transfer services and access to decentralized applications. If our products are found to be in violation of any such terms and conditions, we may no longer be able to offer our products through such third-party platforms. There can be no guarantee that third-party platforms will continue to support our product offerings, or that customers will be able to continue to use our products. For example, in November 2013, our iOS app was temporarily removed by Apple from the Apple App Store. In December 2019, we were similarly instructed by Apple to remove certain features relating to decentralized applications from our application to comply with the Apple App Store's policies. Any changes, bugs, technical or regulatory issues with third-party platforms, our relationships with mobile manufacturers and carriers, or changes to their terms of service or policies could degrade our products' functionalities, reduce or eliminate our ability to distribute our products, give preferential treatment to competitive products, limit our ability to deliver high quality offerings, or impose fees or other charges, any of which could affect our product usage and adversely affect our business, operating results, and financial condition.

Risks Related to Intellectual Property

Our intellectual property rights are valuable, and any inability to protect them could adversely affect our business, operating results, and financial condition.

Our business depends in large part on our proprietary technology and our brand. We rely on, and expect to continue to rely on, a combination of trademark, trade dress, patents, domain name, copyright, and trade secrets, as well as confidentiality and license agreements with our employees, contractors, consultants, and third parties with whom we have relationships, to establish and protect our brand and other intellectual property rights. However, our efforts to protect our intellectual property rights may not be sufficient or effective. Our proprietary technology and trade secrets could be lost through misappropriation or breach of our confidentiality and license agreements, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering products, services, or technologies that are substantially similar to ours and that compete with our business.

We do not intend to monetize our patents or attempt to block third parties from competing with us by asserting our patents offensively, but our ability to successfully defend intellectual property challenges from competitors and other parties may depend, in part and where permissible, on our ability to counter-assert our patents defensively. Effective protection of our intellectual property may be expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights. As we have grown, we have sought to obtain and protect our intellectual property rights in an increasing number of countries, a process that can be expensive and may not always be successful. In some instances, patent applications or patents may be abandoned or allowed to lapse, resulting in partial or complete loss of patent rights in a relevant jurisdiction. Further, intellectual property protection may not be available to us in every country in which our products and services are available, and the regulatory landscape in such jurisdictions may evolve rapidly, leading to an unanticipated change in the ability to obtain and enforce intellectual property rights in these jurisdictions. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. We may also agree to license our patents to third parties as part of various patent pools and open patent projects. Those licenses may diminish our ability, though, to counter-assert our patents against certain parties that may bring claims against us.

We have been, and in the future may be, sued by third parties for alleged infringement of their proprietary rights.

In recent years, there has been considerable patent, copyright, trademark, domain name, trade secret, and other intellectual property development activity in the cryptoeconomy, as well as litigation, based on allegations of infringement or other violations of intellectual property, including by large financial institutions. Furthermore, individuals and groups can purchase patents and other intellectual property assets for the purpose of making claims of infringement to extract settlements from companies like ours. Our use of third-party intellectual property rights also may be subject to claims of infringement or misappropriation. We cannot guarantee that our internally developed or acquired technologies and content do not or will not infringe the intellectual property rights of others. From time to time, our competitors or other third parties may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon such rights. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products or services or using certain technologies, force us to implement expensive or less effective work-arounds, or impose other unfavorable terms. We expect that the occurrence of infringement claims is likely to grow as the crypto assets market grows and matures. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Further, during the course of any litigation, we may make announcements regarding the results of hearings and motions, and other interim developments. If securities analysts and investors regard these announcements as negative, the market price of our Class A common stock may decline. Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures. Any of the foregoing could prevent us from competing effectively and could adversely affect our business, operating results, and financial condition.

Our platform contains third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could harm our business.

Our platform contains software modules licensed to us by third-party authors under “open source” licenses. We also make certain of our own software available to users for free under various open source licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise our platform.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software.

We have not recently conducted an extensive audit of our use of open source software and, as a result, we cannot assure you that our processes for controlling our use of open source software in our platform are, or will be, effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face litigation, infringement claims, or other liabilities. Likewise, we may be required to seek costly licenses from third parties to continue providing our offerings on terms that are not economically feasible, to re-engineer our platform, to discontinue or delay the provision of our offerings if re-engineering cannot be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, operating results, and financial condition. Moreover, the terms of many open source licenses have not been interpreted by U.S. or foreign courts. As a result, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our platform. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their solutions. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software.

Risks Related to Our Employees and Other Service Providers

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could adversely affect our business, operating results, and financial condition.

We operate in a relatively new industry that is not widely understood and requires highly skilled and technical personnel. We believe that our future success is highly dependent on the talents and contributions of our senior management team, including Mr. Armstrong, our co-founder and Chief Executive Officer, members of our executive team, and other key employees across product, engineering, risk management, finance, compliance and legal, and marketing. Our future success depends on our ability to attract, develop, motivate, and retain highly qualified and skilled employees. The pool of qualified talent in our industry is extremely limited, particularly with respect to executive talent, engineering, risk management, and financial regulatory expertise. We face intense competition for qualified individuals from numerous software and other technology companies. To attract and retain key personnel, we incur significant costs, including salaries and benefits and equity incentives. Even so, these measures may not be enough to attract and retain the personnel we require to operate our business effectively. The loss of even a few key employees or senior leaders, or an inability to attract, retain and motivate additional highly skilled employees required for the planned expansion of our business could adversely affect our business, operating results, and financial condition and impair our ability to grow.

Our culture emphasizes innovation, and if we cannot maintain this culture, our business, operating results, and financial condition could be adversely affected.

We believe that our entrepreneurial and innovative corporate culture has been a key contributor to our success. We encourage and empower our employees to develop and launch new and innovative products and services, which we believe is essential to attracting high quality talent, partners, and developers, as well as serving the best, long-term interests of our company. If we cannot maintain this culture, we could lose the innovation, creativity and teamwork that has been integral to our business. Additionally, from time to time, we realign our resources and talent to implement stage-appropriate business strategies, including furloughs, layoffs, or reductions in force. In such cases, we may find it difficult to prevent a negative effect on employee morale or attrition beyond our planned reduction, in which case our products and services may suffer and our business, operating results, and financial condition could be adversely affected.

In the event of employee or service provider misconduct or error, our business, operating results, and financial condition could be adversely affected.

Employee or service provider misconduct or error could subject us to legal liability, financial losses, and regulatory sanctions and could seriously harm our reputation and negatively affect our business. Such misconduct could include engaging in improper or unauthorized transactions or activities, misappropriation of customer funds, insider trading and misappropriation of information, failing to supervise other employees or service providers, improperly using confidential information, as well as improper trading activity such as spoofing, layering, wash trading, manipulation and front-running. Employee or service provider errors, including mistakes in executing, recording, or processing transactions for customers, could expose us to the risk of material losses even if the errors are detected. Although we have implemented processes and procedures and provide trainings to our employees and service providers to reduce the likelihood of misconduct and error, these efforts may not be successful. Moreover, the risk of employee or service provider error or misconduct may be even greater for novel products and services and is compounded by the fact that many of our employees and service providers are accustomed to working at tech companies which generally do not maintain the same compliance customs and rules as financial services firms. This can lead to high risk of confusion among employees and service providers with respect to compliance obligations, particularly including confidentiality, data access, trading, and conflicts. It is not always possible to deter misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. If we were found to have not met our regulatory oversight and compliance and other obligations, we could be subject to regulatory sanctions, financial penalties, restrictions on our activities for failure to properly identify, monitor and respond to potentially problematic activity and seriously damage our reputation. Our employees, contractors, and agents could also commit errors that subject us to financial claims for negligence, as well as regulatory actions, or result in financial liability. Further, allegations by regulatory or criminal authorities of improper trading activities could affect our brand and reputation.

Our officers, directors, employees, and large stockholders may encounter potential conflicts of interests with respect to their positions or interests in certain crypto assets, entities, and other initiatives, which could adversely affect our business and reputation.

We frequently engage in a wide variety of transactions and maintain relationships with a significant number of crypto projects, their developers, members of their ecosystem, and investors. These transactions and relationships could create potential conflicts of interests in management decisions that we make. For instance, certain of our officers, directors, and employees are active investors in crypto projects themselves, and may make investment decisions that favor projects that they have personally invested in. Many of our large stockholders also make investments in these crypto projects. In addition, our co-founder and Chief Executive Officer, Mr. Armstrong, is involved in a number of initiatives related to the cryptoeconomy and more broadly. For example, Mr. Armstrong currently serves as the chief executive officer of ResearchHub Technologies, Inc., a scientific research development platform. This and other initiatives he is involved in could divert Mr. Armstrong's time and attention from overseeing our business operations which could have a negative impact on our business. Moreover, we may in the future be subject to litigation as a result of his involvement with these other initiatives.

Similarly, certain of our directors, officers, employees, and large stockholders may hold crypto assets that we are considering supporting for trading on our platform, and may be more supportive of such listing notwithstanding legal, regulatory, and other issues associated with such crypto assets. While we have instituted policies and procedures to limit and mitigate such risks, there is no assurance that such policies and procedures will be effective, or that we will be able to manage such conflicts of interests adequately. If we fail to manage these conflicts of interests, or we receive unfavorable media coverage with respect to actual or perceived conflicts of interest, our business could be harmed and the brand, reputation and credibility of our company could be adversely affected.

General Risk Factors

Adverse economic conditions could adversely affect our business.

Our performance is subject to general economic conditions, and their impact on the crypto asset markets and our customers. The United States and other key international economies have experienced cyclical downturns from time to time in which economic activity declined resulting in lower consumption rates, restricted credit, reduced profitability, weaknesses in financial markets, bankruptcies, and overall uncertainty with respect to the economy. Adverse general economic conditions have impacted in the past, and may impact in the future, the cryptoeconomy, although the extent of such impacts remains uncertain and dependent on a variety of factors, including market adoption of crypto assets, global trends in the cryptoeconomy, central bank monetary policies, instability in the global banking system, volatility and disruptions in the capital and credit markets, and other events beyond our control. Geopolitical developments, such as trade wars and foreign exchange limitations can also increase the severity and levels of unpredictability globally and increase the volatility of global financial and crypto asset markets. For example, in the past the capital and credit markets have experienced extreme volatility and disruptions, resulting in steep declines in the value of crypto assets. To the extent general economic conditions and crypto assets markets materially deteriorate or decline for a prolonged period, our ability to generate revenue and to attract and retain customers could suffer and our business, operating results and financial condition could be adversely affected. Moreover, even if general economic conditions were to improve following any such deterioration, there is no guarantee that the cryptoeconomy would similarly improve.

Further, in 2022, a number of blockchain protocols and crypto financial firms, and in particular protocols and firms involving high levels of financial leverage such as high-yield lending products or derivatives trading, suffered from insolvency and liquidity crises leading to the 2022 Events. Some of the 2022 Events are alleged or have been held to be the result of fraudulent activity by insiders, including misappropriation of customer funds and other illicit activity and internal controls failures. In connection with the 2022 Events, concerns were raised about the potential for a market condition where the failure of one company leads to the financial distress of other companies, which has the potential to depress the prices of assets used as collateral by other firms. If such a market condition were to become widespread in the cryptoeconomy, we could suffer from increased counterparty risk, including defaults or bankruptcies of major customers or counterparties, which could lead to significantly reduced activity on our platform and fewer available crypto market opportunities in general. Further, forced selling of crypto assets by distressed companies could lead to lower crypto asset prices and may lead to a reduction in our revenue. To the extent that conditions in the general economic and crypto asset markets were to materially deteriorate, our ability to attract and retain customers may suffer.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry, or the financial services industry generally, or concerns or rumors about any such events or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, in March 2023, Silvergate Capital Corp. announced it would wind down operations and liquidate Silvergate Bank. Soon after, the FDIC was appointed receiver of Silicon Valley Bank and Signature Bank. In connection with these issues and issues with other financial institutions, the prices of fiat-backed stablecoins, including USDC, were temporarily impacted and may be similarly impacted again in the future. Further, if the instability in the global banking system continues or worsens, there could be additional negative ramifications, such as additional all market-wide liquidity problems or impacted access to deposits and investments for customers of affected financial institutions and certain partners, and our business, operating results and financial condition could be adversely affected.

We are a remote-first company which subjects us to heightened operational risks.

Our employees and service providers work from home and we are a remote-first company. This subjects us to heightened operational risks. For example, technologies in our employees' and service providers' homes may not be as robust as in our offices and could cause the networks, information systems, applications, and other tools available to employees and service providers to be more limited or less reliable than in our offices. Further, the security systems in place at our employees' and service providers' homes may be less secure than those used in our offices, and while we have implemented technical and administrative safeguards to help protect our systems as our employees and service providers work from home, we may be subject to increased cybersecurity risk, which could expose us to risks of data or financial loss, and could disrupt our business operations. There is no guarantee that the data security and privacy safeguards we have put in place will be completely effective or that we will not encounter risks associated with employees and service providers accessing company data and systems remotely. We also face challenges due to the need to operate with the remote workforce and are addressing those challenges to minimize the impact on our ability to operate.

Environmental, social, and governance factors may impose additional costs and expose us to new risks.

There is focus from certain investors, regulators, employees, users and other stakeholders concerning corporate responsibility, specifically related to environmental, social, and governance matters ("ESG") and related assurances and disclosures. Compliance with recently adopted and potential upcoming ESG requirements, including the E.U.'s Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive and California's climate-related bills, may require the dedication of significant time and resources. If we are unable to comply with new laws and regulations or changes to existing legal or regulatory requirements concerning ESG matters, or if we fail to meet investor, industry, or stakeholder expectations and standards relating to ESG matters, our reputation may be harmed, customers may choose to refrain from using our products and services, we may be subject to fines, penalties, regulatory or other enforcement actions, and our business, operating results, and financial condition could be adversely affected.

Changes in U.S. and foreign tax laws, as well as the application of such laws, could adversely affect our business, operating results, and financial condition.

We are subject to complex tax laws and regulations in the United States and a variety of foreign jurisdictions. All of these jurisdictions have in the past and may in the future make changes to their corporate income tax rates and other income tax laws which could increase our future income tax provision. For example, our future income tax obligations could be adversely affected by earnings that are lower than anticipated in jurisdictions where we have lower statutory rates and by earnings that are higher than anticipated in jurisdictions where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities, by changes in the amount of unrecognized tax benefits, or by changes in tax laws, regulations, accounting principles, or interpretations thereof, including changes with possible retroactive application or effect.

Our determination of our tax liability is subject to review and may be challenged by applicable U.S. and foreign tax authorities. Any adverse outcome of such a challenge could harm our operating results and financial condition. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is complex and uncertain. Moreover, as a multinational business, we have subsidiaries that engage in many intercompany transactions in a variety of tax jurisdictions where the ultimate tax determination is complex and uncertain. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws. Furthermore, as we operate in multiple taxing jurisdictions, the application of tax laws can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views with respect to, among other things, the characterization and source of income or other tax items, the manner in which the arm's-length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property. The taxing authorities of the jurisdictions in which we operate may challenge our tax treatment of certain items or the methodologies we use for valuing developed technology or intercompany arrangements, which could impact our worldwide effective tax rate and harm our financial position and operating results.

Further, any changes in the tax laws governing our activities may increase our tax expense, the amount of taxes we pay, or both. For example, the Tax Cuts and Jobs Act (the “TCJA”), enacted on December 22, 2017, significantly reformed the U.S. federal tax code, reducing the U.S. federal corporate income tax rate, making sweeping changes to the rules governing international business operations, and imposing new limitations on a number of tax benefits, including deductions for business interest and the use of net operating loss carryforwards. Effective beginning in 2022, the TCJA also eliminated the option to immediately deduct research and development expenditures and required taxpayers to amortize domestic expenditures over five years and foreign expenditures over fifteen years. The Inflation Reduction Act of 2022 (the “Inflation Reduction Act”), enacted on August 16, 2022, further amended the U.S. federal tax code, imposing a 15% minimum tax on “adjusted financial statement income” of certain corporations as well as an excise tax on the repurchase or redemption of stock by certain corporations, beginning in the 2023 tax year. In addition, over the last several years, the Organization for Economic Cooperation and Development has been working on a Base Erosion and Profit Shifting Project that, if implemented, would change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. As of December 2024, over 140 countries have approved a framework that imposes a minimum tax rate of 15%, among other provisions. As this framework is subject to further negotiation and implementation by each member country, the timing and ultimate impact of any such changes on our tax obligations are uncertain. There can be no assurance that future tax law changes will not increase the rate of the corporate income tax, impose new limitations on deductions, credits or other tax benefits, or make other changes that could impact our cash flows and adversely affect our business, operating results, and financial condition.

In addition, the IRS has yet to issue guidance on a number of important issues regarding the tax treatment of cryptocurrency and the products we provide to our customers and from which we derive our income. In the absence of such guidance, we will take positions with respect to any such unsettled issues. There is no assurance that the IRS or a court will agree with the positions taken by us, in which case tax penalties and interest may be imposed that could adversely affect our business, cash flows or financial performance.

We also are subject to non-income taxes, such as payroll, sales, use, value-added, digital services, net worth, property, and goods and services taxes in the United States and various foreign jurisdictions. Specifically, we may be subject to new allocations of tax as a result of increasing efforts by certain jurisdictions to tax activities that may not have been subject to tax under existing tax principles. Companies such as ours may be adversely impacted by such taxes. Tax authorities may disagree with certain positions we have taken. As a result, we may have exposure to additional tax liabilities that could adversely affect our business, operating results, and financial condition.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may harm our operating results in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

Our ability to use our deferred tax assets may be subject to certain limitations under U.S. or foreign law.

Realization of our deferred tax assets, in the form of future domestic or foreign tax deductions, credits or other tax benefits, will depend on future taxable income, and there is a risk that some or all of such tax assets could be subject to limitation or otherwise unavailable to offset future income tax liabilities, all of which could adversely affect our operating results. For example, future changes in our stock ownership, the causes of which may be outside of our control, could result in an ownership change under Section 382 of the Internal Revenue Code of 1986, as amended, which could limit our use of such tax assets in certain circumstances. Similarly, additional changes may be made to U.S. (federal and state) and foreign tax laws which could further limit our ability to fully utilize these tax assets against future taxable income.

Under the Inflation Reduction Act, our ability to utilize tax deductions or losses from prior years may be limited by the imposition of the 15% minimum tax if such minimum tax applies to us. Therefore, we may be required to pay additional U.S. federal income taxes despite any available tax deductions, U.S. federal net operating loss carryforwards, credits, or other tax benefits that we accumulate.

We are exposed to fluctuations in currency exchange rates.

Our exposure to fluctuations in foreign currency exchange rates through our international operations could have a negative impact on our operating results and financial condition. From time to time, we may engage in currency hedging activities to limit our exposure to foreign currency exchange rate fluctuations that arise in the normal course of business. The use of hedging instruments may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates, and may introduce additional risks if we are unable to structure effective hedges with such instruments.

If our estimates or judgment relating to our critical accounting estimates prove to be incorrect, our operating results could be adversely affected.

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" in Part I, Item 2 of this Quarterly Report on Form 10-Q. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of expenses that are not readily apparent from other sources. Significant estimates and judgments that comprise our critical accounting estimates involve the valuation of assets acquired and liabilities assumed in business combinations, valuation of strategic investments, evaluation of tax positions, and evaluation of legal and other contingencies. Our business, operating results, and financial condition could be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to differ from the expectations of analysts and investors, resulting in a decline in the trading price of our Class A common stock.

We may be adversely affected by natural disasters, pandemics, and other catastrophic events, and by man-made problems such as terrorism, that could disrupt our business operations, and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Natural disasters or other catastrophic events may also cause damage or disruption to our operations, international commerce, and the global economy, and could have an adverse effect on our business, operating results, and financial condition. Our business operations are subject to interruption by natural disasters, fire, power shortages, and other events beyond our control. In addition, our global operations expose us to risks associated with public health crises, such as pandemics and epidemics, which could harm our business and cause our operating results to suffer. For example, the COVID-19 pandemic and the related precautionary measures that we adopted have in the past resulted, and could in the future result, in difficulties or changes to our customer support, or create operational or other challenges, any of which could adversely affect our business, operating results, and financial condition. Further, acts of terrorism, labor activism or unrest, and other geopolitical unrest, including ongoing regional conflicts around the world, could cause disruptions in our business or the businesses of our partners or the economy as a whole. In the event of a natural disaster, including a major earthquake, blizzard, or hurricane, or a catastrophic event such as a fire, power loss, or telecommunications failure, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in development of our platform, lengthy interruptions in service, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. We do not maintain insurance sufficient to compensate us for the potentially significant losses that could result from disruptions to our services. Additionally, all the aforementioned risks may be further increased if we do not implement a disaster recovery plan or our partners' disaster recovery plans prove to be inadequate. To the extent natural disasters or other catastrophic events concurrently impact data centers we rely on in connection with private key restoration, customers will experience significant delays in withdrawing funds, or in the extreme we may suffer loss of customer funds.

If we fail to maintain an effective system of disclosure controls and procedures and internal control over our financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company we incur significant legal, accounting, and other expenses. The Sarbanes-Oxley Act of 2002 and related rules of the SEC require, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight. If we encounter material weaknesses or deficiencies in our internal control over financial reporting, we may not detect errors on a timely basis and our Condensed Consolidated Financial Statements may be materially misstated.

Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that are required to be included in our periodic reports filed with the SEC. Ineffective disclosure controls and procedures or internal control over financial reporting may adversely affect investor confidence in us and, as a result, negatively impact the price of our Class A common stock and have a material and adverse effect on our business, operating results, and financial condition.

We may require additional capital to support business growth, and this capital might not be available.

We have funded our operations since inception primarily through equity financings, debt, and cash flows generated from operations. We cannot be certain that our operations will continue to fund our ongoing operations or the growth of our business. We intend to continue to make investments in our business, which investments may require us to secure additional funds. Additional financing may not be available on terms favorable to us, if at all, including due to general macroeconomic conditions, crypto market conditions and any disruptions in the crypto market, instability in the global banking system, increasing regulatory uncertainty and scrutiny or other unforeseen factors. In the event of a downgrade of our credit rating, our ability to raise additional financing may be adversely affected and any future debt offerings or credit arrangements we propose to enter into may be on less favorable terms or terms that may not be acceptable to us. In addition, even if debt financing is available, the cost of additional financing may be significantly higher than our current debt. If we incur additional debt, the debt holders would have rights senior to holders of our common stock to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, we have authorized the issuance of "blank check" preferred stock and common stock that our board of directors could use to, among other things, issue shares of our capital stock in the form of blockchain tokens, implement a stockholder rights plan, or issue other shares of preferred stock or common stock. We may issue shares of capital stock, including in the form of blockchain tokens, to our customers in connection with customer reward or loyalty programs. If we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our currently authorized and issued common stock. The trading prices for our common stock may be highly volatile, which may reduce our ability to access capital on favorable terms or at all. In addition, a slowdown or other sustained adverse downturn in the general economic or crypto asset markets could adversely affect our business and the value of our Class A common stock. Because our decision to raise capital in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our Class A common stock and diluting their interests.

Risks Related to Ownership of Our Class A Common Stock

The market price of our Class A common stock may be volatile, and could decline significantly and rapidly. Market volatility may affect the value of an investment in our Class A common stock and could subject us to litigation.

Prior to the listing of our Class A common stock on Nasdaq, there was no public market for shares of our Class A common stock. Technology stocks have historically experienced high levels of volatility. The market price of our Class A common stock also could be subject to wide fluctuations in response to the risk factors described in this Quarterly Report on Form 10-Q and others beyond our control, including:

- the number of shares of our Class A common stock publicly owned and available for trading;
- overall performance of the equity markets or publicly-listed financial services and technology companies;
- our actual or anticipated operating performance and the operating performance of our competitors;
- changes in the projected operational and financial results we provide to the public or our failure to meet those projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet the estimates or the expectations of investors;
- any major change in our board of directors, management, or key personnel;
- if we issue additional shares of capital stock, including in the form of blockchain tokens, in connection with customer reward or loyalty programs;
- issuance of shares of our Class A common stock, whether in connection with an acquisition or upon conversion of some or all of our outstanding 2026 Convertible Notes and 2030 Convertible Notes;
- repurchases by us of any of our outstanding shares of Class A common stock, including under the Share Repurchase Program, on unfavorable terms or at all;
- the highly volatile nature of the cryptoeconomy and the prices of crypto assets;
- rumors and market speculation involving the cryptoeconomy and the regulation thereof, or us or other companies in our industry;
- announcements by us or our competitors of significant innovations, new products, services, features, integrations or capabilities, acquisitions, strategic investments, partnerships, joint ventures, or capital commitments; and
- other events or factors, including those resulting from political instability and acts of war or terrorism, regional conflicts around the world, government shutdowns, bank failures, or responses to these events.

Furthermore, the stock market has recently experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies and financial services and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general macroeconomic, political and market conditions such as recessions, interest rate changes, or international currency fluctuations, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We are currently subject to stockholder litigation, as described in the section titled “Legal Proceedings” in Part II, Item 1 of this Quarterly Report on Form 10-Q, and may continue to be the target of these types of actions or additional regulatory uncertainty and scrutiny in the future. Securities or regulatory actions against us could result in substantial costs and divert our management’s attention from other business concerns, which could harm our business.

The dual class structure of our common stock has the effect of concentrating voting control with those stockholders, including our directors, executive officers, and 5% stockholders, and their respective affiliates. As a result of this structure, our Chief Executive Officer has control over key decision making as a result of his control of a majority of our voting stock. This ownership will limit or preclude your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.

Our Class B common stock has twenty votes per share, and our Class A common stock has one vote per share. Mr. Armstrong is currently able to exercise voting rights with respect to a majority of the voting power of our outstanding capital stock and, along with our directors, other executive officers, and 5% stockholders, and their affiliates, these stockholders hold in the aggregate a substantial majority of the voting power of our capital stock. Because of the twenty-to-one voting ratio between our Class B common stock and our Class A common stock, the holders of our Class B common stock, including Mr. Armstrong, collectively are expected to continue to control a significant percentage of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval until the earliest to occur of (i) the date fixed by the board of directors that is no less than 61 days and no more than 180 days after the date that the aggregate number of shares of Class B common stock held by Brian Armstrong and his affiliates is less than 25% of the aggregate number of shares of Class B common stock held by Mr. Armstrong and his affiliates on April 1, 2021, the date of effectiveness of the registration statement on Form S-1 for the listing of our Class A common stock on Nasdaq; (ii) the date and time specified by affirmative vote of the holders of at least 66-2/3% of the outstanding shares of Class B common stock, voting as a single class, and the affirmative vote of at least 66-2/3% of the then serving members of our board of directors, which must include the affirmative vote of Mr. Armstrong, if either (A) Mr. Armstrong is serving on our board of directors and has not been terminated for cause or resigned except for good reason (as each term is defined in our restated certificate of incorporation) from his position as our Chief Executive Officer or (B) Mr. Armstrong has not been removed for cause or resigned from the position of Chairman of the board of directors; and (iii) the death or disability (as defined in our restated certificate of incorporation) of Mr. Armstrong, when all outstanding shares of Class B common stock will convert automatically into shares of Class A common stock. Holders of our Class A common stock are not entitled to vote separately as a single class except under certain limited circumstances. This concentrated control may limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may believe are in your best interest as one of our stockholders. In addition, Mr. Armstrong has the ability to control the management and major strategic investments of our company as a result of his position as our Chief Executive Officer and his ability to control the election or replacement of our directors. As a board member and officer, Mr. Armstrong owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, even a controlling stockholder, Mr. Armstrong is entitled to vote his shares, and shares over which he has voting control, in his own interests, which may not always be in the interests of our stockholders generally.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock, including Mr. Armstrong, who retain their shares in the long term. Moreover, it is possible that one or more of the persons or entities holding our Class B common stock could gain significant voting control as other holders of Class B common stock sell or otherwise convert their shares into Class A common stock.

The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.

Certain stock index providers exclude companies with multiple classes of shares of common stock from being added to certain stock indices. In addition, several stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A common stock in such indices, may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure, and may result in large institutional investors not purchasing shares of our Class A common stock. Any exclusion from stock indices could result in less demand for our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

Sales or distribution of substantial amounts of our Class A common stock, or the perception that such sales or distributions might occur, could cause the market price of our Class A common stock to decline.

The sale or distribution of a substantial number of shares of our Class A common stock, particularly sales by us or our directors, executive officers, and principal stockholders, or the perception that these sales or distributions might occur in large quantities, could cause the market price of our Class A common stock to decline.

In addition, we have filed a registration statement to register shares reserved for future issuance under our equity compensation plans. All of the shares of Class A common stock and Class B common stock issuable upon the exercise of stock options or vesting and settlement of restricted stock units and performance restricted stock units will be able to be freely sold in the public market upon issuance, subject to applicable vesting requirements and compliance by affiliates with Rule 144 under the Securities Act.

Further, certain holders of shares of our common stock will have rights, subject to some conditions, to require us to file registration statements for the public resale of shares of Class A common stock or to include such shares in registration statements that we may file for us or other stockholders. Any registration statement we file to register additional shares, whether as a result of registration rights or otherwise, could cause the market price of our Class A common stock to decline or be volatile.

We also may issue our capital stock or securities convertible into our capital stock, including in the form of blockchain tokens, from time to time in connection with a financing, an acquisition, investments, pursuant to customer rewards, loyalty programs, and other incentive plans, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

If securities or industry analysts do not publish or cease publishing research, or publish inaccurate or unfavorable research, about our business, the price of our Class A common stock and its liquidity could decline.

The trading market for our Class A common stock may be influenced by the research and reports that securities or industry analysts publish about us or our business, our market, and our competitors. We do not have any control over these analysts. If securities and industry analysts cease coverage of us altogether, the market price for our Class A common stock may be negatively affected. If one or more of the analysts who cover us downgrade our Class A common stock, or publish inaccurate or unfavorable research about our business, the price of our Class A common stock may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline. In light of the unpredictability inherent in our business, our financial outlook commentary may differ from analysts' expectations, which could cause volatility to the price of our Class A common stock.

We cannot guarantee that the Share Repurchase Program will be fully consummated or that such program will enhance the long-term value of our Class A common stock price.

In October 2024, our board of directors authorized and approved the Share Repurchase Program, which provides for the repurchase of up to $1.0 billion of our outstanding Class A common stock without expiration. Repurchases may be made from time to time in the open market (including through trading plans intended to qualify under Rule 10b5-1 under the Exchange Act), in privately negotiated transactions, or by other methods in accordance with the applicable federal and state laws and regulations. The timing of any repurchases will depend on market conditions and will be made at our discretion. The Share Repurchase Program does not obligate us to repurchase any dollar amount or number of shares of our Class A common stock, and the program may be modified, suspended, or discontinued at any time.

The Share Repurchase Program could affect the price of our Class A common stock and increase the volatility thereof. Price volatility may cause the average price at which we repurchase our Class A common stock in a given period to exceed the stock's price at a given point in time. There can be no assurance that the Share Repurchase Program will have a positive impact on our Class A common stock price or net income (loss) per share. Important factors that could cause us to discontinue or decrease share repurchases under the Share Repurchase Program include, among others: unfavorable market conditions; the market price of our Class A common stock; the nature of other investment or strategic opportunities presented to us from time to time; our ability to make appropriate, timely, and beneficial decisions as to when, how, and whether to repurchase shares under the Share Repurchase Program; and the availability of funds necessary to fulfill such repurchases.

Provisions in our charter documents and under Delaware law, and certain rules imposed by regulatory authorities, could make an acquisition of us, which may be beneficial to our stockholders, more difficult, limit attempts by our stockholders to replace or remove our current management, limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees, and limit the price of our Class A common stock.

Provisions in our restated certificate of incorporation and restated bylaws may have the effect of delaying or preventing a merger, acquisition, or other change of control of our company that the stockholders may consider favorable. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Our restated certificate of incorporation and restated bylaws include provisions that:

- permit our board of directors to establish the number of directors and fill any vacancies and newly-created directorships;

- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of “blank check” preferred stock and common stock that our board of directors could use to implement a stockholder rights plan or issue other shares of preferred stock or common stock, including blockchain tokens;
- provide that only our Chief Executive Officer, the chairperson of our board of directors, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit cumulative voting;
- provide for a dual class common stock structure in which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our Class A common stock and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- provide that the board of directors is expressly authorized to make, alter, or repeal our restated bylaws; and
- provide for advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Moreover, Section 203 of the Delaware General Corporation Law (the “DGCL”) may discourage, delay, or prevent a change of control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between holders of 15% or more of our common stock and us.

In addition, a third party attempting to acquire us or a substantial position in our common stock may be delayed or ultimately prevented from doing so by change in ownership or control regulations to which our regulated broker-dealer subsidiaries are subject. FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with any transaction resulting in a single person or entity owning, directly or indirectly, 25% or more of a member firm’s equity and would include a change of control of a parent company.

Our restated certificate of incorporation contains an exclusive forum provision for certain claims, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our restated certificate of incorporation, to the fullest extent permitted by law, provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a claim that is based upon a breach of fiduciary duty; any action asserting a claim against us or any current or former director, officer, stockholder, employee or agent of ours, arising pursuant to the DGCL, our restated certificate of incorporation, or our restated bylaws; any action asserting a claim against us that is governed by the internal affairs doctrine; or any action asserting an “internal corporate claim” as defined in Section 115 of the DGCL.

Moreover, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder and our restated certificate of incorporation provides that the federal district courts of the United States of America are, to the fullest extent permitted by law, the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or a Federal Forum Provision, unless we consent in writing to the selection of an alternative forum. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. The Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act to the fullest extent permitted by law. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities will be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit our stockholders' ability to bring a claim in a judicial forum they find favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the choice of forum provision contained in our restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Issuer Purchases of Equity Securities

In October 2024, the Board authorized the repurchase of up to an aggregate of $1.0 billion of the Company's Class A common stock without expiration. The Share Repurchase Program does not obligate the Company to repurchase any dollar amount or number of shares of the Company's Class A common stock, and the program may be modified, suspended, or discontinued at any time. As of March 31, 2025, no shares have been repurchased under the Share Repurchase Program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

The Company's directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) are only permitted to trade in the Company's securities pursuant to a prearranged trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act (a "Rule 10b5-1 Plan"). During the three months ended March 31, 2025, none of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 Plan.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference: Form	File No.	Exhibit	Filing Date	Filed or Furnished Herewith
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, formatted as in iXBRL and contained in Exhibit 101					X

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act of the Exchange Act.

SIGNATURES

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

COINBASE GLOBAL, INC.

Date: May 8, 2025	By:	/s/ Brian Armstrong
		Brian Armstrong Chief Executive Officer and Director (*Principal Executive Officer*)
Date: May 8, 2025	By:	/s/ Alesia J. Haas
		Alesia J. Haas Chief Financial Officer (*Principal Financial Officer*)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Armstrong, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Coinbase Global, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ Brian Armstrong

Brian Armstrong
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alesia J. Haas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Coinbase Global, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ Alesia J. Haas

Alesia J. Haas
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Coinbase Global, Inc., a Delaware corporation (the "Company"), for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Brian Armstrong, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2025

/s/ Brian Armstrong

Brian Armstrong

Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Coinbase Global, Inc., a Delaware corporation (the "Company"), for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Alesia J. Haas, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2025

/s/ Alesia J. Haas

Alesia J. Haas
Chief Financial Officer
(Principal Financial Officer)