Coinbase Global, Inc.
Second Quarter 2025 Analyst Q&A Call
July 31, 2025

Anil Gupta, Vice President, Investor Relations: Good afternoon and welcome to the Coinbase second quarter 2025 Analyst Q&A call. Joining me on today's call is Alesia Haas, CFO. Before we get started, I'd like to remind you that during today's call, we may make forward-looking statements. Actual results may vary materially from today's statements. Information concerning risks, uncertainties, and other factors that could cause these results to differ is included in our SEC filings. Our discussion today will also include references to certain non-GAAP financial measures. Reconciliations to the most directly comparable GAAP financial measures are included in our shareholder letter on our investor relations website. Non-GAAP financial measures should be considered in addition to, not as a substitute for, GAAP measures. And with that, Krista, let's take our first question.

Operator: Your first question comes from the line of Owen Lao with Oppenheimer. Please go ahead.

Owen Lau, Oppenheimer: Thank you for taking my question. So from a modeling perspective, could you please give us more color on the financials of Deribit? How profitable this business is, and should we think about that acquisition?

Alesia Haas, CFO: Thanks, Owen. We have not provided any outlook on Deribit as it has not yet closed. We'll provide more color on our third quarter earnings call as we get closer towards the end of the year.

Operator: Your next question comes from the line of Andrew Jeffrey with William Blair. Please go ahead.

Andrew Jeffrey, William Blair: Hi, appreciate you taking the question. Happy to be on my first Coinbase call here, I apologize I missed some of the initial public call so if I'm a little repetitive, please bear with me. I actually had a two-part question on stablecoins. One is, internally USDC, in particular, I kind of agree with your view that it's a question of when rather than if stablecoins become more ubiquitous for commerce whether that's consumer payments or cross-border B2B payments, remittances, whatever the case may be. As you're planning internally in investing around that potential, how do you kind of think about timing and time frame? It seems very indeterminate, but I think if anybody has a view it's probably Coinbase. And then the second part of the question is, as more entities talk about issuing their own stablecoins, does the proliferation of stablecoins and fragmentation of the ecosystem change the monetization for Coinbase? How do you think about that if there isn't a standard around USDC as one of two or three commerce or payment coins out there?

Alesia Haas, CFO: Great questions, Andrew. Welcome to our calls. Around the timing around growth of payments, these things are very hard to predict with any accuracy. But what I will say is that we've seen increasing momentum and that comes from both the technology getting stronger. We now have layer 2s like Base that are in milliseconds of payment confirmation timelines and millicents of transaction costs.

This comes from regulatory clarity with the Genius Act now coming into law that people now feel confident in using these as payment stablecoins which brings a lot of corporations and banks and others into the space because they can recognize this as a payment asset. And we're starting to get commercial adoption. I think that what you can look at in our own quarter is we now have a stack of APIs and a business account. We have a partnership with Shopify where they're enabling merchants to use USDC within their technology and we're beginning to build out that distribution network of retail merchants all being able to then transact on these stablecoin rails. So, we're seeing growth and momentum, but it needed to get to that level of infrastructure around milliseconds, millicents and to get to regulatory clarity to unlock what we think is the true potential of growth.

So now our goal is to make this easier to use, bring on more distribution partners, and USDC is the most compliant, largest, US regulated stablecoin and we think that that network effect gives us an opportunity to really win here.

When I then think about your second part of your question around fragmentation, I think with any new technology, you often see a lot of fragmentation, then you see consolidation, and I think that's what you will see here. I think ultimately we believe that this USDC has a network effect that we have multiple distribution partners and that gives us a really large opportunity to win in this space. We are believers in needing to share economics. We have a robust reward program and we are happy to bring new distribution partners on our platform to partner with them to give them an opportunity to build in USDC. And I think that's what really differentiates us in the market right now.

For our own opportunities, I think that we partner with other stablecoins as well and that we are asset agnostic and have opportunities to monetize in many ways if there is a fragmentation of these stablecoins. But long term, we think it's good for consumers to have a more consolidated interoperable network opportunity.

Operator: Your next question comes from the line of Gus Gala with Monness, Cresby, & Hardt. Please go ahead.

Gus Gala, Monness, Cresby, & Hardt: Hey, thank you for taking my question. So one on Base. Do we - it seems like Base allows enough of a price umbrella for fraud and chargeback mechanisms or players in the ecosystem to develop stuff around that, right, to overlay on the Base chain as it relates to capturing B2B payments, right, and then comparing that to the price of existing wire systems and RTP. Does Coinbase have any interest in building that house? The fraud and chargeback capacity? I think something will be pretty important in terms of journeying into that TAM. Thanks.

Alesia Haas, CFO: It's a great question. So I think we think about Base chain as a network. It's a protocol. It's no different than a telecom network or the SWIFT network or the Visa network. It's a network. That is where the transaction sits, it's just technology, will confirm. But absolutely, layered on top of that network, there is opportunity to build value added services such as fraud and chargeback. But that would be built in a product on top of the Base network. As we build out our business product suite and the APIs that Brian mentioned in his opening comments, those are opportunities for us to build more deeply into that space, but also others could build on top of Base in a similar way and offer products and services for payments on top of Base.

Operator: Your next question comes from the line of Alex Markgraff with Key Bank Capital Markets. Please go ahead.

Alex Markgraff, Key Bank Capital Markets: Thanks, Alesia. Maybe one on the Coinbase One card. Just the reward structure being quite attractive. Just be curious to understand how the economics might look around that considering the combination of subscription pricing too? And then just thoughts around the sort of timing of and willingness to scale the consumer credit portfolio around that? Thanks.

Alesia Haas, CFO: Great. So we're really excited about the Coinbase One card. It's going to offer 4% cash back as Bitcoin rewards. We really look at this card as an engagement mechanism to drive the Coinbase One subscription growth. And this will enable people to use and transact in crypto. It'll drive what we hope is deeper engagement on our platform, more adoption of USDC, more adoption of crypto products and services. From a direct monetization perspective, we don't anticipate this being a material contributor independently to our P&L. It will monetize through broader engagement of the other products and services on the platform.

The other thing to note about this is that we are not the credit provider of this card and so you will not see a balance buildup or credit losses coming from this program on our balance sheet.

Operator: Your next question comes from the line of Craig Siegenthaler with Bank of America. Please go ahead.

Craig Siegenthaler, Bank of America: Thanks, good evening everyone. So I had a question on new store sales versus same store sales and you may not look at it that way but with monthly transacting users only up 6% year-on-year but assets on platform 63% higher, I'm just wondering as you see asset appreciation and inflows from existing clients as the primary driver of growth in the future versus your ability to expand your client base?

Alesia Haas, CFO: Great question. We absolutely believe that our unique ability to store assets is a long-term growth driver for us. We store a disproportionate amount of crypto assets compared to our next nearest competitors. And I think that our long history of being the most trusted service provider in the space gives us a unique ability to do that. Many of our customers are what we call hodl'ers. They buy, they're looking for a long-term investment, and those assets, they don't need to trade every single week, every single month, even sometimes over years.

We have a different group of customers that are speculators and they are active traders on our platform looking for unique price arbitrage opportunities in the market and we want to serve them as well. The ability to bring in new users we believe is heavily correlated with utility in crypto which is why we have been actively building out payments for example with USDC, offering the ability to use a Coinbase card, staking, all of these other things. Each incremental product tends to drive new adoption of users. In addition, we see new users come into crypto in waves around the price cycles of crypto assets.

So having the assets on platform we believe gives us a sticky base to attach new products and services into our users as we develop new use cases and utility in crypto.

Operator: Your next question comes from the line of Bo Pei with US Tiger Securities Inc. Please go ahead.

Bo Pei, US Tiger Securities Inc.: Hi, thanks for taking my question. So I have a follow up on the tokenized equity. So how do you plan to source the underlying stocks that actually back these tokens? Will you acquire them using your own balance sheet or through the sort of stock borrowing agreements with institutional partners? And then are there any technical or regulatory challenges you foresee in supporting features like voting rights and dividend distributions onchain? Thank you.

Alesia Haas, CFO: Thanks for these questions. These are the really important conversations we're having both internally with our teams on the technology build as well as with regulators on what we need to see enacted into regulation or law for us to bring securities onchain.

We are building to a future where everything is onchain including voting, including dividends, but that will be a process to get there and we are pioneering kind of the way forward. It is too early to share with you our roadmap on whether or not we believe that we will do this in a wrapped way which would require sourcing the equities and holding them on our platform using our balance sheet, or if we were going to pursue more of a native issuance onchain.

We will share roadmap with you in coming days, but we are deeply engaged in the regulatory conversations and the technical builds to bring this to market so we can bring all assets onchain.

Operator: Your next question comes from the line of Joseph Vafi with Canacor Genuity. Please go ahead. Joseph, your line is open.

Joseph Vafi, Canaccord Genuity. Yes, thanks. Hi Alesia, Anil, thanks for taking the questions here. Maybe one more application for the Base layer 2 should be bringing earnings conference calls onchain.

But, just a question on the relationship with Circle. Clearly a deep relationship – you have an equity position. You're a big distribution partner. You're pretty attached at the hip, but at the same time, it feels like, at some point there's going to be a little bit of butting of heads on a competitive side here, just as you know, they're building out a payments network over there and clearly you have large ambitions with your platform on payments. You're both going to have sets of APIs for merchants, etc. Just kind of wondering how you and your partner are thinking about this as the market expands and maybe you have more competitive touch points. Thanks.

Alesia Haas, CFO: Great question. Circle is a very important commercial partner to us. We were co-founders of USDC and are really pleased with the growth we've seen over the past seven years to bring USDC to over $60 billion of market cap. You're right, we may have products that compete, but we are both incentivized to grow USDC's total market share, grow the number of distribution partners, grow utility on this asset.

USDC, at the end of the day, is an important utility layer of overall crypto innovation. So, we believe that the waterfall that we shared in our shareholder letter really shows how these are unique business opportunities for each of us. So we are benefited by growing assets on our own platform. We are benefited equally by growing the overall ecosystem because the more USDC in circulation leads to a growing number of USDC coins held off platform, in which we share with 50% of the economics and Circle does as well. So, we're both incentivized to continue to grow that share.

Operator: Your next question comes from the line of Pete Christensen with Citi.

Pete Christiansen, Citi: Thank you, good evening. Alesia – CLARITY looks pretty favorable for Coinbase all around, just curious if there's anything within the House's version of the bill that we should be aware of from a financial operating perspective that perhaps may do some changes on the business? And then as a follow up as, it heads to the Senate, which sounds like it might be a bit more work, have you come across any pressure from Senators, or what have you, questioning the vertically integrated model, the combination of the broker dealer and the exchange? Just curious if you're seeing any pressure there. Thank you.

Alesia Haas, CFO: We are really excited about CLARITY and we are actively engaged in conversations to help drive it in a direction that we think is beneficial for the overall ecosystem. I want to point to a couple recent speeches. So, Chair Atkins today shared that he's supportive of a vertical ecosystem, that he wants to be able to trade all assets side by side, securities, commodities, etc. So, I do think there is momentum towards our vision of the future and really what customers want. Customers want to see all these assets in one place.

So, right now, I would say we have really good momentum in the direction that we think that we need to go in. And I want to also just share though, we're going to see CLARITY take years to implement. There'll be rulemaking. We'll have effective dates. We'll have transition, and so as it impacts our business model, I think we will see this play out quarter-over-quarter for the next period of time.

But really excited by the momentum that you're seeing coming out of the White House. President Trump is delivering on his campaign goals to really drive crypto legislation in the US, and making the US a place where crypto is going to thrive, and hopefully be the center of innovation of the world for this asset class.

Operator: Your next question comes from the line of Mike Colonnese with HC Wainwright.

Mike Colonnese, HC Wainwright: Really on USDC, really a follow up to Joe's question earlier. Alesia, if you could just remind us when your current distribution agreement with Circle is up for renewal and do you see any risks to Coinbase potentially getting less lucrative economics from the arrangement down the road, especially as USDC and the network continues to scale?

Alesia Haas, CFO: Great question. So, our contract is a perpetually renewing contract where if there were going to be any changes, we would both – Coinbase and Circle – have to agree to make changes in the contract. It perpetually renews as long as we meet minimum product requirements that we have in our control to continue to provide for.

Operator: Your final question comes from the line of Alex Markgraff at Key Banc Capital Markets. Please go ahead.

Alex Markgraff, Key Bank Capital Markets: Thanks for squeezing in a second one for me. Alesia, maybe on the opex side of things. Heard the comments on tech & dev and G&A and just sort of some of the hiring. I know you don't guide to that beyond the next quarter, but just thinking about sort of where you guys are in the investment cycle to help us contemplate what that line could look like in the next several quarters would be helpful. Thanks.

Alesia Haas, CFO: Thanks for the question. So this year was an investment year for us and we stated in the beginning of the year, Brian I think even shared that we plan to hire a thousand people in the US for example. So this is a year where we were really driving headcount growth to really go after the breadth of opportunities that we see in the market that has been enabled by regulatory clarity and also just the advancement of technology. It's too early to provide for an outlook on expenses in 2026. But I would say that I think this is a heightened year of investment.

Operator: Your next question comes from the line of Chris Brendler with Rosenblatt. Please go ahead.

Chris Brendler, Rosenblatt: Hi, good evening. Thanks for taking my question. I wanted to ask about the elevated level of transaction expenses in I think the 10-Q - or the shareholder letter - it indicates there was rebates and incentives to build open interest in the derivatives business? So could you just give us a little more color there? And is that potentially driving an increase in take rates since derivatives are not included in volume I believe? So as revenues start to increase from derivatives I would think it would have an impact on that calculation of revenue per volume. Thanks.

Alesia Haas, CFO: Great question. So there was not a material impact on the overall institutional revenue as it compared to institutional volume this quarter. These rebates and expenses we had anticipated being contra revenue and that was the guidance we had given on our Q1 earnings call but due to the design of the incentive programs and the mix of client activity they were recorded instead as transaction expenses which drove up the transaction expense as a percent of transaction revenue to be at 17%, slightly higher than it had trended for the last few quarters.

The goal here is, as we previously have shared, is we're trying to drive liquidity in our derivatives exchange, drive market share. We expect those incentives to not run at the same level for the long term, but this is an area of investment and growth for us right now.

Anil Gupta, Vice President, Investor Relations: Okay, I think that's all the questions we have for this call. So, thanks everyone for joining and we look forward to speaking to you next quarter.