

Coinbase Global, Inc. (COIN)

Post-earnings equity research note | Q2 FY2026 reported 30 July 2026 | Prepared 5 August 2026

WATCHLIST

Unchanged from previous report

Last close (4 Aug 2026)	\$150.73
Move since the print (30 Jul close \$163.58)	-7.9%
Revenue	\$1.22bn (-18.5%) — missed by 11%
Diluted EPS	-\$1.36 (vs -\$0.01 expected)
Bitcoin share of revenue	12% (from over 50% historically)
Probability-weighted fair value	\$147.50

What the Quarter Changed

This was the weakest quarter reported by any company in current coverage, and it needs to be stated plainly before anything constructive is said about it. Revenue of approximately \$1.22 billion fell 18.5% year over year and came in \$150 million, or 11.1%, below the \$1.35 billion consensus. The company reported a loss of \$1.36 per share against an expected loss of \$0.01. Monthly transacting users fell to 7.6 million from 8.7 million a year earlier, below the 8.1 million expected. Assets on the platform fell to \$245.9 billion from \$425 billion, a decline of 42% driven principally by lower crypto asset prices.

There is no reading of those figures that is anything other than bad, and the market's response, a 10.6% fall on 20.9 million shares against a twenty-day average near 7.5 million, was proportionate.

What genuinely changed, however, sits underneath the headline and cuts the other way. Bitcoin-related transactions now account for 12% of total company revenue, down from more than half historically. That is the single most important structural disclosure in the release. Coinbase also reported its third consecutive quarter of record crypto trading volume market share, and Coinbase One paid subscribers reached an all-time high. Growth came from prediction markets, perpetual futures, stock trading and services, and Base, the company's Ethereum layer-2 network, handled \$32 trillion of stablecoin transfer volume over the trailing twelve months.

The correct summary is therefore uncomfortable but precise: Coinbase is executing a successful diversification and winning share, inside a market that is contracting faster than the diversification can offset. Those two things are simultaneously true, and which one dominates over a two-year horizon is the entire investment question.

Q2 FY2026 reported results

Measure	Q2 FY26	Q2 FY25	Change	vs consensus
Total revenue	~\$1.22bn	~\$1.50bn	-18.5%	Miss (\$1.35bn est.)
Diluted EPS	-\$1.36	—	loss	Miss (-\$0.01 est.)
Monthly transacting users	7.6m	8.7m	-12.6%	Below 8.1m estimate
Assets on platform	\$245.9bn	\$425.0bn	-42.1%	Chiefly lower asset prices
Bitcoin share of revenue	12%	over 50%	structural shift	Diversification
Coinbase One paid subscribers	record high	—	—	Grew in a down market

Measure	Q2 FY26	Q2 FY25	Change	vs consensus
Crypto trading volume market share	record	—	3rd consecutive quarter	—
Base stablecoin transfer volume	\$32tn	—	trailing 12 months	—
Gross profit margin	85.5%	—	—	Structurally high
Current ratio	2.14	—	—	Liquidity intact

Source: Coinbase Q2 2026 shareholder materials and Q2 2026 earnings call transcript, 30 July 2026. Prior-year revenue is derived from the disclosed decline. Results were also affected by elevated restructuring costs, the quantum of which was not separately disclosed in the materials reviewed.

Outlook

Coinbase did not issue traditional quarterly guidance. Management instead pointed to expansion in prediction markets, derivatives, stock trading and, prospectively, stock options. Pre-IPO perpetual futures have seen encouraging early traction among non-United States users, with domestic access described as on the roadmap. The company reiterated continued investment in Base and in USDC.

The absence of guidance is normal for Coinbase and should not be read as evasion, but it does mean the forward case rests on external estimates. Analyst forecasts compiled at the time of writing point to earnings per share of approximately \$0.55 in the coming quarter and \$5.13 for fiscal 2027, on revenue of roughly \$1.49 billion and \$7.33 billion respectively. Those estimates imply a rapid return to profitability and substantial revenue recovery, and nine analysts revised earnings downwards for the upcoming period following this release. An investor relying on the fiscal 2027 figure is relying on a crypto market recovery that has not begun.

The Diversification Argument

The strategic case for Coinbase has always been that it would eventually stop being a leveraged proxy for the Bitcoin price. This quarter provides the strongest evidence yet that the transition is real, and the most vivid demonstration of how far it still has to run.

Bitcoin transactions falling to 12% of revenue from more than half is a structural change, not a cyclical one. The revenue that replaced it comes from prediction markets, perpetual futures, equity trading, staking, card usage and subscription. Chief financial officer Alesia Haas described the Coinbase One relationship as accretive because it drives activity up and down the product stack, and noted that customers who store assets with Coinbase tend to trade with Coinbase. Chief executive Brian Armstrong made the same point about custody as a cross-selling foundation, observing that the company stores more crypto than any other.

Base is the least understood asset in the group. Thirty-two trillion dollars of stablecoin transfer volume over twelve months is infrastructure-scale throughput, and the company positioned itself explicitly as a multi-stablecoin platform, with Armstrong stating an intention to support the stablecoins customers want and to strike favourable economic arrangements where possible. If stablecoin settlement becomes a genuine payments rail, ownership of a dominant layer-2 network is a materially different asset from a retail brokerage.

The limit of the argument is arithmetic. Diversification has changed the composition of revenue without preventing it from falling 18.5%, because the non-Bitcoin lines are also crypto-correlated and because the whole platform shrank by 42% in assets. Diversifying within a single asset class reduces concentration risk but not cyclical risk.

Risks

Risk	Probability	Severity	Comment
Crypto cycle deepening	Medium	High	Assets on platform already down 42%. Revenue is levered to prices and volumes in both directions.
User attrition	Medium	High	Monthly transacting users down 12.6% to 7.6m and below expectations. The most concerning operating metric in the release.
Extreme share volatility	High	High	Beta of 3.35 and a 57.6% decline over twelve months. Position sizing must be small.
Leadership turnover	Medium	Medium	Several senior departures. Armstrong pointed to a deep bench and a succession process, but the timing is unhelpful.
Regulatory	Medium	Medium	The CLARITY Act awaits a Senate vote. Armstrong said Coinbase would be fine without it, while arguing consumers would lose most.
Competition	Medium	Medium	Rivals expanding into crypto, derivatives and blockchain infrastructure, including several names in this coverage universe
Estimate risk	High	Medium	Nine analysts cut forecasts after the release; the FY27 consensus of \$5.13 assumes a recovery not yet in evidence

Valuation

Coinbase carries a market capitalisation of roughly \$43.2 billion at \$150.73. The shares are 62.5% below the 52-week high of \$402.16 and 8.3% above the 52-week low of \$139.18, having declined 57.6% over twelve months. On the fiscal 2027 consensus of \$5.13 the forward multiple is about 29.4 times, which for a company that has just reported a \$1.36 quarterly loss is a valuation entirely dependent on the recovery embedded in that estimate.

The honest position is that Coinbase cannot be sensibly valued on current earnings, because current earnings are negative and cyclical. The framework that fits better is asset-based and optionality-based: an 85.5% gross margin business with the largest crypto custody position in the industry, record and rising trading market share, a subscription product at all-time-high penetration, and a layer-2 network processing \$32 trillion of stablecoin volume. None of those are impaired by a 42% fall in asset prices. All of them are worth considerably more if the cycle turns.

The counterweight is that the same characteristics were present when the shares were at \$402, and they did not prevent a 62.5% decline. Buying cyclical optionality is only profitable if the entry price already reflects the downturn. At 8% above the 52-week low, with the market still contracting and estimates still being cut, it partly does and partly does not.

Metric	Value	Assessment
Price (4 Aug 2026 close)	\$150.73	8.3% above the 52-week low
Market capitalisation	~\$43.2bn	—
Decline from 52-week high (\$402.16)	-62.5%	The cycle is substantially priced
Twelve-month share price change	-57.6%	—
Forward P/E on FY27 consensus (\$5.13)	~29.4x	Depends entirely on a recovery not yet visible
Gross profit margin	85.5%	Structural, survives the downturn
Beta	3.35	Among the highest in coverage

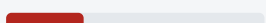
Metric	Value	Assessment
Probability-weighted fair value	\$147.50	Approximately 2.1% below the current price

Technical Position

Indicator (as of 4 Aug 2026)	Value	Reading
Close	\$150.73	Below every computable moving average
SMA20	\$160.25	Price 5.9% below
SMA50	\$162.60	Price 7.3% below
SMA100	\$176.92	Price 14.8% below — a steep downtrend
SMA200	not computed	Insufficient history in the 100-session series; not estimated
RSI(14)	43.6	Neutral, not yet oversold
MACD / signal / histogram	-2.88 / -1.49 / -1.39	Bearish
ATR(14)	\$10.48	7.0% of price
100-session range	\$139.11 - \$222.35	Price near the lower bound

Indicators computed from 100 daily OHLCV sessions (12 Mar - 4 Aug 2026). The 200-day average could not be derived from that window and has deliberately not been estimated. The declining sequence of moving averages, with the 20-day below the 50-day below the 100-day, describes an established downtrend.

Scorecard

Category		Score	Comment
Business quality		6/10	85.5% gross margin and record market share, against revenue that fell 18.5%
Financial strength		6/10	Current ratio of 2.14 and no liquidity concern, but a loss-making quarter
Competitive advantage		7/10	Largest crypto custodian, record trading share, and Base as genuine infrastructure
Management		6/10	Diversification executed well; a very large miss and several senior departures
Growth potential		6/10	New product lines are real, but the core market is contracting faster
Valuation		5/10	~29x a FY27 consensus that assumes a recovery not yet in evidence
Risk (higher = safer)		3/10	Beta 3.35, 7.0% daily ATR, users declining, estimates being cut
Technical setup		3/10	Below all moving averages in an established downtrend

Overall Investment Score: 53/100

Weightings: risk 16, valuation 16, growth 14, business quality 14, competitive advantage 12, financial strength 12, management 11, technicals 5. This is the lowest overall score in current coverage.

Recommendation: Watchlist (reaffirmed)

The rating is reaffirmed at Watchlist. That deserves justification, because a quarter with an 18.5% revenue decline, a \$1.36 loss against a break-even expectation, users down 12.6% and platform assets down 42% would ordinarily point lower.

Three considerations hold the rating where it is. The first is that the shares have already fallen 62.5% from their 52-week high and 57.6% over twelve months, and sit 8.3% above the 52-week low. Downgrading a cyclical business to Avoid after the cycle has already been priced is the most common way to convert a paper loss into a permanent one. The second is that the operating evidence, as distinct from the financial evidence, is genuinely good: a third consecutive quarter of record trading market share, record Coinbase One subscribers achieved in a falling market, and Bitcoin's share of revenue down to 12% from over half. A company losing its franchise does not gain share three quarters running. The third is the balance sheet, with a current ratio of 2.14 and an 85.5% gross margin, which means this is a company enduring a downturn rather than one at risk from it.

What prevents any more positive rating is equally clear. Revenue is falling, users are leaving, no guidance was offered, nine analysts cut estimates immediately afterwards, and the entire forward valuation case rests on a fiscal 2027 consensus of \$5.13 that presumes a crypto recovery with no evidence yet that one has begun. At a beta of 3.35 and a 7.0% average daily range, being early here is expensive.

The rating would move to Buy on evidence that monthly transacting users have stopped declining, which would signal the cycle has found a floor, or on the shares breaking below the \$139 low on capitulation volume while the market-share and subscription metrics continue improving. It would move to Avoid if users fall for a second consecutive quarter while trading market share also declines, which together would indicate the problem has moved from cyclical to competitive.

Scenario analysis

Scenario	Prob.	Path	Fair value	Conditions
Bull	25%	FY27 EPS ~\$7.00	\$245	Crypto cycle turns, share gains compound into a recovering market, Base and stablecoin economics re-rate as infrastructure
Base	45%	FY27 EPS ~\$4.50	\$135	Market stabilises without recovering strongly; diversification offsets but does not reverse the decline; ~30x
Bear	30%	FY27 EPS ~\$2.00	\$85	Downturn extends, user attrition continues, restructuring costs persist and estimates keep falling

Probabilities sum to 100%. Probability-weighted fair value: \$147.50, approximately 2.1% below the 4 August close of \$150.73. The distribution is unusually wide even by the standards of this coverage universe.

Final Verdict

Coinbase is winning a shrinking market, and this quarter showed both halves of that sentence with unusual clarity.

The financial results were poor by any measure: revenue down 18.5% and \$150 million short of expectations, a loss of \$1.36 per share against an expected break-even, users down 12.6%, and platform assets down 42%. Anyone holding this stock for the diversification story had to watch the diversification succeed and the revenue fall anyway.

The operating results were, in isolation, encouraging. Trading market share reached a record for the third consecutive quarter. Coinbase One subscribers hit an all-time high while the market fell. Bitcoin now represents 12% of revenue rather than more than half, which means the business that emerges from this cycle will be structurally different from the one that entered it. Base processed \$32 trillion of stablecoin volume, which is a figure appropriate to payments infrastructure rather than to a retail exchange.

The judgement is that these are the results of a good company in a bad market, and that the market is the variable that has to change first. At 62.5% below its high, much of that bad market is in the price; at 29 times a 2027 estimate that assumes recovery and is being cut, not all of it is. The single metric that will settle it is monthly transacting users, because prices are outside the company's control and users are the closest thing to a leading indicator of the cycle turning. Until that number stops falling, the correct position is watchful and small.

Sources

Coinbase Global, Inc. — Q2 2026 shareholder letter and results, investor.coinbase.com (30 Jul 2026) • Investing.com — Coinbase Q2 2026 earnings call transcript, executive commentary and analyst Q&A • Alpha Vantage — daily OHLCV series, 12 Mar to 4 Aug 2026 • StockStory and Yahoo Finance — Q2 2026 results coverage

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