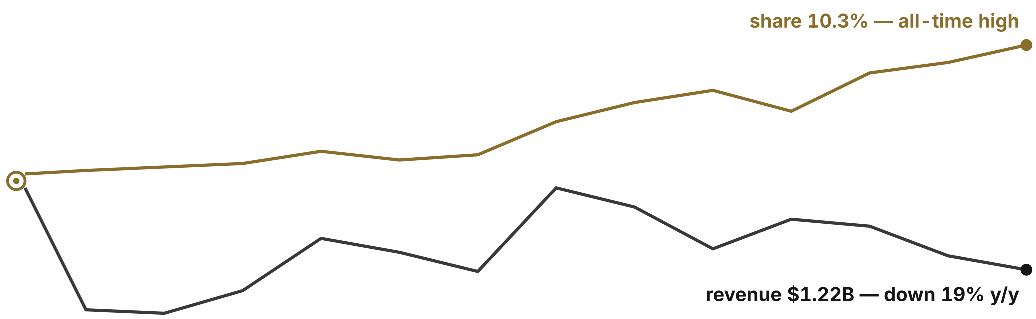
TON618 Capital

ADDENDUM · COINBASE GLOBAL, INC. (NASDAQ: COIN) · Q2 2026 RESULTS

The Scissors Open Wider

Q2 2026: every franchise metric made an all-time high while the cyclical economics made new lows. The reconciliation is still priced in the bulls' favor. Fair value unchanged at ≈$102.

COMPANION TO “COINBASE (COIN): THE RIGHT COMPANY AT THE WRONG PRICE” (5 JUL 2026) · COIN $154.60 POST-MARKET, 30 JUL 2026



Q2'23 → Q2'26 · the two blades of the same company (schematic of Exhibits 1a/1b)

10.3% CRYPTO TRADING VOLUME MARKET SHARE — ALL-TIME HIGH, 3RD STRAIGHT RECORD	**$(1.36)** DILUTED EPS — THIRD CONSECUTIVE GAAP QUARTERLY LOSS
$460M Q3 TRANSACTION-REVENUE PACE IMPLIED BY $130M QTD THROUGH 26 JUL	**$102** TON618 PROBABILITY-WEIGHTED FAIR VALUE — UNCHANGED VS $155 POST-MARKET

Band figures: Coinbase Q2'26 earnings deck (8-K, acc. 0001679788-26-000087, 30 Jul 2026); Q3 pace is our annualization of the company's disclosed QTD figure; price is the FMP post-market last trade, 30 Jul 2026 ~6:30pm ET.

Coinbase reported Q2 2026 after the close on July 30: total revenue of **$1,220M** (−14% Q/Q, −19% Y/Y) against consensus near $1.29B, a GAAP net loss of **$(359.5)M**, and adjusted EBITDA of **$207.8M** — the fourteenth consecutive positive quarter. The stock fell about 5% in post-market trading to roughly $155. The print is the cleanest single-quarter illustration yet of the split our July note was built on: the franchise is compounding and the cycle is cutting, and the two moved *further apart* this quarter, not closer together.

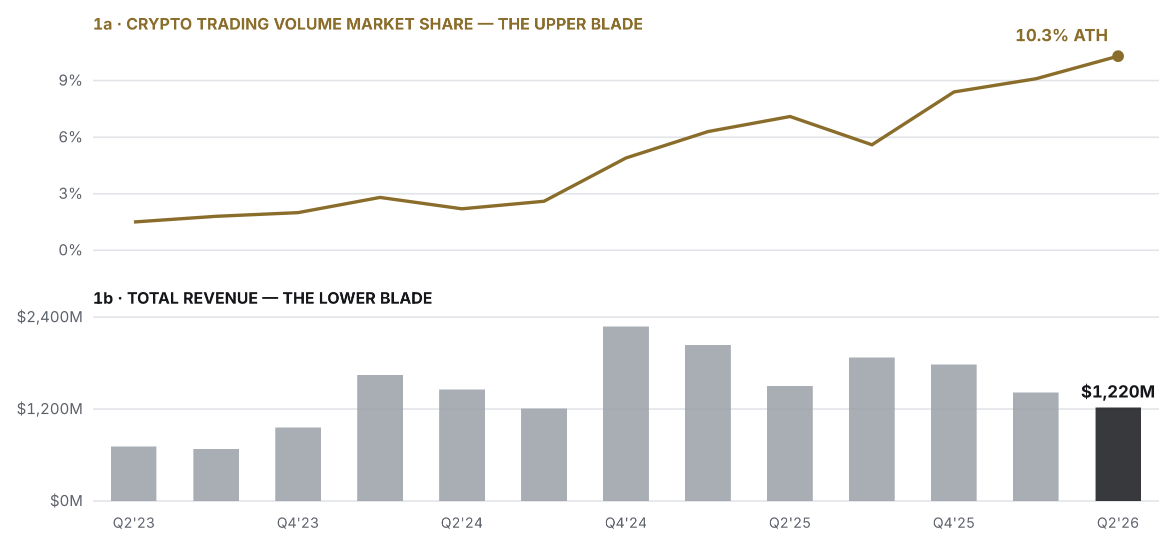
↗ The upper blade: every franchise metric made a high

Market share in total crypto trading volume reached **10.3%**, an all-time high and the third consecutive quarterly record, with gains in both spot and derivatives — through a market whose spot volumes fell 25% Q/Q. Average USDC held in Coinbase products hit an all-time high of **$20B**, more than 30% of all USDC in circulation; the company now captures roughly half of total USDC economics. Crypto derivatives volume held approximately flat Q/Q at a $4.2T trailing-twelve-month pace against a derivatives market down double digits. And a business line that did not exist in our model — prediction markets — crossed **$100M in annualized revenue**, up 106% Q/Q, within two quarters of reaching scale.

↘ The lower blade: the cycle keeps cutting, and Q3 opened worse

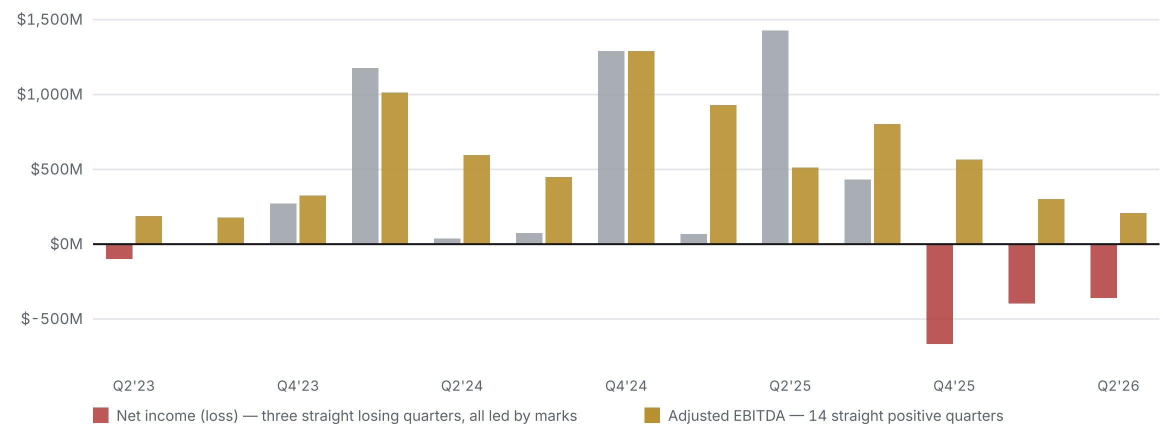
Transaction revenue fell 21% Q/Q to **$599M** (consumer $452M, institutional $100M, other $47M). First-half 2026 total revenue of $2.63B annualizes to roughly **$5.3B against FY2025's $7.2B**. The sharper datum is forward: Coinbase disclosed only **~$130M of transaction revenue quarter-to-date through July 26** — a pace of roughly $460M for Q3 if it holds, another 23% below Q2. The "normal year" in our reverse-DCF — the normalized $1.7B of net income needed to justify $165 — is receding, not approaching. The GAAP loss itself remains marks and one-timers rather than operations: $209.5M of losses on crypto held for investment, $49.9M of other net expense, and a $52.4M restructuring charge; adjusted net loss was $(104.9)M.

EXHIBIT 1 · THE SCISSORS: MARKET SHARE VS TOTAL REVENUE, Q2'23–Q2'26



Source: Coinbase Q2'26 earnings deck, EX-99.1 to Form 8-K, acc. 0001679788-26-000087; pulled via EDGAR 30 Jul 2026.
Share per Coinbase definition: spot + derivatives + stablecoin volume vs its proprietary competitor set.

EXHIBIT 2 · MARKS, NOT OPERATIONS: NET INCOME (LOSS) VS ADJUSTED EBITDA

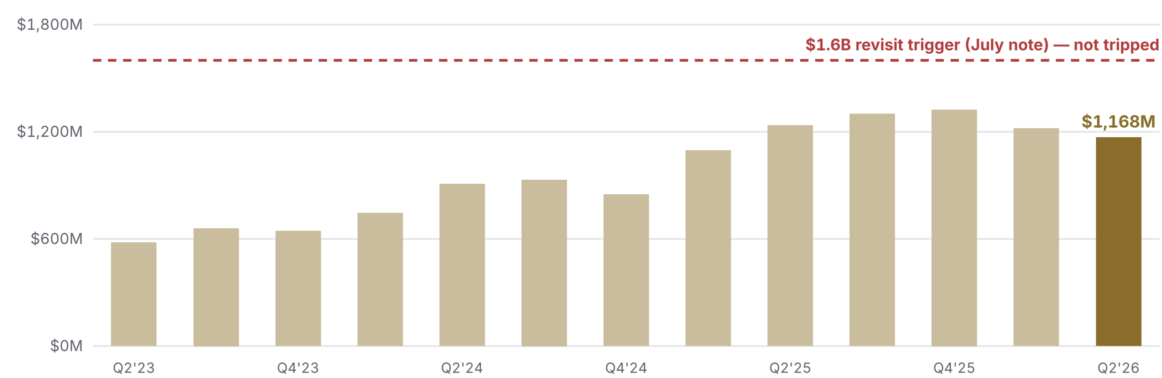


Source: Coinbase Q2'26 earnings deck, EX-99.1 to Form 8-K, acc. 0001679788-26-000087; pulled via EDGAR 30 Jul 2026.
Adjusted EBITDA is Coinbase's non-GAAP measure (reconciliation in the deck appendix).

The stablecoin line has a rate problem

Our July note set a bull-case revisit trigger at a stablecoin run-rate above $1.6B. Actual: **$292M in Q2** — a $1.17B annualized pace, down 5% Q/Q and down for a second consecutive quarter. The balance story is genuinely strong (record $20B average USDC on platform), but falling rates are eating the monetization faster than balances are growing it. This is the single clearest case in the print of a franchise metric and its revenue line moving in opposite directions — the scissors in miniature.

EXHIBIT 3 · STABLECOIN REVENUE ANNUALIZED VS THE JULY NOTE'S $1.6B REVISIT TRIGGER



Source: Coinbase Q2'26 earnings deck, EX-99.1 to Form 8-K, acc. 0001679788-26-000087; pulled via EDGAR 30 Jul 2026.
Run-rate = reported quarterly stablecoin revenue × 4 (our annualization, labeled as such).

What actually changed at the pivot

MODEL INPUTS THAT MOVED

- **Cost structure reset.** A 14% May headcount reduction (4,988 → 4,321 FTEs) and FY’26 adjusted-expense guidance cut to $4,200–4,450M (implying GAAP T&D + G&A + S&M of $4,340–4,600M) — roughly $600M below the 2025 annualized exit rate and $300–500M below the ~$4.9B fixed-opex base in our normalized model. Worth several dollars per share of fair value in isolation; a defensive cut made because revenue is falling, not found money.
- **A new revenue line.** Prediction markets at $100M+ annualized (+106% Q/Q) is worth only ~$1–2 per share at current scale but earns a line in the next full model revision.
- **Capital returns are real.** $2.0B+ returned since Q4’24 (10.1M Class A shares repurchased, 85%+ of stock-comp issuance offset), $2.0B of authorization remaining, and the share count fell for a second straight quarter (264M). This blunts the dilution criticism in our quality-of-earnings section.

WHAT DID NOT MOVE

- **The balance sheet.** ~$10B of available resources: $8.6B cash and equivalents plus $1.6B of crypto and marketable investments.
- **The loss mechanics.** Marks on crypto held for investment drove the GAAP loss for a third consecutive quarter; adjusted EBITDA stayed positive, as it has in every quarter of the dataset.
- **The valuation gap.** At ~$155 the market still pays a good-year multiple on good-year earnings the company is not currently producing — Q2 adjusted net income was negative.

Trigger check: nothing tripped, verdict unchanged

PRICE < $120

NOT TRIPPED

$154.60 post-market on 30 Jul (pre-print reference $159.68).

BTC REGIME FLIP

NOT TRIPPED

Crypto winter economics persist; total crypto market cap fell 11% Q/Q with volatility at multi-year lows.

STABLECOIN RUN-RATE > $1.6B

NOT TRIPPED

$1.17B annualized and declining; rates offset record balances.

FV ≈ $102

UNCHANGED · BEAR $42 / BASE $83 / BULL $201

The lower cost base (fair-value positive) and the softer transaction and stablecoin run-rates (fair-value negative) approximately offset at the fair-value line, pending the 10-Q. The conclusion of the July note stands, and this quarter is its exhibit: **the right company — record share, record USDC, a new product line at scale, a fortress balance sheet — at the wrong price**, one that still embeds the bull case. The mandate test is also unchanged: nothing in this print alters the finding that COIN offers negative expected alpha versus simply holding spot BTC across our scenarios.

Sources & Method

Reported figures. All Q2′26 income-statement, revenue-detail, expense, guidance, balance-sheet, market-share, USDC, prediction-markets, and buyback figures are from the Coinbase Q2′26 earnings deck, Exhibit 99.1 to Form 8-K, SEC accession **0001679788-26-000087**, filed and pulled via EDGAR (edgartools) on 30 Jul 2026 — specifically the Financial Recap and Income Statement appendix tables (Q2′25–Q2′26) and the quarterly chart series (Q2′23–Q2′26) read from the deck's labeled data points. Company definitions apply to Crypto Trading Volume Market Share (spot + derivatives + stablecoin volume vs Coinbase's proprietary competitor set, per the deck's footnotes) and Adjusted EBITDA / Adjusted Net Income / Adjusted Expenses (non-GAAP; reconciliations in the deck appendix). Vintage of all reported data: quarter ended 30 Jun 2026, as filed 30 Jul 2026.

Market data. COIN $154.60 is the post-market last trade, 30 Jul 2026 ~6:30pm ET (Financial Modeling Prep real-time quote, pulled 30 Jul 2026); the $159.68 reference is the pre-market quote logged 30 Jul 06:41 PT. Consensus (≈$1.29B revenue, ≈$628M transaction revenue) and the ~5% post-market reaction per CoinDesk, "Coinbase sinks 5% after missing Q2 revenue estimates," 30 Jul 2026, cross-checked against the issuer press release (investor.coinbase.com, 30 Jul 2026).

Transformations (ours, labeled). Stablecoin run-rate = reported quarterly stablecoin revenue × 4. Q3 transaction-revenue pace = disclosed $130M QTD through 26 Jul ÷ 26 days × 92 days ≈ $460M; this is a straight-line extrapolation of a company-disclosed partial figure, not guidance. H1'26 annualization = (Q1'26 + Q2'26 revenue) × 2. FY2025 revenue = sum of the four reported 2025 quarters ($7,181M).

Estimates and assumptions. The "$300–500M below our fixed-opex base" comparison sets the new GAAP T&D+G&A+S&M guidance range against the ~$4.9B normalized fixed-opex assumption in our July model; the "several dollars per share" and prediction-markets "~$1–2 per share" figures are order-of-magnitude estimates at the model's base-case multiple, not model reruns. Fair value ($102; bear $42 / base $83 / bull $201 at 25/50/25) is carried unchanged from the July model (model.py, 4 Jul 2026 vintage): normalized EBIT = revenue − 22% × (transaction + staking revenue) − fixed opex, plus the balance-sheet layer.

Prior TON618 research relied upon. Coinbase (COIN): The Right Company at the Wrong Price (5 Jul 2026) — the model, scenario weights, reverse-DCF, and revisit triggers referenced throughout.

DISCLOSURES