

# coinbase





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## COINBASE

### COMPANY OVERVIEW

Estimated IPO valuation: \$8 billion-plus

Coinbase, which operates the largest cryptocurrency exchange in the U.S., has confidentially submitted a draft registration statement for an IPO, with the offering expected to land in 2021. Cryptocurrencies such as Bitcoin have recently hit all-time highs.

Some investors have flocked there because of worries about traditional currencies in the wake of rock-bottom interest rates and loose fiscal policies around the globe. Companies such as PayPal and Square (SQ) have helped cryptocurrencies go mainstream by allowing users to purchase them.

Coinbase, founded in 2012, now boasts more than 35 million investors across more than 100 countries. The company's system is fairly easy to use and provides important service such as custody for digital tokens. We'll see for sure when the S-1 comes out, but the buzz is that Coinbase is generating profits.

And that seems reasonable both given the growth in cryptocurrencies and the light capital needs for a digital marketplace. The last funding round for Coinbase came in October 2018 when it raised \$300 million at a valuation of \$8 billion.

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# EVERYTHING YOU NEED TO KNOW

## The future of cryptocurrency

Coinbase has opted for a direct listing over an IPO. In December 2020, there was widespread anticipation that the exchange would go public with an Initial Public Offering (IPO) following its submission of a Form S-1 draft registration to the US Securities and Exchange Commission (SEC).

Coinbase has taken care to play nice with regulators. It's shied away from listing privacy coins due to US regulators' hard-nosed attitude against them; it's also declined to list controversial coins like Tether, the US dollar stablecoin

When you invest in a company, it's a vote of confidence in the company itself, but it also shows you expect demand for its product or service to rise, too. Do you believe there's a future for cryptocurrencies, like Bitcoin, Ethereum and the dozens of altcoins available to trade on Coinbase? Do you believe cryptocurrency is the "future of money" that could usher in an "open financial system around the world," as Coinbase states on its website? It is inevitable, cryptocurrencies will be adopted and integrated into our every day lives.

Faster transactions, lower fees and more security are stand out factors that are in the roots of major cryptocurrencies. Whether it is sooner or later, cryptocurrencies are here to stay.

## Coinbase's role in the future of crypto

In addition to the Coinbase app, the company does offer its Coinbase Wallet separately, which lets users store their own cryptocurrencies and explore decentralized applications. However, Coinbase Wallet only charges fees to cover the transaction costs it incurs, not the revenue-generating per-transaction fees of the primary Coinbase app.

On Coinbase, users can buy and sell crypto within Coinbase using fiat currencies (i.e. 'regular' currencies like the dollar, sterling, or euro). It's a brokerage, meaning that you technically buy and sell from and to Coinbase itself. Then there's Coinbase Pro, a more advanced exchange where users can buy and sell cryptocurrencies from other users, comparable to the dozens of other exchanges.

**Early valuation estimates for Coinbase vary widely. Crypto market analysis company Messari valued the exchange at \$28 billion in December, while recent reports have Coinbase's market value reaching as high as \$75 billion. Coinbase's final IPO price will be determined after more investors have had the opportunity to peruse its as-yet-undisclosed financials. But based on what we do know, if Coinbase's IPO settles at the lower end of that price range, its stock could be an attractive buy for long-term investors.**