Coinbase Going From Stock Dilution To Buy Backs

By winkler · February 13, 2026

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Our take: Coinbase GIANT Misinformation

The Coinbase Q4 2025 Earnings Call highlights

The Coinbase Q4 2025 Earnings Call highlights a year of significant financial growth and a strategic shift toward becoming a comprehensive financial platform.

Below are the main takeaways:

1. Financial Performance & Diversification

1. **Revenue Growth:** Total revenue for 2025 reached **$7.2 billion**, a 9% year-over-year increase **[11:23]**. Subscription and services revenue specifically hit **$2.8 billion**, up 23% year-over-year **[11:32]**.
2. **Revenue Diversification:** Coinbase has successfully diversified its business so that it is less dependent on crypto price fluctuations. The company now has **12 products** generating over **$100 million** in annualized revenue **[06:08]**.
3. **Profitability:** The company reported its 12th consecutive quarter of adjusted EBITDA profitability **[12:47]**.

2. Strategic Priorities for 2026

The company outlined three primary focuses for the coming year:

1. **The "Everything Exchange":** Expanding beyond crypto to include equities, prediction markets, and commodities on a single platform **[07:22]**. The goal is to create one trusted place for all tradable assets **[07:34]**.
2. **Stablecoins & Payments:** Scaling the use of digital dollars (USDC) and building out payments infrastructure **[08:46]**. CEO Brian Armstrong noted that stablecoins are becoming a default payment method for **AI agents [09:43]**.
3. **Bringing the World Onchain:** Growing decentralized technology through the **Base Layer 2 chain**, self-custodial wallets, and DeFi integrations **[09:53]**.

3. The Base Chain (Layer 2)

1. **Utility & Growth:** Base has rapidly become a leading L2 on Ethereum, serving as a "utility layer" for payments, trading, and DeFi **[18:07]**.
2. **Monetization:** Coinbase monetizes Base directly through sequencer fees and indirectly by driving users into other products like USDC **[19:53]**.

4. Capital Allocation & Investment

1. **Stock Buybacks:** Coinbase deployed **$1.7 billion** to repurchase shares in late 2025 and early 2026 to offset dilution from stock-based compensation **[15:47]**.
2. **Bitcoin Purchases:** The company continues to "buy the dip," adding to its Bitcoin investment portfolio on a weekly basis **[15:19]**.

5. Regulatory Outlook

1. **Legislative Optimism:** Leadership expressed confidence in the potential passage of the **Clarity Act** in the coming months, which would provide more regulatory certainty for the crypto industry in the U.S. **[18:01]**.

Double Click Into Buy Back Program

We're a massive fan of buybacks and we hate dilution so this spiked our interest.

Coinbase’s share buyback program is a core part of its capital allocation strategy, designed to manage dilution while taking advantage of market volatility. Additional references from the Q4 2025 shareholder letter.

Program Scale and Execution

As of February 10, 2026, Coinbase has executed the following:

1. **Amount Deployed**: The company repurchased **$1.7 billion** of its Class A common stock during Q4 2025 and through early February 2026.
2. **Shares Repurchased**: A total of **8.2 million shares** have been bought back since the program began in November 2025.
3. **Stock-Based Compensation (SBC) Offset**: These repurchases fully offset the dilution created by the company's 2025 stock-based compensation.
4. **Notional Savings**: By timing these repurchases during price dislocations, Coinbase secured an **$815 million notional discount** compared to the average price at which that SBC was originally issued in 2025.

Strategic Rationale

The program serves two primary purposes for the company:

1. **Reducing Dilution**: Management is focused on reducing the overall share count "opportunistically" to benefit long-term shareholders.
2. **Opportunistic Buying**: Leadership noted they "buy the dip" just as they encourage users to do, using price dislocations to retire shares at a perceived discount.

New Authorization and Financial Position

In January 2026, the Coinbase Board of Directors significantly expanded the program:

1. **Additional $2 Billion**: A new **$2.0 billion authorization** was approved for both share and long-term debt repurchases.
2. **Strong Liquidity**: The company supports these buybacks with a massive capital cushion, ending 2025 with **$11.3 billion** in cash and cash equivalents.
3. **Ongoing Strategy**: Management intends to continue deploying this capital dynamically to manage future dilution from SBC and to invest through market cycles.

Why did they have a loss in Q4 for net income?

Despite reporting strong revenue and adjusted profitability, Coinbase reported a **GAAP net loss of $667 million** for Q4 2025. According to CFO Alesia Haas, this loss was almost entirely driven by accounting requirements regarding their investments, rather than their core business operations.

The loss was attributed to two primary factors:

1. **Unrealized Losses on Crypto Investments ($718 million):** Because Coinbase holds a significant amount of crypto (like Bitcoin) on its balance sheet, accounting rules require them to mark those assets to market. Since crypto prices declined during the quarter, they had to record a "paper loss" of $718 million, even though they did not actually sell the assets **[00:15:04]**.
2. **Losses on Strategic Investments ($395 million):** The company recorded a loss on its strategic investment portfolio, which specifically included its investment in **Circle** (the issuer of USDC) **[00:15:10]**.

The "Adjusted" vs. "GAAP" Difference

It is important to distinguish this from their operational health. While the **GAAP** net income was negative due to the investment marks mentioned above, the company's **Adjusted Net Income** (which strips out those volatile, non-cash investment swings) was a positive **$178 million [00:14:58]**.

Essentially, their "day job" of running the exchange was profitable, but the decline in the value of the assets they own caused the overall bottom line to appear negative for the quarter.

What Coinbase's earnings mean for Crypto

The Coinbase Q4 2025 earnings report is essentially a "State of the Union" for the crypto world. While the surface-level numbers show a significant GAAP loss, the underlying trends suggest an industry that is rapidly maturing, diversifying, and moving beyond simple price speculation. Here is what these results signal for the crypto industry in 2026:

1. The "Crypto Only" Era is Ending

Coinbase’s pivot to the **"Everything Exchange"**, integrating equities, gold/silver futures, and prediction markets alongside Bitcoin, signals a major shift. The industry is no longer satisfied with being a niche alternative; it wants to be the **infrastructure for all global finance**.

1. **Takeaway:** For crypto to survive long-term, it must become "invisible" or "boring" infrastructure that supports traditional assets like stocks and commodities on 24/7 global rails.

2. Stablecoins are the "Killer App" of 2026

Management repeatedly identified stablecoins (specifically USDC) as the second most important innovation after Bitcoin.

1. **The AI Connection:** CEO Brian Armstrong believes stablecoins will be the **default payment method for AI agents**.
2. **Takeaway:** The industry is shifting focus from "Which coin will go 10x?" to "How do we move money instantly for 1/10th of a cent?" Stablecoins are winning the race for real-world utility.

3. Structural Health vs. Price Volatility

Despite the "crypto winter" prices that led to a **$667 million GAAP loss**, Coinbase noted that their **market share doubled** and users are "buying the dip" rather than fleeing.

1. **Takeaway:** The "paper loss" was mostly an accounting requirement (marking assets to market). The fact that native unit inflows remained positive for nine straight quarters suggests that the industry's user base is now more resilient and long-term focused than in previous cycles.

4. The Regulatory "Turning Point."

The report reflects a high level of optimism regarding the **Clarity Act** and a more "crypto-forward" SEC. Armstrong’s comments suggest the industry feels it has finally moved from "fighting for survival" to "collaborating on rules."

1. **Takeaway:** Regulatory clarity is expected to unlock a massive wave of institutional capital that has been waiting on the sidelines due to legal uncertainty.

5. Layer 2s (like Base) are the New Development Hub

The success of **Base** (Coinbase's Layer 2 network) shows that the industry is successfully scaling. By making transactions nearly free and instant, Base is attracting "AI agent commerce" and decentralized applications that weren't possible on the main Ethereum chain.

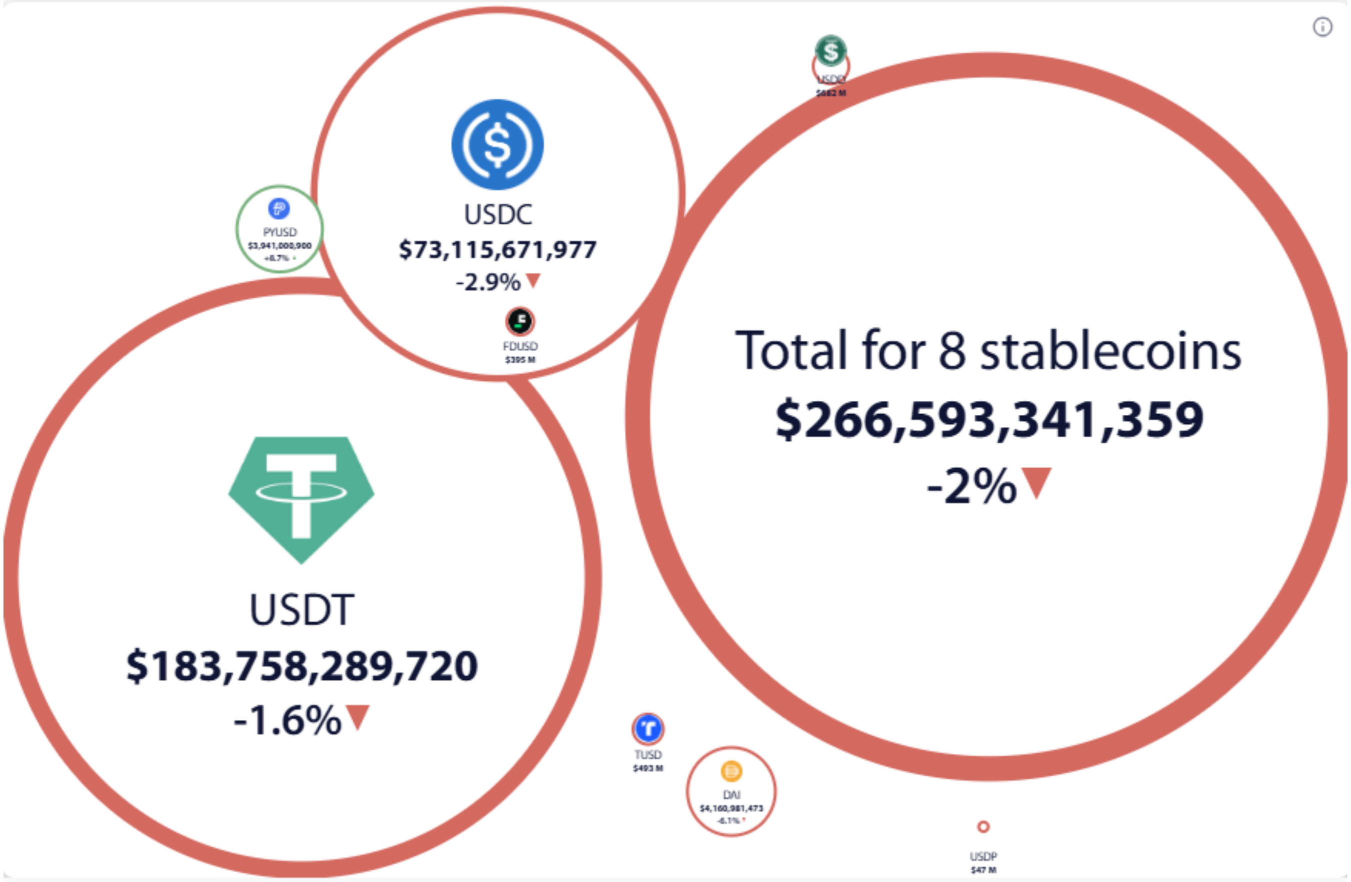
1. **Takeaway:** The future of the industry isn't just about holding coins; it's about the "Onchain" economy—using decentralized tools for everything from social media to B2B payments.

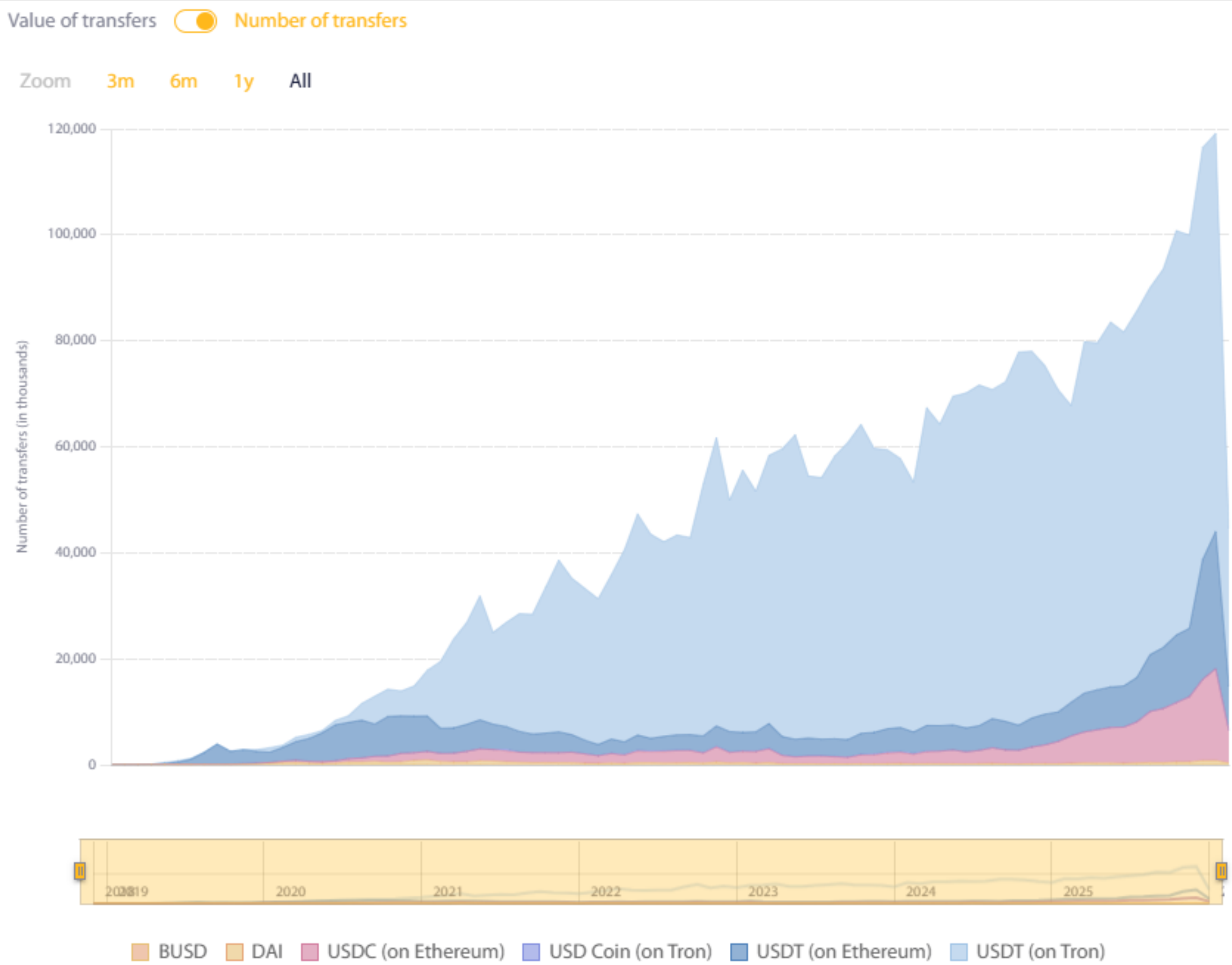
   The Big Picture: Coinbase is betting that crypto’s future isn't just crypto—it's a faster, more open version of the entire financial system. They are essentially building a 24/7, global version of the NYSE.

Important SnapShots

Index	S&P 500	P/E	37.01	EPS (ttm)	4.39	Insider Own	18.16%	Shs Outstand	226.80M	Perf Week	-1.60%
Market Cap	43.81B	Forward P/E	24.39	EPS next Y	6.66	Insider Trans	-2.68%	Shs Float	220.69M	Perf Month	-36.50%
Enterprise Value	39.54B	PEG	0.71	EPS next Q	0.64	Inst Own	54.35%	Short Float	9.02%	Perf Quarter	-46.56%
Income	1.26B	P/S	5.84	EPS this Y	3.16%	Inst Trans	0.76%	Short Ratio	1.97	Perf Half Y	-49.99%
Sales	7.50B	P/B	2.94	EPS next Y	45.13%	ROA	4.78%	Short Interest	19.91M	Perf YTD	-28.16%
Book/sh	55.23	P/C	3.67	EPS next 5Y	34.26%	ROE	10.05%	52W High	444.64 -63.46%	Perf Year	-45.50%
Cash/sh	44.24	P/FCF	14.51	EPS past 3/5Y	- 52.26%	ROIC	6.08%	52W Low	139.36 16.58%	Perf 3Y	188.07%
Dividend Est.	-	EV/EBITDA	18.29	Sales past 3/5Y	27.57% 39.01%	Gross Margin	85.49%	Volatility	6.90% 5.44%	Perf 5Y	-
Dividend TTM	-	EV/Sales	5.27	EPS Y/Y TTM	96.45%	Oper. Margin	26.31%	ATR (14)	12.90	Perf 10Y	-
Dividend Ex-Date	-	Quick Ratio	2.40	Sales Y/Y TTM	3.76%	Profit Margin	16.80%	RSI (14)	36.19	Recom	1.95
Dividend Gr. 3/5Y	- -	Current Ratio	2.34	EPS Q/Q	-153.14%	SMA20	-14.43%	Beta	3.75	Target Price	271.75
Payout	0.00%	Debt/Eq	0.52	Sales Q/Q	-54.56%	SMA50	-28.34%	Rel Volume	4.91	Prev Close	141.09
Employees	3772	LT Debt/Eq	0.40	Earnings	Feb 13 BMO	SMA200	-43.90%	Avg Volume	10.11M	Price	162.47
IPO	Apr 14, 2021	Option/Short	Yes / Yes	EPS/Sales Surpr.	-350.50% -1.56%	Trades		Volume	16,253,468	Change	15.15%

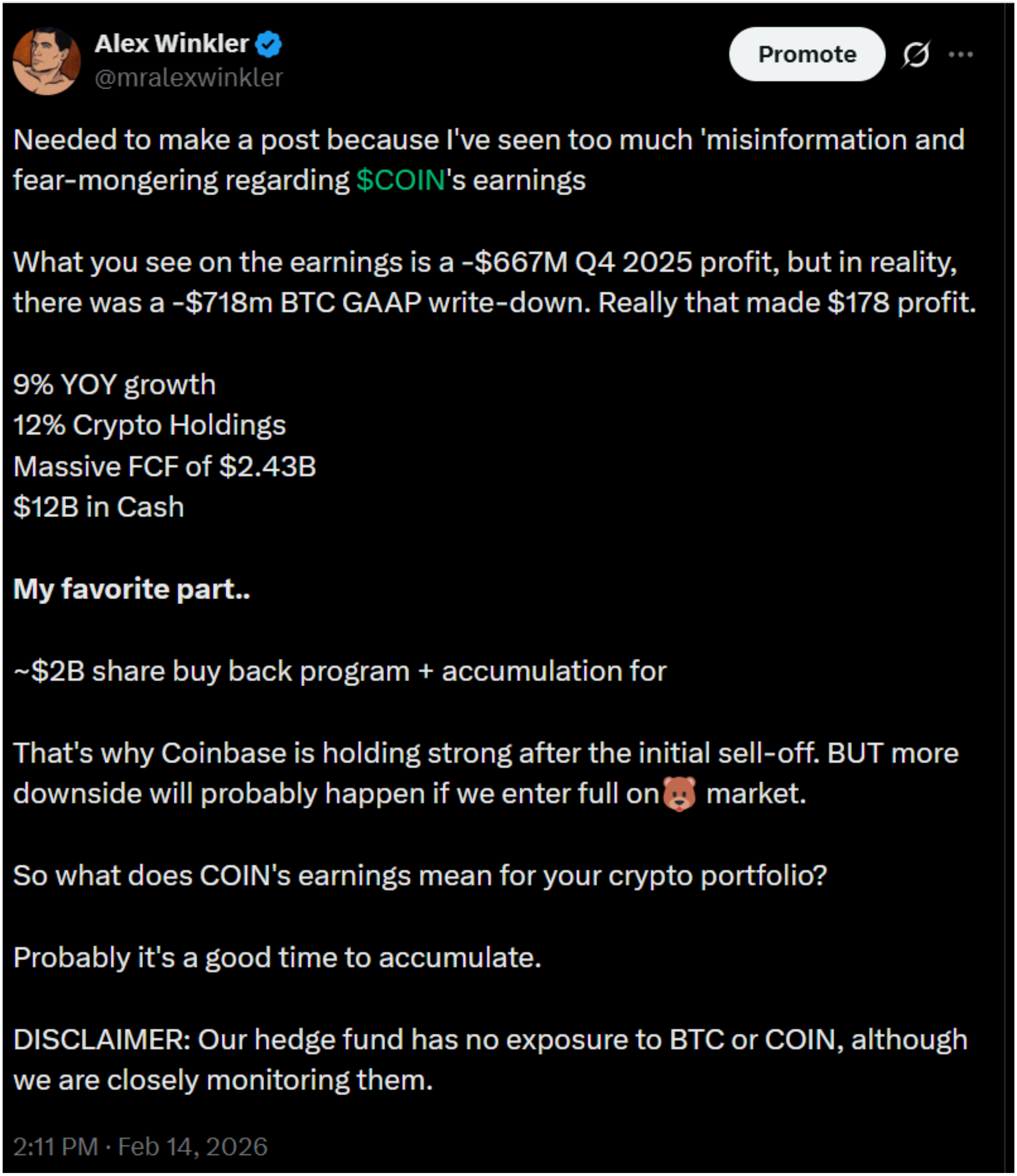
https://ccaf.io/cdmd/adoption




Value of transfers
Number of transfers
Zoom
3m
6m
1y
All
Number of transfers (in thousands)
120,000
100,000
80,000
60,000
40,000
20,000
0
2019
2020
2021
2022
2023
2024
2025
BUSD
DAI
USDC (on Ethereum)
USD Coin (on Tron)
USDT (on Ethereum)
USDT (on Tron)

Insider Trading	Relationship	Date	Transaction	Cost	#Shares	Value ($)	#Shares Total	SEC Form 4
HAAS ALESIA J	Chief Financial Officer	Feb 06 '26	Option Exercise	18.13	78,433	1,421,990	766,765	Feb 10 05:36 PM
HAAS ALESIA J	Chief Financial Officer	Feb 06 '26	Sale	154.95	364,600	56,496,307	402,165	Feb 10 05:36 PM
Alesia Haas	Officer	Feb 06 '26	Proposed Sale	152.21	364,600	55,495,800		Feb 06 03:35 PM
HAAS ALESIA J	Chief Financial Officer	Jan 15 '26	Sale	250.00	8,050	2,012,532	70,664	Jan 16 05:03 PM
Ehrsam Frederick Ernest III	Director	Jan 14 '26	Sale	260.09	2,750	715,254	0	Jan 16 05:03 PM
Ehrsam Frederick Ernest III	Director	Jan 15 '26	Sale	250.27	1,375	344,118	0	Jan 16 05:03 PM
Choi Emilie	President & COO	Jan 15 '26	Option Exercise	0.00	321,588	0	524,022	Jan 16 05:00 PM
Fred Ehrsam	Director	Jan 15 '26	Proposed Sale	239.28	1,375	329,010		Jan 15 04:35 PM
Alesia Haas	Officer	Jan 15 '26	Proposed Sale	250.00	8,050	2,012,532		Jan 15 11:11 AM
Fred Ehrsam	Director	Jan 14 '26	Proposed Sale	255.86	2,750	703,615		Jan 14 04:43 PM
Armstrong Brian	Chairman and CEO	Jan 05 '26	Option Exercise	18.71	40,000	748,400	40,000	Jan 07 04:48 PM
Armstrong Brian	Chairman and CEO	Jan 05 '26	Sale	248.96	40,000	9,958,268	0	Jan 07 04:48 PM
Ehrsam Frederick Ernest III	Director	Jan 05 '26	Sale	250.03	1,375	343,796	0	Jan 07 04:46 PM
WILSON FREDERICK R	Director	Jan 02 '26	Sale	234.37	10,000	2,343,685	184,973	Jan 06 04:09 PM
Brian Armstrong	Officer	Jan 05 '26	Proposed Sale	254.92	40,000	10,196,800		Jan 05 05:14 PM
Fred Ehrsam	Director	Jan 05 '26	Proposed Sale	254.92	1,375	350,515		Jan 05 05:12 PM
FRED WILSON & JOANNE WILSON	Director	Jan 02 '26	Proposed Sale	226.14	10,000	2,261,400		Jan 02 04:27 PM

https://x.com/mralexwinkler/status/2022750572374262141



Alex Winkler
@mralexwinkler

Promote

Needed to make a post because I've seen too much 'misinformation and fear-mongering regarding $COIN's earnings

What you see on the earnings is a -$667M Q4 2025 profit, but in reality, there was a -$718m BTC GAAP write-down. Really that made $178 profit.

9% YOY growth
12% Crypto Holdings
Massive FCF of $2.43B
$12B in Cash

My favorite part..

~$2B share buy back program + accumulation for

That's why Coinbase is holding strong after the initial sell-off. BUT more downside will probably happen if we enter full on 🐻 market.

So what does COIN's earnings mean for your crypto portfolio?

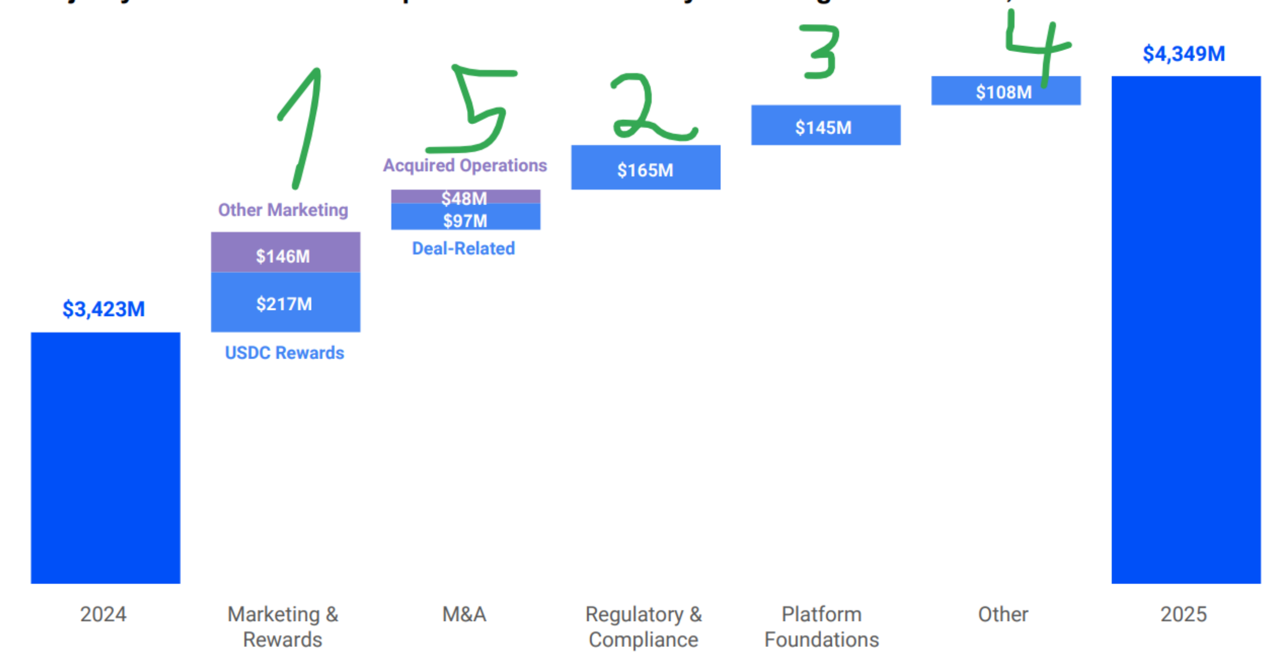
Probably it's a good time to accumulate.

DISCLAIMER: Our hedge fund has no exposure to BTC or COIN, although we are closely monitoring them.

2:11 PM · Feb 14, 2026

As regulatory clarity emerges, we believe crypto will update all financial services, and Coinbase is well positioned to capitalize on that transition. Our customers trust us to store more crypto than any other company; in 2025, more than 12% of all crypto in the world resided on Coinbase. We're building and connecting more products to facilitate customers doing more with their assets. Coinbase Total Trading Volume grew 156% to $5.2 trillion in 2025, and Coinbase Crypto Trading Volume Market Share doubled. We also saw new records for stablecoin revenue, driven by all-time highs in Average USDC Held in Coinbase Products and Average USDC Market Capitalization. We hit an all-time high in the number of Paid Coinbase One Subscribers by introducing new tiers and increasing the value proposition with products like Coinbase One Card. Our ability to scale and diversify is driving results; we now have 12 products that generate more than $100 million in revenue on an annualized basis, half of which generate more than $250 million, and two that generate more than $1 billion.

A majority of Y/Y increase in expenses[1] were driven by Marketing and Rewards, and M&A.



Our Q4 tax rate was 25% and our full year tax rate was 17%.

Q4 net loss was $667 million driven by a $718 million loss on our crypto asset investment portfolio which was largely unrealized, and $395 million loss on our strategic investments (which include our investment in CRCL). Adjusted net income was $178 million and Adjusted EBITDA was $566 million.

Share Count and Repurchase Program

5%

Our fully diluted weighted average share count in Q4 declined 8% Q/Q to 268 million. In Q4, we repurchased approximately 3.3 million shares of our Class A common stock for $850 million, measured on a trade date basis. Subsequently, we have repurchased an additional 4.9 million shares for $895 million as of February 10, 2026. In aggregate these repurchases of more than $1.7 billion have more than offset dilution related to our 2025 employee stock-based compensation issuances, capturing a notional discount of $815 million relative to our average issuance price for the year.

In January 2026, our board approved an additional $2.0 billion repurchase authorization for both Class A common stock and long-term debt. As of February 10, 2026, a total of $2.3 billion remained available under our repurchase program.

Capital and Liquidity

At the end of Q4, we had $11.3 billion in cash and cash equivalents, a decrease of $0.7 million Q/Q. The Q/Q decrease was primarily driven by the aforementioned share purchases.