

# Coinbase Q1 earnings surpass 2020 record

## Article

The US-based crypto giant earned \$1.8 billion in revenues in Q1, compared with \$1.3 billion for all of 2020, [per BusinessWire](#). The announcement comes just a week before Coinbase's April 14 IPO. Coinbase offers a wide range of crypto products, including trading and custody services for both consumers and institutions, a stablecoin pegged to the US dollar, and a payment solution that lets merchants accept cryptos.

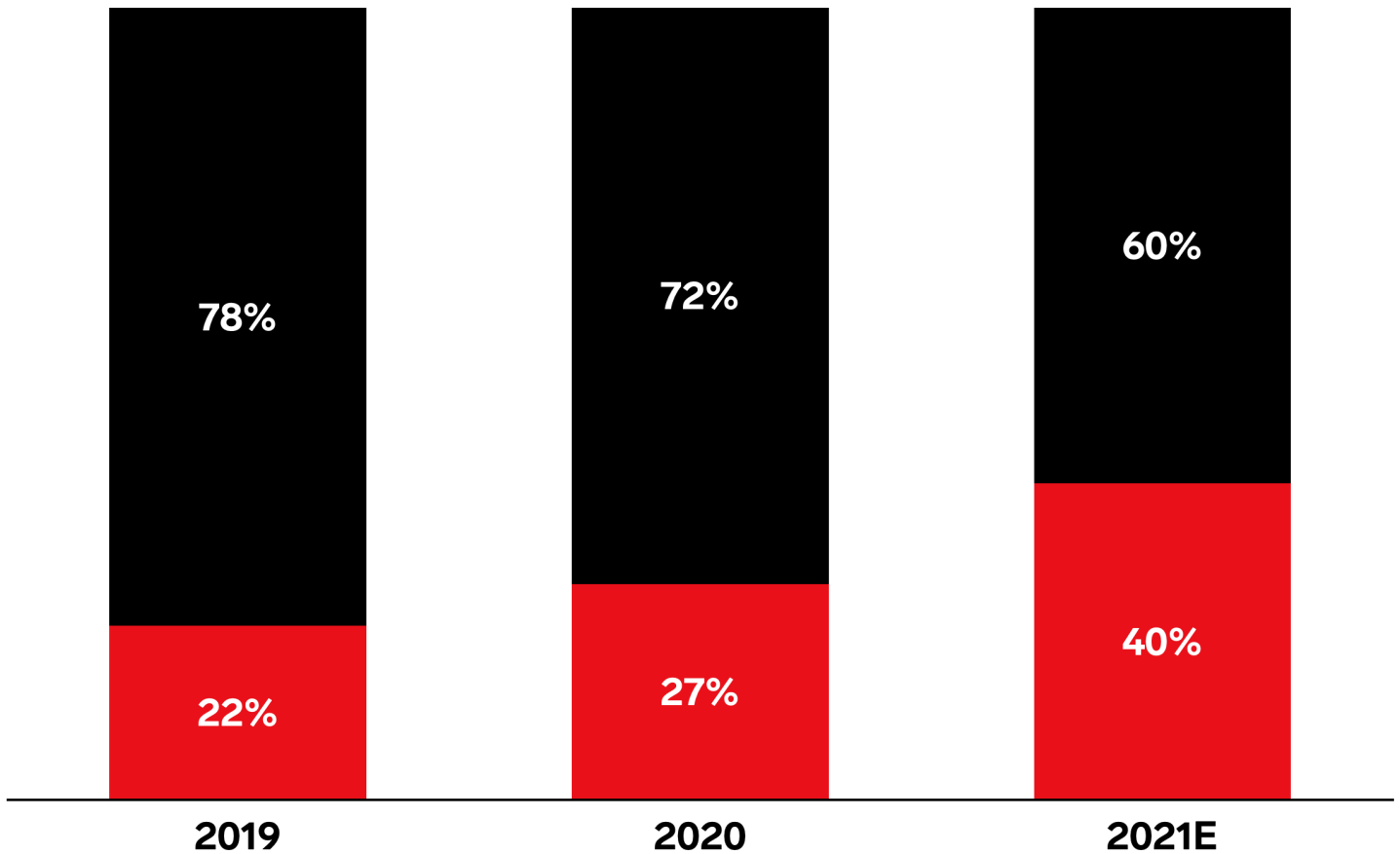
**The record-breaking quarter coincides with cryptocurrencies' exploding popularity among retail and institutional investors.** Driven by relentless trading activity, the cryptocurrency sector has hit record after record, with the sector's total market cap surging to [\\$2 trillion](#) for

the first time earlier this week after taking a decade to hit [\\$1 trillion](#) in January. Coinbase raked in a large share of the growing demand: Assets on the platform reached \$223 billion in Q1, representing [11.3%](#) of the total crypto market. And more than half comes from institutions, at \$122 billion—more than double the [\\$45 billion](#) worth of institutional assets held on Coinbase at the end of 2020.

**The announcement could convince investors that crypto firms have revenue-generating potential despite crypto market volatility, encouraging others to go public as well.**

- **Coinbase can't share specific revenue guidance because its growth is closely linked to the crypto market's inherent [volatility](#).** The exchange raised eyebrows among stock [analysts](#) for being reportedly valued at \$100 billion ahead of its IPO. However, its latest earnings does suggest significant revenue-generating opportunities in the exploding crypto sector. Coinbase's main concern is convincing investors it can secure this growth trajectory in the highly volatile crypto market. "Trading volume, and therefore transaction revenue currently fluctuate, potentially materially, with Bitcoin price and crypto asset volatility," the exchange acknowledged. "This revenue unpredictability, in turn, impacts our profitability on a quarter-to-quarter basis." A cryptocurrency market crash akin to the bubble burst in [2018](#) could, in a worst-case scenario, lead to a mass exodus of trading activity on crypto exchanges, harming Coinbase's revenue.
- **If investors nevertheless rally to Coinbase, other crypto firms will likely plan IPOs.** The crypto trading frenzy has also driven valuations for Coinbase's [peers](#), with BlockFi and Blockchain.com hitting \$3 billion and \$5.2 billion valuations, respectively, following mega-rounds in the past month. These players, whose successes are also tied to crypto volatility, could be encouraged by Coinbase's IPO to go public as well—BlockFi is already looking at a [SPAC](#) within the next year, while Blockchain.com is [weighing](#) its public-market options.

# US Institutional Investors Exposed to Digital Assets



- Investors exposed to digital assets
- Investors not exposed to digital assets

*Note: Digital assets refers to the blockchain-powered emerging asset class, also known as cryptocurrencies, crypto assets, virtual currencies, and crypto tokens.*

*Source: Fidelity Digital Assets and Greenwich Associates, "The Institutional Investors Digital Asset Survey 2020 Review," June 2020; Insider Intelligence forecast*

*Methodology: Greenwich Associates surveyed 393 US institutional investors between November 18, 2019, and March 6, 2020.*

1025959582640

[InsiderIntelligence.com](https://www.insiderintelligence.com)