

Coinbase Capital Markets Corporation
Statement of Financial Condition
December 31, 2024

Assets

Cash and Cash Equivalents	\$ 421,342
Prepaid expenses and other assets	3,231
Total Assets	<u><u>\$ 424,573</u></u>

Liabilities and Stockholder's Equity

Liabilities:

Accounts payable and accrued expenses	\$ 2,190
Related party payables	217,827
Total Liabilities	<u><u>220,017</u></u>

Stockholder's equity

Common stock	1,050
Additional paid in capital	6,497,464
Accumulated deficit	(6,293,958)
Total Stockholder's equity	<u><u>204,556</u></u>

Total Liabilities and Stockholder's Equity	<u><u>\$ 424,573</u></u>
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See accompanying notes to the financial statements

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Coinbase Capital Markets Corporation
Notes to the Financial Statements
Year Ended December 31, 2024

1. ORGANIZATION

Coinbase Capital Markets Corporation (the “Company”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). The Company is a wholly owned subsidiary of Coinbase Global, Inc. (the “Parent”). The Company was incorporated in 1982 in accordance with the laws of the State of California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting policies and reporting practices of the Company conform to the practices in the broker-dealer industry and are in accordance with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Due to the current status of no revenue producing operations and the unknown start date of such operations, management has received assurances from the Parent that they have the wherewithal to, and will, infuse additional capital in the future should the Company need it to fund its operations.

Government and Other Regulation

The Company’s business is subject to significant regulation by various governmental agencies and self-regulatory organizations, including the SEC and FINRA. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations. As a registered broker dealer, the Company is subject to the SEC’s net capital rule (Rule 15c3-1) which requires that the Company maintain a minimum net capital, as defined. The Company relies on Footnote 74 of the 2013 Release to the Securities and Exchange Act to be compliant with the provisions of SEC Rule 15c3-3.

Cash Equivalents

The Company considers all highly liquid debt instruments having original maturities of three months or less at the date of purchase to be cash equivalents.

Revenue Recognition

The Company currently has no revenue from operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period and revenues and expenses during the period then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

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Coinbase Capital Markets Corporation
Notes to the Financial Statements (continued)
Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is treated as a corporation for tax purposes. The provision for income taxes includes federal income and various state income and franchise taxes currently payable, and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities. Deferred income taxes result primarily from deductions and income recorded on the financial statements but not yet allowable or reportable for income tax purposes.

The Company uses the asset and liability method to account for deferred income taxes. The asset and liability method requires the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not reasonably assured that some portion or all of the deferred tax assets will be realized.

The Company recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in expenses. The U.S. Federal jurisdiction and the State of California are the major tax jurisdictions where the Company files income tax returns. The Company is subject to U.S. Federal or state examinations by tax authorities for all periods since 2021.

The Company is included in the consolidated tax return of the Parent and is also party to a formal tax allocation agreement with the Parent and other subsidiaries of the Parent. In accordance with this agreement, the Company calculates its provision for income taxes by using a “separate return” method. Under this method, the Company assumes it will file a separate return with the tax authority, thereby reports its taxable income or loss and pays the applicable tax to or receives the appropriate refund from the Parent. The provision is the amount of tax payable or refundable on the basis of a hypothetical, current-year separate return. We provide deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical return and assess the need for a valuation allowance on the basis of our projected separate return results. Any resulting receivable under such contract is reflected as a reduction in Additional Paid in Capital on the Statement of Financial Condition.

Segment Reporting

The Accounting Standards Update (ASU) 2023-07 issued by the Financial Accounting Standards Board (FASB) introduced enhancements to segment reporting requirements for public entities, including broker-dealers. The update aimed to improve the transparency and usefulness of financial disclosures for investors and other stakeholders. ASU 2023-07 disclosure requirements are effective for fiscal years starting after December 15, 2023. The Company has identified its President as the Chief Operating Decision Maker as specified in ASU 2023-07. Company management reviewed the ASU 2023-07 disclosure requirements and determined that no additional disclosures are required as the Company has only one reportable segment.

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Coinbase Capital Markets Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

3. RELATED PARTIES

The Company is party to an agreement with the Parent whereby the Parent provides certain employee services, employee benefits, office space and various other office related services to the Company. During the year ended December 31, 2024, the Company incurred expenses of \$159,303 under such agreement and as of December 31, 2024, the Company owed \$217,827 to the Parent.

During the year ended December 31, 2024, the Parent issued employee stock options to employees of the Company. The value of such stock options was \$346,652 and is included in Stock-based Compensation the Statement of Operations, as well as a credit to Additional Paid in Capital in the Statement of Financial Condition.

4. NET CAPITAL REQUIREMENTS

The Company, as a registered broker-dealer, is subject to the Securities and Exchange Commission's Net Capital Rule (Rule 15c3-1), which requires that the Company maintain Net Capital (as defined in the Rule) equal to the greater of \$5,000 or 6 2/3% of Aggregate Indebtedness (also as defined) and requires that the ratio of Aggregate Indebtedness to net capital shall not exceed 15 to 1. At December 31, 2024, the Company's Net Capital was \$192,898, which was above the required Net Capital by \$178,230. At December 31, 2024, the Company's ratio of Aggregate Indebtedness to Net Capital was 1.14 to 1.

5. STOCKHOLDER'S EQUITY

As of December 31, 2024, 10,000 shares of common stock with a par value of \$1.00 per share were authorized, and 1,050 shares were issued and outstanding.

6. COMMITMENTS AND CONTINGENCIES

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. As of December 31, 2024, and through the date of this report there were no such claims.

7. CONCENTRATION OF CREDIT RISK

The Company may, during the ordinary course of business, maintain account balances with banks in excess of federally insured limits. The Company has not experienced losses on these accounts, and management believes that the Company is not exposed to significant risks on such accounts.

8. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events through the date the financial statements were available to be issued and has determined that there were no subsequent events requiring disclosure in these financial statements.

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