



## Coinbase Global, Inc.

COIN - NASDAQ

## Institutional Equity Research

March 2, 2021

## Introducing Crypto's Amazon Moment

We see the upcoming Coinbase direct listing as the "Amazon moment" for crypto - the milestone point in time when the world of crypto and the traditional financial system become truly intertwined and crypto moves from a large curiosity to becoming the future path for much of the financial system.

- We are initiating coverage of Coinbase with a **BUY** rating ahead of its imminent direct listing as the well-managed standard bearer represents a uniquely diversified play on the growth of crypto, and leads with the highest level of regulated liquidity. We note that this is a more speculative investment than other companies we recommend.
- The Standard Bearer** — we believe Coinbase emerged as a leader in facilitating the on-ramp/off-ramp from government currency into crypto because of its superior user experience, security and strong compliance. We say this not just in the context of crypto, but more broadly within consumer finance. With a big target on its back as a crypto wallet, (to date) Coinbase has been able to manage both government regulators as well as highly motivated hackers, while providing consumers with the experience they expect from a large financial institution.
- Uniquely Diversified Play on Crypto** — we believe that crypto assets and the distributed technology they represent will become the foundation for a more efficient future financial system that reduces the number of intermediaries for a large range of transactions. Up until now, the main way to invest in this trend was through the crypto assets themselves, which (among other risks) adds the risk of asset selection. While Bitcoin and Ethereum appear to be the early leaders, it is possible that a new crypto asset will offer better functionality in the future, just like in any other open-source software market. By including the most viable assets at any point in time, Coinbase is positioned to benefit regardless of the winning technology.
- The Most Regulated Liquidity** — we believe there are other crypto venues that have more liquidity, but Coinbase's US-domiciled regulatory-friendly approach provide it with a key advantage, especially as investment in Crypto expands from consumers to enterprises and institutions. As both an exchange and a broker in traditional terms, we see Coinbase's key competition also coming from the similarly well-managed pure-plays Grayscale, Kraken and Gemini, as well as broader consumer digital wallets Square, PayPal and Robinhood.
- Valuation** – our \$195 price target is based on a 20x multiple on our 2021 revenue estimate, at the high end of the comparable range. Please note that we have not been able to connect with the company during its quiet period, which means our estimates do not reflect current results or any management guidance.
- We note the unusually high risks, which are covered well in the S1, and we would specifically focus on risks from the inherent volatility in the growth of crypto prices and volumes, potential ETF products, a potential major hack and resulting loss of assets, and the potential for regulated decentralized exchanges. It is still too early to tell if Coinbase is the Amazon of Crypto, or the Netscape.

Disclosure: D.A. Davidson does not currently conduct business in digital assets within its Wealth Management accounts.

FY (Dec)		2020A	2021E	Cons.	2022E	Cons.
<b>EBITDA (\$M)</b>	Q1 (Mar)	\$55.3	<b>\$172.6E</b>	n.a.	<b>\$151.4E</b>	n.a.
	Q2 (Jun)	\$61.2	<b>\$126.4E</b>	n.a.	<b>\$171.6E</b>	n.a.
	Q3 (Sep)	\$123.2	<b>\$131.9E</b>	n.a.	<b>\$194.9E</b>	n.a.
	Q4 (Dec)	\$287.7	<b>\$137.8E</b>	n.a.	<b>\$221.9E</b>	n.a.
		\$527.4	<b>\$568.7E</b>	n.a.	<b>\$739.8E</b>	n.a.
<b>EV/EBITDA</b>		13.3x	12.3x		9.5x	
<b>Revenue (\$M)</b>	Q1 (Mar)	\$190.6	<b>\$614.4E</b>	n.a.	<b>\$534.5E</b>	n.a.
	Q2 (Jun)	\$186.4	<b>\$439.5E</b>	n.a.	<b>\$610.7E</b>	n.a.
	Q3 (Sep)	\$315.4	<b>\$461.5E</b>	n.a.	<b>\$698.2E</b>	n.a.
	Q4 (Dec)	\$585.1	<b>\$484.6E</b>	n.a.	<b>\$798.6E</b>	n.a.
		\$1,277.5	<b>\$2,000.0E</b>	n.a.	<b>\$2,642.0E</b>	n.a.
<b>EV/Sales</b>		5.5x	3.5x		2.6x	

## Buy

<b>Price Target</b>	<b>\$195.00</b>
Price (3/2/21)	\$39.22
Industry	CONSUMER

## Valuation &amp; Performance

Total Debt/Total Capital	n.a.
Cash per share (12/31/20)	\$5.17
BV Per Share (12/31/20)	\$7.42
Dividend	\$0.00 (0.0%)
Return on Equity (T-T-M)	24.9%

## Trading Data

Shares Outstanding (M)	205.6
Market Capitalization (\$M)	\$8,062.6
52-week range	NA - NA
Avg. Volume (3-mth.) (K)	0.0

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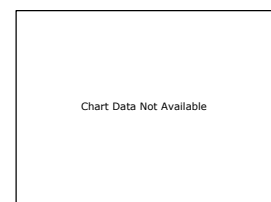
[tforte@dadco.com](mailto:tforte@dadco.com)

## Company Description

San Francisco, CA - Coinbase Global, Inc. is the leading provider of end-to-end financial infrastructure and technology for the cryptoeconomy in the United States. It provides services to buy, sell, and store digital assets built using blockchain technology for approximately 43M retail users, 7,000 institutions, and 115,000 ecosystem partners in over 100 countries. The company was founded in 2011 by former Airbnb engineer, Brian Armstrong, and went public via direct listing March 2021.

## Price Performance

NASDAQ: COIN



Please refer to pages 25 - 27 of this report for detailed disclosure and certification information.

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**Company Description**

Coinbase is a leading provider of end-to-end financial infrastructure and technology for the crypto-economy in the United States. It provides services to buy, sell and store digital assets built using blockchain technology for approximately 43M retail users and 7,000 institutions. The company intends to go public via direct listing in March 2021.

Since inception through December 31, 2020, COIN generated over \$3.4B in total revenue, largely from transaction fees from volume-based trades on its platform by retail users and institutions. For the year ended December 31, 2020, transaction revenue represented over 96% of net revenue. Most recently, the company grew revenues by 136% in CY2020 from \$482.9M in CY2019 to \$1.1B in CY2020, while net income grew by \$352.7M in the same period.

The company was founded in 2011 by former Airbnb engineer, Brian Armstrong, and was first funded by Y Combinator. Co-founder Fred Ehrsam joined in July 2012, after which Coinbase launched services to buy, sell and store bitcoin. The company has raised \$547.3M in funding over 12 deals from VC firms including Andreessen Horowitz and tech-focused hedge funds like Tiger Global. Today, Coinbase operates in over 32 countries and services approximately 43M retail users, 7,000 institutions (hedge funds, money managers, family offices and corporations) and 15,000 ecosystem partners (developers, merchants and asset issuers) in over 100 countries.

Coinbase has developed a suite of products and services that are designed to meet the needs of customers as they transact in the crypto-economy. Users primarily transact through the Coinbase app via a smartphone, which offers users the ability to buy, sell and monitor digital asset portfolio anywhere in the world. The app ranks number 9 on the Apple Appstore under the finance category, and boasts over 1M reviews. Moreover, the company also offers a web-based platform through Coinbase Pro. The platform has a more sophisticated UI and features candlestick charts and other analytical tools that are not available on the mobile app — specks that are geared towards sophisticated retail investors and institutions.

**How Does Coinbase Generate Revenue?**

**Margin Fee:** spread fee, usually around 50bp on buy/sell

**Coinbase Fee:** commission on all crypto transactions

**Other lines:**

**Custody:** COIN is in the early innings of building out its institutional-level custody business. The platform provides financial controls and storage solutions for institutional investors to trade cryptoassets. The service is geared toward larger players on Wall Street and costs \$100,000 in initial setup fees, a management fee of 10bp monthly on AUM, and a minimum balance of \$10M.

**Coinbase Commerce:** This service provides online retailers with software that lets them accept cryptocurrency payments. Much like PayPal or Square, but for crypto—Coinbase's plugins are used on a variety of e-commerce platforms.

**USD Coin (USDC):** Coinbase offers its very own cryptocurrency, USD Coin (USDC), which is built on the Ethereum platform. Its value is tied to the U.S. dollar, so 1 USDC is always worth \$1.00.

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## Company Management

**Brian Armstrong** - Chief Executive Officer: Brian Armstrong is the co-founder and has served as Chief Executive Officer and a member of the board of directors since the company's inception in May 2012. Before founding, Mr. Armstrong served as a software engineer at Airbnb, Inc., an online marketplace company, from May 2011 to June 2012. From August 2003 to May 2012, Mr. Armstrong served as the founder and Chief Executive Officer of Universitytutor.com, an online tutoring directory and a subsidiary of Johnson Educational Technologies LLC. Mr. Armstrong also previously served as a consultant for the enterprise risk management division at Deloitte & Touche LLP, an accounting and consulting firm, from July 2005 to November 2005. In January 2020, Mr. Armstrong founded ResearchHub Technologies, Inc., a scientific research development platform, where he currently serves as Chief Executive Officer and a member of the board of directors. Mr. Armstrong holds a B.A. in Computer Science and Economics and an M.S. in Computer Science from Rice University. Mr. Armstrong is qualified to serve on the board of directors because of the historical knowledge, operational expertise, leadership, and continuity that he brings.

**Surojit Chatterjee** - Chief Product Officer: Chatterjee has served as Chief Product Officer since February 2020. From February 2017 to February 2020, Mr. Chatterjee served as Vice President of Product Management for Google Shopping at Google LLC, a multinational technology company and a subsidiary of Alphabet, Inc., a holding company. Mr. Chatterjee served as Senior Vice President and Head of Product at Flipkart Internet Private Limited, an e-commerce company, from October 2015 to February 2017. Prior to Flipkart, Mr. Chatterjee held various positions at Google, including Global Head of Product, Mobile Search Ads and AdSense for Search and Senior Product Manager, Mobile Search Ads, and served as Senior Product Manager at Symantec Corporation. Mr. Chatterjee holds a B. Tech in Computer Science and Engineering from the Indian Institute of Technology, Kharagpur, India, an M.S. in Computer Science from the State University of New York at Buffalo, and an M.B.A from the MIT Sloan School of Management.

**Emilie Choi** - President and Chief Operating Officer: Choi has served as COO since June 2019 and President since November 2020. Ms. Choi previously served as Vice President of Business, Data and International, from March 2018 to June 2019. From December 2009 to March 2018, Ms. Choi served as the Vice President and Head of Corporate Development for LinkedIn Corporation, a professional networking site and, following its acquisition in December 2016, a subsidiary of Microsoft Corporation, a software company. From August 2007 to December 2009, Ms. Choi served in various positions at Warner Bros. Entertainment Inc., a mass media and entertainment company, including as Director of Digital Business Strategy and Operations and Manager of Corporate Business Development and Strategy. Ms. Choi currently serves as a member of the board of directors of Naspers Limited, a global internet group, Prosus N.V., the international internet assets division of Naspers Limited, and ZipRecruiter, Inc., a jobs marketplace. Ms. Choi holds a B.A. in Economics from the Johns Hopkins University and an M.B.A from the Wharton School at the University of Pennsylvania

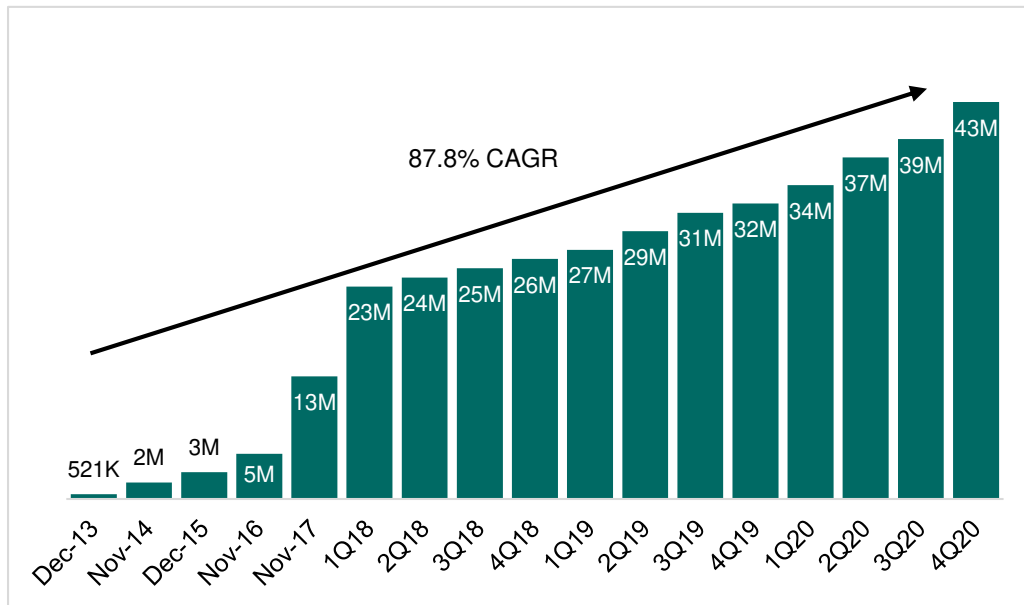
**Paul Grewal** - Chief Legal Officer: Chief Legal Officer since August 2020. Prior to joining us, Mr. Grewal served as Vice President and Deputy General Counsel of Facebook, Inc., a social media company, from June 2016 to August 2020. From December 2010 to June 2016, Mr. Grewal served as a U.S. Magistrate Judge for the U.S. District Court of the Northern District of California. Mr. Grewal was previously a partner at Howrey LLP and served as a Judicial Law Clerk for the U.S. Court of Appeals for the Federal Circuit and the U.S. District Court for the Northern District of Ohio. Mr. Grewal currently serves as a member of the board of directors of Epiq Systems, Inc., a global legal services company. Mr. Grewal holds an S.B. in Civil and Environmental Engineering from the Massachusetts Institute of Technology and a J.D. from the University of Chicago Law School.

**Alesia J. Haas** - Chief Financial Officer: Haas has served as Chief Financial Officer since April 2018. Prior to joining Coinbase, Ms. Haas served as the Chief Financial Officer for Sculptor Capital Management, Inc. (formerly Och Ziff Capital Management Group LLC), a global institutional alternative asset manager, from December 2016 to April 2018. Prior to that, Ms. Haas served in various leadership positions at OneWest Bank, N.A., a commercial bank, from March 2009 until shortly after its acquisition by CIT Group Inc. in December 2015, including most recently as its Chief Financial Officer from January 2013 until the acquisition. Ms. Haas currently serves as a member of the board of directors of ANGI Homeservices Inc., an internet services company, and previously served as a member of the board of directors of Sears Holding Corp., a retail holding company, from February 2016 to December 2016. Ms. Haas holds a B.S. in Business Administration from California Polytechnic State University, San Luis Obispo.

**Crypto Assets Have Been Volatile, Coinbase's Growth Less So**

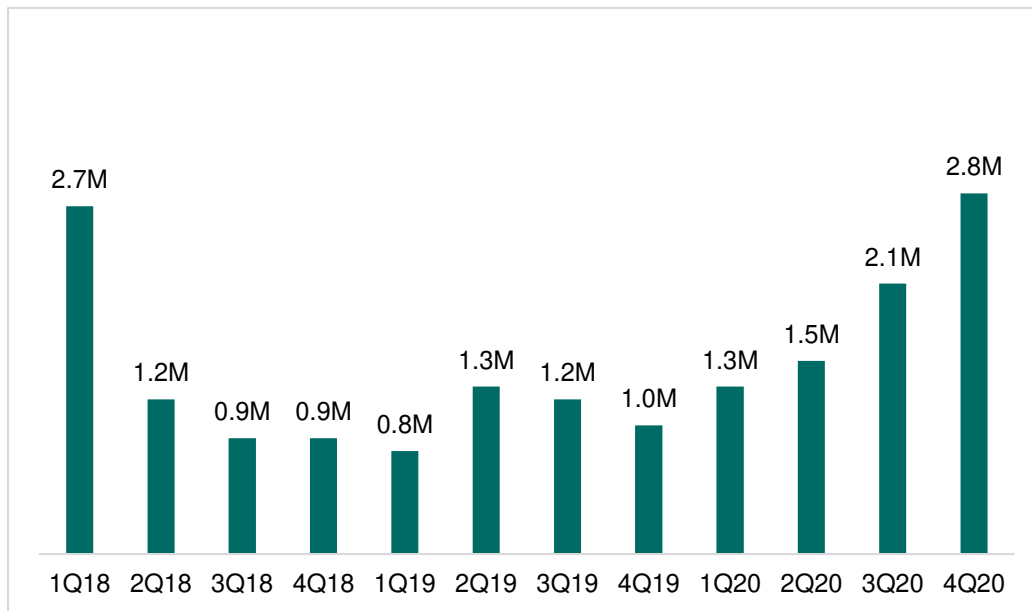
Coinbase's user growth has been the most consistent, but the number of active traders and levels of AUM have also been growing during up and down cycles for crypto. Trading volume growth has been most susceptible to crypto volatility.

**Figure 1: User Growth**



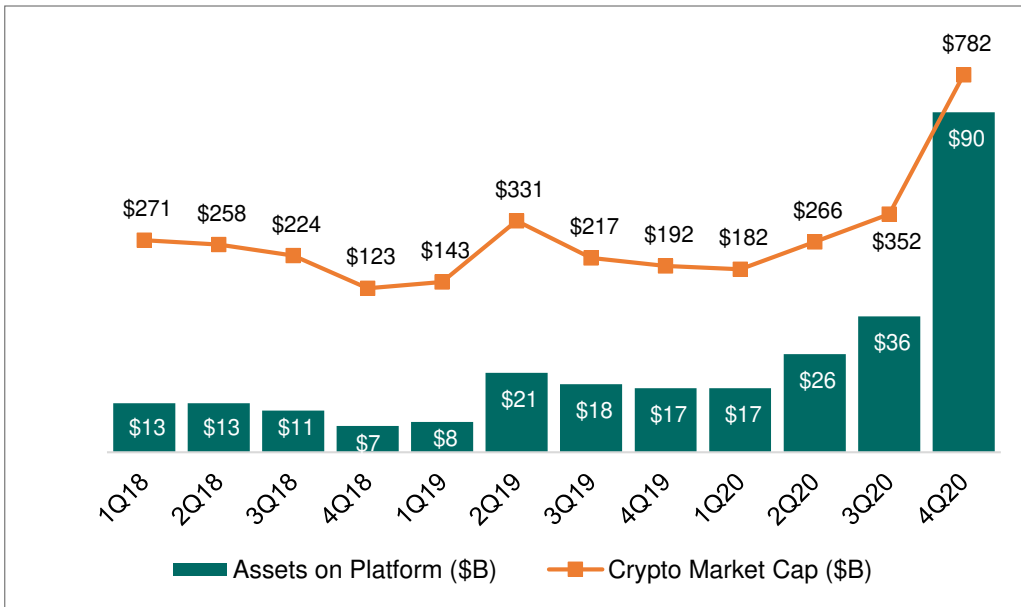
Source: Company Filings, The Fintech Blueprint

**Figure 2: Monthly Transacting Users**



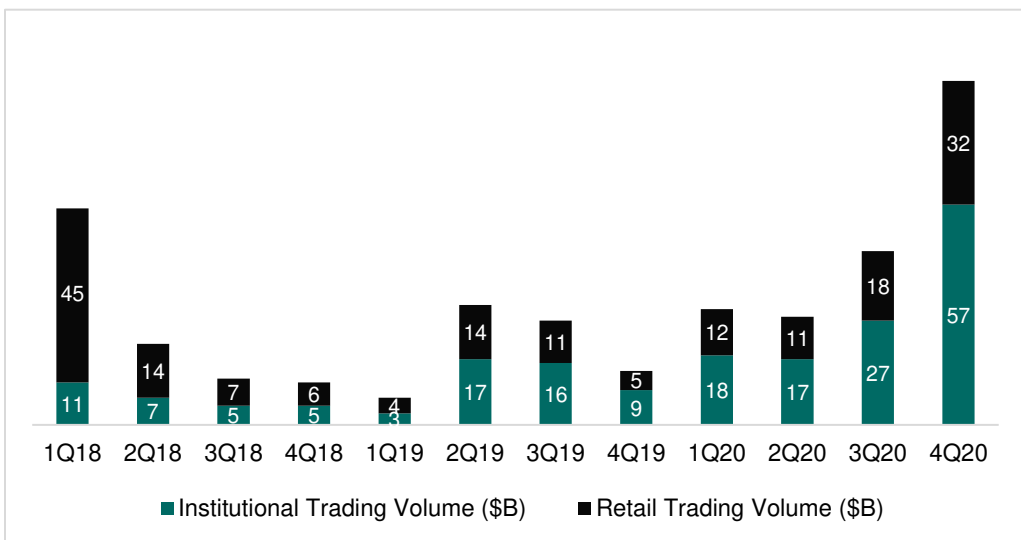
Source: Company Filings

Figure 3: Assets On Platform



Source: Company Filings

Figure 4: Trading Volume By Customer

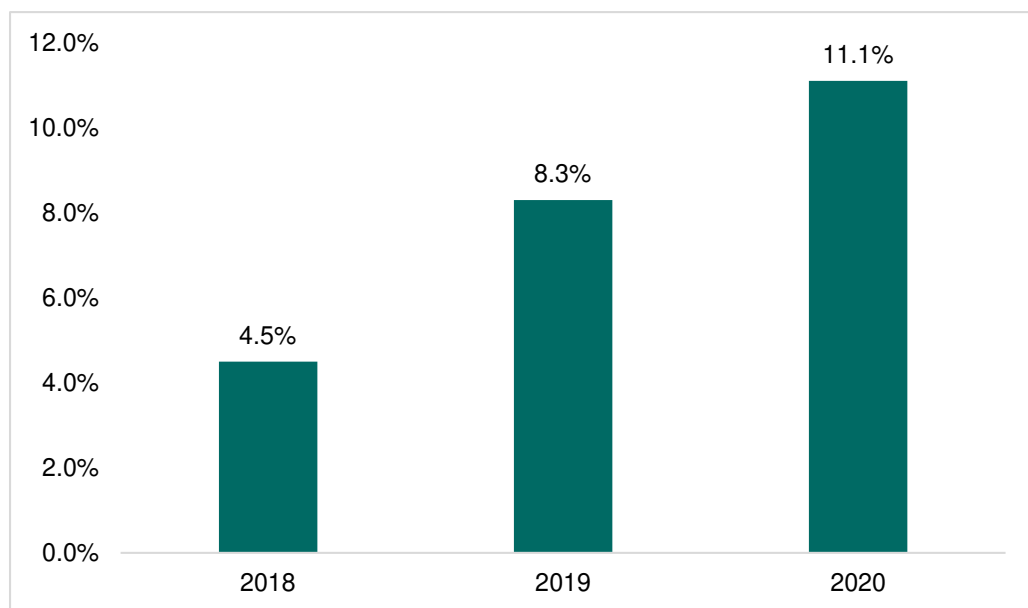


Source: Company Filings

**Competition**

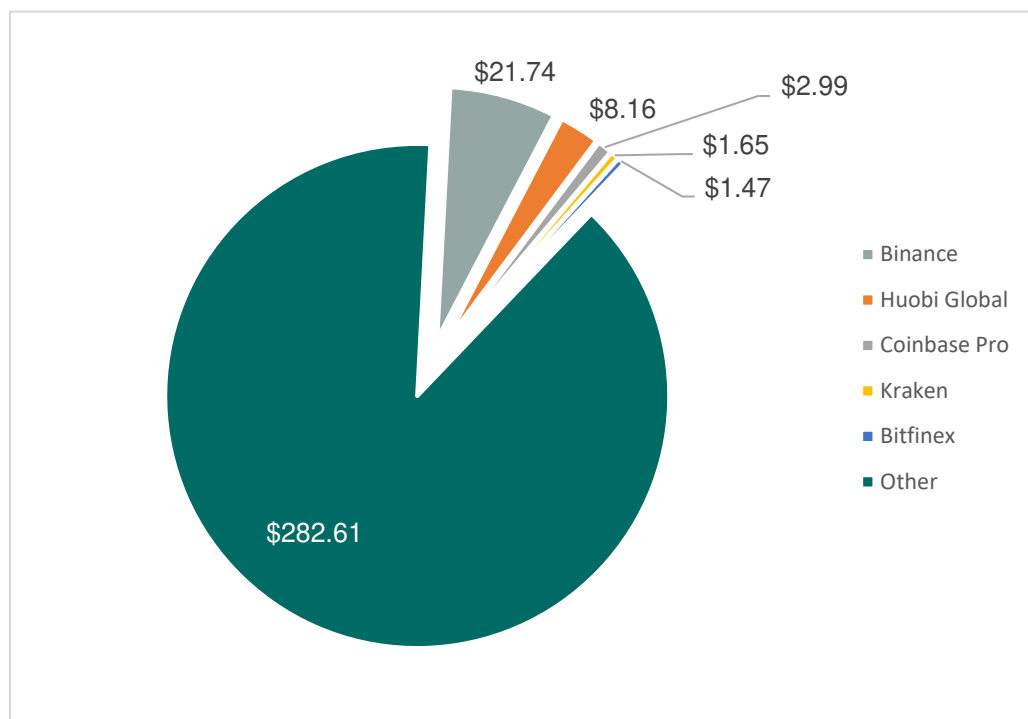
As of the end of last year, Coinbase held about 11% of all crypto assets, which may be the best measure of market share. Within the exchange market, Coinbase's share varies day to day in a highly fragmented market, but it is usually in the top 5 venues. It is worth noting most of the other exchanges are not as well regulated as Coinbase, which is a key advantage, especially as institutional capital becomes more important. On the brokerage front (consumer wallet app) the key competitors are Square's Cash App, PayPal and Robinhood, and the important pure play competitors for crypto assets are DCG's Grayscale, Kraken and Gemini.

**Figure 5: Share of Crypto Market Capitalization**



Source: Company Filings

**Figure 6: Spot Exchange Market Share by 24h Volume (as of 2/28/2021)**



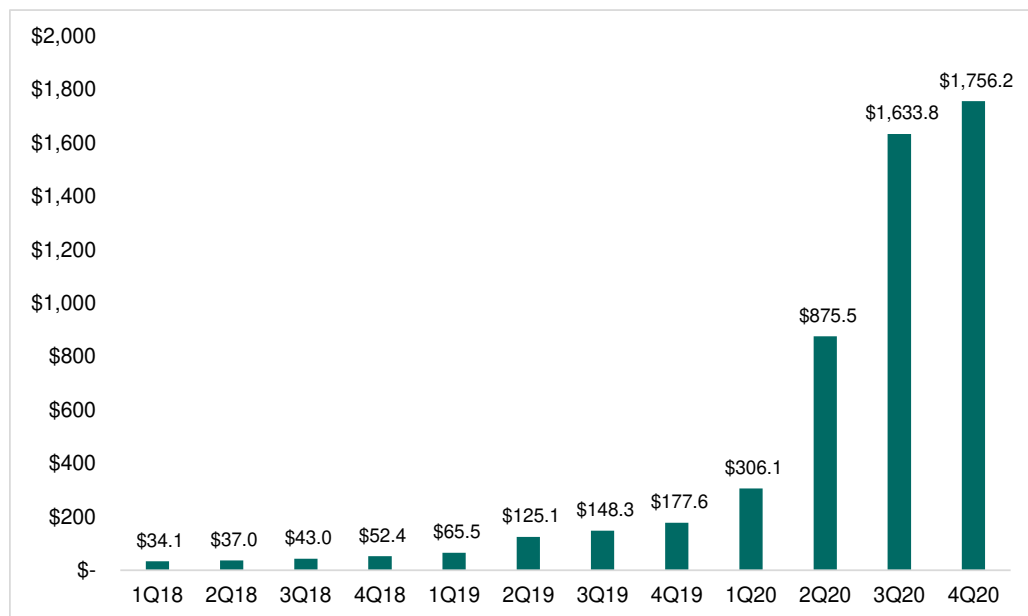
Source: CoinMarketCap, D.A. Davidson, n=380

\*note Coinbase Pro is the institutional subsidiary of Coinbase and actual volumes are likely higher

**Figure 7: Grayscale Funds AUM**

Funds	Digital Asset Holdings ( <i>millions</i> )
Grayscale Bitcoin Trust	\$22,906.2
Grayscale Bitcoin Cash Trust	\$111.1
Grayscale Ethereum Trust	\$4,003.9
Grayscale Ethereum Classic Trust	\$94.8
Grayscale Horizen Trust	\$20.6
Grayscale Litecoin Trust	\$174.9
Grayscale Stellar Lumens Trust	\$18.0
Grayscale Zcash Trust	\$25.0
<b>Total</b>	<b>\$27,354.5</b>

Source: Grayscale

**Figure 8: Square (SQ) Bitcoin Revenues and Assets (\$M)**

Source: Company Filings, D.A. Davidson

**Figure 9: SQ Annual Bitcoin Revenues and Bitcoin Holdings on Balance Sheet**

	FY2018	FY2019	FY2020	1Q21
Revenues	\$166.52	\$516.47	\$4,571.54	
Assets on Balance Sheet			\$ 50.00	\$ 170.00

*(in millions)*

Source: Company Filings, D.A. Davidson

## Valuation

We believe COIN warrants a premium valuation at the high end of its comparable group, which we see as the open-ended category leaders like ZM, SNOW and TSLA. We would point out that very few companies beyond ZM, if any, have a higher growth+EBITDA margin measure, which justifies the premium valuation. While we recognize that recent private transactions have been done at much higher levels, we will consider the market price for COIN as per the last funding (October 2018) round until COIN commences trading.

**Figure 10: Peer Group Valuation**

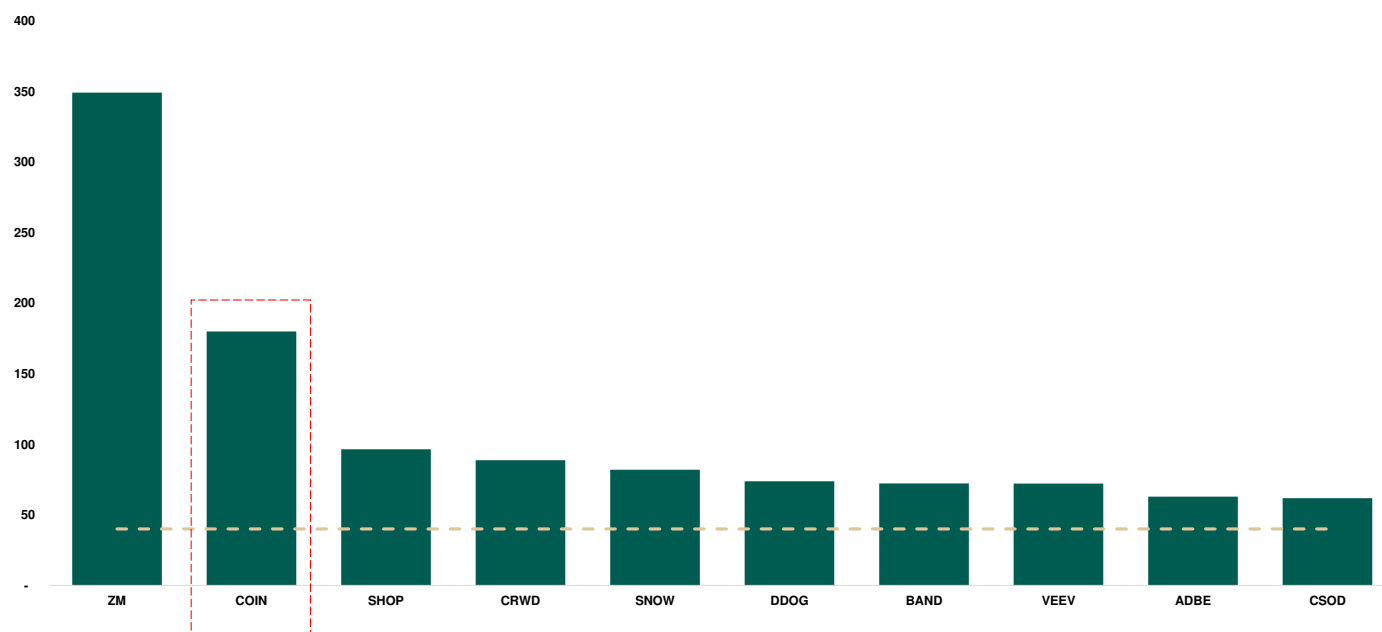
Company Name	Ticker	Rating	Current Price	Market Cap (\$M)	Enterprise Value (\$M)	EV/Revenue		Rev Growth (Y/Y)		EV/FCF	
						2021E	2022E	2021E	2022E	2021E	2022E
Zoom Video Communications, Inc.	ZM	BUY	\$373.61	\$112,896	\$111,095	31.8x	25.6x	N/A	24%	91.1x	69.7x
Snowflake Inc.	SNOW	BUY	\$259.54	\$91,078	\$86,530	78.7x	48.1x	N/A	64%	N/A	N/A
PayPal Holdings, Inc.	PYPL	NR	\$259.85	\$304,475	\$301,117	11.7x	9.7x	20%	21%	49.6x	38.9x
Square, Inc.	SQ	NR	\$230.03	\$117,520	\$116,784	8.4x	7.0x	46%	20%	N/A	N/A
Tesla, Inc.	TSLA	NR	\$675.50	\$755,766	\$749,719	15.6x	12.1x	52%	29%	N/A	N/A
MicroStrategy Incorporated	MSTR	NR	\$750.41	\$7,901	\$8,423	N/A	N/A	N/A	N/A	N/A	N/A
<b>Peer Group Average</b>						<b>29.2x</b>	<b>20.5x</b>	<b>39%</b>	<b>31%</b>	<b>70.3x</b>	<b>54.3x</b>
<b>Peer Group Median</b>						<b>15.6x</b>	<b>12.1x</b>	<b>46%</b>	<b>24%</b>	<b>70.3x</b>	<b>54.3x</b>

D.A. Davidson makes a market in the securities above with a rating of Buy, Neutral, or Underperform

Source: D.A. Davidson, Capital IQ

\*prices as of 2/28/2021

**Figure 11: Rule of 40**



Source: Capital IQ, D.A. Davidson



Figure 12: Coinbase Funding

#	Deal Type	Date	Amount	Raised to Date	Pre-Val	Post-Val
12.	IPO	25-Feb-2021	\$1.00B <sup>E</sup>	\$524.73M		
11.	Later Stage VC (Series E)	30-Oct-2018	\$300.00M	\$524.73M	\$7.74B	\$8.04B
10.	Merger/Acquisition	27-Jun-2018				
9.	Later Stage VC (Series D)	10-Aug-2017	\$108.10M	\$224.73M	\$1.60B	\$1.71B
8.	Later Stage VC (Series C)	07-Jul-2016	\$10.50M	\$116.63M	\$490.00M	\$500.50M
7.	Later Stage VC (Series C)	20-Jan-2015	\$75.00M	\$106.13M	\$415.00M	\$490.00M
6.	Accelerator/Incubator			\$31.13M		
5.	Accelerator/Incubator	01-Jan-2014		\$31.13M		
4.	Early Stage VC (Series B)	12-Dec-2013	\$25.00M	\$31.13M	\$125.00M	\$150.00M
3.	Early Stage VC (Series A)	04-Apr-2013	\$6.11M	\$6.13M	\$16.94M	\$23.05M
2.	Accelerator/Incubator			\$0.02M		
1.	Accelerator/Incubator	01-Jan-2012	\$0.02M	\$0.02M		

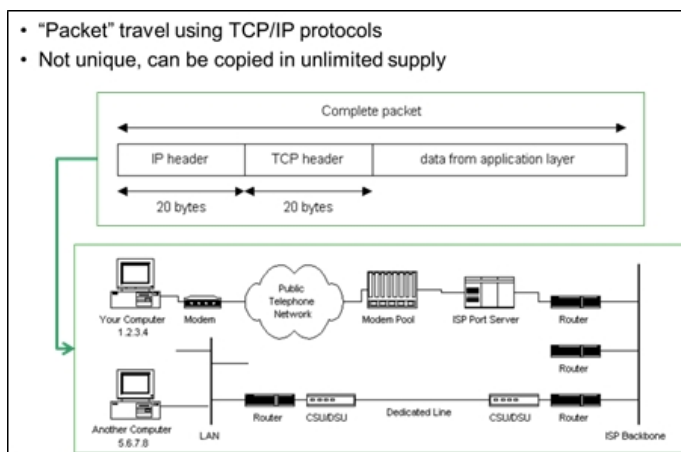
Source: Pitchbook

## Quick Crypto Primer

If you made it this far into the report you may be looking for a high level crypto primer, so we included some thoughts for the non-technical reader:

To understand crypto, we believe the Internet is the right place to start. The Internet moves packets using TCP/IP protocol. Packets can be replicated and copied in unlimited supply, so they are great for transferring videos, music files, documents, etc. They are very bad for transferring money since they can be replicated and copied - there is no control. The Internet is great for transferring information but bad for transferring value.

**Figure 13: Understanding Crypto**



Source: Wikipedia, D.A. Davidson

A blockchain is a shared next-generation database that is secured with cryptography. We had mainframe technology, client server, hosted/cloud and now there is a shared database with open read capabilities and limited writes controlled by consensus of participants.

Figure 14 breaks it down further. The key feature is a distributed ledger that everybody trusts. Distributed meaning that it hosted by all of the computers that participate in this network yet still maintains one database they all agree on with one state of things. The second is the record of ownership going all the way back to the initial state. In particular, ownership of whatever asset we choose to put in this database and every single change of hand that occurred through the history of that initial state. The third aspect is that it is peer to peer. There is not one entity that sits in the middle that we all have to trust. Everyone that participates in this network is helping secure it and make sure that it has integrity. The fourth point is that it is secured by cryptography and it uses tokens not packets. Tokens are not replicable. Tokens are unique. They change hands without being replicated or distorted. Their uniqueness helps keep the value of the asset.

Figure 14: Explaining Blockchain

Intellectually:

- One **distributed ledger** everybody *trusts*
- Record of **ownership** going all the way to initial state
- **Peer-to-Peer** - no 3<sup>rd</sup> party/network/exchange
- Secured by cryptography and **tokens** containing value

What you need to know:

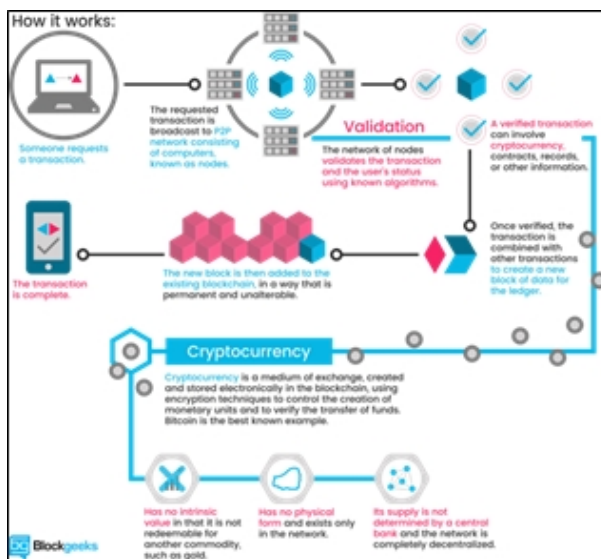
- Shared database with open *read* capabilities and limited *write* controlled by a consensus of participants

Source: Blockgeeks and D.A. Davidson

How does it work? If I agree to transfer value to somebody, it doesn't matter where they are in the world. If I agree that I am buying a phone from somebody and I want to pay them, I get a phone, they get the money, and we transmit that to the network. Then the network verifies that I have the money to give them and that I indeed am the one who submitted this transaction. All of the computers check that and one of the computers on the network ends up approving it. The Bitcoin network works every ten minutes allowing the transaction to happen.

There is no need for a third party. The network is all the computers that were sharing the database. We submit the transaction, me and the person I am transacting with. I don't need to know them. They can be perfect stranger, yet I can transfer money to them and get value from them nonetheless.

Figure 15: How Does It Work – Basics of a Transaction

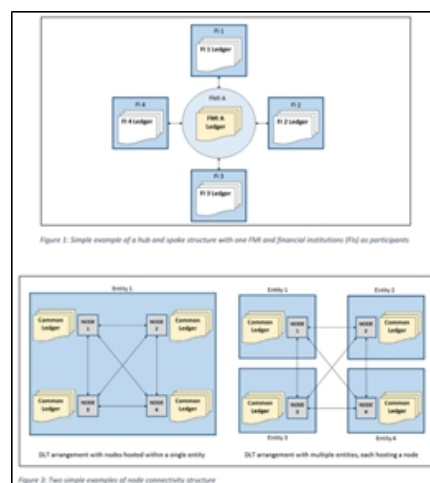


Source: Blockgeeks and D.A. Davidson

Figure 16 represents an important point - if you go back to a paper from somebody that chose the alias Satoshi Nakamoto in 2008, what he, she, or they, stated in a very simple way is that: If you had a network that is based on a central entity, that central entity gets to take a huge toll, and they get to have other members of the network that take a big toll as well.

The best example of this is Visa. Visa and Mastercard sit in the middle of the payment ecosystem and therefore they extract excess fees from all their bank members. That means that not only are there access fees but there are also minimum fees which make really small transactions not feasible. There are cross-border fees because Visa can say which country a transaction was done in and you have to rely on them for security and safety. The notion of the original Bitcoin and any other crypto asset is that you don't need a single trusted entity if you can get a consensus of all the computers on a network to agree on the state of things and how that state of things can change. That is the most important aspect and is very far-reaching.

Figure 16: Centralized vs. Peer-to-Peer

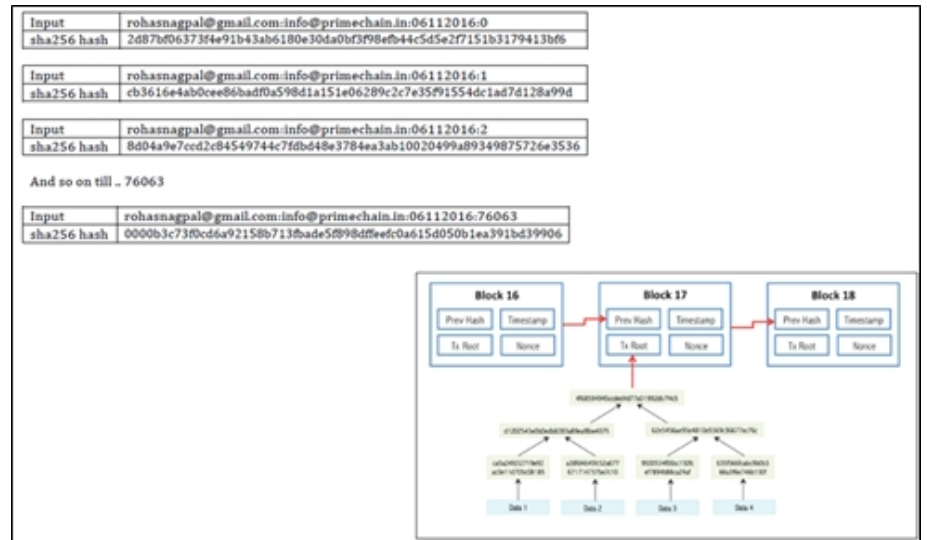


Source: Source: Federal Reserve and D.A. Davidson

Figure 17. Using Powerful Encryption

The next point in Figure 17 is that in order to accomplish this interaction you must use encryption and cryptography. You don't need to understand Merkle trees or SHA-256 hash functions - the key point is that if you take all the computing power in the world, including all that the governments have and all the mainframes, it won't be able to compete with this network for making these specific calculations that are required to run it.

At this point, there are billions of dollars dedicated to building the Bitcoin network and other networks, so you can't really take down the cryptography, Bitcoin, or the network itself. For all the attempts to try to hack it over the last 11 years, nobody has hacked the Bitcoin network itself. When you hear about hacks regarding the Bitcoin network, you are hearing about third party providers on the Bitcoin network that are getting hacked, which is completely different. The equivalent is Visa hasn't been hacked in any significant way. Target has been hacked. Heartland Payments has been hacked. The core network is the more important one.



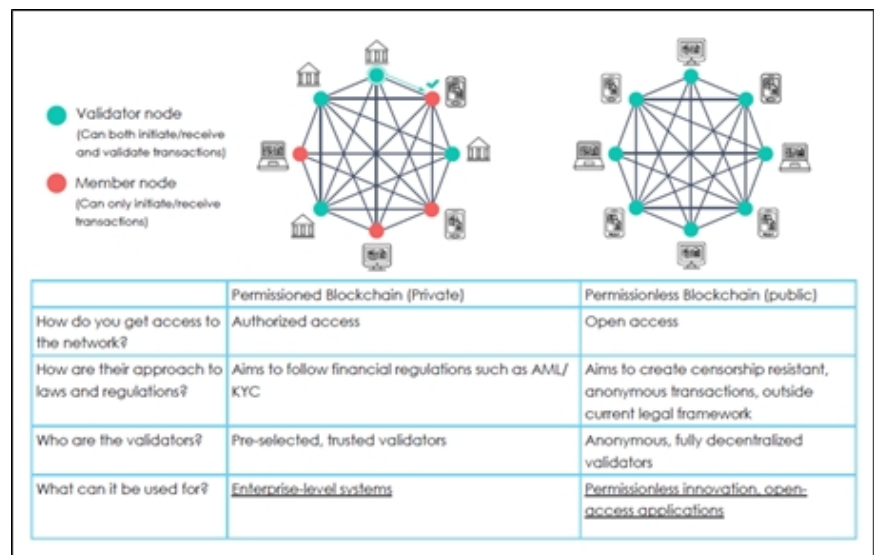
Source: Source: Primechain Technologies Pvt. Ltd. and D.A. Davidson

Figure 18 introduces the concept of a private blockchain. Ethereum and Bitcoin are examples of crypto assets that reside on public blockchains, and have transactions that can be processed on any computer anywhere in the world including Venezuela, Nigeria, and Ukraine. This means if you are transferring assets and dealing with a lot of regulations sometimes this can make you feel uncomfortable.

Therefore, banks and governments have been trying to build private blockchains. This is when a finite group of entities (e.g. banks) come together to build a distributed ledger that has unlimited read but limited write capabilities, which is how we define blockchain, and figure out how to use that technology in a way that they can control.

The jury is out on whether this can work. It is a little like saying the intranet is a great idea but the internet is not.

Figure 18: Private vs. Public Blockchain



Source: Source: EVRY and D.A. Davidson

The developer world is still working on many use cases for crypto technology. When there is as distributed ledger with unlimited read but limited write that is controlled by cryptography, there are a lot of things that can be done. The technology is not just limited to moving money like Bitcoin. You can actually use the technology with any sort of asset class. On Ethereum, you can start doing more advanced things like using smart contracts for decentralized financial services.

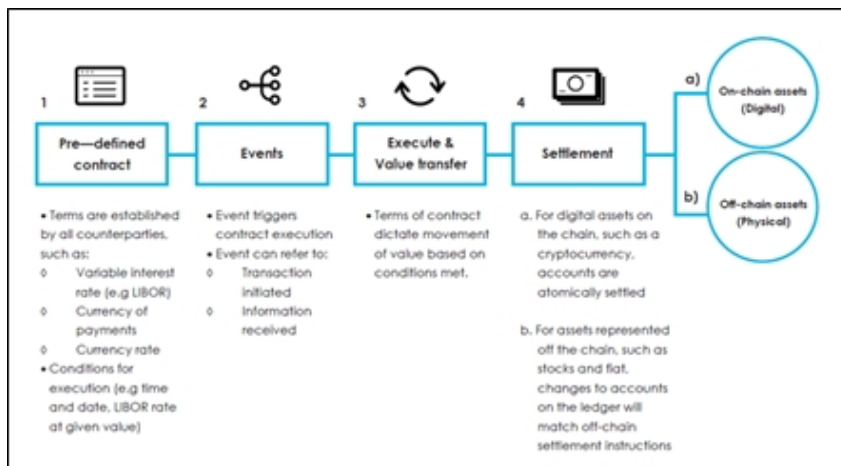
For example, for those of you who have bought a house, you know that it is a very cumbersome transaction. You as a buyer come together with the seller. If you can agree on the price the deal should be done but that's not how it works. You need brokers, you need escrow, you need title insurance, you need to go municipalities, and someone needs to do the paperwork. On top of that, the transaction takes 30-45 more days with thousands of dollars of expense. It is a hugely burdensome proposition. If we have a database that we all agree on state who owns what, we would only need to submit a transaction to it. The thousands of dollars and excess time would be done away with.

Another example of smart contracts which is illustrated in Figure 19. The notion of smart contracts is that within every contract is a description of an algorithm: if you do this, I will do that or if this happens, that will be the financial outcome. Every contract has this characteristic. This can all be represented by code. If we build the code into the transaction in this distributed ledger we can do a lot of things including automating legal contracts.

For example, each movie has hundreds of actors and the contracts utilize a residual payment system. Every time the Hunger Games is shown, Jennifer Lawrence gets paid. There is a small army of accountants and lawyers to make sure they know how many times it has been viewed, how much money she should get, and consequently work with a lawyer to make sure that the contract is adhered to. The studio cuts her a check and finally completes a wire transfer. But there are hundreds of other actors on Hunger Games. Multiply that whole process by all the movies in their catalog.

If they just put a smart contract in a transaction in a blockchain that says check the Billboard (or whatever source of reliable information for how many movies have been viewed) while accounting for unique venues and then this amount would go to Jennifer Lawrence, and this much to all the other actors then you could automate this process.

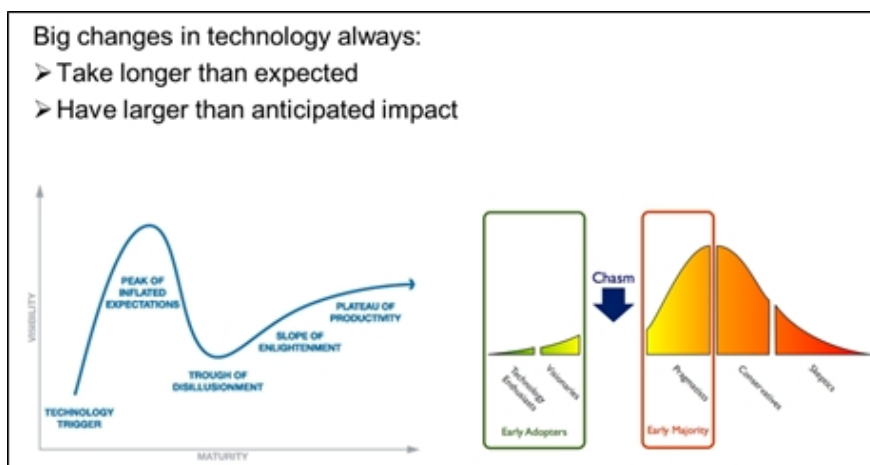
Figure 19: Smart Contracts



Source: Source: EVRY and D.A. Davidson

To gain some perspective, it is useful to keep in mind how big changes in technology happen. Initially there is excitement, followed by the letdown. Then the hard work happens. It will always take longer than expected with a larger than expected impact.

Figure 20: Technology Impact



Source: Gartner, D.A. Davidson





#### Accenture plc (ACN)

Accenture plc is a global professional services company that provides specialized expertise across over 40 industries. Within the blockchain space, Accenture offers services such as strategy assessment, solution design, and training bootcamps and has alliances with Digital Asset, R3, and Ripple. The company also sits on the Board of Directors of the Enterprise Ethereum Alliance and Hyperledger. Accenture is headquartered in Dublin, Ireland and was founded in 1989.

#### Advanced Micro Devices (AMD)

Advanced Micro Devices is a worldwide semiconductor company. For the past few quarters, increased demand in graphics processing units (GPUs) has been fueling top-line growth. Normally targeted towards video gamers, these graphics cards are now also being used for GPU-based cryptocurrency mining. For 3Q17, AMD reported \$819M in revenues from its computing and graphics division, a 74% year-over-year increase. Management believes it will see a 15% decline in crypto-related revenue in 4Q17 as demand levels off. The company is headquartered in Sunnyvale, CA and was founded in 1969.

#### APT Systems, Inc. (APTY)

APT Systems, Inc. creates stock trading tools and platforms. In August 2017, the company announced that it had created CryptoAssets, a subsidiary that would offer tools to track the prices of major cryptocurrencies such as Bitcoin and Ethereum. The company is also a member of the Enterprise Ethereum Alliance, which is the world's largest open source Blockchain initiative. APT Systems is based in San Francisco, CA and was founded in 2010.

#### Bitcoin Investment Trust (GBTC)

Bitcoin Investment Trust is solely invested in Bitcoin and establishes its value from the price of Bitcoin. The fund, which launched in 2013, has nearly \$1.7B in AUM and owns approximately 171,861 bitcoins (or ~0.092 bitcoin per share outstanding) as of November 2017. Grayscale Investments, the sponsor of the Bitcoin Investment Trust, is a wholly-owned subsidiary of Digital Currency Group.

#### Bitcoin Services, Inc. (BTSC)

Formerly known as Tulip BioMed, Inc., a developer of medical devices for the living tissues market, the company changed its name to Bitcoin Services, Inc. in March 2016. The business now focuses on cryptocurrency mining and blockchain software development. BTSC is currently developing a cryptocurrency wallet that will allow consumers to store multiple digital currencies in one wallet through its newly-formed subsidiary, Crypto Capital Corp. The company is headquartered in Kalamazoo, MI and was incorporated in 1997.

#### BTCS (BTCS)

BTCS started off as the host of an online e-commerce marketplace, but switched its focus to Bitcoin mining in late 2014. The company built-out a large facility in North Carolina to mine Bitcoins but was forced to shut it down in mid-2016 due to capital restraints. Management has dubbed 2017 as the "year to rebuild" as the company hopes to create a portfolio of digital assets by participating in ICOs resuming its mining operations, and engaging in strategic acquisitions. In August 2017, the company announced a non-binding letter of intent to merge with Blockchain Global, an Australian company that mines Bitcoins and operates an exchange platform (ACX.io). BTCS is headquartered in Silver Spring, Maryland and was founded in 2013.

#### Digital Power (DPW)

Digital Power is a power systems solutions provider. In December 2017, the company announced that it launched a new division dedicated to cryptocurrencies mining with the ultimate goal of obtaining a network of more than 10K mining machines. Management hopes to leverage its engineering expertise and existing infrastructure to gain a competitive advantage in the space. The Fremont, California-based company was incorporated in 1969 and went public in 1997.

#### Cboe Global Markets, Inc. (CBOE)

Cboe Global Markets, Inc. is the largest U.S. options exchange. The company began offering bitcoin futures trading in December 2017, which would be settled in cash based on Gemini's bitcoin auction price. In mid-January 2018, Cboe announced that over 124k contracts were traded across expiries since launch for a notional value of over \$1.5B. Cboe is headquartered in Chicago, IL and was founded in 1973.

#### CME Group Inc. (CME)

CME Group Inc. is a financial marketplace which operates an options and futures exchange. In December 2017, the company began offering bitcoin futures contracts that would be cash-settled based on the CME CF Bitcoin Reference Rate. Crypto Facilities Ltd. and CME Group have published its Bitcoin Reference Rate since November 2016. CME Group is headquartered in Chicago, IL and was founded in 1898.

#### Eastman Kodak Company (KODK)

Eastman Kodak Company is an imaging-focused tech company that provides hardware, software, services, and consumables. In January 2018, the company announced that it would be collaborating with WENN Digital Partner to create the KODAKONE platform, a ledger that protects the IP of registered images. Photographers on the platform would receive payments for image sales in the cryptocurrency, KODAKCoin. Later that month, Overstock (OSTK) stated that it had chosen KODAKCoin as tZERO's first offering on its security token platform. Kodak also revealed in January that it would be partnering with Spotlite to allow consumers to rent bitcoin-mining rigs. The company is headquartered in Rochester, NY and was founded in 1880.

#### First Bitcoin Capital Corp (BITCF)



Previously a gold mining business named Grand Pacaraima Gold Corp., the company changed its name in 2014 to First Bitcoin Corp with its newfound mission to vertically consolidate the digital currency space. The company plans to develop a mining operation, online stores that will exclusively accept bitcoin, a cryptocurrency exchange, as well as technology that will help promote the use of cryptocurrency. The company was founded in 1989 and is based in Vancouver, Canada.

#### FRMO Corp. (FRMO)

FRMO Corp. engages in investment advisory and research via its 4.95% interest in Horizon Kinetics, LLC. In a letter to shareholders sent out in late August 2017, the company stated that its exposure to cryptocurrencies was about \$3M at current market value, or ~3% of shareholders equity, which includes an investment in Digital Currency Group, a venture capital firm focused on the digital currency market. FRMO Corp. is based in White Plains, NY and was incorporated in 1993.

#### Future FinTech Group (FTFT)

Formerly known as SkyPeople Fruit Juice, Inc., a fruit juice beverage and concentrate producer, the company changed its name to Future FinTech Group in June 2017. This reflected the company's growing interest in agricultural commodities trading and agricultural finance technology. In December 2017, Future FinTech Group announced that it had hired a private company named Reits Technology to create a multi-purpose blockchain software system for itself. The system would consist of a B2C shared e-commerce platform and a commodity trading system, amongst other functions. Management also noted that it might issue its own tokens at some point in the future. The company is headquartered in Xi'an, China and was initially incorporated in 1998 (then known as Cyber Public Relations).

#### Glance Technologies (GLNNF)

Glance Technologies operates Glance Pay, a digital payment system with a built-in rewards program that allows consumers to purchase goods and services. In December 2017, Glance announced its completion of Blockimpact, a blockchain and cryptocurrency tokenization platform for \$1.1M. A couple of weeks afterwards, the company incorporated a subsidiary, Glance Blockchain Token Inc. (later renamed Glance Coin Inc.), that would develop and manage the Glance token. The cryptocurrency would be distributed through merchant rewards programs using smart contracts. Management expects to distribute its white paper sometime in January. The company is headquartered in Vancouver, Canada.

#### Gridsum Holding (GSUM)

Gridsum Holding is a cloud-based data analytics provider for businesses and government agencies in China. In December 2017, the company announced that it launched its Intelligent CRM Solution, which uses artificial intelligence to help manage both potential and existing customer relationships more efficiently. Management noted that the platform would leverage blockchain technology to an increasing degree, going forward. Gridsum is headquartered in Beijing, China and was founded in 2005. It went public in the U.S. in 2016.

#### Helios and Matheson Analytics, Inc. (HMNY)

Helios and Matheson Analytics, Inc. provides big data analytics and data visualization solutions for large corporations in the United States. In an interview published in January 2018, HMNY CEO Ted Farnsworth said the company is considering an ICO involving its subsidiary, Moviepass. The company revealed that it has been looking into possible blockchain technology implementations for over a year. Helios and Matheson Analytics is headquartered in New York, NY and was founded in 1982.

#### Hitachi, Ltd. (HTHIY)

Hitachi, Ltd. is one of Japan's largest multinational conglomerate companies. In early 2017, Hitachi announced that it was partnering with the blockchain development company, Tech Bureau, to integrate the NEM-based Mijin Blockchain platform onto PointInfinity, Hitachi's point management solution that manages over 150M members. The platform would give merchants the opportunity to set-up a point-based system for membership/loyalty programs. In September 2017, Hitachi announced that they would be collaborating with Mizuho Financial Group (MFG) to create a supply chain management platform built on the Hyperledger blockchain consortium. Its purpose would be to record and streamline transactions made within the company. Hitachi is also a founding member of the Hyperledger Project. The company is based in Tokyo, Japan and was founded in 1910.

#### HIVE Blockchain Technologies (HVBTF)

HIVE Blockchain Technologies, formerly known as Leeta Gold Corp., is a cryptocurrency mining firm with one GPU-based data center in Iceland. With assistance from its strategic partner, Genesis Mining Ltd. (the world's leading hashpower provider and HIVE's largest shareholder), HIVE plans on bolstering its operations by adding on two data centers in Sweden; one a GPU-based facility (expected to be completed in April 2018) and the other a ASIC-based facility (expected to be completed in September 2018). The company recently closed its C\$115M private placement in December 2017 to help finance the expansion. Once construction is complete, HIVE expects to have total energy consumption of 44.2 megawatts. HIVE is based in Vancouver, Canada and was incorporated in 1987.

#### India Globalization Capital (IGC)

India Globalization Capital is a cannabis pharmaceutical company that develops therapies to treat diseases such as Alzheimer's and Parkinson's. The company also has a heavy equipment rental segment in India and a real-estate management segment in Malaysia. In December 2017, the company announced plans to develop a "universal cannabis platform" using blockchain technology that would fix problems such as transactional difficulties and deficient product labeling. The Bethesda, Maryland-based company was founded in 2005 and went public in 2006.

#### Interactive Brokers Group (IBKR)

Interactive Brokers Group is a global electronic brokerage firm that operates in approximately 120 exchanges and market centers. The company began offering clients the ability to trade bitcoin futures on the Cboe Futures Exchange in December 2017 and the Chicago Mercantile Exchange later that month. Interactive Brokers also started allowing short positions on bitcoin futures. The company is headquartered in Greenwich, CT and was founded in 1977.

#### Intercontinental Technology (RCGR)

Rich Cigars' original strategy was to make and distribute premium, hand-rolled cigars. In November 2017, the company entered a settlement agreement with former CEO of Vapor Group (VPOR), Dror Svorai, in which the entire management team would be replaced by three new directors chosen by Mr. Svorai. Shortly afterwards, the company changed its name to Intercontinental Technology, signaling its shift into cryptocurrency mining as it phased out its cigar business. The company is headquartered in Colorado and was founded in 2013. It went public in June 2017.

#### JD.com (JD)

JD.com is an e-commerce company that operates in the People's Republic of China. In December 2017, it was announced that JD.com, Walmart, IBM, and Tsinghua University would join forces to create the Blockchain Food Safety Alliance. The alliance's goal would be to use blockchain technology to improve transparency within food supply chain management by identifying and tracing hazardous food items. In February 2018, JD Logistics, JD.com's logistics division, announced that it had joined the Blockchain in Transport Alliance (BiTA). The organization hopes to implement the blockchain into the global freight and logistics business. JD.com is headquartered in Beijing, China and was founded in 1998.

#### KinerjaPay (KPAY)

KinerjaPay is a digital payment and e-commerce platform in Indonesia. In October 2017, the company announced that its gift card center would now accept Bitcoin in exchange for gift cards. In December 2017, KinerjaPay said that it would be transitioning into a token payment platform and would be launching an ICO for its own cryptocurrency, KCOIN. The digital asset can be used for coin trading, online shopping, amongst other functions on KinerjaPay's e-commerce platform. The company expects to raise up to \$5M from the ICO. The Medan, Indonesia-based company was founded in 2010.

#### Line Corporation (LN)

Line Corporation is a subsidiary of Naver Corporation and offers a platform for mobile messaging and communication services. In late January 2018, LINE Corporation announced that it was launching a new company called Line Financial to strengthen its position in the financial business sector. Line Financial will provide a variety of financial services, which includes a cryptocurrency exchange, assuming it receives the needed regulatory approvals. The exchange will be compatible with the company's existing mobile payment app, Line Pay, which reached 40M registered users in 2017. Line Corporation is headquartered in Tokyo, Japan and was founded in 2000.

#### Longfin (LFIN)

Longfin, headquartered in Lyndhurst, NJ, is a FinTech company that uses artificial intelligence to carry out financial services for small companies. The company went public for \$5 a share in December 2017. Shortly afterwards Longfin announced that it was acquiring Ziddu.com, a company that gives out collateralized loans based on its own cryptocurrency, Ziddu coin, from Meridian Enterprises, a private company that is almost entirely owned by Longfin's CEO, Venkat Meenavalli.

#### Marathon Patent Group (MARA)

Marathon Patent Group, formerly an IP licensing and commercialization company, declared recently that it planned to transition into the cryptocurrency mining space. In November 2017, Marathon Patent Group announced that it had entered into an agreement to acquire Global Bit Ventures, a digital asset technology company that mines cryptocurrencies. As of the 3Q17 earnings call held in November 2017, Global Bit Ventures owns 1K GPU mining servers, 300 of which are currently up and running. Marathon Patent Group shareholders are expected to vote on the merger agreement during 1Q18. The company is headquartered in Los Angeles, California and went public in 2012.

#### MGT Capital Investments (MGTI)

MGT Capital Investments was previously an online gaming company. In May 2016, the company pivoted itself into the cybersecurity space after naming John McAfee, an outspoken Bitcoin advocate and founder of the antivirus firm McAfee Security, its CEO. A month later, the company announced its plans to enter the Bitcoin mining business with the ultimate goal of becoming the largest Bitcoin mining business in the world. Mr. McAfee has since stepped down as CEO, but remains as its Chief Cybersecurity Visionary. As of October 2017, the company had 865 mining rigs in operation and expects to have 4,700 rigs in operation by 1Q18. The Durham, North Carolina-based company was founded in 1979 and incorporated in 2000.

#### Mitsubishi UFJ Financial Group, Inc. (MTU)

Mitsubishi UFJ Financial Group, Inc. is the world's 4<sup>th</sup> largest bank. Through its subsidiaries, the company offers financial services both in Japan and internationally. In January 2018, a Japanese local news publication reported that MUFG would be creating its own cryptocurrency, the MUFG coin. The coin will be pegged to the Japanese yen, and the company plans to process all transactions on the network. The anticipated launch date for the cryptocurrency is sometime in fiscal year 2018. MUFG is headquartered in Tokyo, Japan and was founded in 1880.

#### Minds, Inc. (An Overstock Medici Venture's Portfolio Company)

Minds, Inc. is a crypto social networking platform that enables users to launch a social networking app and website through Minds' software. Minds' pays users for the activity on its platform with revenue, digital currencies, and additional views on content. Minds recently

launched \$MINDS crypto token, which jumped to the number 1 spot on its platform, Ethereum Mainnet. Minds is headquartered in Wilton, Connecticut and was founded in 2011.

#### Mizuho Financial Group, Inc. (MFG)

Mizuho Financial Group, Inc. is one of the world's largest financial institutions providing services such as banking, securities, and asset management. In July 2015, Mizuho created its Incubation Project Team, an independent and specialized group that researches experimental fintech applications. In addition to researching areas such as AI and cloud storage, the team has several blockchain projects in various stages of development. In July 2017, Mizuho announced that it had completed a trade transaction between Australia and Japan using blockchain technology. Two months later, Mizuho revealed that it was collaborating with tech conglomerate, Hitachi, Ltd. to create a blockchain platform for supply chain management. Mizuho Financial Group is headquartered in Tokyo, Japan and was founded in 2003.

#### MoneyGram International, Inc. (MGI)

MoneyGram International, Inc. is the world's second largest money transfer company behind Western Union. In January 2018, MoneyGram announced that it had partnered with Ripple and would begin a pilot program that would test out the use of XRP, a digital asset created by Ripple, in its payment network. The company said that the pilot would be limited to internal usage and would not involve customers' money. MoneyGram is based in Dallas, TX and was founded in 1926.

#### Net 1 UEPS Technologies (UEPS)

Net 1 UEPS Technologies is an alternative payment systems provider to several industries in South Africa, South Korea, and internationally. In September 2017, Bank Frick, a strategic partner of Net1, launched a certificate based on cryptocurrencies that granted investors a way to add cryptocurrencies to their portfolios. In November, Net1's payment processor subsidiary, Masterpayment, was chosen as the credit card processor for European cryptocurrency exchange, Bitstamp. Net1 also has plans to launch a prepaid card issuing solution for cryptocurrency exchange payouts scheduled for release in 1Q18. The company is based in Johannesburg, South Africa and was founded in 1989. It went public on the Johannesburg Stock Exchange in 1997 and was later listed on NASDAQ in 2005.

#### Net Element (NETE)

Net Element conducts a global mobile payments and transaction processing platform for businesses in the US and emerging markets. In December 2017, the company announced it was launching a new blockchain-focused business unit that hoped to create a decentralized crypto-based ecosystem that would lay down the framework to bring together merchants and consumers through value-added services while also improving the efficiency of transactions made within the ecosystem. Almost two weeks later, Net Element announced that it completed a \$7.55M private placement of restricted stock and warrants to help fund the new business unit. The North Miami Beach, Florida-based company was founded in 2004 and went public in 2010.

#### Nodechain (VPTK)

In December 2017, Nodechain announced that it would be exiting its main line of business of selling e-cigarettes and would instead focus on cryptocurrency mining. Since then, the company has purchased five GPU-based mining rigs and entered into a lease agreement for a 500 square foot space in a warehouse located in Huntington Beach, California. Management hopes to eventually expand its operations to include services such as hashpower leasing and cryptocurrency consultation. The company was founded in 2013.

#### Nova LifeStyle (NVFY)

Nova LifeStyle designs and distributes residential furniture for middle to upper middle-income customers. In December 2017, the company announced the launch of its subsidiary, I Design Blockchain Technology, an online community built on a blockchain-empowered digital platform that integrates designers and customers to boost product sales. A day later, Nova LifeStyle announced its intention to start accepting major cryptocurrencies such as Bitcoin. The Commerce, California-based company was founded in 2003 and went public in 2011.

#### NVIDIA Corporation (NVDA)

NVIDIA Corporation is a worldwide visual computing company. The company has seen a boost in sales of its graphics processing units (GPUs), in part due to consumers using the GPUs for cryptocurrency mining. In 3Q17, management attributed \$70M in revenue (~2.7% of total revenue) to cryptocurrency-related sales compared to the \$150M in revenue (~6.7% of total revenue) designated to cryptocurrency-related sales in the previous quarter. Management anticipates continued demand from miners, although it will account for a small portion of the total business. The company is headquartered in Santa Clara, CA and was founded in 1993.

#### NXT-ID (NXTD)

NXT-ID is a security technology company that develops products and services that facilitate the Internet of Things. In December 2017, the company announced that FitPay, NXT-ID's wholly-owned subsidiary, and Cascade FinTech, a private company, would create a platform that allows customers to use devices with stored value exchanged from cryptocurrency to pay for goods and services. The platform is expected to launch in early 2018. NXT-ID is based in Melbourne, FL and was founded in 2011.

#### Omni Global Technologies (OMGT)

Omni Global Technologies, a company that was mostly dormant since 2008, announced in November 2017 that it would be changing its name to Blockchain Industries with the newly formed objective of creating a diversified FinTech company focused on blockchain. In December 2017, the company announced that it entered into an agreement with KinerjaPay (KPAY) to assist with KinerjaPay's ICO of as

well as to help launch KinerjaPay's cryptocurrency exchange. Blockchain Industries is headquartered in Puerto Rico and was originally formed in 1995 (then known as Interactive Processing).

#### On Track Innovations (OTIV)

On Track Innovations offers cashless payment solutions for self-service retail, mass transit ticketing, IoT & wearables. In December 2017, On Track Innovations announced that it was "developing capabilities" to accept Bitcoin onto its platforms. The Rosh Pina, Israel-based company was founded in 1916 and went public in 2002.

#### Bankorus (An Overstock Medici Venture's Portfolio Company)

Bankorus is an AI powered blockchain banking management platform that's mission is to unlock \$60T in assets held by high net worth individuals by moving to crypto. The company allows high net worth individuals to turn illiquid assets (real estate, art, agriculture) to liquid digital assets through tokenization. On the platform, individuals can buy, sell, or borrow digital assets. The company is headquartered in Beijing, China and was founded in 2013.

#### Bitsy (An Overstock Medici Venture's Portfolio Company)

Bitsy is a startup that is establishing a regulatory-compliant bridge between the U.S. Dollar and the cryptocurrency markets. It will give Overstock customers a way to purchase cryptocurrencies on the Overstock website. The beta version launched in September, 2018.

#### Bitt (An Overstock Medici Venture's Portfolio Company)

Bitt, or Bitt.com, is a financial technology firm working to move island nations in the Caribbean to adopt digital national currencies. It created the Barbados Digital Dollar, which trades on the bitcoin Blockchain and is backed by the Central Bank of Barbados, in order to overcome high frictional fees from banks and other money service operations that make it costly and cumbersome to send money into and out of the region. The Bitt Wallet allows users to send and receive money globally from either their mobile device or PC, as effortlessly as sending an email. The company's headquarters is in Barbados. It was founded in 2013. According to CrunchBase, the company's latest round of financing was \$4M in April 2016 (at a valuation of \$50M), which brought the cumulative total to \$5.5M.

#### Chainstone Labs (An Overstock Medici Venture's Portfolio Company)

Chainstone Labs is a startup focused on blockchain, tokenization of securities, and decentralized asset management. The company was founded in 2017 and is headquartered in Boston, Massachusetts.

#### Evernym (An Overstock Medici Venture's Portfolio Company)

Evernym is a startup working to solve the digital identity crisis. The company's mission is to build a world where consumers are in complete control of their identity, where privacy is a basic human right, and where consumers and organizations can foster a new relationship rooted in trust. In 2016, the company invented Sovrin Network, the first public ledger specifically built for identity. The company was founded in 2013 and is headquartered in Draper, Utah.

#### Factom (An Overstock Medici Venture's Portfolio Company)

Factom's mission is to build a more honest and transparent world leveraging a Blockchain-as-a-service technology. Its approach is to create a software that makes it impossible to change the past, and then to utilize this software in situations where it solves valuable business problems. It is currently using data to create solutions for the mortgage industry. The company uses an open source platform allowing any users who pay a nominal fee to build applications and benefit from its public utility. The company's headquarters is in Austin, TX. It was founded in 2015. According to CrunchBase, the company's latest round of financing was \$8M in April 2017, which brought the cumulative total to \$9.5M. Factom (FCT) is the 23rd largest cryptocurrency by market cap with a market cap of \$221M, as of 6/27/17.

#### FinClusive Capital (An Overstock Medici Venture's Portfolio Company)

FinClusive is a financial services platform that aims to meet the needs of the financially underserved by leveraging blockchain and financial technology as well as engaging with the excluded communities directly. Additionally, the company looks to promote integrity in the financial system through risk and compliance tools. The company was founded in 2017 by Amit Sharma, who formerly co-founded Empowerment Capital, with FinClusive's headquarters in Guilford Vermont.

#### GrainChain (An Overstock Medici Venture's Portfolio Company)

GrainChain is a blockchain-based solutions company addresses current problems in the soft commodities market. The company's platform increases transparency and accuracy in the agriculture business, leveraging the blockchain to eliminate to reduce fraud, time and costs. The company was founded in 2013 and is headquartered in McAllen, Texas.

#### Ideanomics (IDEX)

Ideanomics is a global technology company focused on digital asset production and distribution. Through strategic partnerships with and ownership stakes in leading Artificial Intelligence (AI) and blockchain companies, Ideanomics is bringing transparency, efficiency, cost savings and new ownership paradigms to various markets including finance, commodities/energy, vertical industry/supply chain and consumer. The company's headquarters is in New York, NY and was founded in 2017.

#### IdentityMindGlobal (An Overstock Medici Venture's Portfolio Company)

IdentityMind Global is a SaaS Platform for online risk management and compliance automation. It offers a wide range of compliance solutions including Anti-Money Laundering, Bitcoin Compliance, Fraud Prevention, and Risk-Managed Payments, among others. Its e-commerce solutions are utilized by many services based on the company's patent-pending Electronic DNA (eDNA) technology that tracks

different users of the e-commerce ecosystem. The network strengthens and becomes more effective as more entities use the technology. The company's headquarters is in Palo Alto, CA. It was founded in 2013. According to CrunchBase, the company's latest round of financing was \$10.8M in December 2014, which brought the cumulative total to \$12.6M.

Medici Land Governance (An Overstock Medici Venture's Portfolio Company)

Medici Land works to use the blockchain to record and provide low-cost property rights in emerging markets. A lack of property rights in developing countries is a systemic issue, which makes it difficult for individuals to economically advance. The company was founded in 2018.

Netki (An Overstock Medici Venture's Portfolio Company)

Netki is a technology startup that provides solutions for onboarding to bitcoin and cypto currency platforms, primarily by making ID validation easier and more transferable. The company was founded in 2014 with headquarters in Canoga Park, California. According to Crunchbase, in 2016 Netki raised \$3.5 million. After its funding, it introduced its first product, the Netki Wallet Name Services, which translates simple names into a crypto currency wallet address.

PeerNova (An Overstock Medici Venture's Portfolio Company)

PeerNova is an innovator and thought leader on distributed trustless systems based on Blockchain technologies and is pioneering the disruption of the digital assets and financial transactions sectors. The company's headquarters is in San Jose, CA. It was founded in 2014. According to CrunchBase, the company's latest round of financing was \$7M in May 2017, which brought the cumulative total to \$30.6M.

Ripio (An Overstock Medici Venture's Portfolio Company)

Ripio is a Latin American focused digital payment company that has created a digital wallet enabling users to securely transact in bitcoins, including buying, selling, or requesting a credit line. Its goal is to widen financial inclusion and democratize digital economy in Latin America by allowing everyone to utilize digital payments. Ripio translates to gravel in Spanish, and it symbolizes help building new roads throughout the digital economy, creating financial inclusion for everyone. Its headquarters is in San Francisco, CA and the company was founded in 2013. According to CrunchBase, the company's latest round of financing was \$430k in April 2017, which brought the cumulative total to \$6.2M.

SettleMint (An Overstock Medici Venture's Portfolio Company)

SettleMint enables organization to connect with and leverage all leading Blockchain vendors in order to improve efficiency, extend their current products, or to revamp an existing business model. It serves as a middleware solution that removes the complexities of Blockchain technologies and allows them to be utilized by businesses in many different ways. Some examples of SettleMint-leveraged business solutions include registration and authentication, supply chain tracking, digital voting, information sharing, and audit trails. Its headquarters is in Belgium and the company was founded in 2016. According to CrunchBase, the company has no financing history.

Symbiont (An Overstock Medici Venture's Portfolio Company)

Symbiont is an online trading platform for issuing and trading smart contracts for institutional applications of distributed ledger technology. Leading the convergence of blockchain and Wall Street, Symbiont leverages its proprietary technologies to create a distributed ledger, which is composed of complicated financial products modeled in a simple to understand programming language. Its headquarters is in New York City and the company was founded in 2015. According to CrunchBase, Overstock's Medici Ventures undisclosed investment in July 2017 was the latest round of financing, which kept the cumulative known total at \$7M.

Spera (An Overstock Medici Venture's Portfolio Company)

Spera is a SaaS technology company focusing on payments and business management software for individuals and independent parties and the companies that employ them. It provides a digital office platform that allows freelancers and independent contractors to run their businesses from anywhere across the globe. Spear's objective is to fuse three different software tools and features into one location, on one account, and for one price. The company's headquarters is in Lehi, UT. It was founded in 2014. According to CrunchBase, Medici Ventures provided Spera with its only and latest round of financing at \$2M.

tZERO (An Overstock Medici Venture's Portfolio Company)

tZERO, a financial technology company, is the world's first Blockchain based trading platform, allowing users to trade shares digitally, securely, and immediately. The platform integrates with Blockchain and uses existing market processes to reduce settlement time and costs, increase transparency, efficiency and auditability. In December 2016, Overstock.com successfully issued Blockchain Voting Series A Preferred Shares leveraging tZERO technology. Compared to the traditional equity transactions that settle three days after a trade date (T+3), trades executed via Blockchain through the tZERO platform settle on trade date (T+0), hence the name, tZERO. Its headquarters is in New York and the company was founded in 2015.

Vinsent (An Overstock Medici Venture's Portfolio Company)

Vinsent is a decentralized wine futures platform. The marketplace empowers wineries and consumers to connect directly to access advantageous pricing. The company is headquartered in Israel.

Vital Chain (An Overstock Medici Venture's Portfolio Company)

Vital Chain is a platform that allows consumers to record digital health certifications. More recently, the company is focusing on providing a convenient and secure tool to allow consumers to access COVID-19 test results. Through its application, the company provides digital birth and death certificates, as well as maintenance. The company was founded in 2018 and is headquartered in Cleveland, Ohio.

#### VinX (An Overstock Medici Venture's Portfolio Company)

Vinx is a financial technology company that focuses on developing a blockchain platform to simplify trading in wine futures, while reducing fraud through supply-chain tracking. The company plans to reduce fraud that is prevalent in the wine industry by using secure aspects of the blockchain to track wine to the end consumer at a low cost. Experts estimate that 20 percent of all the wine in the world is counterfeit, and VinX aims to eliminate the fraudulent middlemen. Its headquarters is in Tel Aviv, Israel. The company was founded in 2017.

#### Voatz (An Overstock Medici Venture's Portfolio Company)

Voatz has built a platform for secure high-volume remote voting on smartphones and tablets. It has built a user base of more than 70,000 individuals over the past 18 months.

#### Votem (An Overstock Medici Venture's Portfolio Company)

Votem is a blockchain-based mobile voting platform that allows citizens to vote online through a secure online platform. The company is simplifying the voting process while making it impossible to cheat. The company was founded in 2015 and is headquartered in Cleveland, Ohio.

#### QIWI plc (QIWI)

QIWI plc, through its subsidiaries, is one of the biggest payment service providers in Russia. The company has been heavily involved in blockchain technology since mid-2015 when it first revealed its plans to release its own digital currency called BitRuble. In mid-2016, QIWI announced that it would be building a blockchain payment platform using a private ledger. The company estimated that the project would be completed by 2021. In March 2017, QIWI created a new subsidiary called QIWI Blockchain Technology that would concentrate on blockchain development and consulting. A couple months later, QIWI announced that it acquired a blockchain startup called Inspirasha for an undisclosed amount. QIWI plc is based in Nicosia, Cyprus and was incorporated in 2007.

#### Riot Blockchain (RIOT)

Biopix, Inc. was a biotech company that developed a technology platform for the detection of molecular interactions. In October 2017, Biopix changed its name to Riot Blockchain while simultaneously shifting the company's focus to building and supporting various blockchain technologies. Since then, the company has made investments into Coinsquare (a Canadian based digital currencies exchange), Tess (a blockchain development company), and 1,200 Bitcoin mining machines. The company was founded in 2000 with its headquarters located in Castle Rock, Colorado.

#### Samsung Electronics Co., Ltd. (SSNLF)

Samsung Electronics Co., Ltd. is a multinational consumer electronics and IT company. In July 2016, Samsung's IT services subsidiary, Samsung SDS, announced that it was investing in Blocko, a startup that operates a blockchain-as-a-service platform. In April 2017, Samsung revealed its Nexledger blockchain platform, a permission-based consortia model that blocks potential access from unspecified nodes. Lastly, Korean news outlets reported in late January that Samsung had begun mass producing ASIC chips for bitcoin mining, which the company confirmed in early February. Samsung Electronics is based in Suwon, South Korea and was founded in 1938.

#### SAP SE (SAP)

SAP SE provides services to allow companies to run more efficiently through its expertise in enterprise allocation software. In May 2017, the company launched its SAP Cloud Platform Blockchain service which hopes to incorporate blockchain technology into fields such as the internet of things, manufacturing, and supply chain management. In November 2017, the company revealed that it accepted 27 new members into its program from various industries including retail, pharmaceuticals, logistics, public services, and telecommunication. The company is one of the premier members in the Hyperledger project and a member of the Blockchain in Transport Alliance (BiTA). SAP SE is headquartered in Waldorf, Germany and was founded in 1972.

#### SBI Holdings, Inc. (SBHGF)

SBI Holdings, Inc. is the financial services division of SBI Group. In late January 2016, the company announced that it was partnering with Ripple to create a new company called SBI Ripple Asia (60% owned by SBI Holdings, 40% owned by Ripple). The new company would promote the use of Ripple products and services throughout Asia. In October 2016, SBI Holdings revealed that it was working with IBM to create a blockchain-based bond trading platform. Later that month, SBI announced its intentions to create a digital currency exchange called SBI Virtual Currencies which would benefit from Japan's positive regulatory environment for cryptocurrencies. SBI reported in December 2017 that it would be partnering with Chinese cryptocurrency exchange Huobi to help launch both SBI Virtual Currencies and Houbi Japan. The beta of SBI Virtual Currencies was launched in late January 2018 where it was revealed that XRP, Ripple's cryptocurrency, would be the only digital asset supported at launch. As of October 2017, SBI Group owned 10.5% of Ripple shares. SBI Holdings is headquartered in Tokyo, Japan and was founded in 1999.

#### Siebert Financial (SIEB)

Siebert Financial runs a retail discount brokerage business through its subsidiary, Muriel Siebert & Co. In December 2017, the company announced that it had signed a letter of intent to enter into a partnership with Overstock and tZERO (one of the company's in Overstock's Medici Ventures portfolio) to offer deeply discounted online trading in 1Q18. This could potentially allow Siebert to develop a cryptocurrency trading platform with lower trading fees under the Overstock brand name. Siebert is headquartered in New York, NY and was founded in 1967.

#### SinglePoint, Inc. (SING)

Previously focused on full-service mobile technology, SinglePoint, Inc. (SING) has since diversified its strategy into areas such as cannabis and cryptocurrency via acquisitions. In January 2014, the company announced its plans to create a bitcoin payment platform. SING later partnered up with First Bitcoin Capital (BITCF), a blockchain tech provider, in June 2017 to further develop its payment platform. In November 2017, SinglePoint announced the launch of its bitcoin exchange, and in January 2018, the company announced a letter of intent to acquire Bitcoin Beyond, a bitcoin payment platform. SinglePoint is based in Phoenix, AZ and was founded in 2006.

#### Social Reality (SRAX)

Social Reality is a digital marketing company that builds data sets to help marketers reach their desired audience. In October 2017, the company revealed its plans to launch its own ICO, BIGtoken. This cryptocurrency will allow consumers to collect and share their own personal data to businesses of their choosing in exchange for tokens. The pre-sale is scheduled for January followed by the product alpha test beginning in June and the beta test beginning in September. Social Reality is headquartered in Los Angeles, CA and was founded in 2009.

#### Square (SQ)

Square is a payment-processing solutions company. In November 2017, the company announced that it launched a pilot program on its Square Cash app, a mobile payment service. The pilot program will permit certain users to buy and sell bitcoin. The San Francisco, California-based company was founded in 2009 and went public in 2015.

#### U.S. Global Investors, Inc. (GROW)

U.S. Global Investors, Inc. is a boutique investment advisory firm with a focus on niche markets. In September 2017, the company announced that it had exposure to 17M shares of HIVE Blockchain Technologies (TSX: HIVE), a cryptocurrency mining business. GROW's wholly-owned subsidiary, U.S. Global Investors (Canada) Limited, purchased 10M shares of HIVE while a majority-owned subsidiary, Galileo Global Equity Advisors, purchased 7M shares. The company is headquartered in San Antonio, TX and was founded in 1968.

#### Walmart (WMT)

Walmart is a multinational retail corporation that runs a chain of grocery and department stores. In October 2016, the company announced that it was developing a supply chain solution used for tracking pork sold in China with the help of IBM and Tsinghua University. Later that month, Walmart said that it was looking to implement blockchain technology into other areas of supply chain management. In August 2017, it was revealed that Walmart was part of a consortium consisting of the world's largest food suppliers that would launch a fully integrated platform that used the proof-of-concept system to trace hazardous food items in seconds. In December 2017, WMT created the Blockchain Food Safety Alliance with JD.com, IBM, and Tsinghua University that hopes to improve transparency and traceability along the food supply chain. Walmart is headquartered in Bentonville, AK and was founded in 1945.

#### Xunlei Limited (XNET)

Xunlei Limited is a Chinese company that originally began as a torrent downloader but later became a streaming platform delivering digital media content. In August 2017, the company announced that it would become a blockchain company and shortly thereafter released a blockchain-based hardware product called OneCloud, a storage device that allows users to share extra online storage capacity. The device also allows users to share idle bandwidth with Xunlei's CDNs in exchange for OneCoin (later renamed "Lianke"), a digital asset which could be used to purchase Xunlei services. The Shenzhen, China-based company was founded in 2003 and went public in 2014 on Nasdaq.

## Coinbase Inc. (COIN) - Income Statement (\$M)

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	Mar Q1	June Q2	Sept Q3	Dec Q4	2019	Mar Q1	June Q2	Sept Q3	Dec Q4	2020	Dec Q1E	Mar Q2E	June Q3E	Sept Q4E	2021E	Dec Q1E	Mar Q2E	June Q3E	Sept Q4E	2022E	2023E	2024E	2025E	
<b>Transaction Revenue</b>	56.7	178.7	138.6	89.0	463.0	172.0	171.9	275.9	476.4	1,096.2	534.0	373.8	392.5	412.1	1,712.4	450.2	517.8	595.4	684.8	2,248.2	2,935.8	3,370.3	3,855.6	
% of total revenue	85.7%	84.7%	87.5%	90.6%	86.7%	90.2%	92.2%	87.5%	81.4%	85.8%	86.9%	85.0%	85.0%	85.0%	85.6%	84.2%	84.8%	85.3%	85.7%	85.1%	85.5%	85.2%	84.8%	
% change	-	-	-	-	0.0%	203.5%	-3.8%	99.0%	435.1%	136.8%	210.5%	117.5%	42.3%	-13.5%	56.2%	-15.7%	38.5%	51.7%	66.2%	31.3%	30.6%	14.8%	14.4%	
<b>Subscription and Services Revenue</b>	4.6	5.2	4.8	5.3	19.9	7.1	6.5	10.8	20.7	45.0	27.0	28.4	29.8	31.3	116.4	39.2	41.2	43.2	45.4	169.0	205.4	249.6	303.4	
% of total revenue	7.0%	2.5%	3.0%	5.4%	3.7%	3.7%	3.5%	3.4%	3.5%	3.5%	4.4%	6.5%	6.5%	6.5%	5.8%	7.3%	6.7%	6.2%	5.7%	6.4%	6.0%	6.3%	6.7%	
% change	-	-	-	-	0.0%	52.6%	23.6%	124.8%	291.6%	125.6%	280.8%	338.4%	176.7%	51.2%	158.6%	45.2%	45.2%	45.2%	45.2%	45.2%	45.2%	21.6%	21.6%	21.6%
<b>Other Revenue</b>	4.8	26.9	15.1	4.0	50.8	11.5	8.1	28.7	88.0	136.3	53.4	37.4	39.2	41.2	171.2	45.0	51.8	59.5	68.5	224.8	293.6	337.0	385.6	
% of total revenue	7.3%	12.8%	9.5%	4.0%	9.5%	6.1%	4.3%	9.1%	15.0%	10.7%	8.7%	8.5%	8.5%	8.5%	8.6%	8.4%	8.5%	8.5%	8.6%	8.5%	8.5%	8.5%	8.5%	
% change	-	-	-	-	0.0%	140.8%	-70.1%	90.0%	2121.6%	168.4%	362.4%	364.3%	36.8%	-53.2%	25.6%	-15.7%	38.5%	51.7%	66.2%	31.3%	30.6%	14.8%	14.4%	
<b>Total Revenue</b>	66.1	210.8	158.5	98.3	533.7	190.6	186.4	315.4	585.1	1,277.5	614.4	439.5	461.5	484.6	2,000.0	534.5	610.7	698.2	798.6	2,642.0	3,438.8	3,956.9	4,544.6	
% change	-	-	-	-	0.0%	188.3%	-11.6%	98.9%	495.4%	139.3%	222.3%	135.8%	46.3%	-17.2%	56.6%	-13.0%	38.9%	51.3%	64.8%	32.1%	30.0%	15.2%	14.9%	
<b>Transaction Expense</b>	15.6	29.2	23.1	14.2	82.1	25.4	23.4	36.8	49.9	135.5	69.7	48.8	51.2	53.8	223.4	58.7	67.6	77.7	89.4	293.4	383.1	439.8	503.1	
% of total revenue	23.6%	13.8%	14.5%	14.5%	15.4%	13.3%	12.6%	11.7%	8.5%	10.6%	11.3%	11.1%	11.1%	11.2%	11.0%	11.1%	11.1%	11.1%	11.2%	11.1%	11.2%	11.1%	11.1%	
% change	-	-	-	-	0.0%	62.7%	-19.8%	59.5%	251.1%	65.2%	174.3%	108.5%	39.3%	7.7%	64.9%	-15.7%	38.5%	51.7%	66.2%	31.3%	30.6%	14.8%	14.4%	
<b>Gross Profit</b>	50.5	181.7	135.5	84.0	451.7	165.2	163.0	278.6	535.2	1,142.0	544.7	390.8	410.3	430.8	1,776.6	475.7	543.1	620.5	709.3	2,348.6	3,051.7	3,517.2	4,041.5	
% of total revenue	76.4%	86.2%	85.5%	85.5%	84.6%	86.7%	87.4%	88.3%	91.5%	89.4%	88.7%	88.9%	88.9%	88.9%	88.8%	89.0%	88.9%	88.9%	88.8%	88.9%	88.8%	88.9%	88.9%	
% change	-	-	-	-	0.0%	227.2%	-10.3%	105.7%	536.8%	152.8%	229.7%	139.7%	47.3%	-19.5%	55.6%	-12.7%	39.0%	51.2%	64.6%	32.2%	29.9%	15.3%	14.9%	
<b>Total SG&amp;A</b>	123.5	125.6	120.6	127.7	497.5	126.4	120.9	177.1	308.6	733.0	340.8	243.8	256.0	268.8	1,109.5	296.5	338.8	387.3	443.0	1,465.7	1,905.5	2,195.1	2,521.1	
% of total revenue	186.8%	59.6%	76.1%	130.0%	93.2%	66.3%	64.9%	56.2%	52.7%	57.4%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	55.5%	
% change	-	-	-	-	0.0%	-10.9%	38.5%	63.8%	108.2%	46.8%	186.7%	59.1%	38.5%	17.8%	61.9%	-13.0%	38.9%	51.3%	64.8%	32.1%	30.0%	15.2%	14.9%	
<b>Operating Income</b>	(73.0)	56.0	14.9	(43.7)	(45.8)	38.8	42.1	101.5	226.6	409.0	203.9	146.9	154.3	162.0	667.0	179.2	204.4	233.2	266.2	883.0	1,146.2	1,322.0	1,520.3	
% of total revenue	-110.4%	26.6%	9.4%	-44.5%	-8.6%	20.3%	22.6%	32.2%	38.7%	32.0%	33.2%	33.4%	33.4%	33.4%	33.4%	33.5%	33.5%	33.4%	33.3%	33.4%	33.4%	33.4%	33.5%	
% change	-	-	-	-	0.0%	-153%	-24.9%	581.9%	-618.6%	-993.2%	426%	249.1%	52.0%	-28.5%	63.1%	-12%	39.1%	51.1%	64.4%	32.4%	29.8%	15.3%	15.0%	
<b>Other Expense (Income)</b>	(0.5)	(0.8)	2.9	(2.0)	(0.4)	3.9	3.3	(1.2)	(6.2)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Income (Loss) Before Income Taxes</b>	(72.5)	56.8	12.0	(41.7)	(45.4)	34.9	38.8	102.7	232.8	409.2	203.9	146.9	154.3	162.0	667.0	179.2	204.4	233.2	266.2	883.0	1,146.2	1,322.0	1,520.3	
% of total revenue	-109.7%	26.9%	7.5%	-42.4%	-8.5%	18.3%	20.8%	32.6%	39.8%	32.0%	33.2%	33.4%	33.4%	33.4%	33.4%	33.5%	33.5%	33.4%	33.3%	33.4%	33.4%	33.4%	33.5%	
% change	-	-	-	-	0.0%	-148.1%	-31.7%	759.0%	-658.7%	-1001.0%	484.0%	278.6%	50.2%	-30.4%	63.0%	-12.1%	39.1%	51.1%	64.4%	32.4%	29.8%	15.3%	15.0%	
<b>Income Tax Expense (Benefit)</b>	(24.0)	18.8	4.0	(13.8)	(15.0)	2.9	6.5	21.4	56.0	86.9	36.7	26.4	27.8	29.2	120.1	32.3	36.8	42.0	47.9	158.9	206.3	238.0	273.7	
Tax Rate	33.1%	33.1%	33.1%	33.1%	-33.1%	8.4%	-16.9%	-20.9%	-24.1%	-21.2%	18.0%	18.0%	18.0%	18.0%	-18.0%	18.0%	18.0%	18.0%	18.0%	-18.0%	-18.0%	-18.0%	-18.0%	
<b>Net Income (Loss)</b>	(48.5)	38.0	8.0	(27.9)	(30.4)	32.0	32.3	81.3	176.8	322.3	167.2	120.5	126.5	132.8	547.0	147.0	167.6	191.2	218.3	724.0	939.9	1,084.1	1,246.7	
% of total revenue	-73.4%	18.0%	5.0%	-28.4%	-5.7%	16.8%	17.3%	25.8%	30.2%	25.2%	27.2%	27.4%	27.4%	27.4%	27.3%	27.5%	27.4%	27.4%	27.3%	27.4%	27.4%	27.4%	27.4%	
<b>Adjusted Net Income</b>	(43.1)	46.5	13.7	(16.4)	0.8	40.7	44.9	96.9	209.7	392.2	201.1	144.7	152.0	159.6	657.4	176.5	201.3	229.8	262.4	869.9	1,129.6	1,302.6	1,497.7	
% of total revenue	-65.2%	22.1%	8.7%	-16.7%	0.1%	21.4%	24.1%	30.7%	35.8%	30.7%	32.7%	32.9%	32.9%	32.9%	32.9%	33.0%	33.0%	32.9%	32.9%	32.9%	32.9%	32.9%	33.0%	
% change	-	-	-	-	0.0%	-132.8%	9.2%	254.8%	-315.2%	51506.1%	53.1%	36.7%	7.2%	-8.1%	67.6%	0.9%	0.1%	-0.1%	-0.2%	32.3%	29.8%	15.3%	15.0%	
<b>Diluted shares outstanding</b>	-	-	-	-	61.3	-	-	-	-	205.6	205.6	205.6	205.6	205.6	205.6	205.6	205.6	205.6	205.6	205.6	205.6	205.6	205.6	
% change	-	-	-	-	0.0%	-	-	-	-	235.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
<b>GAAP EPS</b>	-	-	-	-	0.00	-	-	-	-	1.57	0.81	0.59	0.62	0.65	2.66	0.71	0.82	0.93	1.06	3.52	4.57	5.27	6.06	
% change	-	-	-	-	0.0%	-	-	-	-	-	-	0.0%	0.0%	0.0%	69.7%	-	39.1%	51.1%	64.4%	32.4%	29.8%	15.3%	15.0%	
<b>Non-GAAP EPS</b>	-	-	-	-	0.00	-	-	-	-	1.91	0.98	0.70	0.74	0.78	3.20	0.86	0.98	1.12	1.28	4.23	5.49	6.34	7.29	
% change	-	-	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	67.6%	-12.3%	39.1%	51.2%	64.4%	32.3%	29.8%	15.3%	15.0%		
<b>Adjusted EBITDA</b>	(58.4)	77.3	22.9	(17.6)	24.3	55.3	61.2	287.7	527.4	527.4	172.6	126.4	131.9	137.8	568.7	151.4	171.6	194.9	221.9	739.8	956.9	1,104.5	1,270.4	
% of total revenue	-88.3%	36.6%	14.5%	-17.9%	4.5%	29.0%	32.8%	39.1%	49.2%	41.3%	28.1%	28.8%	28.6%	28.4%	28.4%	28.3%	28.1%	27.9%	27.8%	28.0%	27.9%	27.9%	28.0%	
% change	-	-	-	-	0.0%	-194.7%	-20.8%	437.7%	-1739.2%	2073.3%	212.4%	106.6%	7.0%	-52.1%	7.8%	-12.3%	35.7%	47.8%	61.0%	30.1%	29.3%	15.4%	15.0%	



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## Potential Risks

- Volatility in the growth of crypto prices and volumes, potential ETF products, a potential major hack and resulting loss of assets, and the potential for regulated decentralized exchanges.
- Regulatory changes that impact ability to offer certain products or services.
- Increases in operating expenses that are expected to incur to grow and expand operations and remain competitive.
- Macroeconomic conditions.

## Required Disclosures

D.A. Davidson does not currently conduct business in digital assets within its Wealth Management accounts.

Tom Forte, CFA, and/or members of his/her household, holds a long position in securities of Amazon.com, Inc.

D.A. Davidson & Co. or an affiliate has managed, co-managed or acted as an underwriter in a public offering of securities for Overstock.com, Inc. and Snowflake Inc. in the past 12 months.

D.A. Davidson & Co. makes a market in Amazon.com, Inc., Overstock.com, Inc., Snowflake Inc. and Zoom Video Communications, Inc..

D.A. Davidson & Co. or any of its affiliates, does or seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

D.A. Davidson & Co. is a full service investment firm that provides both brokerage and investment banking services. Gil Luria and Tom Forte, CFA, the research analysts principally responsible for the preparation of this report has received and is eligible to receive compensation, including bonus compensation, based on D.A. Davidson's overall operating revenues, including revenues generated by its investment banking and institutional equities activities. D.A. Davidson & Co.'s analysts, however, are not directly compensated for involvement in specific investment banking transactions.

We, Gil Luria and Tom Forte, CFA, attest that (i) all the views expressed in this research report accurately reflect our personal views about the common stock of the subject company, and (ii) no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

## Rating Information

**D.A. Davidson & Co.'s Institutional Research Rating Scale Definitions** (maintained since October 10, 2017); information regarding our previous definitions is available upon request:

**BUY:** Expected to produce a total return of over 15% on a risk adjusted basis over the next 12-18 months

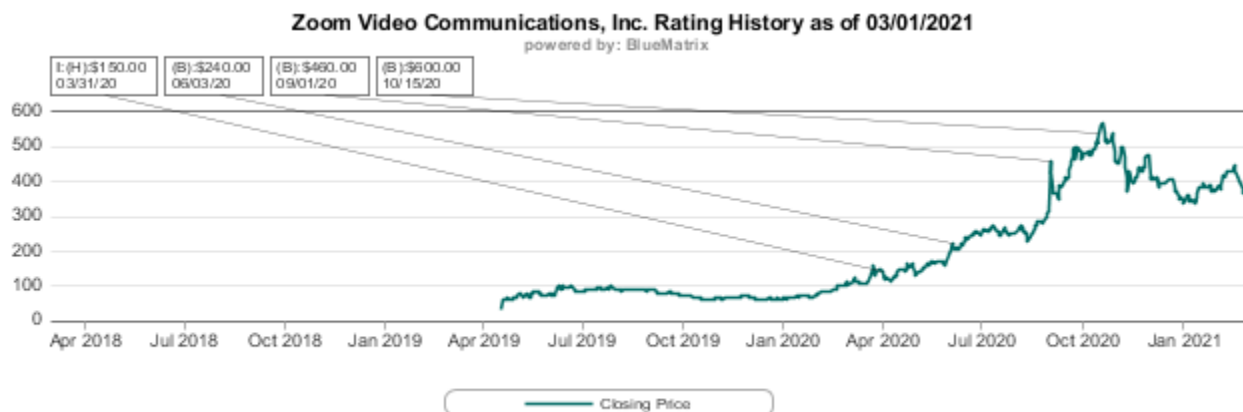
**NEUTRAL:** Expected to produce a total return of -15% to +15% on a risk adjusted basis over the next 12-18 months

**UNDERPERFORM:** Expected to lose value of over 15% on a risk adjusted basis over the next 12-18 months

Rating Distribution (as of 12/31/20)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
<b>BUY (Buy)</b>	58%	92%	62%	11%	0%	10%
<b>NEUTRAL (Hold)</b>	41%	8%	38%	4%	0%	3%
<b>UNDERPERFORM (Sell)</b>	1%	0%	1%	0%	0%	0%

*IR denotes Institutional Research; WMR denotes Wealth Management Research whose rating scale is Buy/Add, Neutral, Sell/Reduce. Investment Banking Distribution denotes companies from whom D.A. Davidson & Co. has received compensation in the last 12 months.*





Target prices are our Institutional Research Department's evaluation of price potential over the next 12 months, based upon our assessment of future earnings and cash flow, comparable company valuations, growth prospects and other financial criteria. Certain risks may impede achievement of these price targets including, but not limited to, broader market and macroeconomic fluctuations and unforeseen changes in the subject company's fundamentals or business trends.

## Other Disclosures

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advisor for an explanation of this report's contents, and should always seek such advisor's advice before making any investment decisions. Consensus estimates are obtained from Capital IQ. Further information and elaboration will be furnished upon request.

**Other Companies Mentioned in this Report**

<b>Company Name</b>	<b>Ticker</b>	<b>Rating</b>	<b>Price</b>
Coinbase Global, Inc.	COIN	BUY	\$39.22
Overstock.com, Inc.	OSTK	BUY	\$73.03
Snowflake Inc.	SNOW	BUY	\$272.17
Zoom Video Communications, Inc.	ZM	BUY	\$409.66
Amazon.com, Inc.	AMZN	BUY	\$3,146.14