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Base Is Coinbase's Best-Kept Secret, and the Numbers Are Starting to Show It^{*}

Sequencer Economics, OP Stack Departure, and the Revenue Line Most Models Aren't Modeling

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Onchain infrastructure

THE SHORT VERSION

Base generated \$75.4M in gross sequencer revenue in FY2025. That's 30x year-over-year growth. It commands 46% of total L2 DeFi TVL at \$4.63B and 62% of the L2 fee market by revenue. By February 2026 it's processing approximately 10.7 million transactions per day at ~\$147,000 in daily fees.

Most financial models I've come across don't have this in a dedicated revenue line. The entire Base revenue stream gets buried inside "Other Transaction" with no sub-breakout and no forward estimate for sequencer economics specifically. For a line growing 30x per year, that gap is not a minor oversight.

ILLUSTRATIVE EXERCISE

This is a **demonstrative modelling exercise**, written to show a method: how the numbers are built, which assumptions carry the answer, and where the disclosure gaps are. It is **not a price target, not a recommendation, and not a view on the security**. Any valuation range shown is an output of the stated assumptions, not a judgement about what the shares are worth. See the [full disclosure](#).

How the Sequencer Revenue Works

Base processes user transactions off the Ethereum mainnet, batches them, and submits cryptographic proofs to Ethereum for final settlement. The [sequencer](#) – the node that orders and processes transactions – collects a fee from users for that service. That fee is the gross [sequencer](#) revenue. Out of it, the [sequencer](#) pays L1 settlement costs to Ethereum validators (approximately 8–10% of gross revenue on Base) and, under the previous architecture, shared approximately 12% with the Optimism Protocol.

Base is operated by Coinbase. Coinbase is the sequencer. Every transaction that flows through Base generates fee income that shows up on Coinbase's books – inside "Other Transaction," with no disclosure of how much.

What Changed on February 18, 2026

On February 18, 2026, Coinbase announced Base is departing the OP Stack – the shared rollup framework Optimism developed that Base had been built on since 2023. The OP Stack gave Base technical infrastructure and collaborative governance. In exchange, the Optimism Protocol received approximately **12%** of Base's sequencer revenue as a protocol fee.

Departure means that beginning Q2 2026, Coinbase retains **100%** of sequencer fees. The Optimism Protocol share is eliminated. At **\$75.4M** gross sequencer revenue and a **12%** share, the departure eliminates ~\$9M in annual cost at current run-rates – and eliminates it as a percentage of a growing line. If Base reaches **\$100M** in gross sequencer revenue in FY2026 (conservative given the current daily run-rate), the OP departure saves ~\$12M versus the prior structure.

The Strategic Dimension

Base is the only major L2 operated by a publicly traded, regulated financial institution. Regulatory clarity favors institutional-grade operators, and Base's Coinbase parentage is a competitive advantage in any environment where enterprise clients need regulatory legitimacy for their blockchain exposure.

The risks are real. Sequencer revenue is exposed to crypto market cycles: when DeFi activity falls, transaction counts and daily fees fall with them. The OP Stack departure eliminates Coinbase from Optimism's shared governance structures, meaning Base now bears the full technical cost of operating an independent rollup. That's manageable at current scale. The governance independence is worth more strategically than the governance participation was.

What to Watch

Daily transaction volume on Base (See [Blockscout](#) and [Dune Analytics](#)) is the real-time leading indicator for sequencer revenue. The Q2 2026 cost-line improvement from the OP departure should be visible once additional segment disclosure is provided. Any acceleration in CDP enterprise client announcements – particularly in payments or cross-border settlement – is a forward indicator for Base transaction growth. Watch the Q1 2026 earnings call for any management commentary on Base economics or the OP departure transition timeline.

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DISCLOSURE

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