

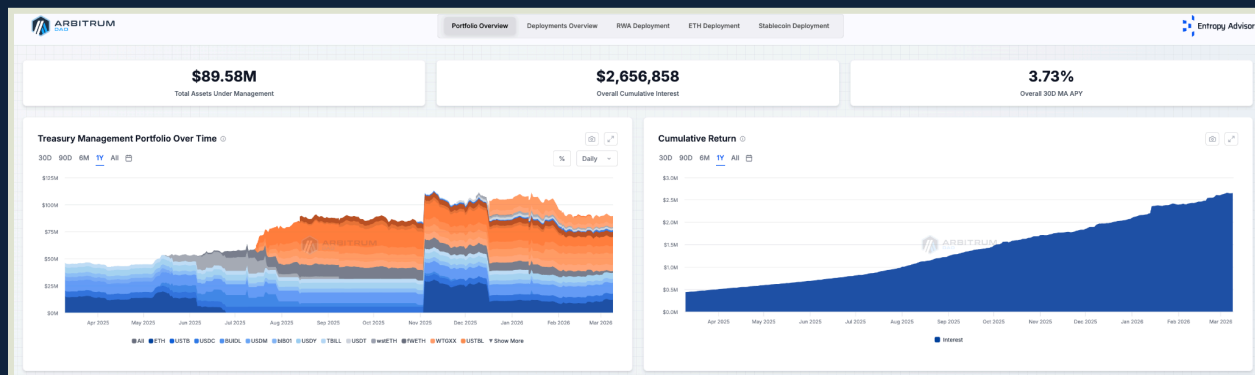
Arbitrum Treasury Management

Q1 2026 Report

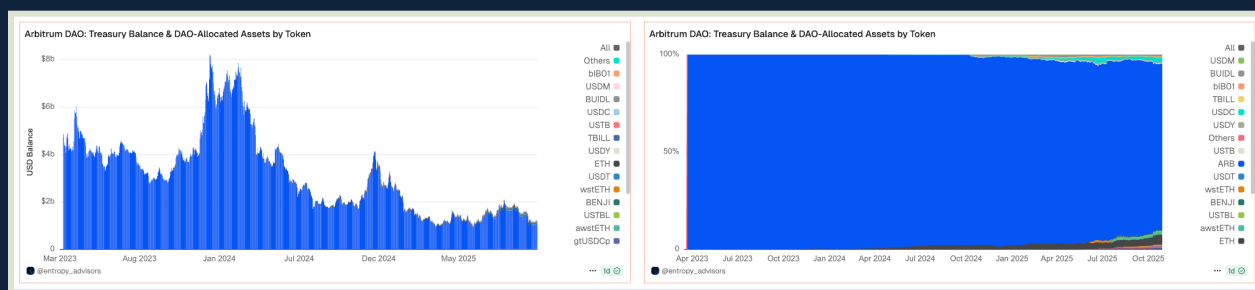
Presented by Entropy Advisors

Entropy's Treasury Management Dashboards

ARBData: Arbitrum DAO Treasury Management



Arbitrum DAO Treasury Balance & DAO-Allocated Assets



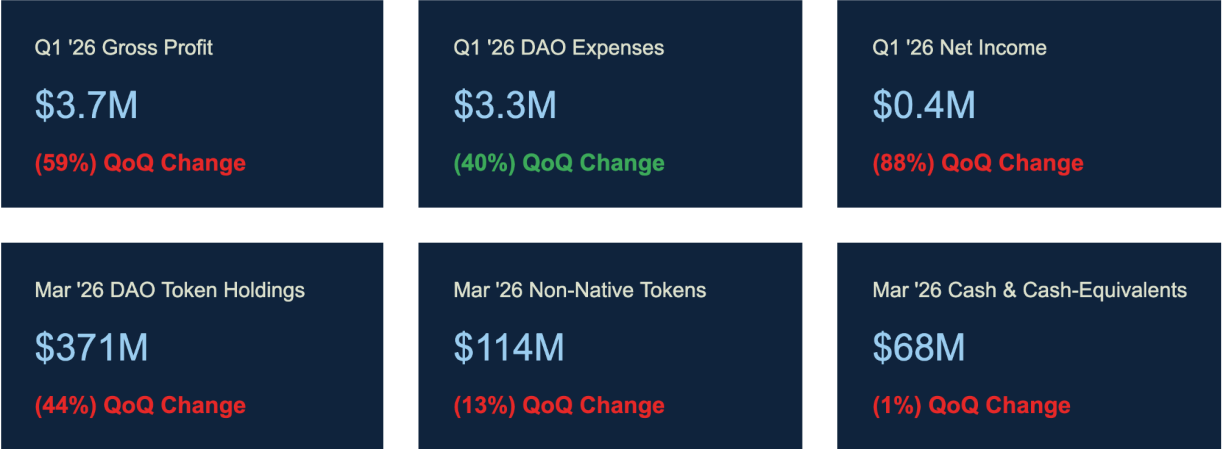
Notes On Report Data

- Data as of March 31, 2026, unless otherwise noted
- USDC held on centralized exchanges and non-traceable wallets following ARB liquidations have been included in the historical figures
- To derive figures related to volatile assets and yield earned from their deployments, this report utilizes, from time to time, increases/decreases denominated in the underlying and combines this with beginning-of-period/end-of-period prices for these assets
- While the investment in USDY was made in Oct '24, tokens were only minted onchain in Dec '24 due to a 45-day minting window set by the provider. Historical holdings have been manually adjusted to include this position
- The Arbitrum Foundation also has investments in BUIDL. Due to limitations in the interest distribution mechanism, the Foundation's interest is distributed into the same wallet as the DAO's, which affects the precision of certain BUIDL-related calculations
- WTGXX interest is paid in the following month, but is accrued and reflected here in the month in which it has been earned
- The GMX GLV Vault position is assumed to constantly consist of a 50/50 allocation between WETH and USDC
- Unless otherwise mentioned, figures presented in this report exclude OpCo, AGV, and the Arbitrum Foundation

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1. Executive Summary



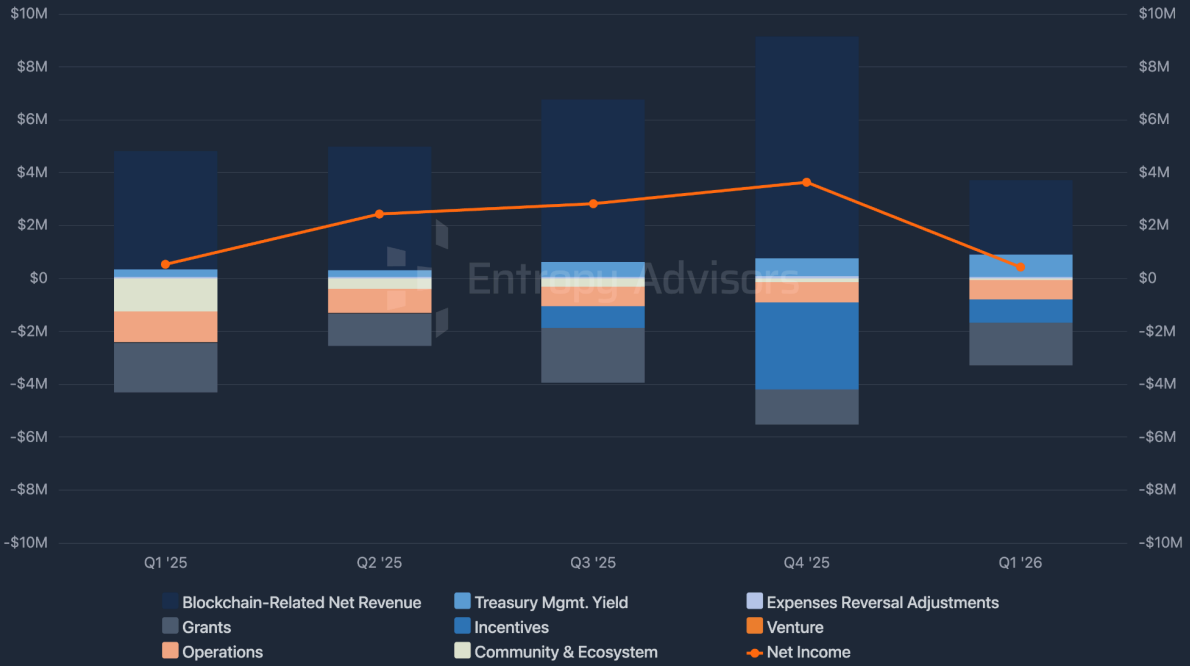
Note: Balances exclude AGV, OpCo, & Arbitrum Foundation holdings

Q1 marked a fairly noteworthy 66% QoQ decrease in the DAO’s blockchain-related net revenue (net Arbitrum One transaction fees, Timeboost, and AEP fees). This was driven by a decline in net transaction fees as liquidation events that took place in October 2025 pushed up the previous quarter’s fees to an all-time high as well as the [ArbOS Dia upgrade](#), which increased throughput significantly while driving down transaction fees paid by users. Monthly gross profit is hovering around similar levels seen in late Q1 '25 and early Q2 '25, with growing treasury management yields helping push the monthly figure past the \$1M mark.

Expenses decreased 40% QoQ to \$3.3M as a result of the DAO’s incentive program, DRIP, having concluded its first season in the middle of February, with the second season currently being worked on. The grants category was the largest contributor to total expense during Q1 at \$1.6M. With the active phase of the D.A.O. grant program having ended in the middle of March, grants as a % of total expenses should be expected to begin decreasing over the coming months. Despite the notable reduction in expenses during the quarter, the DAO’s net income declined 88% QoQ to \$400K, as a result of the decrease in blockchain-related net revenue.

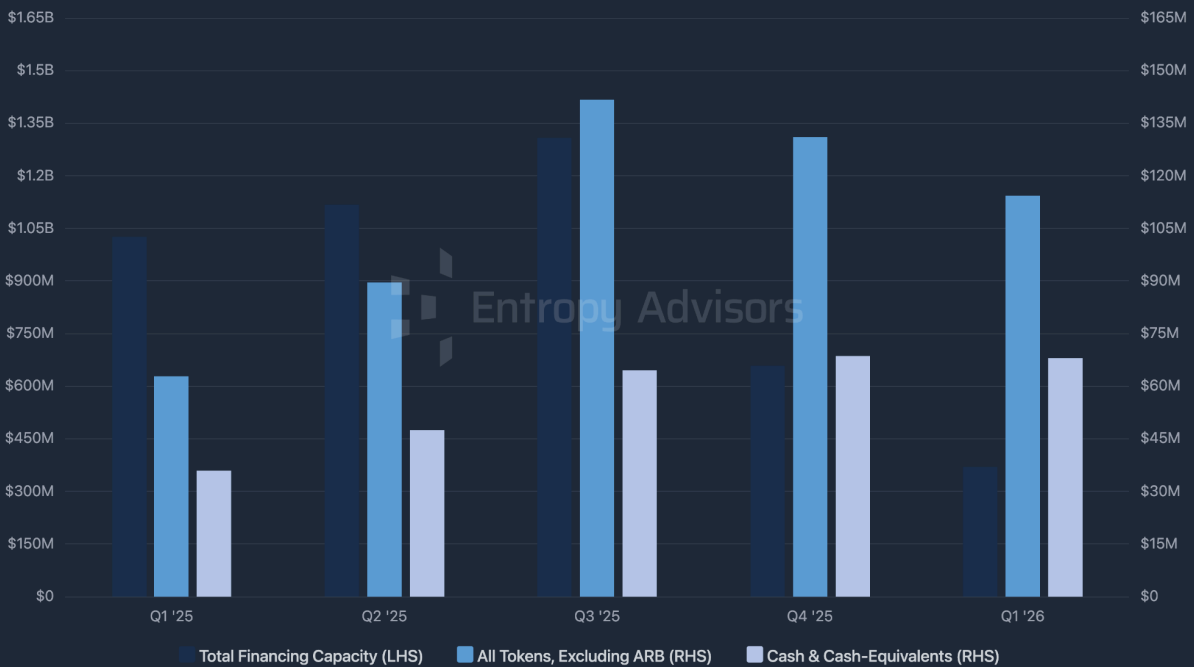
The DAO’s financing capacity (value of the DAO’s total holdings, including ARB tokens, tokens in the treasury, earmarked funding, and the treasury management portfolio) decreased by 44% QoQ. As the financing capacity mostly comprises ARB tokens (~80% at the end of Q4 '25), even small ARB price changes will have a notable effect on the total financing capacity. Similarly, non-native token holdings fell over the quarter in dollar terms to \$114M, driven by a 31% decrease in the price of ETH, while cash & cash-equivalents declined from \$69M to \$68M as stablecoins were used to cover expenses.

Q-on-Q Income & Expenses



DAO's Financing Capacity

End of Quarter



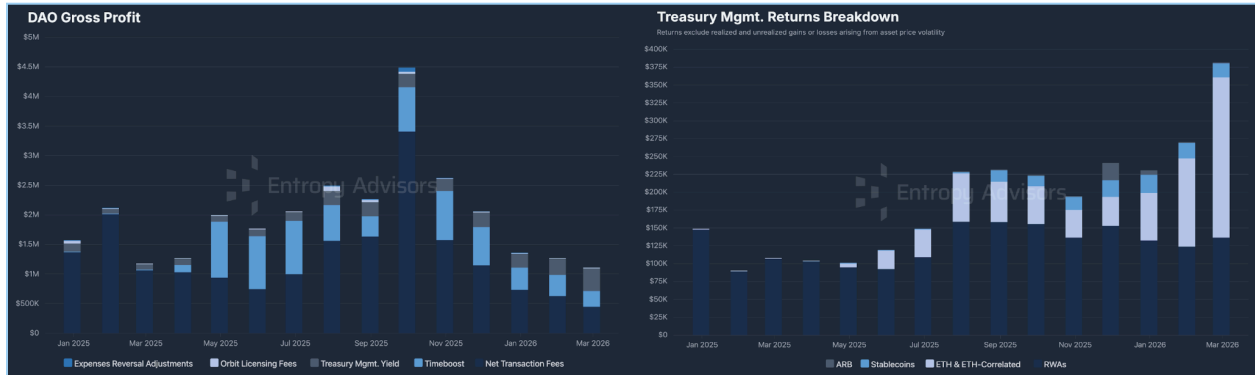
2. Ecosystem Financial Performance

All Figures in USD	Jan '26	Feb '26	Mar '26	Q-on-Q Change
Arbitrum DAO – Q1 '26 Simplified Income Statement				
Blockchain-Related Income	1,116,941	985,535	715,326	(66%)
Net Transaction Fees	729,531	626,705	445,600	(71%)
Timeboost Fees	380,849	358,826	268,332	(55%)
Arbitrum Expansion Program Fees	6,561	3	1,395	(83%)
Treasury Mgmt. Returns	232,604	269,891	380,960	31%
RWAs	132,333	123,603	136,490	(12%)
Stablecoins	25,442	21,574	19,834	18%
ETH & ETH-Correlated	66,609	123,740	224,087	215%
ARB	6,000	-	-	(75%)
Incentives Earned	2,220	974	549	(76%)
Unmatched Adjustments	1,801	10,363	7,194	(76%)
Earmarked funding returned	1,801	10,363	7,194	(76%)
Gross Profit	1,351,346	1,265,789	1,103,480	(59%)
Grants	(422,747)	(407,851)	(785,999)	23%
Audit Subsidies	(5,000)	(146,302)	(315,293)	613%
General	(329,002)	(204,879)	(397,383)	14%
Stylus Development	(88,745)	(56,670)	(73,323)	(49%)
Community & Ecosystem	(24,381)	(23)	(8,095)	(75%)
Delegates & Contributors	(24,381)	(23)	(8,095)	(75%)
Operations	(252,321)	(250,938)	(259,120)	(0%)
Operations Support	(252,321)	(250,938)	(259,120)	(0%)
Incentives	(829,474)	(48,929)	-	(73%)
DRIP	(829,474)	(48,929)	-	(73%)
Total Expenses	(1,528,923)	(707,740)	(1,053,214)	(40%)
Net Income	(177,577)	558,048	50,266	(88%)

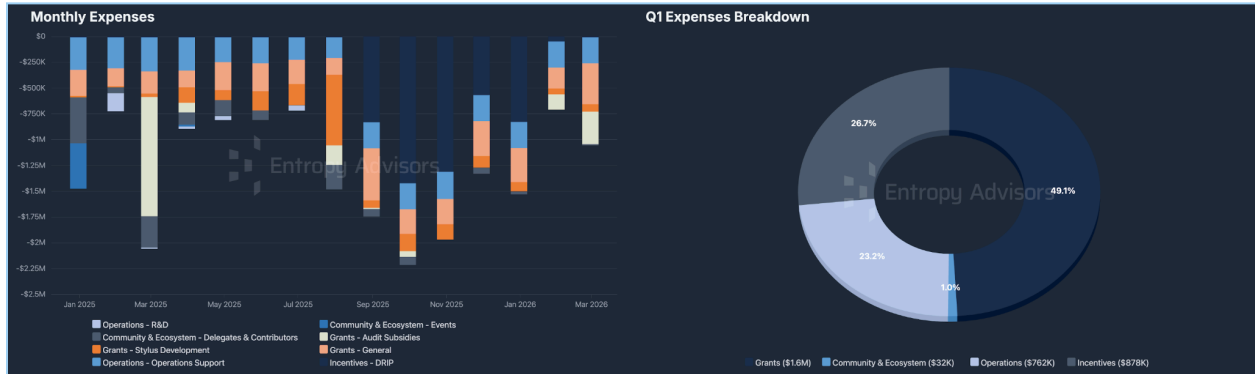
The implementation of the updated pricing algorithm to stabilize L2 surplus fees as part of the [ArbOS Dia upgrade](#) in early January 2026 showed an impact over the quarter. Arbitrum One hit an all-time high monthly transaction volume in February as users have begun paying less for transacting on the chain. Consequently, monthly net transaction fees began trending downwards during the quarter, requiring additional blockspace demand to offset the effect of lower L2 surplus fees. Meanwhile, treasury management returns continued expanding, up 31% QoQ, mainly driven by the ETH covered calls strategy that was initiated in January and upsized in the two subsequent months.

On the expenses side, monthly incentive expenses decreased to zero over the quarter, but they should be expected to ramp up again in Q2 as DRIP Season 2 is initiated. Grants expenses mostly comprise general grants distributed through the D.A.O. program, which are likely to compress over Q2 as the program begins ramping down. Audit subsidies were mostly made up of the Arbitrum Audit Program, but also one legacy grant distributed in relation to the ADPC Subsidy Fund. If grants distribution through the Arbitrum Audit Program stays in line with historical values, the quarterly spend is expected to be in the range of \$500K.

2.1 Income & Gross Profit



2.2 Expenses

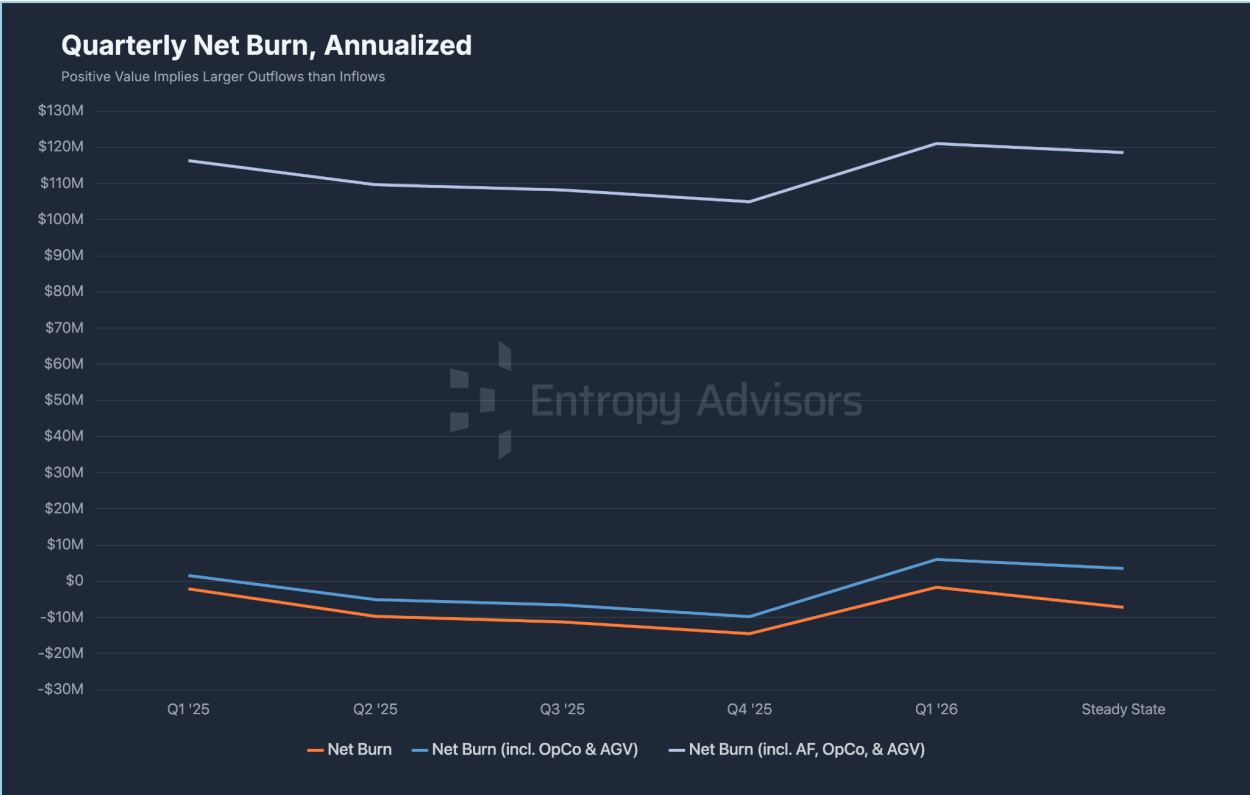


2.3 Net Burn & Runway

This section examines different net burn and runway scenarios when including reported/estimated expenses, current holdings, and vesting tokens related to the Arbitrum Foundation, OpCo, and AGV. The estimated steady state represents the expectation of financial performance based on recent income figures, and with all currently planned/ongoing programs and entities ramped up.

Annualising the DAO's Q1 net income result translates into \$1.7M, although this should be expected to increase materially over the year as blockspace demand increases, treasury management yields continue expanding, the transaction fee mechanism continues being optimized, and new chains (most notably Robinhood) launch under the Arbitrum Expansion Program.

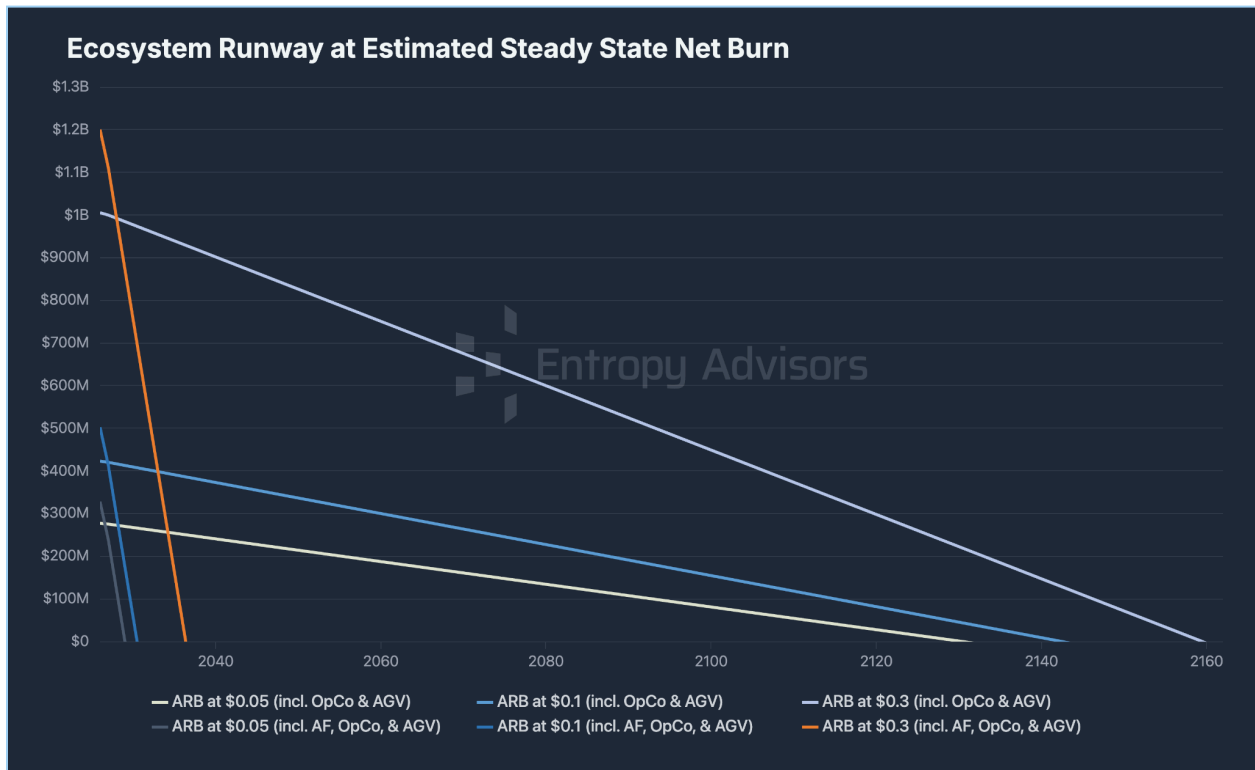
The DAO's annualized steady state net burn figure shown below is driven by the assumptions that gross profit stays in line with the 6M rolling average (to stay conservative), the Arbitrum Audit Program will slightly increase distribution compared to the program's commitments over the previous quarters, the DRIP ramps up to the 20M ARB per quarter budget, and all other initiatives roughly staying in line with historical figures. Given the estimated steady state net burn is negative (i.e., inflows are larger than outflows), this implies an unlimited runway for the DAO.



The situation changes slightly when including estimations for OpCo and AGV (based on figures published in AGV's 2025 transparency report, excluding investments from the burn, as well as OpCo's October '25 transparency report).

While available data suggests that the DAO's income has been enough to cover all expenses between Q2 '25 and Q4 '25, the steady state annualized net burn has been estimated to be roughly \$3.5M, with both entities fully ramped up. This implies roughly 115 years of runway at an ARB price of \$0.1.

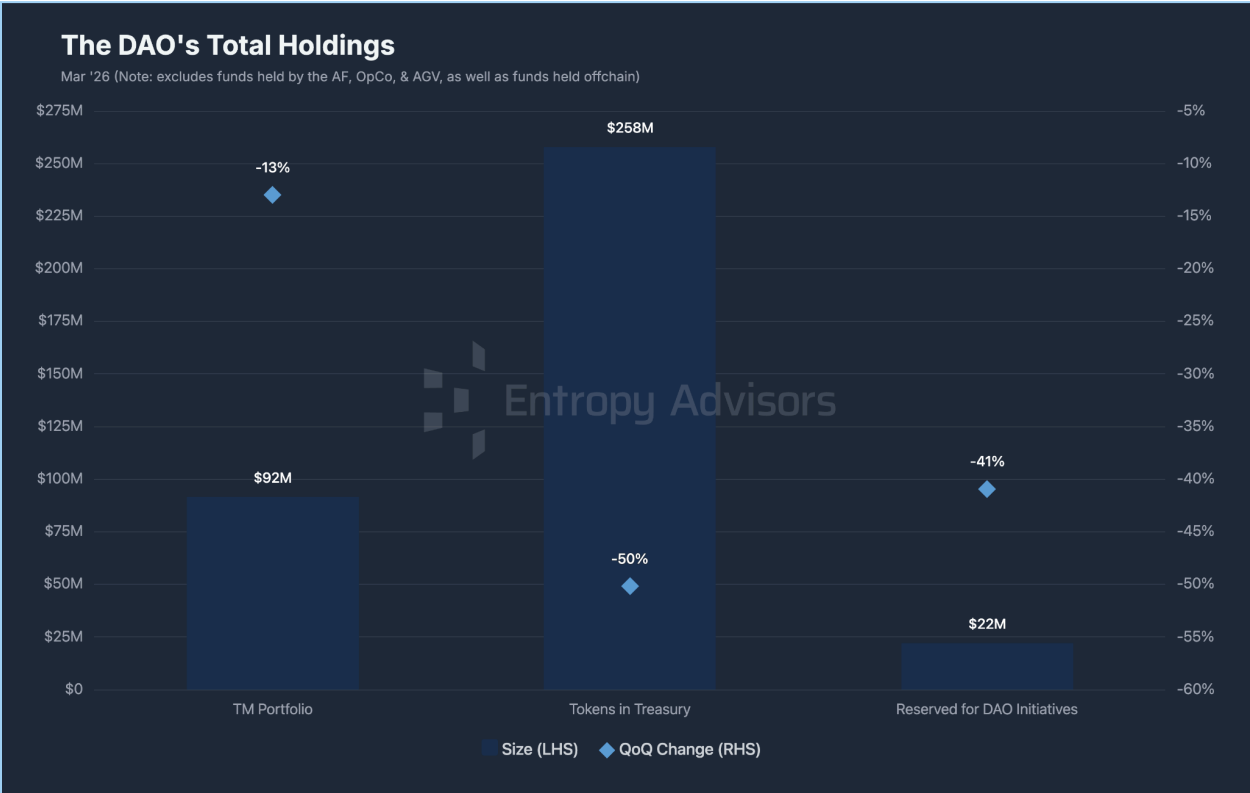
Finally, including estimated holdings, expenses, the strategic partnerships budget, and vesting ARB for the Arbitrum Foundation (based on historical figures reported by the AF and the assumption that expenses roughly stay in line with reported numbers in recent periods) implies an annual steady state net burn of \$120M. This net burn gives a runway of ~4 years when ARB is at \$0.1.



3. DAO Treasury Management

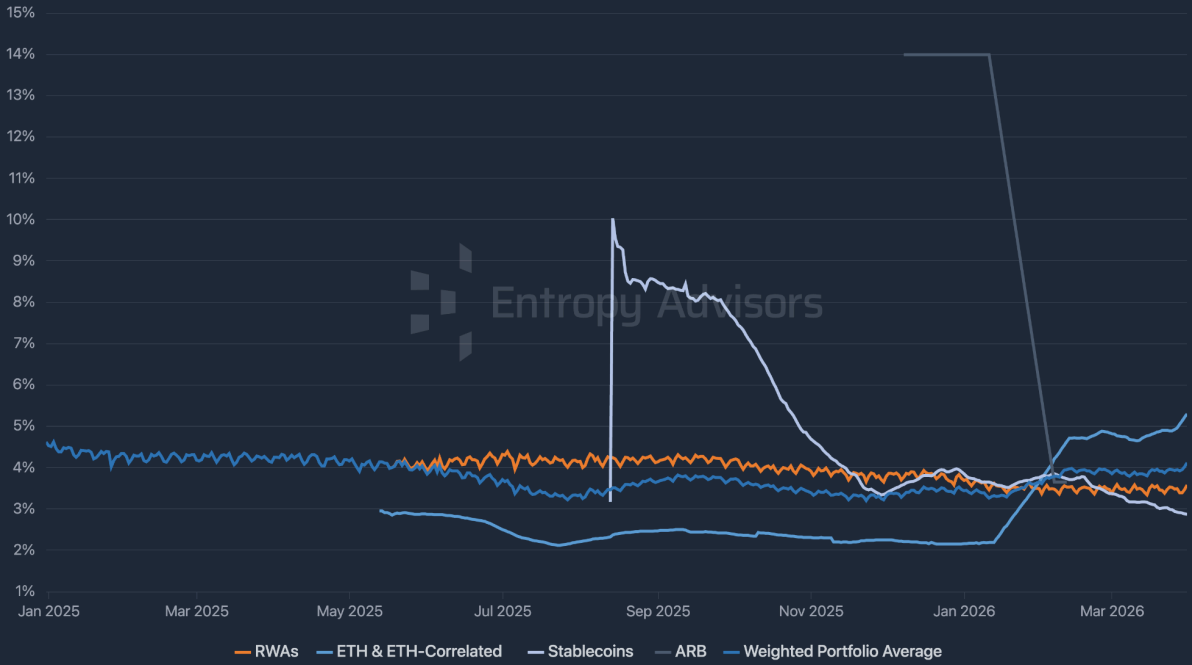
3.1 Portfolio Overview

Portfolio Size \$92M (13%) QoQ Change	Volatile Asset Price Change (\$15M) Previous Q: (\$9M)	Yield Earned & DeFi Returns \$883K +31% QoQ Change
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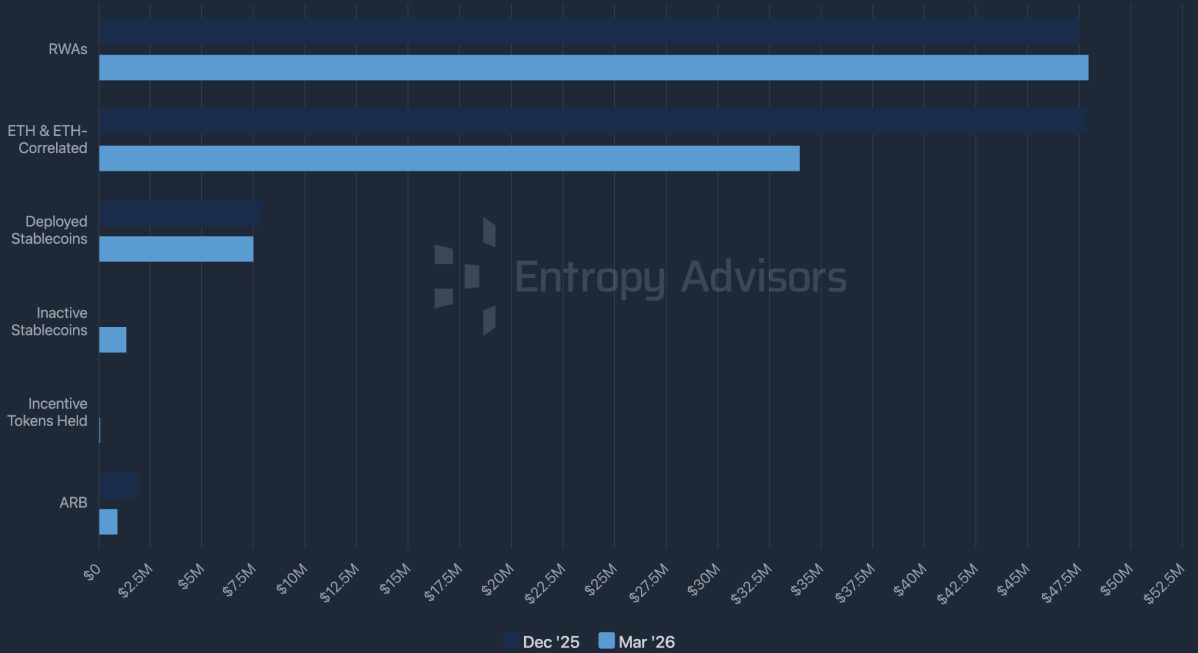
Deployment Types – 30D MA APY

Note: Excludes Camelot, Compound, and GMX. Incorporates an estimated impact of incentives. An APR has been applied to covered calls



Asset Allocation Across Different Categories

All categories within the maximum acceptable weight ranges defined in the IPS



3.2 Notable Events During the Quarter

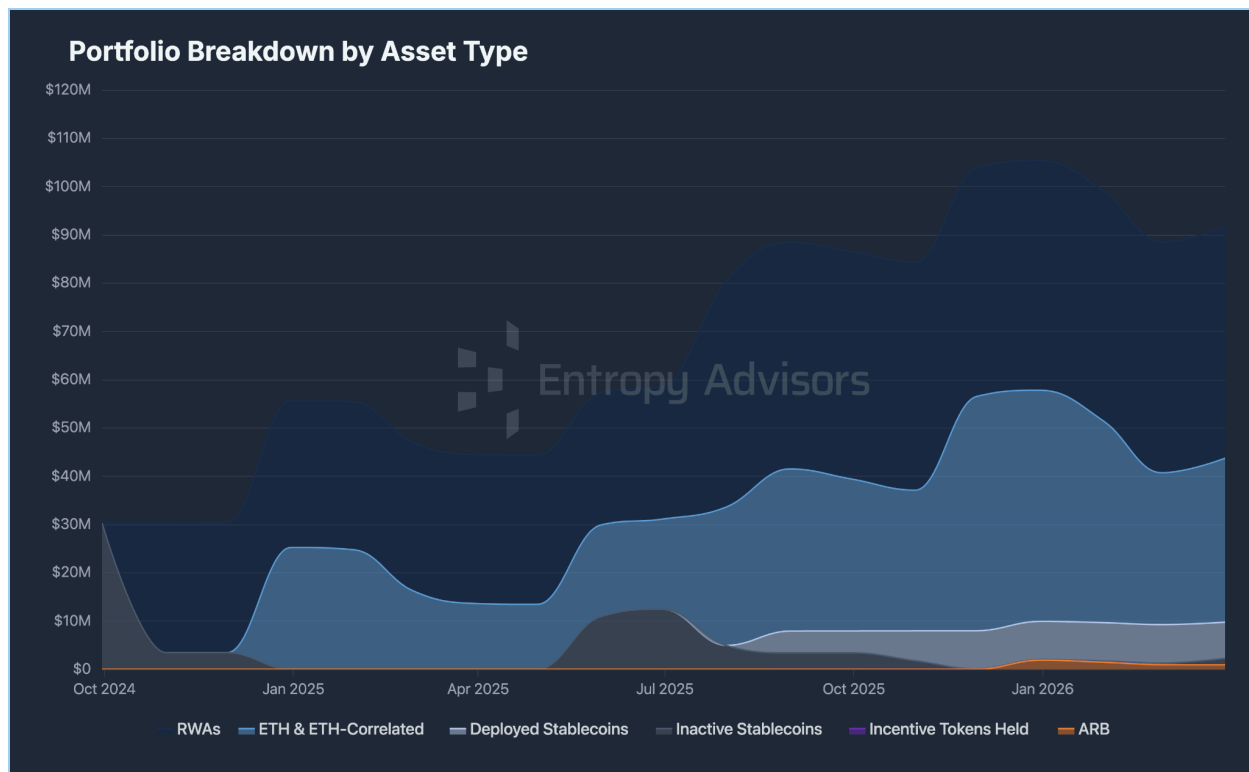
\$3.6M Reallocated from OpenEden's TBILL into Spiko's USTBL in January	120 ETH Restaked through etherfi's weETH in January
10M ARB Covered calls pilot program continued in January but frozen in February for strategic purposes	6.75K ETH Deployed into covered calls. 1.75K ETH in January, 3.3K ETH in February, and 1.7K ETH in March
800 ETH & 5 wstETH Withdrawn from Camelot. ETH allocated to the covered calls strategy in February	2.52K ETH Withdrawn from Fluid over February and March. Proceeds allocated into covered calls
0.36 stETH Collected through the Lido Rewards-Share Program in January	\$4.6M Reallocation from Gauntlet's USDC Prime Morpho Vault to syrupUSDC approved by the OAT
\$380K Consolidated to the TM portfolio from the Delegated Domain Allocation v2 initiative	\$9.2M Reallocation from Backed's bIB01 and Superstate's USTB into USDai approved by the OAT

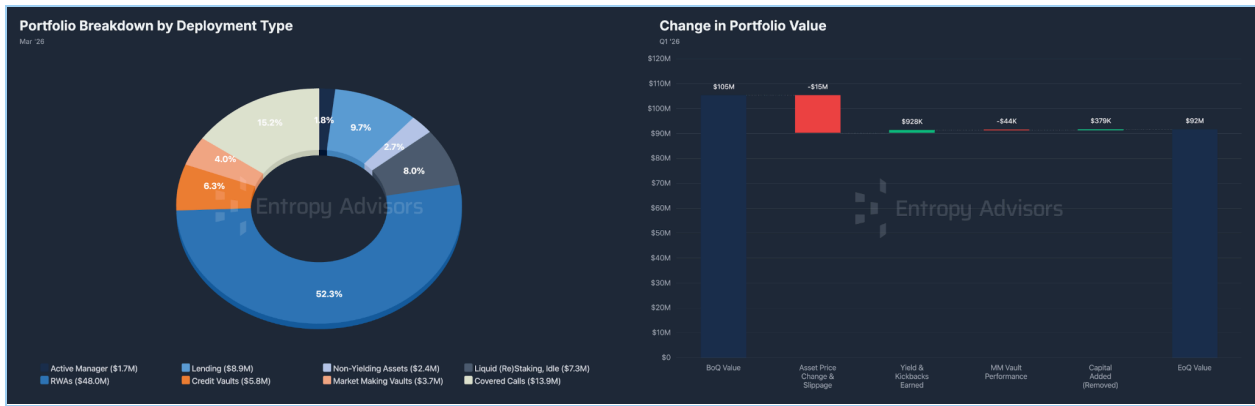
4. Treasury Mgmt. Assets & Strategies

4.1 Overview of the Quarter

In March, [Resolv suffered an exploit](#) in which the exploiter was able to mint unbacked USR. More recently in mid April, [Kelp suffered a hack](#) where the exploiter was able to mint unbacked rsETH. These events lead to downstream effects across certain projects on Arbitrum, and the DAO's whole wstETH position was withdrawn from Aave on April 18th as a response to the Kelp incident. Currently, the DAO's treasury management positions have zero exposure to the incidents, and the greater DAO treasury remains unimpacted.

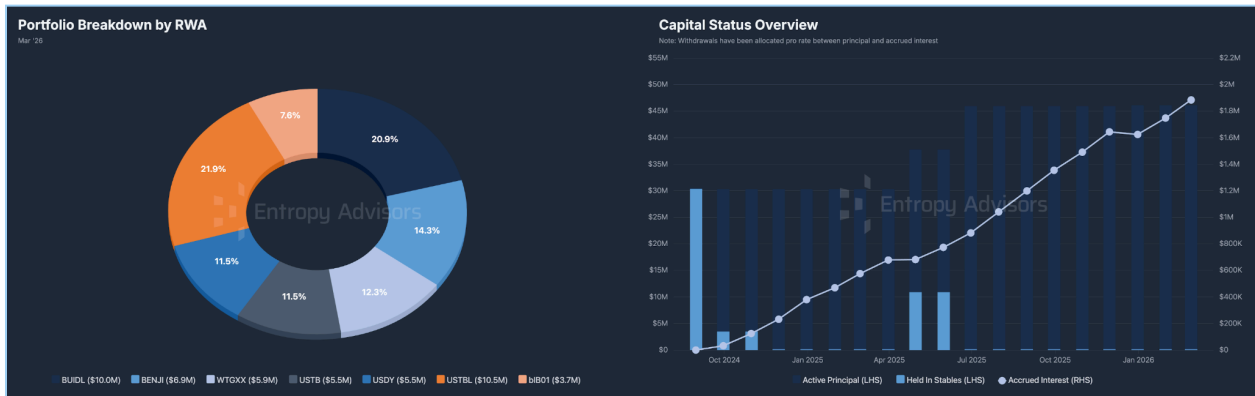
The price of ETH decreased by ~30% during the quarter, leading to a ~\$14M loss in the value of the DAO's ETH and ETH-correlated positions, and consequently, the portfolio size fell from \$105M to \$92M. \$380K of new stablecoins was injected into the portfolio from the DDA v2 initiative.

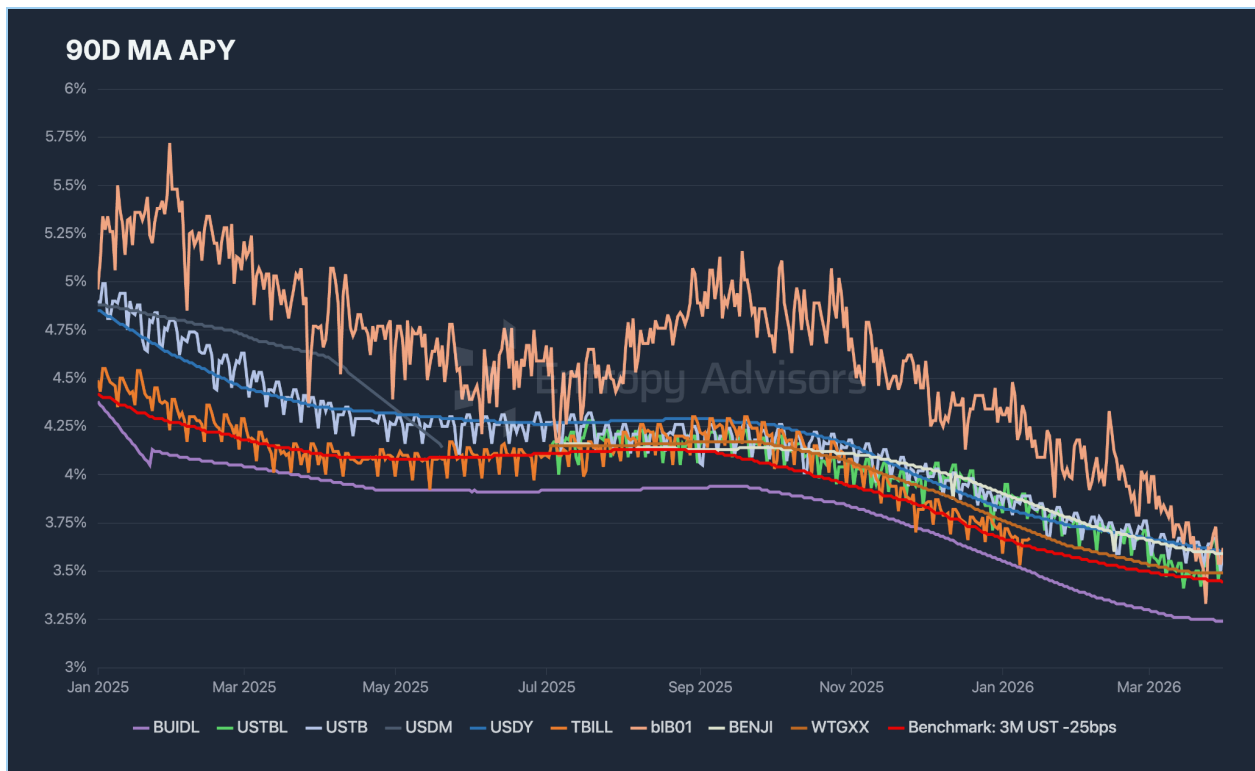




4.2 RWA Positions

During the quarter, ~\$3.6M worth of OpenEden’s TBILL was reallocated into Spiko’s USTBL. The divestment was executed in the middle of January, while the USTBL position was increased at the end of January. The OAT additionally approved a suggestion to withdraw a combined ~\$9M from Backed’s bIB01 (although the asset has historically been one of the best performing tMMFs in the portfolio, it’s being gradually wound down during 2026) and Superstate’s USTB, with proceeds being allocated into USDai. The bIB01 position was divested in early April and the USTB divestment was finalized in the middle of April. The DAO earned ~\$390K in interest from RWAs during Q1.





4.2.1 Position-Level Allocations (Mar '26)

Asset	Issuer	Principal	Principal & Accrued Interest	MTD Interest	30D MA APY	Accrued Interest
BUIDL	BlackRock	\$9,500,609	\$10,032,031	\$24,378	3.22%	\$531,421
BENJI	Franklin Templeton	\$6,691,332	\$6,869,257	\$20,492	3.58%	\$177,925
WTGXX	WisdomTree	\$5,735,428	\$5,879,574	\$16,520	3.48%	\$144,146
USTB	Superstate	\$5,194,875	\$5,512,422	\$16,638	3.81%	\$317,547
USDY	Ondo Finance	\$5,194,875	\$5,509,369	\$16,299	3.55%	\$314,494
USTBL	Spiko	\$10,303,987	\$10,497,533	\$31,449	3.78%	\$193,546
bIB01	Backed Finance	\$3,463,250	\$3,668,237	\$10,713	3.90%	\$204,987
TBILL	OpenEden	\$0	\$0	\$0	n/a	\$0
Total	—	\$46,084,356	\$47,968,422	\$136,490	3.58%	\$1,884,066

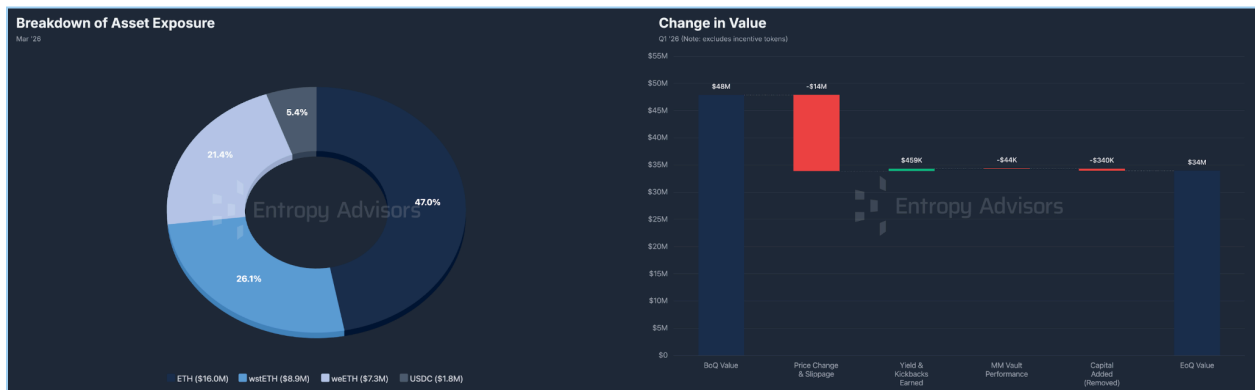
Note: withdrawals have been allocated pro rata between principal and accrued interest

4.3 ETH & ETH-Correlated Positions

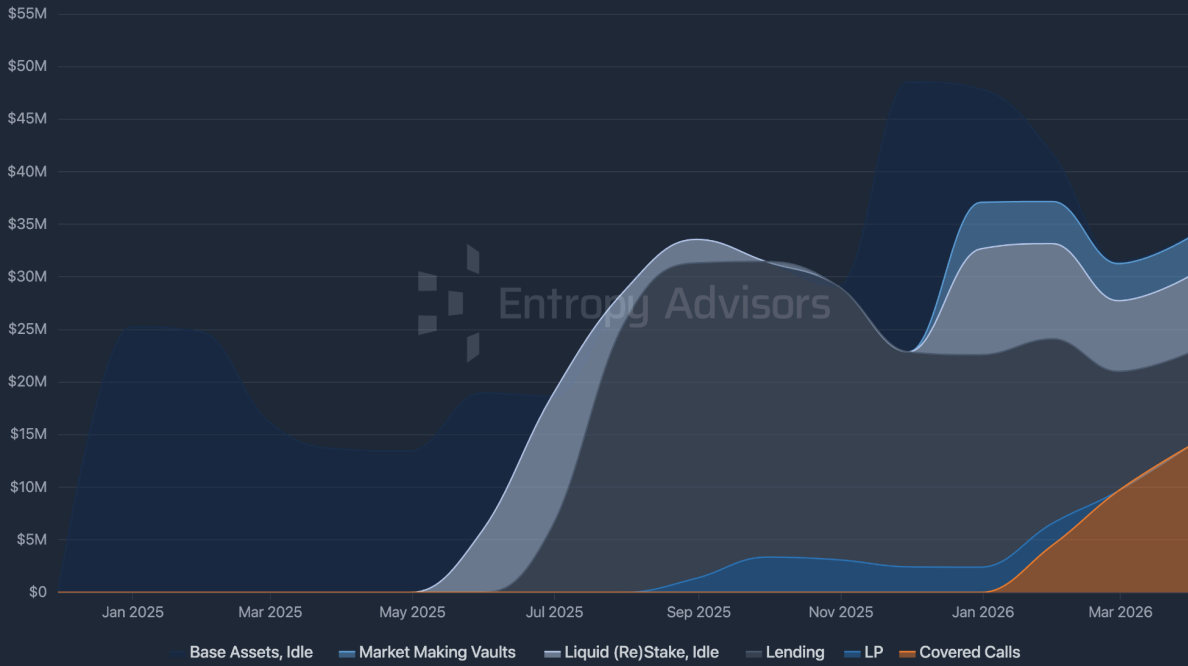
Several ETH & ETH-correlated positions were undertaken during the first quarter of the year. The restaking of ETH was finalized in January with a 120 ETH deposit into etherfi. The DAO's Fluid and Camelot positions were fully withdrawn, with ETH proceeds having been used to upsize the covered calls strategy, through which 6.75K ETH is currently deployed. A 0.36 stETH kickback was also received from Lido as a result of the project's rewards-share program.

While the GMX GLV vault's cumulative performance (comprises fees earned, exposure to trader PnL, and rebalancing actions) was still negative at (\$50K) at the end of March, the vault began performing somewhat positively during the month. Notably, compared to passively holding ETH over the same time period, the vault is up roughly \$600K, as it has worked well as a hedge against the large ETH price drop that took place at the beginning of the year.

ETH & ETH-correlated positions as a % of the total TM portfolio will increase in the short term assuming the proposal to withdraw 6K ETH and ~\$150K stablecoins from the treasury passes the onchain voting stage over the coming weeks.

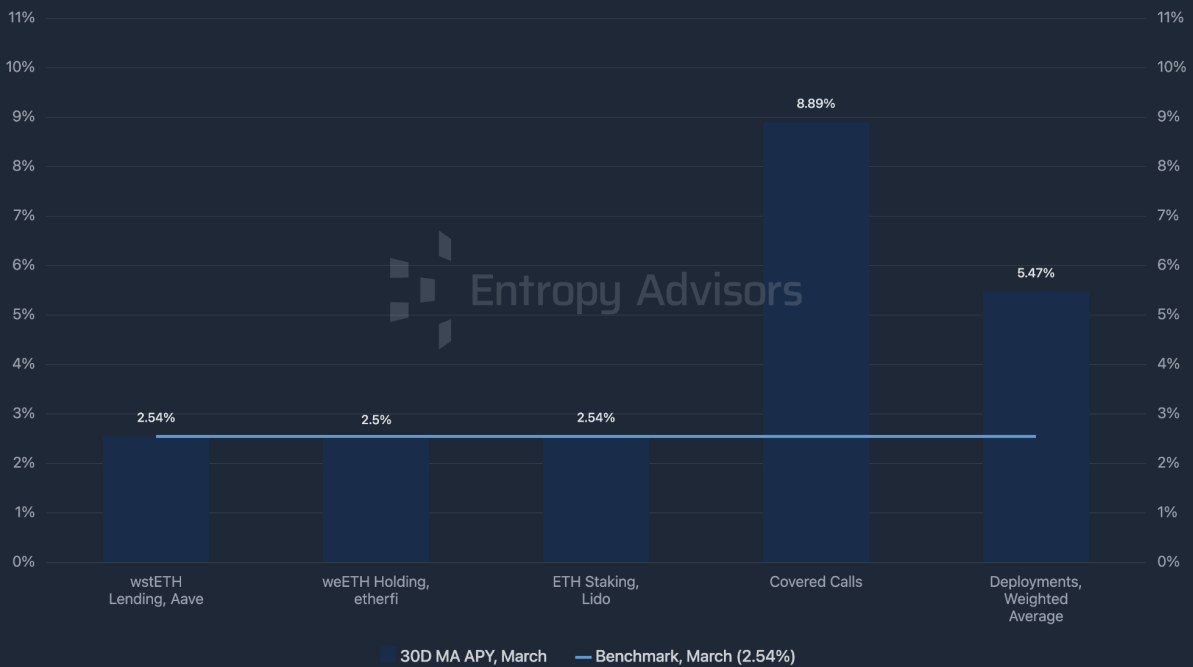


Breakdown of Strategies



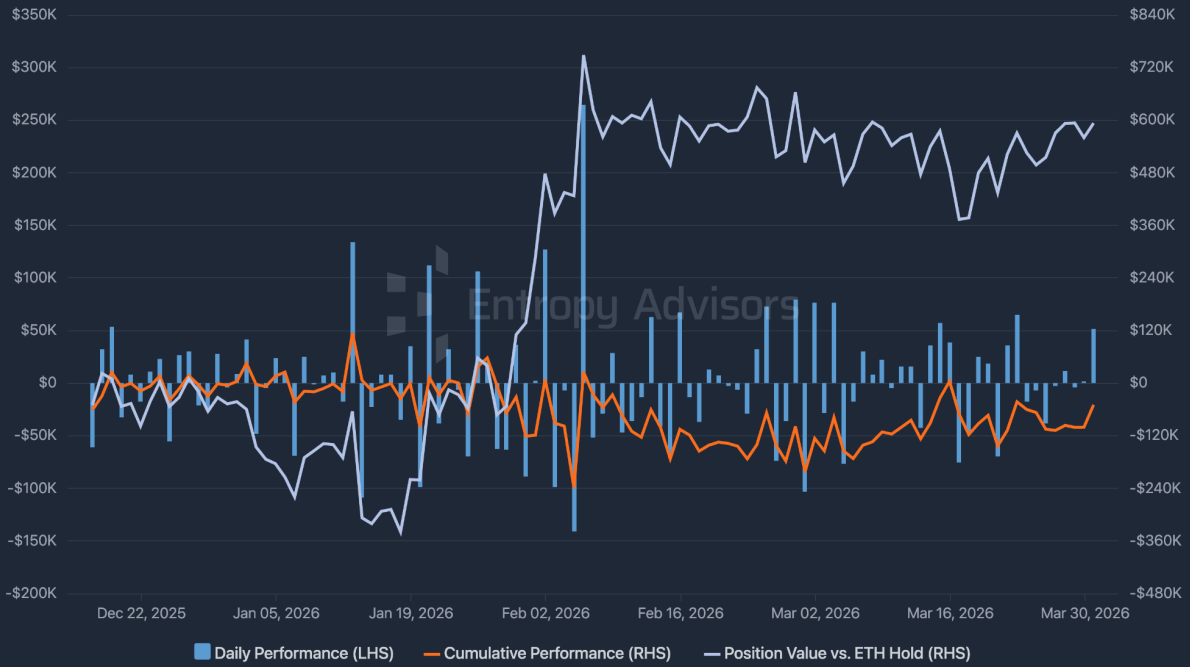
Relative Yield Performance

Mar '26 (Note: Covered calls return expressed as an APR)



GMX GLV Vault (WETH-USDC) Performance

Performance comprises fees earned, exposure to trader PnL, & rebalancing actions, while excluding the impact of ETH price movements



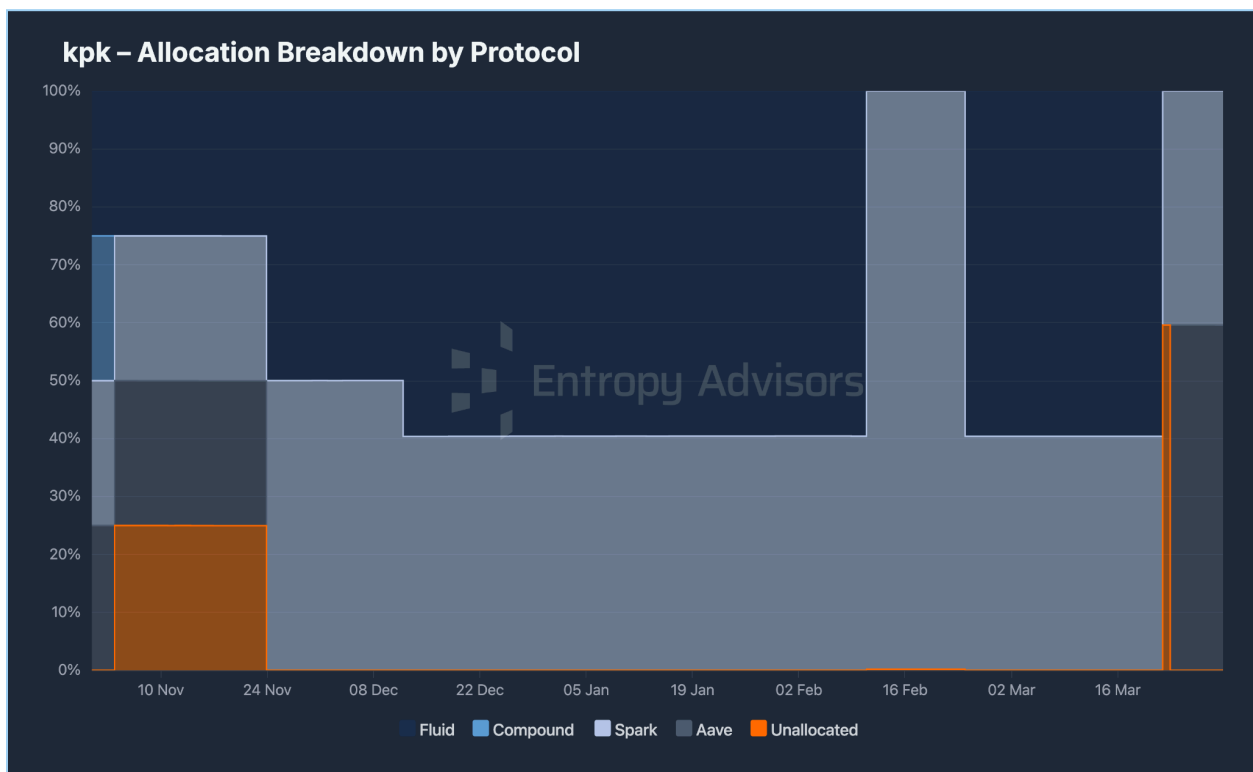
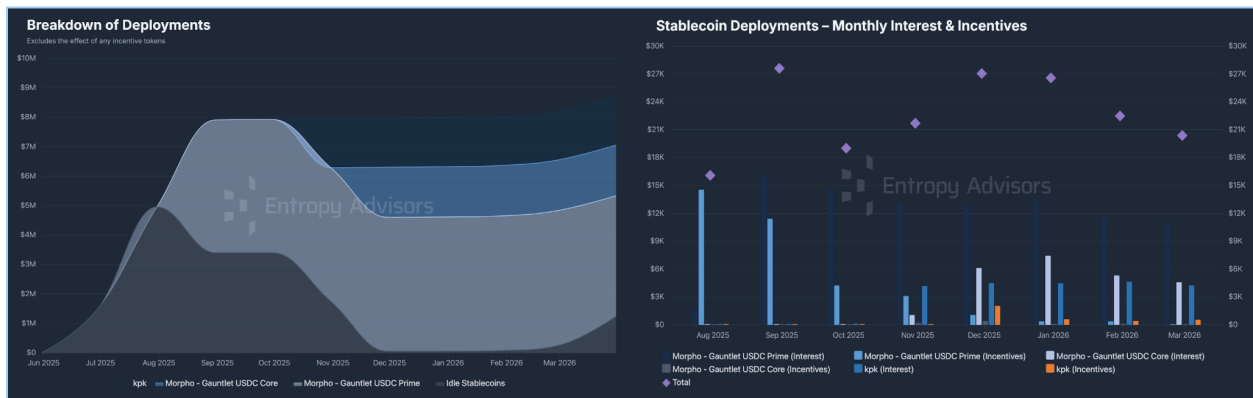
4.3.1 Position-Level Allocations (Mar '26)

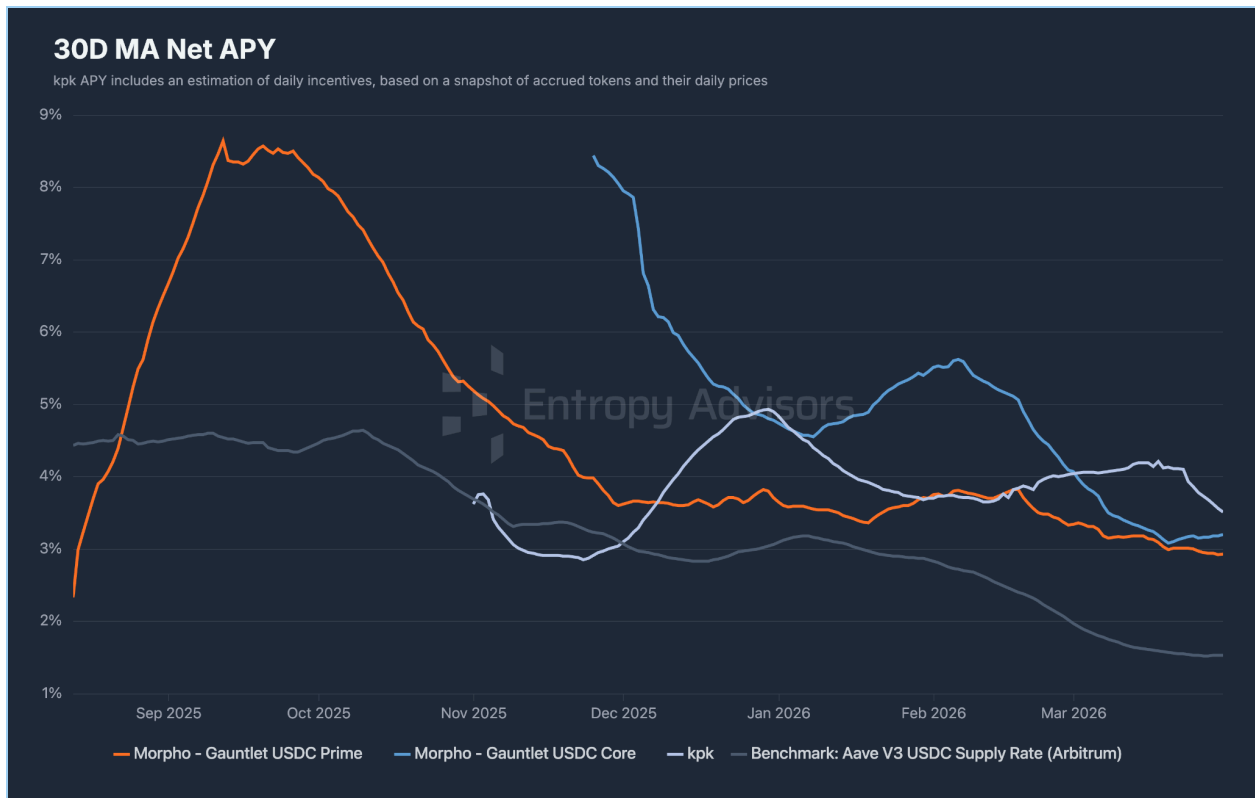
Type	Underlying	Protocol	BoM Value	Price Change & Slippage	Position Increased (Decreased)	MTD Yield	EoM Value	%-share
Lending	wstETH	Aave	\$8,160,233	\$680,641	\$0	\$18,823	\$8,859,698	26.1%
Lending	ETH	Fluid	\$3,216,246	\$265,837	(\$3,483,060)	\$977	\$0	0.0%
LP	wstETH & ETH	Camelot	\$0	\$0	\$0	\$0	\$0	0.0%
Liquid Staking	ETH	Lido	\$14,112	\$1,174	\$0	\$33	\$15,319	0.0%
Liquid Restaking	ETH	ether.fi	\$6,705,131	\$559,314	\$0	\$15,275	\$7,279,720	21.4%
MM Vault	ETH & USDC	GMX	\$3,527,023	\$116,260	\$0	\$49,435	\$3,692,718	10.9%
Covered Calls	ETH	OTC	\$9,639,902	\$795,352	\$3,373,313	\$139,545	\$13,948,112	41.1%
Idle ETH	—	—	\$187,536	\$15,046	(\$29,371)	\$0	\$173,211	0.5%
Total	—	—	\$31,450,184	\$2,433,625	(\$139,118)	\$224,087	\$33,968,777	100.0%

Note: Excludes effect of any incentive tokens received. Yield includes kickbacks and represents vault performance for GMX

4.4 Stablecoin Positions

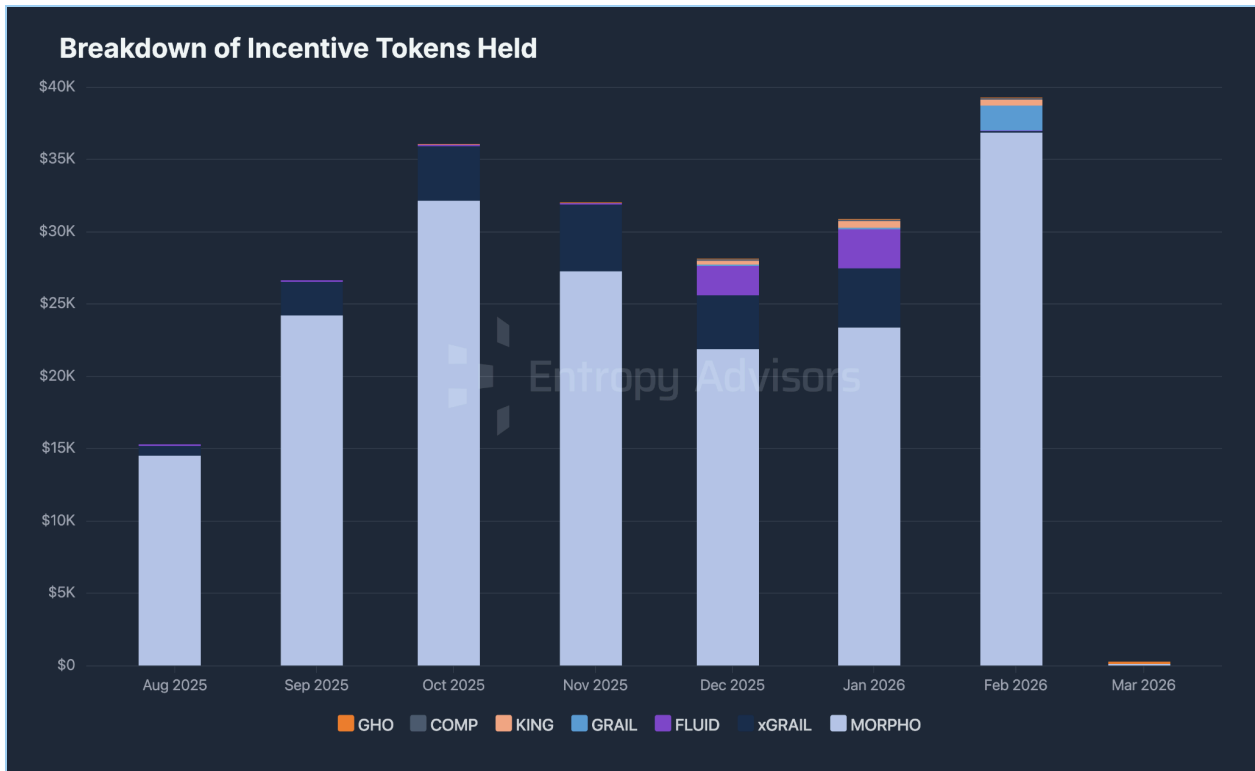
During the quarter, \$380K of stablecoins was injected into the TM portfolio. The OAT approved a suggestion to reallocate the DAO's position in the Gauntlet USDC Prime vault on Morpho into syrupUSDC to earn higher yields. Withdrawals are being done in several tranches to ensure minimal impact on Morpho users, with 5 withdrawals having been performed as of the middle of April. Idle stablecoins additionally increased in the portfolio as a result of covered call proceeds having been paid out and the rebalancing of the DAO's incentive token holdings. These proceeds will also be supplied into the syrupUSDC opportunity. The DAO earned ~\$70K in interest, as well as related kickbacks and incentives through its stablecoin deployments during Q1.





4.5 Incentive Inflows

During the quarter, the treasury management portfolio earned incentive tokens through the etherfi (KING), Morpho (MORPHO), and Camelot (xGRAIL) positions, while kpk earned FLUID, MORPHO, and GHO tokens through Fluid and Morpho. The KING, MORPHO, and xGRAIL holdings were rebalanced into USDC and ETH in accordance with the DAO's Investment Policy Statement. As such, only \$243 worth of incentive tokens was held at the end of the quarter by kpk.



4.6 Active ARB Positions

The 10M ARB covered calls pilot program continued in January, with new calls sold at far out-of-the-money strike levels. No ARB has been called throughout the pilot program's lifecycle, which was put on hold in February given the market conditions over the rest of the quarter and unfavourable price movements across crypto.

5. Disclaimers

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