

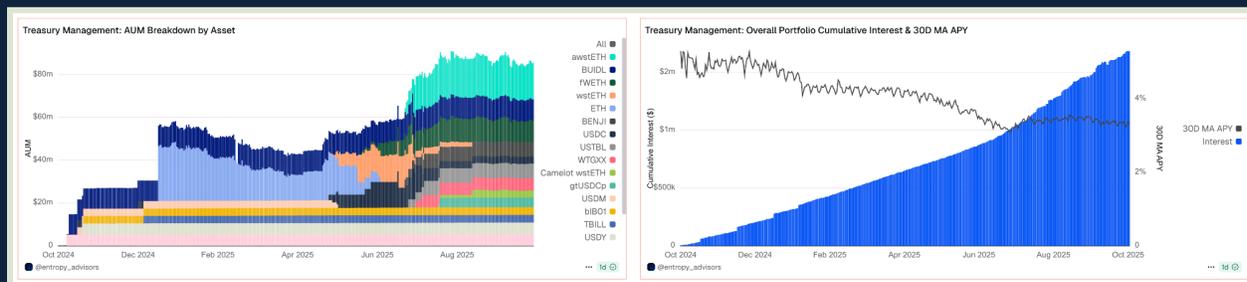
# Arbitrum Treasury Management

Q3 2025 Report

Presented by Entropy Advisors

# Entropy's Treasury Management Dashboards

## Arbitrum DAO: Treasury Management



## Arbitrum DAO Treasury Balance & DAO-Allocated Assets



## Notes On Report Data

- Data as of September 31, 2025, unless otherwise noted
- ARB allocated for ARB-only strategies in relation to the Treasury Management V1.2 - TMC initiative, as well as USDC reserved to cover fees paid to service providers that the ATM Council might engage with, have been excluded from the portfolio, while USDC held on centralized exchanges and non-traceable wallets following ARB liquidations have been included in historical figures
- To derive figures related to volatile assets and yield earned from their deployments, this report utilizes increases/decreases denominated in the underlying and combines this with beginning-of-period/end-of-period prices for these assets
- RWAs:
  - While the investment in USDY was made in October, tokens were only minted onchain in December 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
- For the purpose of income and expense recognition, unless otherwise noted, non-cash movements have been translated into USD values based on the quantity of underlying tokens and their market price at the time of transfer

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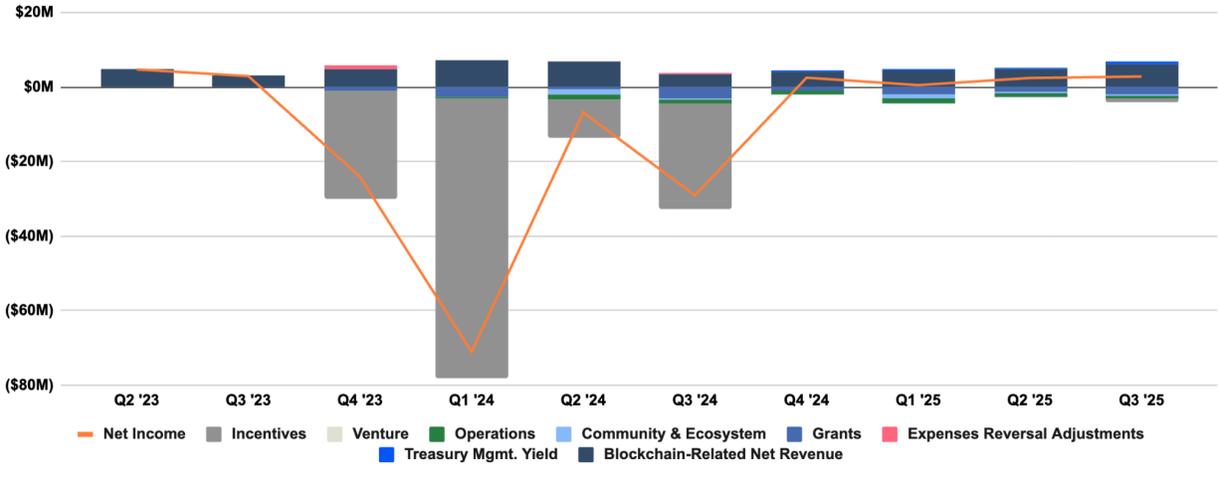
# 1. Executive Summary

Q3 '25 Gross Profit <b>\$6.8M</b> +35.6% QoQ Change	Q3 '25 DAO Expenses <b>\$4.0M</b> +54.0% QoQ Change	Q3 '25 Net Income <b>\$2.8M</b> +16.1% QoQ Change
Sep '25 DAO Token Holdings <b>\$1.3B</b> +22.5% QoQ Change	Sep '25 Non-Native Tokens <b>\$141.2M</b> +57.4% QoQ Change	Q3 '25 Unrealized Gains <b>\$28.3M</b> Cumulative: \$26.7M

## 1.1 Overview of the Quarter

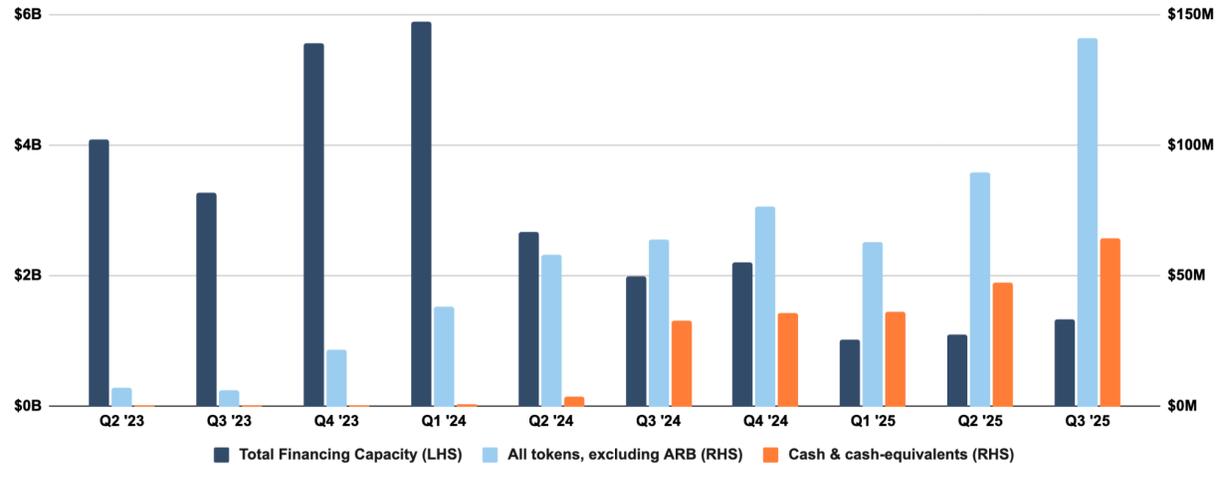
Q3 was the highest income quarter for the DAO in 2025, driven by both a ~\$1.5M increase in blockchain-related net revenue (net Arbitrum One transaction fees, Timeboost, and AEP fees) as well as a ~\$300K increase in treasury mgmt. yield compared to the two previous quarters. Expenses increased from \$2.6M in Q2 to \$4.0M in Q3, driven by an increase in distributed grants and the initiation of the DRIP incentive program in September. The DAO's net income has been positive since the end of Q3 2024, as incentives and grants expenses have notably shrunk since then, with the DAO's net margin hovering around 40-50% in the previous two quarters. It's important to note that expenses are expected to increase materially over the coming months as DRIP and the Arbitrum Audit Program continue to ramp up. Moreover, unless otherwise mentioned, figures presented in this report exclude OpCo, AGV, and the Arbitrum Foundation. As outlined later, once these entities' reported/estimated expenses and holdings are included in the calculations, the ecosystem's financial outlook becomes less favorable.

### Q-on-Q Income & Expenses



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) increased by ~23% QoQ. This was mainly driven by an increase in the ARB price over the quarter, as the financing capacity mostly comprises ARB tokens (~90% at the end of Q3). While the DAO's financing capacity has decreased by \$4.2B since the beginning of 2024, its non-native token holdings have increased from \$21M to \$141M, with cash & cash-equivalents holdings having grown from practically zero to \$65M.

### DAO's Financing Capacity, End of Quarter



## 2. Ecosystem Financial Performance

All Figures in USD

	Jul '25	Aug '25	Sep '25
<b>Arbitrum DAO – Q3 '25 Simplified Income Statement</b>			
<b>Blockchain-Related Income</b>	<b>1,896,617</b>	<b>2,234,761</b>	<b>2,009,431</b>
Net Transaction Fees	998,065	1,560,544	1,634,748
Timeboost Fees	898,022	600,210	338,248
Arbitrum Expansion Program Fees	529	74,007	36,435
<b>Treasury Mgmt. Yield</b>	<b>161,062</b>	<b>221,528</b>	<b>245,518</b>
RWA Yield	108,761	137,938	160,069
Stablecoin Yield	-	1,561	16,194
ETH-correlated Yield	52,301	66,831	56,122
Incentives Earned	-	15,198	13,133
<b>Unmatched Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>
Earmarked funding returned	-	-	-
<b>Gross Profit</b>	<b>2,057,679</b>	<b>2,456,290</b>	<b>2,254,949</b>
<b>Grants</b>	<b>(440,662)</b>	<b>(1,038,558)</b>	<b>(588,231)</b>
Audit Subsidies	-	(191,000)	(10,000)
General	(234,330)	(163,353)	(507,946)
Stylus Development	(206,332)	(684,205)	(70,285)
<b>Community &amp; Ecosystem</b>	<b>(3,296)</b>	<b>(236,918)</b>	<b>(73,730)</b>
Events	-	-	-
Delegates & Contributors	(3,296)	(236,918)	(73,730)
<b>Operations</b>	<b>(278,849)</b>	<b>(206,798)</b>	<b>(250,807)</b>
Outsourced Development	-	-	-
R&D	(53,811)	-	-
Operations Support	(225,037)	(206,798)	(250,807)
<b>Venture</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Incentives</b>	<b>-</b>	<b>-</b>	<b>(832,955)</b>
Legacy Programs	-	-	-
DRIP	-	-	(832,955)
<b>Total Expenses</b>	<b>(722,806)</b>	<b>(1,482,275)</b>	<b>(1,745,723)</b>
<b>Net Income</b>	<b>1,334,873</b>	<b>974,015</b>	<b>509,226</b>

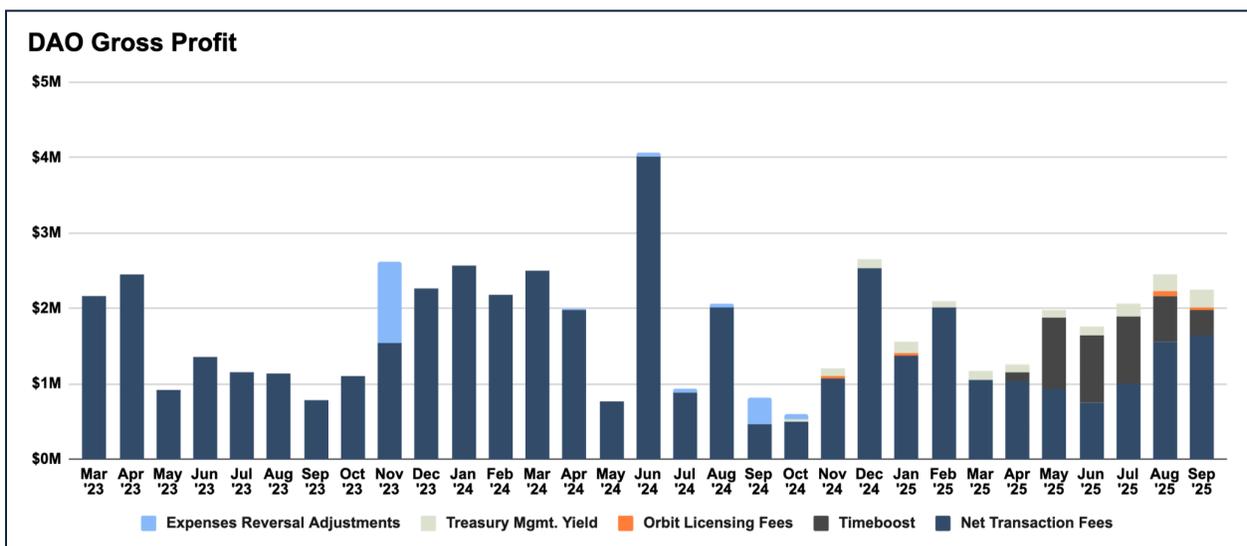
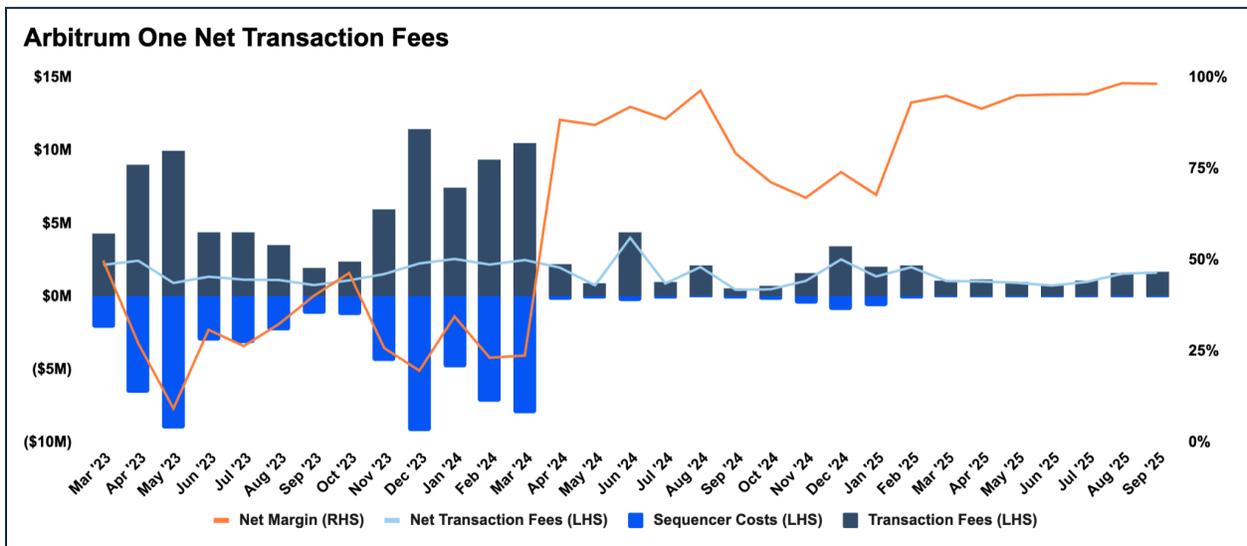
Note: Incentives Earned derived based on EoM prices

During Q3, August and September were great months from a blockchain-related income perspective, with the DAO recording the best two months since February 2025. Monthly Timeboost fees have been on a declining trend since May 2025, dropping from ~\$900K in the first month of Q3 to ~\$340K in September. There's currently noticeable variability in monthly AEP fees as Orbit chains are making payments at an irregular cadence.

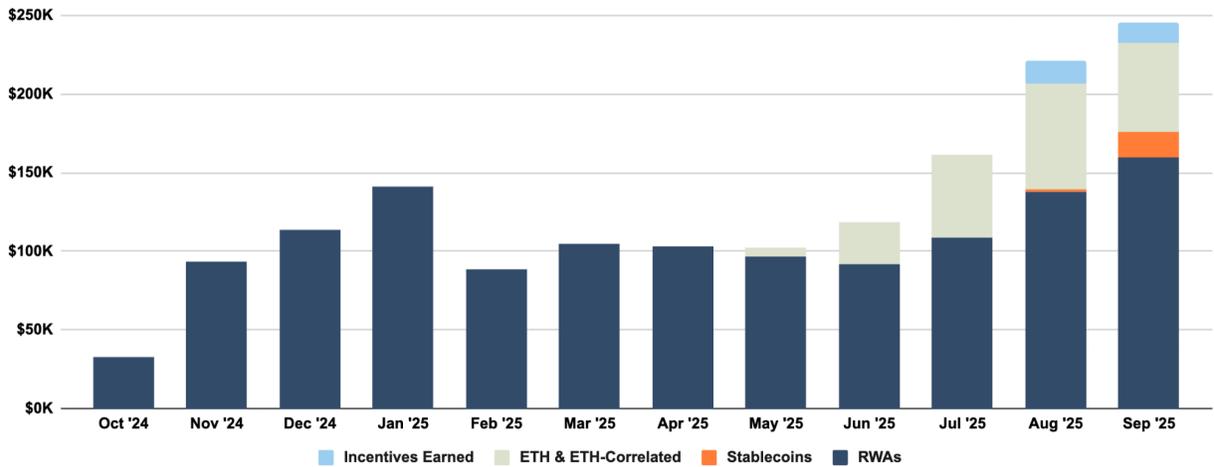
Treasury mgmt. yield has likewise been on a positive trend during the quarter, as ~\$19M was deployed into additional RWAs in July, and ~\$4.5M stablecoins were activated through an allocation into Gauntlet's USDC Prime Vault on Morpho in August. The DAO also earned its first incentive tokens through treasury management, with Camelot and Morpho both distributing native tokens to depositors during the quarter. Monthly expenses in September doubled compared to July as the first DRIP incentive distributions materialized.

Sections 2.1 & 2.2 provide a detailed breakdown of the DAO's historical monthly performance with respect to its income, gross profit, and expenses.

## 2.1 Income & Gross Profit

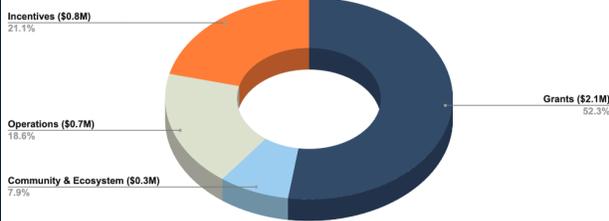


### Treasury Mgmt. Yield Breakdown

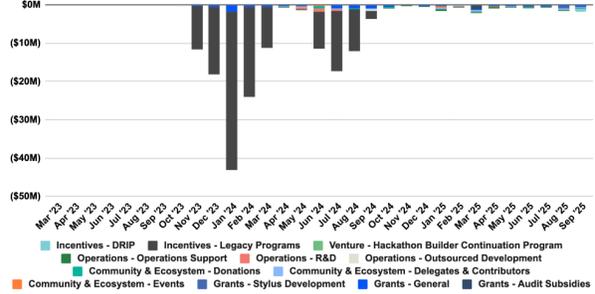


## 2.2 Expenses

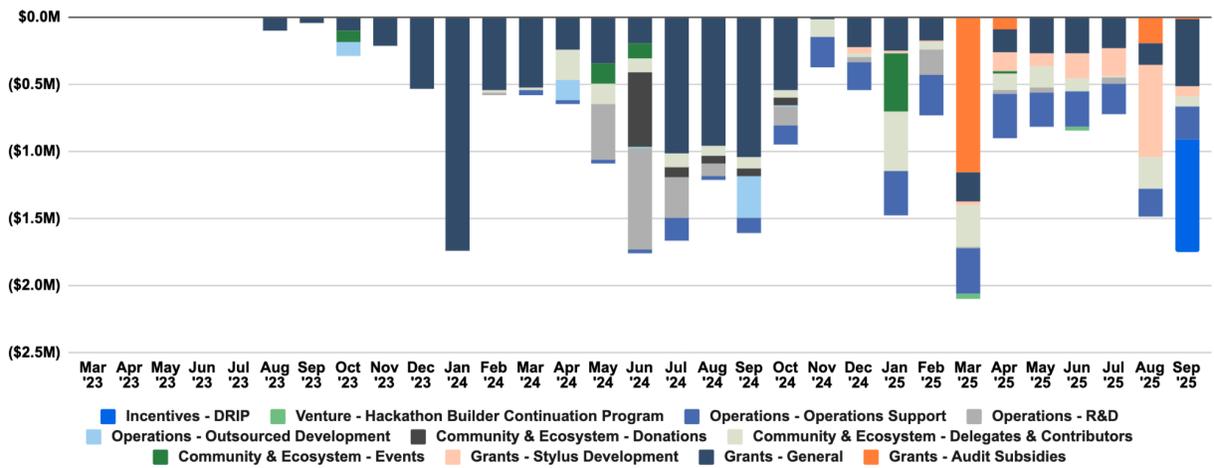
### Q3 Expenses Breakdown



### Monthly Expenses



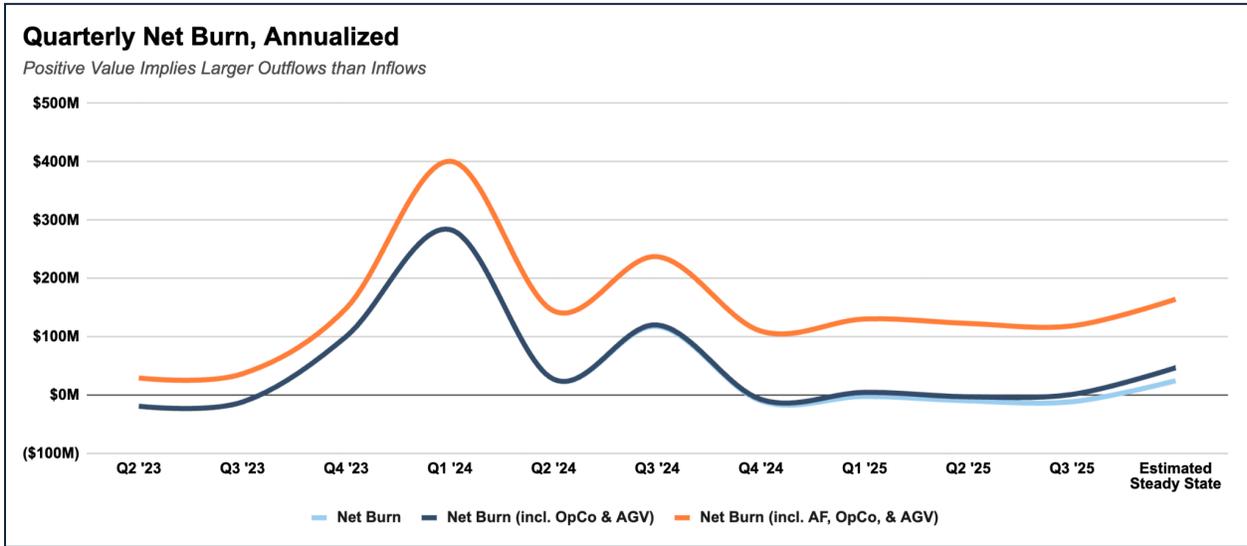
### Monthly Expenses (excl. Incentives - Legacy Programs)



## 2.3 Net Burn & Runway

As mentioned earlier, figures until now exclude DAO-adjacent entities. 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.

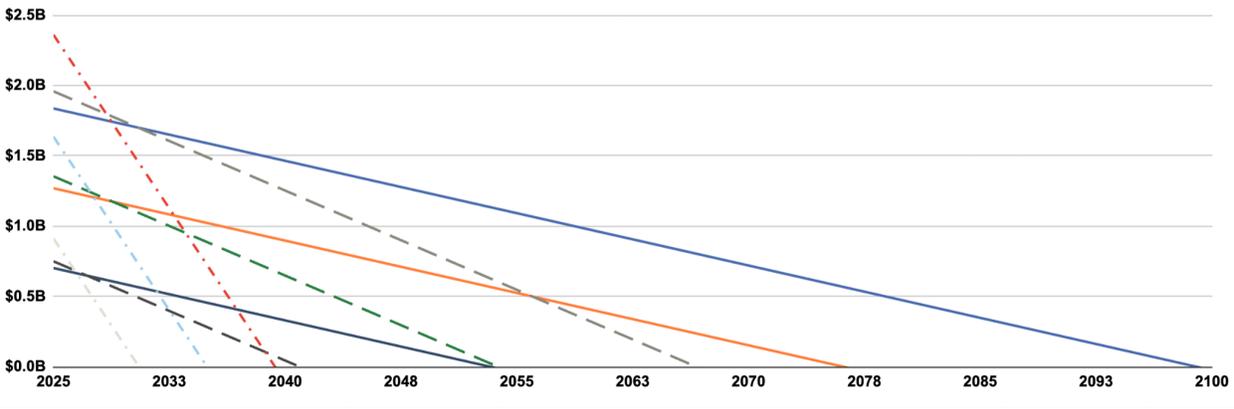
When the DAO was running large incentive programs in late 2023 and early 2024, the annualized quarterly net burn spiked to a high of ~\$285M, and later in Q3 2024 to ~\$120M through the LTIPP and STIP-Bridge incentive programs. In the past 4 quarters, the DAO's profitability has fluctuated between \$500K-\$3M, but this is expected to change as new programs fully ramp up, portrayed through the Estimated Steady State figure.



The assumptions driving the DAO's annualized steady state net burn are that gross income stays flat compared to Q3 '25 and the Arbitrum Audit Program, DRIP, and D.A.O. grants ramp up to full budget utilization. This implies an annualized net burn of ~\$25M, and at an ARB price of \$0.3, gives the DAO 40 years of runway. When including estimated holdings and expenses for AGV (based on figures published in the entity's H1 '25 transparency report and excluding investments from the burn) and OpCo (based on payments to 5 OAT members and a high-end assumption of \$9M in OpEx over 2 years), the annualized steady state net burn increases to ~\$47M. This implies 23 years of runway at an ARB price of \$0.3. 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 ~\$165M. This net burn gives a runway of 8 years when ARB is at \$0.3.

### Ecosystem Runway at Estimated Steady State Net Burn

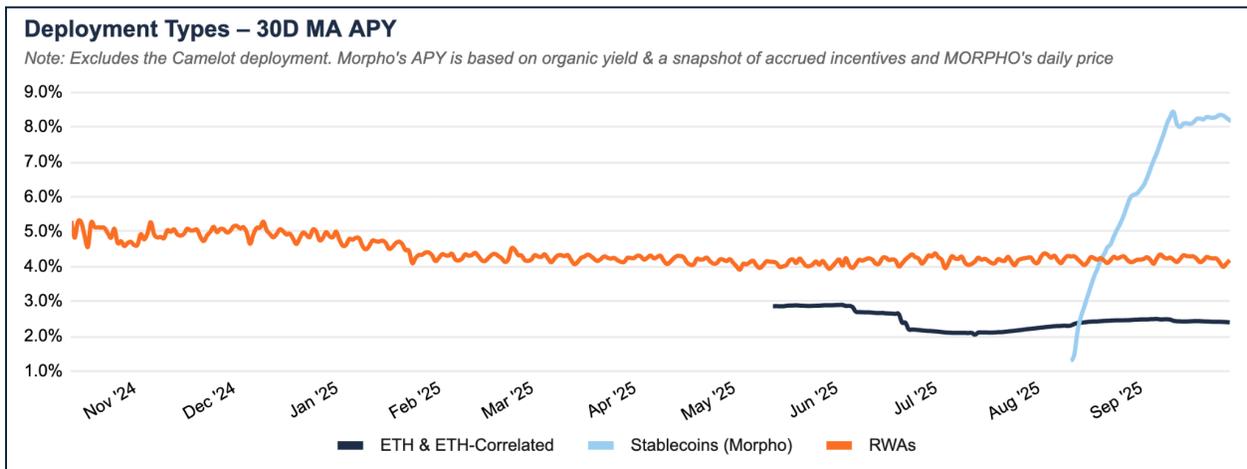
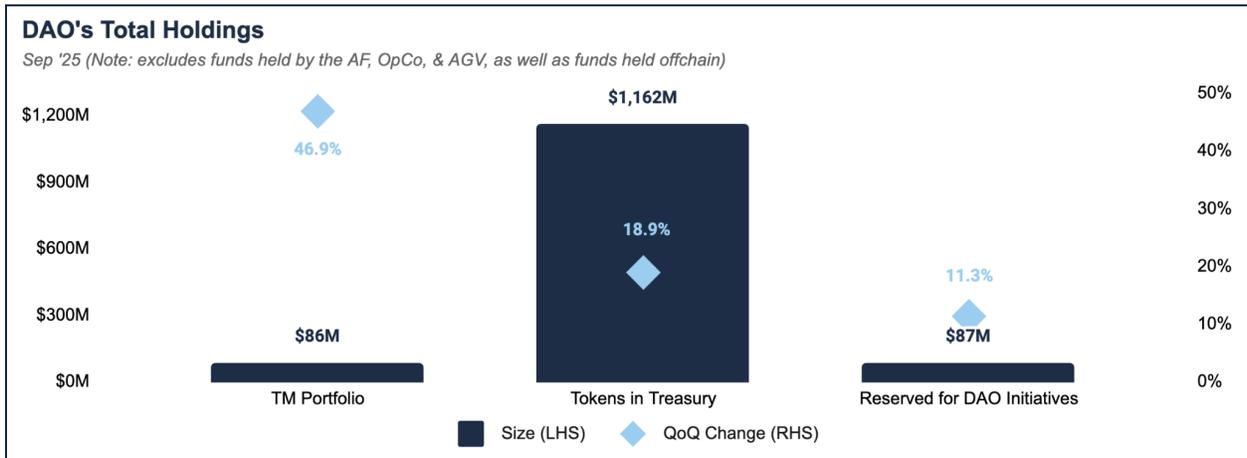
— ARB at \$0.2 (DAO)   
 — ARB at \$0.4 (DAO)   
 — ARB at \$0.6 (DAO)   
 — ARB at \$0.2 (incl. OpCo & AGV)   
 — ARB at \$0.4 (incl. OpCo & AGV)   
 — ARB at \$0.6 (incl. OpCo & AGV)   
 — ARB at \$0.2 (incl. AF, OpCo, & AGV)   
 — ARB at \$0.4 (incl. AF, OpCo, & AGV)   
 - - ARB at \$0.6 (incl. AF, OpCo, & AGV)



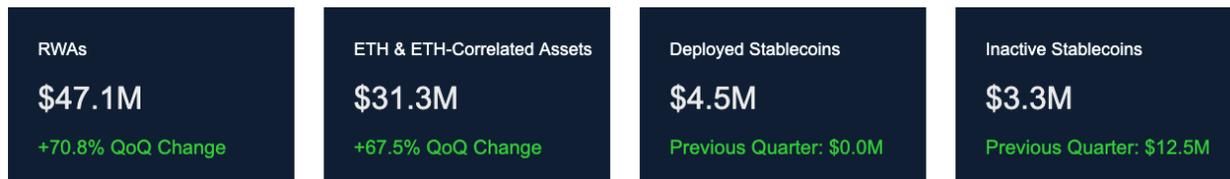
# 3. DAO Treasury Management

## 3.1 Portfolio Overview

<b>Portfolio Size</b> <b>\$86.3M</b> +46.9% QoQ Change	<b>Volatile Asset Price Change</b> <b>\$12.4M</b> Previous Quarter: +\$5.0M	<b>Yield &amp; Interest Earned</b> <b>\$628.1K</b> +94.4% QoQ Change
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## 3.2 Asset Allocation Across Different Categories



All within the maximum acceptable weight range as defined in the [IPS](#).

## 3.3 Notable Events During the Quarter

### 3.3.1 Capital Injections

- ~\$11.6M added to the portfolio in July by converting ARB into stablecoins in accordance with STEP 2 and the TMC initiative
- ~\$2.9M USDC transferred to the portfolio from the ARDC V2, ADPC Subsidy Fund, and Events Budget in August

### 3.3.2 RWAs

- ~\$19.1M of stablecoins were deployed into RWAs in July
  - BENJI: ~\$6.7M
  - WTGXX: ~\$5.7M
  - USTBL: ~\$6.7M

### 3.3.3 ETH & ETH-Correlated Assets

- July
  - 3,485 wstETH supplied on Aave
  - 1 wstETH LPd on Camelot
- August
  - 249 wstETH LPd on Camelot
- September
  - ~414 wstETH LPd on Camelot

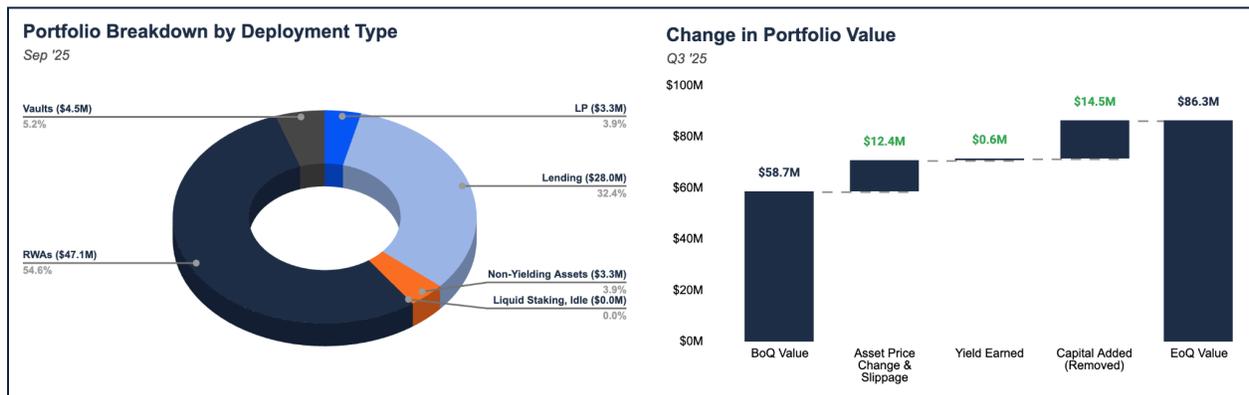
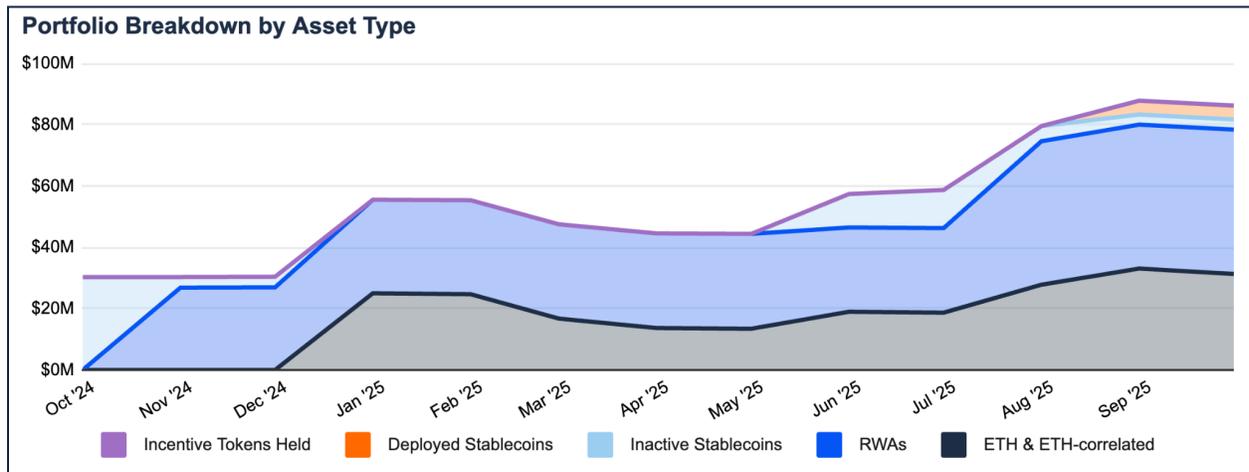
### 3.3.4 Stablecoin Positions

- ~\$4.5M of stablecoins deployed into Gauntlet's USDC Prime Vault on Morpho

# 4. Treasury Mgmt. Assets & Strategies

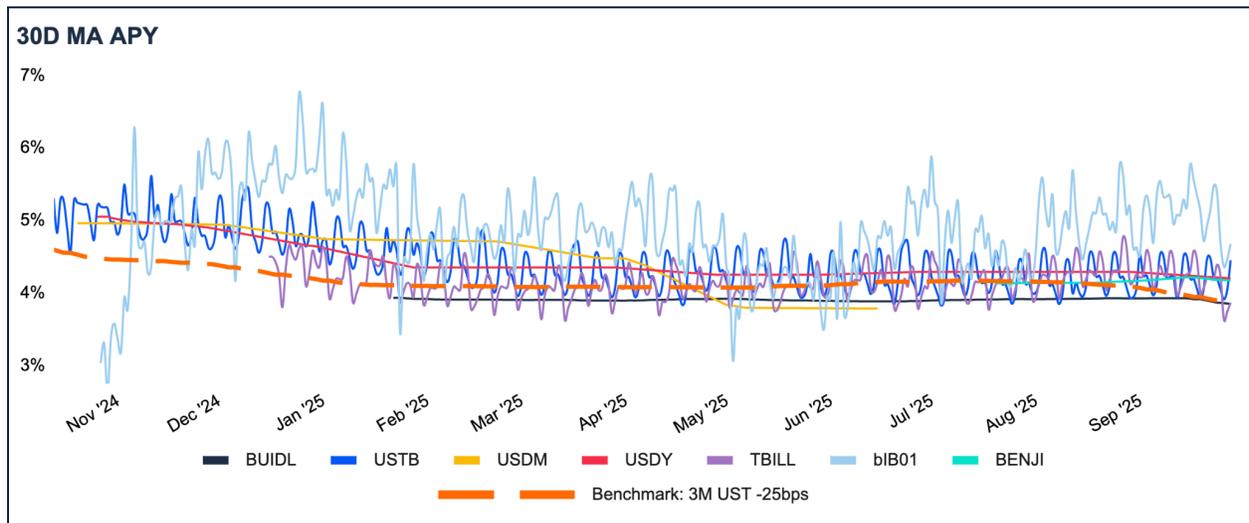
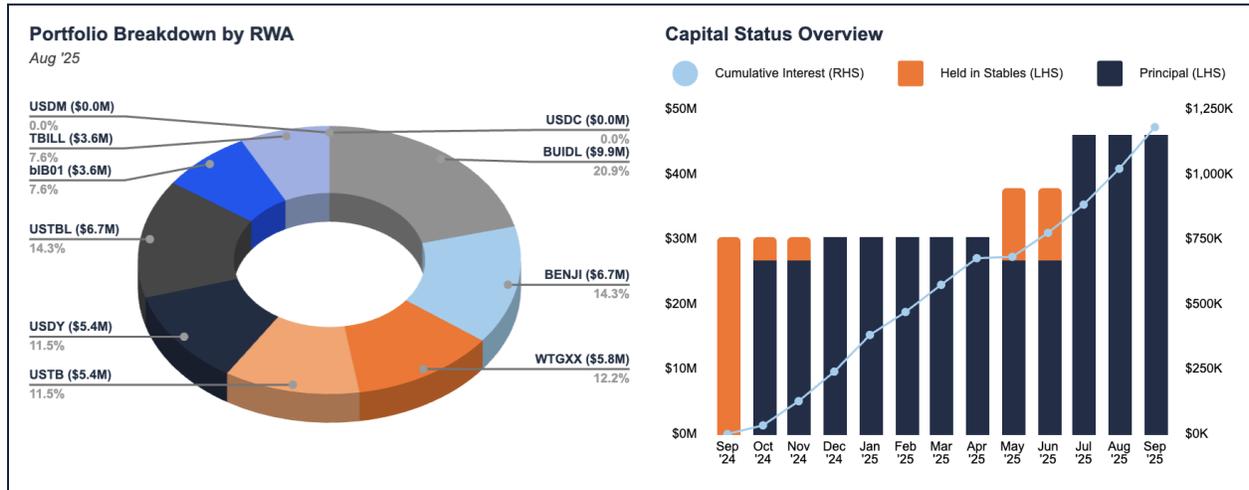
## 4.1 Overview of the Quarter

During Q3 '25, the DAO's Treasury Management portfolio increased by ~\$28M, driven by a ~\$14.5M cash injection as well as the price of ETH increasing by ~70%. As of September month-end, the \$86M portfolio comprised ~36% ETH & ETH-correlated assets, ~55% RWAs, ~5% deployed stablecoins, ~5% inactive stablecoins, and ~3bps incentive tokens (escrowed tokens valued at liquid market price).



## 4.2 RWA-Related Positions

In early Q3 '25, \$19M was allocated across BENJI, WTGXX, and USTBL in accordance with the STEP 2 initiative and a reallocation from USDM, with the asset having since then been wound down due to an acquisition. The DAO earned \$407K in interest during the quarter.



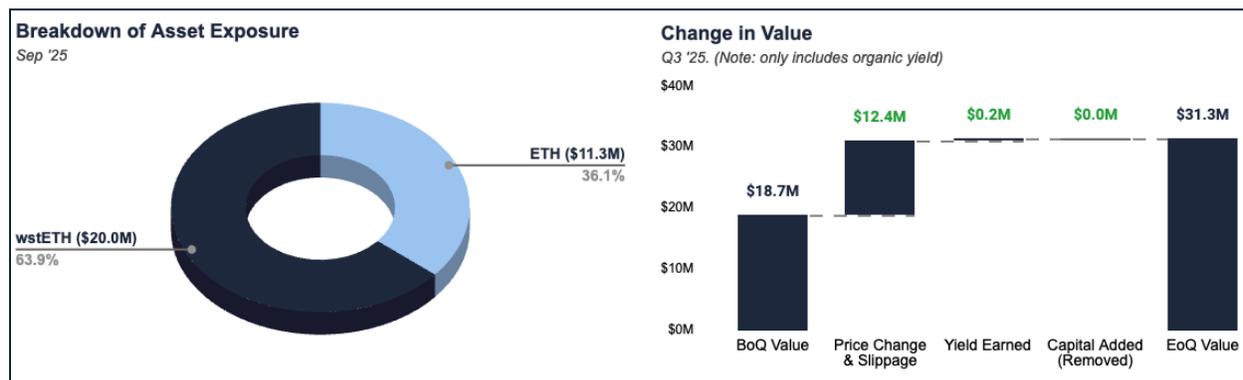
## 4.2.1 Position-Level Allocations (Sep '25)

Asset	Issuer	Net Invested Capital	Market Value	MTD Interest	MTD Balance-Weighted Annualized Yield	MoM Absolute Δ% in MTD Balance-Weighted Annualized Yield	30D MA APY	Cumulative Interest
BUIDL	BlackRock	\$9,500,351	\$9,869,884	\$32,746	4.03%	0.43%	3.85%	\$369,533
BENJI	Franklin Templeton	\$6,691,332	\$6,744,619	\$22,611	4.09%	0.01%	4.17%	\$53,287
WTGXX	WisdomTree	\$5,735,428	\$5,755,994	\$20,566	4.35%	n/a	n/a	\$20,566
USTB	Superstate	\$5,194,875	\$5,414,188	\$18,928	4.26%	0.46%	4.45%	\$219,313
USDY	Ondo Finance	\$5,194,886	\$5,409,958	\$18,262	4.11%	(0.09%)	4.20%	\$215,072
USTBL	Spiko	\$6,690,213	\$6,740,076	\$23,169	4.19%	0.53%	4.36%	\$49,863
bIB01	Backed Finance	\$3,463,250	\$3,599,901	\$12,856	4.35%	(0.28%)	4.68%	\$137,646
TBILL	OpenEden	\$3,463,250	\$3,578,729	\$10,931	3.72%	(0.58%)	3.86%	\$115,479
USDM	Mountain	\$0	\$157	\$0	n/a	n/a	n/a	\$91,496
<b>Total</b>	<b>—</b>	<b>\$45,933,585</b>	<b>\$47,113,506</b>	<b>\$160,069</b>	<b>4.14%</b>	<b>0.19%</b>	<b>4.18%</b>	<b>\$1,272,254</b>

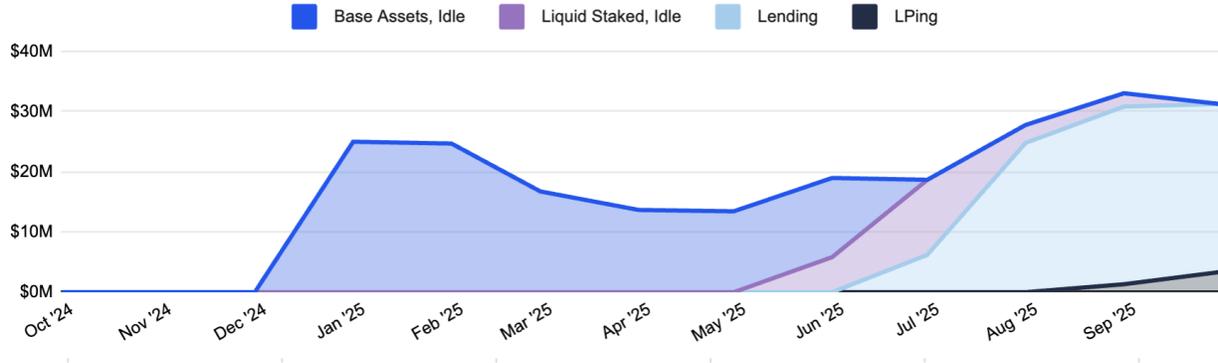
Note: Unlike other RWAs, WTGXX distributes incentives on a monthly basis, which is why its 30D MA APY is unavailable. As the first distribution event took place in early September, the MoM Absolute Δ% in MTD Balance-Weighted Annualized Yield is similarly unavailable

## 4.3 ETH & ETH-Correlated Positions

4,149 wstETH was deployed across Camelot and Aave during the quarter. ETH holdings relative to wstETH have slightly increased as wstETH deployed into Camelot continues turning into ETH due to the price of wstETH increasing relative to ETH, and the LP position is rebalanced. During the quarter, \$175K of organic yield was earned as well as ~8.8 xGRAIL tokens through the Camelot deployment, valued at ~\$2,300 (using the end-of-quarter GRAIL price, which is liquid unlike xGRAIL that has a vesting period between 15 and 180 days). As the Camelot and Fluid positions have underperformed the return benchmark for an extended period, and there exist other well-performing strategies within the investable universe, the ATMC is actively looking to reallocate positions within this section of the portfolio.

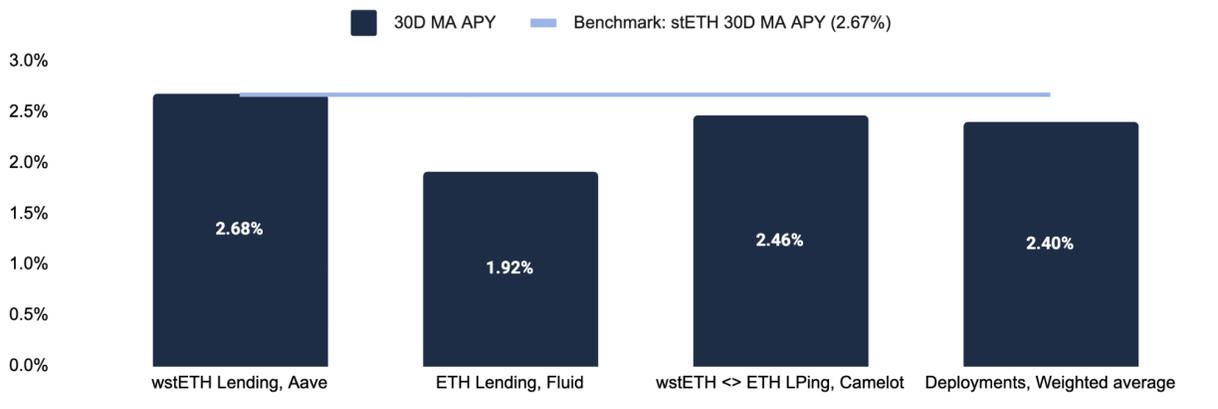


### Breakdown of Strategies



### Relative Yield Performance

Sep '25. (Note: Camelot APY includes incentives with a 60% value discount due to lock-ups and is calculated based on the 30D return compounded monthly)



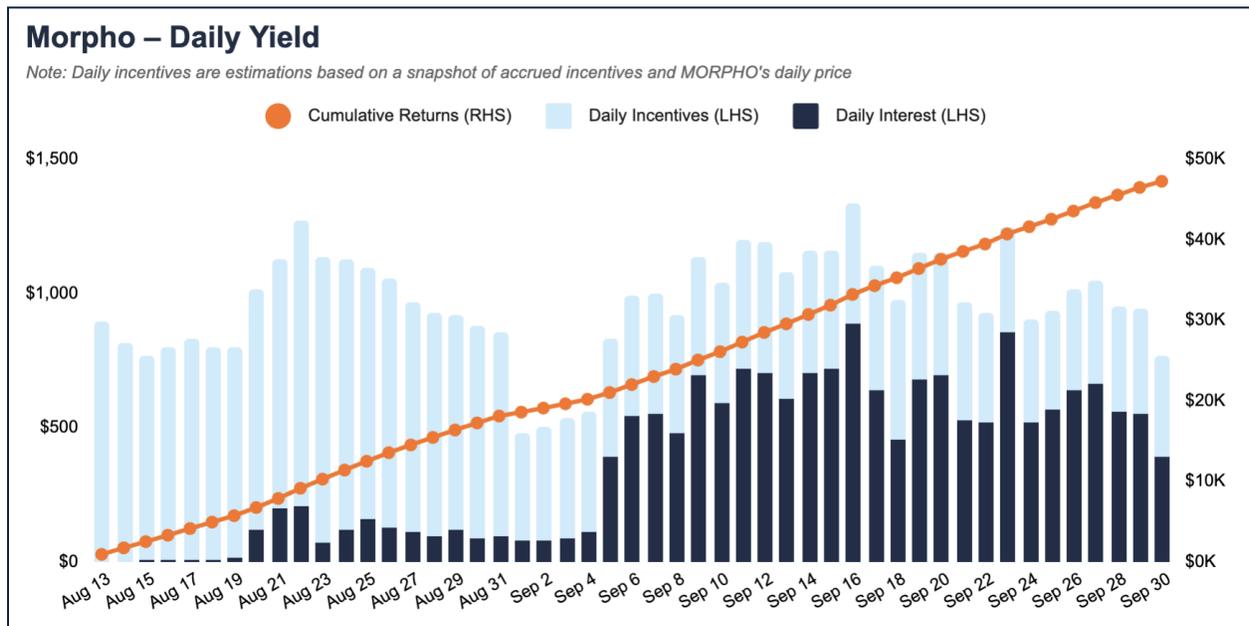
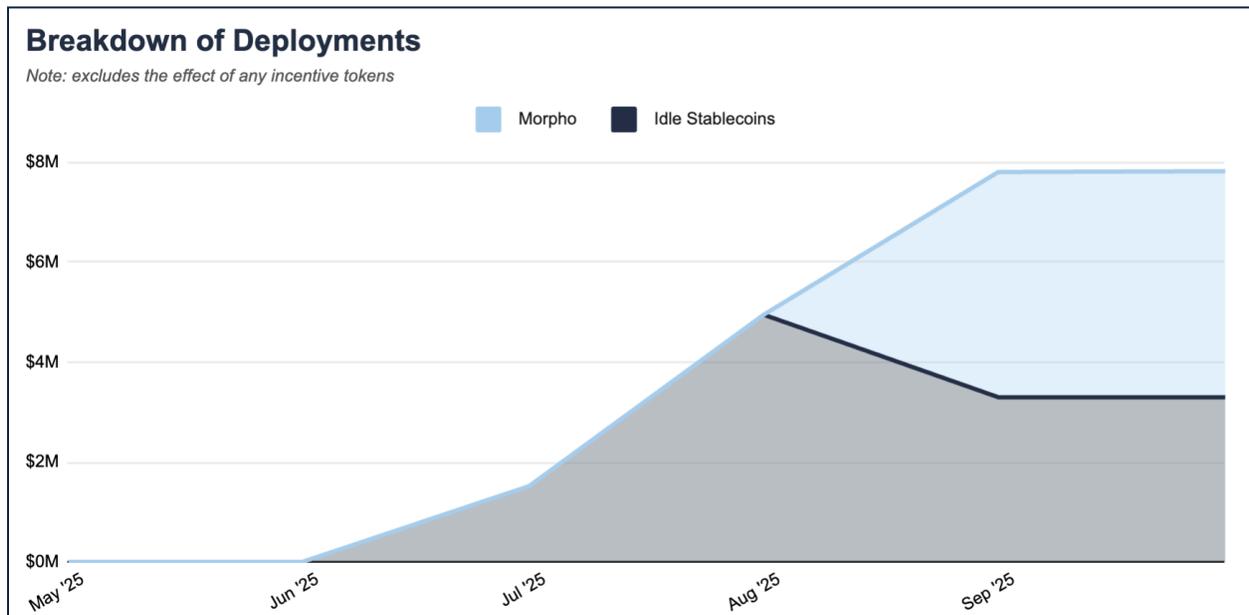
## 4.3.1 Position-Level Allocations

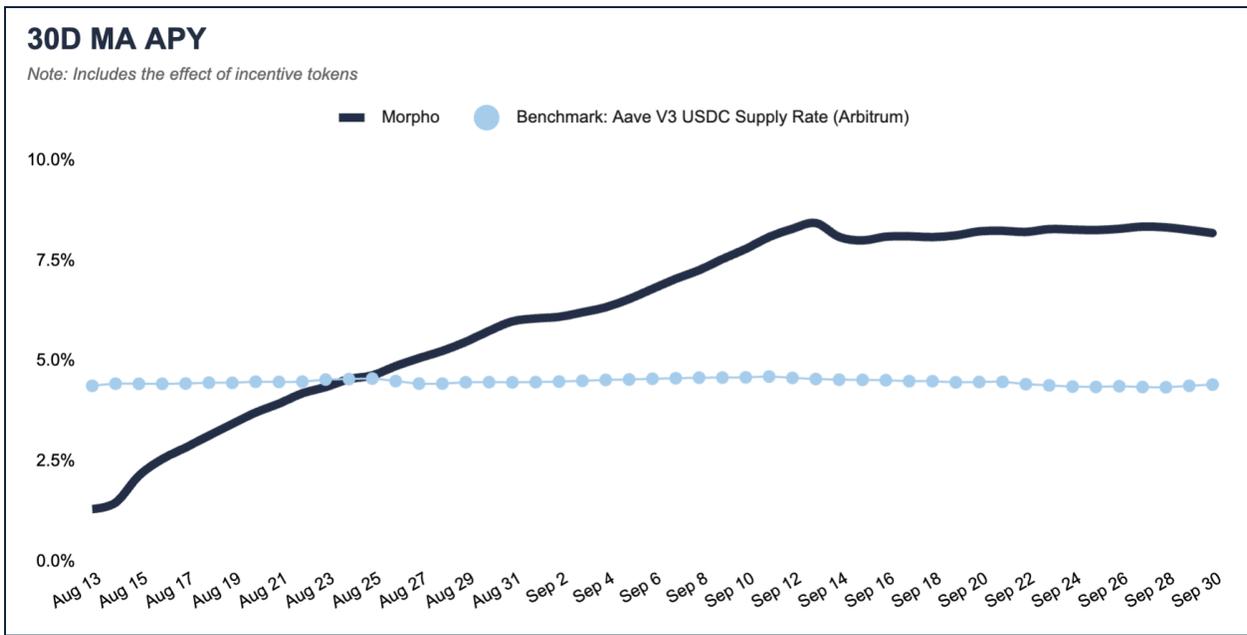
Type	Underlying	Protocol	BoM Value	Price Change & Slippage	Position Increased (Decreased)	MTD Yield	EoM Value	%-share
Lending	wstETH	Aave	\$18,545,564	(\$1,033,992)	\$0	\$38,099	\$17,549,672	56.0%
Lending	ETH	Fluid	\$11,002,583	(\$613,439)	\$0	\$16,209	\$10,405,353	33.2%
LPing	wstETH & ETH	Camelot	\$1,327,686	(\$71,068)	\$2,083,670	\$450	\$3,340,739	10.7%
Liquid Staking	ETH	Lido	\$2,197,717	(\$114,961)	(\$2,083,909)	\$1,364	\$212	0.0%
Idle ETH	—	—	\$21,595	(\$1,204)	\$238	\$0	\$20,630	0.1%
<b>Total</b>	—	—	<b>\$33,095,146</b>	<b>(\$1,834,664)</b>	<b>\$0</b>	<b>\$56,122</b>	<b>\$31,316,605</b>	<b>100.0%</b>

Note: Excludes effect of any incentive tokens received

## 4.4 Stablecoin Positions

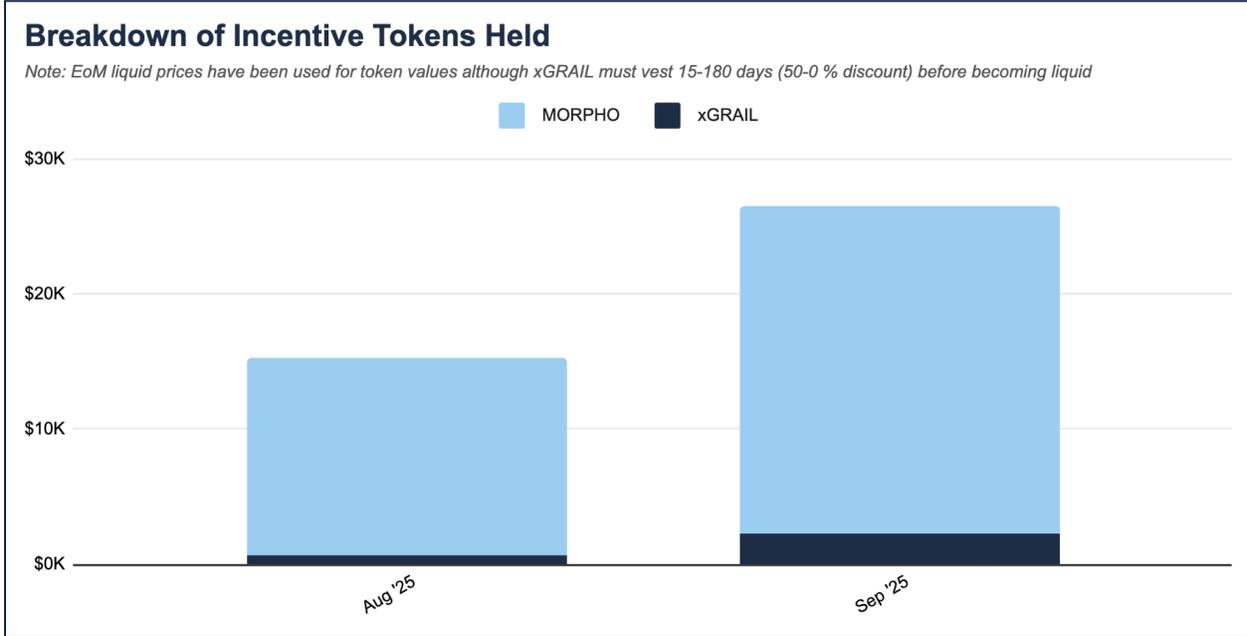
\$4.5M of stablecoins was deployed into Morpho during the quarter, with \$3.3M remaining undeployed, reserved for active managers. The Arbitrum Foundation has finalized the legal process for KPK, and the underlying asset management infrastructure was stood up in October, with funds expected to be moved over for the manager by the end of the month. Capital initially reserved for Avantgarde will be redeployed shortly due to parties not coming to an agreement around terms.





### 4.5 Incentive Inflows

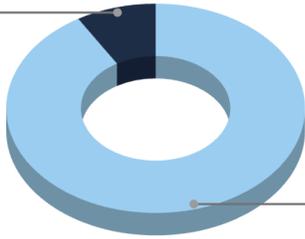
During the quarter, the treasury management portfolio earned reward tokens through the Camelot (xGRAIL) and Morpho (MORPHO) positions. The value of these tokens was ~\$26.5K at the end of September when valuing xGRAIL at the price of GRAIL, although it's important to note that xGRAIL must be vested for 6 months for the tokens to become liquid.



### Breakdown of Token Types

Sep '25

Escrowed (\$2.3K)  
8.7%



Liquid (\$24.2K)  
91.3%

### Change in Value

Q3 '25

\$30K

\$20K

\$10K

\$0K

BoQ Value

\$28.3K  
Incentives  
Earned / Sold  
Down

(\$1.8K)  
Price Change

\$26.5K  
EoQ Value

## 5. Disclaimers

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