

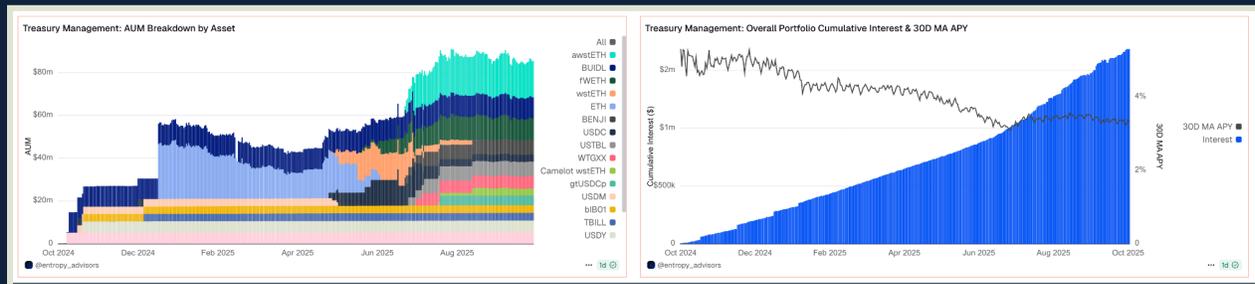
Arbitrum Treasury Management

Q4 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 December 31, 2025, unless otherwise noted
- 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, from time to time, increases/decreases denominated in the underlying and combines this with beginning-of-period/end-of-period prices for these assets. The price sources have been updated relative to the previous quarterly report
- This report reflects minor updates to the calculation methodologies for RWAs used in the prior quarterly report
- 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
- 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

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1. Executive Summary

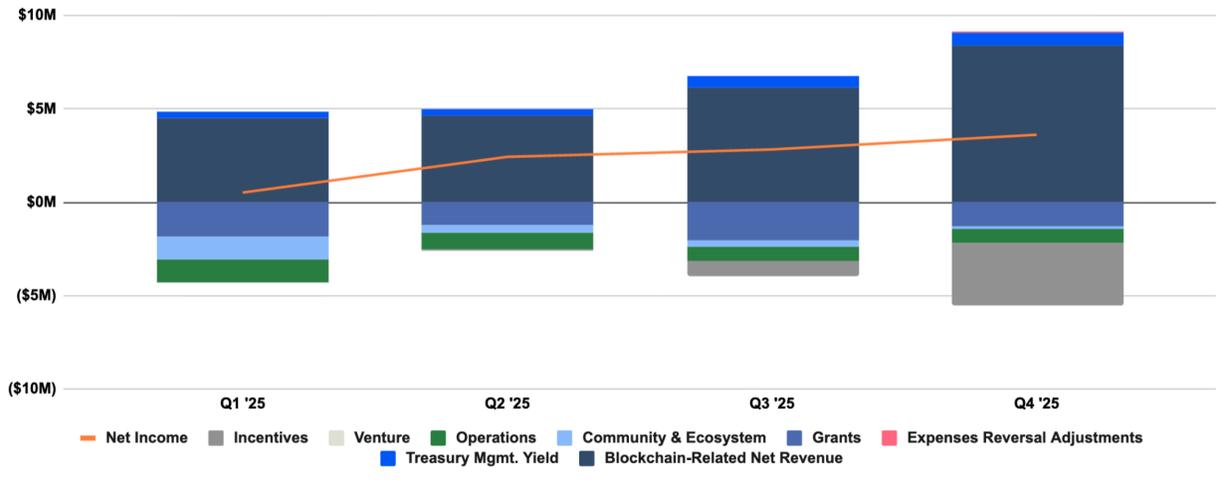
Q4 '25 Gross Profit \$9.2M +35% QoQ Change	Q4 '25 DAO Expenses \$5.5M +40% QoQ Change	Q4 '25 Net Income \$3.6M +29% QoQ Change
Dec '25 DAO Token Holdings \$660M (50%) QoQ Change	Dec '25 Non-Native Tokens \$131M (8%) QoQ Change	Dec '25 Cash & Cash-Equivalents \$68M +6% QoQ Change

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

Q4 marked the highest-income quarter in the DAO's history, mainly driven by ~\$8.4M in blockchain-related net revenue (net Arbitrum One transaction fees, Timeboost, and AEP fees), up ~\$2.3M compared to the previous quarter. Expenses increased from ~\$4.0M in Q3 to ~\$5.5M in Q4, resulting from the DAO's incentive program, DRIP, fully ramping up. The DAO recorded another positive net income quarter at ~\$3.6M, an ~\$800K increase from the previous quarter.

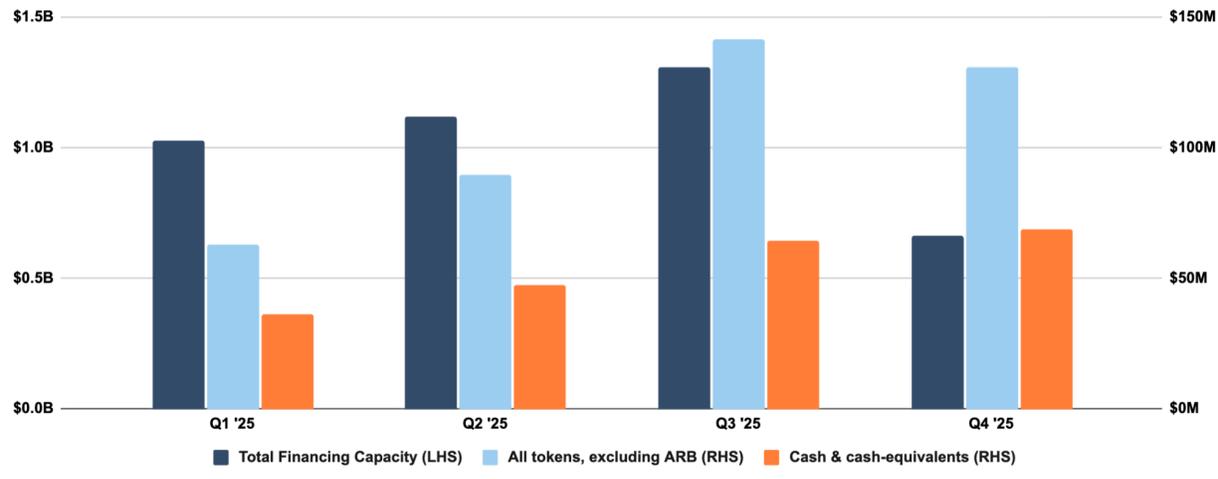
Quarterly net income steadily increased throughout the year. Expenses stayed relatively flat, while gross profit grew to ~\$9.2M, up ~90% compared to Q1 2025, with treasury management yield increasing by ~2x and blockchain-related net revenue by ~\$3.9M in absolute terms. The DAO's net margin hovered around 40-50% in Q2-Q4 2025 (10% in Q1), but once expenses for OpCo, AGV, and the Arbitrum Foundation are included, net income becomes notably negative. Unless otherwise mentioned, figures presented in this report exclude OpCo, AGV, and the Arbitrum Foundation.

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) decreased by ~50% QoQ. This was mainly driven by a decrease in the price of ARB over the quarter, as the financing capacity mostly comprises ARB tokens (~80% at the end of Q4). While non-native token holdings similarly fell over the quarter in dollar terms, ending the year at ~\$131M, and driven by a 28% decrease in the price of ETH, cash & cash-equivalents continued growing, rising from ~\$65M to ~\$68M.

DAO's Financing Capacity, End of Quarter



2. Ecosystem Financial Performance

<i>All Figures in USD</i>	Oct '25	Nov '25	Dec '25	Q-on-Q Change
Arbitrum DAO – Q4 '25 Simplified Income Statement				
Blockchain-Related Income	4,185,903	2,413,975	1,800,631	37%
Net Transaction Fees	3,405,583	1,572,899	1,144,006	46%
Timeboost Fees	751,839	830,508	649,630	22%
Arbitrum Expansion Program Fees	28,482	10,569	6,995	(59%)
Treasury Mgmt. Returns	229,019	197,883	245,829	6%
RWA Yield	155,588	136,286	153,008	5%
Stablecoin Yield	14,771	18,099	23,514	218%
ETH-Correlated Net Returns	52,581	38,728	40,189	(19%)
Options Yield	-	-	24,325	N/A
Incentives Earned	6,079	4,769	4,793	(45%)
Unmatched Adjustments	75,226	4,028	-	N/A
Earmarked funding returned	75,226	4,028	-	N/A
Gross Profit	4,490,148	2,615,886	2,046,460	35%
Grants	(461,737)	(399,750)	(453,221)	(36%)
Audit Subsidies	(55,421)	(5,003)	(5,001)	(67%)
General	(238,166)	(244,959)	(336,824)	(9%)
Stylus Development	(168,150)	(149,789)	(111,395)	(55%)
Community & Ecosystem	(76,789)	-	(52,828)	(59%)
Delegates & Contributors	(76,789)	-	(52,828)	(59%)
Operations	(250,490)	(260,960)	(252,486)	4%
R&D	-	-	-	(100%)
Operations Support	(250,490)	(260,960)	(252,486)	12%
Incentives	(1,423,806)	(1,313,020)	(570,003)	297%
DRIP	(1,423,806)	(1,313,020)	(570,003)	297%
Total Expenses	(2,212,821)	(1,973,730)	(1,328,538)	40%
Net Income	2,277,326	642,156	717,922	29%

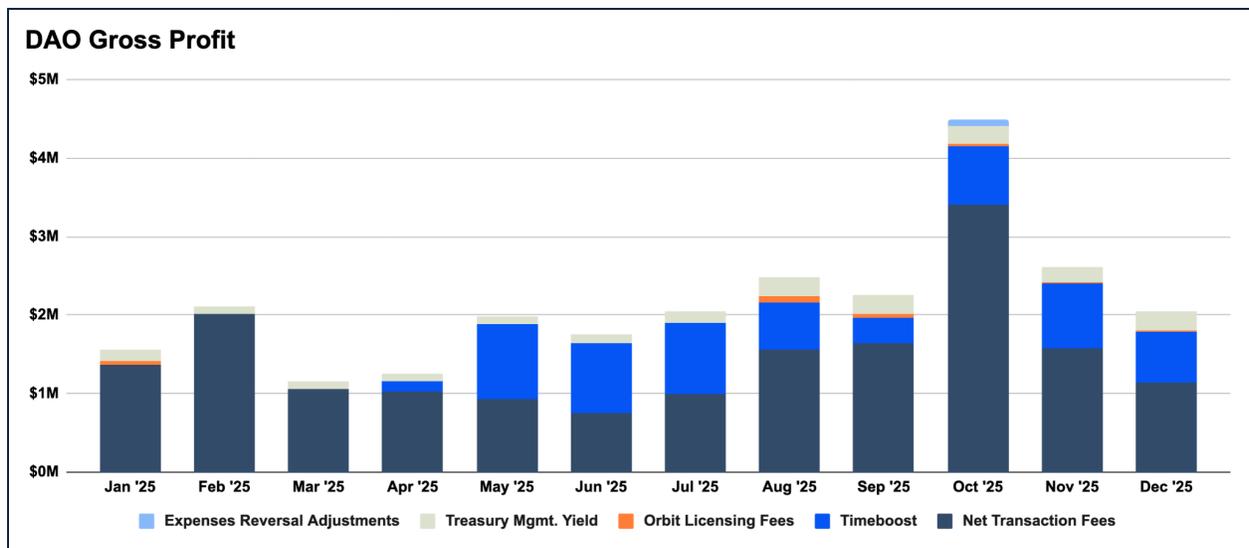
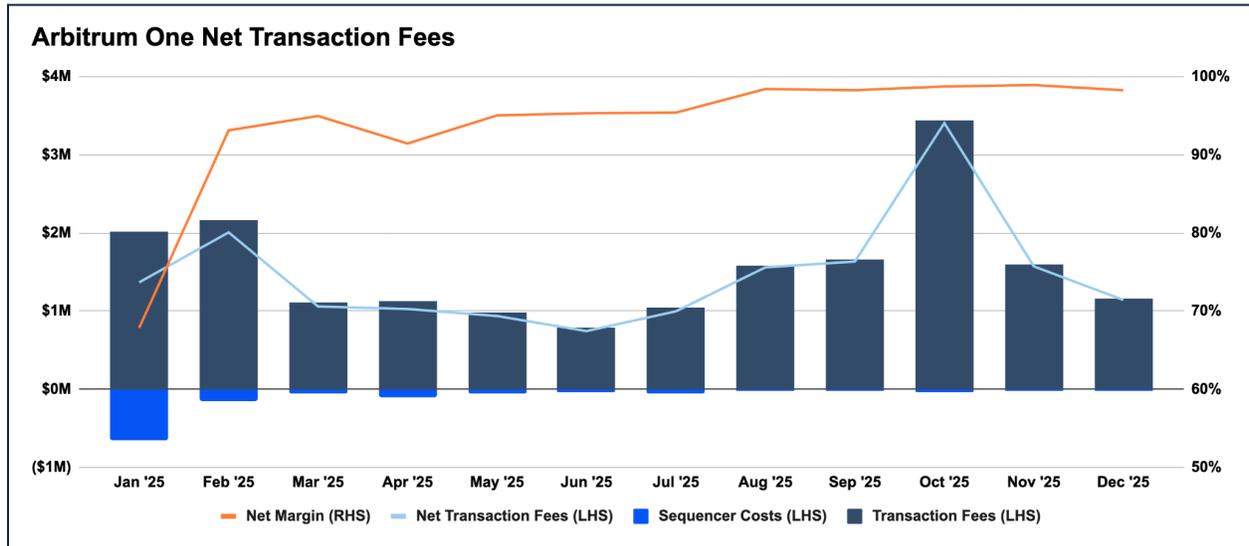
October was the second-highest month ever for net transaction fees, and the highest for gross profit, driven by liquidation events that took place at the beginning of the month. In the following two months, net fees fell back to levels similar to the Q1-Q3 2025 average of ~\$1.3M. With the implementation of an updated pricing algorithm to stabilize L2 surplus fees as part of the [ArbOS Dia upgrade](#) in early January 2026, quarterly net transaction fees should be expected to decrease unless aggregate demand for Arbitrum's blockspace grows. This is a result of transaction fees being driven by days when volatility notably expands, and users have a higher demand for blockspace, resulting in elevated L2 surplus fees, with this effect being dampened by the new upgrade.

Timeboost fees notably rebounded from September's ~\$340K, moving closer to the all-time high of ~\$950K recorded in May. Treasury management returns have hovered around the \$200K-\$250K mark since September, but are expected to

materially increase in Q1 2026 as positions continue being reallocated and new strategies are implemented.

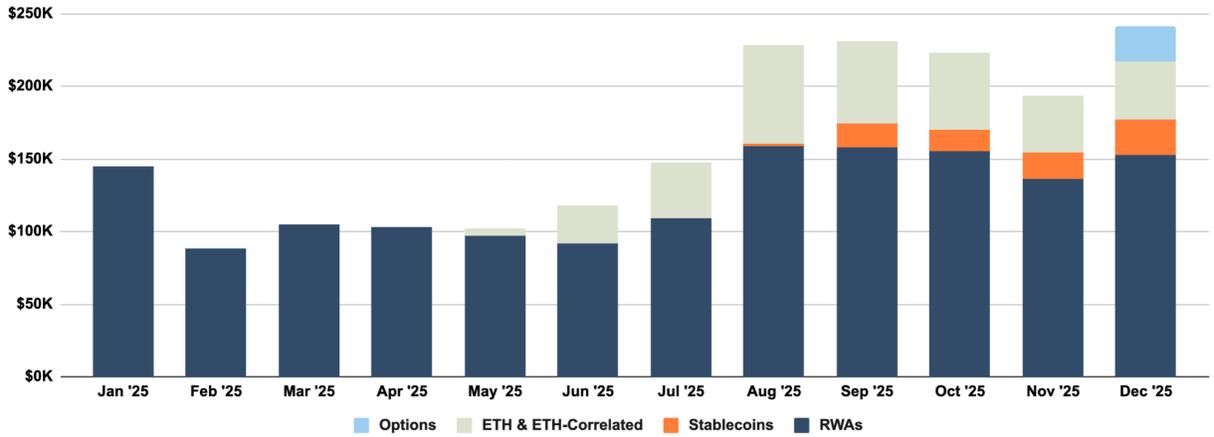
Sections 2.1 & 2.2 provide a detailed breakdown of the DAO's 2025 monthly performance with respect to its income, gross profit, and expenses.

2.1 Income & Gross Profit



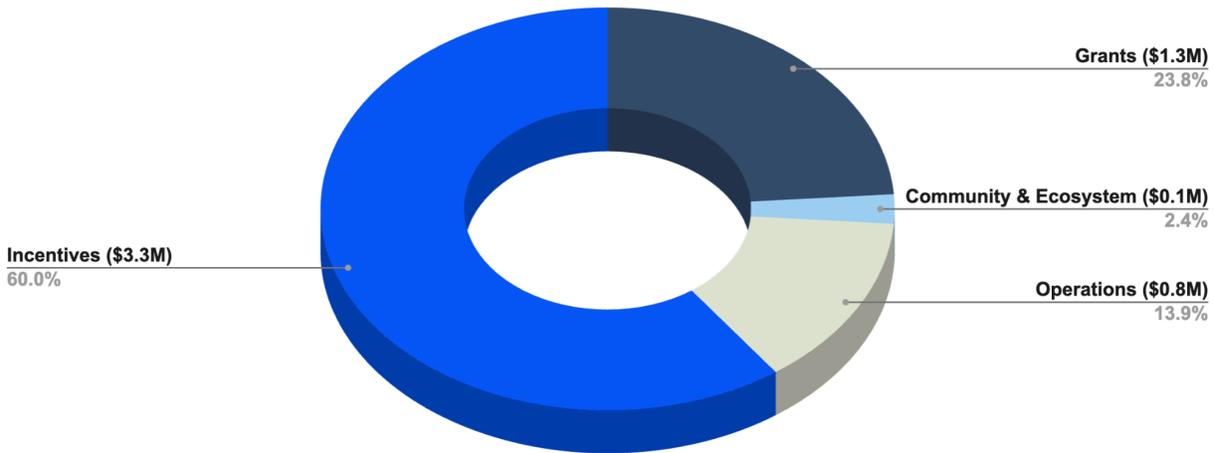
Treasury Mgmt. Returns Breakdown

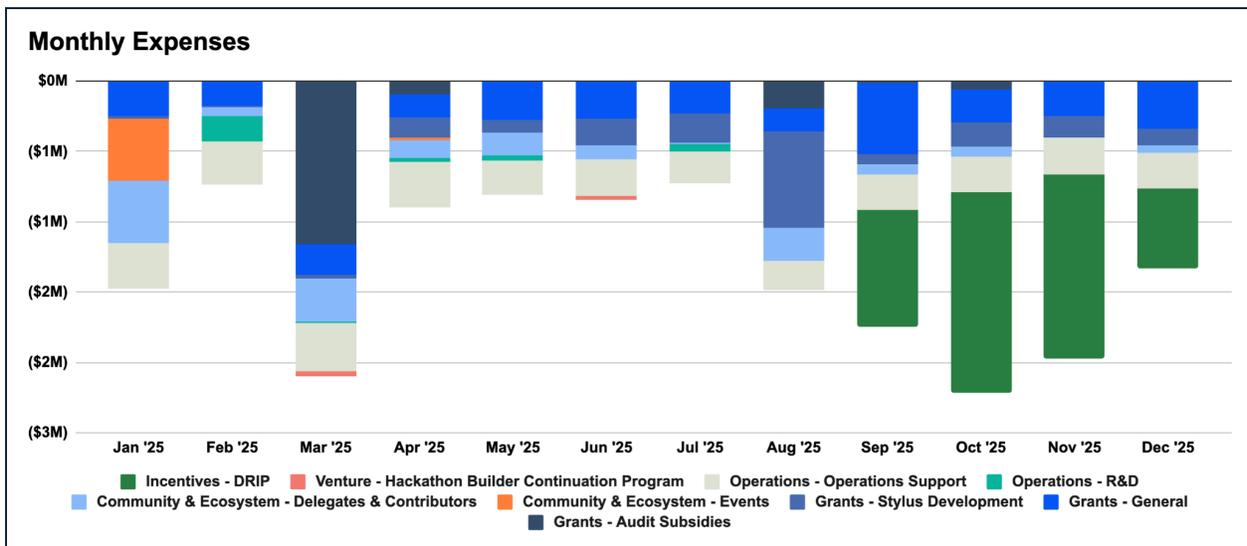
Returns exclude realized and unrealized gains or losses arising from asset price volatility



2.2 Expenses

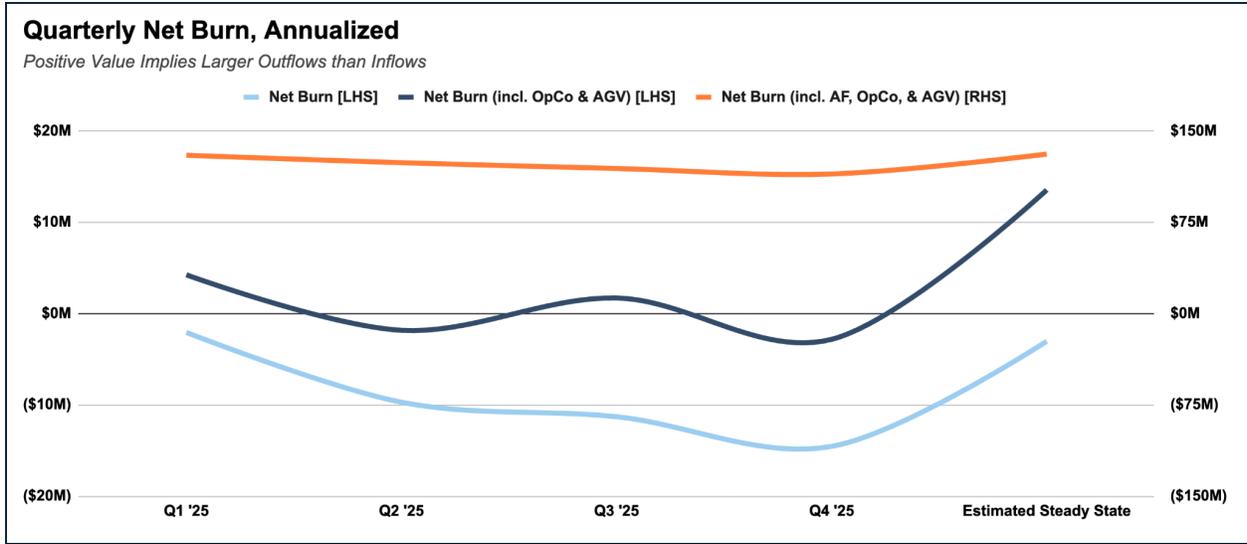
Q4 Expenses Breakdown





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.

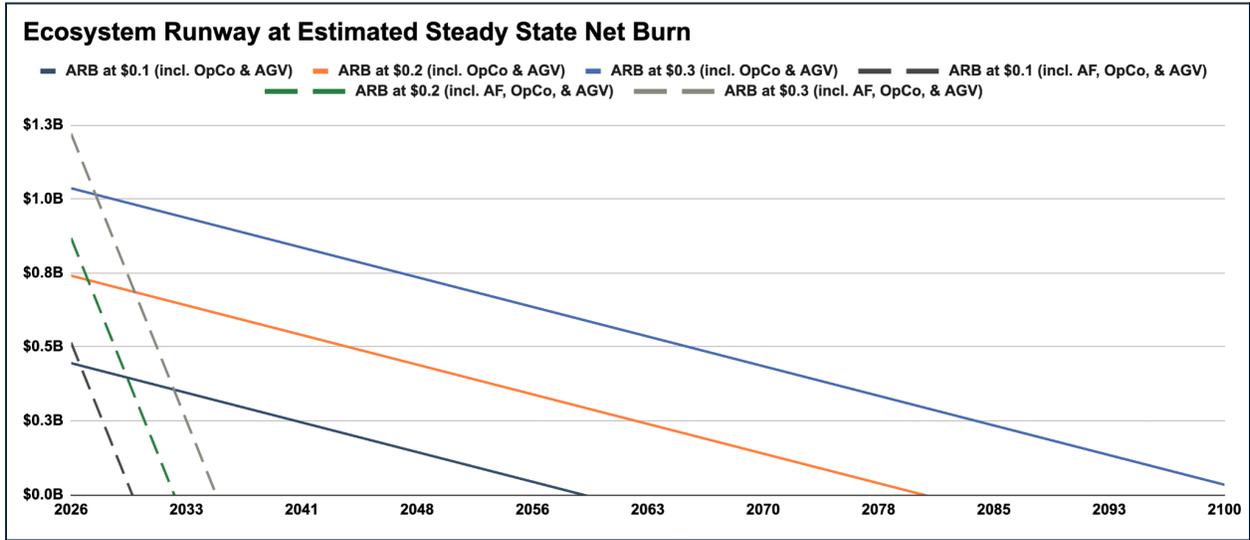


As mentioned earlier, the DAO's net income steadily increased during the year, going from ~\$500K to ~\$3.6M. Annualizing the Q4 figure results in ~\$14.5M, which should be expected to decline given the updated blockspace pricing algorithm, although some of this decrease will be offset by growing treasury management income, and based on spending guidance given by the Arbitrum Audit Program. The DAO's annualized steady state net burn figure shown above is

driven by the assumptions that gross profit stays flat compared to the H2 2025 monthly average, the Arbitrum Audit Program will roughly double the amount of approved projects per quarter to 20, with the financial commitment per project staying roughly flat, the RAD program continues in line with capital spent in November and December, the DRIP ramping up to its full 20M per Q budget, and all other initiatives roughly staying in line with historical averages. Given the estimated steady state net burn is negative (i.e., inflows are larger than outflows), this implies an unlimited runway for the DAO.

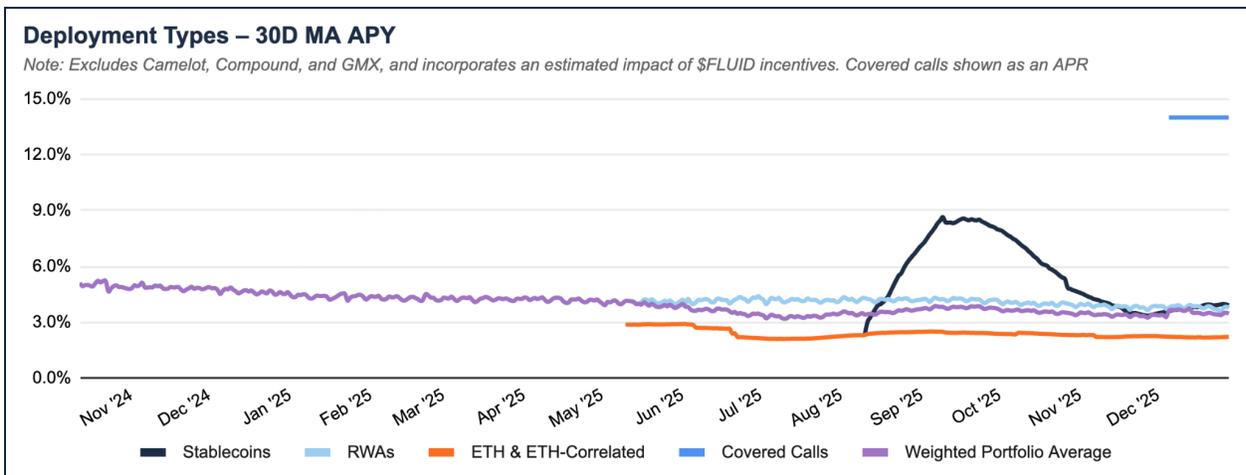
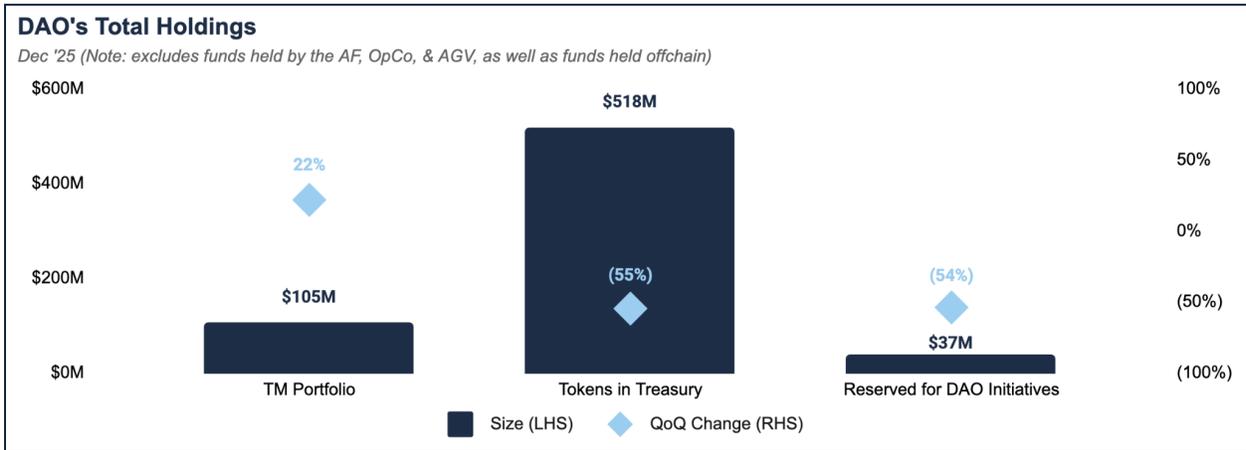
The situation changes when including estimations for OpCo and AGV (based on figures published in AGV's H1 '25 transparency report, excluding investments from the burn, as well as OpCo's October '25 transparency report). While available data suggests that the DAO's income has been enough to cover all expenses in 2 out of 4 quarters in 2025, the steady state net burn has been estimated to be roughly \$13.5M, with both entities fully ramped up. This implies roughly 33 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 ~\$130M. This net burn gives a runway of ~4 years when ARB is at \$0.1.



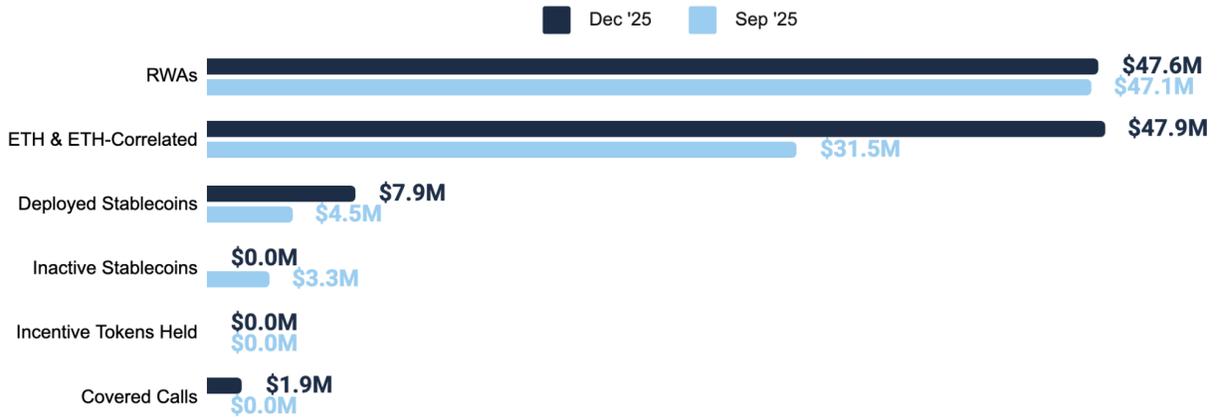
3. DAO Treasury Management

3.1 Portfolio Overview



Asset Allocation Across Different Categories

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



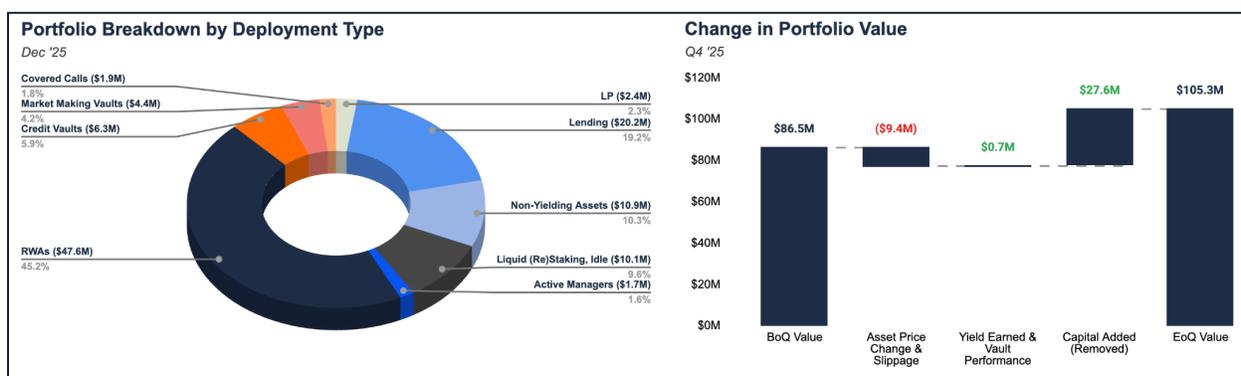
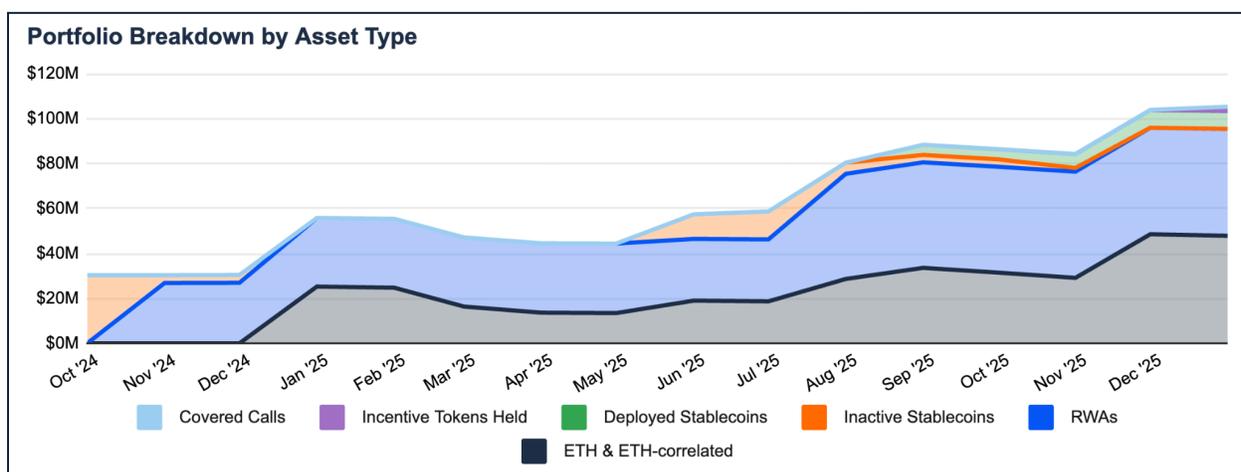
3.2 Notable Events During the Quarter

<p>8.5K ETH Added to the treasury management portfolio</p>	<p>1.7M USDC Deployed into Gauntlet's USDC Core vault on Morpho</p>
<p>1.5K ETH Deployed into GMX's WETH-USDC GLV Vault</p>	<p>3.4K ETH Restaked through etherfi's weETH</p>
<p>10M ARB Covered calls pilot program initiated</p>	<p>1.7M USDC Deployed with kpk, the active stablecoin manager selected through the TM V1.2 initiative</p>
<p>0.5 stETH Collected through the Lido Reward-Share Program</p>	<p>\$3.6M Reallocation from OpenEden's TBILL into Spiko's USTBL approved by the OAT</p>
<p>3.5K ETH Options strategy approved by the OAT</p>	

4. Treasury Mgmt. Assets & Strategies

4.1 Overview of the Quarter

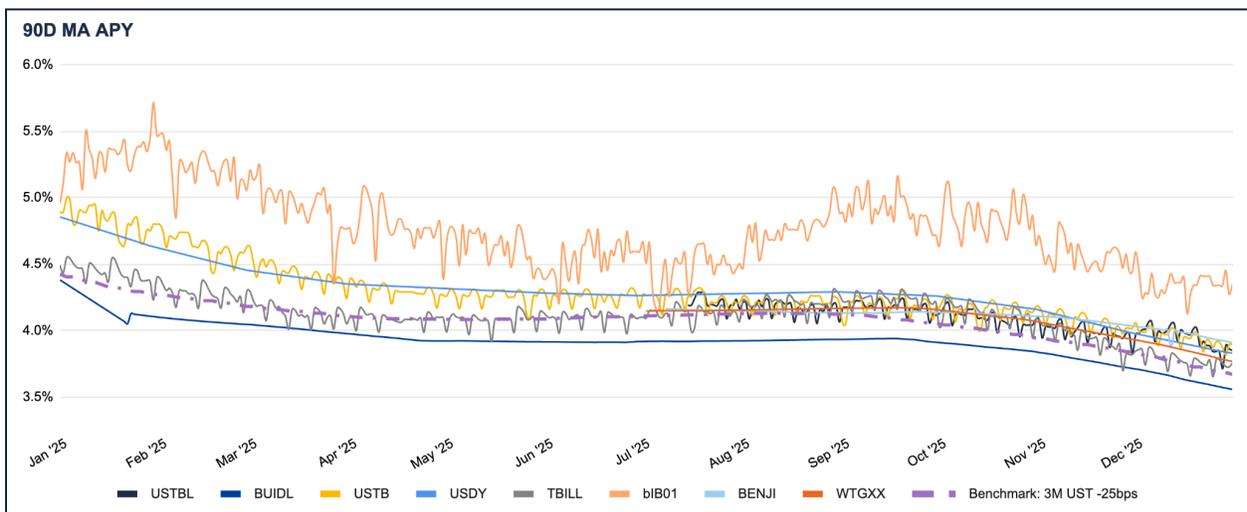
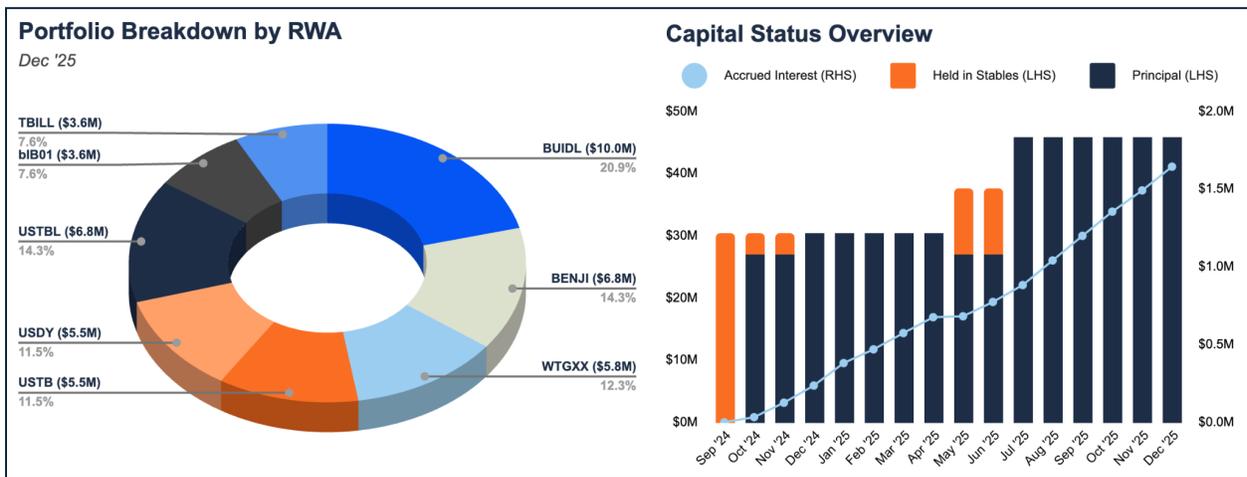
Although the price of ETH decreased by ~28% during the quarter, leading to a ~\$9.4M loss in the value of the DAO's ETH and ETH-correlated positions with the treasury management portfolio, the total portfolio increased by ~\$19M to ~\$105M, driven by an 8.5K ETH injection and an 10M ARB addition for the covered calls pilot program. As of quarter-end, the portfolio comprised ~45% ETH & ETH-correlated assets, ~45% RWAs, ~8% stablecoins, ~2% covered calls collateral, and ~3bps incentive tokens (escrowed tokens valued at liquid market price).



4.2 RWA Positions

During the quarter, the OAT approved a suggestion to reallocate ~\$3.6M worth of OpenEden's TBILL into Spiko's USTBL. The divestment was executed in the middle of January, while the USTBL position was increased at the end of January. In December, Backed Finance, the issuer of bIB01, was acquired by Kraken. The ATMC is actively looking for possible further ways to consolidate the RWA

holdings, with decisions mainly driven by risk-adjusted return profiles as well as opportunities to strengthen partnerships with issuers. Over the quarter, the DAO earned ~\$445K in interest from RWAs.



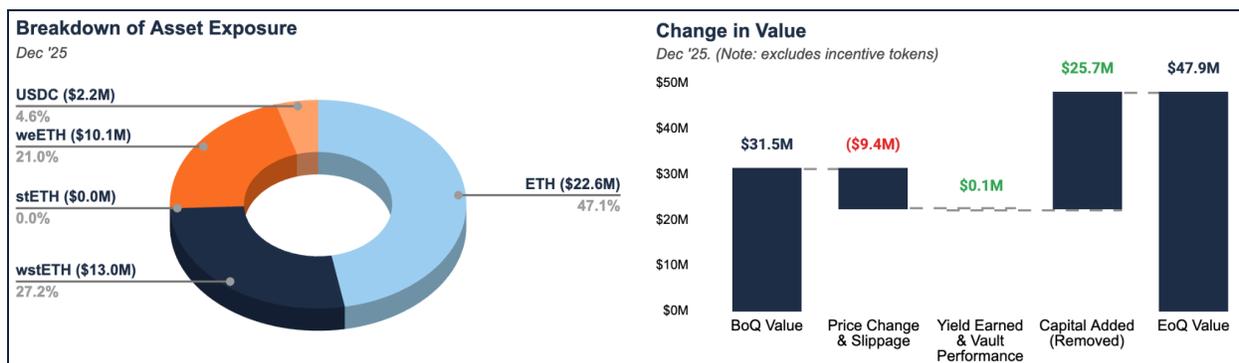
4.2.1 Position-Level Allocations (Dec '25)

Asset	Issuer	Principal	Principal & Accrued Interest	MTD Interest	30D MA APY	Accrued Interest
BUIDL	BlackRock	\$9,500,609	\$9,957,194	\$30,156	3.39%	\$456,585
BENJI	Franklin Templeton	\$6,691,332	\$6,809,755	\$21,136	3.77%	\$118,423
WTGXX	WisdomTree	\$5,735,428	\$5,830,088	\$17,623	3.62%	\$94,660
USTB	Superstate	\$5,194,875	\$5,465,590	\$18,723	4.08%	\$270,715
USDY	Ondo Finance	\$5,194,875	\$5,461,510	\$17,050	3.75%	\$266,635
USTBL	Spiko	\$6,690,213	\$6,803,694	\$22,978	3.74%	\$113,481
bIB01	Backed Finance	\$3,463,250	\$3,638,239	\$14,080	4.60%	\$174,989
TBILL	OpenEden	\$3,463,250	\$3,611,488	\$11,260	3.75%	\$148,238
Total	—	\$45,933,832	\$47,577,559	\$153,008	3.76%	\$1,643,726

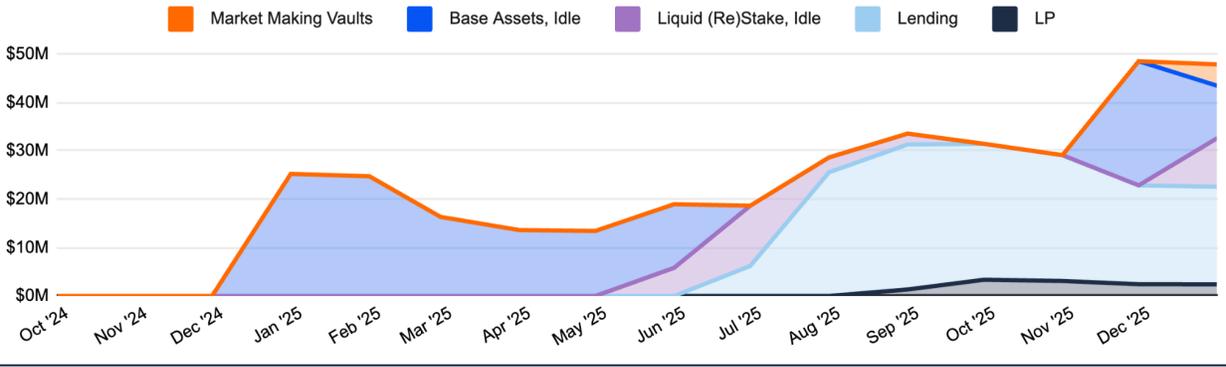
Note: withdrawals have been allocated pro rata between principal and accrued interest

4.3 ETH & ETH-Correlated Positions

8.5K ETH was moved into the DAO's treasury management portfolio in early November. 1.5K ETH was deployed into GMX's WETH-USDC GLV Vault in the middle of December, with 3.5K ETH restaked through etherfi's weETH in two tranches. The first tranche of ~3,380 ETH was allocated in the middle of December, and the second in the middle of January. It's important to note that the deployment into the GLV vault converted the ETH position into a roughly 50/50 split between WETH and USDC. The vault's net performance metric is based on an assumption of a constant 50/50 WETH/USDC ratio and comprises fees earned, as well as exposure to trader PnL and rebalancing actions. The remaining 3.5K ETH from the 8.5K ETH portfolio increase was authorized by the OAT for a covered calls strategy. A 1,750 ETH deployment took place in the middle of January, while the rest is awaiting the Foundation's deployment. The OAT additionally authorized topping up the ETH covered calls strategy with capital from the existing Camelot and Fluid positions in the middle of January. This reallocation hasn't yet been put into action.

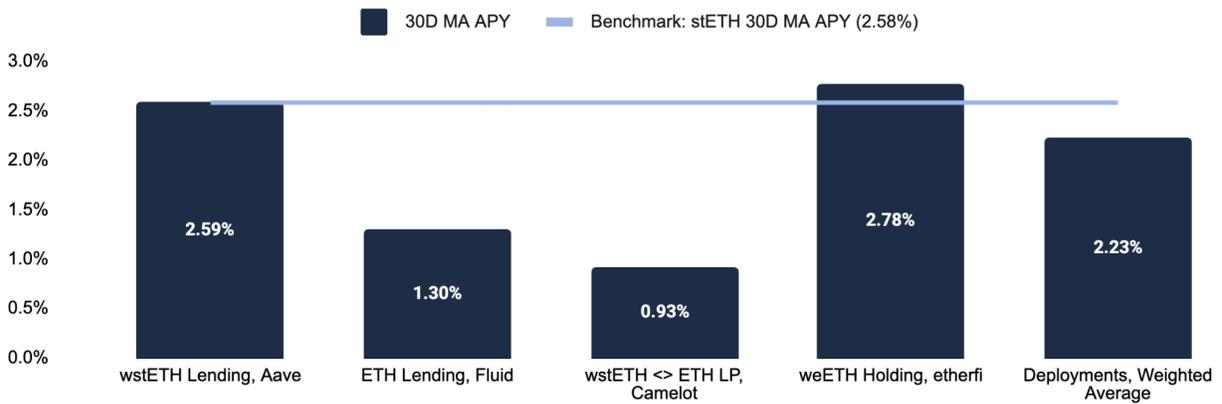


Breakdown of Strategies



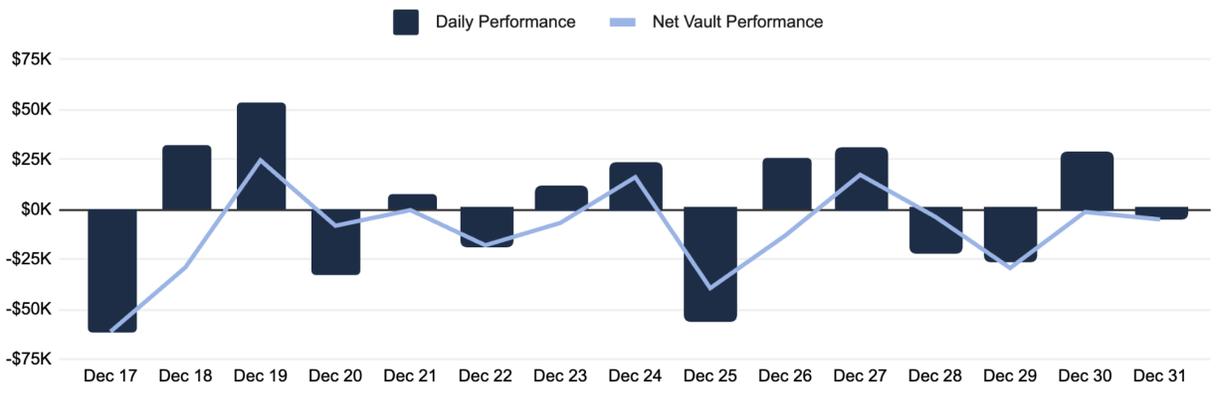
Relative Yield Performance

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



GMX GLV Vault (WETH-USDC) Net Performance

Note: Position assumed to constantly consist of a 50/50 allocation between WETH and USDC



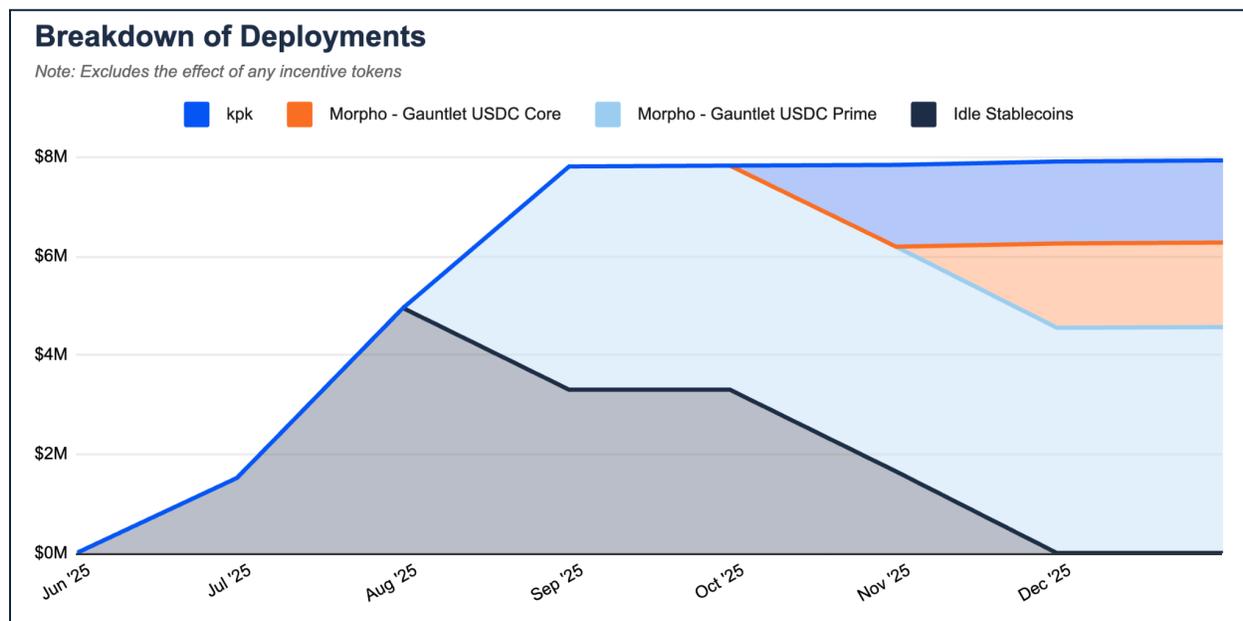
4.3.1 Position-Level Allocations (Dec '25)

Type	Underlying	Protocol	BoM Value	Price Change & Slippage	Position Increased (Decreased)	MTD Yield	EoM Value	%-share
Lending	wstETH	Aave	\$12,834,448	(\$171,835)	\$0	\$27,512	\$12,690,125	26.5%
Lending	ETH	Fluid	\$7,596,166	(\$104,435)	\$0	\$8,197	\$7,499,928	15.7%
LP	wstETH & ETH	Camelot	\$2,438,331	(\$31,913)	(\$298)	\$298	\$2,406,418	5.0%
Liquid Staking	ETH	Lido	\$2,521	(\$34)	\$126	\$3	\$2,615	0.0%
Liquid Restaking	ETH	ether.fi	\$0	(\$6,076)	\$10,061,257	\$9,163	\$10,064,344	21.0%
MM Vault	ETH & USDC	GMX	\$0	(\$42,214)	\$4,465,611	(\$4,985)	\$4,418,413	9.2%
Idle ETH	—	—	\$25,673,464	(\$352,344)	(\$14,526,696)	\$0	\$10,794,425	22.5%
Total	—	—	\$48,544,930	(\$708,852)	\$0	\$40,189	\$47,876,267	100.0%

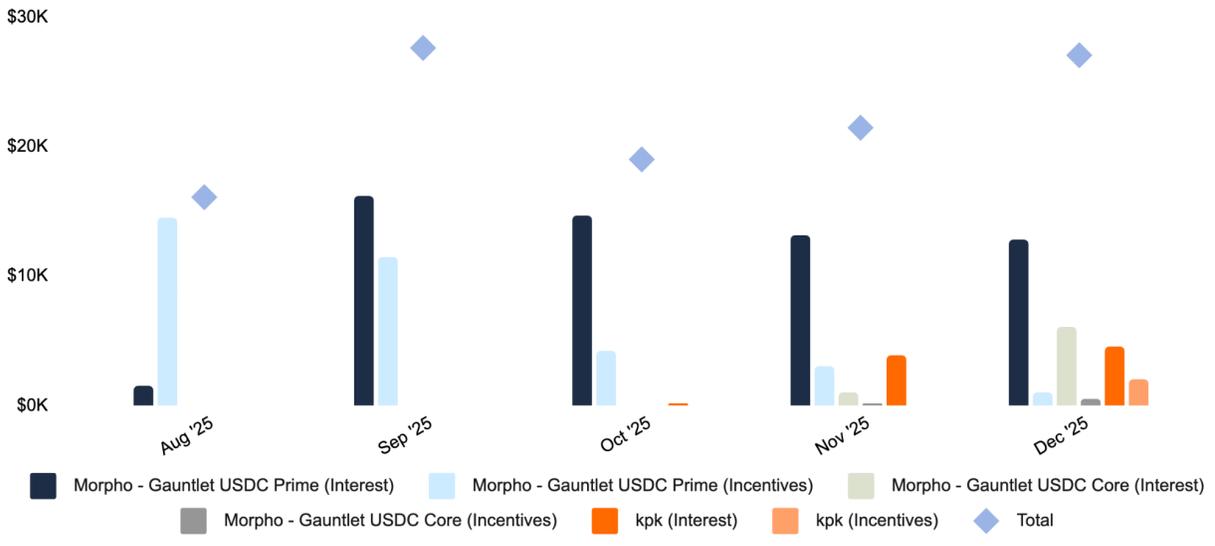
Note: Excludes effect of any incentive tokens received. MTD Yield includes kickbacks and represents net vault performance for GMX

4.4 Stablecoin Positions

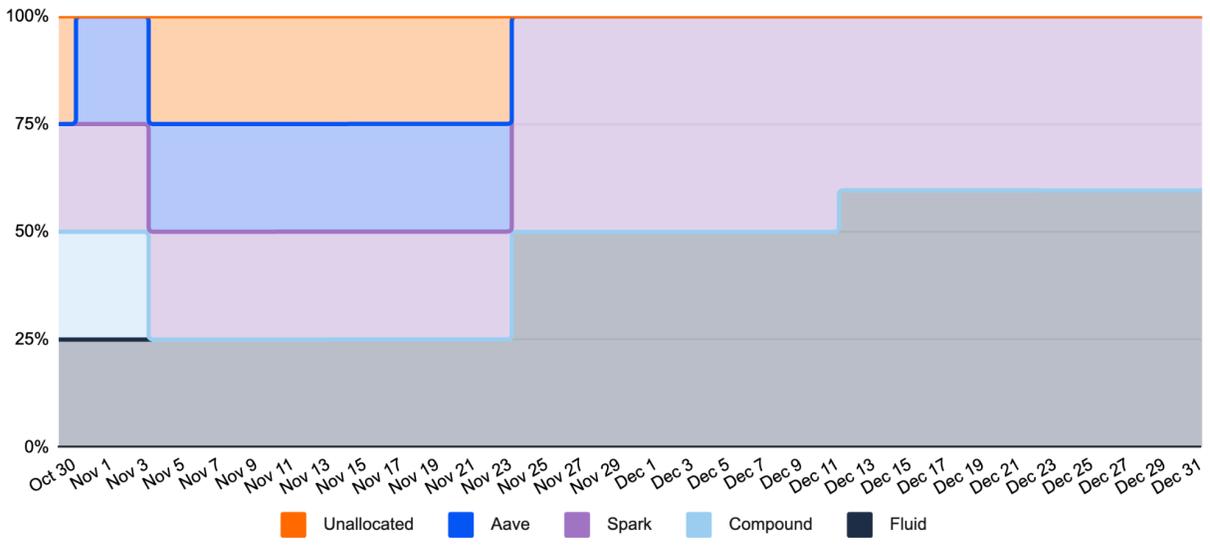
During the quarter, practically all of the DAO's remaining idle stablecoins were deployed. kpk, the DAO-chosen active manager, received ~\$1.7M AUM in late October, while ~\$1.7M was deployed into Gauntlet's USDC Core vault on Morpho in late November. The DAO earned ~\$70K in interest, as well as related kickbacks and incentives through its stablecoin deployments during Q4.



Stablecoin Deployments – Monthly Interest & Incentives

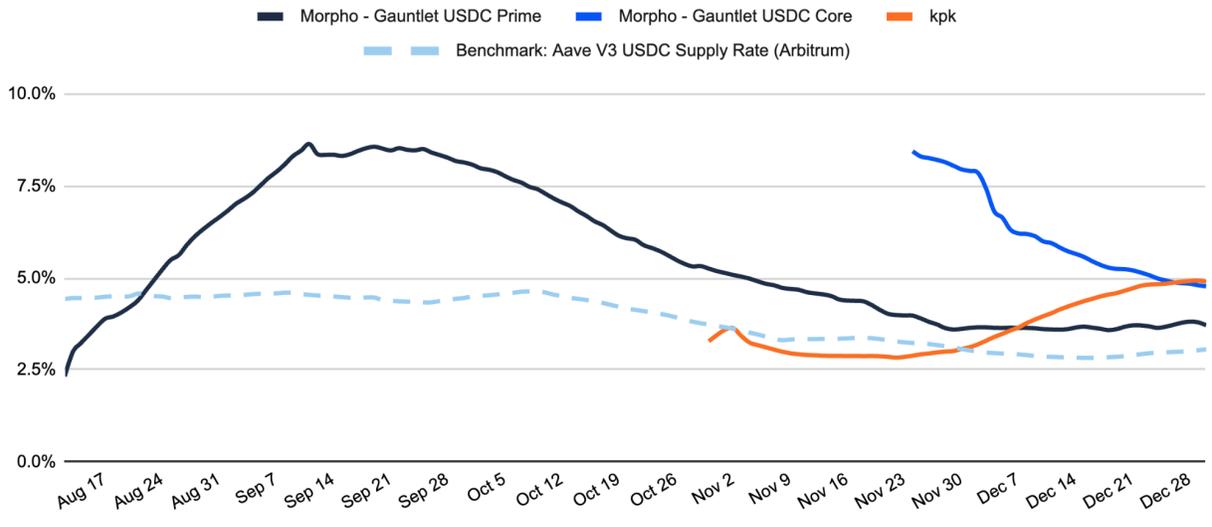


kpk – Allocation Breakdown by Protocol



30D MA Net APY

Note: kpk APY includes an estimation of \$FLUID incentives, based on a snapshot of accrued tokens and \$FLUID's daily price

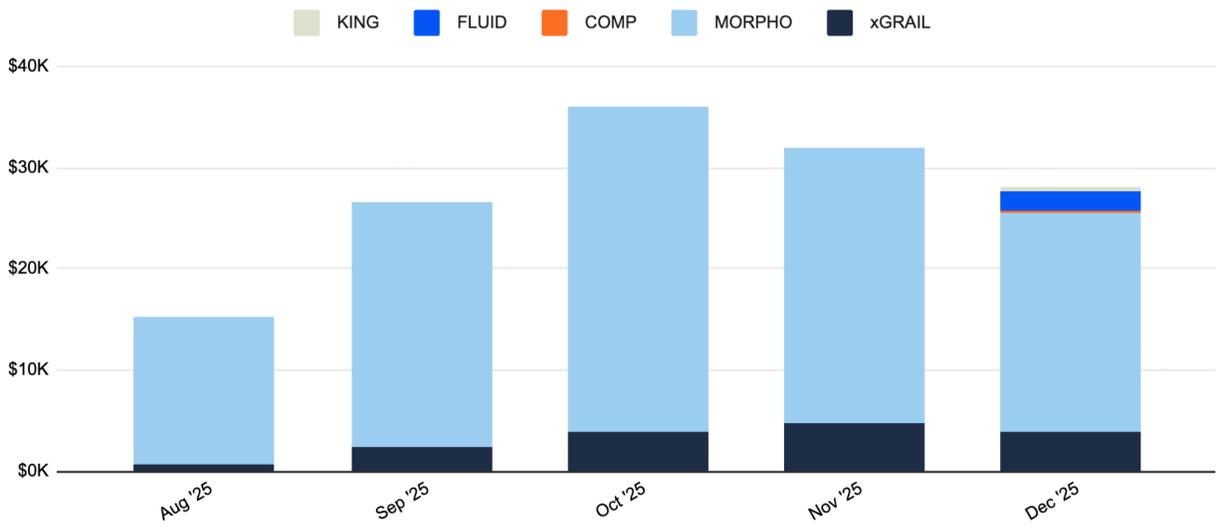


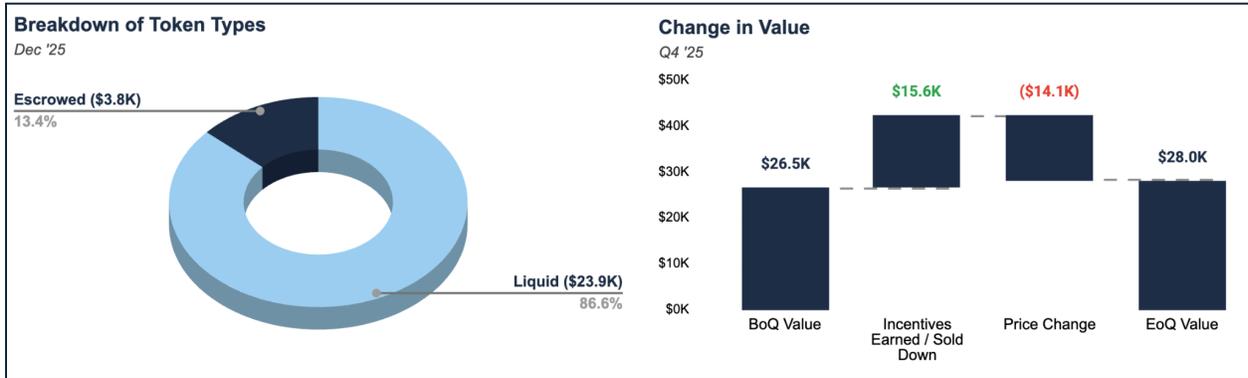
4.5 Incentive Inflows

During the quarter, the treasury management portfolio earned incentive tokens through the Camelot (xGRAIL), Morpho (MORPHO), and etherfi (KING) positions, while kpk earned FLUID tokens in December, and COMP in October and November (previously excluded from reports due to immaterial amount). The aggregate value of incentive tokens held was ~\$28.0K at the end of the quarter 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 and be converted to GRAIL at a 1:1 ratio.

Breakdown of Incentive Tokens Held

Note: EoM liquid prices have been used for token values although xGRAIL must vest 15-180 days (50-0% discount) before becoming liquid





4.6 Options

The DAO's first options program was activated during the quarter. The OAT authorized the initiation of the covered calls pilot program on 10M ARB, which was deployed in early December. The total yield on the strategy was ~\$24K, implying an APR of ~14%, while the mark-to-market value of the strategy's underlying was ~\$1.9M at the end of the quarter.

The calls were rolled over in the first half of January, with 1,750 ETH also having been deployed into a comparable strategy. Graphs for these strategies will be included in the next monthly treasury management report.

5. Disclaimers

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