FINANCIAL REPORT

Aave *Q2* Financial Report

STATEMENT PERIOD 1 JAN - 30 JUN 2026 CLOSE PIN BLOCK #25,433,938

INDEPENDENT RESEARCH - NOT AFFILIATED WITH THE AAVE DAO

AS OF	SCOPE	UNIT	FOLIO
30 JUN 2026	ETHEREUM	USD	I

Executive *summary*

AAVE PROTOCOL - H1 2026 - ETHEREUM DEPLOYMENT - CLOSE PIN BLOCK #25,433,938

The financial performance of Aave is recorded by aggregating **all on-chain transactions** through an Extract Load Transform (ELT) data pipeline and applying relevant accounting standards to each transaction type, in an attempt to follow Generally Accepted Accounting Principles (GAAP) for the period **1 January 2026 to 30 June 2026**. The statements categorized over **1.3 million transactions** across more than **2,000 addresses**. Due to technical and scope limitations, the Q2 performance is for **Ethereum only**.

STATEMENT 1	Top 5 figures
Total revenue	$40,925,527.84
Operating expenses	($29,767,159.00)
Operating income	**$11,158,368.83**
Credit-loss provision, rsETH	($82,950,017.41)
Net income	**($71,791,648.58)**

Significant credit event

The Aave protocol's core business was **profitable** in H1 2026, earning **$40,925,527.84** in revenue against **$29,767,159** in operating expenses, producing operating income of **$11,158,368.83**. Q2 is then dominated by the rsETH bad-debt provision. In April the protocol experienced an exploit from a third-party bridge, leaving it with an **$82,950,017.41** credit-loss provision under ASC 326.

Cash vs accrual vs GAAP bottom lines

After the **$11,382,373.56** AFC buyback capital return and then the **($82,950,017.41)** rsETH credit-loss provision, the all-in cash-basis net income is **($83,174,022.14)**. However, under GAAP a more accurate net income is **($71,791,648.58)**. The roughly $80M of rsETH collateral seized via the DeFi coalition custody chain is an **unrecognized gain contingency** under ASC 450-30: disclosed, and not netted into this bottom line.

Solvency

With **$18,196,729,676.24** in assets and **$18,170,854,855.64** in liabilities, the protocol is **solvent**, with **$25,874,820.52** in equity. Adjusting for the DeFi coalition assets that are not yet recognized by the protocol, see the disclosures, Aave equity would sit at approximately **$105,874,820.52**.

How value is priced

Token movements are recognized **at the value of the event**, as though the tokens were sold at that moment; the balance sheet is priced as of the close date, **30 June 2026**. Holding-period price movement between an event and the close is therefore not carried through the income statement, a simplification disclosed rather than hidden.

About this *report*

MATZU RESEARCH - PURPOSE AND STANDARD

Matzu Research is a team of one with expertise in accounting, holding a **certified public accountant** license, exploring research through public academic papers, and with learned skills in data engineering and AI management. This report is a demonstration of the future reporting standards that are available with the advent and openness of blockchain technology and **current financial standards**.

Where regulatory work can begin

As a response to the prevailing clarity act and crypto regulation, we believe that the tools, classification and information around blockchain are **available**, and should be set to a higher standard. While not all types of crypto technology can be reported equivalently, DeFi protocols have reached a scale and form that align with certain regulatory marks, as this demonstration shows. While it is not one to one, the form is there, and this report serves as a light to where regulatory work can begin.

Transparency, executed

Blockchain technology has preached transparency while falling short on execution. Though every transaction is visible, every data platform shows **different numbers** on key metrics, leading to valuation discrepancies and models with sub-par performance on inputs. The presented statements aim to showcase what is possible with blockchain technology, and are a call for industry leaders to be more diligent in their reporting, because frankly it is possible.

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Aave *Income* Statement

INDEPENDENT RESEARCH - NOT AFFILIATED WITH THE AAVE DAO

STATEMENT OF OPERATIONS - 1 JAN TO 30 JUN 2026 - MIXED BASIS, SEE DERIVATION PER LINE - LEDGER D0828A96

I. REVENUE		
Interest income	ASC 942-320	$186,049,056.35
Interest expense	ASC 942-320	($161,223,363.29)
Net interest income	ASC 942-320	**$24,825,693.06**
SVR / MEV recapture income		$6,342,016.97
Liquidation fees		$2,892,979.58
GSM fees		$2,029,500.43
External yield		$1,661,863.66
Investment income		$1,030,018.67
Node-operator income		$861,579.72
Flash loan fees		$716,664.61
V2 reserve factor		$565,211.13
Total revenue		**$40,925,527.83**
II. OPERATING EXPENSES		
Aave Labs grant	AIP-469	($9,409,626.24)
stkAAVE rewards	ASC 505-30	($9,104,527.55)
Service-provider expense	AIP-469 +2	($6,692,658.61)
Umbrella rewards		($2,963,801.69)
sGHO rewards	sGHO launch	($1,189,756.38)
Umbrella GHO rewards		($318,428.46)
Investment expense		($75,584.07)
Continuing providers expense		($12,776.00)
Total operating expenses		**($29,767,159.00)**
Operating net income		**$11,158,368.83**
III. CAPITAL RETURNS		
AAVE buyback	ASC 505-30	($11,382,373.56)
Operating net income after capital returns		**($224,004.73)**
IV. CREDIT LOSS		
Credit-loss provision	ASC 450-30	($82,950,017.41)
Net income		**($71,791,648.58)**

Disclosures attached

Token exploits and credit events · Interest pricing convention · DAO treasury, the four views · Value accrual to token holders · Own-token equity policy · Governance and control

Standards referenced

ASC 942-320 interest recognized on an accrual basis, integrated per reserve over the period. **ASC 326** credit losses provisioned on an incurred-loss basis. **ASC 505-20-45 / ASC 505-30** own-token repurchase and reward issuance treated as equity transactions, not expenses. Movements are priced at the value of the event.

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Token *Exploits* and Credit Events

GAAP & TTF DISCLOSURE - TOKEN EXPLOITS AND CREDIT EVENTS - RSETH & THE DEFI UNITED COALITION - ASC 450-30

On **18 April 2026** an attacker exploited a cross-chain bridge operated by **Kelp DAO**, **rsETH**'s issuer, minting roughly **116,500 unbacked rsETH**, depositing it as collateral in the Aave pools and borrowing WETH against it before the markets could be frozen. **Aave's own contracts were not exploited**; the collateral simply lost its backing. The crystallized WETH deficit is **52,964.453912 WETH**, formalized on-chain at block **25,037,701** and still open at the close date. It is recognized in full, with no offsetting recovery asset recognized, in accordance with ASC 450-30-25-1 & ASC 410-30-35-8.

STATEMENT 1	Recognized loss in the financials
Credit-loss provision (H1 income-statement charge)	$82,950,017.41
Opening balance in retained earnings	$16,105.06
***Allowance for loan loss** (contra against gross loans)*	**$82,966,122.47**
Gross loans receivable	$7,492,081,694.40
Less the allowance	($82,966,122.47)
Net carrying value on the balance sheet	**$7,409,115,571.93**

The coalition recovery

Aave launched an industry recovery initiative, **DeFi United**, to recapitalize the **rsETH** backing, and **47,663.69 rsETH** now sits in a coalition custody chain worth **$80,249,226.28** at the close. **Those funds are not Aave's to claim.** They were contributed by every coalition member, of which Aave supplied roughly **70%** of inflows, and they sit outside this entity's **262-address** scope and outside the protocol's on-chain control. They are also being actively distributed to affected users, so the chain is a recovery operation in progress, not a reserve held for Aave.

STATEMENT 2	Coalition funding, all members (ETH)
Aave DAO treasury commitment, anchored	25,000
Contributed by other coalition members	75,228
Total to be placed in the LayerZero lockbox	**120,015**
Of which secured but not-yet-liquid (memo, not additional)	~44,787

The anchored commitment

The **120,015 ETH** is the coalition's funding target, not Aave's, and is separate from the rsETH collateral. Aave's share is the anchored **25,000 ETH**; the remaining **75,228 ETH** comes from other members. The full amount must sit in a LayerZero lockbox before recovery executes. **This funding repays users and creditors, not Aave**, so it does not reduce the loss on Aave's books.

Loss coverage

Credit the **entire** coalition chain to Aave, **$80,249,226.28**, against the **$82,966,122.47** recognized loss, and the coverage still falls short by **$2,716,896.19** .

Two shortfall figures follow, and they answer different questions. The **$2.7M** is the gap if every unit in the chain were Aave's, which it is not. Aave funded roughly **70%** of the chain's inflows, so its defensible claim is roughly **$56M**, leaving a shortfall nearer **$27.1M**. The smaller figure is the best case, the larger the realistic one.

STATEMENT 3	Equity if recovery were recognized
Coalition funds at fair value (not recognized)	$80,249,223.80
Total equity, as reported (on the balance sheet)	$25,874,820.52
Equity including coalition funds (memo only)	**$106,124,044.32**

Recognition thresholds

Two tests govern whether the coalition assets can be recognized. **ASC 450-30-25-1** treats an unrealized recovery as a gain contingency, which cannot be recorded before realization even where realization is probable. **ASC 410-30-35-8** permits a recovery asset once signed terms make realization probable, capped at the **$82,966,122.47** recognized loss. Neither test is met at the close date: terms were unsettled, and the funds remain commingled and outside Aave's control.

Interest pricing *convention*

DISCLOSURE - RULING 3 - ASC 942-320 - WITH GHO ISSUANCE, ASC 470

Interest is recognized on an **accrual basis**, as GAAP requires, not on a cash basis. Each reserve's borrow and supply rates are integrated over the period to build the interest earned and owed as it accrues, block by block. This matters because reading balances on-chain understates income: a snapshot captures only interest already realized into balances, missing interest accrued but not yet settled.

STATEMENT 1	Two pricing paths for the same accrued interest
Priced from DefiLlama historical prices used on the face	$24,825,693.06
Priced from the Aave on-chain oracle alternative path	$24,796,224.18
Difference between the two paths	**$29,468.88**

Two pricing paths

Once accrued, the interest has to be converted to USD, and there are two ways to do it. The first reads **DefiLlama historical prices** at the close date; the second reads the **Aave on-chain oracle** through the reserve struct. Both integrate the identical per-reserve accrual, so the difference is purely a pricing path, not a disagreement about how much interest was earned. That difference is **0.12%** of net interest income and **0.07%** of total revenue, and is **immaterial**. The DefiLlama-priced figure is kept on the face because switching would require re-validating the April regression period.

13.3%
gross margin on interest: net interest income against gross interest earned

60.7%
of total revenue is net interest income, the protocol's recurring base

GHO issuance, inventory and *outstanding* liability

DISCLOSURE - ASC 470 - ONE ISSUANCE SHOWN AT GROSS

STATEMENT 2	Where the issued GHO sits at the close
GHO inventory, minted and unsold	$251,542,101.36
GHO in pool liquidity, unborrowed	$88,043,023.67
GHO bridged to L2s	$31,441,984.89
GHO held in the sGHO vault	$130,033,129.75
GHO at treasury and other addresses	$1,166,034.20
GHO the DAO holds or controls	**$502,226,244.87**
GHO held externally, borrowers and open market	$96,508,790.90
GHO outstanding, total issued	**$599,000,000.00**

Asset and liability, one issuance

Every GHO asset has a corresponding liability. Issued GHO is a **facilitator-level liability** under ASC 470, while GHO the protocol has minted but not released is carried as issuer inventory rather than netted against it. This is one issuance shown at gross, not a double liability.

Two positions shown elsewhere

Neither figure adds to the $599,000,000 total above, which already reports all issued GHO. The **$167,472,256.49** lent to borrowers is issued GHO now in users' hands; it is absent from the table only because the balance sheet carries it inside gross loans receivable rather than as a GHO holding. The sGHO buffer of **$225,243.62** sits inside the **$130,033,129.75** vault line already, being the gap between GHO held in the vault and depositors' claim on it.

83.8%
of all issued GHO is held or controlled by the DAO itself

16.1%
circulates externally, held by borrowers and the open market

100%
of GHO borrow interest on the core facilitator path accrues to the DAO

Aave *Treasury* Cashflow

INDEPENDENT RESEARCH - NOT AFFILIATED WITH THE AAVE DAO

STATEMENT OF TREASURY FLOWS - 1 JAN TO 30 JUN 2026 - VALUE-FLOW BASIS, NOT CASH - MANAGEMENT VIEW, NOT GAAP - LEDGER D0828A96

I. INFLOWS

Reserve-factor settlement	$25,839,452.28
SVR / MEV recapture	$6,342,016.97
Liquidation fees	$2,892,979.58
GSM fees	$2,029,500.43
External protocol yield	$1,661,863.66
Investment income	$1,030,018.67
Node-operator income	$861,579.72
Flash loan fees	$716,664.61
Total treasury inflows	**$41,374,075.92**

II. OPERATING OUTFLOWS

Service-provider compensation AIP-469 +2	($6,692,658.61)
Aave Labs grants AIP-469	($9,409,626.24)
Umbrella reward funding	($2,963,801.69)
Provider micro-payments Continuing SP	($12,776.00)
Total operating outflows	**($19,078,862.54)**
Net operating treasury flow	**$22,295,213.38**

III. CAPITAL DEPLOYMENTS

Externally-managed WETH deployment	($26,627,836.84)
Yield-vault deployment	($75,584.07)
Total capital deployed	**($26,703,420.91)**

IV. CAPITAL RETURNS

AAVE buyback ASC 505-20-45 / ASC 505-30	($11,382,373.56)

V. DISTRIBUTIONS

stkAAVE rewards ASC 505-20-45 / ASC 505-30	($9,104,527.55)
sGHO depositor rewards sGHO launch	($1,189,756.38)
Umbrella GHO rewards Umbrella activation	($318,428.46)
Total distributions	**($10,612,712.39)**
Net treasury flow	**($26,403,293.48)**

Basis of this statement

Net operating $22,295,213.38, less capital deployed $26,703,420.91, less the buyback $11,382,373.56, less distributions $10,612,712.39, gives net treasury flow of ($26,403,293.48). The cashflow does not equal the token-balance change: it records identified flows, while the treasury's value also moved on **price**. Movements are priced at the value of the event, as though sold at that moment.

DAO Treasury: the period's *four* views

DISCLOSURE - RECONCILING FOUR MEASUREMENT BASES

STATEMENT 1	Backing out from one view into the next
I Protocol operating NI revenue $40,925,527.83, opex $19,154,446.61, distributions $10,612,712.39	$11,158,368.83
Re-scope to treasury-touching flows only: drop protocol net interest income, which never touches the treasury, and keep DAO income $16,099,834.77.	
II DAO-scope P&L, net accrual, treasury-touching flows	($4,562,796.68)
Move from accrual to a settlement basis: add the reserve factor of $25,839,452.28 settled via mintToTreasury, less operating outflows. The reserve factor is recognized once as income but settles into the treasury as aTokens, so it appears as a treasury inflow without being income a second time.	
III Treasury cashflow, net operating flow, treasury addresses	$22,295,213.38
Add the capital layer below operations: less deployments $26,703,420.91, buyback $11,382,373.56 and distributions $10,612,712.39. These are treasury outflows that are not operating costs.	
IV Treasury cashflow, net all-in flow, incl. deployments and returns	($26,403,293.48)
None of the four captures price. The treasury's own holdings fell from $180,581,951 to $129,741,493, entirely market movement: a ($60,527,820) markdown against a +$9,687,362 gain in units held.	

The four views

The four views **differ by design**. Accrual P&L recognizes income when earned, not when it reaches the treasury. The DAO-scope P&L and the treasury cashflow both filter to treasury-touching flows, but the cashflow also counts capital deployments and returns that are not P&L. The holdings change captures price movement, which no flow view sees. Reconciling them means bridging basis by basis, not forcing them to match.

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Aave *Balance* Sheet

INDEPENDENT RESEARCH - NOT AFFILIATED WITH THE AAVE DAO

STATEMENT OF FINANCIAL POSITION - AS OF 30 JUN 2026 - BLOCK #25,433,938 - LEDGER D0828A96

I. ASSETS		
Pool token assets	ASC 350-60 / ASU 2023-08	$9,850,556,342.49
Gross loans receivable		$7,492,081,694.40
GHO pool inventory	ASC 470	$251,542,101.36
Interest receivable		$186,868,724.05
Umbrella insurance		$166,816,391.91
sGHO holdings	ASC 470	$130,033,129.75
DAO treasury assets	ASC 350-60 / ASC 810	$129,740,390.02
Allowance for loan loss	ASC 450-30	($82,966,122.47)
GSM stablecoin inventory	ASC 470	$58,605,121.24
Contra-DAO holdings		($31,989,836.25)
GHO locked in bridges	ASC 470	$31,441,984.89
External WETH deployment		$26,627,836.84
DAO GHO holdings	ASC 470	$1,920,822.28
Total assets		**$18,211,278,580.51**
II. LIABILITIES		
Gross deposits		$17,341,787,741.06
GHO outstanding	ASC 470	$599,000,000.00
Less: intra-entity GHO deposits	ASC 470	($240,920,822.28)
Deposits interest payable		$161,325,760.65
sGHO deposits	ASC 470	$129,807,886.13
Service provider payable		$27,586,802.52
Total liabilities		**$18,018,587,368.08**
III. MEZZANINE		
Umbrella vaults		$166,816,391.91
IV. EQUITY		
Opening equity		$109,687,886.54
AAVE treasury tokens	ASC 505-20-45 / ASC 505-30	($11,382,373.56)
Contributed capital	ASC 505-20-45 / ASC 505-30	$9,104,527.55
Retained earnings		$2,277,240.28
Opening position		($639,043.88)
Total equity accounts		**$109,048,236.93**
Current-period result		**($83,173,416.41)**
Total equity		**$25,874,820.52**
Consolidation eliminations		**($605.73)**

Disclosures attached

Token exploits and credit events · Interest pricing convention · GHO issuance, inventory and outstanding liability · DAO treasury, the four views · Own-token equity policy · Value accrual to token holders · Pricing of crypto assets · Treasury composition · Governance and control

Standards referenced

ASC 350-60 / ASU 2023-08 fair value for crypto assets, applied across the whole crypto side as a disclosed departure. **ASC 470** GHO as debt, with unreleased GHO as issuer inventory. **ASC 450-30** no recovery asset before realization. **ASC 810** consolidation on control. **ASC 505-30** own token at cost as treasury stock.

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Own-token *equity* policy

DISCLOSURE - ASC 505-20-45 / ASC 505-30 - WITH VALUE ACCRUAL TO HOLDERS

AAVE is the protocol's own governance token, so under traditional reporting it cannot be counted as an asset: an entity's own token is a claim on itself. The closest analog is **treasury stock**, carried as contra-equity at cost. This statement instead carries the DAO's AAVE **at fair value** inside treasury holdings, and discloses the strict treatment as a departure.

STATEMENT 1	Effect of strict treasury-stock treatment
Total assets as reported	$18,196,729,676.24
Less total liabilities	($18,018,587,368.08)
Less mezzanine Umbrella vaults, ranking ahead of equity	($152,267,487.64)
***Total equity** as reported*	**$25,874,820.52**
Less own AAVE reclassified to contra-equity strict GAAP	($72,068,997.37)
Total equity strict GAAP	**($46,194,176.85)**

STATEMENT 2	Own AAVE and the repurchase
AFC buyback 92,677.82 units, at cost	$11,382,373.56
Buyback value at the period close	$7,879,238.95
Cost over market carried in equity	$3,503,134.61
External in-window acquisitions 11,581.94 units	$946,511.02
Pre-window and issuance-origin 743,436.01 units	not readable
Total own AAVE 847,695.77 units	**$72,068,997.37**

Reading the negative equity figure

The two equity figures differ by exactly the value of the DAO's own token: **($46,194,176.85) less $25,874,820.52 equals ($72,068,997.37)**, the close value of the treasury's AAVE and aAAVE. It is a presentation artifact of the reclassification alone, **not an economic deficit**, and no liability corresponds to it. The repurchased AAVE returns to the Ecosystem Reserve, not burned.

Supply and issuance

The DAO's 847,695.77 AAVE sits within a fixed maximum supply of **16,000,000 AAVE**, alongside **589,463.88** of unissued Ecosystem Reserve capacity, which is not circulating and becomes contributed capital only when governance votes to issue it. A further **293,128.68 AAVE** moved into the Reserve from the DAO's own LEND-to-AAVE migrator in the period, an **intra-DAO transfer** of pre-existing tokens.

5.3%	10.9%	41.9%
of AAVE's 16,000,000 maximum supply is held by the DAO	of the DAO's own AAVE was acquired through the in-window buyback	fall in the AAVE price over the period, $146.35 to $85.02

Value accrual to *token* holders

DISCLOSURE - TTF - RETURNS TO HOLDERS, BELOW OPERATING INCOME

STATEMENT 3	Value directed to holders in the period
AAVE buyback, treasury repurchase	$11,382,373.56
stkAAVE / Ecosystem Reserve rewards, P1	$9,104,527.55
sGHO depositor rewards, P16	$1,189,756.38
Umbrella GHO rewards, P17	$318,428.46
Total value directed to holders	**$21,995,085.95**

Who the value accrues to

Which of these accrue to a given holder depends on what they held. Value tied to the AAVE token, the buyback and stkAAVE rewards, totaled roughly **$20.5 million**, while value tied to GHO totaled roughly **$1.5 million** and accrued to GHO depositors. Both AAVE-denominated lines are carried at transaction value, not the close price.

197%	51.7%
value to holders against operating income: $21,995,085.95 over $11,158,368.83	of that value was the open-market AAVE buyback

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Aave *DAO* Balance Sheet

INDEPENDENT RESEARCH - NOT AFFILIATED WITH THE AAVE DAO

CONSOLIDATED STATEMENT OF DAO FINANCIAL POSITION - AS OF 30 JUN 2026 - 17 CHAINS - 2,917 DETAIL RECORDS - SNAPSHOT EBF2A0E3

I. ASSETS		
Ecosystem Reserve		$53,150,859.40
Committee Safes		$53,109,639.01
Collector		$40,098,812.66
Other controlled addresses		$7,861,406.51
Accrued to treasury		$1,025,061.27
Treasury holdings		**$155,245,778.85**
GHO in the RemoteGSM reserve	ASC 470	$251,542,101.36
GHO lent to users	ASC 470	$167,472,256.49
GHO in V3 pool inventory	ASC 470	$88,043,023.67
GSM reserve, USDT		$58,415,223.05
GHO in GSM working balances	ASC 470	$244,925.25
GSM reserve, USDC		$9.71
GHO assets		**$565,717,539.53**
Total DAO assets		**$720,963,318.38**
II. LIABILITIES		
Collector native streams		$20,573,440.12
Ecosystem Reserve native streams		$7,438,246.64
Treasury liabilities		**$28,011,686.77**
GHO outstanding	ASC 470	$599,000,000.00
Total DAO liabilities		**$627,011,686.77**
III. EQUITY		
Net DAO equity		**$93,951,631.61**
IV. MEMORANDA		
Memo: GHO residual		$91,697,693.23
Memo: rsETH reserve deficit		$155,891,718.45

Treasury *composition*

DISCLOSURE - ITEMIZED SNAPSHOT BEHIND THE TREASURY LINE

STATEMENT 1	Top positions at the close
AAVE	$51,059,337.66
aAAVE	$21,009,659.71
aWETH	$17,074,499.30
aUSDT	$8,309,288.78
aGHO	$8,188,678.65
Remaining 72 positions	$24,098,925.92
Total treasury holdings	**$129,740,390.02**

Basis of consolidation

"DAO owned" is any address the protocol controls through governance, so consolidation follows the control principle under **ASC 810** and all such addresses are treated as one economic entity. These are the combined balances of the Collector, the Ecosystem Reserve and the committee safes, read at the close rather than derived from flows. This itemization is the Ethereum-scope reading, **$129,740,390.02** across **77 positions**; the statement above consolidates 17 chains.

Pricing of *crypto* assets

DISCLOSURE - ASC 350-60 / ASU 2023-08 - WITH GOVERNANCE AND CONTROL

Every crypto asset on this balance sheet is priced at its **on-chain oracle value** at the close pin, a fair-value measurement applied across the whole crypto-asset side. Strict GAAP would not price most of them that way. ASU 2023-08 fair-value treatment applies only to crypto that is fungible, cryptographically secured, gives the holder no claim on anything underlying, and is **not created by the reporting entity**. Almost nothing here qualifies.

STATEMENT 1	Scope under strict GAAP
Native ETH fair value conforms	In scope
AAVE issuer-created	Out of scope
GHO and GSM inventory issuer-created	Out of scope
aTokens and waTokens claims on underlying	Out of scope
WETH, rsETH and other LSTs wrapped claims	Out of scope
USDC and USDT claims on issuer reserves	Out of scope

A disclosed departure

Pricing the full crypto-asset side at fair value is a **deliberate departure** from the cost-less-impairment model strict GAAP would require for the out-of-scope lines. It reflects the better economic picture of what the protocol holds, and is disclosed as a departure rather than presented as conformity. The write-up portion cannot be isolated without a cost-basis history.

Pending standard

At its April 2026 meeting, within this reporting window, the FASB **tentatively decided** to expand ASC 350-60 to certain wrapped and receipt tokens. No final standard exists yet, so existing GAAP applies and this is disclosed, not yet reflected.

1 of 6
asset classes on the sheet qualifies for fair value under strict GAAP

80.9%
of protocol revenue sits inside the measured Ethereum scope

Governance and *control*

DISCLOSURE - TTF - ASC 810 CONTROL PRINCIPLE

STATEMENT 2	Where governance-directed spend concentrates
Aave Labs grant AIP-469	$9,409,626.24
Service-provider compensation AIP-469 +2	$6,692,658.61
Continuing provider agreements	$12,776.00
Total contracted to service providers 54.1% of operating expenses	**$16,115,060.85**

Control by authority, not by label

The protocol is governed by AAVE token holders through on-chain votes, and treasury assets are directed by governance-authorized mandates. Control is established by **on-chain authority rather than label**: the treasury addresses share a common governance upgrade admin, and delegated safes operate under specific mandates, for example the AFC and Ahab WETH deployment under **AIPs 304 and 425**. Expenses are attributed to their authorizing proposal where a binding exists, and a line with no governance authorization on file receives no attribution. The concentration is worth naming: **54.1%** of all operating expenses are contracted service-provider spend, and the **Aave Labs grant alone is 31.6%** of operating expenses, making it the single largest governance-directed commitment in the period.

31.6%
of operating expenses is the Aave Labs grant, the largest single commitment

54.1%
of operating expenses is contracted service-provider spend

100%
of material expenses trace to an authorizing governance action

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