GROVE

Quarterly Protocol Review

Third Quarter 2026

Financial performance, allocations, capital position and protocol activity

For the quarter ended September 30, 2026

Publication date: November 11, 2026



Published by Grove Foundation · grove.finance · data.grove.finance

Unaudited financial statements and protocol disclosures for the quarter ended September 30, 2026.



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01 Executive Summary

Grove is the onchain credit layer for stablecoins. The protocol deploys stablecoin liquidity into diversified credit strategies, connecting the onchain economy with institutional credit markets. Today, Grove borrows USDS from Sky and allocates it across public credit, private credit and onchain lending. It earns net revenue primarily from the difference between allocation yield and the funding costs it pays Sky. Protocol income after funding and operating costs is retained as a capital reserve, which absorbs potential credit losses and supports further borrowing.

Q3 2026 financial highlights

- Gross revenue was $14.9 million in Q3 2026, up 129% from $6.5 million in Q3 2025 (Grove's first full quarter) as credit allocations expanded. Funding costs rose 130% year-over-year to $10.8 million as borrowing from Sky increased. Net revenue increased 127% to $4.2 million.
- Net protocol income increased 241% to $1.8 million in Q3 2026 from $0.5 million in Q3 2025. Higher credit income after funding costs and the end of the pre-TGE tax more than offset higher operating expenses and the absence of prior year other income.
- Net assets rose 46% to $37.3 million on September 30, 2026, from $25.5 million a year earlier, driven by an increase in the carrying value of vested treasury tokens. Treasury cash rose from approximately $31,000 to $25.9 million, primarily following April's USDS settlement of Sky's genesis contribution. Higher treasury USDS supports Grove's ability to meet Sky's risk capital requirements and borrow for further allocations within approved limits.

Q3 2026 developments

- Grove began funding Galaxy's $500 million facility for institutional loans secured by BTC and ETH. Warehouse exposure reached approximately $377 million, contributing to total Grove exposure of $1.39 billion on September 30, 2026, up 80% from a year earlier.
- Basin completed its first production transaction on July 28, providing instant USDC liquidity for a JTRSY redemption through Centrifuge. As of September 30, the JTRSY Basin facility had $100 million of funded stablecoin liquidity to support eligible redemptions.
- The GROVE token launched publicly on July 6; staking and governance went live in August.

Priorities

Our priorities are to deepen the use of the infrastructure already in production, earn recurring protocol income after funding and operating costs, and maintain the capital and liquidity needed to support our commitments.

Select quarterly data

As of or for the period ended, $ millions	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	QoQ	YoY
Gross revenue	**14.9**	**15.6**	**10.5**	**13.1**	**6.5**	**-4%**	**129%**
Funding costs	(10.8)	(9.6)	(9.4)	(13.7)	(4.7)	12%	130%
Net revenue	**4.2**	**6.0**	**1.0**	**(0.5)**	**1.8**	**-30%**	**127%**
Operating expenses	(2.4)	(2.4)	(1.9)	(1.6)	(0.8)	-1%	209%
Pre-TGE tax	-	(1.2)	(0.3)	(0.0)	(0.5)	-100%	-100%
Total operating expenses	**(2.4)**	**(3.6)**	**(2.2)**	**(1.6)**	**(1.3)**	**-34%**	**82%**
Net protocol income	**1.8**	**2.4**	**(1.2)**	**(2.2)**	**0.5**	**-25%**	**241%**
Net assets	**37.3**	**30.5**	**24.8**	**24.0**	**25.5**	**22%**	**46%**
Treasury cash and equivalents	25.9	22.8	1.9	1.8	0.0	14%	n/m

QoQ compares Q3 2026 with Q2 2026; YoY compares Q3 2026 with Q3 2025. n/m means not meaningful.

02 Protocol Overview

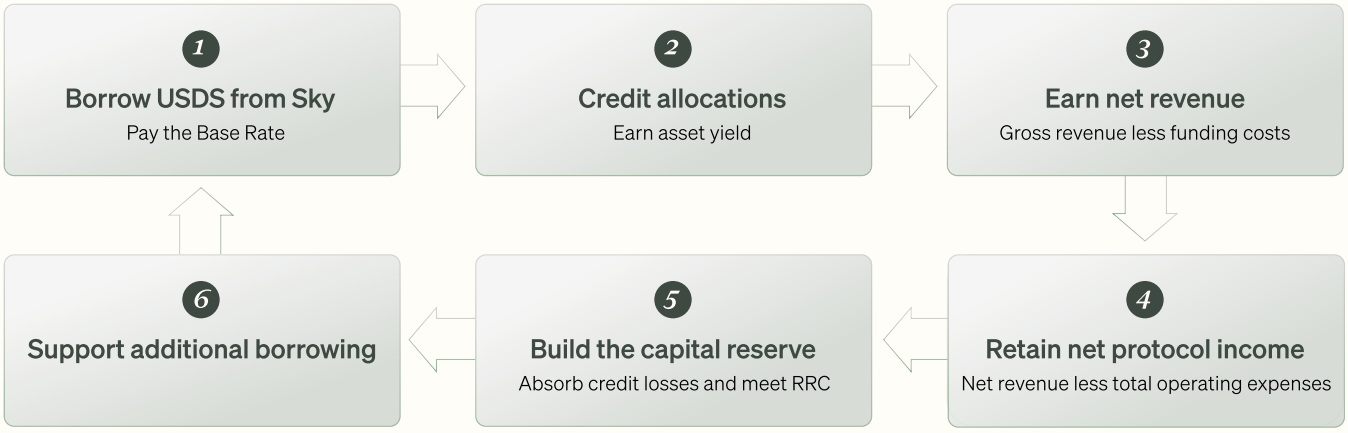
Grove is an onchain credit infrastructure protocol operating as a Prime Agent within the Sky Ecosystem.

Grove borrows USDS from Sky at the Base Rate and allocates it across public credit, private credit and onchain lending. Sky currently applies a 20-basis-point premium to the Sky Savings Rate on an APR basis. As of September 30, 2026, the Base Rate was 3.8% APY. Sky sets the terms of this funding, including the allocation mandate, exposure limits and capital requirements within which Grove operates. Grove undertakes these activities on a proprietary basis, deploying capital within its approved mandate.

Grove earns gross revenue primarily from lending. It also earns distribution rewards from Sky on eligible USDS and sUSDS balances attributed to Grove. Net revenue is gross revenue less Sky funding costs, and net protocol income is net revenue less total operating expenses.

Sky sets asset-specific capital requirements to absorb potential losses. Grove's Required Risk Capital (RRC) is the aggregate requirement for its allocations. Total Risk Capital (TRC) is the eligible capital available to meet that requirement. Retained protocol income adds to Grove's capital reserve and supports further borrowing and allocations within Sky's approved limits.

How Grove earns protocol income and builds capital



The diagram shows the protocol's capital cycle. Additional borrowing depends on the risk of the allocations, eligible capital and Sky's approved limits.

Grove's infrastructure supports different parts of this model. Grove Allocator provides the onchain infrastructure used to deploy capital across assets and networks within defined limits. Grove Financing supports the growth of stablecoin and crypto businesses by structuring financing and liquidity solutions for credit originators and onchain credit markets. Grove Basin provides eligible holders of supported tokenized assets with instant onchain stablecoin liquidity for approved transactions, while the issuer or tokenization platform completes its ordinary settlement process.

Grove's allocation infrastructure also supports positions designated as Sky Direct Exposures (SDE). These are currently holdings in tokenized funds investing in U.S. Treasury bills. All revenue from these positions is currently attributable to Sky, and Grove incurs neither borrowing costs nor capital requirements against them. They are therefore excluded from Grove's financial results in this report.



03 Financial and Operating Review

3.1 Commentary from the Grove Labs co-founders

The third quarter of 2026 marked Grove's first quarter as a public token project since the protocol made its initial allocation as a Sky Prime in July 2025.

Grove Labs builds institutional-grade credit and real world asset liquidity infrastructure for the onchain economy, and provides development and operational support to the Grove protocol. Our ambition is for Grove's infrastructure to become a core part of how asset issuers, institutional investors and onchain markets access financing and liquidity.

Grove's first product, Basin, is central to that mission. With Basin, asset issuers can turn traditionally illiquid, slow-settling assets into atomically liquid capital efficient financial instruments. Basin removes one of the primary barriers to institutional adoption of tokenized assets, allowing tokenholders to access, transfer, and deploy capital without the delays imposed by traditional financial infrastructure. We believe this capability will be fundamental to making tokenized assets more useful for institutional treasury management, collateralized lending, and capital allocation across financial markets.

Importantly, Basin also introduces a fundamentally different growth opportunity for Grove. Unlike traditional lending and capital allocation entities where revenue is largely proportional to capital deployed, Basin can generate recurring revenue as liquidity is used and recycled across originated loans. The same capital can facilitate multiple redemptions over time, allowing revenue opportunities to grow without a corresponding increase in committed capital. As adoption increases, we believe Basin has the potential to become highly scalable infrastructure serving a broad ecosystem of asset issuers, real world asset tokenholders, and financial intermediaries.

Grove's Allocator and Financing capabilities complement this approach. Allocator provides the infrastructure to deploy institutional capital across networks within defined exposure caps and rate limits. Financing helps credit originators and tokenized asset issuers structure financing and liquidity solutions. Together with Basin, these capabilities support capital deployment, institutional credit origination and access to liquidity for tokenized assets. As a Sky Prime, Grove operates within Sky's framework, with USDS serving as a core source of financing and liquidity for these activities.

The third quarter brought important elements of this strategy into production, marking a transition from building infrastructure to demonstrating its capabilities in live institutional transactions. During the

quarter, Basin completed its first production transaction, providing onchain stablecoin liquidity in connection with a JTRSY redemption through Centrifuge.

Our focus now is on working with partners to accelerate integrations and evaluate supporting additional assets. Potential applications extend across money market funds, government securities and other tokenized credit instruments, with each integration requiring an assessment of the relevant asset, settlement process, liquidity needs and operational requirements.

Grove's institutional financing activities also advanced with the closing of the Galaxy warehouse facility which provides dedicated financing for institutional loans secured by BTC and ETH. The facility illustrates how stablecoin capital can serve an institutional lender's financing needs through a structured relationship. Developing such relationships requires disciplined underwriting, appropriate collateral arrangements, ongoing monitoring and clearly defined counterparty obligations.

Looking ahead, our priorities are to deepen the use of Basin, support institutional financing relationships and maintain the operational and financial resources required to support the protocol's capitalization and commitments.

We intend to assess progress through the adoption and reliability of Grove's infrastructure, live Basin integrations and settlements, the performance of financing facilities and the growth of the protocol's financial resilience. Our objective is to make institutional credit and tokenized assets more useful by providing infrastructure that partners can integrate into their recurring financial activity. Simply, we believe that tokenized real world assets should move as seamlessly and frictionlessly as stablecoins.

This review marks the first edition of Grove's quarterly financial reporting. Through financial statements, operating information and supporting onchain data that readers can independently inspect, we aim to provide partners, protocol users, governance participants and other stakeholders with industry leading transparency into the protocol's activities, revenues and expenses, financial position and risks.

Mark Phillips, Kevin Chan, Sam Paderewski
Co-founders, Grove Labs

3.2 Results of operations

Gross revenue was $14.9 million in Q3 2026, up 129% from $6.5 million in Q3 2025. Revenue from credit allocations increased to $14.6 million from $4.8 million as Grove expanded its allocation book beyond public credit to include private credit and onchain lending. Distribution income increased to $0.3 million from approximately $41,000 in Q3 2025.

Funding costs rose 130% to $10.8 million in Q3 2026 from $4.7 million in Q3 2025 as borrowing from Sky increased. The $9.8 million increase in credit revenue exceeded the $6.1 million increase in funding costs, lifting credit income after funding costs to $3.8 million from $0.1 million. Including distribution and other income, net revenue increased 127% to $4.2 million from $1.8 million in Q3 2025.

Operating expenses were $2.4 million in Q3 2026, compared with $0.8 million in Q3 2025. The current quarter expense reflects the protocol's 800,000 USDS monthly operating budget for the Foundation. The pre-TGE tax, a Sky charge that applied before the public token launch, ended in July 2026; Q3 2025 included $0.5 million of this charge. Total operating expenses increased to $2.4 million from $1.3 million in Q3 2025.

Net protocol income was $1.8 million in Q3 2026, up 241% from $0.5 million in Q3 2025.

3.3 Liquidity and capital resources

Net assets were $37.3 million on September 30, 2026, compared with $25.5 million on September 30, 2025. They represent the protocol's treasury assets and receivables less its liabilities. The $11.8 million year over year increase comprised an $11.0 million increase in the carrying value of vested treasury tokens and a $0.8 million increase in retained protocol income over the twelve month period. Section 4.2 provides further detail on these balances.

Treasury cash was $25.9 million on September 30, 2026, compared with approximately $31,000 on September 30, 2025. Higher treasury cash supports Grove's ability to meet Sky's risk capital requirements and borrow for further allocations within approved limits.

3.4 Subsequent events

Following quarter-end, the Sky Savings Rate increased by 20 basis points to 3.8% APY, raising Grove's Base Rate to 4.0% APY.

04 Financial Statements

These unaudited financial statements have been prepared for protocol reporting purposes and do not constitute consolidated financial statements of the Grove Foundation or its affiliated entities.

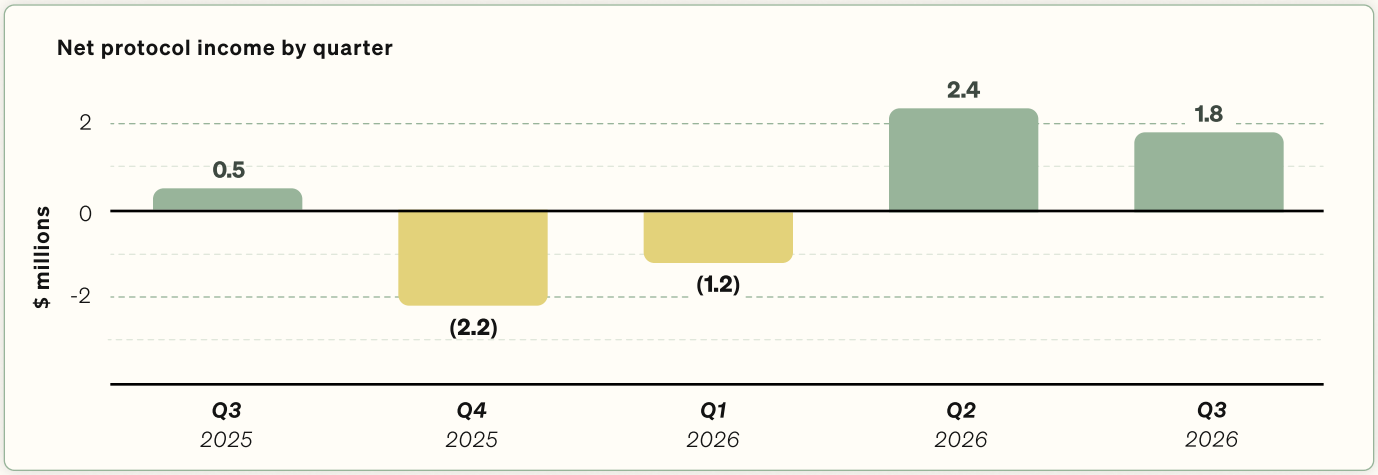
They cover the Grove Protocol, excluding Sky Direct Exposures and corresponding funding. The Grove Foundation is not consolidated; protocol budget transfers to it are recorded as operating expenses. GROVE and stGROVE holdings are excluded from financial assets. Amounts are in US dollars unless stated otherwise; totals may differ due to rounding.

4.1 Statement of income

$ millions	For the three months ended			QoQ	YoY
	Sep 30, 2026	Jun 30, 2026	Sep 30, 2025		
Revenue from credit exposures	14.6	13.3	4.8	10%	203%
Distribution income	0.3	0.4	0.0	-25%	692%
Other income	-	1.9	1.7	-100%	-100%
Gross revenue	**14.9**	**15.6**	**6.5**	**-4%**	**129%**
Funding costs	(10.8)	(9.6)	(4.7)	12%	130%
Net revenue	**4.2**	**6.0**	**1.8**	**-30%**	**127%**
Operating expenses	(2.4)	(2.4)	(0.8)	-1%	209%
Pre-TGE tax	-	(1.2)	(0.5)	-100%	-100%
Total operating expenses	**(2.4)**	**(3.6)**	**(1.3)**	**-34%**	**82%**
Net protocol income	**1.8**	**2.4**	**0.5**	**-25%**	**241%**

Distribution income includes Sky's Agent Rate reward on eligible treasury balances, rewards from Sky on eligible USDS and sUSDS balances attributed to Grove through its own and partner integrations, and Sky compensation tied to deposits in the Chronicle rewards contract. Other income varies by quarter and includes income from partnerships and other initiatives.

Operating expenses in Q3 2026 reflect monthly budget transfers of 800,000 USDS to the Grove Foundation. Total operating expenses include the pre-TGE tax, which ceased at token launch.


Net protocol income by quarter
$ millions
2
0
-2
0.5
(2.2)
(1.2)
2.4
1.8
Q3 2025
Q4 2025
Q1 2026
Q2 2026
Q3 2026

4.2 Balance sheet

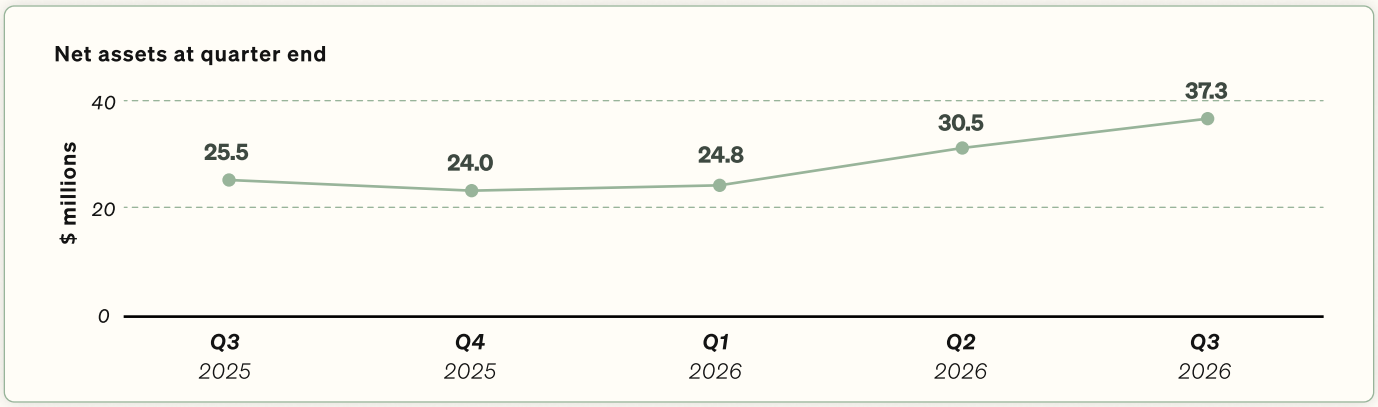
$ millions	Sep 30, 2026	Jun 30, 2026	Sep 30, 2025	QoQ	YoY
Assets					
Treasury cash and equivalents	25.9	22.8	0.0	14%	n/m
Genesis contribution held with Sky	-	-	24.2	n/m	-100%
Due from Sky, net	0.4	3.7	0.1	-88%	205%
Other receivables	-	-	1.7	n/m	-100%
Vested treasury tokens	11.0	5.9	0.0	86%	n/m
CFG	*5.0*	*3.2*	-	*55%*	*n/m*
Other tokens	*6.0*	*2.7*	*0.0*	*123%*	*n/m*
Total assets	**37.3**	**32.5**	**26.1**	**15%**	**43%**
Liabilities					
Amounts payable to Sky	-	1.3	0.5	-100%	-100%
Other payables	-	0.7	-	-100%	n/m
Total liabilities	-	**2.0**	**0.5**	**-100%**	**-100%**
Net assets					
Genesis capital contribution from Sky	25.0	25.0	25.0	0%	0%
Retained protocol income	1.3	(0.5)	0.5	n/m	153%
Token grant and valuation reserve	11.0	5.9	0.0	86%	n/m
Total net assets	**37.3**	**30.5**	**25.5**	**22%**	**46%**

Grove allocation assets and corresponding Sky funding are excluded; earnings attributable to Grove are included in treasury cash or Due from Sky. Section 6 presents Grove's allocations, including stablecoin balances.

As of September 30, 2026, Due from Sky comprised $1.1 million of recognized earnings less a $0.7 million outstanding obligation, leaving a net receivable of $0.4 million.

Vested treasury tokens are reported at quarter end valuations; unvested token allocations are excluded from financial assets.

Retained protocol income represents cumulative net protocol income. The $11.0 million token grant and valuation reserve corresponds to the vested treasury tokens reported under assets. Their recognition and valuation are recorded outside net protocol income.



05 GROVE Tokenomics and Governance

GROVE is the native token of the Grove Protocol, deployed on Ethereum as an ERC-20 and used for governance. Sky governance is the sole administrator of the token contract. GROVE confers no claim on Grove's assets, credit exposures, revenue or surplus, pays no dividends or yield, and is not redeemable against protocol assets. Token disclosures are presented separately from Grove's financial results.

5.1 Supply and distribution

GROVE launched publicly on July 6, 2026. Its genesis supply of 10,000,000,000 tokens was allocated as shown below.

Genesis allocation	GROVE	Share
Sky Ecosystem rewards	4,900,000,000	49%
Sky Ecosystem reserve	2,100,000,000	21%
Team and contributors	2,500,000,000	25%
Grove Foundation	500,000,000	5%
Total	**10,000,000,000**	**100%**

The Foundation allocation includes 75.3 million GROVE assigned to the community claim. More than 74 million GROVE had been claimed by September 30.

5.2 Token release schedule

Amounts are in GROVE tokens. The first row shows the Foundation allocation unlocked at public launch on July 6, 2026; later rows show scheduled unlocks during each year ending on the stated date.

The 2,500,000,000 GROVE team and contributor allocation vests 25% (625,000,000 GROVE) at its 12-month cliff on July 6, 2027, with the remainder vesting monthly over the following 36 months. The table shows the full allocation's schedule. Tokens granted to individual contributors become transferable only when their grants' vesting and unlock conditions are also met. Actual unlocks depend on grants awarded and may be lower. All releases remain subject to Sky's limits.

Timing	Sky Ecosystem USDS rewards	Team and contributors	Foundation	Cumulative scheduled unlocks
July 6, 2026	-	-	500,000,000	500,000,000
July 6, 2027	1,225,000,000	625,000,000	-	2,350,000,000
July 6, 2028	1,225,000,000	625,000,000	-	4,200,000,000
July 6, 2029	612,500,000	625,000,000	-	5,437,500,000
July 6, 2030	612,500,000	625,000,000	-	6,675,000,000
July 6, 2031	306,250,000	-	-	6,981,250,000
July 6, 2032	306,250,000	-	-	7,287,500,000
July 6, 2033	153,125,000	-	-	7,440,625,000
July 6, 2034	153,125,000	-	-	7,593,750,000
July 6, 2035	153,125,000	-	-	7,746,875,000
July 6, 2036	153,125,000	-	-	7,900,000,000

The schedule covers 7.9 billion GROVE, or 79% of the genesis supply. The distribution of the remaining 2,100,000,000 GROVE (21% of genesis supply, 30% of the Sky Ecosystem allocation) will be determined through future Sky governance decisions.

5.3 Holders and governance

As of September 30, 2026	GROVE (millions)
Circulating supply	804
Foundation-held tokens, including staked holdings	256
Total staked (stGROVE)	86
by the Foundation	60
by other holders	26

Circulating supply is the total amount of unlocked GROVE, which currently includes the Foundation's genesis allocation and tokens released from Sky's allocation. Foundation holdings and staked GROVE are included in circulating supply; the rows are not additive.

Holders can stake GROVE to receive stGROVE, which carries voting power that can be exercised directly or through delegates. Team-led proposals are published to Grove's Snapshot space and voting is initially limited to veto power. Proposals are non-binding on the Grove Foundation, whose directors retain discretion over implementation, including declining to act where necessary to comply with their legal and fiduciary duties. Onchain changes are executed through Sky executive votes. Sky retains authority over funding terms, mandate, limits and capital requirements. Voting rights and other token functionality may change through governance decisions or protocol upgrades, subject to applicable law. Unstaking takes two to four weeks; tokens being unstaked carry no voting power.

The Seeds Program launched in August to record participation in Grove governance through delegated stGROVE. Seeds accrue with weightings based on holding duration and how the GROVE was acquired. They are non-transferable, have no monetary value and confer no claim, entitlement or right of any kind.

5.4 Trading liquidity

GROVE listings began on July 6. The token is listed on Coinbase, Bybit, KuCoin, Crypto.com and Bitvavo, among other exchanges. GROVE also trades in the Uniswap v4 USDC/GROVE pool, which held approximately $100,000 of liquidity as of September 30.

06 Allocations

6.1 Allocation mix

Grove exposure was $1.39 billion on September 30, 2026, up 80% from $775.4 million on September 30, 2025. Public credit represented 36% of total allocations, compared with 100% a year earlier, following expansion into private credit, onchain lending and liquidity, and Basin. Exposure increased 28% during Q3 2026 from $1.09 billion on June 30, 2026. Private credit increased by $355.2 million, led by the Galaxy warehouse deployment, and Basin liquidity added $100.0 million. Basin liquidity is drawn in USDS and Grove does not incur borrowing costs until the USDS enters circulation. These increases were partially offset by a $164.0 million reduction in onchain lending and liquidity.

Stablecoin balances were $15.0 million as of September 30, 2026, primarily USDG on Robinhood Chain. These balances form part of the allocations, separate from Grove's protocol treasury cash.

Separately, Sky Direct Exposure positions fell from $1.57 billion on June 30, 2026 to $0.43 billion on September 30, 2026 as Sky redeemed holdings in tokenized funds investing in U.S. Treasury bills. These positions are excluded from Grove's financial results and the exposure figures above.

$ millions	Sep 30, 2026	Share	Jun 30, 2026	Share	Sep 30, 2025	Share
Public credit	497.1	35.7%	491.6	45.2%	775.4	100%
Private credit	415.6	29.9%	60.4	5.6%	-	-
Onchain lending and liquidity	364.2	26.2%	528.2	48.6%	-	-
Basin liquidity	100.0	7.2%	-	-	-	-
Stablecoin balances	15.0	1.1%	7.5	0.7%	-	-
Total	**1,391.8**	**100%**	**1,087.8**	**100%**	**775.4**	**100%**

All percentages use total Grove exposure, including Basin liquidity and stablecoin balances. Treasury assets and Sky Direct Exposures are excluded from this exposure measure. Totals may differ due to rounding.

6.2 Principal exposures and asset quality

Public credit comprises $393.7 million in JAAA and $103.4 million in STAC, tokenized funds that allocate to AAA-rated tranches of collateralized loan obligations (CLOs) backed by pools of corporate loans. JAAA is

managed by Janus Henderson and tokenized through Centrifuge; STAC is issued through Securitize with Insight, a BNY Investments firm, as sub-adviser.

The Galaxy warehouse accounted for approximately $377 million of exposure under a $500 million facility. Grove provides warehouse funding; Galaxy originates, underwrites and services institutional loans secured by BTC and ETH. Grove's financing is secured against the loan portfolio. The underlying loans are senior and overcollateralized, with collateral held at Anchorage Digital and BitGo. Other private credit exposures include Apollo ACRDX and Galaxy Arch CLO, which holds privately originated crypto-backed loans.

Onchain lending accounted for $334.1 million of overcollateralized lending exposure. Grove exited Aave and Maple in July and its Curve allocation in August. No position was impaired as of September 30 and no credit loss was recorded during the quarter.

6.3 Liquidity and allocation controls

Morpho and liquidity pool withdrawals can settle on the same day, subject to available liquidity and applicable protocol limits. Tokenized funds follow their ordinary redemption cycles. Existing loans in the Galaxy Warehouse have a rolling maturity of three months or less. Eligibility criteria in the facility cap loan maturity at one year or less, with a 20% long-dated bucket for loans up to two years. Liquidity from Grove's warehouse and Galaxy Arch CLO positions depends on their contractual repayment terms.

Sky governance approves exposure caps and rate limits, which the Allocator's controllers enforce. Positions are monitored against those limits.



07 Principal Risks and Risk Management

Grove's activities, and holding GROVE, involve significant risks. The disclosures below reflect Grove's assessment of matters that could adversely affect it and are not representations as to whether those matters have occurred, except as disclosed. If any occur, Grove's capital, financial position and results could be adversely affected, and holders could lose some or all of the value of their GROVE.

Risks Related to Funding, Capital and Liquidity

Grove depends on Sky for its capital and mandate.

Sky is currently Grove's sole source of capital and approves its mandate and allocation limits. Changes to funding terms or authorizations could constrain Grove's ability to allocate capital and generate protocol revenue, and Sky governance may amend the Atlas terms governing Grove's mandate and GROVE reward distributions.

A shortfall against Sky's risk capital requirements could force Grove to reduce exposures on unfavorable terms.

Credit losses, reductions in the value or eligibility of capital assets, or increases in required capital could constrain borrowing or require exposures to be reduced before assets mature or on unfavorable terms. Treasury token carrying values may differ from realizable proceeds and from amounts recognized as eligible risk capital.

Grove may lack accessible liquidity when it needs it.

Certain assets redeem only periodically or at maturity, and onchain withdrawals depend on available liquidity. Grove must meet operating commitments while maintaining required capital and the liquidity committed to Basin for eligible tokenized-asset redemptions. Declines in treasury token prices could reduce net assets or liquidity.

Risks Related to Grove's Allocations and Products

Lower asset yields or a higher Base Rate would reduce net revenue.

The effect depends on the size of Grove's exposures and how quickly asset yields and funding costs adjust.

Grove's exposures are concentrated, and losses reduce its capital reserve.

Losses may arise from borrower defaults or failures of asset managers, issuers and platforms. As of September 30, JAAA and the Galaxy warehouse represented 55.4% of Grove's exposure. Exposure limits, collateral and seniority reduce but do not eliminate these risks.

Basin provides stablecoin liquidity before settlement completes, exposing Grove to settlement and counterparty failures.

Delayed or suspended settlement, operational failures or a counterparty's failure to repay could extend exposures, reduce liquidity and cause losses. Elevated demand may coincide with slower settlement, limiting capacity and how often liquidity can be reused. Availability remains subject to facility terms, eligibility requirements, limits and available funds.

Adoption may be slower than expected, and competition may limit growth.

Growth depends on use of Grove's financing and liquidity products by credit originators, issuers and users.

Risks Related to Operations, Regulation and GROVE

Technology, service provider or offchain failures could impair assets or interrupt operations.

Grove depends on blockchains, smart contracts, oracles, bridges and service providers, and on offchain fund redemption procedures, transfer agents, tokenization platforms and custodians. Audits, formal verification and exposure limits reduce but do not eliminate these risks. An emergency control can halt automated allocations but cannot transfer funds or change allocation parameters. Although no security incident occurred during the quarter, incidents may occur.

Regulatory changes could restrict Grove's activities or access to its products.

Availability is subject to jurisdictional restrictions and eligibility requirements.

GROVE may lose all of its value.

GROVE is not backed by any asset, reserve or guarantee. Holders face price volatility, additional minting, limited liquidity and possible exchange delisting, and scheduled unlocks can increase circulating supply and selling pressure.

08 Notes to the Report

8.1 Related parties and governance

Sky provides Grove's capital, pays distribution rewards and sets its governance framework. The protocol transfers a monthly budget of 800,000 USDS to the Grove Foundation, which uses it to pay operating expenses.

Grove Labs, a wholly owned subsidiary of Steakhouse Financial, provides development and operational services to the Foundation pursuant to a services agreement. Steakhouse Financial's curated Morpho USDC vaults represented $334.1 million, or 24.0%, of Grove exposure on September 30.

8.2 Further information

Supporting information is available in the financial dashboard and token documentation. Grove Docs also provides audit reports, allocator permissions and the deployed contract registry. The GROVE crypto-asset white paper is available here.

Disclaimer

This review is provided for informational purposes only. It does not constitute an offer to sell or a solicitation of an offer to buy any token, security, or other instrument, and it is not investment, legal, accounting, or tax advice. Financial information is unaudited, has been prepared for protocol reporting purposes using the methodology and reporting scope described herein, and may be subject to revision. It does not constitute consolidated financial statements of the Grove Foundation or its affiliated entities. Statements regarding future plans, expectations or developments are forward-looking, are subject to risks and uncertainties, and actual outcomes may differ materially from those expressed or implied. Token release schedules include amounts subject to future governance decisions. GROVE confers no claim on protocol assets, revenue or surplus, and the financial results presented herein are not attributable to GROVE tokenholders. Report enquiries: legal@grove.finance.

GROVE

