



# GALAXY

DIGITAL

## Galaxy Digital Announces Fourth Quarter and Full Year 2018 Financial Results and Provides Corporate Updates

**NEW YORK, NEW YORK, April 29, 2019** – Galaxy Digital Holdings Ltd. (TSXV: GLXY; Frankfurt: 7LX) (“Galaxy Digital”, “GDH Ltd.”, or the “Company”), today released both Galaxy Digital Holdings LP’s (“GDH LP” or the “Partnership”) and GDH Ltd.’s financial results for the fourth quarter (“Q4 2018” or “the fourth quarter”) and full year (“FY 2018” or “2018 year-end”) ended December 31, 2018, as well as the Partnership’s corporate updates through the date of this press release.

GDH Ltd. is a holding company which holds a minority interest in GDH LP as its only material asset. GDH LP is a diversified, multi-service merchant bank dedicated to the digital assets and blockchain technology industry. The financial results of GDH LP have been prepared and are shown separately, as GDH LP is not deemed to control GDH Ltd. as of December 31, 2018.

“While 2018 was a challenging year for the industry, I am pleased with the ways in which our team navigated difficult market dynamics, and believe we are well positioned to scale our business strategically over time. We have used our capitalized position to both identify and invest in a number of unique opportunities, while also continuing to build an institutional-quality platform,” said Michael Novogratz, CEO of Galaxy Digital. “The first few months of 2019 have yielded a notable increase in activity across our business lines. We are already benefiting from both the strong foundation we laid in 2018 as well as the year-to-date rally in digital asset markets. We expect to continue to build upon this positive momentum through the remainder of 2019 and beyond.”

### **Corporate Highlights**

#### **- Principal Investments**

- During the fourth quarter, the Partnership’s principal investments team (“GDPI”) executed on eight new investments and three add-on investments, representing \$19.7 million and \$4.5 million of invested capital, respectively. These investments included:
- Six new and one add-on equity investments, including:
  - BitGo Holdings, Inc., a security, compliance, and custodial services company (\$7.5 million);
  - Bakkt Holdings, LLC, a company which is building an open, seamless global network to enable customers and institutions to buy, sell, store, and spend digital assets (\$5.0 million);
  - Mercantile Global Holdings, Inc., a trading and banking platform to enable customers to trade, bank, and administer digital assets (\$4.0 million);
  - Galaxy EOS VC Fund, LP, a Galaxy Digital Capital Management (“GDCM”) managed fund (\$2.4 million);
  - Clause, Inc., a software company building the infrastructure for smart connected and computable legal contracts (\$1.5 million);
  - Spring Labs, which is building a decentralized network for financial institutions focused on identity and credit data (\$0.5 million); and
  - Bison Trails Co., a staking and infrastructure services company for the digital assets market (\$0.2 million).
- Two new and one add-on convertible notes; borrowers included a distributed digital assets data library which serves as an investor portal and directory for digital assets, a digital asset-secured consumer lending platform, and a company which provides network resources to applications (\$1.2 million in total).
- An additional \$2.0 million of eligible loans were purchased from a digital asset-secured consumer lending platform.
- In aggregate, GDPI deployed approximately \$132.9 million represented by 25 new investments and 10 add-on investments for the full year 2018.

#### **- Asset Management**

- Since the start of 2019, Galaxy Digital Capital Management (“GDCM”) has been capitalizing on the improvement in the digital asset markets, generating inflows into the Galaxy Benchmark Crypto Index Fund (“the GBCIF”) and making meaningful progress towards future commitments. The GBCIF is a passively managed index fund which tracks the Bloomberg Galaxy Crypto Index (“the BGCI”), an index co-branded and administered by Bloomberg which is designed to track the performance of the largest, most liquid portion of the digital asset market. Since the start of the year, the BGCI has returned 18.8%<sup>1</sup>.
- During the fourth quarter, the Galaxy EOS VC Fund, LP closed on investments in Bloq, Inc., Varius Solutions, Inc., GoQii, Inc., Mythical, Inc., Clause, Inc., Good Money Group, Inc., and Freelance Labs, Inc., with additional

<sup>1</sup> Data as of April 26, 2019. Source: Bloomberg

investments made in early 2019 in Lucid Sight, Inc., OutThere Labs, Digital Assets Data, Inc., and Ciphertrace, Inc.

- These investments collectively represent more than \$50 million invested into the EOS ecosystem since the inception of the Galaxy EOS VC Fund in June 2018, with additional investments anticipated for 2019.

**- Trading**

- The Partnership's trading business ("GDT") continued to build upon its full-service platform offering, providing clients with access to intelligent and bespoke trading solutions, market insights, and research.
- During the fourth quarter, GDT nearly doubled the number of onboarded counterparties from the quarter prior. These new counterparties include a diverse and strategic group of the largest crypto funds, venture capital funds, digital asset mining companies, blockchain companies, family offices, and high net worth individuals.
- During the first quarter of 2019, GDT expanded its product offerings to include borrowing and lending to a select group of clients.
- GDH LP currently has no exposure to Bitfinex or Tether.

**- Advisory**

- During the fourth quarter, the Partnership's advisory business, Galaxy Digital Advisors ("GDA"), repositioned its focus from token and blockchain consulting to instead focus on institutional-quality advisory services. GDA helps companies raise capital to strengthen and grow their businesses and assists clients in managing their asset and liability exposures and their capital. GDA will focus on developing and maintaining long-term relationships with a diverse and global group of corporate and institutional clients.
- In early 2019, GDA selectively hired new bankers and implemented a comprehensive coverage plan for companies in the space. As of the first quarter end of 2019, GDA has made significant progress, with several active mandates for clients across financing, mergers and acquisitions, and other strategic matters.

**Select GDH LP's Financial Highlights (Q4 2018 and FY 2018)**

- As of December 31, 2018, digital assets and investments totaled \$249.1 million, a decrease from \$323.0 million as of September 30, 2018. The \$73.9 million decrease for Q4 2018 was primarily a result of \$48.7 million of net realized losses on digital assets and \$25.0 million of unrealized loss on investments.
- Partners' capital decreased \$78.3 million to \$301.5 million as of December 31, 2018, primarily due to the \$97.0 million net comprehensive loss, partially offset by \$17.0 million of equity-based compensation (which does not have a net effect on equity due to the accounting treatment for equity-based compensation).
- As of December 31, 2018, the Partnership's net book value per unit<sup>2</sup> was approximately C\$1.46 (US\$1.07).
- The net comprehensive loss for the year was \$272.7 million due primarily to net realized and unrealized loss on digital assets of \$101.4 million and \$75.5 million respectively and operating expenses of \$88.4 million. The primary drivers of the operating expenses were \$31.3 million of equity-based compensation and \$26.9 million of compensation and compensation related expense.

**GDH LP's 2018 Financial Results**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 66,488,012	\$ 32,098,217
Digital assets	69,765,339	22,650,240
Investments	179,365,696	-
Receivable for digital asset trades	8,579,058	-
Receivables	1,238,694	-
Prepaid expenses and other assets	2,002,880	-
Loans receivable	2,369,024	-
	<b>329,808,703</b>	<b>54,748,457</b>
Loans receivable	15,892,320	-
Property and equipment	4,223,252	-
	<b>20,115,572</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 349,924,275</b>	<b>\$ 54,748,457</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 14,558,914	\$ 1,011,795

<sup>2</sup> Net book value per unit is calculated as GDH LP's partners' capital divided by the outstanding number of units as of December 31, 2018.

Payable for digital asset trades	9,832,737	-
Digital assets sold short	18,666,957	-
Due to related party	1,177,498	42,650,240
Due to exchange	-	9,344,613
<b>Total liabilities</b>	<b>44,236,106</b>	<b>53,006,648</b>
<b>Equity</b>		
Partners' capital	301,520,591	1,741,809
Non-controlling interest	4,167,578	-
<b>Total equity</b>	<b>305,688,169</b>	<b>1,741,809</b>
<b>Total liabilities and equity</b>	<b>\$ 349,924,275</b>	<b>\$ 54,748,457</b>

	Year ended December 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
<b>Income (Loss)</b>		
Advisory and management fees	\$ 4,192,808	\$ -
Net realized gain (loss) on digital assets	(101,394,823)	1,495,597
Interest income	1,361,203	-
Other Income	1,085,092	-
	<b>(94,755,720)</b>	<b>1,495,597</b>
<b>Operating expenses</b>		
Equity based compensation	31,281,892	-
Compensation and compensation related	26,875,317	815,000
General and administrative	11,777,456	277,947
Professional fees	11,391,527	-
Interest	4,798,337	135,962
Insurance	2,188,081	-
Director fees	50,000	-
	<b>(88,362,610)</b>	<b>(1,228,909)</b>
Net unrealized gain (loss) on digital assets	(75,494,453)	1,475,121
Net unrealized loss on investments	(8,459,854)	-
Unrealized foreign currency gain	35,196	-
Realized foreign currency gain	612,407	-
Goodwill impairment	(6,216,914)	-
	<b>(89,523,618)</b>	<b>1,475,121</b>
<b>Income (loss) for the period</b>	<b>\$ (272,641,948)</b>	<b>\$ 1,741,809</b>
<b>Income (loss) attributed to:</b>		
Unit holders of the Partnership	(267,930,435)	1,741,809
Non-controlling interest	(4,711,513)	-
	<b>\$ (272,641,948)</b>	<b>\$ (1,741,809)</b>
<b>Other comprehensive loss</b>		
Foreign currency translation adjustment	(35,766)	-
<b>Comprehensive income (loss) for the period</b>	<b>\$ (272,677,714)</b>	<b>\$ 1,741,809</b>
<b>Comprehensive income (loss) attributed to:</b>		
Unit holders of the Partnership	(267,966,201)	1,741,809
Non-controlling interest	(4,711,513)	-
	<b>\$ (272,677,714)</b>	<b>1,741,809</b>

Income and expenses by each reportable segment of GDH LP for the three months ended December 31, 2018 are as follows:

	Trading	Principal Investing	Asset Management	Advisory Services	Corporate and Other	Totals
<b>Income</b>						
Advisory and management fees	\$ -	\$ -	\$ 1,344,705	\$ 41,593	\$ -	\$ 1,386,298
Net realized loss on digital assets	(10,071,594)	(38,589,882)	-	-	-	(48,661,476)
Interest Income	24,140	662,202	-	27,554	838	714,734
Other Income	803,345	88,831	(12,743)	-	-	879,433
	<b>(9,244,109)</b>	<b>(37,838,849)</b>	<b>1,331,962</b>	<b>69,147</b>	<b>838</b>	<b>(45,681,011)</b>
<b>Operating expenses</b>						
Equity based compensation	5,174,613	2,651,917	3,235,635	2,224,673	3,683,970	16,970,808
Compensation and compensation related	1,873,961	760,028	2,118,634	1,026,418	1,948,997	7,728,038
General and administrative	1,762,060	1,134,464	1,189,086	409,036	1,648,292	6,142,938
Professional fees	421,129	404,316	(16,560)	(49,595)	1,240,636	1,999,926
Interest	14,345	489,323	-	-	-	503,668
Insurance	-	-	-	-	435,616	435,616
Director fees	-	-	-	-	25,000	25,000
	<b>9,246,108</b>	<b>5,440,048</b>	<b>6,526,795</b>	<b>3,610,532</b>	<b>8,982,511</b>	<b>33,805,994</b>
Net unrealized gain (loss) on digital assets	11,708,464	(3,845,617)	-	-	-	7,862,847
Net unrealized (loss) on investments	-	(25,004,873)	-	-	-	(25,004,873)
Unrealized foreign currency gain (loss)	(75,715)	-	-	18,846	-	(56,869)
Realized foreign currency (loss)	(280,428)	-	-	-	(552)	(280,980)
	<b>11,352,321</b>	<b>(28,850,490)</b>	<b>-</b>	<b>18,846</b>	<b>(552)</b>	<b>(17,479,875)</b>
<b>Net (loss)</b>	<b>\$ (7,137,896)</b>	<b>\$ (72,129,387)</b>	<b>\$ (5,194,832)</b>	<b>\$ (3,522,539)</b>	<b>\$ (8,982,225)</b>	<b>\$ (96,966,879)</b>

\* Above table represents the three months ended December 31, 2018. These amounts can also be derived by subtracting the nine months ended September 30, 2018 from the year ended December 31, 2018, with the exception of certain figures relating to the macro-trading of the Partnership's digital assets which were reclassified from the Trading segment to the Principal Investing segment.

Assets by each reportable segment of GDH LP as of December 31, 2018 are as follows:

	Trading	Principal Investing	Asset Management	Advisory Services	Corporate and Other	Totals
<b>Assets</b>						
Cash	\$ 35,887,352	\$ 19,064,478	\$ 1,782,993	\$ 349,155	\$ 9,404,034	\$ 66,488,012
Digital assets						
Investments	20,920,345	48,844,994	-	-	-	69,765,339
Receivables for digital asset trades	-	179,365,696	-	-	-	179,365,696
Receivables	8,579,058	-	-	-	-	8,579,058
Prepays and other assets	19,950	222,855	641,255	129,466	225,168	1,238,694
Loans receivable	109,756	137,871	3,629	227,988	1,523,636	2,002,880
	-	2,203,828	-	165,196	-	2,369,024
	<b>\$ 65,516,461</b>	<b>\$ 249,839,722</b>	<b>\$ 2,427,877</b>	<b>\$ 871,805</b>	<b>\$ 11,152,838</b>	<b>\$ 329,808,703</b>
Loans receivable	-	15,693,341	-	198,979	-	15,892,320
Property and equipment	4,200	-	-	10,856	4,208,196	4,223,252
	4,200	15,693,341	-	209,835	4,208,196	20,115,572
	<b>\$ 65,520,661</b>	<b>\$ 265,533,063</b>	<b>\$ 2,427,877</b>	<b>\$ 1,081,640</b>	<b>\$ 15,361,034</b>	<b>\$ 349,924,275</b>

## Select statement of financial position information

The fair value of each asset class by reporting segment of GDH LP as of December 31, 2018 is as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
<b>Digital assets:</b>						
Cryptocurrency	\$ 20,920,345	\$ 48,844,994	\$ -	\$ -	\$ -	\$ 69,765,339
<b>Investments:</b>						
Pre-ICO	-	3,444,204	-	-	-	3,444,204
Convertible Notes	-	1,250,000	-	-	-	1,250,000
Preferred Stock	-	59,586,719	-	-	-	59,586,719
Common Stock	-	80,483,775	-	-	-	80,483,775
LP/LLC Interests	-	33,248,472	-	-	-	33,248,472
Warrants/Trust Units	-	1,352,526	-	-	-	1,352,526
	<b>\$ 20,920,345</b>	<b>\$ 228,210,690</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 249,131,035</b>

This press release should be read in conjunction with (i) GDH LP's Management Discussion and Analysis and Consolidated Financial Statements for the year ended December 31, 2018 and (ii) GDH Ltd.'s Management Discussion and Analysis and Consolidated Financial Statements for the year ended December 31, 2018 (together, the "Consolidated Financial Statements" and "MD&As"), which have been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About GDH Ltd. and GDH LP (Galaxy Digital)**

Galaxy Digital Holdings Ltd. is a holding company whose only significant asset is a minority investment in GDH LP. GDH LP is a diversified, multi-service merchant bank dedicated to the digital assets and blockchain technology industry. GDH LP's multi-disciplinary team has extensive experience spanning investing, portfolio management, capital markets, operations, and blockchain technology. GDH LP currently operates four distinct business lines, which include: Trading, Asset Management, Principal Investing and Advisory Services. The CEO of the general partner of GDH LP is Michael Novogratz. The Partnership is headquartered in New York City, with offices in London, Tokyo, Hong Kong, the Cayman Islands (registered office) and New Jersey. Additional information about GDH LP's businesses and products is available on [www.galaxydigital.io](http://www.galaxydigital.io).

### **Disclaimers and Additional Information**

The TSXV has neither approved nor disapproved the contents of this press release. Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release. The Ontario Securities Commission has not passed upon the merits of the disclosure record of Galaxy Digital.

### **Forward-Looking Statements**

Certain information in this press release, including, but not limited to, statements regarding the future of the industry and our results, business or opportunities, may constitute forward looking information (collectively, forward-looking statements), which can be identified by the use of terms such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" (or the negatives) or other similar variations. Because of various risks and uncertainties, including those referenced below, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. Forward-looking statements are not guarantees of future performance, accordingly, you should not to put undue reliance on forward-looking statements. Information identifying assumptions, risks and uncertainties relating to Galaxy Digital is contained in Galaxy Digital's filings with the Canadian securities regulators available at [www.sedar.com](http://www.sedar.com). These risks include those discussed in the risks and uncertainties section in the MD&As filed concurrently with this release. The forward-looking statements in this press release are applicable only as of the date of this release or as of the date specified in the relevant forward-looking statement.

### **For additional information, please contact:**

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