

EDITED TRANSCRIPT

GLXY – Third Quarter 2019 Galaxy Digital Shareholder Update Call

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CORPORATE PARTICIPANTS

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Christopher Ferraro – *Galaxy Digital – President*

Ashwin Prithipaul – *Galaxy Digital – Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Deepak Kaushal – *Analyst, Equity Research – GMP Securities*

Unidentified Investors with Questions Submitted via Online Webcast Form

PRESENTATION

Operator

Good morning and welcome to today's Galaxy Digital Conference Call. Today's call is being recorded. At this time, all participants are in a listen-only mode. Following the formal remarks, we'll conduct a question-and-answer session. Webcast participants could submit a question online directly through the webcast. Further instructions will be provided as Q&A begins.

At this time, I'd like to turn the conference over to the Investor Relations team. Please go ahead.

Galaxy Digital Investor Relations

Thank you. Good morning and welcome to Galaxy Digital's Shareholder Update Conference Call. Before we begin, please note that our remarks today may include forward-looking statements. Actual results may differ materially from those indicated or implied by our forward-looking statements as a result of various factors including those identified in our filings with the Canadian securities regulatory authorities on SEDAR and available on our website.

Forward-looking statements speak only as of today and will not be updated. In addition, none of the information on this call constitutes a recommendation, solicitation or offer by Galaxy Digital or its affiliates to buy or sell any securities including Galaxy Digital securities.

With that, I'll now turn it over to Mike Novogratz, CEO and Founder of Galaxy Digital.

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Good morning everyone. Listen, obviously Q3 was challenging for the crypto markets and for us here at Galaxy. Bitcoin as a proxy fell roughly 35%. The Bloomberg Galaxy Crypt Index was down 43%. Our book, which is really my favourite indicator of how we and the space are doing, fell roughly 14%. I am not happy at all about that. We do have direct exposure to the market through our investments and indirect exposure through the three businesses we are trying to build, which are highly correlated to the growth of the markets.

When we set up Galaxy as a public company, our idea was to give the public market investor exposure to the broad crypto ecosystem, including a diverse balance sheet with the coins we like along with venture, equity and credit investments, and three operating businesses. I'd be lying to you if I didn't admit the landscape has been more challenging than we had hoped and remains challenging. This comes from a slower thaw in the regulatory environment than we had anticipated and slower growth in the blockchain and token-based economy.

While I don't see this tough environment changing in the next six months, I have not lost conviction that in time the blockchain and token-based economy will grow and will be an integral part of the world's infrastructure, the financial infrastructure, business infrastructure, consumer infrastructure. We are going to manage our business with a focus on being part of that future.

The markets are tough right now. That said, I think we've got a strong team. We are going to make the adjustments necessary where we see business opportunities, and I don't want to sugarcoat it, right? When the markets go down, we're losing money, but we're growing our businesses, we have an eye on where the market is going, and with that I'm going to turn it over to Chris Ferraro to kind of give you some detail on each of these things.

Christopher Ferraro – *Galaxy Digital – President*

Thanks, Mike. I want to start by thanking the entire Galaxy Digital team for another quarter of hard work and progress towards building out our institution, despite the increasingly difficult operating environment. I'm confident we have one of, if not the largest collection of experience and talented professionals under one roof dedicated to the mission of credentializing the space. I'm pleased to report that in the third quarter Galaxy Digital delivered concrete progress across all of our operating groups.

For 2019 year-to-date period ending September 30, Galaxy had \$58 million of comprehensive income, reflecting operating revenue, successful monetization of certain investments and unrealized gains on digital assets including crypto currencies which have increased in value since the end of last year. This \$58 million year-to-date income figure is inclusive of a third quarter in which the broader crypto markets did give back some of their earlier first-half gains.

In the third quarter, Galaxy had a comprehensive loss of \$68 million, driven primarily by unrealized mark-to-market declines which also drove our net book value to US\$383 million compared to \$448 million in the second quarter.

Book value per share of Galaxy Digital is CA\$1.76 or US\$1.33 at the end of the third quarter.

As we have articulated in the past and as Mike walked through in detail, crypto currency is a volatile asset class. While our business is not perfectly correlated to crypto currency prices, our asset holdings, our comprehensive income, which includes unrealized gain/losses, our operating business results, and for the near term foreseeable future will continue to be tied in part to these prices. It's our job to manage through the underlying volatility, protect shareholder equity, provide continued exposure to this space and build a sustainable financial services business; no small task but I truly commend the entire team for making concrete progress on that goal in the quarter.

Turning my attention to the business lines, our Trading business grew its active counterparties 10% and its onboarded counterparties 47% quarter-over-quarter, so just over 300 counterparties in total at the end of the third quarter, while our trading platform's market connectivity allowed us to operate competitively and grow share in the quarter despite a period of significant industry-wide volume and price headwinds. Make no mistake, the operating conditions in Q3 were not kind to any trading business in crypto currency and that environment unfortunately has not improved during Q4 thus far.

Trading volumes were down market-wide in the quarter, which drove lower absolute volume to flow through our desk. The reduction in broader market activity was a result of several factors, including geopolitical uncertainty, regulatory concerns around Facebook's Libra project, the delayed Telegram launch and international crypto exchange operations, as well as a general de-risking post the early price run-up. We are laser-focused on managing the costs of this business given the operating environment while not sacrificing the incremental investment necessary to build a platform that can scale significantly while properly managing increasingly complex risk.

On a high note, in the third quarter our Trading business successfully worked with one of the largest European providers of traditional structured products to launch one of the first reverse converts on BTC on a listed market. Just one example of where we see the biggest opportunities in the business on a go-forward basis.

Turning to Asset Management, the biggest development in that business in the second half of 2019 is the launch of our family of Bitcoin Funds. Whereas our Indexed Fund holds a basket of the largest and most liquid crypto currencies to provide broad-based exposure, we also wanted to provide an institutional solution to meet strong market demand for Bitcoin specifically as digital gold and a store of value.

Bitcoin has an interesting dual role as both a growth asset and a macro hedge and in an environment with potentially concerning economic circumstances, including \$17 trillion plus of negative yielding debt and what appears to be a sustained global program of quantitative easing, we are seeing both institutional and individual interest in Bitcoin ahead of— to borrow a phrase recently coined by Ray Dalio—a potential paradigm shift in the world economy.

Our Bitcoin Funds are designed to provide accredited institutional investors with simple, secure and institutionally wrapped exposure to Bitcoin, with blue chip service providers and partners including Bakkt, a subsidiary of the Intercontinental Exchange, and Fidelity for custody, both NYDFS approved solutions, plus Bloomberg, Deloitte and Ernst & Young. This is a service provider roster that has not previously been seen for a digital assets fund to date, and I believe the ability to build a product with this group of partners today is a clear reflection of both how far the institutional infrastructure has come and the competitive advantage and value add that Galaxy brings to the marketplace.

Also in our Asset Management division, our Venture Capital team in the Galaxy EOS Fund continued to take advantage of their access and informational edge, making four new investments and one follow-on investment in the third quarter, representing \$11.1 million of invested capital with a continued focus on the intersection of interactive content, digital objects and blockchain. Two examples of businesses we invested in during the quarter are Immutable, as specialists in video games with player-owned assets secured via blockchain that Galaxy invested in alongside Naspers Ventures, and Verisart, a start-up using blockchain to create a new certification standard for the fine art and collectibles market.

We're very encouraged to see the sustained and increasing pace of strong investment opportunities in this particular sector and think our team there is very well positioned as one of the largest pools of capital with significant domain-specific expertise.

Overall in Asset Management, we ended the third quarter with \$336 million in AUM, down 14.7% sequentially from \$394 million at the end of the second quarter, due to the previously announced closure of our cash management fund-of-one which was a legacy low-fee product.

I'll now turn my attention to Galaxy's third operating segment, our Advisory Services business.

In the third quarter, Advisory Services continued to execute on its mandate of developing systematic coverage of the largest digital asset and blockchain companies globally and saw its qualified pipeline of future capital markets and strategic advisory engagements grow on both a year-over-year and sequential basis. We were even more excited to move some of those mandates out of backlog into the completed deals column in the second half of 2019. As we announced last week, Galaxy Digital's Advisory team served as co-manager on Silvergate's IPO on the New York Stock Exchange, as well as Joint Bookrunner on Canaan's NASDAQ IPO, both significant brand building efforts for the business. These engagements were important validations that our Advisory team within its first year of launch under Ian Taylor's leadership can go toe-to-toe with longstanding and established advisory firms, and that our market edge and expertise carries weight in a highly competitive and talented arena.

Building on this momentum, the Advisory Services team is committed to continuing to build long-term relationships with leading companies in the industry and to leveraging Galaxy's depth and expertise to complete additional offerings and strategic transactions for a broad range of firms going forward.

Finally, in terms of our balance sheet and principal investments, our team is continuing to pursue opportunities across the capital stack in both equity and debt instruments. These investments totalled \$21.7 million in the third quarter and \$41.2 million year-to-date through September 30, which encompassed nine new investments and 16 follow-ons.

In the third quarter specifically, two examples of new equity investments made by our team included Parsley Health, which is a membership-based wellness practice which provides a digital-first, user experience, and Flipside Crypto, a business intelligence platform providing data analytics on crypto projects. Additionally, one of our largest secured debt positions was prepaid in full in November, resulting in a realized unlevered IRR in excess of 17% and approximately \$3 million total P&L over our 14-month hold period. This, again, is tangible proof that our investment team has been able to create and execute upon innovative and new structures around a highly volatile underlying asset class in order to generate strong risk-adjusted returns.

Lastly, I would point out in the past several months that we have made a concerted effort to enhance our market communication. While throughout 2018 and 2019 we have played an important role in educating institutions on the digital asset opportunity in one-on-one meetings, we recognize that it's important for us to bring our thought leadership regularly to other and more easily accessible venues. Galaxy Digital is one of a handful of public companies in the crypto space and certainly the only one with such a diverse financial services platform. We are at the center of so many of the flows, conversations and insights into the industry and our team recognizes the importance of sharing those insights and convictions publicly as it is still early days of this emerging market and asset class.

As such, in the past several months we met with investors and provided teach-ins at equity sales desks in Toronto, engaged with members of media about our business, and produced and introduced a new podcast and interview series for Galaxy Digital Trading and Galaxy Digital Research. We have undertaken all of this with the belief that one the best things Galaxy Digital can do for the digital asset, cryptocurrency and blockchain technology industry is to continue to push forward with educating the market and being a strong advocate for the potential of these technologies, both today and as they evolve.

With that, I'll turn it over to Ash to walk everyone through the specifics of our financial performance during the third quarter.

Ashwin Prithipaul – *Galaxy Digital – Chief Financial Officer*

Thanks, Chris. I'll now provide some colour on our financial results for the quarter and year-to-date through September 30. Our comprehensive income year-to-date over nine months ended September 30 was \$58.4 million with a comprehensive loss in the three months ending September 30 of \$68.2 million. These amounts include equity based compensation expense of \$6.3 million and \$23.4 million for the three and nine months ended September 30, respectively, which are noncash charges and have no net effect on equity. This brings our total equity or net book value to \$382.7 million as of September 30 for \$1.76 in net book value per share in Canadian dollars and \$1.33 in U.S. dollars.

As of September 30, the number of compensatory cost fee units and stock options outstanding were 19.4 million and 17.7 million, respectively. The aggregate compensatory awards have a value of \$22.5 million remaining to be amortized over their life.

Operating expenses for three months and nine months ended September 30 were \$22.6 million and \$64.9 million, respectively, inclusive of equity-based compensation of \$6.3 million and \$23.4 million over the same period.

Regarding our balance sheet, \$10.4 million of new and follow-on investment and a decrease in net unrealized gains of \$4.8 million during the third quarter brought the quarter end investment balance to \$156.5 million. As of September 30, we held 46 individual investment positions excluding our crypto currency holdings with no single investment position representing more than 4.5% of our net asset value.

We are pleased to report that even after accounting for forward commitment and \$50 million of projected future expenses, we have \$139.8 million of liquidity as of quarter end, inclusive of net digital assets, providing ample liquidity with which to operate our business.

With that, I'll now turn the call back to the operator so we can address questions from our equity analysts and investors. Operator, any questions from our equity analysts?

Operator

Yes. Our first question is coming from Deepak Kaushal of GMP. Please go ahead.

Deepak Kaushal – Analyst, Equity Research – GMP Securities

Hi guys. Good morning. Thanks very much for taking my questions. I've got a handful on the operating businesses and then a couple of bigger picture ones, if I may. I'll start with the Trading business. Just looking at the numbers, I'm still going through them. If I look, try and estimate your market neutral trading revenues excluding your Principal book gains, I'm getting to about \$5 million bucks. Is that about the right number and does that put you on track to break even on a run rate, not including gains and losses on the Principal book?

Mike Novogratz – Galaxy Digital – Founder, CEO and Chairman

Let me answer. That's roughly in the ballpark of where those Trading revenue have been and that doesn't get us towards breakeven. That business has performed a little worse than we had hoped. I think it started the year off stronger. The bid-ask spreads are tight in a market that is not as liquid as you would expect. That's partly because there was lots of competition that came in. Volumes are down and the amount of different coins trading has really been

reduced. The business makes a lot of money. Bitcoin is a loss leader in that business to some degree and it makes money when people are transacting in the other coins and we're seeing less of that.

We continue to build out our technology which should lower the overall cost structure there, but that business really is correlated to the overall health of I'd say the crypto ecosystem which is not as robust as it needs to be.

Deepak Kaushal – *Analyst, Equity Research – GMP Securities*

Okay, and then just on that, I think in the past you'd talked about putting together a platform to enable third-party traders and quants to generate a new revenue stream for this business. Is that still in progress and when might we see that rolled out to market?

Christopher Ferraro – *Galaxy Digital – President*

It is still in progress. We currently have counterparties already today streaming through our platform via API, and we are in the final stages of developing more of our UI/UX for electronic click trading which would give people more access and simpler access to fill the query platform.

For the quantitative trading, that would be a Q1 to Q2 estimated delivery time for that platform to be accessible for external parties.

Deepak Kaushal – *Analyst, Equity Research – GMP Securities*

Okay, great. Great. Then on Asset Management, nice to see the launch of the Bitcoin Funds. I'm just curious, Mike, Chris, what's been the response so far from potential investors in the Fund and what makes you think this might have different success relative to the Galaxy Benchmark Crypto Index Fund that launched last year?

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Sure. Listen, we've been out to see lots of investors. We've got I would say an okay response; it's not overwhelming but it's growing.

Why did we do this fund? There is we think a need in the market for a institutionalized bitcoin-only product and with Bloomberg doing the pricing on this and it's being custodied in either Fidelity and/or the New York Stock Exchange's Bakkt, it's got all the right kind of institutional partners. It's a lower fee fund, right? It's a 1% management fee fund where the competitive product out there is much more expensive.

What we're really trying to do is we're trying to target I call them the 50- to 80-year-olds where the bulk of the money in America and the world is actually held, who aren't as comfortable with crypto wallets and buying coins. We'll know, I think by the end of—by next quarter's call, you'll be able to tell if this thing has been a success or not. My sense is it will be, but, you know, time will tell.

What's a success look like for me? If that fund is \$100 million plus by the end of next quarter.

Deepak Kaushal – Analyst, Equity Research – GMP Securities

Okay. Okay, great. So this is not a call on greater Bitcoin dominance versus all coins; this is really just a (inaudible).

Mike Novogratz – Galaxy Digital – Founder, CEO and Chairman

Yeah. I think Bitcoin is going to continue to be the bellwether of the space and it's going to continue to outperform until we get both the technological progress and adoption progress in one of the other protocol coins. It's frustrating as we thought we'd be trading the Telegram coin right now. That would have been a very profitable thing for our Trading business and you would have had the first chance to see real mass adoption because they have 280 million users. Ethereum continues to be the leader and more and more stuff in the DeFi space and even in the gaming space is being built on it, but still not running nearly fast enough where people make the leap of saying, 'Hey, this is going to get used at this level and therefore the coin is going to be worth X.'

I don't see Ethereum just as a store of value keeping up with Bitcoin until we see more progress in the Ethereum ecosystem.

I do think we'll get there. Like I said in my opening remarks, one of my frustrations is all of this stuff is just taking longer, and maybe we were all too optimistic. Building new technologies take a long time and then getting adoption takes a long time. Like I said, the regulators are not being so friendly. We had hoped there would be a bit more of a thaw and we haven't seen that. So, it's a little bit like marching through mud.

Now, on the optimistic side, I was out with my friend Joe Lubin last night and the amount of demand for enterprise blockchain, which is really the DNA of our space, that's limit up, and so what China just said, we're going all in blockchain. To me, it's intuitive that if the world all starts building private blockchains, over time the public blockchain space and the token space is much more vibrant.

Deepak Kaushal – Analyst, Equity Research – GMP Securities

Okay, that makes sense. I guess shifting from that to kind of traditional markets, you had some good progress in Q4 in your Advisory business with Silvergate and Canaan. Just wondering what were kind of the key learnings as you went through that process of marketing and taking these companies public? What kind of market intelligence did you get or feedback from investors, institutional and retail, on these offerings, and maybe some comments on the pipeline for Advisory?

Christopher Ferraro – *Galaxy Digital – President*

Yes. We're really psyched about having been a part of both of those offerings. There aren't a lot of public companies out there that are dedicated directly to the space or even tangentially involved in providing services to the space, so just being a part of those for us is an important validator that what we're doing adds value.

I think some of the key learnings that we got in that process was the traditional investing world in equities is trying to figure out what this space is all about. Both the offerings were successful. Both the offerings ultimately were less an amount than originally had intended to be and it's a view on the go-forward macro environment for the world, it's a view on people's tepid reaction to investing capital—traditional markets investing capital in the space, but on the positive side they got done and, at least in the case of Silvergate so far, it got done very well. Post market, it has traded very well and traded up significantly; I think it's up plus 30% since the IPO launch today.

For us, like I said, big win strategically for us and for our brand, and as far as our pipeline goes, being a part of those IPOs have led to inbound calls immediately afterwards for similar opportunities from both companies as well as underwriters who would be working on trying to lead (inaudible) deals in a similar fashion to say, 'Hey, what did Galaxy Digital learn from those opportunities? And let's have a conversation about how you can help with what we're trying to do.' Our whole thesis around that part of the Advisory Service business was while some of the larger and more established for decades advisory services firms out there clearly have assets that we don't in terms of large, wide distribution nets, while we're building the net out ourselves, we provide acute market insight that's necessary to be in the room for conversations with investors to get deals like that over the line. So, all of that I think has moved in the right direction.

Then, on the other mandate side, we've actually also seen a pretty decent uptick in terms of preliminary conversations with companies around discussing strategic alternatives, not just capital raising but M&A opportunities as well. All of that I think is building for what we hope is going to be a pretty vibrant 2020 for the Advisory business.

Deepak Kaushal – *Analyst, Equity Research – GMP Securities*

Is it too early to kind of give us a sense of what would be the driver of that? Would it be equity? Debt? Tokenization? M&A? What would be the key drivers for Advisory revenue next year?

Christopher Ferraro – *Galaxy Digital – President*

I think it's too early to tell. I think the big unknown in that equation, as you pointed out, would be tokenization, and so we've slowly stepped into that space and only taken on an engagement or two for large, scalable opportunities that we thought could go through, and those are going to take significant time working through the regulatory framework and the sandbox to actually issue a digital security and it's going to take some regulatory opening of the doors for that to work. If and when that works, that will likely be a large driver of the business, but it's still a little too early to tell when that's going to happen and when that would impact the business.

Deepak Kaushal – *Analyst, Equity Research – GMP Securities*

Okay. I do have one last question, if I may? Mike, Chris, just we're going into 2020. There's going to be a bitcoin halving. Maybe you can give us some thoughts on that, how you look to expose your book to that. You've got a ton of cash. Are you going to double, triple down on bitcoin here? Are you going to spread it around in 2020?

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Listen, you know, what I think about the overall bitcoin price, which is really I think symbolic of how the overall space does is it's kind of your first thing that's seeing major adoption, right? Bitcoin as the digital store of wealth, the system is kind of already built and so now it's just a question of adoption.

I think the halving is an important piece to that, but I think more important than that, quite frankly, is will we see enough pipes, enough plumbing put in place to tap into what I call the 50- to 80-year-olds? We need to get the Fidelitys, the TD Ameritrades, the Schwabs to offer direct to their customers. You're going to see some things that are positive, right? Bakkt's future is all of a sudden going to allow Starbucks and other consumer shops to have bitcoin accepted at their places. I don't think people will be buying a lot of lattes with their Bitcoin but just the awareness level is going to continue to pick up, and so I'm gauging that more so than even the halving to see when the sentiment shifts. We need another—you know, this thing drives on stories, and so this year it was what really made the big move from 4,000 to 10,000, 12,000 was a combination of a resurgence of the Chinese ICO market in these forms of IEOs and Binance and CZ creating excitement around the space. But then it was Chinese capital flight and the trade war and Libra, and those three things together got people very excited about Bitcoin again. In a large system like this, you've got to keep excitement up or the market fades away. It's not robust enough that it's a self-generating system yet, and so we still need a lot more salesmen, if I want to think about that, for the space, and so that's what I'm really gauging to see.

The charts now look less optimistic than they did two months ago. We broke 8,000. It opened up kind of a 6,000 to 8,000 range until we get back above there. I do think we'll hold that range and then we'll take that next leg up. That next leg up is going to come from something. It's not just going to show up. I think it's going to come from some announcements that there's easier access. Listen, if it was an ETF it would certainly do it, but I don't think we're that close on a ETF, but we're not as far away as people think. You're getting an established futures market now in the U.S., which will be a pricing mechanism that the SEC can feel comfortable with, and so it's hard to make a real short-term prediction, but my medium prediction is we'll see that shift sometime in the first half of next year.

Deepak Kaushal – *Analyst, Equity Research – GMP Securities*

Okay. Okay, that's helpful. I thank you for taking all my lengthy questions and I'll pass the line.

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

You got it.

Christopher Ferraro – *Galaxy Digital – President*

Thanks, Deepak.

Operator

Thank you.

Galaxy Digital Investor Relations

All right. We'll move on to investor questions. We're getting lots of great ones, so thank you to everyone who submitted. We'll start with what are Galaxy's comprehensive plans to grow the shareholder base and awareness of the stock?

Christopher Ferraro – *Galaxy Digital – President*

Yes, so as we talked about, we recognized this year the importance, particularly given the tough 2018 and the media growing interest in early 2019 with the price recovery, we recognized the importance of us turning outward at the corporate level to discuss the Company with relevant stakeholders and entry points for investors. As I articulated on the

call earlier, we spent half a week in Toronto on a non-deal road show. We met with a number of different parties there including investment banks, different distribution platforms and directly with investors. We think that is an important step for us. It's something that we need to do on a regular basis. We have done our shareholder communication in a pretty thoughtful and pretty regular way in terms of putting together a presentation that's live publicly since the last quarter and will be updated regularly.

Then going forward, we have created other media and content around the business where we can that doesn't necessarily address our go forward performance but elucidates to the market what the strategy and our Trading business will do, what kinds of research our Research Group is putting out, what products—our Asset Management business in of itself is a good lead-in for shareholders to understand what we're doing because we're actually launching products that they themselves can buy directly in addition to our own stock.

All those things together, we've really given a pretty strong effort to putting together in a comprehensive way to make sure that when people hear crypto currency, the first public equity name they should think about is Galaxy.

Galaxy Digital Investor Relations

All right, next question. Your stock is about flat year-over-year and Bitcoin is up about 100%. Why is there such a disconnect between your stock and your largest asset?

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Well, listen, our stock has traded below book for a significant portion of the year and continues to do so. We don't trade with a whole lot of volume and so it's hard to even trust the pricing mechanism when you're only trading 300,000 or 400,000 shares a day and those are good days, that it's really reflecting the value of the Company.

I think the stuff that Chris was talking about is important. We need to get the story out. We need to get greater volume so that we can get greater participation. If not, there is going to be this disconnect.

Like I said, what I can focus on internally and Chris focus on, trying to grow and preserve and grow book and grow businesses, and we continue to think if we do that and we execute at one point—when we went public we actually traded at 2.3X times book and so, you know, we're not in that environment any more, but it feels wrong that we trade significantly below book. I know there are plenty of companies that do, and so it's our challenge to get that up.

We have done a share buyback. Listen, we think our—if we didn't think our stock was attractive we wouldn't be buying it back as a company, and so we continue to be frustrated and we're working on it.

Christopher Ferraro – *Galaxy Digital – President*

Yes. To provide a couple of details around that, I think we disclosed this publicly, but through November 21, we have repurchased just under 800,000 shares at an average price of C\$1.25 and that buyback program is governed by the normal course issuer bid rules. After the reporting, when we come out of blackout, we will continue to look at the market and evaluate our participation in that and we can do that under the NCIB rules but in more flexible quantity on a go forward basis post earnings.

Look, we understand that there's a balance and in the liquidity of the stock and the Company repurchasing equity and so we're trying to fit the right balance of doing what's right for shareholders when there's an available opportunity to put our capital to work at what we believe is an attractive opportunity while not impacting the go-forward plan of increasing liquidity and increasing awareness of the stock.

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

It's going to take us a while. I think we're going to need a tailwind for the overall space. Our business will have to be in better shape and there will have to be more enthusiasm from the institutional and retail community for us to be able to actually do what we expected to do when we first went public which was to issue more stock and to grow our business faster and to buy what we think are attractive assets. We're just not in an environment where issuing stock seems to make any sense, and so stay tuned and when the winds change we'll certainly be with them.

Galaxy Digital Investor Relations

All right, next question. Why Bitcoin over gold?

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

I'm not sure it's Bitcoin over gold, it's Bitcoin and gold. There is a scary macro environment out there, right? Everyone has read about the \$12 trillion, \$13 trillion, \$14 trillion or so of sovereign debt that trades with negative yield. We have a record budget deficit in the U.S. while we have record low unemployment, that's unheard of. The Trump tax cuts and fiscal plan was excessive and we're in a political environment now where on the right there's no deficit control and on the left we're talking about Medicare for all and blowing out the deficit there as well. At one point the economy will slow here in the U.S., and if you look around the world, there's similar stories. So, it's a perfect environment to be

among hard assets and gold is a hard asset. Bitcoin as a digital version and as the world moves from analog to digital, more people will adopt Bitcoin as their version of gold.

Bitcoin trades at about 8X times the volatility of gold and so it's a lot more risky and it has the potential to make a lot more money, but position sizing in general should be smaller.

I'm a Bitcoin and gold guy. I do think more and more people, there's a lot of positives that Bitcoin has that gold doesn't: storage, transferability, ease of movement, and so I think you're going to see more and more people.

Listen, Bitcoin has got a \$140 billion market cap, roughly, and gold is \$8.5 trillion, \$9 trillion, and so Bitcoin has got a long way to go before it catches gold. You could compound at 35% a year for the next 15 years and then it would catch gold. I think Bitcoin has got a lot of upside.

Galaxy Digital Investor Relations

All right. How do you see the regulatory picture evolving and will it be a challenging regulatory environment for your business going forward in the near term?

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Unfortunately, in the U.S. it continues to be slow (inaudible) I think there is pressure, right? China is not slow in any way, shape or form, and when President Xi says, 'We're going all in blockchain and we're going to come up with Chinese crypto renminbi or a crypto yuan,' that is a bold move and it's one that I think that has got the U.S. authorities really anxious. What I'm hoping is that pressures them to at least make decisions and move forward.

We have some areas where the regulatory regime is getting more clear. Japan, starting I think March or April, has a new regulatory regime and it's a pretty straightforward and clear one; it gives security tokens some hope. But, really, this whole space needs the U.S. to lead a little bit more, right? The broad technologies are based here, and so we're hoping on that.

Christopher Ferraro – *Galaxy Digital – President*

Yes. I think there's—the other thing I'll add is I think we have seen a few green shoots in our great state of New York. Our partners on the Bitcoin Fund, as we articulated, both have been fully approved by DFS here as trust companies and custodians for Bitcoin, which is a huge step from a custodial perspective from an investor's perspective of protecting their assets.

I think next what we'd be looking to see is the venues of exchange for crypto currency to also come under the same purview, which will then open up the right regulatory framework for broader adoption.

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

We'd be interested to—the Fed is a piece that people don't talk about a lot in the regulatory puzzle, but they have not really given the thumb's up to any of their banks to feel comfortable with crypto, and that's an important piece.

What's strange is at least Bitcoin—Bitcoin has already been kind of deemed fine by the SEC and by the CFDC, and so I'm kind of waiting on the Fed a little bit because I think that would be an important step, but there's no pressure right yet.

Galaxy Digital Investor Relations

All right. Would you consider either uplisting or listing on a U.S. exchange?

Christopher Ferraro – *Galaxy Digital – President*

The answer to both those is yes. As far as uplisting, when we have met all the qualifications for uplisting we would intend to go down that path, and we've had great conversations with our friends at the exchanges in Canada around doing that. Then, as far as the U.S., again, that will take a little more time for us to be ready and meet the qualifications for a U.S. listing, but when we do we think moves like that would greatly help providing access to global investors to look at what we're doing.

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

I think timing is always key in all these things. You want to wait until there's some mojo back in the space. You can see mojo by volumes picking up. You can see mojo by price going higher. You can see mojo by our earnings looking better. When you see those three things, it's intuitive that the uplist and the momentum that comes from that seems natural.

Galaxy Digital Investor Relations

All right. We have time for one final questions. Did Libra help or hurt the space?

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Listen, I think Libra helped the space. I think it will continue to help the space. If nothing else, it credentializes this idea that crypto currencies is going to be part of our future. I think they made some mistakes. I think they've admitted it in how they announced their project, but the scale and ambition of the project—and I don't think it's gone away. I think these guys are working very hard to get something out in the next 12 months—is at a scale that we haven't seen anything done with in the crypto space, right? Facebook has got 2.5 billion users that could be potential crypto users. Just that recognition alone, I think is a net positive.

The investment that goes into the infrastructure from security companies, from custodians, from building the rails for this kind of crypto future gets wildly accelerated with projects like that.

Galaxy Digital Investor Relations

Great. That's all the time we have for questions today. Mike?

Mike Novogratz – *Galaxy Digital – Founder, CEO and Chairman*

Guys, thank you for your time. We are working hard trying to get our stock price higher and make some money for ourselves and our investors. Until next time, have a great day.

Operator

Thank you. This concludes today's conference. You may disconnect your lines at this time and have a wonderful day. Thank you for your participation.