



Galaxy Digital Announces Fourth Quarter and Full Year 2019 Financial Results and Provides Corporate Updates

NEW YORK, NEW YORK, April 8, 2020 - Galaxy Digital Holdings Ltd. (TSXV: GLXY) ("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 2019" or the "fourth quarter") and full year ("FY 2019" or "2019 year-end") ended December 31, 2019, as well as the Partnership's corporate updates through the date of this press release.

"Galaxy Digital entered 2020 with significant operational momentum in our three operating businesses of Trading, Asset Management and Advisory Services, and I am proud of how our dedicated team is now navigating the unprecedented global economic dislocation driven by Covid-19," said Mike Novogratz, CEO of Galaxy Digital. "The digital asset and cryptocurrency market has seen significant volatility and de-risking in the past several weeks, similar to other growth and safe-haven asset classes, as investors prioritized liquidity above all. In this market environment, we continue to focus on the safety of our people, trading nimbly, and sharing differentiated insights with our institutional clients and counterparties."

First Quarter 2020 Update

- To date, Galaxy Digital has not been uniquely impacted by Covid-19 (Coronavirus). For the safety and wellbeing of our employees, the Company has implemented our business continuity plans, including remote work arrangements. Nonetheless, the Covid-19 pandemic has caused global economic uncertainty and is likely to impact the Company's investments and business activities in the coming months, with offsetting potential benefits to the Company from increased volatility and expansive global monetary and fiscal policy.
- Digital asset markets receded during the latter part of first quarter 2020. The Partnership believes that many of the widely-cited reasons for weakness in the markets may have driven price action, including a broad risk-off attitude in traditional and digital assets tied to the spread and negative economic impact of Covid-19, highly-leveraged digital asset positioning after strong initial 2020 performance that was subsequently unwound, and digital assets becoming a source of liquidity as traditional assets declined. During market crises, the Partnership believes that all liquid assets (including digital assets) become sources of liquidity to meet liabilities and margin requirements, and the double-digit declines in risk assets during February and March of 2020 had ripple effects throughout all markets.

Corporate Updates

- As part of its share repurchase program, through December 31, 2019, GDH Ltd. purchased a total of 1,315,434 shares for total cost of C\$1.6 million. Share repurchases through April 6, 2020 were 4,392,530 for a total cost of C\$5.0 million.

Business Highlights

- During the fourth quarter of 2019, the Principal Investments team closed one new investment and four follow-on investments, representing \$7.5 million of invested capital.
 - Investments (including loans purchased) made during the fourth quarter brought capital deployed for the year ended December 31, 2019 to \$48.7 million represented by 10 new investments and 20 follow-on investments.
 - Investments made (including loans purchased) from January 9, 2018 through December 31, 2019 totaled \$181.5 million represented by 35 new and 30 follow-on investments.
- As previously disclosed, as of December 31, 2019, Galaxy Digital's Asset Management business, Galaxy Digital Capital Management LP ("GDCM"), had assets under management of \$357.2 million.
 - In November 2019 GDCM launched the Galaxy Bitcoin Funds ("Bitcoin Funds"). The Bitcoin Funds are passively managed vehicles that are designed to mitigate the operational complexities of managing direct bitcoin investments. The funds offer institutional and accredited investors institutionally wrapped bitcoin exposure supported by vetted service providers, including Bakkt, a digital assets platform founded by the Intercontinental Exchange (ICE), and Fidelity Digital Assets as custodians for the funds, Bloomberg L.P. as pricing agent, Deloitte & Touche LLP for audit, and Ernst & Young LLP for tax. The Bitcoin Funds are a complimentary product offered alongside the existing Galaxy Crypto Index Fund (the "Index Fund").
 - The Bitcoin Funds track the Bloomberg CFIX pricing of bitcoin ("XBT"). XBT is managed by Bloomberg and uses a sophisticated pricing algorithm to produce accurate indications of bid and ask quotes derived from Bloomberg-approved cryptocurrency pricing sources. The XBT returned -11.49% through December 31, 2019 and 1.65% from January 1, 2020 through to April 6, 2020.

- The Index Fund 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. The BGCI has returned -20.82% for the quarter ending December 31, 2019, while returning 7.08% for the year ended December 31, 2019. The BGCI has returned 13.70% on a year to date basis through April 6, 2020.
- Additionally, during the fourth quarter of 2019, the Galaxy Interactive team who manages the Galaxy EOS VC Fund made investments, amongst others, in N3twork Inc., AVY Entertainment, Inc., RTKFT, Inc., Forte Labs, So Couch Studios, Inc., Genvid Technologies, Inc., and an add-on investment in Mythical, Inc.
- The Partnership's trading business, Galaxy Digital Trading ("GDT"), experienced an increase in actively trading counterparties in the fourth quarter relative to the third quarter. While GDT's spot over the counter ("OTC") trading volumes decreased slightly over that same period, GDT increased market share in the OTC market as its volumes decelerated at a slower pace than the broader market, as indicated by volumes on trusted exchanges. The reduction in broad market activity can be attributed to several factors, including geopolitical and regulatory uncertainty, regulatory concerns related to international exchanges, and general de-levering into the second half of 2019. Despite this market headwind, GDT expanded its counterparty outreach efforts and consistently onboarded new strategic partners throughout the quarter.
- The Advisory Services business, Galaxy Digital Advisors LLC ("GDA"), continued to make meaningful progress during the second half of 2019 towards its strategic goal of becoming the leading corporate finance and strategic advisory firm in the blockchain technology and digital assets sectors. GDA has a number of mandates for potential financing and strategic transactions in various stages of execution, and its investment banking backlog further grew compared to the first half of the year.
 - As previously disclosed, in November 2019 GDA served in its first named roles on completed public equity offerings.

Select GDH LP's Financial Highlights (Q4 2019)

- As of December 31, 2019, digital assets, including digital assets posted as collateral, stood at \$94.2 million, an increase of \$24.4 million from December 31, 2018. This increase was primarily due to the increase in the fair value of the digital assets during the period.
- Investments stood at \$158.2 million as of December 31, 2019, a decrease of \$21.2 million from December 31, 2018. The decrease was primarily a result of the partial sale of Block.one shares in 2019, partially offset by unrealized gains on certain other investments during the period as well as \$29.7 million of new capital deployed by the Principal Investments team over the year.
- Total equity increased by \$49.4 million during the year to \$355.1 million as of December 31, 2019 primarily due to \$25.8 million of net comprehensive income and further increased by \$28.1 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, 2019, the Partnership's net book value¹ per unit was approximately C\$1.62 (US\$1.24) representing an increase of approximately 11% compared to C\$1.46 (US\$1.07) as of December 31, 2018.
- For the three months ended December 31, 2019, net comprehensive loss was \$32.7 million, as compared to net comprehensive loss of \$97.0 million for the three months ended December 31, 2018. The current quarter loss was largely a result of realized loss on digital assets, i.e. cryptocurrencies which trade continuously in the market, and operating expenses. The net comprehensive loss for the three months ended December 31, 2018 was primarily a result of unrealized loss on digital assets and investments, and operating expenses. For the year ended December 31, 2019, net comprehensive income was \$25.8 million, as compared to net comprehensive loss of \$272.7 million for the year ended December 31, 2018. The current year income was largely a result of realized gains on digital assets, partially offset by operating expenses. The net comprehensive loss for the year ended December 31, 2018 was primarily a result of unrealized and realized loss on digital assets.

GDH Ltd.'s Financial Highlights (Q4 2019)

- As the only significant asset of GDH Ltd. is its minority interest in GDH LP, its results are driven by the results of GDH LP. GDH Ltd. accounts for its investment in its associate (GDH LP) using the equity method. GDH Ltd. had been carrying its investment at cost initially and subsequently increased or decreased it to recognize GDH Ltd.'s share of the earnings and losses of GDH LP. As of December 31, 2019, an impairment assessment was performed and as a result, an impairment expense of \$138.4 million was recognized. The net comprehensive loss of GDH Ltd. for the year ended December 31, 2019 was \$132.5 million, primarily due to the impairment expense recognized on its investment in GDH LP.

¹ Net book value includes non-controlling interests.

GDH LP's Financial Results

	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash	\$ 106,262,780	\$ 66,488,012
Digital assets	85,980,731	69,765,339
Investments	158,163,420	179,365,696
Receivable for digital asset trades	330,609	8,579,058
Digital asset loans receivable	16,061,945	—
Assets posted as collateral	10,585,819	—
Receivables	1,853,169	1,238,694
Prepaid expenses and other assets	2,580,255	2,002,880
Loans receivable	11,719,738	2,369,024
	<u>393,538,466</u>	<u>329,808,703</u>
Loans receivable	—	15,892,320
Right of use asset	5,182,993	—
Property and equipment	4,057,662	4,223,252
	<u>9,240,655</u>	<u>20,115,572</u>
Total assets	\$ 402,779,121	\$ 349,924,275
Liabilities		
Current liabilities		
Digital assets sold short	\$ 18,616,860	\$ 18,666,957
Accounts payable and accrued liabilities	11,719,494	14,558,914
Payable for digital asset trades	250,158	9,832,737
Digital asset loans payable	11,134,329	—
Collateral payable	434,498	—
Lease liability	772,003	—
Due to related party	—	1,177,498
	<u>42,927,342</u>	<u>44,236,106</u>
Lease liability	4,747,214	—
Total liabilities	47,674,556	44,236,106
Equity		
Partners' capital	347,785,081	301,520,591
Non-controlling interest	7,319,484	4,167,578
Total equity	355,104,565	305,688,169
Total liabilities and equity	\$ 402,779,121	\$ 349,924,275

	Year ended December 31, 2019	Year ended December 31, 2018
Income (loss)		
Advisory and management fees	\$ 5,329,819	\$ 4,192,808
Net realized gain (loss) on digital assets	71,971,480	(101,394,823)
Net realized gain on investments	37,922,360	—
Interest income	4,229,684	1,361,203
Net derivative gain	12,425,065	—
Other income	464,554	1,085,092
	132,342,962	(94,755,720)
Operating expenses		
Equity based compensation	28,131,160	31,281,892
Compensation and compensation related	28,579,918	26,875,317
General and administrative	13,834,596	11,777,456
Professional fees	7,003,271	11,391,527
Interest	3,133,143	4,798,337
Insurance	1,322,089	2,188,081
Director fees	200,000	50,000
	(82,204,177)	(88,362,610)
Net unrealized loss on digital assets	(11,973,090)	(75,494,453)
Net unrealized loss on investments	(12,521,148)	(8,459,854)
Unrealized foreign currency gain	147,986	35,196
Realized foreign currency gain (loss)	(197,065)	612,407
Goodwill impairment	—	(6,216,914)
	(24,543,317)	(89,523,618)
Income (loss) for the year	\$ 25,595,468	\$ (272,641,948)
Income (loss) attributed to:		
Unit holders of the Partnership	25,770,304	(267,930,435)
Non-controlling interests	(174,836)	(4,711,513)
	\$ 25,595,468	\$ (272,641,948)
Other comprehensive income (loss)		
Foreign currency translation adjustment	254,448	(35,766)
Comprehensive income (loss) for the year	\$ 25,849,916	\$ (272,677,714)
Comprehensive income (loss) attributed to:		
Unit holders of the Partnership	\$ 26,024,752	\$ (267,966,201)
Non-controlling interests	(174,836)	(4,711,513)
	\$ 25,849,916	\$ (272,677,714)

Income and expenses by each reportable segment of GDH LP for the three months ended December 31, 2019 are as follows:

	Trading	Principal Investing	Asset Management	Advisory Services	Corporate and Other	Totals
Income						
Advisory and management fees	\$ —	\$ —	\$ 1,218,883	\$ —	\$ —	\$ 1,218,883
Net realized loss on digital assets	(34,190,245)	(876,412)	—	—	—	(35,066,657)
Net realized loss on investments	—	(160,116)	—	—	—	(160,116)
Interest Income	337,871	977,179	—	16,276	205	1,331,531
Net derivative gain	1,674,510	—	—	—	—	1,674,510
Other Income	5,816	210,000	(11,266)	123,975	—	328,525
	(32,172,048)	150,651	1,207,617	140,251	205	(30,673,324)
Operating expenses	6,413,231	1,805,820	3,164,866	731,256	5,200,279	17,315,452
Net unrealized gain (loss) on digital assets	21,898,982	(4,862,932)	—	—	—	17,036,050
Net unrealized loss on	—	(1,937,647)	—	—	—	(1,937,647)
Unrealized foreign currency gain	4,299	—	—	—	—	4,299
Realized foreign currency loss	(14,031)	—	—	—	—	(14,031)
	21,889,250	(6,800,579)	—	—	—	15,088,671
Net loss	\$ (16,696,029)	\$ (8,455,748)	\$ (1,957,249)	\$ (591,005)	\$ (5,200,074)	\$ (32,900,105)

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
Income						
Advisory and management fees	\$ —	\$ —	\$ 1,344,705	\$ 41,593	\$ —	\$ 1,386,298
Net realized loss on digital assets	(47,621,679)	(1,039,797)	—	—	—	(48,661,476)
Interest income	75,700	610,642	—	27,554	838	714,734
Other income	892,217	(41)	(12,743)	—	—	879,433
	(46,653,762)	(429,196)	1,331,962	69,147	838	(45,681,011)
Operating expenses	7,589,071	7,097,085	6,526,794	3,610,533	8,982,511	33,805,994
Net unrealized gain (loss) on digital assets	12,553,857	(4,691,010)	—	—	—	7,862,847
Net unrealized gain (loss) on	1,372,208	(26,377,081)	—	—	—	(25,004,873)
Unrealized foreign currency gain (loss)	(75,715)	—	—	18,846	—	(56,869)
Realized foreign currency loss	(280,428)	—	—	—	(552)	(280,980)
	13,569,922	(31,068,091)	—	18,846	(552)	(17,479,875)
Net loss	\$ (40,672,911)	\$ (38,594,372)	\$ (5,194,832)	\$ (3,522,540)	\$ (8,982,225)	\$ (96,966,879)

Assets and liabilities by reportable segment of GDH LP as of December 31, 2019 are as follows:

	Trading	Principal Investments	Asset Management	Advisory Services	Corporate and Other	Totals
Total assets	\$ 177,226,904	\$ 199,678,202	\$ 1,415,135	\$ 1,102,055	\$ 23,356,825	\$ 402,779,121
Total liabilities	\$ 30,329,154	\$ 403,187	\$ 1,377,492	\$ 96,273	\$ 15,468,450	\$ 47,674,556

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

	Trading	Principal Investments	Asset Management	Advisory Services	Corporate and Other	Totals
Total assets	\$ 121,987,903	\$ 209,065,821	\$ 2,427,877	\$ 1,081,640	\$ 15,361,034	\$ 349,924,275
Total liabilities	\$ 28,720,908	\$ 162,086	\$ 105,946	\$ 157,811	\$ 15,089,355	\$ 44,236,106

Select statement of financial position information

The fair value of each asset class by reporting segment of GDH LP as of December 31, 2019 is as follows:

	Trading	Principal Investments	Asset Management	Advisory Services	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	\$ 53,882,704	\$ 32,098,027	\$ —	\$ —	\$ —	\$ 85,980,731
Digital assets posted as collateral	8,208,653	—	—	—	—	8,208,653
Investments:						
Pre-ICO	—	6,005,114	—	—	—	6,005,114
Convertible Notes	—	5,255,579	—	—	—	5,255,579
Preferred Stock	—	75,703,153	—	—	—	75,703,153
Common Stock	—	32,476,631	—	—	—	32,476,631
LP/LLC Interests	—	38,120,805	—	—	—	38,120,805
Warrants/Trust Units	—	602,138	—	—	—	602,138
	\$ 62,091,357	\$ 190,261,447	\$ —	\$ —	\$ —	\$ 252,352,804

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

	Trading	Principal Investments	Asset Management	Advisory Services	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	\$ 62,662,014	\$ 7,103,325	\$ —	\$ —	\$ —	\$ 69,765,339
Investments:						
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
	\$ 62,662,014	\$ 186,469,021	\$ —	\$ —	\$ —	\$ 249,131,035

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, 2019 and (ii) GDH Ltd.'s Management Discussion and Analysis and Consolidated Financial Statements for the year ended December 31, 2019 (together, the "Consolidated Financial Statements" and "MD&As"), which have been filed on SEDAR at www.sedar.com.

Grant of Stock Options

On April 9, 2020, the Company intends to grant an aggregate of 6,810,000 stock options to acquire ordinary shares of the Company (the "Options") to employees, 4,085,000 of which will be granted to officers, pursuant to the Company's amended and restated stock option plan. The Options will be priced in three tranches: C\$1.35 per share vesting on 3/1/2022, C\$1.60 per share vesting on 3/1/2023 and C\$1.85 per share vesting on 3/1/2024 (or, in each case, the closing price of the stock on the TSXV on April 9, 2020 if higher). The Options are exercisable for a period of five years from the date of grant. After the Options are granted, the Company has 24,197,139 options remaining in its pool.

About GDH Ltd. and GDH LP (Galaxy Digital)

Galaxy Digital Holdings Ltd.'s only significant asset is a minority investment in GDH LP. GDH LP is a diversified financial services and investment management company in the digital asset, cryptocurrency and blockchain technology sector. 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 Investments and Advisory Services. The CEO of GDH Ltd. and the general partner of GDH LP is Michael Novogratz. GDH LP is headquartered in New York City, with offices in Tokyo, Japan, London, England, Hong Kong, Jersey City, U.S., San Francisco, U.S., and the Cayman Islands (registered office). Additional information about GDH LP's businesses and products is available on 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.

Securities transactions are effected through Galaxy Digital Advisors LLC, a member of FINRA and SIPC.

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Forward-Looking Statements

Certain information in this press release, including, but not limited to, statements regarding the impact of COVID-19, global economic conditions, the future of the industry and the Company or Partnership's anticipated results, business or opportunities, and options grants, 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 subject to the risk that the global economy, industry or the Company's businesses and investments do not perform as anticipated, that revenue or expenses estimates may not be met or may be materially less or more than those anticipated, that expected fundraising for asset management products is delayed, advisory transactions may be modified or not completed at all and those other risks contained in the Annual Information Form (AIF) for the year ended December 31, 2019. Factors that could cause actual results of the Company and its businesses to differ materially from those described in such forward-looking statements include, but are not limited to, a decline in the digital asset market or general economic conditions; the failure or delay in the adoption of digital assets and the blockchain ecosystem by institutions; a delay or failure in developing infrastructure for the trading business or achieving mandates; failure to grow assets under management and for advisory transactions, a decline in the securities markets, an adverse development with respect to an issuer or party to the transaction or failure to obtain a required regulatory approval. In connection with the forward-looking statements contained in this press release, the Company has made assumptions that no significant events occur outside of the Company's and Partnership's normal course of business. Forward-looking statements are not guarantees of future performance, accordingly, you should not put undue reliance on forward-looking statements. Information identifying assumptions, risks and uncertainties relating to the Company and the Partnership are contained in Galaxy Digital's filings with the Canadian securities regulators available at www.sedar.com. 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 and Galaxy Digital undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

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