



**GALAXY**  
DIGITAL

**Galaxy Digital Holdings Ltd.**

**Condensed Consolidated Interim Financial Statements**

For the Three Months Ended March 31, 2019 and 2018

(Expressed in US Dollars)

(Unaudited)

# Galaxy Digital Holdings Ltd.

Condensed Consolidated Interim Statements of Financial Position  
(Expressed in US Dollars)  
(Unaudited)

	March 31, 2019	December 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ —	\$ 169
	—	<b>169</b>
Investment in associate (Note 6)	210,475,590	204,581,926
<b>Total assets</b>	<b>\$ 210,475,590</b>	<b>\$ 204,582,095</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ —	\$ —
<b>Total liabilities</b>	—	—
<b>Shareholders' equity</b>		
Share capital (Note 8)	237,825,652	236,953,554
Reserves (Note 8)	9,943,283	7,807,423
Accumulated other comprehensive income	791,444	791,444
Deficit	(38,084,789)	(40,970,326)
<b>Total shareholders' equity</b>	<b>210,475,590</b>	<b>204,582,095</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 210,475,590</b>	<b>\$ 204,582,095</b>
Nature and continuance of operations (Note 1)		
Commitments and contingencies (Note 10)		

Approved and authorized for issuance by the Board of Directors of Galaxy Digital Holdings Ltd. on May 23, 2019.

"Bill Koutsouras" Director

"Michael Novogratz" Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## Galaxy Digital Holdings Ltd.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)  
(Expressed in US Dollars)  
(Unaudited)

	Three months ended March 31, 2019	Three months ended March 31, 2018
<b>Operating expenses</b>		
Directors fees (Note 7)	\$ 132,500	\$ —
Professional fees (Note 7)	30,357	253,000
General and administrative (Note 7)	26,519	26,730
Recoveries from associate (Note 7)	(189,207)	—
	<b>(169)</b>	<b>(279,730)</b>
Interest income	—	28
Equity income from associate (Note 6)	2,885,706	—
Foreign exchange gain	—	6,429
	<b>2,885,706</b>	<b>6,457</b>
<b>Income (loss) for the period</b>	<b>2,885,537</b>	<b>(273,273)</b>
<b>Other comprehensive income (loss)</b>		
Foreign currency translation adjustment	—	103,600
<b>Comprehensive income (loss) for the period</b>	<b>\$ 2,885,537</b>	<b>\$ (169,673)</b>
Basic earnings (loss) per share (Note 9)	\$ 0.044	\$ (1.76)
Diluted earnings (loss) per share (Note 9)	\$ 0.042	\$ (1.76)
Weighted average number of shares outstanding - basic	65,474,325	155,560
Weighted average number of shares outstanding - diluted	302,668,081	155,560

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Galaxy Digital Holdings Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in US Dollars)

(Unaudited)

	Share Capital		Reserves	Accumulated Other Comprehensive Income	Deficit	Total
	Number	Amount				
<b>Balance at January 1, 2018</b>	<b>155,560</b>	<b>\$ 1,830,372</b>	<b>\$ 2,022,618</b>	<b>\$ 662,594</b>	<b>\$ (4,297,791)</b>	<b>\$ 217,793</b>
Foreign currency translation adjustment	—	(49,542)	(54,746)	103,600	—	(688)
Loss for the period	—	—	—	—	(273,273)	(273,273)
<b>Balance at March 31, 2018</b>	<b>155,560</b>	<b>\$ 1,780,830</b>	<b>\$ 1,967,872</b>	<b>\$ 766,194</b>	<b>\$ (4,571,064)</b>	<b>\$ (56,168)</b>
<b>Balance at January 1, 2019</b>	<b>65,117,305</b>	<b>\$236,953,554</b>	<b>\$ 7,807,423</b>	<b>\$ 791,444</b>	<b>\$ (40,970,326)</b>	<b>\$ 204,582,095</b>
Issuance of common stock (Note 6, 8)	581,059	619,813	—	—	—	619,813
Equity based compensation from investment in associate (Note 6, 8)	—	252,285	2,135,860	—	—	2,388,145
Income for the period	—	—	—	—	2,885,537	2,885,537
<b>Balance at March 31, 2019</b>	<b>65,698,364</b>	<b>\$237,825,652</b>	<b>\$ 9,943,283</b>	<b>\$ 791,444</b>	<b>\$ (38,084,789)</b>	<b>\$ 210,475,590</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## Galaxy Digital Holdings Ltd.

Condensed Consolidated Interim Statements of Cash Flows  
(Expressed in US Dollars)  
(Unaudited)

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
<b>Operating activities</b>		
Income (loss) for the period	\$ 2,885,537	\$ (273,273)
Adjustments for:		
Equity income from associate	(2,885,706)	—
Foreign currency translation adjustment	—	(1,690)
Changes in operating assets and liabilities:		
Receivables	—	(1,555)
Prepaid expenses and other assets	—	64
Accounts payable and accrued liabilities	—	223,013
Net cash used in operating activities	(169)	(53,441)
Effect of exchange rate fluctuations on cash held	—	1,002
Net decrease in cash	(169)	(52,439)
Cash, beginning of period	169	318,879
Cash, end of period	\$ —	\$ 266,440

There were no significant non-cash transactions for the periods presented.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

---

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Galaxy Digital Holdings Ltd. ("GDH Ltd." or, together with its subsidiary, the "Company"), was originally formed and incorporated under the Business Corporations Act (Ontario) on February 10, 2006 and on July 31, 2018, continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. The Company's principal address is 107 Grand Street, 8th Floor, New York, New York, 10013.

GDH Ltd.'s ordinary shares are publicly listed on the Toronto Stock Exchange's Venture Exchange (the "TSX-V") under the symbol "GLXY" and on the Frankfurt Stock Exchange under the symbol "7LX".

The Company has a minority interest in Galaxy Digital Holdings LP ("GDH LP" or the "Partnership"). The Partnership is building a full-service merchant banking business in the cryptocurrency and blockchain space, and intends to capitalize on market opportunities made possible by the ongoing evolution of the digital assets space through four primary business lines: trading, principal investing, asset management, and advisory services. GDH LP's cryptocurrency related assets may be subject to significant fluctuations in value. Refer to GDH LP's condensed consolidated interim financial statements for the three months ended March 31, 2019 for risks associated with these asset classes.

### *Corporate Transaction*

On July 31, 2018, the Company completed a transaction (Note 5) pursuant to which it acquired a minority interest in GDH LP. GDH LP is an operating partnership which was formed on May 11, 2018 and effective July 31, 2018, Galaxy Digital LP ("Galaxy LP") and First Coin Capital Corp. ("First Coin") combined to become its wholly-owned subsidiaries. GDH LP is managed by the board of managers and officers of the Partnership's general partner, who are also the principals of Galaxy LP. Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"), is a limited liability company incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of GDH LP. The sole LLC member of the General Partner is Galaxy Group Investments LLC ("GGI"), which is controlled by the Chief Executive Officer ("CEO") of the Company.

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are to manage its minority interest in GDH LP and are dependent on financial support from GDH LP, who has the obligation to reimburse the Company for all reasonable operational expenses (Note 5). At March 31, 2019, the Company had total equity of \$210.5 million (December 31 - \$204.6 million). Management estimates that, based on the financial support from GDH LP, the Company has the ability to maintain its operations and activities for the upcoming year.

GDH LP's cryptocurrency assets may be subject to significant fluctuations in value. Additionally, certain assets are held in cryptocurrency exchanges that are limited in oversight by regulatory authorities.

## 2. BASIS OF PRESENTATION

### **Statement of Compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the December 31, 2018 audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the GDH Ltd. audited consolidated financial statements for the year ended December 31, 2018.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed consolidated interim financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The accounting policies applied in these unaudited condensed consolidated interim financial statements, except for any new policies discussed below, are consistent with those applied and disclosed in GDH Ltd.'s audited

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

---

consolidated financial statements for the year ended December 31, 2018. The Company's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issuance on May 23, 2019.

## **Basis of Measurement**

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

## **Functional and Presentation Currency**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency determination was conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21. The functional currency for the Company and its subsidiary is the United States dollar ("US dollar"). The presentation currency for the Company is US dollars.

The Company changed its functional currency from the Canadian dollar ("C\$") to the US dollar effective July 31, 2018. After completion of the corporate transaction (Note 5), the Company's only significant asset is a minority interest in GDH LP. GDH LP's primary economic environment is the US, as its activities are driven mainly by the competitive forces and regulation in the US.

Prior to the completion of the corporate transaction, as the functional currency was different from the presentation currency, the statement of financial position accounts including share capital and reserves were translated using the exchange rate on the reporting date, except for deficit which was translated at the historical rate and income and expenses which were translated at exchange rates at the dates of the transactions. Resulting exchange differences were recognized in other comprehensive income (loss).

Foreign currency transactions are translated into the functional currency of the respective entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items that are not re-translated at period end are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates as at the date when fair value was determined. Gains and losses are recorded in profit or loss.

## **Basis of Consolidation**

The condensed consolidated interim financial statements include the financial statements of GDH Ltd. and its wholly-owned consolidated subsidiary, GDH Intermediate LLC, which is controlled by GDH Ltd. The reporting period, as well as the accounting policies, of the financial statements are consistent across the entities included in the consolidation. All inter-company transactions, balances, income and expenses and unrealized gains and losses, if any, are eliminated in full upon consolidation.

## **Use of estimates and judgments**

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

### Significant judgments in applying accounting policies

The critical judgments that the Company has made in the process of applying the Company's accounting policies, aside from those involving estimations, that have the most significant effect on the amounts recognized in the Company's condensed consolidated interim financial statements are as follows:

#### ***Functional currency***

The Company's functional currency has been assessed by management with consideration given to the currency and economic factors that mainly influence the Company's business and its investment in GDH LP. Specifically, the Company considers the currency in which its investment is denominated, the currencies in which its expenses are settled by the Company, as well as the

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

---

currency in which the Company may receive or raise financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency. The Company has determined that its functional currency is the US dollar.

## ***Investment in associate***

Classification of investments requires judgment on whether the Company controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

The Company has classified its investment in GDH LP as an associate based on management's judgment that the Company has significant influence but not control.

## Significant estimates

### ***Deferred tax assets***

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

### ***Investment in associate***

The underlying values of the equity investment includes valuations of digital assets and investments in private companies.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2018.

## **4. NEW ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS**

### **New accounting policies**

Effective January 1, 2019, the Company adopted the following accounting standard:

#### **IFRS 16, *Leases* ("IFRS 16")**

In January 2016, the IASB issued IFRS 16, *Leases*, which would replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted this standard on January 1, 2019, the date of initial application. The adoption of IFRS 16 did not have an impact on the Company's condensed consolidated interim financial statements.

Effective January 1, 2018, the Company adopted the following accounting standards:

#### **IFRS 9, *Financial Instruments* ("IFRS 9")**

IFRS 9 was issued by the IASB in July 2014 and has replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

---

credit loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of financial assets on the transition date.

## **IFRS 15, Revenue from Contracts with Customers ("IFRS 15")**

In May 2014 the IASB approved IFRS 15, *Revenue from Contracts with Customers*, which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers, except for leases, financial instruments and insurance contracts. The adoption of IFRS 15 did not have a material impact on the Company's condensed consolidated interim financial statements.

## **5. CORPORATE TRANSACTION**

On February 14, 2018, the Arrangement was entered into between Galaxy LP, First Coin and Bradmer Pharmaceuticals Inc. ("Bradmer"), in respect of a proposed transaction which was to be completed by way of a plan of arrangement under the provisions of the Business Corporations Act (Ontario). In connection with the Arrangement, Galaxy LP and First Coin would combine to form GDH LP, an operating partnership that would be managed by the board of managers and officers of its general partner, who are also the principals of Galaxy LP. Bradmer would acquire and hold a minority investment in the operating partnership, and, upon completion of the Arrangement, would change its name to Galaxy Digital Holdings Ltd. and resume an active public listing on the TSX-V.

Bradmer was formed on February 10, 2006 by the amalgamation of a private company, Blue Devil Pharmaceuticals Inc., and a predecessor company also named Bradmer Pharmaceuticals Inc. Bradmer's shares were listed and traded on the NEX Board of the TSX-V under the symbol "BMR".

On completion of the Arrangement on July 31, 2018:

- Galaxy LP and First Coin became wholly owned subsidiaries of GDH LP.
  - GGI, the sole limited partner of Galaxy LP, transferred its full limited partnership interest in Galaxy LP and its ownership interest in Galaxy Digital GP LLC ("Galaxy GP") shares, the general partner of Galaxy LP, to GDH LP in exchange for 213,696,000 Class B Units. The Class B Units are subject to certain escrow conditions and will be released 25% commencing on July 31, 2018 and each six-month period thereafter.
  - GDH LP acquired 100% of the issued share capital of First Coin. The transaction met the definition of a business combination between the entities.
- Bradmer acquired a minority equity interest in GDH LP. The funds used to purchase the interest were raised through a partially-brokered private placement offering completed by Bradmer on February 14, 2018 of 60,969,746 subscription receipts at a price of C\$5.00 per subscription receipt. The private placement was considered an arm's length financing and raised an aggregate of approximately C\$305 million of proceeds. On completion of the Arrangement, the net proceeds plus accrued interest of \$229,212,647 was released from escrow in exchange for the issuance of Class A Units in GDH LP. The amount represents net proceeds of \$228.4 million and approximately \$0.8 million of interest earned on placement proceeds in escrow.
- As a condition to the completion of the Arrangement, Bradmer had completed a consolidation of its common shares in advance and, on completion of the Arrangement, continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. Furthermore, pursuant to policies of the TSX-V, the Arrangement resulted in the

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

---

reactivation of the listing of Bradmer, which was an NEX-listed issuer, under the name Galaxy Digital Holdings Ltd. and ticker GLXY.

- GDH Ltd. appointed new members to its board of directors to manage its minority investment in the operating partnership on an ongoing basis.
- GDH LP, GDH GP, GDH Ltd., GDH Intermediate LLC (a wholly owned subsidiary of GDH Ltd. established as a tax-efficient blocker corporation or similar entity for US tax purposes) entered into a second amended and restated limited partnership agreement (as amended from time to time, the "LPA").

Following the completion of the Arrangement: (i) the principals and owners of Galaxy LP and First Coin held direct controlling equity interests in GDH LP through the ownership of Class B Units, which are generally economically equivalent to Class A Units held by GDH Ltd. but are exchangeable, from time to time, into ordinary shares of GDH Ltd., and (ii) GDH Ltd. became a holding company, as its only significant asset is its minority equity interest in GDH LP.

Certain key terms of the LPA include the following:

- *Units* - there are two classes of partnership interests ("Units"): Class A Units, which are held by GDH Ltd., and Class B Units, which are held by GGI and other Class B limited partners.
- *Issuance of Additional Units* - the General Partner will not cause the Partnership to issue any additional Class B Units unless (i) the General Partner determines there is a bona fide business or strategic reason to raise equity capital through the issuance of Class B Units, provided that the aggregate amount of Class B Units that may be issued is less than or equal to 70,000,000 or GDH Ltd. board of directors approves such issuance.
- *Allocations of Income, Gain, Loss, Deduction and Credit* - each item of income, gain, loss, deduction and credit will generally be allocated pro-rata between Class A Units and Class B Units.
- *Issuances and redemptions of common stock of GDH Ltd.* - If GDH Ltd. issues any of its ordinary shares, the General Partner will, only if either (i) the General Partner has consented to such issuance or (ii) the issuance receives approval by the limited partners holding the majority of Units, cause the Partnership to issue to GDH Ltd., in exchange for GDH Ltd. promptly contributing the net cash proceeds of the issuance to the Partnership, a number of Class A Units equal to the number of ordinary shares issued. Upon the redemption, repurchase, or other acquisition of ordinary shares by GDH Ltd., the Partnership will, at substantially the same time as the redemption, repurchase or acquisition, redeem or cancel Class A Units equal to the number of ordinary shares redeemed, repurchased or acquired for an amount equal to the net cash amount paid by the GDH Ltd. for such redemption, repurchase, or other acquisition.
- *Exchanges of Class B Units* - A Class B limited partner may exchange vested Class B Units for ordinary shares of GDH Ltd. On exchange, GDH Ltd. will issue ordinary shares and the General Partner will cancel the Class B Units exchanged and issue Class A Units to GDH Ltd. equal to the number of Class B Units being surrendered.
- *Removal of General Partner* - The General Partner may generally be removed by the limited partners holding at least 66 2/3% of the outstanding Units.
- *Reimbursable Expenses* - All expenses reasonably incurred by GDH Ltd. in the conduct of its business, including fees related to professional advisors, required or advisable licenses and filings, and meetings and compensation of directors, will be reimbursable by GDH LP.
- *General Partner Board* - As long as GDH Ltd. owns more than 10% of the outstanding Units of GDH LP, GDH Ltd. will have the right to appoint one person to the board of the general partner.

## 6. INVESTMENT IN ASSOCIATE

The Company holds a 23.1% interest in GDH LP as of March 31, 2019 (23.2% at December 31, 2018; 0% at March 31, 2018). GDH LP is a Cayman Islands exempted limited partnership formed on May 11, 2018. GDH LP was formed following the combination of Galaxy LP and First Coin according to a definitive agreement (Note 5).

Per the LPA, as long as the Company owns more than 10% of GDH LP, the Company has the right to appoint one person to the general partner board of directors. In addition, through the LPA, the Company participates in all significant financial and operating decisions of GDH LP, is generally required to acquire additional GDH LP units with all of the proceeds raised in financings, and

## Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

is to receive reimbursements from GDH LP for the Company's reasonable operating costs. Therefore, the Company has determined that it has significant influence over GDH LP.

The carrying value of the investment in GDH LP was \$210,475,590 as of March 31, 2019 and \$204,581,926 as of December 31, 2018.

### Summarized financial information for GDH LP

Summarized Statements of Financial Position	March 31, 2019	December 31, 2018
<b>Current assets</b>		
Cash	\$ 29,869,182	\$ 66,488,012
Other current assets	309,054,623	263,320,691
	338,923,805	329,808,703
Non-current assets	24,679,400	20,115,572
<b>Total assets</b>	<b>\$ 363,603,205</b>	<b>\$ 349,924,275</b>
<b>Liabilities</b>	<b>\$ 38,202,988</b>	<b>\$ 44,236,106</b>
<b>Non-controlling interests</b>	<b>4,346,702</b>	<b>4,167,578</b>
	<b>\$ 42,549,690</b>	<b>\$ 48,403,684</b>
<b>Net Assets</b>	<b>\$ 321,053,515</b>	<b>\$ 301,520,591</b>
The Company's share of net assets - 23.1% (December 31, 2018 - 23.2%)	\$ 74,163,362	\$ 69,952,777

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

	Three months ended March 31, 2019	Three months ended March 31, 2018
<b>Income (loss)</b>	<b>\$ 20,306,394</b>	<b>\$ (13,476,185)</b>
<b>Operating expenses</b>	<b>(23,567,460)</b>	<b>(10,948,859)</b>
Net unrealized loss on digital assets	(664,530)	(85,540,413)
Net unrealized gain (loss) on investments	16,902,771	(24,038,136)
Unrealized foreign currency gain	91,072	—
Realized foreign currency loss	(110,512)	—
	<b>16,218,801</b>	<b>(109,578,549)</b>
<b>Income (loss) for the period</b>	<b>\$ 12,957,735</b>	<b>\$ (134,003,593)</b>
<b>Income (loss) attributed to:</b>		
Unit holders of the Partnership	\$ 12,570,628	\$ (134,003,593)
Non-controlling interest	387,107	—
	<b>\$ 12,957,735</b>	<b>\$ (134,003,593)</b>
Foreign currency translation adjustment	(92,934)	—
<b>Comprehensive income (loss) for the period</b>	<b>\$ 12,864,801</b>	<b>\$ (134,003,593)</b>
The Company's share of comprehensive income (loss)	\$ 2,885,706	\$ —

## Reconciliation to carrying amount of investment in GDH LP:

	Three months ended March 31, 2019	Year ended December 31, 2018
Balance, beginning of period	\$ 204,581,926	\$ —
Initial contribution	—	229,212,647
Equity based compensation allocation	2,388,145	6,871,918
Increase in ownership interest as a result of GDH LP Class B Unit exchanges (Note 10)	619,813	5,814,843
Return of investment	—	(169)
Allocation of comprehensive income (loss)	2,885,706	(37,317,313)
Balance, end of period	<b>\$ 210,475,590</b>	<b>\$ 204,581,926</b>

## 7. RELATED PARTY TRANSACTIONS

### Compensation to key management personnel

The Company's related parties include its subsidiary, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors, companies

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

controlled by officers and directors and companies with common directors of the Company. Compensation provided to key management personnel for the three months ended March 31, 2019 and 2018 is as follows:

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
Directors fees	\$ 132,500	\$ 18,000

## Other

The Company paid or accrued legal fees, included in professional fees of \$253,000 during the three months ended March 31, 2018 to a law firm, Wildeboer Dellelce LLP (“WD”), a partnership in which one of the partners was a director of the Company until July 2013 and had continued as a consultant to the Company until the date of the completion of the Arrangement. As of March 31, 2019 and December 31, 2018, there was \$nil included in accounts payable and accrued liabilities that was due to WD.

The Company paid or accrued financial and administrative services, included in general and administrative expense, of \$14,200 during the three months ended March 31, 2018 to WD Capital Markets Inc. (“WCM”). WCM is a related company of WD by virtue of the partners of WD also being beneficial shareholders of WCM. On completion of the Arrangement, the Company issued WCM 40,000 ordinary shares (Note 8), at which time WCM ceased to be a related party. As at March 31, 2019 and December 31, 2018, there was \$nil included in accounts payable and accrued liabilities that was due to WCM.

During the three months ended March 31, 2019, certain key management personnel invested in a fund that GDH LP manages. In addition, some members of key management serve as board members for companies in which GDH LP or the fund it manages holds investments.

As of March 31, 2019, the Company’s CEO served as a director of a cryptocurrency mining and blockchain infrastructure company GDH LP held an investment in and had extended a loan to. Furthermore, the CEO was a member of the advisory board for another company in which GDH LP holds an investment in. The CEO of the Company is also, beneficially, the majority owner of GDH LP.

In accordance with the LPA (Note 5), GDH LP will reimburse or pay for all reimbursable expenses of the Company. For the three months ended March 31, 2019, GDH LP incurred \$189,207 on behalf of GDH Ltd.

## 8. SHARE CAPITAL AND RESERVES

### Authorized

The authorized share capital of the Company is C\$2,000,000, divided into 2,000,000,000 ordinary shares of C\$0.001 par value each.

### Issued

On July 31, 2018, in connection with the closing of the Arrangement (Note 5), the outstanding subscription receipts automatically converted into 60,969,746 common shares.

On August 1, 2018 the Company issued 40,000 common shares to WCM to settle the obligations of the terms of a financial advisory agreement entered into between the parties (Note 7).

During the three months ended March 31, 2019, the Partnership issued 581,059 common shares valued at \$619,813 on exchange of Class B Units of GDH LP. During the year ended December 31, 2018, the Company issued 3,966,107 common shares valued at \$5,814,843 on exchange of Class B Units of GDH LP.

### Canceled

In connection with the Arrangement (Note 5), certain non-participating shareholders received total cash payments of \$54,079 in return for cancellation of 14,108 shares.

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

## Reserves

Up to the date of the closing of the Arrangement, the Company had its own stock option plan, which provided employees, directors, officers and consultants of the Company with the opportunity to acquire common shares of the Company through the exercise of stock options. Stock options granted under the plan were limited to a maximum term of ten years and limited to 10% of the Company's outstanding common shares. As of March 31, 2019 and December 31, 2018, 15,430 options were outstanding as follows:

- 11,869 options at a weighted average exercise price of C\$12.64 and which expire on July 21, 2021;
- 3,561 options at a weighted average exercise price of C\$20.22 and which expires on June 25, 2019.

No options were granted, exercised or forfeited during the three months ended March 31, 2019 or the year ended December 31, 2018, and the above noted options remain outstanding as of March 31, 2019 and December 31, 2018.

## Options for share issuance cost compensation

During the year ended December 31, 2018, the Company issued 710,517 share options to the agent of its share offering as partial compensation for the agent's services in connection with the issue and sale of the subscription receipts (Note 5). The value of the share options granted was \$387,003 (or fair value of approximately \$0.54 per option). The options granted are exercisable into one common share of GDH Ltd. at an exercise price of C\$5.00 per option for a period of one year. On the grant date of July 31, 2018, the options were fully vested.

The fair value of the options granted was measured using the Black-Scholes option pricing model with the following inputs:

<b>Inputs to the Black-Scholes Model</b>	<b>2019</b>	<b>2018</b>
Share price <sup>1</sup>	—	C\$2.75
Exercise price	—	C\$5
Expected annual volatility <sup>2</sup>	—	110%
Expected term (years)	—	1.00
Dividend yield	—	0%
Risk-free interest rate <sup>3</sup>	—	1.83%
Forfeiture rate	—	0%

(1) Opening price of GDH Ltd. shares on August 1, 2018.

(2) Volatility was selected based on the holdings of Galaxy Digital Holdings LP and a review of the historical volatilities of digital assets and venture equity.

(3) The risk-free interest rate was calculated by interpolating Government of Canada bond yields.

Refer to Note 10 for share options granted under the Company's stock option plan to employees, officers, directors and consultants of the Company and its affiliates.

## Equity based compensation

During the three month period ended March 31, 2019, the Company recognized equity based compensation of \$2,135,860 from its investment in associate (Note 6).

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

## 9. EARNINGS (LOSS) PER SHARE

The table below presents basic and diluted net earnings (loss) per share of common stock for the three months ended March 31, 2019 and 2018, respectively:

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
Basic earnings (loss) per share	\$ 0.044	\$ (1.76)
Diluted earnings (loss) per share	\$ 0.042	\$ (1.76)

### Basic earnings (loss) per share

The net earnings (loss) and weighted average number of ordinary shares used in the calculation of basic earnings (loss) per share are as follows:

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
Net income (loss) used in the calculation of basic earnings (loss) per share	\$ 2,885,537	\$ (273,273)
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	65,474,325	155,560

### Diluted earnings (loss) per share

The net earnings (loss) and weighted average number of ordinary shares used in the calculation of diluted earnings (loss) per share are as follows:

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
Net income (loss) used in the calculation of diluted earnings (loss) per share	\$ 12,570,459	\$ (273,273)
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	302,668,081	155,560

For the three months ended March 31, 2019, the weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share assumes the potential conversion of the outstanding GDH LP Class B Units and the conversion of the Class B Units under the GDH LP equity compensation plan (Note 10).

Reconciliation of net income used in calculation of basis earnings per share to net income used in calculation of diluted earnings per share:

	<b>March 31, 2019</b>
Net income used in the calculation of basic earnings (loss) per share	\$ 2,885,537
Net income currently allocated to outstanding GDH LP Class B Units	9,684,922
<b>Net income used in the calculation of diluted earnings per share</b>	<b>\$ 12,570,459</b>

Reconciliation of weighted average number of ordinary shares for the purposes of basic earnings per share to weighted average number of ordinary shares for the purposes of diluted earnings per share:

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

	<b>March 31, 2019</b>
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	65,474,325
Diluted shares:	
Weighted average of outstanding Class B Units for the period	217,462,512
Compensatory Class B Unit awards	19,731,244
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>302,668,081</b>

For the three months ended March 31, 2018, the calculation proved to be antidilutive.

## 10. COMMITMENTS AND CONTINGENCIES

### GDH LP Class B Units

GDH LP has two classes of ownership interests: Class A Units and Class B Units. The units rank equally in all material respects, including from an economic and voting perspective, however under the terms of the LPA (Note 5), Class B Units will, subject to certain limitations, be exchangeable for GDH Ltd. shares on a one-for-one basis.

During the year ended December 31, 2018 GDH LP issued the following Class B Units:

- 213,696,000 Class B Units to GGI (Note 5);
- 5,319,618 Class B Units to First Coin shareholders (Note 5); and
- 30,870,000 Class B Units under a GDH LP equity compensation plan. These Class B Unit awards are comprised of 50% of subtype R units (Standard Units) and 50% of subtype P units (Profit Interest Units).

The vesting schedule of the Class B Units are as follows:

- Standard Units - vest 50% on each of February 1, 2019 and September 1, 2019. Once vested, each Standard Unit can be exchanged for one share of GDH Ltd. for no additional consideration.
- Profit Interest Units - vest 50% on each of September 1, 2020 and September 1, 2021. The Profit Interest Units are subject to a catch up period, whereby the capital accounts balance of a Profit Interest Unit must equal the capital account of a Standard Unit. Initially, the Profit Interest Units will have a capital balance of \$nil and will be adjusted upon certain events that trigger a mark-to-market of GDH LP's assets and pick-ups of income. Once the Profit Interest Unit is fully caught up, each Profit Interest Unit can be exchanged for one share of GDH Ltd. for no additional consideration.

As of March 31, 2019, after accounting for exchanges (Note 8) and forfeitures, there were 238,173,234 Class B Units issued, of which 218,442,043 were outstanding and exercisable into ordinary shares of GDH Ltd. As at December 31, 2018, after accounting for exchanges and forfeitures, there were 243,355,662 Class B Units issued, of which 215,713,955 were outstanding and exercisable into ordinary shares of GDH Ltd.

### Stock Option Plan

The Company has a stock option plan (the "Plan") to grant options, which are exercisable into an equivalent amount of the Company's common shares, to employees, officers, directors and consultants of the Company and its affiliates (inclusive of GDH LP). The maximum number of shares reserved for issuance under the Plan shall not exceed 10% of the issued share capital of GDH Ltd. on a fully diluted basis. The number of stock options granted to any person within a one-year period will not exceed 5% and the number granted to those individuals considered consultants or providing investor relations services may not exceed 2% in a one-year period, in each case on a fully diluted basis. Under the Plan, the exercise price of each option may not be less than the market price of the Company's shares at the date of grant. Options granted under the Plan will have a term not to exceed 5 years and be subject to vesting provisions as determined by the Board of Directors of the Company who administer the Plan. On exercise of an option, the holder will receive one common share in the Company and GDH LP will issue one Class A Unit to the Company.

## Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

A summary of the stock options outstanding as at March 31, 2019 is as follows:

Grant Date	Number Outstanding	Number Exercisable	Exercise Price (C\$)	Expiry Date
<b>Employees and Officers of GDH LP:</b>				
July 31, 2018	18,322,000	4,580,500	5.00	July 23, 2023
September 4, 2018	700,000	175,000	5.00	July 23, 2023
September 10, 2018	148,000	37,000	5.00	July 23, 2023
December 3, 2018	750,000	—	1.15	December 3, 2023
	<u>19,920,000</u>	<u>4,792,500</u>		
<b>First Coin Replacement Options:</b>				
November 27, 2017	13,138	5,475	4.64	November 27, 2022
	<u>19,933,138</u>	<u>4,797,975</u>		

A summary of the stock options outstanding as at December 31, 2018 is as follows:

Grant Date	Number outstanding	Number exercisable	Exercise Price (C\$)	Expiry Date
<b>Employees and Officers of GDH LP:</b>				
July 31, 2018	19,938,000	—	5.00	July 23, 2023
September 4, 2018	700,000	—	5.00	July 23, 2023
September 10, 2018	148,000	—	5.00	July 23, 2023
December 3, 2018	750,000	—	1.15	December 3, 2023
	<u>21,536,000</u>	<u>—</u>		
<b>First Coin Replacement Options:</b>				
November 3, 2017	105,109	35,037	4.64	November 3, 2022
November 14, 2017	21,022	7,007	4.64	November 14, 2022
November 27, 2017	13,138	4,380	4.64	November 27, 2022
January 22, 2018	15,766	3,942	4.64	January 22, 2023
	<u>155,035</u>	<u>50,366</u>		
	<u>21,691,035</u>	<u>50,366</u>		

### Other

The Company has provided standard representations for agreements and customary indemnification for claims and legal proceedings. Insurance has been purchased to mitigate certain of these risks. Generally, there are no stated or notional amounts included in these indemnifications and the contingencies triggering the obligation for indemnification are not expected to occur. Furthermore, often counterparties to these transactions provide comparable indemnifications. The Company is unable to develop an estimate of the maximum payout under these indemnifications for several reasons. In addition to the lack of a stated or notional amount in a majority of such indemnifications, it is not possible to predict the nature of events that would trigger indemnification or the level of indemnification for a certain event. The Company believes, however, that the possibility of making any material payments for these indemnifications is remote. As of March 31, 2019 and December 31, 2018, there was no liability accrued under these arrangements.

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

---

In the ordinary course of business, the Company and its subsidiary may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The Company does not believe that the ultimate outcome of these and any outstanding matters will have a material effect upon our financial position, results of operations or cash flows.

## 11. CAPITAL MANAGEMENT

GDH Ltd.'s objectives when managing capital is to safeguard its ability to continue as a going concern, to meet the needs of its ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. The Company is not subject to externally imposed capital requirements, except as disclosed in Note 6.

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- a. Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities
- b. Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- c. Level 3 - inputs that are not based on observable market data

Cash is classified as fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy.

### Risk Management

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts, if applicable. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at March 31, 2019, the Company is not exposed to credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and financial support from GDH LP. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. Furthermore, under the LPA, GDH LP is responsible for reimbursing the Company for all reasonable operating expenses. Therefore, the Company is not currently exposed to significant liquidity risk.

#### Interest rate risk

The Company is not currently exposed to significant interest rate risk.

#### Foreign exchange risk

The Company's functional currency and the reporting currency is the US dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the period. The Company is not currently exposed to significant foreign exchange risk.

## **Galaxy Digital Holdings Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended March 31, 2019 and 2018  
(Expressed in US Dollars)  
(Unaudited)

---

### **Digital assets and market risks**

The Company's investment in associate is impacted by the associate's investments in digital assets as well as private companies, both of which may be subject to significant changes in value. Refer to GDH LP's condensed consolidated interim financial statements for the three months ended March 31, 2019 for risks associated with these asset classes.