



Galaxy Digital Announces Third Quarter 2018 Financial Results and Provides Corporate Updates

November 27, 2018

NEW YORK, Nov. 27, 2018 /CNW/ - Galaxy Digital Holdings Ltd. (TSXV: [GLXY](#); Frankfurt: 7LX) ("Galaxy Digital", "GDH Ltd.", or the "Company"), today released both Galaxy Digital Holdings LP's ("GDH LP" or the "Partnership") and GDH Ltd.'s financial results for the third quarter ended September 30, 2018 ("Q3 2018" or "the third quarter"), as well as the Partnership's corporate updates through the date of this press release. GDH Ltd. is a holding company which holds a minority interest in GDH LP as its only material asset. GDH LP is a diversified, multi-service merchant bank dedicated to the digital assets and blockchain technology industry. The financial results of GDH LP have been prepared and are shown separately, as GDH LP is not deemed to control GDH Ltd. as of September 30, 2018. All figures are in U.S. Dollars unless otherwise noted.

Corporate Highlights

- During the third quarter, the Partnership's Principal Investments team executed on six new investments and one add-on investment, representing \$19.8 million and \$0.9 million of invested capital, respectively. These investments included:
 - One secured debt and one lending related investment, respectively, including (i) Hut 8 Mining Corp. (\$15.7 million), a digital asset mining services company, along with an allocation of warrants, and (ii) \$1.8 million of eligible loans purchased from BlockFi Lending LLC, a wholly owned subsidiary of BlockFi, Inc., a crypto-secured consumer lending platform in which the Partnership also has an equity investment.
 - Three new Pre-ICO contributions, covering a full stack crypto asset management solution, a blockchain scalability platform and a privacy-first cloud computing platform on blockchain technology (\$1.3 million in total).
 - One new and one add-on equity investment, respectively, in (i) an institutional brokerage firm, and (ii) a Galaxy managed fund.
- In aggregate, the Partnership's Principal Investments team has deployed approximately \$108.6 million represented by 17 new investments and 7 add-on investments since the beginning of 2018 through the end of the third quarter.
- In October 2018, the Partnership's Asset Management business ("GDCM") co-hosted an event with Bloomberg and Fidelity Digital Assets focused on the state of crypto asset's institutionalization and an announcement surrounding Fidelity's new crypto asset custody offering. GDCM intends to be Fidelity's alpha custody client starting in early 2019.
- The EOS VC Fund continued to build its pipeline of potential investments during the quarter, with investments in Bloq, Inc., Varius Solutions, Inc., GoQii, Inc., and Mythical, Inc. closing in the early part of the fourth quarter of 2018 and additional deals expected to close prior to year-end.
- GDH LP's Trading business ("GDT") further bolstered its institutional presence through the expansion of its OTC counter-party network and sustained activity across a spectrum of liquid assets. The effective management of principal risk and trading strategies continues to differentiate GDT from its competitors. Additionally, GDT's in-house, quantitative development team continues to build and expand its proprietary infrastructure. The business leverages deep trading and technology expertise to create a suite of market neutral trading strategies across a variety of crypto assets and exchanges. During the third quarter, GDT more than doubled the total number of its onboarded counterparties.
- As previously announced, given the changing regulatory framework and the opportunities the Partnership is currently seeing, Galaxy Digital is repositioning its Advisory Services business away from small ICO advisory and technical blockchain consulting to instead focus on larger institutional clients in the space. To that end, the Partnership closed its Vancouver office, and will be adding to its New York-based team.

Select GDH LP's Financial Highlights (Q3 2018)

- As of September 30, 2018, digital assets and investments totaled \$323.0 million, an increase from \$313.4 million as of June 30, 2018. The \$9.5 million increase was a result of additional purchases and capital deployed during the quarter which was partially offset by \$38.1 million of net realized losses on digital assets and \$4.2 million of net unrealized losses on investments.
- Partners' capital increased \$175.1 million to \$379.8 million as of September 30, 2018, primarily due to the \$229.2 million contribution from GDH Ltd. This contribution relates to the purchase of a minority interest in the Partnership by GDH Ltd. as a result of the previously announced definitive arrangement agreement ("the Arrangement") between Galaxy Digital LP ("Galaxy LP"), Bradmer Pharmaceuticals Inc. ("Bradmer"), and First Coin Capital Corporation ("First Coin"). On completion of the Arrangement: (i) Galaxy LP and First Coin became wholly owned subsidiaries of the Partnership, (ii) Bradmer changed its name to Galaxy Digital Holdings Ltd. and resumed an active public listing on the TSXV, and (iii) GDH Ltd. acquired a minority interest in the Partnership using the net proceeds from a private placement offering completed in February 2018. The Partnership will be managed by the board of managers and officers of its general partner. The officers of the general partner are also the principals of Galaxy LP.
- As of September 30, 2018, the Partnership's net book value per unit¹ was approximately \$1.36 (or C\$1.76).
- The Partnership's net losses for the period were \$75.1 million due primarily to a combination of a net realized loss on digital assets of \$38.1 million, equity based compensation of \$14.3 million and a one-time goodwill impairment of \$6.2

million related to the repositioning of the Advisory Services business and closure of the Partnership's Vancouver office.

GDH LP's Q3 2018 Financial Results

	September 30, 2018	December 31, 2017
Assets		
Current assets		
Cash	\$90,327,691	\$32,098,217
Digital assets	123,178,275	22,650,240
Investments	199,792,651	-
Receivables	490,912	-
Prepaid expenses and other assets	2,908,907	-
Loans receivable	1,772,270	-
	418,470,706	54,748,457
Loans receivable	16,031,773	-
Property and equipment	1,001,984	-
	17,033,757	-
Total assets	\$435,504,463	\$54,748,457
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$14,924,453	\$1,011,795
Digital assets sold short	32,547,054	-
Due to related party	-	42,650,240
Due to exchange	1,513,722	9,344,613
Total liabilities	48,985,229	53,006,648
Equity		
Partners' capital	379,782,664	1,741,809
Non-controlling interest	6,736,570	-
Total equity	386,519,234	1,741,809
Total liabilities and equity	\$435,504,463	\$54,748,457
	Three months ended September 30, 2018	Nine months ended September 30, 2018
Income		
Advisory and management fees	\$ 1,473,297	\$ 2,806,510
Net realized loss on digital assets	(38,067,497)	(52,733,347)
Other income	535,232	852,128

	(36,058,968)	(49,074,709)
Operating expenses		
Equity based compensation	14,311,084	14,311,084
Compensation and compensation related	5,031,095	19,147,279
Professional fees	6,161,619	9,391,601
General and administrative	2,671,498	5,634,518
Interest	1,310,341	4,294,669
Insurance	480,675	1,752,465
Director fees	25,000	25,000
	(29,991,312)	(54,556,616)
Net unrealized gain (loss) on digital assets	366,717	(83,357,300)
Net unrealized gain (loss) on investments	(4,172,597)	16,545,019
Unrealized foreign currency gain (loss)	(1,474,820)	92,065
Realized foreign currency gain	893,387	893,387
Goodwill impairment	(6,216,914)	(6,216,914)
	(10,604,227)	(72,043,743)
Net loss for the period	\$ (76,654,507)	\$ (175,675,068)
Net loss attributed to:		
Unit holders of the Partnership	\$ (75,148,680)	\$ (174,169,241)
Non-controlling interest	(1,505,827)	(1,505,827)
	\$ (76,654,507)	\$ (175,675,068)
Other comprehensive loss		
Foreign currency translation adjustment	(7,298)	(7,298)
Net comprehensive loss for the period	\$ (76,661,805)	\$ (175,682,366)
Net comprehensive loss attributed to:		
Unit holders of the Partnership	\$ (75,155,978)	\$ (174,176,539)
Non-controlling interest	(1,505,827)	(1,505,827)
	\$ (76,661,805)	\$ (175,682,366)

Income and expenses by each reportable segment of GDH LP for the three months ended September 30, 2018 are as follows:

	Trading	Principal Investing	Asset Management	Advisory Services	Corporate and Other	Totals
Income						
Advisory and management fees	\$-	\$-	\$1,370,658	\$102,639	\$-	\$1,473,297
Net realized loss on digital assets	(38,091,252)	-	23,755	-	-	(38,067,497)
Other Income	173,134	151,890	12,743	11,805	185,660	535,232
	(37,918,118)	151,890	1,407,156	114,444	185,660	(36,058,968)
Operating expenses						
Equity based compensation	3,159,741	2,350,198	2,757,378	2,343,810	3,699,957	14,311,084
Compensation and compensation related	1,659,640	582,617	1,054,884	388,787	1,345,167	5,031,095
Professional fees	45,318	165,827	220,940	89,508	5,640,026	6,161,619

General and administrative	634,054	121,812	310,090	742,157	863,385	2,671,498
Interest	844,528	290,239	-	-	175,574	1,310,341
Insurance	-	-	-	-	480,675	480,675
Director fees	-	-	-	-	25,000	25,000
	6,343,281	3,510,693	4,343,292	3,564,262	12,229,784	29,991,312
Net unrealized gain (loss) on digital assets	(3,189,334)	-	3,556,051	-	-	366,717
Net unrealized gain (loss) on investments	(46,668)	(4,125,929)	-	-	-	(4,172,597)
Unrealized foreign currency gain (loss)	82,989	-	-	11,921	(1,569,730)	(1,474,820)
Realized foreign currency gain (loss)	(52,095)	-	-	-	945,482	893,387
Goodwill impairment	-	-	-	-	(6,216,914)	(6,216,914)
	(3,205,108)	(4,125,929)	3,556,051	11,921	(6,841,162)	(10,604,227)
Net comprehensive income (loss)	\$(47,466,507)	\$(7,484,732)	\$619,915	\$(3,437,897)	\$(18,885,286)	\$(76,654,507)

* Above table represents the three months ended September 30, 2018. These amounts can also be derived by subtracting the six months ended June 30, 2018 from the nine months ended September 30, 2018, as previously disclosed.

Assets by each reportable segment of GDH LP as of September 30, 2018 are as follows:

	Trading	Principal Investing	Asset Management	Advisory Services	Corporate and Other	Totals
Assets						
Cash	\$86,781,301	\$358,161	\$1,633,470	\$350,870	\$1,203,889	\$90,327,691
Digital assets	123,178,275	-	-	-	-	123,178,275
Investments	181,552	199,611,099	-	-	-	199,792,651
Receivables	-	24,898	32,032	358,174	75,808	490,912
Prepaid expenses and other assets	511,498	-	677,363	233,286	1,486,760	2,908,907
Loans receivable	-	17,444,042	-	360,001	-	17,804,043
Property and equipment	4,448	-	-	35,805	961,731	1,001,984
	\$210,657,074	\$217,438,200	\$2,342,865	\$1,338,136	\$3,728,188	\$435,504,463

Select statement of financial position information

The fair value of each asset class by reporting segment of GDH LP as of September 30, 2018 is as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	\$123,178,275	\$-	\$-	\$-	\$-	\$123,178,275
Investments:						
Pre-ICO	-	3,648,351	-	-	-	3,648,351
Convertible Note	-	100,000	-	-	-	100,000
Preferred Stock	-	56,862,464	-	-	-	56,862,464
Common Stock	108,072	97,933,172	-	-	-	98,041,244
LP/LLC Interests	-	38,367,151	-	-	-	38,367,151
Warrants/Trust Units	73,480	2,699,961	-	-	-	2,773,441
	\$123,359,827	\$199,611,099	\$-	\$-	\$-	\$322,970,926

This press release should be read in conjunction with (i) GDH LP's Management Discussion and Analysis and Consolidated Financial Statements for the three and nine months ended September 30, 2018 and (ii) GDH Ltd.'s Management Discussion and Analysis and Consolidated Financial Statements for the three and nine months ended September 30, 2018, which have been filed on SEDAR at www.sedar.com.

About GDH Ltd. and GDH LP (Galaxy Digital)

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

Disclaimers and Additional Information

See the press releases of Bradmer dated January 9, 2018, February 14, 2018, March 15, 2018, April 13, 2018, May 18, 2018, June 11, 2018, June 12, 2018, June 18, 2018, and July 31, 2018 for further information concerning the Arrangement.

The TSXV has in no way passed upon the merits of the Arrangement and has neither approved nor disapproved the contents of this press release. Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release. The Ontario Securities Commission has not passed upon the merits of the disclosure record of Galaxy Digital.

Forward-Looking Statements

Certain information in this press release, including, but not limited to, statements regarding future business operations, deals and opportunities, may constitute forward looking information (collectively, forward-looking statements, which can be identified by the use of terms such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" (or the negatives) or other similar variations. Because of various risks and uncertainties, including those referenced below, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. As a result, you should not rely on such forward-looking statements. Additional information identifying assumptions, risks and uncertainties relating to Galaxy Digital is contained in Galaxy Digital's filings with the Canadian securities regulators available at www.sedar.com. These risks include those discussed in the risk factors section in the Notice of Annual and Special Meeting of Shareholders and Management Information Circular dated May 14, 2018. 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.

¹ Net book value per unit is calculated as partners' capital divided by the outstanding number of units of 278.5 million as of September 30, 2018

SOURCE Galaxy Digital Holdings Ltd.



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