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Galaxy Digital Holdings LP

Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Expressed in US Dollars)

(Unaudited)

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of US Dollars - unaudited)

	Notes	March 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 399,943	\$ 542,101
Digital assets	7	854,051	566,690
Receivable for digital asset trades	7	16,745	9,063
Digital asset loans receivable, net of allowance	8	45,143	49,971
Digital assets receivables	7	20,296	12,423
Assets posted as collateral	8, 9, 10	94,886	25,138
Receivables	12	18,031	10,887
Derivative assets	10	89,625	17,719
Prepaid expenses and other assets	13	30,072	32,818
Loans receivable	9	188,976	62,611
Due from related party	20	8,596	13,857
Total current assets		1,766,364	1,343,278
Digital assets receivables	7	7,403	5,154
Investments (includes \$235.4 and \$350.6 million of equity method investments, respectively)	11	692,385	595,122
Loans receivable, non-current	9	100,150	100,977
Right of use assets	14	12,944	13,735
Property and equipment	14	218,631	208,538
Deferred tax asset	25	47,381	47,746
Intangible assets	14	32,578	6,948
Goodwill	14	45,278	24,645
Total non-current assets		1,156,750	1,002,865
Total assets		\$ 2,923,114	\$ 2,346,143
Liabilities and Equity			
Current liabilities			
Investments sold short	11	—	91
Derivative liabilities	10	81,325	16,568
Accounts payable and accrued liabilities	15	37,810	67,081
Payables to customers	15	13,876	9,591
Taxes payable	25	26,049	22,717
Payable for digital asset trades	7	17,288	2,557
Digital asset loans payable	8	299,785	170,566
Loans payable	9	3,058	—
Collateral payable	8, 9, 10	349,976	131,506
Due to related party	20	58,541	53,984
Lease liability		4,380	4,467
Total current liabilities		892,088	479,128
Notes payable	16	389,213	384,515
Deferred tax liability	25	33,738	31,302

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

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of US Dollars - unaudited)

Lease liability		11,567	12,406
Total non-current liabilities		434,518	428,223
Total liabilities		1,326,606	907,351
Equity			
Partners' capital	16	1,596,508	1,438,792
Total equity		1,596,508	1,438,792
Total liabilities and equity		\$ 2,923,114	\$ 2,346,143
Commitments and contingencies	24		

The consolidated financial statements were authorized by the Board of Managers of Galaxy Digital Holdings GP LLC to be issued on May 9, 2023 and were signed on its behalf by:

"Alex Ioffe" Chief Financial Officer "Michael Novogratz" Chief Executive Officer

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

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in thousands of US Dollars - unaudited)

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
Income			
Fee income		\$ 14,425	\$ 13,770
Net realized gain on digital assets		66,119	354,981
Net realized gain (loss) on investments	11	(1,978)	69,438
Lending and staking income		10,509	14,635
Net derivative gain	10	55,084	81,977
Income from proprietary mining		2,417	6,738
Other income		166	2,021
		146,742	543,560
Operating expenses			
Compensation and compensation related	20	30,621	40,548
Equity based compensation	16, 20	23,270	22,762
General and administrative	19	15,135	17,948
Professional fees	18	9,817	9,591
Interest		5,539	12,807
Notes interest expense	16	6,731	7,274
		(91,113)	(110,930)
Other			
Net unrealized gain (loss) on digital assets		3,029	(500,271)
Net unrealized gain (loss) on investments	11	82,713	(74,128)
Net gain (loss) on notes payable - derivative	16	(1,305)	6,493
Net gain on warrant liability	16	—	2,521
Foreign currency gain (loss)		(138)	2,017
Loss attributable to non-controlling interests liability		—	13,411
		84,299	(549,957)
Income (loss) before income taxes		139,928	(117,327)
Income taxes expense (benefit)	25	5,726	(6,119)
Net income (loss)		\$ 134,202	\$ (111,208)
Other comprehensive income (loss)			
Foreign currency translation adjustment		\$ (452)	\$ (468)
Net comprehensive income (loss)		\$ 133,750	\$ (111,676)

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Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of US Dollars, except unit data - unaudited)

	Notes	Class A Unit Capital		Class B Unit Capital		Total
		Number	Amount	Number	Amount	
Balance at December 31, 2021		101,550,494	\$ 980,152	228,110,373	\$ 1,618,199	\$ 2,598,351
Equity based compensation	16	—	7,013	—	15,907	22,920
Exchange of Class B Units	16	30,000	236	(30,000)	(236)	—
Issuance of Class A Units on exercise of warrants, options, and restricted share units	16	55,388	648	—	—	648
Other		—	(144)	—	(198)	(342)
Loss for the period		—	(34,016)	—	(77,192)	(111,208)
Balance at March 31, 2022		101,635,882	\$ 953,889	228,080,373	\$ 1,556,480	\$ 2,510,369
Balance at December 31, 2022		104,811,539	\$ 646,813	215,943,369	\$ 791,979	\$ 1,438,792
Equity based compensation	16	—	7,754	—	16,187	23,941
Exchange of Class B Units		30,121	141	(30,121)	(141)	—
Cancellation of Class A Units	16	(625,000)	—	—	—	—
Other		—	(181)	—	(246)	(427)
Income for the period		—	43,470	—	90,732	134,202
Balance at March 31, 2023		104,216,660	\$ 697,997	215,913,248	\$ 898,511	\$ 1,596,508

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

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of US Dollars - unaudited)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Operating activities		
Net income (loss)	\$ 134,202	\$ (111,208)
Adjustments for:		
Depreciation and amortization	4,447	2,454
Impairment reversal	(6,557)	—
Equity based compensation	23,270	22,762
Equity based compensation included in directors fees	234	158
Interest expense	5,539	12,807
Income from staking and lending	(10,509)	(14,635)
Net realized gain on digital assets	(66,119)	(354,981)
Net realized (gain) loss on investments	1,978	(69,438)
Net realized loss on disposals of property and equipment	575	—
Net derivative gain	(55,084)	(81,977)
Net unrealized (gain) loss on digital assets	(3,029)	500,271
Net unrealized (gain) loss on investments	(82,713)	74,128
Net (gain) loss on notes payable - derivative	1,305	(6,493)
Revaluation of warrant liability	—	(2,521)
Notes interest expense	6,731	7,274
Gain attributable to non-controlling interests liability	—	(13,411)
Deferred tax expense (benefit)	2,857	(20,028)
Unrealized foreign currency (gain) loss	121	(545)
Changes in operating assets and liabilities:		
Net digital asset activity	78,981	178,056
Investments sold short	(305)	14,295
Receivables	1,889	(84,395)
Digital assets receivable - cash portion	145	—
Loans receivable, net of repayment	(125,537)	(113,447)
Due from related party	9,819	18,732
Derivative assets and liabilities	47,934	87,989
Prepaid expenses and other assets	3,010	(34,816)
Payable to customers	4,285	(4,322)
Payable for taxes	3,332	1,636
Assets posted as collateral - cash portion	(6,571)	—
Collateral payable - cash portion	(9,656)	11,107
Accounts payable and accrued liabilities	(37,311)	(59,329)
Net cash used in operating activities	(72,737)	(39,877)
Investing activities		
Additions to property, equipment, and intangible assets	(11,009)	(17,723)
Cash paid for acquisitions of business	(43,892)	—
Disposal of property and equipment	460	—
Purchase of investments	(31,287)	(43,401)

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Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of US Dollars - unaudited)

Proceeds and distributions from investments	16,802	101,230
Cash held in deconsolidated funds	—	—
Net cash used in investing activities	(68,926)	40,106
Financing activities		
Cash paid for principal portion of lease liability	(1,335)	(712)
Proceeds from loans payable	2,099	95,947
Repayment of loans payable	(541)	—
Notes payable	—	(3,750)
Proceeds from stock option and warrant exercise	—	155
Receipts from non-controlling interests liability holders	—	7,815
Disbursements to non-controlling interests liability holders	—	(5,815)
Net cash provided by (used in) financing activities	223	93,640
Impact of exchange rate change on cash and other	(718)	(468)
Net (decrease) increase in cash	(142,158)	93,401
Cash, beginning of period	542,101	840,776
Cash, end of period	\$ 399,943	\$ 934,177
Supplemental disclosure of cash flow information and non-cash investing and financing activities:		
Cash paid during the period for:		
Interest	\$ 34	\$ 23,874
Taxes	\$ 768	\$ 25,559
Non-cash activities:		
Purchases of digital assets receivable in digital assets	\$ —	\$ 38,960
Purchase of investments paid in digital assets	\$ —	\$ 8,495
Proceeds from investment received as digital assets	\$ 1,336	\$ 5,708
Proceeds from investment included in receivables	\$ 214	\$ 332
Purchase of investments with non-cash contributions	\$ 3,345	\$ 2,100
Additions to property, plant and equipment and intangible assets	\$ 437	\$ 8,168
Additions to investments due to deconsolidation of investment funds	\$ —	\$ 56,256
Recognition to right of use assets and lease liability	\$ —	\$ 4,498
In-kind receipts from noncontrolling interests liability holders	\$ —	\$ 3,508
In-kind disbursements to noncontrolling interests liability holders	\$ —	\$ (9,331)

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

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Galaxy Digital Holdings LP ("GDH LP" and together with its consolidated subsidiaries, the "Partnership") is a Cayman Islands exempted limited partnership formed on May 11, 2018. The Partnership's principal address is 300 Vesey Street, New York, New York, 10282.

GDH LP, an operating partnership, is managed by the board of managers and officers of the general partner, Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"). Galaxy Digital Holdings Ltd. ("Galaxy", "GDH Ltd." or "Company") has a minority investment in the operating partnership and is listed on the Toronto Stock Exchange ("TSX") under the ticker "GLXY".

The Partnership is a technology-driven diversified financial services and investment management firm that provides institutions with a full suite of scaled financial solutions spanning the digital assets ecosystem. The Partnership's mission is engineering a new economic paradigm. Today, we are primarily focused on digital assets, cryptocurrencies and blockchain technology, and how these technological innovations will drastically alter the way we store and transfer value. Commencing with the first quarter of 2023, the Partnership began managing and reporting its activities in the following three operating segments: Global Markets, Asset Management and Digital Infrastructure Solutions. Prior periods are presented on a comparable basis.

General Partner

GDH GP, 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 General Partner, and the General Partner has a Board of Managers.

Financial Statements

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Partnership 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 Partnership are dependent upon generating sufficient cash flow and/or obtaining necessary financing to meet its commitments as they come due and to continue building a diversified financial services and investment management business in the cryptocurrency and digital assets sectors. As at March 31, 2023, the Partnership had cash and cash equivalents of \$399.9 million (December 31, 2022 - \$542.1 million) and partners' capital of \$1.6 billion (December 31, 2022 - \$1.4 billion). Management estimates that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the December 31, 2022 audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB, have been condensed or omitted. These unaudited condensed consolidated interim financial statements should be read in conjunction with GDH LP's audited consolidated financial statements for the year ended December 31, 2022.

Except for the new accounting policies disclosed in Note 3, the accounting policies applied in these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Partnership's audited financial statements for the year ended December 31, 2022. The Partnership's interim results are not necessarily indicative of its results for a full year.

These condensed consolidated interim financial statements were approved by the Board of Managers of GDH GP and authorized to be issued on May 9, 2023.

Comparative Figures

Certain comparative figures on the statement of financial position, statement of income (loss) and comprehensive income (loss), statement of changes in equity and statement of cash flows have been reclassified to conform to the current year's presentation. Fee Income on the statement of income (loss) and comprehensive income (loss) includes asset management fees, advisory fees, mining hosting fees, custody technology fees (from our recently acquired GK8 business), and validator commissions. The statement of income (loss) and comprehensive income (loss) previously referenced advisory and management fees.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

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 and digital assets which are measured at fair value less cost to sell.

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

Basis of Consolidation

The condensed consolidated interim financial statements include the financial statements of GDH LP and its consolidated subsidiaries, which are controlled by the Partnership. The reporting period, as well as the accounting policies, of the financial statements are consistent across all entities included in the consolidation. All inter-company transactions, balances, income and expenses, and unrealized gains and losses are eliminated in full upon consolidation.

Reportable segments

Effective January 1, 2023, the Partnership updated its reporting segments to reflect how the Partnership's chief operating decision-maker, as well as other members of senior management, review the financial and operational performance of the Partnership. As a result, the Partnership has reorganized its reportable segments into three operating segments: Global Markets, Asset Management and Digital Infrastructure Solutions. Refer to Note 21 for further information on reportable segments.

Allocation of income and loss

Income and loss arising from the Partnership's ordinary course of operations is allocated between the Class A Units and Class B Units pro rata in accordance with the weighted average number of such Units outstanding for the respective periods.

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.

Many aspects of the cryptocurrency and digital assets industry have not yet been addressed by current IFRS guidance. The Partnership is required to make significant assumptions and judgments as to its accounting policies and the application thereof as applicable to digital assets, which is disclosed in the notes to these condensed consolidated interim financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Partnership's profit or loss and financial position as currently presented.

Significant judgments in applying accounting policies

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

Digital assets

There is limited guidance on the recognition and measurement of digital assets. The Partnership has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2, *Inventories*, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less cost to sell) are recognized in profit or loss.

Income from proprietary mining

The Partnership recognizes income from the provision of transaction verification services within the Bitcoin network, commonly referred to as "cryptocurrency mining". The Partnership participates in mining pools operated by third parties in order to limit its exposure to variability of mining output. The Partnership receives bitcoins from the mining pool operator as consideration for its participation in the pool. Income earned from mining is measured based on the fair value of the bitcoin reward received. The fair value is derived based on the end of day spot price of bitcoin, on the date of receipt, which is not materially different from the fair value at the time the Company earned the award. Currently no specific guidance in IFRS or

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
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alternative accounting frameworks exist regarding the accounting of digital currencies obtained via mining. The Partnership has exercised judgment in determining the appropriate accounting treatment for the recognition of income from proprietary mining.

Valuation techniques

The fair values of all investments are measured using the market or income approaches (Note 22). The determination of fair value requires significant judgment by the Partnership. The Partnership maintains a valuation policy which requires an appointed Valuation Committee (the “VC”), composed of employees of the Partnership, to act in good faith to fair value its investments on a quarterly basis, in accordance with fair value accounting guidance per IFRS 13, *Fair Value Measurement*.

The VC, on behalf of the Partnership, has engaged an independent consultant to provide independent valuations of its significant investments on a quarterly basis.

The Partnership applies the value in use method when determining recoverable amounts of assets being tested for impairment, utilizing both internal and external metrics.

Level of control and influence over investments and funds

Classification of investments requires judgment on whether the Partnership 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 Partnership has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. As of March 31, 2023 and December 31, 2022, the Partnership had greater than 20% ownership in certain of its underlying investments and board representation in other investments. The Partnership elected the Fair Value Through Profit and Loss option for investments for which it was concluded that it had significant influence under IAS 28, and records changes in fair value of these investments on its consolidated statements of income (loss) and comprehensive income (loss).

Classification of the funds formed by the Partnership requires judgment on the degree of control and influence over these funds. Key to the assessment of control is determining whether the Partnership, as manager of these funds, is acting as principal or agent. Management considers key factors such as power, returns and its ability to use its power to affect the amount of returns, to determine whether it controls and consolidates a fund or whether it has significant influence and applies the equity method of accounting to an investment in a fund. As at March 31, 2023 the Partnership has determined it does not have control of managed funds. Prior to December 31, 2022, the Partnership controlled and consolidated certain managed funds. Refer to Note 17 for information on previously consolidated funds.

Income taxes

These condensed consolidated interim financial statements represent the financial position of the Partnership and do not include the other assets and liabilities or income and expenses of the partners. As the Partnership is a Cayman exempted limited partnership treated as a partnership for U.S. Federal tax purposes, items of income, gain, loss, deduction, and credit are allocated to the partners and, as such, income taxes are generally the responsibility of the partners. The Partnership is subject to an entity level New York City unincorporated business tax (“UBT”) at a rate of 4.0% on income allocated or apportioned to New York City. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are treated as domiciled under their respective tax laws. Accordingly, no provision for income taxes has been recorded in these consolidated financial statements other than for the Partnership's UBT obligation and for the entities consolidated by the Partnership that are subject to income taxes in the local jurisdictions in which they operate.

Judgment is required in determining whether deferred tax assets, including those arising from unutilized tax losses, are recognized in the statement of financial position. This analysis requires that management assess the likelihood that the Partnership and/or its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasting cash flows from operations and applying existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Partnership 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 Partnership and/or its subsidiaries operate could limit the ability of the Partnership to realize tax deductions in future periods. The allocation of taxable income to partners may vary substantially from net income reported in these condensed consolidated interim financial statements.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Key sources of estimation uncertainty

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Digital assets and investments - valuation

Although many of the Partnership's digital assets are traded in active markets and are valued based upon quoted prices, a portion of such digital assets, as well as the majority of the Partnership's investments, are not actively traded and are valued based upon quoted prices for similar assets or based upon unobservable inputs (Note 22). These valuations require the Partnership to make significant estimates and assumptions.

Digital assets are treated as inventory for financial reporting purposes.

Derivatives - valuation

Derivatives embedded in other financial liabilities or host contracts are treated as separate stand-alone derivatives when the following conditions are met:

- their economic characteristics and risks are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined contract is not held for trading or designated at fair value through profit or loss.

Where an embedded derivative is separable from the host contract but the fair value, at the acquisition or reporting date, cannot be reliably measured separately, the entire combined contract is measured at fair value. Embedded derivatives are generally presented on a combined basis with the host contracts on the consolidated statements of financial position although they are separated for measurement purposes when conditions requiring separation are met. Subsequent changes in fair value of the embedded derivatives are recognized in non-interest income in the consolidated statements of income (loss) and comprehensive income (loss).

All derivatives, including embedded derivatives that must be separately accounted for, are recorded at fair value in the consolidated statements of financial position. The determination of the fair value of derivatives includes consideration of credit risk, estimated funding costs and ongoing direct costs over the life of the instruments.

The Partnership uses the Black-Scholes Option Pricing model to determine the fair value of the embedded derivative related to Notes payable. This estimate requires management to make significant judgments and assumptions about the most appropriate inputs to the valuation model including the volatility, time-step and risk-free rate. If different input assumptions are used, the changes can materially affect the fair value estimate.

Valuation of property and equipment

Depreciation of property and equipment, including right of use assets, are dependent upon estimates of useful lives and estimates of when assets become available for use, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of such assets.

The Partnership evaluates property and equipment, including mining-related assets, for impairment when indicators of impairment are identified. Indicators of impairment include adverse changes to the conditions of the assets, significant reduction of market values of similar assets, or changes in the Partnership's business plans that relate to the property and equipment. Impairment testing requires determination of recoverable amounts, which includes significant judgments related to the determination of fair value less cost to dispose and value in use of the relevant assets. Refer to Note 14 for additional information on impairment of property and equipment.

Valuation of equity based compensation

The Partnership uses the Black-Scholes Option Pricing Model and other valuation models for the valuation of its equity based compensation. These models require the input of subjective assumptions including expected price volatility, risk-free interest rate, forfeiture rate, fair value per unit calculations and expected term. If different input assumptions are used, the changes can materially affect the fair value estimate.

Valuation and economic recoverability of goodwill and intangible assets

Goodwill and intangible assets are capitalized if they are expected to have future economic benefits and are expected to be economically recoverable. Purchased intangibles are valued on acquisition using established methodologies and amortized over their estimated useful economic lives, except in those cases where intangibles are determined to have indefinite lives, where there is no foreseeable limit over which these intangible assets would generate net cash flows. The valuations and lives of goodwill and intangible assets are based on management's best estimates of future performance and periods over which value from intangible assets will be derived. Goodwill and intangible assets are assessed for indicators of impairment throughout the year, and Galaxy performs a formal impairment review annually. Management first reviews qualitative factors in determining if an impairment needs to be recorded. Quantitative factors are then used to calculate the amount of impairment, if needed. The estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that a change in circumstances would alter these projections, which may impact the recoverable amount of the assets.

Income taxes

The consolidated financial statements include estimates and assumptions for determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated statements of financial position dates. Operating plans and forecasts are used to estimate when a temporary difference will reverse.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the addition of the mining related policy below, the accounting policies applied in these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Partnership's audited financial statements for the year ended December 31, 2022.

Mining Revenue

The Partnership contributes computing resources (i.e. processing power) to mining pools with other digital asset miners for the purpose of validating blockchain transactions to generate returns. The Partnership does not operate the mining pools and receives a portion of the transaction fees paid by blockchain participants for successfully validating transactions and newly-created digital assets (referred to as block awards) which are issued by a blockchain network as a part of successfully mining a block. The Partnership has a single performance obligation to provide computing power to the mining pool operator. The transaction consideration the Company receives, represents noncash consideration, which the Partnership measures at fair value within Income from proprietary mining in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) on the date received, which is not materially different from the fair value at the time the Partnership earned the award.

The Partnership also enters into agreements with counterparties as a lessor or hosting provider. Income related to such agreements is recognized within Fee income on the Partnership's condensed consolidated interim statements of income (loss) and comprehensive income (loss).

4. NEW ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

The Partnership did not adopt any new accounting standards during the period ended March 31, 2023. Refer to Note 3 for the Partnership's accounting policies.

Accounting standards and amendments to existing standards that are not yet effective

In October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*. The amendments clarify the impact of covenants of loan arrangements on the classification of a liability as current or non-current at the reporting date. The amendments are effective for annual periods starting on or after January 1, 2024, with early adoption permissible. The Partnership is assessing the impact of these amendments.

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, amendments to IFRS Practice Statement 2 *Making Materiality Judgements* and amendments to IAS 8 *Definition of Accounting Estimate*. The amendments require companies to disclose material accounting policies rather than their significant accounting policies and also help distinguish between changes in accounting estimates versus accounting policies. These amendments are effective for annual

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
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periods starting on or after January 1, 2023. The Partnership does not expect a significant impact from the adoption of these amendments.

5. KEY TERMS OF LIMITED PARTNERSHIP AGREEMENT

The key terms of limited partnership agreement are consistent with those disclosed in the Partnership's audited consolidated financial statements for the year ended December 31, 2022.

6. BUSINESS COMBINATION

On February 21, 2023, a subsidiary controlled by the Partnership acquired the net assets of GK8 Ltd. from Celsius Network LLC for \$44 million. The Partnership determined that the acquisition of GK8's net assets ("GK8") constituted a business combination under IFRS 3. GK8 is a secure institutional digital asset self-custody platform. It is a leading technology provider for institutions looking to custody their digital assets with the highest possible security, using patented technology to safely store cryptocurrencies and execute blockchain transactions.

The consideration transferred was measured at fair value of the cash paid, \$44 million, in exchange for the net identifiable assets of GK8 and goodwill on February 21, 2023 identified below:

(in thousands)	February 21, 2023
Receivables	\$ 1,356
Prepaid expenses and other assets	268
Property and equipment	128
Intangible assets	22,283
Goodwill	20,632
Total assets	\$ 44,667
Accounts payable and accrued liabilities	775
Total liabilities	\$ 775

On the date of acquisition, the Partnership recorded \$20.6 million of goodwill, which was attributed to the Digital Infrastructure Solutions segment. Goodwill represents the future economic benefit arising from assets acquired which could not be individually identified and separately recognized. Goodwill was attributed to the expected synergies from combining operations with GDH LP and the expected future cash flows of the business. The goodwill from this acquisition is not expected to be deductible for tax purposes. The transaction price is subject to customary working capital adjustments that are expected to be finalized in May 2023. Additionally, the fair value of the assets and liabilities acquired are based on the Partnership's preliminary assessment using the information available as of the date of this filing, and could change if new information is obtained during the measurement period, which ends in February 2024.

Intangible assets acquired included customer relationships valued at \$2.9 million, which will be amortized over an estimated useful life of 3 years, trade names and trademarks valued at \$3.2 million, which will be amortized over an estimated useful life of 3 years and technology valued at \$16.2 million, which will be amortized over an estimated useful life of 5 years. The intangible assets are measured at acquisition date fair value using an income approach in accordance with the Partnership's accounting policies.

The Partnership incurred acquisition related transaction costs of \$2.3 million. The majority represented professional fees and were incurred during the year ended December 31, 2022. The proforma impact of the acquisition on the Partnership's revenue and net income for the year ended on December 31, 2022 would not have been material.

7. DIGITAL ASSETS

The Partnership's digital assets are primarily traded in active markets and are purchased with the intent to resell in the near future, generating a profit from the fluctuations in prices or margins. As a result, the Partnership has determined that its holdings of cryptocurrency, both restricted and unrestricted, are accounted for as inventory at fair value less cost to sell, with

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

changes in fair value less cost to sell recognized in profit or loss. Below are the Partnership's digital asset holdings as of March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023	December 31, 2022
Digital assets:		
Unrestricted	\$ 854,051	\$ 566,690
Restricted	—	—
Total	\$ 854,051	\$ 566,690

Digital assets are typically part of a decentralized system of recording transactions and issuance of new units that rely on cryptography to secure transactions, to control the creation of additional units, and to verify the transfer of assets. The Partnership holds both unrestricted and restricted cryptocurrency, as defined below.

Unrestricted – Digital assets held by the Partnership, typically acquired through direct purchase, borrowing or via pre-network launch investments, whereby the related company or project has completed its token generation event or network launch and has distributed such digital assets to the holder. The Partnership also participates from time to time in proof of stake programs. Proof of stake protocols are individually assessed for restrictions. As of the periods presented, staked tokens have been identified as unrestricted.

Restricted – Certain digital assets held by the Partnership are restricted by lock-up schedules associated with pre-network launch investments. Digital assets restricted by lock-up schedules which have not yet been received by the Partnership are recognized as Digital assets receivable, described below. Restricted digital assets also include assets which are not self-custodied but are used by the Partnership for various quantitative trading strategies.

During the periods ended March 31, 2023 and March 31, 2022, the Partnership engaged in several trading strategies with respect to its digital assets, including cross-exchange arbitrage as well as market neutral trading strategies across a variety of crypto assets and exchanges. Realized gains and losses associated with these strategies are recognized in profit or loss.

The Partnership's realized gain or loss on a digital assets is calculated as the proceeds received from the sale of the digital asset less its assigned original cost. The Partnership's unrealized gain or loss on a digital asset consists of both the change in fair value on a digital asset from the beginning of the period and the reversal of any previously recognized unrealized gain or loss on a digital asset sold during the period.

Receivable and payable for digital asset trades

As of March 31, 2023 and December 31, 2022, there were a number of unsettled trades. The amounts receivable and payable were \$16.7 million (December 31, 2022 - \$9.1 million) and \$17.3 million (December 31, 2022 - \$2.6 million), respectively. These trades settled shortly after period end.

Digital assets receivables

Digital assets receivables relate to certain digital assets that are yet to be distributed to the Partnership as of the end of the period and are expected to be distributed over time according to a release schedule (generally via a token sale agreement). As the digital assets are received by the Partnership, they will be reclassified from digital assets receivable to digital assets. The unrealized gains or losses on the digital assets receivables are recognized in Net unrealized gain (loss) on digital assets. As at March 31, 2023, the Partnership had \$20.3 million (December 31, 2022 - \$12.4 million) in short-term digital assets receivables and \$7.4 million (December 31, 2022 - \$5.2 million) in long-term digital assets receivables.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

8. DIGITAL ASSET LOANS RECEIVABLE AND PAYABLE

Digital asset loans receivable and associated collateral payable

In the ordinary course of business the Partnership lends digital assets to counterparties.

(in thousands)	March 31, 2023	December 31, 2022
Digital asset loans receivable	\$ 55,266	\$ 60,094
Less: Allowance for credit loss	(10,123)	(10,123)
Digital asset loans receivable, net	\$ 45,143	\$ 49,971
Collateral payable - Digital assets	\$ 53,506	\$ 32,772
Collateral payable - Cash	10,918	21,999
Collateral payable associated with digital assets loans receivable	\$ 64,424	\$ 54,771

Collateral payable represents assets which the Partnership has the right to rehypothecate.

Digital asset loans payable and associated collateral receivable

In the ordinary course of business the Partnership borrows digital assets from counterparties and posts collateral, as required.

(in thousands)	March 31, 2023	December 31, 2022
Master loan agreements	\$ 164,578	\$ 83,226
Credit facilities from exchanges	135,207	87,340
Digital asset loans payable	\$ 299,785	\$ 170,566
Assets posted as collateral - Digital assets	\$ 88,353	\$ 24,475
Assets posted as collateral - Cash	—	—
Assets posted as collateral associated with Digital asset loans payable	\$ 88,353	\$ 24,475

9. LOANS RECEIVABLE AND PAYABLE

In the ordinary course of business the Partnership may borrow and lend fiat currency, such as US dollars, to counterparties to facilitate digital asset trading and lending activity.

Loans receivable, current and non-current

(in thousands)	March 31, 2023	December 31, 2022
Loans receivable	\$ 188,976	\$ 62,611
Loans receivable, non-current	100,150	100,977
Loans receivable, current and non-current	\$ 289,126	\$ 163,588

Non-current loans receivable is comprised of the non-current portion of loans with Argo Blockchain Inc. ("Argo") and Blockstream Inc. ("Blockstream"). The loan with Argo is secured by, amongst other assets, the mining equipment of Argo that is physically located in the Helios facility. The Blockstream loan is secured by substantially all physical assets of Blockstream.

The outstanding loans receivable are scheduled to be repaid in the following periods:

(in thousands)	Amounts
2023	\$ 185,695
2024	90,306
2025	13,125
Loans receivable, current and non-current	\$ 289,126

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Collateral payable associated with loans receivable, current

(in thousands)	March 31, 2023	December 31, 2022
Collateral payable - Digital assets	\$ 241,236	\$ 34,582
Collateral payable - Cash	28,052	29,483
Collateral payable associated with loans receivable, current	\$ 269,288	\$ 64,065

Collateral payable represent assets to which the Partnership has the right to rehypothecate.

Loans payable

(in thousands)	March 31, 2023	December 31, 2022
Loans payable	\$ 3,058	\$ —

The Partnership did not post any collateral in association with its Loans payable as of March 31, 2023 or December 31, 2022.

10. DERIVATIVES ASSETS AND LIABILITIES

For the periods ended March 31, 2023 and 2022, the Partnership recognized \$55.1 million and \$82.0 million, respectively, of net derivative gain. The net gains for the periods ended March 31, 2023 and 2022 were due to positioning, economic hedging and as part of a trading strategy. Embedded derivatives are recorded in the same line items on the consolidated statements of financial position as their host instrument. The Partnership's derivative portfolio disclosed below, collectively had a maturity date of less than a year as of March 31, 2023.

The following table represents the breakdown of the Partnership's derivatives portfolio as of March 31, 2023 and December 31, 2022:

March 31, 2023

(in thousands)	Notional	Gross Fair Value - Derivative Assets	Gross Fair Value - Derivative Liabilities
Digital asset futures	\$ 67,042	\$ 770	\$ (4,372)
Digital asset forwards	10,313	3,557	(2,151)
Digital asset options	1,074,940	68,527	(53,599)
Digital asset swaps	15,358	3,522	(3,045)
Foreign currency swaps	—	—	—
Foreign currency forwards	1,014,647	4,160	(4,190)
Foreign currency options	99,478	789	—
Exchange traded index futures ⁽¹⁾	66,204	2	(809)
Exchange traded digital asset options ⁽¹⁾	8,867	4,381	(4,486)
Exchange traded digital asset futures ⁽¹⁾	75,960	3,592	(8,624)
Exchange traded commodity options ⁽¹⁾	351	325	(26)
Exchange traded commodity futures ⁽¹⁾	4,568	—	(23)
Total	2,437,728	89,625	(81,325)
Embedded derivatives — Digital asset loans receivable, net of allowance	50,931	4,426	(89)
Embedded derivatives — Assets posted as collateral	83,547	5,031	—
Embedded derivatives — Digital asset loans payable	291,204	15,517	(22,376)
Embedded derivatives — Collateral payable	268,637	17	(33,246)

⁽¹⁾ Exchange traded digital currency futures and options are traded on a traditional financial exchange.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

December 31, 2022

(in thousands)	Notional	Gross Fair Value - Derivative Assets	Gross Fair Value - Derivative Liabilities
Digital asset futures	\$ 3,993	\$ 1,371	\$ (6)
Digital asset forwards	10,966	4,350	(3,006)
Digital asset options	401,543	4,175	(7,862)
Digital asset swaps	8,160	283	(105)
Foreign currency swaps	5,637	—	(473)
Foreign currency forwards	252,210	2,062	(1,788)
Foreign currency options	13,911	—	—
Index futures	66,707	637	(280)
Exchange traded treasury futures ⁽¹⁾	676,929	702	(979)
Exchange traded digital asset options ⁽¹⁾	2,314	1,926	(1,339)
Exchange traded commodity options ⁽¹⁾	52,104	2,213	(693)
Exchange traded commodity futures ⁽¹⁾	4,565	—	(37)
Total	1,499,039	17,719	(16,568)
Embedded derivatives — Digital asset loans receivable, net of allowance	62,709	—	(2,624)
Embedded derivatives — Assets posted as collateral	26,158	—	(1,670)
Embedded derivatives — Digital asset loans payable	176,614	7,074	(1,219)
Embedded derivatives — Collateral payable	76,738	3,725	(150)

⁽¹⁾ Exchange traded digital currency futures and options are traded on a traditional financial exchange.

The below table represents the breakdown of collateral payable associated with open derivative positions.

(in thousands)	March 31, 2023	December 31, 2022
Collateral payable - Digital assets	\$ 6,723	\$ 6,104
Collateral payable - Cash	8,823	6,168
Collateral payable associated with derivatives	\$ 15,546	\$ 12,272

Collateral payable represent assets to which the Partnership has the right to rehypothecate.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

11. INVESTMENTS

Investments

The Partnership's holdings of investments generally are not traded in active markets. Investments are accounted for as financial assets which are initially recognized at fair value and subsequently measured at fair value through unrealized profit or loss. Below are the Partnership's investments as of March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023	December 31, 2022
Common stock	\$ 85,680	\$ 61,648
Convertible notes	21,392	12,649
LP/LLC interests	280,821	255,799
Pre-network launch	6,508	5,500
Preferred stock	286,712	258,462
Warrants/Trust units/Trust shares	11,272	1,064
Total	\$ 692,385	\$ 595,122

Common Stock: Class of ownership in a corporation that entitles the holders to a claim on the assets and future earnings of the corporation, as well as certain voting and governance rights over the operations of the corporation.

Convertible Notes: Class of debt that entitles the holders to convert such debt into equity of the issuer under certain circumstances.

Limited Partnership ("LP") / Limited Liability Company ("LLC") Interests: Class of ownership in a LP or LLC that entitles the holders to a claim on the assets and future earnings of the LP or LLC, as well as certain voting or governance rights over the operations of the LP or LLC.

Pre-network launch: Contributions made to companies or start-up blockchain projects, typically documented via a SAFE-T, that entitles the holder to receive cryptocurrency at a future date once the related company or project has completed its token generation event or network launch. These investments are accounted for as executory contracts and held at cost less impairment.

Preferred Stock: Class of ownership in a corporation that typically entitles the holder to a priority claim on the assets and future earnings of the corporation above that of common stock holders, as well as certain voting and governance rights over the operations of the corporation.

Warrants / Trust Units / Trust Shares: Warrants represent a security that entitles the holders to purchase the underlying stock of the issuing company at a pre-determined price until the stated expiry date. Trust units are a class of ownership in a unit trust (typically an unincorporated mutual fund) that entitles the holders to a claim on the assets and future earnings of the trust as well as certain voting and governance rights over the operations of the trust. Trust shares represent investments in traditional investment vehicles that enable investors to gain exposure to price movements of underlying assets.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Continuity schedule of investments

The below table shows components of the change in investments for the period ended March 31, 2023 and year ended December 31, 2022:

(in thousands)	Investments
Balance as at December 31, 2021	\$ 1,069,776
Purchases	152,993
Proceeds and distributions from investments ⁽¹⁾	(200,238)
Net change of investments due to deconsolidation of funds	56,256
Transfer to digital assets and digital assets receivable	(12,500)
Net realized gain on investments	19,696
Net unrealized loss on investments	(490,869)
Other ⁽²⁾	8
Balance as at December 31, 2022	595,122
Purchases	34,632
Proceeds and distributions from investments ⁽¹⁾	(18,352)
Transfer to digital assets and digital assets receivable	(202)
Net realized loss on investments	(2,000)
Net unrealized gain on investments	83,185
Balance as at March 31, 2023	\$ 692,385

⁽¹⁾ Proceeds from investments includes cash and stock proceeds from the sale of investments and other realization events.

⁽²⁾ Other for the year ended December 31, 2022 includes capitalized interest on convertible notes as well as stock received upon acquisition of an investment.

The Partnership's realized gain or loss on an investment is calculated as the proceeds received from the sale of the investment less its original cost. The Partnership's unrealized gain or loss on an investment consists of both the change in fair value on an investment from the beginning of the period and the reversal of any previously recognized unrealized gain or loss on an investment sold during the period.

Investments sold short

Investments sold short are accounted for as financial liabilities, which are both initially recognized and then subsequently measured at fair value through Net unrealized gain (loss) on investments in the condensed consolidated interim statements of operations. There were no investments sold short held as of March 31, 2023 (December 31, 2022 - \$0.1 million). The unrealized loss on the Partnership's investments sold short for the period ended March 31, 2023 was \$0.2 million (December 31, 2022 - \$5.7 million).

The Partnership's realized gain or loss on an investment sold short is calculated as the proceeds from the sale of the investment sold short less the cost of the repurchase. The Partnership's unrealized gain or loss on an investment sold short consists of both the change in fair value on an investment sold short from the beginning of the period and the reversal of any previously recognized unrealized gain or loss on an investment sold short during the period. The realized gain of the Partnership's investments sold short for the period ended March 31, 2023 was \$0.02 million (December 31, 2022 - \$22.3 million).

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

12. RECEIVABLES

The following table represents the Partnership's fiat receivables balance as of March 31, 2023 and December 31, 2022. The Partnership's digital asset receivables and digital asset loans receivable are described in Note 8 and Note 9, respectively.

(in thousands)	March 31, 2023	December 31, 2022
Interest receivable	\$ 2,461	\$ 1,983
Receivables from investments sold	3,025	3,142
Hosting fee receivable	6,698	—
Other ⁽¹⁾	5,847	5,762
Total	\$ 18,031	\$ 10,887

⁽¹⁾ Includes receivables related to non-consolidated funds management and advisory activities.

13. PREPAID EXPENSES AND OTHER ASSETS

The following table represents the Partnership's prepaid expenses and other assets as of March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023	December 31, 2022
Prepaid rent and security deposits	\$ 1,359	\$ 1,377
Prepaid mining expenses	5,400	5,296
Current tax assets and receivables	16,019	15,354
Prepaid acquisition cost	—	5,400
Other	7,294	5,391
Total	\$ 30,072	\$ 32,818

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

14. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

The following table represents activity within the Partnership's property and equipment asset classes for the periods ended March 31, 2023 and December 31, 2022:

(in thousands)	Corporate Assets ⁽¹⁾	Mining Equipment	Mining Infrastructure	Land	WIP / Construction in Progress ⁽³⁾	Total Property and Equipment
Balance as of December 31, 2021	\$ 780	\$ 15,466	\$ —	\$ —	\$ 41,941	\$ 58,187
Additions	2,461	—	67,351	10,490	119,400	199,702
Depreciation	(666)	(10,557)	—	—	—	(11,223)
Transfers	5,182	23,141	—	—	(28,323)	—
Disposals	—	(4,853)	—	—	—	(4,853)
Impairment ⁽²⁾	—	(2,897)	—	—	(30,378)	(33,275)
Balance as of December 31, 2022	\$ 7,757	\$ 20,300	\$ 67,351	\$ 10,490	\$ 102,640	\$ 208,538
Additions	305	—	2,214	—	5,330	7,849
Depreciation	(286)	(1,791)	(1,201)	—	—	(3,278)
Transfers	451	20,547	—	—	(20,998)	—
Disposals	—	(1,035)	—	—	—	(1,035)
Impairment reversal ⁽²⁾	—	6,218	—	—	339	6,557
Balance as of March 31, 2023	\$ 8,227	\$ 44,239	\$ 68,364	\$ 10,490	\$ 87,311	\$ 218,631

⁽¹⁾ Corporate assets balances primarily relate to computer equipment, leasehold improvements, and furniture and fixtures.

⁽²⁾ Recognized in general and administrative expenses on the consolidated statements of income (loss) and comprehensive income (loss). The Partnership recorded impairment losses on mining equipment during the year ended December 31, 2022; the impairment on mining equipment was partially reversed during the period ended March 31, 2023 due to increases in the bitcoin network hash price.

⁽³⁾ WIP / Construction in Progress balances primarily relate to mining equipment of \$72.1 million and mining infrastructure under construction of \$15.2 million.

The following table represents property and equipment balances, accumulated depreciation and impairment (as applicable) for the periods ended March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023	December 31, 2022
Corporate assets	\$ 14,108	\$ 13,350
Mining equipment	54,951	35,439
Mining infrastructure	69,564	67,351
Land	10,490	10,490
WIP / Construction in progress	117,349	133,018
Property and equipment, gross	\$ 266,462	\$ 259,648
Less: Accumulated depreciation	(18,085)	(14,807)
Less: Impairment	(29,746)	(36,303)
Property and equipment, net	\$ 218,631	\$ 208,538

Goodwill

As of March 31, 2023 and December 31, 2022, the Partnership's Goodwill balance was \$45.3 million. Goodwill of \$15.5 million, \$9.1 million and \$20.6 million was allocated to the Global Markets, Asset Management and Digital Infrastructure Solutions segments, respectively, attributable to prior and current period acquisitions. No impairment of goodwill was recorded for the periods ended March 31, 2023 or March 31, 2022.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Intangible and Right of use assets

The following table represents activity within the Partnership's intangible and right of use assets for the periods ended March 31, 2023 and December 31, 2022:

(in thousands)	Software Technology ⁽¹⁾	Other Purchased Intangible Assets ⁽²⁾	Indefinite-lived Intangible Asset ⁽³⁾	Total Intangible assets	Right of Use Assets
Balance as of December 31, 2021	\$ 1,326		\$ 1,761	\$ 3,087	\$ 11,746
Additions	4,963		—	4,963	4,498
Amortization	(1,102)		—	(1,102)	(2,509)
Balance as of December 31, 2022	\$ 5,187	\$ —	\$ 1,761	\$ 6,948	\$ 13,735
Additions	19,946	6,062	—	26,008	—
Amortization	(192)	(186)	—	(378)	(791)
Balance as of March 31, 2023	\$ 24,941	\$ 5,876	\$ 1,761	\$ 32,578	\$ 12,944

⁽¹⁾ Intangible assets recognized through acquisitions and internally developed software.

⁽²⁾ Includes acquired customer relationship and trade names.

⁽³⁾ Represents website domain name purchased in 2021.

The following table represents intangible assets and accumulated amortization as of the periods ended March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023	December 31, 2022
Software technology	\$ 27,646	\$ 7,700
Other purchased intangible assets	6,062	—
Indefinite-lived intangible asset	1,761	1,761
Intangible assets, gross	35,469	9,461
Less: Accumulated amortization	(2,891)	(2,513)
Intangible assets, net	\$ 32,578	\$ 6,948

The following table represents right of use assets activity and balances for the periods ended March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023	December 31, 2022
Right of use assets, gross	\$ 22,719	\$ 22,719
Less: Accumulated amortization	(5,812)	(5,021)
Less: Impairment ⁽¹⁾	(1,565)	(1,565)
Less: Lease liability reduction	(2,398)	(2,398)
Right of use assets, net	\$ 12,944	\$ 13,735

(1) The Partnership recorded impairment losses on right of use assets due to the exit of the premises prior to the end of a lease term in a prior year.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table represents the Partnership's accounts payable and accrued liabilities balances as of March 31, 2023 and December 31, 2022:

(in thousands)	March 31, 2023	December 31, 2022
Compensation and compensation related	\$ 9,083	\$ 32,566
Interest	4,643	2,342
Professional fees	11,487	14,270
Payable for investment purchased	—	500
Accounts payable	7,818	12,532
Deferred revenue	250	2,020
Other	4,529	2,851
	\$ 37,810	\$ 67,081

Payables to Customers

During the year ended December 31, 2021, the Partnership commenced its prime brokerage business. As of March 31, 2023, there was \$13.9 million, including accrued interest, due to customers for prime brokerage (December 31, 2022 - \$9.6 million). The corresponding assets are included in the condensed consolidated interim statements of financial position as the Partnership has the right to rehypothecate the funds at any time. In addition, the Partnership holds \$8.6 million of assets on behalf of its customers which are not included in the condensed consolidated interim statements of financial position as the Partnership does not have the right to rehypothecate the assets.

16. EQUITY

Issued Partnership Capital

GDH LP has two classes of ownership interests, representing limited partner interests:

- (i) GDH LP Class A Units, which were subdivided into GDH LP A-1 Units, all of which are held directly by GDH Ltd., and GDH LP A-2 Units, all of which are held indirectly by GDH Ltd. through GDH Ltd.'s wholly owned U.S. subsidiary, GDH Intermediate LLC; and
- (ii) GDH LP Class B Units, which are held by GGI, employees of GDH LP, as part of GDH LP employee compensation plan, and certain former shareholders.

The GDH LP Class A Units and GDH LP Class B Units rank pari passu to all distributions from GDH LP.

Under the terms of the LPA, GDH LP Class B Units will, subject to certain limitations, be exchangeable for GDH Ltd. shares on a one-for-one basis subject to customary adjustments for stock splits, stock dividends and other similar transactions; or, at the election of GDH LP, GDH LP may deliver an amount of cash in lieu of GDH Ltd. shares to an exchanging GDH LP Class B Unit holder. On receipt of a request to exchange, the Partnership or the General Partner will cancel the Class B Units and will cause GDH Ltd. to issue ordinary shares. In addition, GDH LP will issue Class A Units to GDH Ltd. for the same amount of ordinary shares issued by GDH Ltd.

Private Investment in Public Equity ("PIPE")

On November 12, 2020, GDH Ltd. closed a PIPE with \$50.0 million of aggregate gross proceeds. As part of the PIPE, GDH Ltd. issued 19,070,000 shares and 4,767,500 warrants. Each warrant was exercisable into an ordinary share of the Company for a term of two years from the date of issuance at an exercise price of C\$8.25. Under the terms of the LPA, the Partnership issued a Class A Unit for each GDH Ltd. ordinary share issued and any liability associated with the warrant was pushed down to the Partnership. The gain related to the warrant liability, recognized in the statement of income (loss) and comprehensive income (loss) for the three months ended March 31, 2022 was \$2.5 million. All the warrants expired in November 2022.

Exchangeable Notes

On December 9, 2021, GDH LP issued \$500 million aggregate principal amount of 3.00% exchangeable notes ("Exchangeable Notes"). Outstanding Exchangeable Notes will mature and the aggregate principal amount is due in 2026, unless earlier exchanged, redeemed or repurchased. Interest on the Exchangeable Notes is payable semi-annually. There was no discount or

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

premium associated with the notes. The Exchangeable Notes had an initial exchange rate of 7,498.2210 ordinary shares per US\$250,000 principal amount. All Exchangeable Notes issued are subject to certain selling and transfer restrictions set forth in each investor's note purchase agreement, and as set forth in the indenture that governs the Exchangeable Notes.

The Partnership determined that the conversion feature represents a derivative financial instrument embedded in the "Debenture". The accounting treatment of derivative financial instruments requires that the Partnership record the fair value of that derivative financial instrument as a discount to the value of the Debentures as of the inception date. Accordingly, the Partnership recorded an aggregate initial discount of \$71.0 million for the fair value of the derivative liability at inception of the convertible debentures. The Exchangeable Notes and the associated derivative liability are shown as Notes payable in the Partnership's consolidated statements of financial position. As of March 31, 2023 the total amount for Notes payable was \$389.2 million (December 31, 2022 - \$384.5 million), net of repurchases, and the gain (loss) recognized in the Company's consolidated statements of income (loss) and comprehensive income (loss) for the period ended March 31, 2023 was \$(1.3) million (March 31, 2022 - \$6.5 million).

On initial recognition, debt issuance costs of \$13.4 million were recognized as a reduction of Notes payable and are being accreted over the term of the debt. The interest expense from the Exchangeable Notes for the period ended March 31, 2023 was \$6.7 million (March 31, 2022 - \$7.3 million).

Issued Capital

Class A Units

During the period ended March 31, 2023, the Partnership issued 30,121 (March 31, 2022 - 85,388) Class A Units to GDH Ltd. on exchange of Class B Units and exercise of options, restricted share units and warrants.

On May 16, 2022, GDH Ltd announced that the TSX approved the Company's plan to commence a normal course issuer bid (a "Bid") to purchase up to 10,596,720 ordinary shares (10% of the Company's public float as of May 10, 2022).

GDH Ltd. began repurchasing shares on May 18, 2022. The Company completed its normal course issuer bid program on October 24, 2022. As of December 31, 2022, GDH Ltd. repurchased a total of 10,596,720 shares for a total cost of \$53.3 million. All repurchased shares of GDH Ltd. and the equivalent number of Class A Units in the Partnership were cancelled.

Class B Units

During the period ended March 31, 2023, 30,121 Class B Units (March 31, 2022 - 30,000) were exchanged for ordinary shares of GDH Ltd.

As of March 31, 2023, there were 104,216,660 (December 31, 2022 - 104,811,539) Class A Units and 215,913,248 (December 31, 2022 - 215,943,369) Class B Units outstanding. The change during the ended March 31, 2023 was due to exchanges of Class B Units for ordinary shares of GDH Ltd. (and into Class A Units of GDH LP) and cancellations of ordinary shares.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Equity Based Compensation

The Partnership has awarded compensatory Class B Units, stock options and restricted share units (equity instruments) to eligible officers and employees. For the periods ended March 31, 2023 and March 31, 2022, equity based compensation expense was recognized as follows:

(in thousands)	Three months ended March 31, 2023	Three months ended March 31, 2022
Stock options	\$ 5,474	\$ 6,590
Restricted Units ⁽¹⁾	17,991	15,941
Compensatory Class B Units	242	231
	23,707	22,762
Stock options awarded to directors included in general and administrative	234	158
Total	\$ 23,941	\$ 22,920

⁽¹⁾ Includes expense associated with restricted stock issued in connection with the Partnership's acquisition of Vision Hill in May 2021.

The forfeiture rate assumed for equity based compensation ranged from 10% - 33% (March 31, 2022: 10% - 40%). Forfeiture rate is determined using historical data to estimate option exercise and employee terminations.

Compensatory Class B Unit Awards

The Partnership has awarded Class B Unit awards to eligible officers and employees. The following table summarizes the activity related to the compensatory Class B Units during the respective periods:

Description	Class B Units
Balance, December 31, 2021	14,890,203
Exchanged	(4,097,259)
Forfeited	—
Balance, December 31, 2022	10,792,944
Exchanged	—
Forfeited	—
Balance, March 31, 2023	10,792,944
Compensatory Class B Units exercisable, December 31, 2022 and March 31, 2023	10,762,492

Under the terms of the LPA, the General Partner may elect, at its sole discretion, to pay an amount of cash equal to the current market price of the applicable number of shares in lieu of delivering the applicable number of shares. However, as the Partnership does not have a present obligation to settle in cash, the Class B Units are accounted for as equity settled awards.

Equity Plan

The Partnership has granted stock options to employees, officers, directors and consultants of the Partnership under the GDH Ltd. stock option plan (the "Plan"), subject to the approval of the board of directors of GDH Ltd. The exercise price of each option may not be less than the market price of GDH Ltd.'s shares at the date of grant. Options granted under the Plan will have a term not to exceed 5 years and will be subject to vesting provisions as determined by the board of directors of GDH Ltd., who administer the Plan. On exercise of an option, the holder will receive one ordinary share in GDH Ltd. and GDH LP will issue one Class A Unit to GDH Ltd. The maximum number of shares reserved for issuance under the Plan is fixed at 45,565,739 shares of GDH Ltd. Following the approval of the Long Term Incentive Plan, the Company no longer makes grants under the Plan and future grants will be made from the Long Term Incentive Plan. The Plan reserve has been rolled over into the Long Term Incentive Plan.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Long Term Incentive Plan

In May 2021, the board of directors of GDH Ltd. approved the GDH Ltd. Long Term Incentive Plan (“LTIP”) to grant stock options, stock appreciation rights, restricted stock, and share units in the form of restricted share units and/or performance share units to employees, officers, and consultants of GDH Ltd. and its affiliates (inclusive of the Partnership) and deferred share units to non-employee directors of GDH Ltd. and non-employee managers of the board of managers of the General Partner. Under the LTIP Plan, the exercise price of each option may not be less than the market price of GDH Ltd.’s shares at the date of grant. Options granted under the LTIP typically have a term not to exceed five years and are subject to vesting provisions as determined by the board of directors of GDH Ltd., who administer the LTIP. On exercise of an option, the holder will receive one ordinary share in GDH Ltd. and GDH LP will issue one Class A Unit to GDH Ltd. The maximum number of shares reserved for issuance under the LTIP is fixed at 48,290,478 shares of GDH Ltd.

Non-Treasury Plan

In May 2021, the board of directors of the Company approved the GDH Ltd. Non-Treasury Share Unit Plan (“Non-Treasury Plan”) as a supplement to the LTIP under which grants are settled solely in cash. Two types of share units exist under the Non-Treasury Plan: restricted share units and performance share units.

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

Inputs to the Black-Scholes Model	March 31, 2023	December 31, 2022
Share price ⁽¹⁾	C\$4.05	C\$4.83 - C\$20.40
Exercise price	C\$4.19 - C\$6.75	C\$5.39 - C\$21.3
Expected annual volatility ⁽²⁾	85%	98% - 120%
Expected term (years)	5.00	5.00
Dividend yield	0%	0%
Risk-free interest rate ⁽³⁾	2.91%	2.48% - 3.00%

⁽¹⁾ The closing price of GDH Ltd. shares on the respective grant dates were used.

⁽²⁾ Volatility was selected based on the holdings of the Partnership, a review of the historical volatility of digital assets, and academic studies of historical venture equity volatility. In addition, the historical trading volatility of the shares of GDH Ltd. was also considered.

⁽³⁾ The risk-free interest rate was calculated by interpolating Government of Canada bond yields over the expected terms of the respective option grants.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The following table summarizes the activity related to the stock options during the periods ended March 31, 2023 and December 31, 2022:

Description	Number of Options	Weighted Average Exercise Price (C\$)
Balance, December 31, 2021	30,413,345	7.64
Granted	1,565,000	19.63
Exercised	(2,627,053)	2.68
Forfeited	(1,698,749)	11.26
Balance, December 31, 2022	27,652,543	8.56
Granted ⁽¹⁾	8,928,780	6.22
Stock options replaced by replacement awards	(1,875,000)	23.08
Exercised ⁽²⁾	(49,733)	2.02
Forfeited	(5,706,166)	7.54
Balance, March 31, 2023	28,950,424	7.11
Options exercisable as of March 31, 2023	14,228,561	
Options exercisable as of December 31, 2022	14,180,883	

⁽¹⁾ Includes stock options granted due to stock option modification.

⁽²⁾ Represents stock options exercised during the quarter but not settled until April 2023, due to a blackout period.

The weighted average fair value for stock options granted during the three months ended March 31, 2023 was \$1.80 per option (December 31, 2022 - \$10.80 per option). For stock options outstanding as of March 31, 2023, the weighted average remaining contractual life is 4.04 years (December 31, 2022 - 2.62 years).

Modification of stock options previously granted

Effective March 29, 2023, certain outstanding stock option awards were modified ("stock option modification") reducing the number of options and exercise price. Previously granted options of 1,875,000 were reduced to 1,500,000 options, and the exercise price of the modified awards was reduced to C\$6.75. The incremental fair value of the replacement awards will be recognized over the modified vesting period. The impact to the period ended March 31, 2023 was not material.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The following table represents a summary of the stock options outstanding as at March 31, 2023:

Grant Date	Number Outstanding	Number Exercisable	Exercise Price (C\$)	Expiry Date
Employees and Officers:				
July 31, 2018	2,721,452	2,721,452	5.00	July 23, 2023
June 25, 2019	1,369,700	1,369,700	2.15	June 25, 2024
April 9, 2020	2,301,542	2,301,542	1.35 - 1.85	April 9, 2025
June 25, 2020	750,000	750,000	1.39	June 25, 2025
November 16, 2020	5,327,150	2,386,317	5.65	November 16, 2025
December 3, 2020	3,634,300	3,634,300	6.21	December 3, 2025
December 8, 2020	452,500	225,000	6.00	December 8, 2025
December 21, 2020	100,000	50,000	8.02	December 21, 2025
May 27, 2021	2,300,000	511,500	23.12 - 25	May 27, 2026
September 29, 2021	75,000	75,000	20.00	September 29, 2026
December 1, 2021	475,000	137,500	30.76	December 1, 2026
April 1, 2022	265,000	66,250	21.30 - 23.00	April 1, 2027
May 11, 2022	200,000	—	10.52	May 11, 2027
June 30, 2022	50,000	—	5.39	June 30, 2027
March 29, 2023	7,083,684	—	6.75	March 29, 2028
March 29, 2023	1,845,096	—	4.19	March 29, 2028
Total	28,950,424	14,228,561		

Under certain circumstances, the options may be settled by cash payments at the election of the Partnership. However, as the Partnership does not have a present obligation to settle in cash, the stock options are accounted for as equity settled awards.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The following table summarizes the activity related to the restricted and deferred share units for the periods ended March 31, 2023 and December 31, 2022:

Description	Number of Units	Fair value per unit (C\$)
Balance, December 31, 2021	7,833,659	23.32
Granted	6,718,554	18.13
Vested	(1,425,013)	22.99
Forfeited	(1,664,283)	22.04
Balance, December 31, 2022	11,462,917	20.50
Granted	4,311,674	4.11
Vested ⁽¹⁾	(1,213,324)	21.47
Forfeited	(1,042,619)	21.36
Balance, March 31, 2023	13,518,648	15.12
Units vested as of March 31, 2023	1,472,392	
Units vested as of December 31, 2022	1,463,456	

⁽¹⁾ Represents restricted share units which vested during the quarter but were not settled until April 2023, due to a blackout period.

During the three months ended March 31, 2023, the Partnership granted 290,438 restricted share units under the Non-Treasury Share Unit Plan which will be settled in cash. The restricted share units vest over three to four years with varying vest schedules and had a fair value of \$0.9 million at grant date. The outstanding liability related to cash settled units as of March 31, 2023 was \$1.5 million.

During the three months ended March 31, 2023, the Partnership granted 299,151 Stock Appreciation Rights ("SARs") under the LTIP which will be settled in cash. These SARs vest over three years and had a weighted average grant date fair value of \$0.5 million. The outstanding liability as of March 31, 2023 related to the SARs was not material.

Net Income (Loss) per Unit

The tables below present total Class A and B income (loss) per unit for the periods ended March 31, 2023 and March 31, 2022 as Class A Units and Class B Units rank equal in all economic respects.

(in thousands, except unit and per unit data)	March 31, 2023	March 31, 2022
Basic income (loss) per unit	\$ 0.42	\$ (0.34)
Diluted income (loss) per unit	0.41	(0.34)
Net income (loss) used in the calculation of basic income (loss) per unit	\$ 134,202	\$ (111,208)
Net income (loss) used in the calculation of diluted income (loss) per unit	134,202	(111,208)
Weighted average number of units for the purposes of basic income (loss) per unit	319,379,246	328,623,310
Weighted average number of units for the purposes of diluted income (loss) per unit	323,640,236	328,623,310

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Reconciliation of weighted average number of units for the purposes of basic income (loss) per unit to weighted average number of units for the purposes of diluted income (loss) per unit:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Weighted average number of units for the purposes of basic income (loss) per unit	319,379,246	328,623,310
Diluted units:		
Compensatory Class B Unit awards	—	—
Stock options	4,260,990	—
Restricted share units	—	—
Held back shares	—	—
Warrants	—	—
Exchangeable notes	—	—
Weighted average number of units for the purposes of diluted income (loss) per unit	323,640,236	328,623,310

For the period ended March 31, 2023, the weighted average number of total units for the purposes of diluted income per unit assumes the potential vesting of dilutive stock options.

17. STRUCTURED ENTITIES

Non-controlling interests liability

As a result of a reduction of ownership percentage or amendments to the underlying partnership agreements, as of March 31, 2023 and December 31, 2022, the Partnership did not consolidate any of its sponsored investment funds. Prior to December 31, 2022, the Partnership controlled and consolidated certain managed funds.

Non-consolidated structured entities

The following table illustrates the Partnership's maximum exposure to unconsolidated funds which is limited to the fair value of its investments and unfunded commitments as of period end.

(in thousands)	March 31, 2023			December 31, 2022		
	Fair Value of Investment	Unfunded Commitments	Maximum Exposure	Fair Value of Investment	Unfunded Commitments	Maximum Exposure
Non-Consolidated Sponsored Investment Funds	\$ 151,154	\$ 70,000	\$ 221,154	\$ 141,439	\$ 69,169	\$ 210,608
Other Non-Consolidated Structured Entities	116,558	15,014	131,572	98,400	14,481	112,881
Total	\$ 267,712	\$ 85,014	\$ 352,726	\$ 239,839	\$ 83,650	\$ 323,489

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

18. PROFESSIONAL FEES

The following table represents the Partnership's professional fee expenses for the years ended March 31, 2023 and 2022:

(in thousands)	Three months ended March 31, 2023	Three months ended March 31, 2022
Legal	\$ 5,362	\$ 5,065
Audit and related	2,498	2,998
Tax	462	221
Consulting	1,405	1,124
Valuations	90	183
Total	\$ 9,817	\$ 9,591

19. GENERAL AND ADMINISTRATIVE

The following table represents the Partnership's general and administrative expenses for the years ended March 31, 2023 and 2022:

(in thousands)	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
Technology		\$ 4,395	\$ 3,270
Depreciation and amortization	14	4,447	2,454
Marketing		1,070	4,140
Mining costs ⁽¹⁾		5,960	1,139
Impairment reversal ⁽²⁾		(5,982)	—
Insurance		795	498
Fund administration		114	463
Directors fees	16, 20	259	195
Other		4,077	5,789
Total		\$ 15,135	\$ 17,948

⁽¹⁾ Includes mining hosting fees of \$0.7 million (2022: \$1.1 million) and power purchase costs of \$5.2 million (2022: \$0).

⁽²⁾ Includes the reversal of impairment of mining equipment during the period ended March 31, 2023; applicable impairment was recognized in the second half of 2022.

For the three months ended March 31, 2023, the Partnership recognized GDH Ltd. reimbursable expenses of \$0.7 million (March 31, 2022 - \$0.7 million).

20. RELATED PARTY TRANSACTIONS

The Partnership's related parties include its subsidiaries, 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 Partnership, directly or indirectly. Key management personnel include officers, directors, companies controlled by officers or directors and companies with common directors of the Partnership. The transactions the Partnership enters into with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Compensation of Key Management Personnel

Key management personnel include nine individuals (March 31, 2022 - twelve individuals). The following table represents compensation provided to key management personnel for the three months ended March 31, 2023 and 2022:

(in thousands)	Three months ended March 31, 2023	Three months ended March 31, 2022
Base compensation and accrued bonuses ⁽¹⁾	\$ 1,474	\$ 6,739
Benefits	143	123
Equity based compensation	7,681	7,254
Total	\$ 9,298	\$ 14,116

⁽¹⁾ As of March 31, 2023, the amount includes approximately \$0.7 million of accrued bonuses within accounts payable and accrued liabilities.

GDH LP, an operating partnership, is managed by the board of managers and officers of the General Partner, Galaxy Digital Holdings GP LLC. Director fees, including equity based compensation provided to the directors was \$0.3 million for the three months ended March 31, 2023 (March 31, 2022 - \$0.2 million).

Distributions

There was no tax-related distribution paid during the quarters ended March 31, 2023 or March 31, 2022. In April 2023, the General Partner approved a pro rata tax-related distribution of \$22.4 million. A majority of the recipients of the distributions are related parties.

Sublease

Galaxy Investment Partners LLC, which has leased office space located on the 8th floor of 107 Grand Street, New York, New York 10013, subleased to Galaxy Digital Services to occupy the 8th floor on the same terms as the master lease. During the year ended December 31, 2021, the Partnership exited the premises prior to the conclusion of the sublease term. The Partnership will make payments on the sublease through June 2023 (Note 24) and has an associated lease liability of \$1.1 million as of March 31, 2023 (December 31, 2022 - \$1.3 million).

Transactions with GDH Ltd.

In accordance with the LPA (Note 5), the Partnership will reimburse or pay for all reasonably incurred expenses in the conduct of the Company's business. For the period ended March 31, 2023, the Partnership paid or accrued \$0.7 million (March 31, 2022 - \$0.7 million), on behalf of GDH Ltd., which has been included in general and administrative expenses (Note 19).

On April 14, 2022, the Partnership entered into a Promissory Note (amended and restated on May 8, 2023, the "Promissory Note") with GDH Intermediate LLC ("GDHI LLC"), a subsidiary of GDH Ltd. Under the terms of the Promissory Note, the Partnership can request that GDHI LLC make advances to the Partnership from time to time, which decision is at GDHI LLC's sole and absolute discretion. As of March 31, 2023, GDHI LLC had advanced \$57.5 million to the Partnership.

Under the terms of the Promissory Note, interest accrues on any outstanding advances at a rate per annum equal to 7.0%. Interest is payable semi-annually in arrears on June 30 and December 31 of each year, commencing on December 31, 2022, subject to the right of GDHI LLC to elect that the amount of any such interest payment be capitalized and increase the principal amount of the Promissory Note in lieu of being paid in cash by the Partnership. As of March 31, 2023, the interest payable on the Promissory Note was \$0.9 million. The Promissory Note may be recalled in whole or in part by GDHI LLC at any time during the term of the note. Otherwise, it will mature, and the principal amount of all outstanding advances, plus any accrued and unpaid interest, will be due and payable on December 31, 2024, unless extended by GDHI LLC.

As at March 31, 2023, the Partnership had \$55.8 million (December 31, 2022 - \$45.2 million) in payables to GDH Ltd. representing the aforementioned Promissory Note partially offset by receivables for stock option exercises and restricted share units vesting.

Other

The Partnership's CEO serves as co-chairman of the board of another company, resulting in the Partnership and that company being related parties. As at March 31, 2023, the Partnership had an investment in the company valued at \$29.3 million (December 31, 2022 - \$16.2 million).

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The Partnership has sub-advisory arrangements with a beneficial owner of GDH Ltd. which invests in certain funds managed by the Partnership. Such sub-advisory arrangements have been entered into with Galaxy Digital Capital Management LP, in its capacity as an investment advisor registered under the Advisers Act, and any fee arrangements, have been on an arms-length basis. For the period ended March 31, 2023, the total amount of advisory fees received from the sub-advisory arrangements was \$0.2 million (March 31, 2022 - \$0.4 million).

The CEO of the Company, through an entity which he controls, owns a private aircraft that the Partnership uses for business purposes in the ordinary course of operations, on terms that are advantageous to the Partnership. The CEO paid for the purchase of this aircraft with his personal funds and has borne all operating, personnel and maintenance costs associated with its operation and use. During the three months ended March 31, 2023, the Partnership incurred \$0.4 million (March 31, 2022: \$0.5 million) for such use negotiated on an arms-length basis in compliance with our aviation matters policy adopted in August 2022.

In addition, we have from time to time made use of the CEO's private boat to host corporate meetings and for other business purposes in the ordinary course of the Partnerships' operations, on terms that are advantageous to us. The CEO paid for the purchase of this boat with his personal funds and has borne most of the operating, personnel and maintenance costs associated with its operation and use, while the Partnership paid for the cost of any food and beverage consumption and a portion of operating fees. During the three months ended March 31, 2023, the Partnership incurred \$0.06 million in relation to this boat. During the three months ended March 31, 2022, the Partnership did not reimburse the CEO for its use of this boat.

In connection with the receipt of surety bonds for the purpose of a subsidiary of the Partnership's state money transmission licenses, GGI agreed to act as indemnitor, along with the Partnership, at the request of the insurers. The Partnership was liable to GGI for fees of \$0.35 million for the indemnity through March 31, 2023, which was calculated as 1% of the aggregate notional amount of the surety bonds held on behalf of the subsidiary. The Partnership will continue to incur fees due to GGI of 1% for the duration of these outstanding surety bonds which are renewed annually.

Prior to joining the Company's board in September 2021, the current chairman of the Company's board entered into a consulting agreement with the Partnership in April 2021. Under the terms of the consulting agreement, the chairman was engaged to provide professional services to the Partnership for a period of three years beginning on September 1, 2021. In 2021, the chairman received 1,500,000 RSUs and 500,000 options under the LTIP in connection with the consulting agreement. The equity based compensation related to this grant for the quarter ended March 31, 2023 was \$2.3 million (March 31, 2022: \$4.2 million).

In February 2023, the Partnership entered into a consulting agreement with a board member of the Company. The Partnership paid \$0.2 million under this agreement during the quarter ended March 31, 2023.

Investments in Galaxy Funds

Our directors and executive officers are generally permitted to invest their own capital (or capital of estate planning vehicles controlled by them or their immediate family members) directly in our sponsored funds and affiliated entities. In general, such investments are not subject to management fees, and in certain instances may not be subject to performance fees. The fair value of such investments aggregated to \$9.4 million as of March 31, 2023 (December 31, 2022 - \$8.5 million).

21. REPORTABLE SEGMENTS

The Partnership manages and reports its activities in the following operating businesses: Global Markets, Asset Management and Digital Infrastructure Solutions. In the first quarter of 2023, the Partnership began managing and reporting activities in these three operating businesses consistent with changes in our operations, from organic growth and recent acquisitions, and our management structure. Prior periods are presented on a comparable basis. In determining the Partnership's segment structure, the Partnership considered the basis on which the chief operating decision-maker, as well as other members of senior management, review the financial and operational performance of the Partnership.

Global Markets

The new Global Markets segment is comprised of the Partnership's proprietary and counterparty trading activities, lending, as well as advisory and capital market activities. It combines activities that were previously included in the Trading and Investment Banking segments. The Global Markets segment generates revenue primarily from fee income and principal trading. It includes realized and unrealized gains and losses on digital assets and certain equity investments.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Asset Management

The former Principal Investments segment was merged into the legacy Asset Management segment. The new Asset Management segment manages investments in the digital asset ecosystem both on behalf of the Partnership and external limited partners. The segment generates management and performance-based fee revenue. Management fees generated off the Partnership's principal investments are eliminated in the Corporate & Other segment. Realized and unrealized gains and losses on the Partnership's principal investments were included in this segment.

Digital Infrastructure Solutions

The Digital Infrastructure Solutions segment includes the Partnership's investment in emerging and crypto-native technologies. In addition to the Partnership's mining operation, the Digital Infrastructure Solutions segment includes the GK8 custody technology business acquired in February 2023 and validator staking services. Commissions generated off the Partnership's proprietary digital assets are eliminated in the Corporate & Other segment.

Corporate and Other consists of the Partnership's unallocated corporate overhead, other unallocated costs not identifiable to any of the three reportable segments, and eliminations of intersegment transactions as required for consolidation. Transactions between segments are based on specific criteria or approximate third party rates.

Compensation and compensation related expenses, including stock based compensation expenses, in the Partnership's segments reflect, among other factors, the overall performance of the Partnership, as well as the performance of individual businesses. Consequently, net income in one segment may be significantly affected by the performance of other segments.

The following table represents assets and liabilities by each of the reportable segments as of March 31, 2023:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Total assets	\$ 1,962,384	\$ 582,677	\$ 307,661	\$ 70,392	\$ 2,923,114
Total liabilities	\$ 768,891	\$ 1,853	\$ 6,565	\$ 549,297	\$ 1,326,606

The following table represents assets and liabilities by each of the reportable segments as of December 31, 2022:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Total assets	\$ 1,476,489	\$ 536,061	\$ 251,624	\$ 81,969	\$ 2,346,143
Total liabilities	\$ 338,336	\$ 1,084	\$ 10,519	\$ 557,412	\$ 907,351

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The following table represents income and expenses by each of the reportable segments for the three months ended March 31, 2023:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Income (loss)					
Fee income ¹	\$ 2,185	\$ 4,902	\$ 7,959	\$ (621)	\$ 14,425
Net realized gain (loss) on digital assets	63,893	2,226	—	—	66,119
Net realized gain (loss) on investments	388	(2,366)	—	—	(1,978)
Lending and staking income	10,501	8	—	—	10,509
Net derivative gain	55,084	—	—	—	55,084
Income from proprietary mining	—	—	2,417	—	2,417
Other income (expense)	37	(67)	48	148	166
	132,088	4,703	10,424	(473)	146,742
Operating expenses	42,210	16,187	9,314	23,402	91,113
Net unrealized gain (loss) on digital assets	(1,477)	4,506	—	—	3,029
Net unrealized gain on investments	40,611	38,859	3,243	—	82,713
Net loss on notes payable - derivative	—	—	—	(1,305)	(1,305)
Foreign currency loss	(138)	—	—	—	(138)
	38,996	43,365	3,243	(1,305)	84,299
Income (loss) before income taxes	\$ 128,874	\$ 31,881	\$ 4,353	\$ (25,180)	\$ 139,928
Income tax expense	—	—	—	5,726	5,726
Net income (loss)	\$ 128,874	\$ 31,881	\$ 4,353	\$ (30,906)	\$ 134,202
Foreign currency translation adjustment	—	—	—	(452)	(452)
Comprehensive income (loss)	\$ 128,874	\$ 31,881	\$ 4,353	\$ (31,358)	\$ 133,750

⁽¹⁾ Asset Management Fee income includes management fees generated off the Partnership's principal investments which are eliminated in the Corporate & Other segment.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The following table represents income and expenses by each of the reportable segments for the three months ended March 31, 2022:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Income (loss)					
Fee income	\$ 8,011	\$ 3,862	\$ 1,897	\$ —	\$ 13,770
Net realized gain on digital assets	80,847	274,134	—	—	354,981
Net realized gain (loss) on investments	(3,927)	73,365	—	—	69,438
Lending and staking income	14,615	20	—	—	14,635
Net derivative gain	81,977	—	—	—	81,977
Income from proprietary mining	—	—	6,738	—	6,738
Other income	169	725	1,127	—	2,021
	181,692	352,106	9,762	—	543,560
Operating expenses	44,252	16,081	5,278	45,319	110,930
Net unrealized loss on digital assets	(166,092)	(334,179)	—	—	(500,271)
Net unrealized loss on investments	(3,001)	(69,113)	(2,014)	—	(74,128)
Net gain on notes payable - derivative	—	—	—	6,493	6,493
Net gain on warrant liability	—	—	—	2,521	2,521
Foreign currency gain	2,017	—	—	—	2,017
Loss attributable to non-controlling interests liability	—	13,411	—	—	13,411
	(167,076)	(389,881)	(2,014)	9,014	(549,957)
Income (loss) before income taxes	\$ (29,636)	\$ (53,856)	\$ 2,470	\$ (36,305)	\$ (117,327)
Income tax benefit	—	—	—	(6,119)	(6,119)
Net income (loss) for the period	\$ (29,636)	\$ (53,856)	\$ 2,470	\$ (30,186)	\$ (111,208)
Foreign currency translation adjustment	—	—	—	(468)	(468)
Comprehensive income (loss) for the period	\$ (29,636)	\$ (53,856)	\$ 2,470	\$ (30,654)	\$ (111,676)

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Select statement of financial position information

The following table represents the fair value of select assets by reporting segment as of March 31, 2023:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Digital assets	\$ 854,051	\$ —	\$ —	\$ —	\$ 854,051
Digital assets receivables	17,197	10,502	—	—	27,699
Digital assets posted as collateral	88,353	—	—	—	88,353
Investments:					
Pre-network launch	—	6,508	—	—	6,508
Convertible Notes	266	15,383	5,743	—	21,392
Preferred Stock	48,828	233,956	3,928	—	286,712
Common Stock	68,892	16,788	—	—	85,680
LP/LLC Interests	47,389	233,432	—	—	280,821
Warrants/Trust Units/Trust Shares	8,667	2,605	—	—	11,272
Total	\$ 1,133,643	\$ 519,174	\$ 9,671	\$ —	\$ 1,662,488

The following table represents the fair value of select assets by reporting segment as of December 31, 2022:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Digital assets	\$ 566,690	\$ —	\$ —	\$ —	\$ 566,690
Digital assets receivables	10,713	6,864	—	—	17,577
Digital assets posted as collateral	25,138	—	—	—	25,138
Investments:					
Pre-network launch	—	5,500	—	—	5,500
Convertible Notes	259	10,064	2,326	—	12,649
Preferred Stock	46,338	208,021	4,102	—	258,461
Common Stock	45,047	16,601	—	—	61,648
LP/LLC Interests	33,024	222,775	—	—	255,799
Warrants/Trust Units	—	1,065	—	—	1,065
Total	\$ 727,209	\$ 470,890	\$ 6,428	\$ —	\$ 1,204,527

22. FINANCIAL INSTRUMENTS, DIGITAL ASSETS AND RISK

The fair values of all financial instruments and digital assets are measured using market or income approaches. The financial instruments and digital assets 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, with the designation based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3 Inputs: One or more inputs to the valuation are unobservable and significant to the fair value measurement of the asset or liability. Unobservable inputs reflect management's assumptions on how market participants would price the asset or liability based on the information available.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The following table represents the fair value hierarchy for the Partnership's digital assets, investments, and certain liabilities measured at fair value as of March 31, 2023 and December 31, 2022:

(in thousands)	As of March 31, 2023				As of December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Digital assets	\$ —	\$ 854,051	\$ —	\$ 854,051	\$ —	\$ 566,690	\$ —	\$ 566,690
Digital assets receivable	—	3,145	24,554	27,699	—	1,523	16,054	17,577
Digital assets posted as collateral	—	88,353	—	88,353	—	25,138	—	25,138
Derivative assets	—	89,625	—	89,625	—	17,719	—	17,719
Common stock	20,898	1,894	62,888	85,680	11,259	—	50,389	61,648
Convertible notes	—	—	21,392	21,392	—	—	12,649	12,649
LP/LLC interests	—	—	280,821	280,821	—	1,300	254,499	255,799
Pre-network launch	—	—	6,508	6,508	—	—	5,500	5,500
Preferred stock	—	—	286,712	286,712	—	—	258,461	258,461
Warrants/Trust units/Trust shares	—	—	11,272	11,272	—	—	1,065	1,065
Total	\$ 20,898	\$ 1,037,068	\$ 694,147	\$ 1,752,113	\$ 11,259	\$ 612,370	\$ 598,617	\$ 1,222,246
Liabilities								
Investments sold short	—	—	—	—	91	—	—	91
Derivative liabilities	—	81,325	—	81,325	—	16,568	—	16,568
Embedded derivative - Notes payable	—	—	2,173	2,173	—	—	868	868
Total	\$ —	\$ 81,325	\$ 2,173	\$ 83,498	91	16,568	868	17,527

Please see the tables below for further details on valuation methodology and techniques and the associated key inputs utilized for the level 3 financial assets and liabilities.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Level 3 Continuity

The following table represents a reconciliation of Level 3 assets and liabilities for the period ended March 31, 2023:

Assets (in thousands)	Fair value at December 31, 2022	Purchases	Sales/ Distributions	Net Realized Gain (Loss) on Digital Assets and Investments	Net Unrealized Gain/(Loss) on Digital Assets and Investments	Transfers in /(out) of Level 3	Fair Value at March 31, 2023
Digital assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Digital assets receivables	16,054	200	—	—	9,670	(1,370)	24,554
Common stock	50,389	1,845	—	—	10,654	—	62,888
Convertible notes	12,649	—	—	—	8,743	—	21,392
LP/LLC interests	254,499	1,750	(12,301)	(1,547)	38,420	—	280,821
Pre-network launch	5,500	—	(200)	—	1,208	—	6,508
Preferred stock	258,461	23,000	(2,405)	(750)	8,406	—	286,712
Warrants/Trust units/ Trust shares	1,065	2	(2)	—	10,207	—	11,272
Total Digital Assets, Digital Assets Receivables and Investments	\$ 598,617	\$ 26,797	\$ (14,908)	\$ (2,297)	\$ 87,308	\$ (1,370)	\$ 694,147

Liabilities	Fair value at December 31, 2022	Conversions	Revaluation	Fair Value at March 31, 2023
Embedded derivative - Notes payable	\$ 868	\$ —	\$ 1,305	\$ 2,173

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred. Total transfers out of Level 3 were \$1.4 million for the period ended March 31, 2023. The transfers out of Level 3 for digital assets receivables were due to vesting of digital assets as expected.

The following table represents a reconciliation of Level 3 assets and liabilities for the year ended December 31, 2022:

Assets (in thousands)	Fair value at December 31, 2021	Purchases	Sales/ Distributions	Net Realized Gain (Loss) on Digital Assets and Investments	Net Unrealized Gain/(Loss) on Digital Assets and Investments	Transfers in /(out) of Level 3	Fair Value at December 31, 2022
Digital Assets	\$ 4,144	\$ —	\$ —	\$ —	\$ —	\$ (4,144)	\$ —
Digital assets receivables	\$ 61,621	45,965	—	—	(55,206)	(36,326)	\$ 16,054
Common stock	\$ 215,185	250	(2,910)	2,153	(131,676)	(32,613)	\$ 50,389
Convertible notes	\$ 9,768	2,000	—	—	1,542	(661)	\$ 12,649
LP/LLC interests	\$ 383,279	97,739	(92,607)	50,464	(184,376)	—	\$ 254,499
Pre-network launch	\$ 6,393	3,050	(2,656)	(487)	(800)	—	\$ 5,500
Preferred stock	\$ 382,182	42,957	(25,143)	24,789	(147,110)	(19,214)	\$ 258,461
Warrants/Trust Units/Trust Shares	\$ 8,897	4	(2)	—	(7,834)	—	\$ 1,065
Total Digital Assets, Digital Assets Receivables and Investments	\$ 1,071,469	\$ 191,965	\$ (123,318)	\$ 76,919	\$ (525,460)	\$ (92,958)	\$ 598,617

Liabilities (in thousands)	Fair value at December 31, 2021	Conversions	Issuance	Revaluation	Fair Value at December 31, 2022
Warrant liability	\$ 20,488	\$ (166)	\$ —	\$ (20,322)	\$ —
Embedded derivative - Notes payable	\$ 58,866	\$ —	\$ —	\$ (57,998)	\$ 868

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred. Total transfers out of Level 3 were \$93.0 million for the year ended December 31, 2022. The transfers out of Level 3 for investments

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

were due to removal of restrictions. The transfers out of Level 3 for digital assets and digital assets receivable were due to vesting of digital assets as expected. There were two investments that changed investment type category during the year ended December 31, 2022: \$0.7 million transferred out of convertible notes into preferred stock and \$19.9 million transferred out of common stock into preferred stock. These are included in the 'Transfers in/(out) of Level 3' column in the above table.

The carrying values of the Partnership's cash, receivable for digital asset trades, digital asset loans receivable, assets posted as collateral, receivables, due to / due from related parties, loans receivable, accounts payable and accrued liabilities, payables to customers, payable for digital asset trades, digital asset loans payable and collateral payable approximate fair value due to their short maturities. The carrying value of the Partnership's lease liability is measured as the present value of the discounted future cash flows.

Quantitative Information for certain Level 3 Assets and Liabilities

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Financial Instrument	Fair Value at March 31, 2023 (in thousands)	Significant Unobservable Inputs	Range
Digital assets receivables	\$24,554	Marketability discount	1.9% - 81.9%
Common Stock	\$62,888	Marketability discount	14.9% - 25.0%
		Control discount	10.0%
		Time to liquidity event (years)	5.0
		Annualized equity volatility	90.0%
		Risk free rate	2.7% - 3.9%
		Expected dividend payout ratio	—%
Convertible notes ⁽¹⁾	\$21,392	Recovery rate	0% - 100%
		Scenario probability ⁽¹⁾ :	
		No deal closure and dissolution	98%
		Deal closure and partial default	—%
		Deal closure and full recovery	2%
		Market adjustment discount	20%
		EV/Revenue multiple	2.0x
LP/LLC interests ⁽²⁾	\$280,821	Marketability discount	10%
		Control discount	10%
		Market adjustment discount	1.2% - 69.3%
		Time to liquidity (years)	5.0
		Annualized equity volatility	90.0%
		Risk free rate	3.2%
		Expected dividend payout	—%
Preferred stock	\$286,712	Market adjustment discount	15.0% - 65.0%
		Marketability discount	40.0%
		Time to liquidity event (years)	3.0 - 5.0
		Annualized equity volatility	90.0%
		Risk free rate	0.2% - 4.1%
		Expected dividend payout ratio	—%
		Enterprise value to revenue multiple	1.4x - 3.5x
		Discount rate	17.9%
		Exit multiple	4.0x
Warrants/Trust Units	\$11,272	Marketability discount	56.6%
		Time to liquidity event (years)	2.8
		Annualized equity volatility	90.0%
		Risk free rate	4.6%
		Expected dividend payout ratio	0.0%
Embedded derivative - notes payable	\$2,173	Volatility	61.0%
		Time-Step	0.004 years
		Risk free rate	3.7%

⁽¹⁾Relates to the probability of a deal closure with a potential buyer of the underlying company

⁽²⁾The remaining fair value relates to additional investments which utilize net asset values provided by the underlying funds.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Financial Instrument	Fair Value at December 31, 2022 (in thousands)	Significant Unobservable Inputs	Range
Digital assets receivables	16,054	Marketability discount	1.9% - 60.6%
Common Stock	50,389	Marketability discount	17.5% - 25.0%
		Control discount	10.0%
		Time to liquidity event (years)	5.0
		Annualized equity volatility	90.0%
		Risk free rate	2.7% - 3.9%
		Expected dividend payout ratio	—%
Convertible Notes	12,649	Recovery rate	0% - 100%
		Scenario probability ⁽¹⁾ :	
		No deal closure and dissolution	98%
		Deal closure and partial default	—%
		Deal closure and full recovery	2%
		EV/Revenue multiple	1.0x
LP/LLC interests ⁽²⁾	254,499	Marketability discount	10%
		Control discount	10%
		Market adjustment discount	17.1% - 61.9%
		Time to liquidity (years)	5.0
		Annualized equity volatility	90.0%
		Risk free rate	3.2%
		Expected dividend payout	—%
Preferred stock	258,461	Market adjustment discount	15.0% - 65.0%
		Marketability discount	40%
		Time to liquidity event (years)	3.25 - 5.0
		Annualized equity volatility	90%
		Risk free rate	0.17% - 4.19%
		Expected dividend payout ratio	—%
		Enterprise value to revenue multiple	1.4x - 3.5x
		Discount rate	17.0%
		Exit multiple	4.0x
Warrants / Trust units	1,065	Marketability discount	63.5%
Embedded derivative - notes payable	868	Volatility	58.0%
		Time-step	0.004 years
		Risk free rate	4.1%

⁽¹⁾Relates to the probability of a deal closure with a potential buyer of the underlying company.

⁽²⁾The remaining fair value relates to additional investments which utilize net asset values provided by the underlying funds.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

For the three months ended March 31, 2023 and the year ended December 31, 2022, the latest available reported net asset values of the underlying funds were used to fair value the Level 3 limited partnership/ limited liability company interests.

As indicated above, certain of the Level 3 Assets had adjustments applied to the prices used to determine fair value. The Partnership does not believe a change in unobservable inputs will have a significant impact on partners' capital.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Valuation Techniques

The following tables summarize the valuation techniques and significant inputs used in the fair value measurement of the Partnership's digital assets and investments as of March 31, 2023 and December 31, 2022, respectively.

Category	Valuation Methods & Techniques	Key Inputs
Digital assets	<ul style="list-style-type: none"> • Black-Scholes option pricing model for discount for lack of marketability 	<ul style="list-style-type: none"> • Volume-weighted average of trading prices • Selected volatilities of subject cryptocurrencies • Vesting period • Risk-free rate • Dividend yield
Pre-network launch	<ul style="list-style-type: none"> • Prior transactions method 	<ul style="list-style-type: none"> • Prior prices of subject pre-ICO cryptocurrencies
Convertible notes	<ul style="list-style-type: none"> • Prior transactions method • Guideline public company method • Probability-weighted expected return model 	<ul style="list-style-type: none"> • Prior prices of subject convertible note • Enterprise value-to-revenue multiple • Scenario probabilities • Recovery rates
Preferred and common stock (private)	<ul style="list-style-type: none"> • Prior transactions method • Comparable transactions method • Backsolve method in an option pricing model framework • Discounted cash flows • Control adjustments • Marketability adjustments • Guideline public company method • Adjusted book value 	<ul style="list-style-type: none"> • Prior prices of subject preferred or common stock • Enterprise value-to-revenue multiple • Expected time to exit • Volatility of the company's total equity • Risk free rate • Expected dividend payout ratio • Discount rate • Selected discounts for lack of control • Selected discounts for lack of marketability • Changes in the valuations of venture investments by stage, observed private transactions, equity values of public companies and/or values of digital assets • Net assets of subject company • Discount to a previous funding round
Common stock (public)	<ul style="list-style-type: none"> • Public closing price • Marketability adjustments 	<ul style="list-style-type: none"> • Public closing prices of subject securities • Selected discounts for lack of marketability
LP/LLC interests	<ul style="list-style-type: none"> • Prior transactions method • Comparable transactions method • Net asset value provided by fund • Discounted cash flow • Adjusted net assets method 	<ul style="list-style-type: none"> • Prior prices of subject LP/LLC interests • Net asset value provided by fund • Volume-weighted average trading prices of digital assets • Valuation changes of venture investments by stage • Scenario probabilities • Selected discount for lack of marketability • Vesting period • Volatility
Warrants/Trust Units/ Trust Shares	<ul style="list-style-type: none"> • Public closing price 	<ul style="list-style-type: none"> • Public closing prices of subject securities
	<ul style="list-style-type: none"> • Black Scholes option pricing model 	<ul style="list-style-type: none"> • Estimated price of underlying private security
	<ul style="list-style-type: none"> • Backsolve method in an option pricing model framework • Prior transactions method 	<ul style="list-style-type: none"> • Selected volatility, Expected time to exit, Risk free rate, Expected dividend payout ratio • Prior prices of subject trust shares

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

Industry

As of March 31, 2023 and December 31, 2022, details of the industry composition of the Partnership's digital assets and investments are as follows:

Industry	March 31, 2023		December 31, 2022	
	Percentage	# of Investments	Percentage	# of Investments
Digital assets and Pre-Launch network investments	56 %	127	49 %	180
Finance	24	57	28	51
High tech industries	13	48	15	50
Services: Business	4	21	4	20
Software	2	14	2	11
Finance technology	1	7	1	7
Media: Diversified and production	1	5	1	6
Mining	0	0	<1	1
Total	100 %	279	100 %	326

In the table above, multiple portfolio Partnership investments across the capital structure are considered one investment.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Partnership's cash, receivables, receivable for digital asset trades, prepaid assets, assets posted as collateral, and loans (including digital asset loans) receivable are exposed to credit risk. The Partnership limits its credit risk by placing its cash with high credit quality financial institutions and digital assets with cryptocurrency exchanges on which the Partnership has performed internal due diligence procedures. The Partnership deems these procedures necessary as some exchanges are not subject to regulatory oversight. Furthermore, crypto-exchanges engage in the practice of commingling their clients' assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions or the existence of period end balances represented by exchanges. The Partnership's due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges' anti-money laundering ("AML") and know-your-client ("KYC") policies by the Partnership's chief compliance officer, obtaining a security ratings report by an independent third-party on certain exchanges, constant review of market information specifically regarding the exchanges' security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move cash and digital assets held on an exchange in instances where risk exposure significantly changes. The Partnership limits its credit risk with respect to its prepaid assets, receivables, receivables for digital asset trades, digital assets loans receivable and digital assets receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regards to OTC and Master Loan Agreement (MLA) counterparties for the trading business, on which the Partnership has satisfactorily performed the relevant AML and KYC procedures and requiring the posting of collateral, if deemed necessary. As of March 31, 2023 and subsequently, the Partnership does not expect a material loss on any of its loans except for those for which it has recorded an allowance. As of each reporting period, the Partnership assesses if there are expected credit losses requiring recognition of a loss allowance. As of March 31, 2023, the Partnership is exposed to credit risk. While the Partnership intends to only transact with counterparties or exchanges that it believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Partnership will not sustain a material loss on a transaction as a result.

The Company conducts digital asset trades using both direct principal to principal transactions with counterparties and through centralized or decentralized exchanges. Digital assets held on exchanges are subject to operational custody of the exchange operators, and could potentially be lost or impaired due to fraud or negligence of the exchange operators. The Company mitigates this risk by performing regular reviews of each exchange it transacts on, distributing its digital assets across multiple different exchanges to reduce concentration risk, and holding assets in self-custody where appropriate. As of March 31, 2023, approximately \$420.8 million of the Company's digital assets are held on exchange (December 31, 2022 - \$131.1 million). Two

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

exchanges individually held more than 10% as of March 31, 2023 (December 31, 2022 - One), holding approximately 17% and 14%, respectively, of the Company's digital assets.

Derivative-related credit risk

Credit risk from derivative transactions is generated by the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Partnership. Therefore, derivative-related credit risk is represented by the positive fair value of the instrument and is normally a small fraction of the contract's notional amount.

The Partnership manages derivative-related credit risk by transacting with counterparties that have gone through an internal due diligence approval process and requiring the posting of collateral, if deemed necessary. The Partnership has also established mark-to-market provisions in its agreements with some counterparties which provide it with the right to request that the counterparties pay down or collateralize the current market value of their derivatives when the value exceeds a specified amount.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. General interest rate fluctuations may have an impact on the Partnership's investment opportunities, primarily within its asset management segment. An increase in interest rates may make it more expensive to utilize a leverage facility in the future to make investments. To the extent the Partnership invests in debt instruments, interest rate changes may affect the value of the instrument indirectly in the case of fixed rate obligations, or directly in the case of adjustable rate instruments. In general, rising rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Interest rate sensitivity generally is more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate changes would also affect the Partnership's ability to earn interest income or borrow at variable rates. The Partnership's digital assets loans receivable and payable (Note 8) are at fixed rates of interest. The Partnership's remaining loans also all have fixed rates however in some cases can also be settled in digital assets at the option of the borrower. As of March 31, 2023, the Partnership's exposure to interest rate risk is limited.

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due, as well as the risk of not being able to liquidate assets at reasonable prices. The Partnership manages liquidity risk by maintaining sufficient cash balances to enable settlement of its liabilities. Accounts payable and accrued liabilities, other than accrued compensation, and payables for digital asset trades generally have maturities of 30 days or less or are due on demand, or in the case of digital assets loan payable, on 5 to 20 business days' notice or at the end of a set term unless renewed. The Partnership intends to manage its short-term liquidity needs through its available cash balance and cash inflows from its ongoing business activities. In addition, as of March 31, 2023, 97.3% (December 31, 2022 - 97.0%) of the Partnership's digital assets portfolio was in liquid, actively traded cryptocurrency markets which can be monetized at reasonable prices in short order.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. To the extent these financial instruments are unhedged or not adequately hedged, the value of the Partnership's financial instruments may fluctuate with exchange rates. The value of the financial assets may therefore be unfavorably affected by fluctuations in currency rates and exchange control regulations. For the period ended March 31, 2023, the Partnership minimized exposure to foreign currencies by entering into foreign currency derivative instruments.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer, or factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Partnership's investments are also susceptible to market risk arising from uncertainties about future prices of the instruments. The Partnership moderates this risk through various investment strategies within the parameters of the Partnership's investment guidelines.

As of March 31, 2023, management's estimate of the effect on equity of a +/- 20% change in the market prices of the Partnership's investments and investments sold short, with all other variables held constant, was +/- \$138.5 million (December 31, 2022 - \$119.0 million).

Digital Asset Risk

Digital assets are measured at fair value less cost to sell. Digital currency or cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts.

The profitability of the Partnership is related to the current and future market price of cryptocurrencies; in addition, the Partnership may not be able to liquidate its inventory of cryptocurrencies at its desired price, if necessary. Investing in cryptocurrencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. Cryptocurrencies have a limited history, their fair values have historically been volatile and the value of cryptocurrencies held by the Partnership could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Partnership's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction must sign the transactions with a data code derived from entering the private key into a hashing algorithm; this signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware, and could lead to theft of the Partnership's digital wallets and the loss of the Partnership's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have adverse effects on the Partnership.

The cryptocurrency exchanges on which the Partnership may trade are relatively new and, in many cases, largely unregulated. They, therefore, may be more exposed to fraud and failure than regulated exchanges for other assets.

Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Partnership to recover money or digital assets being held on the exchange. Further, the Partnership may be unable to recover digital assets awaiting transmission into or out of the Partnership, all of which could adversely affect an investment of the Partnership. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of digital assets, and may adversely affect the Partnership, its operations and its investments.

As of March 31, 2023, management's estimate of the effect on equity of a +/- 20% change in the market prices of the Partnership's digital assets, with all other variables held constant, was +/- \$170.8 million (December 31, 2022 - \$113.3 million).

23. CAPITAL MANAGEMENT

The Partnership's objectives when managing capital are to safeguard its ability to continue as a going concern, to meet the capital needs of its ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The Partnership considers current economic conditions as well as the risk profile of its portfolio and overall business when managing its capital structure. The Partnership has an ongoing process whereby actual expenditures and cash needs are compared against budgets to ensure that there is sufficient capital on hand to meet ongoing obligations. As of March 31, 2023 and December 31, 2022, the Partnership had \$1.6 billion and \$1.4 billion in equity, respectively. The Partnership has the flexibility to acquire or dispose of assets and to issue debt or equity to adjust its capital structure in the future. The Partnership is not subject to externally imposed capital requirements other than the minimum net capital requirement for its broker dealer of \$0.1 million, nor were there any changes to the Partnership's approach to capital management during the period ended March 31, 2023.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

24. COMMITMENTS AND CONTINGENCIES

Leases

As of March 31, 2023, the Partnership has lease commitments for the next five years as follows:

(in thousands)	Rent Due
2023	5,222
2024	4,563
2025	2,918
2026	2,557
2027	2,572
2028 and beyond	3,001
Total	\$ 20,833

For the three months ended March 31, 2023, the Partnership recognized interest expense on the lease liability of \$0.4 million, respectively (2022 - \$0.3 million), which was recorded within interest expense.

Investment and loan commitments

As of March 31, 2023, the Partnership had a commitment to 8 investment funds to fund up to \$85.0 million, of which \$8.0 million was funded subsequent to period end.

As of March 31, 2023, the Partnership had outstanding loan commitments of \$170.0 million (December 31, 2022 - \$210.0 million) under revolving credit agreements, out of which \$0 (December 31, 2022 - \$0) was funded.

Mining commitments

As of March 31, 2023, the Partnership had an obligation of approximately \$4.6 million under a power purchase agreement for its mining operation in Texas. The power purchase agreement is scheduled to expire in May 2023.

Indemnification

The Partnership 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, counterparties to these transactions often provide comparable indemnifications. The Partnership 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 Partnership believes, however, that the possibility of making any material payments for these indemnifications is remote. As of March 31, 2023 and December 31, 2022, there was no liability accrued under these arrangements.

In the ordinary course of business, the Partnership and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The Partnership 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.

Financial Support of GDH Ltd.

In accordance with the LPA, the Partnership will reimburse or pay for all reasonably incurred expenses in the conduct of GDH Ltd.'s business (Note 5).

Tax Distributions

The LPA also allows the Partnership to make distributions, as and when determined by the General Partner, in its sole discretion so as to enable unit holders to pay anticipated taxes with respect to allocated Partnership taxable income and / or gains. Amounts distributed pursuant to the tax distribution provision are treated as an advance against, and reduce (on a dollar for dollar basis), future amounts that would otherwise be distributable to such limited partners. The LPA provides that the value of any tax distribution made shall not exceed 25% of the Partnership's market capitalization determined at the time the General Partner determines to make such distribution.

Galaxy Digital Holdings LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023 and 2022
(Expressed in US Dollars - unaudited)

The General Partner did not make any distributions during the quarter ended March 31, 2023. Subsequent to March 31, 2023, a distribution of \$22.4 million was approved in April 2023.

In December 2021, the Partnership contributed approximately \$523.0 million into wholly-owned subsidiaries through which the Partnership is operating Bitcoin mining activities and exploring ways to operate other qualified cryptocurrency and blockchain-related activities in qualified opportunity zones. The qualified opportunity zone program was established by Congress under the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide, and through which taxpayers may defer eligible capital gains provided they meet the program's requirements. In December 2026, the Partnership will be required to recognize capital gains on 90% of the contributed amount for U.S. Federal tax purposes, which will be allocated to its partners in accordance with their ownership interests at that time. As such depending on facts and circumstances at that time, the Partnership may be required to make additional tax distributions to its partners, including GDH Ltd.

25. INCOME TAXES

GDH LP is a Cayman exempted limited partnership treated as a partnership for US Federal tax purposes, and as such, income taxes are generally the responsibility of the partners through an allocation of GDH LP's taxable income (loss), and not that of GDH LP. GDH LP is subject to a 4.0% entity level New York City unincorporated business tax ("UBT") on income allocated or apportioned to New York City. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located. Accordingly, no provision for income taxes has been recorded in these consolidated financial statements other than for GDH LP's UBT obligation and for the entities in the consolidated GDH LP group subject to income taxes in the local jurisdictions in which they operate. The allocation of taxable income to members may vary substantially from net income reported in these condensed consolidated interim financial statements

The following table represents Income tax recognized on the Partnership's condensed consolidated statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2023 and 2022:

(in thousands)	Three months ended March 31, 2023	Three months ended March 31, 2022
Current income tax expense	\$ 2,869	\$ 13,909
Deferred income tax expense (benefit)	2,857	(20,028)
Income taxes expense (benefit)	\$ 5,726	\$ (6,119)

The effective income tax rate of 4.1% for the three months ended March 31, 2023, was generally higher than the Cayman Island statutory rate of 0.0% due to the entity level UBT tax imposed by New York City and higher tax rates in certain jurisdictions where the Partnership's foreign corporate subsidiaries operate. The effective income tax rate for the three months ended March 31, 2023 of 4.1% was lower than the effective income tax rate for the three months ended March 31, 2022 of 5.2% primarily due to changes in the jurisdictional mix of earnings.

26. SUBSEQUENT EVENTS

Subsequent to quarter end, the Company received approval from its Board of Directors to commence a normal course issuer bid (a "Bid"), subject to TSX approval and other conditions. The Bid is to purchase up to approximately 10 million ordinary shares (10% of the Company's public float) over a twelve month period.