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**Galaxy Digital Holdings Ltd.**

**Condensed Consolidated Interim Financial Statements**

For the Three Months Ended March 31, 2024 and 2023

(Expressed in US Dollars)

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# Galaxy Digital Holdings Ltd.

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

	Notes	March 31, 2024	December 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 1,707	\$ 833
Accounts receivable		—	123
Receivable from associate	7	80,041	65,956
Taxes receivable		17,494	22,051
Other receivables		271	267
		<b>99,513</b>	<b>89,230</b>
Investment in associate	6	898,306	763,851
Deferred tax asset	11	—	22,155
<b>Total assets</b>		<b>\$ 997,819</b>	<b>\$ 875,236</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Taxes payable		58,676	57,217
		<b>58,676</b>	<b>57,217</b>
Liability from tax receivable agreement	11	36,984	36,984
Deferred tax liability	11	5,697	—
<b>Total liabilities</b>		<b>101,357</b>	<b>94,201</b>
<b>Shareholders' equity</b>			
Share capital	8	421,535	422,195
Reserves	8	100,085	93,985
Accumulated other comprehensive income		791	791
Retained earnings		374,051	264,064
<b>Total shareholders' equity</b>		<b>896,462</b>	<b>781,035</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 997,819</b>	<b>\$ 875,236</b>
Nature and continuance of operations	1		
Commitments and contingencies	10		

The condensed consolidated interim financial statements were authorized by the board of directors of Galaxy Digital Holdings Ltd. to be issued on May 14, 2024.

"Bill Koutsouras" Director

"Michael Novogratz" Director

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

# Galaxy Digital Holdings Ltd.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)  
(Expressed in thousands of US Dollars, except share and per share data)

	Notes	Three months ended	
		March 31, 2024	March 31, 2023
<b>Operating expenses</b>			
Director fees	7	\$ 187	\$ 309
Professional fees		143	286
General and administrative		142	72
Recoveries from associate - reimbursable expenses	7	(472)	(667)
		—	—
Equity income from associate	6	141,672	43,470
Interest income		1,624	937
Reversal of impairment of investment in associate	6	—	52,551
<b>Income before income taxes</b>		<b>143,296</b>	<b>96,958</b>
Income taxes expense (benefit)	11	33,309	5,340
<b>Net income and comprehensive income</b>		<b>\$ 109,987</b>	<b>\$ 91,618</b>
Basic income per share	9	\$ 1.01	\$ 0.89
Diluted income per share	9	\$ 0.82	\$ 0.77
Weighted average number of ordinary shares outstanding - basic	9	109,376,788	103,436,881
Weighted average number of ordinary shares outstanding - diluted	9	140,180,288	121,044,704

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

# Galaxy Digital Holdings Ltd.

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Expressed in thousands of US Dollars except share data)

	Notes	Share Capital		Reserves	Accumulated Other Comprehensive Income	Surplus / (Deficit)	Total
		Number	Amount				
<b>Balance at December 31, 2022</b>		<b>104,811,539</b>	<b>\$ 419,871</b>	<b>\$ 69,343</b>	<b>\$ 791</b>	<b>\$ (190,697)</b>	<b>\$ 299,308</b>
Issuance of ordinary shares	8	30,121	141	—	—	—	141
Cancellation of ordinary shares	8	(625,000)	—	—	—	—	—
Equity based compensation from investment in associate	6	—	—	7,754	—	—	7,754
Income tax impact from investment in associate		—	(1,107)	—	—	—	(1,107)
Other		—	(43)	—	—	—	(43)
Income for the period		—	—	—	—	91,618	91,618
<b>Balance at March 31, 2023</b>		<b>104,216,660</b>	<b>\$ 418,862</b>	<b>\$ 77,097</b>	<b>\$ 791</b>	<b>\$ (99,079)</b>	<b>\$ 397,671</b>
<b>Balance at December 31, 2023</b>		<b>109,299,332</b>	<b>\$ 422,195</b>	<b>\$ 93,985</b>	<b>\$ 791</b>	<b>\$ 264,064</b>	<b>\$ 781,035</b>
Issuance of ordinary shares	8	254,387	153	—	—	—	153
Cancellation of ordinary shares	8	(8,234)	(774)	—	—	—	(774)
Equity based compensation from investment in associate	6	—	—	6,100	—	—	6,100
Income tax impact from investment in associate		—	(39)	—	—	—	(39)
Income for the period		—	—	—	—	109,987	109,987
<b>Balance at March 31, 2024</b>		<b>109,545,485</b>	<b>\$ 421,535</b>	<b>\$ 100,085</b>	<b>\$ 791</b>	<b>\$ 374,051</b>	<b>\$ 896,462</b>

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

# Galaxy Digital Holdings Ltd.

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

	Three months ended	
	March 31, 2024	March 31, 2023
<b>Operating activities</b>		
Net income (loss) for the period	\$ 109,987	\$ 91,618
Adjustments for:		
Equity income from associate	(141,672)	(43,470)
Tax (benefit) expense	27,813	3,698
Impairment (reversal) of impairment of investment in associate	—	(52,551)
Changes in operating assets and liabilities:		
Receivable from associate	(14,085)	(10,586)
Taxes payable	1,459	1,707
Taxes receivable	4,556	(311)
Tax receivable agreement - payable	—	(47)
Other receivables	(3)	—
Accounts receivable	123	(107)
Net cash used in operating activities	(11,822)	(10,049)
<b>Investing activities</b>		
Investment in associate	13,317	—
Net cash provided by investing activities	13,317	—
<b>Financing activities</b>		
Proceeds from issuance of ordinary shares	153	—
Repurchase of ordinary shares	(774)	—
Net cash provided (used in) by financing activities	(621)	—
Net decrease in cash	874	(10,049)
Cash, beginning of period	833	10,049
Cash, end of period	\$ 1,707	\$ —
<b>Supplemental disclosure of cash flow information and non-cash investing and financing activities:</b>		
Cash refunded during the year for taxes	\$ (886)	\$ —
Non-cash activities:		
Share-based payments issued to employees of the Partnership	6,100	7,754
Exchange of Class B Units of the Partnership	—	141

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

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three months ended March 31, 2024 and 2023  
(Expressed in US Dollars)

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

Galaxy Digital Holdings Ltd. ("GDH Ltd." or, together with its subsidiaries, the "Company"), was originally formed and incorporated under the Business Corporations Act (Ontario) on February 10, 2006. On July 31, 2018, GDH Ltd. continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. The Company's principal address is 300 Vesey Street, New York, New York 10282.

The Company is listed on the Toronto Stock Exchange ("TSX") under the ticker "GLXY". In these condensed consolidated interim financial statements, a reference to "Galaxy", "we", "us", "our" and similar words refer to GDH Ltd., its subsidiaries and affiliates, or any one of them, as the context requires.

The Company has a minority interest in Galaxy Digital Holdings LP ("GDH LP" or the "Partnership"). GDH LP 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. GDH LP's mission is engineering a new economic paradigm. Today, the Partnership is primarily focused on digital assets and blockchain technology, and how these technological innovations will alter the way we store and transfer value. The Partnership manages and reports its activities in the following three operating segments: Global Markets, Asset Management and Digital Infrastructure Solutions.

### Corporate Transaction

GDH LP, an operating partnership which was formed on May 11, 2018, is managed by the board of managers and officers of the Partnership's general partner (the "Board of Managers"). Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"), a limited liability company, was incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of GDH LP. The sole member of the General Partner is Galaxy Group Investments LLC ("GGI"), which is controlled by the Chief Executive Officer of the Company (the "CEO").

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are to manage its minority interest in GDH LP and are dependent on financial support from GDH LP, which has the obligation to reimburse the Company for all reasonable operational expenses, excluding tax (Note 5). As at March 31, 2024, the Company had total equity of \$896.5 million (December 31, 2023 - \$781.0 million). Management estimates that, based on the financial support from GDH LP, the Company has the ability to meet its obligations as they become due for one year following the issuance date of these financial statements.

## 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, 2023 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 Ltd.'s audited consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial statements were approved by Company's board of directors and authorized to be issued on May 14, 2024.

### Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. In addition, the condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for the cash flow disclosures.

### Functional and Presentation Currency

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

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

## **Basis of Consolidation**

The condensed consolidated interim financial statements include the financial statements of GDH Ltd. and its wholly-owned subsidiaries which are controlled by GDH Ltd. 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 are accounted for on an accrual basis and, balances, income and expenses, if any, are eliminated in full upon consolidation.

## **Use of estimates and judgments**

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

## ***Significant judgments in applying accounting policies***

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

### ***Influence over investment in associate***

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

The Company has classified its investment in GDH LP as an associate based on management's judgment that the Company has significant influence but no controlling financial interest.

## ***Key sources of estimation uncertainty***

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

Judgment is required in determining whether deferred tax assets, including those arising from unutilized tax losses, are recognized in the consolidated statements of financial position. This analysis requires that management assess the likelihood that the Company will generate taxable earnings in future periods to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to realize tax deductions in future periods.

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

The underlying value of the equity investment includes valuations of digital assets and investments in private companies. Digital assets may be subject to significant fluctuations in value; and when the fair value of the investments in private companies cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these valuation models are derived from observable market data where possible. Where observable market data is not available, judgment is required to establish fair value. As such, carrying value may not be indicative of recoverable value.



Furthermore, the Company consistently assesses the overall carrying value of its investment in associate to ensure that it is carried at no more than its recoverable amount. An impairment is recorded if required. If, in a subsequent period, the Company determines that an impairment loss recognized on the investment in the associate is no longer appropriate or the reasons for the impairment loss have been resolved, the Company will reverse the impairment loss to the extent of the improvement in the associate's recoverable amount. The reversal of impairment losses is recognized in profit or loss in the period in which the impairment loss reversal occurs. The reversal is limited to the amount of the original impairment loss recognized on the investment in the associate. The amount of the reversal is recognized as an increase in the carrying amount of the investment in the associate. The Company recognized a net reversal of impairment of its investment in associate of \$390.9 million during the year ended December 31, 2023 (Note 6).

### **3. MATERIAL ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2023.

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

#### **Accounting standards and amendments to existing standards that were recently adopted**

In 2021, the Organization for Economic Co-operation and Development (OECD) announced the OECD/G20 Inclusive Framework (the "Framework") on Base Erosion and Profit Shifting which agreed to a two-pillar solution to address tax challenges arising from digitalization of the economy and continues to release additional guidance on these rules, some of which took effect in 2023 with additional rules proposed to take effect in 2024 and onwards. On May 23, 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules – Amendments* (the "Amendments") to IAS 12 to clarify the application of IAS 12 *Income Taxes* to income taxes arising from tax law enacted or substantively enacted to implement the Framework rules. Included within the Amendments is a mandatory temporary exception to accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules, applicable immediately. It is unclear whether the rules will impact the Company given the current state of approval and implementation across jurisdictions where the Company operates. For periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect, the Company does not anticipate that it will have exposure to such legislation in any of the jurisdictions in which it operates. In accordance with the amendment, the Company has not recorded or reported deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules for any of the periods presented within these condensed consolidated interim financial statements.

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

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*. IFRS 18 introduces new standards for financial performance reporting, focusing on the profit or loss statement structure, disclosures of management-defined performance measures, and principles of aggregation and disaggregation. It replaces IAS 1 while retaining many existing principles, aiming for greater comparability and transparency in financial reporting. IFRS 18 is effective from January 1, 2027, IFRS 18 mandates disclosures for non-GAAP measures and specifies the categorization of operating, investing, and financing activities. The Company is assessing the impact of this standard.

### **5. KEY TERMS OF LIMITED PARTNERSHIP AGREEMENT ("LPA")**

The key terms of the LPA are consistent with those disclosed in the Company's audited financial statements for the year ended December 31, 2023.

### **6. INVESTMENT IN ASSOCIATE**

The Company holds a 33.7% interest in GDH LP as of March 31, 2024 (December 31, 2023 - 33.6%). This investment is subject to the key terms of the LPA (Note 5).

Per the LPA as long as the Company owns more than 10% but no more than 50% of the total outstanding units of GDH LP, the Company has the right to appoint one manager to the Board of Managers. In addition through the LPA, the Company participates in all significant financial and operating decisions of GDH LP, is generally required to acquire additional GDH LP Class A Units with all proceeds raised in financings, and is entitled to receive reimbursements from GDH LP for the Company's reasonable operating costs, excluding taxes. The Company has determined that it has significant influence over GDH LP and accounts for its investment in the Partnership under the equity method.

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
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(Expressed in US Dollars)

As of March 31, 2024, the carrying value of the investment in GDH LP was \$898.3 million (December 31, 2023 - \$763.9 million).

## GDH LP financial information

### Summarized Statements of Financial Condition

(in thousands)	March 31, 2024	December 31, 2023
<b>Current assets</b>		
Cash and cash equivalents	\$ 247,232	\$ 316,610
Other current assets	3,859,186	2,166,525
	4,106,418	2,483,135
<b>Non-current assets</b>	1,293,127	1,192,114
<b>Total assets</b>	<b>\$ 5,399,545</b>	<b>\$ 3,675,249</b>
<b>Current liabilities</b>	2,736,531	1,433,285
<b>Non-current liabilities</b>	471,415	452,183
<b>Total liabilities</b>	<b>\$ 3,207,946</b>	<b>\$ 1,885,468</b>
<b>Net Assets</b>	<b>\$ 2,191,599</b>	<b>\$ 1,789,781</b>

### Summarized Statements of Comprehensive Income

(in thousands)	Three Months Ended	
	March 31, 2024	March 31, 2023
<b>Income</b>	<b>\$ 259,733</b>	<b>\$ 146,742</b>
<b>Operating expenses</b>	<b>(149,380)</b>	<b>(91,113)</b>
Net unrealized gain on digital assets	96,813	3,029
Net unrealized gain on investments	235,852	82,713
Net loss on notes payable - derivative	(9,713)	(1,305)
Foreign currency loss	(121)	(138)
	<b>322,831</b>	<b>84,299</b>
<b>Income before income taxes</b>	<b>\$ 433,184</b>	<b>\$ 139,928</b>
Income taxes	11,520	5,726
<b>Net income</b>	<b>\$ 421,664</b>	<b>\$ 134,202</b>
Foreign currency translation adjustment	(635)	(452)
<b>Comprehensive income for the period</b>	<b>\$ 421,029</b>	<b>\$ 133,750</b>

The Company's share of comprehensive income - 33.6% (March 31, 2023 - 32.5%)	\$ 141,672	\$ 43,470
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### Reversal of impairment of investment in associate

The Company considers its market capitalization a reasonable approximation of the Company's enterprise value and uses it to derive the recoverable amount of its investment in GDH LP since substantially all of the Company's value is concentrated in the

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
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investment in GDH LP. As at December 31, 2023, the carrying amount of the Company's investment in GDH LP was less than its market capitalization. As a result, the Company reversed 100% of previously recognized impairment losses of \$390.9 million during the year ended December 31, 2023. During the three months ended March 31, 2023, the Company reversed \$52.6 million of previously recognized impairment.

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

(in thousands)	Notes	Three Months Ended	Year Ended
		March 31, 2024	December 31, 2023
Balance, beginning		\$ 763,851	\$ 257,810
Equity based compensation allocation		6,100	24,642
Increase in ownership interest as a result of GDH LP Class B unit exchanges	8	—	141
Shares issued on exercise of stock options and restricted share units	8	153	11,107
Cancellation of ordinary shares	8	(774)	(10,668)
Allocation of comprehensive income		141,672	97,239
Distributions		(12,696)	(7,301)
Reversal of impairment of investment in associate		—	390,884
Other		—	(3)
Balance, ending		<u>\$ 898,306</u>	<u>\$ 763,851</u>

## Accounting for the investment by GDH Ltd.

GDH Ltd. is deemed to have significant influence and accounts for its investment in the Partnership under the equity method.

As the Company's interest in GDH LP is based on its proportional ownership of the Class A Units, the Company performs regular assessments to determine whether its economic and voting interests result in control of GDH LP. The Company receives additional Class A Units of the Partnership upon exchange of Class B Units of the Partnership for ordinary shares of the Company and upon issuance of new shares on exercise of options and restricted share units. Under IFRS accounting guidance, an investor controls an investee if, and only if, the investor has all of the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

While there are many factors that need to be considered for the evaluation of control, an important factor would be when GDH Ltd. obtains the ability to replace the general partner.

## 7. RELATED PARTY TRANSACTIONS

### Compensation to key management personnel

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

Compensation provided to key management personnel for the three months ended March 31, 2024 and 2023 was as follows:

(in thousands)	Three Months Ended	
	March 31, 2024	March 31, 2023
Director fees	\$ 187	\$ 309

# Galaxy Digital Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
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(Expressed in US Dollars)

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## Other

Certain key management personnel have invested in funds that GDH LP manages. In addition, some members of key management serve as board members for companies in which GDH LP, or a fund it manages, holds investments.

The CEO of GDH Ltd. serves as co-chairman of the board for another company, resulting in GDH Ltd. and that company being related parties. A family member of the CEO also holds a position with this company. As of March 31, 2024, GDH LP had an investment in the company valued at \$19.0 million representing an ownership percentage of 22.3% (December 31, 2023 - \$18.0 million and 26.5%). Galaxy Interactive Fund I, LP, a non-consolidated sponsored investment fund, also held an investment in the company valued at \$2.4 million representing an ownership percentage of 2.7% (December 31, 2023 - \$2.4 million and 3.4%).

In accordance with the LPA (Note 5), GDH LP will reimburse or pay for all reasonably incurred expenses in the conduct of the Company's business, excluding taxes. For the period ended March 31, 2024, GDH LP paid or accrued \$0.5 million (March 31, 2023 - \$0.7 million) for reimbursable expenses of the Company. GDH LP has also provided a financial guarantee to a subsidiary of the Company sufficient to cover its costs and obligations as they come due through December 31, 2025. The Company's subsidiary has not incurred any expenses subject to reimbursement under the guarantee from GDH LP during the quarter ended March 31, 2024 or March 31, 2023.

On April 14, 2022, the Partnership entered into a Promissory Note (amended and restated in November 2023, the "Promissory Note") with GDH Intermediate LLC ("GDHI LLC"), a subsidiary of GDH Ltd, in order to effectively manage the liquidity of both the Partnership and 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 in lieu of cash distributions to be made from the Partnership to GDH Ltd., which decision is at GDHI LLC's sole and absolute discretion. As of March 31, 2024, GDHI LLC had advanced \$79.6 million (December 31, 2023 - \$67.2 million) to the Partnership.

Under the terms of the Promissory Note, interest accrues on any outstanding advances at a rate per annum equal to 9.0% effective October 1, 2023 (7.0% through September 30, 2023). 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, 2024, the interest payable on the Promissory Note was \$1.8 million (December 31, 2023 - \$0). 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, 2024, the Company had \$80.0 million in receivables from GDH LP (December 31, 2023 - \$66.0 million) representing the aforementioned Promissory Note offset by payables for stock options exercises and withholding tax associated with restricted share units vesting.

## 8. SHARE CAPITAL AND RESERVES

### Authorized

The authorized share capital of the Company is C\$2.0 million, divided into 2,000,000,000 ordinary shares of C\$0.001 par value each.

### Issued

During the three months ended March 31, 2024, the Company issued 254,387 ordinary shares (December 31, 2023 - 8,709,592) valued at \$0.2 million (December 31, 2023 - \$11.2 million) on exchange of Class B Units of GDH LP and exercise of options, and vesting of restricted share units. The Company cancelled 8,234 ordinary shares during the three months ended March 31, 2024 (December 31, 2023 - 4,221,799), primarily in association with withholding obligations on exercised stock options and vested restricted share units.

As at March 31, 2024, 135,702 shares were held in escrow relating to acquisitions.

### 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

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exchanged, redeemed or repurchased. Interest on the Exchangeable Notes is payable semi-annually. There was no origination discount or 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. As of March 31, 2024, the total amount of notes payable was \$421.4 million (December 31, 2023 - \$408.1 million), net of repurchases. As of March 31, 2024 and December 31, 2023, there was \$445 million in principal outstanding on the Exchangeable Notes.

## Ordinary Share Repurchase

On May 26, 2023, GDH Ltd. announced that the TSX approved the Company's plan to commence a normal course issuer bid to purchase up to 10,056,193 ordinary shares (10% of the Company's public float as of May 19, 2023). The Company repurchased a total of 1,248,900 ordinary shares for a total cost of \$4.3 million under the plan during the year ended December 31, 2023. No shares were repurchased during the three months ended March 31, 2024. All the repurchased shares of GDH Ltd. and the equivalent number of Class A Units of the Partnership were cancelled.

## Capital Raise

On April 9, 2024, Galaxy entered into an agreement with Canaccord Genuity Corp., as lead underwriter, on behalf of a syndicate of underwriters which included Jefferies Securities Inc. and Stifel Nicolaus Canada Inc. (collectively, the "Underwriters") pursuant to which the Underwriters agreed to purchase, in an underwritten block trade, 12,100,000 ordinary shares of the Company at a price of C\$14.00 per Ordinary Share ("Offering Price") for aggregate gross proceeds of approximately C\$169.4 million (the "Offering").

On April 12, 2024, the Company announced the closing of the Offering and the issuance of 12,100,000 Ordinary Shares for gross proceeds of C\$169.4 million.

Refer to Note 10 for share options and restricted share units granted to employees, officers, directors and consultants of the Company and its affiliates.

## Equity based compensation from investment in associate

During the three months ended March 31, 2024, the Company recognized \$6.1 million (March 31, 2023 - \$7.8 million) of equity based compensation related to GDH LP employees through its investment in associate (Note 6).

## 9. INCOME PER SHARE

The following table presents basic and diluted net income (loss) per ordinary share for the periods ended March 31, 2024 and 2023, respectively:

	Three months ended	
	March 31, 2024	March 31, 2023
Basic income per share	\$ 1.01	\$ 0.89
Diluted income per share	\$ 0.82	\$ 0.77

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## Basic income per share

The following table presents net income and weighted average number of ordinary shares used in the calculation of basic income per share are as follows (in thousands):

	Three months ended	
	March 31, 2024	March 31, 2023
Net income used in the calculation of basic income per share	\$ 109,987	\$ 91,618
Weighted average number of ordinary shares for the purposes of basic income per share	109,376,788	103,436,881

## Diluted income (loss) per share

The following table presents net income and weighted average number of ordinary shares used in the calculation of diluted income per share are as follows (in thousands):

	Three months ended	
	March 31, 2024	March 31, 2023
Net income used in the calculation of diluted income per share	114,248	93,593
Weighted average number of ordinary shares for the purposes of diluted income per share	140,180,288	121,044,704

For the three months ended March 31, 2024, the weighted average number of ordinary shares for diluted income per share assumes the potential conversion of the outstanding GDH LP Class B Units, the conversion of the Class B Units under the GDH LP equity compensation plan (Note 10) and the potential exercise of stock options (including performance-based options), restricted stock, held back shares, restricted stock units under GDH LP equity compensation plan and the potential conversion of exchangeable shares. For the three months ended March 31, 2024, there were no such potentially dilutive shares that were excluded from the calculation of diluted loss per share because they were antidilutive for the period (March 31, 2023 - 251,942,365).

The following table presents a reconciliation of the net income used in the calculation of basic income per share to net income used in the calculation of diluted income per share:

(in thousands)	Three months ended	
	March 31, 2024	March 31, 2023
Net income used in the calculation of basic income per share	\$ 109,987	\$ 91,618
Interest and change in fair value of embedded derivatives - Exchangeable notes of GDH LP	4,261	1,975
Net income used in the calculation of diluted income per share	114,248	93,593

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The following table presents a reconciliation of the weighted average number of ordinary shares used in the calculation of basic income per share to weighted average number of ordinary shares used in the calculation of diluted income per share:

	Three months ended	
	March 31, 2024	March 31, 2023
Weighted average number of ordinary shares for the purposes of basic income per share	109,376,788	103,436,881
Diluted shares:		
Compensatory Class B Unit awards	14,478	—
Stock options	9,611,128	4,260,990
Restricted stock units	7,831,061	—
Exchangeable notes of GDH LP	13,346,833	13,346,833
<b>Weighted average number of ordinary shares for the purposes of diluted income per share</b>	<b>140,180,288</b>	<b>121,044,704</b>

## 10. COMMITMENTS AND CONTINGENCIES

### *GDH LP Class B Units*

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

As of March 31, 2024, there were 15,226 (December 31, 2023 - 15,226) issued unvested Class B Units in addition to 215,928,474 (December 31, 2023 - 215,928,474) Class B units, which were outstanding and exercisable, into ordinary shares of GDH Ltd.

### *Stock Option Plan*

The Company administers a stock option plan (the “Plan”) under which options, which are exercisable into an equivalent amount of the Company's ordinary shares, have been granted to employees, officers, directors and consultants of the Company and its affiliates (inclusive of GDH LP). On exercise of an option, the holder will receive one ordinary share in the Company and GDH LP will issue one Class A Unit to the Company. Following the approval of the Long Term Incentive Plan, the Company no longer makes grants under the Plan. The Plan's reserve was rolled over into the Long Term Incentive Plan.

### *Long Term Incentive Plan*

In May 2021, the board of directors of the Company approved the 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 the Company and its affiliates (inclusive of GDH LP) and deferred share units to non-employee directors of the Company and non-employee managers of the Board of Managers. Shareholder approval of the LTIP was received in June 2021. Under the LTIP, 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 administers 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.



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The table below presents a summary of stock options outstanding as at March 31, 2024:

Grant date	Number outstanding	Number exercisable	Exercise price (C\$)	Expiry date
June 25, 2019	614,700	614,700	2.15	June 25, 2024
April 9, 2020	1,684,875	1,684,875	1.35 - 1.85	April 9, 2025
June 25, 2020	600,000	600,000	1.39	June 25, 2025
November 16, 2020	2,419,989	1,624,573	5.65	November 16, 2025
December 3, 2020	3,634,300	3,634,300	6.21	December 3, 2025
December 8, 2020	122,500	92,500	6.00	December 8, 2025
December 21, 2020	100,000	75,000	8.02	December 21, 2025
May 27, 2021	550,000	363,000	23.12 - 25	May 27, 2026
December 1, 2021	450,000	225,000	30.76	December 1, 2026
April 1, 2022	113,750	63,750	21.30 - 23.00	April 1, 2027
May 11, 2022	200,000	25,000	10.52	May 11, 2027
March 29, 2023	8,194,796	2,518,404	4.19 - 6.75	March 29, 2028
May 10, 2023	470,938	—	6.75	May 10, 2028
August 9, 2023	1,125,000	—	5.98 - 6.75	August 9, 2028
November 10, 2023	325,000	—	8.06	November 10, 2028
March 27, 2024	1,937,973	—	13.46 - 21.00	March 27, 2029
Total	22,543,821	11,521,102		

As of March 31, 2024, there were 11,215,042 restricted share units outstanding (December 31, 2023 - 11,203,624) including deferred share units granted to the directors.

### Other

The Company has provided standard representations for agreements and customary indemnification for claims and legal proceedings. Insurance has been purchased to mitigate certain of these risks. Generally, there are no stated or notional amounts included in these indemnifications and the contingencies triggering the obligation for indemnification are not expected to occur. Furthermore, counterparties to these transactions often provide comparable indemnifications. The Company is unable to develop an estimate of the maximum payout under these indemnifications for several reasons. In addition to the lack of a stated or notional amount in a majority of such indemnifications, it is not possible to predict the nature of events that would trigger indemnification or the level of indemnification for a certain event. The Company believes, however, that the possibility of making any material payments for these indemnifications is remote. As of March 31, 2024 and December 31, 2023, there was no liability accrued under these arrangements.

In the ordinary course of business, the Company, its affiliates and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. Except as discussed below, the Company does not believe that the ultimate outcome of these and any outstanding matters will have a material effect upon the Company's business, results of operations or financial condition.

We are currently in the process of responding to inquiries from U.S. regulators which, in some cases, may implicate our compliance with U.S. securities laws. In particular, members of the staff of the SEC's Division of Enforcement have raised whether certain of the digital assets that we trade are securities and therefore such trading activities should be conducted through a registered entity. Discussions with the SEC staff are ongoing and we have not received notice stating that the staff has made a determination to recommend enforcement action to the SEC. We believe there are good defenses to any assertion that our activities implicate entity registration requirements. It is premature to predict the potential outcome of these discussions and any potential impact on our business, results of operations or financial condition. In addition, the staff of the SEC's Division of Enforcement has also raised whether off-channel communications were appropriately captured. Discussions with the SEC staff are ongoing.



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## 11. INCOME TAXES

GDH Ltd. is a Cayman company limited by shares which is treated as a corporation for U.S. federal tax purposes. GDH Intermediate LLC, a wholly-owned subsidiary of GDH Ltd., is a Delaware limited liability company which is treated as a corporation for U.S. federal tax purposes and functions as a tax-efficient blocker corporation or similar entity for U.S. federal tax purposes. Under the LPA, items of income, gain, loss, deduction and credit that are attributable to sources within the United States and are effectively connected with GDH LP's United States trade or business ("ECI") are allocated to GDH Intermediate LLC. GDH Ltd. is not subject to tax in any jurisdiction. GDH Intermediate LLC is not subject to tax in any jurisdiction outside the United States (where it is subject to federal, state, and local taxes).

### Components of Income Taxes Expense (Benefit) Recorded in Net Income (Loss)

The following table presents the components of the Company's provision for income taxes:

(in thousands)	Three months ended March 31, 2024	Three months ended March 31, 2023
Income taxes expense (benefit) – current	\$ 5,496	\$ 1,400
Income taxes expense (benefit) – total deferred	27,813	3,940
<b>Income taxes expense (benefit)</b>	<b>\$ 33,309</b>	<b>\$ 5,340</b>

### Effective Income Tax Rate

The following table presents the reconciliation of the effective income tax rate to the income tax expense calculated at statutory rates:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cayman statutory tax rate	— %	— %
Foreign tax rate differential	22.42 %	22.66 %
Change in unrecognized deductible temporary differences	(0.08) %	(17.20) %
Other	0.90 %	0.43 %
<b>Total income tax expense and effective income tax rate</b>	<b>23.24 %</b>	<b>5.89 %</b>

### Tax Receivable Agreement

On July 31, 2018, the Company entered into a Tax Receivables Agreement ("TRA") with holders of Class B Units in GDH LP (each such person and any permitted transferee, a "TRA Holder" and together, the "TRA Holders"). The TRA generally provides for the payment by the Company of 85% of the net cash savings, if any, in U.S. federal, state, local, and non-US income tax that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the closing, as applicable to each TRA Holder, of (i) certain increases in tax basis that occur as a result of the Company's acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder's Class B Units in connection with the arrangement and (ii) imputed interest deemed to be paid by the Company as a result of, and additional basis arising from, any payments the Company makes under the TRA.

The term of the TRA commenced on July 31, 2018 and will continue until all such tax benefits that are subject to the TRA have been utilized or expired, unless the Company experiences a change of control or the TRA is terminated early, and the Company makes the termination payments specified in the TRA.

The amounts payable, as well as the timing of any payments, under the TRA are dependent upon significant future events and assumptions, including the timing of the redemptions of Class B Units, the price of the Company's ordinary stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount of the redeeming unit holder's tax basis in its Class B Units at the time of the relevant redemption, the depreciation and amortization periods that apply to the increase in tax basis, and the portion of the Company's payments under the TRA that constitute imputed interest or give rise to depreciable or amortizable tax basis.

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The Company has a liability associated with the TRA of \$37.0 million as of March 31, 2024 (December 31, 2023 - \$37.0 million).

## 12. CAPITAL MANAGEMENT

GDH Ltd.'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 Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. The Company is not subject to externally imposed capital requirements.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial Instruments

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

*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.

The carrying values of the Company's cash, accounts receivable, receivable from associate, taxes receivable, other receivable, and taxes payable approximate fair value due to their short maturities.

### Risk Management

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

#### Interest rate risk

The Company's only interest-bearing instrument is its Promissory Note with the Partnership. The Promissory Note was at a fixed interest rate of 7% through September 30, 2023, amended to 9% effective October 1, 2023. There are no scheduled changes to the interest rate. The Company's financial results, therefore, are not sensitive to changes in interest rates.

#### 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 Company's primary exposure to credit risk is on its cash and the Promissory Note due from the Partnership. Credit risk on its cash exposure is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at March 31, 2024, the Company's credit risk exposure is not deemed to be significant.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due, as well as the risk of not being able to liquidate assets at reasonable prices. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, as well as the liquidity of and financial support from GDH LP. The Company manages its liquidity risk by anticipating any operating, investing and financing activities, as applicable. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments. Furthermore, under the LPA, GDH LP is responsible for reimbursing the Company for all reasonable operating expenses, excluding taxes. GDHI LLC, the Company's consolidated subsidiary, may recall the Promissory

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Note from GDH LP at any time during the term of the note (Note 7) as obligations of the consolidated GDH Ltd. group come due, including taxes. The Company is not currently exposed to significant liquidity risk.

## **Foreign exchange risk**

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

## **Digital assets and market risks**

The Company's investment in associate is impacted by the associate's investments in digital assets as well as private companies, both of which may be subject to significant changes in value. The Company seeks to minimize potential adverse effects of these risks on performance by ensuring that the risk management at GDH LP appropriately addresses these risks by, for example, employing experienced personnel, daily monitoring of the Partnership's investments and digital assets and review of the Partnership's investment objectives.