Galaxy Digital Holdings Ltd.
Management's Discussion and Analysis

May 14, 2021

Introduction

This Management's Discussion and Analysis ("MD&A"), dated May 14, 2021, relates to the financial condition and results of operations of Galaxy Digital Holdings Ltd. ("GDH Ltd." or together with its consolidated subsidiary, the "Company") as of May 14, 2021, and is intended to supplement and complement the Company's condensed consolidated interim financial statements for the three months ended March 31, 2021. The Company's only significant asset is a minority interest in Galaxy Digital Holdings LP ("GDH LP" or the "Partnership"), an operating partnership that is building a diversified financial services and investment management business in the cryptocurrency and blockchain space (See Transaction section). GDH LP has separately filed its condensed consolidated interim financial statements and MD&A for the three months ended March 31, 2021, which are available on the Company's SEDAR profile at www.sedar.com. **The Company's MD&A should be read in conjunction with GDH LP's condensed consolidated interim financial statements and MD&A. The Company has included GDH LP's MD&A as an appendix to this MD&A.**

This MD&A, when read in conjunction with GDH LP's MD&A, was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). The consolidated financial statements and MD&A are presented in US dollars, unless otherwise noted and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for any future period.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These forward-looking statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", "seeks" or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Forward-looking statements are subject to the risk that the industry or the Partnership's businesses do not perform as anticipated, that revenue or expenses estimates may not be met or may be materially less or more than those anticipated, that expected investment banking transactions may be modified or not completed at all and those other risks described in this MD&A, the Management's Discussion and Analysis, dated May 14, 2021 of GDH LP, those referenced under Risks and Uncertainties in this MD&A and contained in the annual information form dated March 29, 2021 ("AIF") of the Company. Factors that could cause actual results of the Partnership to differ materially from those described in such forward-looking statements include, but are not limited to, a decline in the digital asset market or general economic conditions; the failure or delay in the adoption of digital assets and the blockchain ecosystem by institutions; a delay or failure in developing infrastructure for the trading business or businesses achieving mandates; and for investment banking transactions, a decline in the securities markets, an adverse development with respect to an issuer or party to a transaction or failure to obtain a required regulatory approval. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. The forward-looking statements in this MD&A are applicable only as of the date of this MD&A or as of the date specified in the relevant forward-looking statement and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

Overview

GDH Ltd., formerly Bradmer Pharmaceuticals Inc. ("Bradmer"), was originally formed and incorporated under the Business Corporations Act (Ontario) on February 10, 2006 by the amalgamation of a private company, Blue Devil Pharmaceuticals Inc., and a predecessor company also named Bradmer Pharmaceuticals Inc. By the end of 2009 and up to the date of the closing of the Arrangement (as defined in the Transaction section below), all significant business activities and operations of Bradmer had been terminated.

Upon the closing of the Arrangement, on July 31, 2018, the Company continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. The Company's principal address is 107 Grand Street, 8th Floor, New York, New York, 10013.

Effective July 6, 2020, the Company has an active public listing on the Toronto Stock Exchange ("TSX"), via the TSX Sandbox, under the ticker "GLXY". The Company was previously listed on the TSX Venture Exchange ("TSX-V") under the same ticker. GDH Ltd.'s ordinary shares are dual-listed on the Frankfurt Stock Exchange under the symbol "7LX".

The Company is a holding company as its only significant asset is a minority interest in GDH LP. GDH LP is building a diversified financial services and investment management business in the cryptocurrency and blockchain space, to capitalize on market opportunities made possible by the ongoing evolution of the digital assets space through five primary business lines: trading, principal investments, asset management, investment banking and mining.

The Partnership is a limited partnership formed under the laws of the Cayman Islands on May 11, 2018. Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"), is a limited liability company incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of the Partnership. Galaxy Group Investments LLC ("GGI"), a Delaware limited liability company, which is owned by the Michael Novogratz, the Chief Executive Officer ("CEO") of the Company, is the sole member of the General Partner and the majority owner of the Partnership as of March 31, 2021 (the "reporting date").

The Partnership's principal address is 107 Grand Street, 8th Floor, New York, New York, 10013. The Partnership also has offices in Tokyo, Japan, London, England, Hong Kong, Amsterdam, Netherlands, Jersey City, U.S., San Francisco, U.S., Chicago, U.S. and the Cayman Islands (registered office).

As of the date of this filing, the Partnership has 172 full-time employees.

Transaction

Background

In early 2018, Galaxy LP, the personal investing business of Michael Novogratz, set out to build an institutional-quality merchant banking business in the blockchain, digital asset and cryptocurrency space. As a result, in January 2018, Michael Novogratz contributed his portfolio of digital assets and related investments to Galaxy LP, which had a fair value of approximately $302 million ("Asset Contribution").

In addition, through a series of transactions and, by way of a plan of arrangement (the "Transaction" or "Arrangement"), Galaxy LP and First Coin Capital Corp. ("First Coin") formed GDH LP and Bradmer Pharmaceuticals Inc. ("Bradmer") changed its name to Galaxy Digital Holdings Ltd. In connection with the Transaction, Bradmer raised approximately C$305 million in a private placement offering of 61.0 million subscription receipts (the "Offering"). The net proceeds of the Offering were used by Bradmer to acquire a minority equity interest in GDH LP, providing growth capital to build the business.

On July 31, 2018, the Transaction closed and:

- Bradmer changed its name to Galaxy Digital Holdings Ltd. and appointed new members to its board of directors to manage its minority investment in the operating partnership on an ongoing basis.
  - The net proceeds of the Offering plus accrued interest were released from escrow in exchange for the issuance of Class A Units in GDH LP to Bradmer.
  - Bradmer completed a consolidation of its common shares on a basis of 126.38 pre-consolidated common share for one post consolidated common share in advance of the closing and then continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands.
  - Pursuant to policies of the TSX-V, Bradmer's listing was reactivated under the new ticker GLXY.

- Galaxy LP and First Coin became wholly owned subsidiaries of GDH LP.
    - Following the closing, the principals and owners of Galaxy LP and First Coin held direct controlling equity interests in GDH LP through the ownership of Class B Units, which are generally economically equivalent to Class A Units held by GDH Ltd. but are exchangeable, from time to time, into ordinary shares of GDH Ltd.
    - The sole limited partner of Galaxy LP, Galaxy Group Investments, transferred its interest in Galaxy LP and its ownership interest in Galaxy Digital GP LLC ("Galaxy GP"), the general partner of Galaxy LP, to GDH LP in exchange for 213,696,000 Class B Units.

- GDH LP, GDH GP, GDH Ltd., GDH Intermediate LLC (a wholly owned subsidiary of GDH Ltd. established as a tax-efficient blocker corporation or similar entity for US tax purposes) entered into a second amended and restated limited partnership agreement (as amended from time to time, the "LPA"). Certain key terms of the LPA include the following:

- *Units* – As described, there are two classes of partnership interests ("Units"): Class A Units, which are held by GDH Ltd., and Class B Units, which are held by GGI and other Class B limited partners.

- *Issuance of Additional Units* - the General Partner will not cause the Partnership to issue any additional Class B Units unless the General Partner determines there is a bona fide business or strategic reason to raise equity capital through the issuance of Class B Units, provided that the aggregate amount of Class B Units that may be issued is less than or equal to 70,000,000 or GDH Ltd. board of directors approves such issuance.

- *Allocations of Income, Gain, Loss, Deduction and Credit* - each item of income, gain, loss, deduction and credit will generally be allocated pro-rata between Class A Units and Class B Units.

- *Issuances and Redemptions of Common Stock of GDH Ltd.* - If GDH Ltd. issues any of its ordinary shares, the General Partner will, only if either (i) the General Partner has consented to such issuance or (ii) the issuance receives approval by the limited partners holding the majority of Units, cause the Partnership to issue to GDH Ltd., in exchange for GDH Ltd. promptly contributing the net cash proceeds of the issuance to the Partnership, a number of Class A Units equal to the number of ordinary shares issued. Upon the redemption, repurchase, or other acquisition of ordinary shares by GDH Ltd., the Partnership will, at substantially the same time as the redemption, repurchase or acquisition, redeem or cancel Class A Units equal to the number of ordinary shares redeemed, repurchased or acquired for an amount equal to the net cash amount paid by the GDH Ltd. for such redemption, repurchase, or other acquisition.

- *Exchanges of Class B Units* - A Class B limited partner may exchange vested Class B Units for ordinary shares of GDH Ltd. On exchange, GDH Ltd. will issue ordinary shares and the General Partner will cancel the Class B Units exchanged and issue Class A Units to GDH Ltd. equal to the number of Class B Units being surrendered, after accounting for any withholding obligation if applicable.

- *Removal of General Partner* - The General Partner may generally be removed by the limited partners holding at least 66 2/3% of the outstanding Units.

- *Reimbursable Expenses* - All expenses reasonably incurred by GDH Ltd. in the conduct of its business, including fees related to professional advisors, required or advisable licenses and filings, and meetings and compensation of directors, will be reimbursable by GDH LP.

- *General Partner Board* - As long as GDH Ltd. owns more than 10% of the outstanding Units, GDH Ltd. will have the right to appoint one person to the board of the general partner. In addition, if GDH Ltd. owns more than 40%, but not more than 50%, of the outstanding Units, GDH Ltd. will have the right to appoint another person to the board of the general partner.

The foregoing summary is qualified in its entirety by the full text of the LPA which is available on GDH Ltd.'s SEDAR profile at www.sedar.com.

Accounting for the Arrangement

While the Arrangement constituted a reverse takeover under securities law, a separate determination was required from an accounting perspective. The current accounting guidance requires a series of events to occur before the acquisition of an interest in an entity is deemed to be a reverse acquisition.

Under both securities law and IFRS accounting guidance, in an acquisition effected primarily by exchanging equity interests, the acquirer is typically the entity that issues its equity interests. However, in a reverse acquisition, the entity that issues securities to acquire another entity (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. Reverse acquisitions sometimes occur when a private operating entity arranges for a public entity to acquire its equity interests in exchange for the equity interests of the public entity. In such a case, the public entity is the legal acquirer and the private entity is the legal acquiree. However, in applying the relevant accounting guidance, the public entity is identified as the acquiree for accounting purposes (accounting acquiree) and the private entity is identified as the acquirer for accounting purposes (the accounting acquirer).

In addition, in order to account for the transaction as a reverse acquisition or an acquisition, it was important to determine whether one entity controlled the other. Under 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.

On the date of the closing of the Arrangement and as of reporting date, GDH Ltd. is not deemed to control GDH LP as it does not have power or control. The general partner of GDH LP and the majority owner of the Partnership's Units have power over GDH LP due to the ability to impact the Partnership's governance and decision making. The majority of the Partnership's Units in GDH LP is held by GGI, which is controlled by the CEO of the general partner. In addition, GGI has the right to appoint the majority of the members on the board of the general partner.

To determine whether GDH LP or the former owners of GDH LP controlled GDH Ltd. required significant judgment as there were factors that pointed both to evidence of control, and non control. The factors that pointed to evidence of non control included:

- As of the date of the closing of the Arrangement and as of the reporting date, GGI owned the majority of the Units in GDH LP; once it exchanges its Class B Units into ordinary shares of GDH Ltd., GGI will own the majority of the shares. As of the reporting date, GGI had not exchanged any of its Class B Units.
    - Upon an exchange by GGI of its Class B units, GGI will not have a controlling voting stake in GDH Ltd. because all U.S. residents' voting power, including GGI, is collectively capped at 49%.

- The board of GDH Ltd. was appointed by the shareholders of the Company and as of reporting date, the majority of the board was made up of independent directors.

- Neither GDH LP nor GGI can direct GDH Ltd. to raise equity financing on behalf of GDH LP, rather that is a decision to be approved by the independent directors of GDH Ltd.

- Any equity compensation plan (including any amendment or increase thereto) will need to be approved by the shareholders and GDH Ltd. board. If the equity compensation plan involved equity awards (such as options), the GDH Ltd. board will have the ultimate authority to award such grants.

On the other hand, the factors that pointed to evidence of control included:

- The relevant activities of GDH Ltd. (i.e. the activities that significantly affect its returns) and the ability to direct those activities are controlled by GDH LP through the LPA. In addition, GDH Ltd. will not, directly or indirectly, undertake any acquisition or investing activity or operate any business, except in or through GDH LP or subsidiaries of GDH LP.

The general partner of GDH LP can only be replaced by a vote of at least 66 2/3% of the Unitholders. As of the reporting date, GGI owned approximately 68% of the outstanding Units.

- Through the LPA, GDH Ltd. has limited ability to grow, other than through its investment in GDH LP, as all financing proceeds must be transferred to GDH LP. In addition, GDH Ltd. relies on GDH LP to pay its recurring expenses such as board member fees.

- The purpose of the Arrangement was for Galaxy Digital LP to gain a public listing through a public shell company (GDH Ltd.) and for the former owners of GDH LP to have control over the relevant activities of GDH Ltd. through the LPA pending acquisition of outright control following the conversion of Class B Units into shares of GDH Ltd.

Based on the above, it was assessed that neither GDH LP nor its former owners controlled GDH Ltd. In addition, it was determined that the Arrangement did not constitute a reverse acquisition from an accounting standpoint.

As of the reporting date, there have been no changes that would impact the accounting treatment.

<u>Accounting for the Investment by GDH Ltd.</u>

GDH Ltd. is deemed to have significant influence over GDH LP as it owns more than 20% of GDH LP and it has representation on the board of the general partner of the Partnership. As a result, the Company has accounted for its investment in the Partnership under the equity method.

If and when Class B units of the Partnership are exchanged into ordinary shares of GDH Ltd., GDH Ltd. receives Class A Units of the Partnership. As GDH Ltd.'s interest in GDH LP increases through the ownership of the Class A Units, it will be performing an ongoing assessment to determine when it obtains control of GDH LP. Under IFRS accounting guidance, as described above, 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 impact the Partnership's governance and decision making, including its ability to replace the general partner.

<u>Description of Business</u>

The Partnership today is pursuing five primary business lines.

<u>Trading</u>

The trading business, Galaxy Digital Trading ("GDT"), provides liquidity to clients and counterparties with regards to buying and selling cryptocurrencies and other digital assets. GDT accomplishes this by acting as an institutional-grade market maker and providing market expertise on a global basis and for over 60 different cryptocurrencies, with over 150 unique counterparties. GTD engages in a number of activities, on a principal and agency basis, involved in and around the buying, selling, lending and borrowing of cryptocurrencies and other digital assets on a global basis, including over-the-counter ("OTC") liquidity provision, on-exchange market-making, OTC derivative trading, options, futures, borrowing and lending, proprietary quantitative, arbitrage, and macro trading strategies. GDT is a diversified revenue stream that can have an inverse correlation with cryptocurrency and digital asset market prices.

In our role as a market maker, GDT provides pricing information globally across all major cryptocurrency and digital asset markets, for over 60 different cryptocurrencies. Our willingness to make markets, commit capital and take risk across numerous cryptocurrencies and digital assets is crucial to our relationships. We provide liquidity on a principal basis and play a critical role in price discovery, improving the efficiency of cryptocurrency markets for all our clients, counterparties and industry participants. Our clients and counterparties are professional market participants, primarily institutional investment entities.

GDT's trading strategies include principal trading and market making across the full spectrum of exchange and OTC products. GDT makes markets in coins/tokens, options/volatility, and structured products including Bitcoin and other digital asset futures and derivatives. In this capacity GDT provides liquidity on a principal basis on a variety of centralized exchanges and OTC markets. GDT maintains a list of centralized exchanges that are approved as trading counterparties and platforms and with whom our team spends extensive time, in advance, working to electronically integrate access and information flow. The approval of such exchanges is based on due diligence of such exchanges that takes into account whether the exchange conducts anti-money laundering and know-your-client due diligence, its regulatory jurisdiction and its cybersecurity measures. Additionally, GDT engages a service that continuously monitors the public website of the exchanges for observable data on compromised systems, security diligence, user behavior, and data breaches and computes a security rating on each exchange.

GDT’s in-house engineering team has built and continues to enhance a sophisticated and proprietary trading platform that hosts and facilitates these activities, which we believe differentiates Galaxy from the rest of the market, including traditional financial institutions that operate in significantly larger scale with expensive, legacy technology stacks. GDT’s trading platform includes proprietary pricing data, market research, portfolio management tools, reporting, and settlement services, and connects with client’s cryptocurrency and digital asset wallets, custodial relationships, and fiat banking accounts.

GDT maintains strong relationships with a large number of spot and futures exchanges, digital asset exchanges and custodians, and fiat banking partners, which enables it to move capital and assets around efficiently in order to provide competitively priced liquidity and achieve cross-market opportunities. GDT has consistently added to its over 150 onboarded and active counterparties list; these new counterparties are becoming increasingly institutional in terms of size and sophistication, including a diverse and strategic group of proprietary trading companies, cryptocurrency and digital asset exchange operators, the largest crypto and venture capital investment funds, digital asset mining companies, family offices, and high and ultra-high net worth individuals.

In November 2020, the Company acquired two leading cryptocurrency trading firms: DrawBridge Lending, LLC ("DrawBridge"), an innovator in digital asset lending, borrowing, and structured products, and BF Holdings I, LLC ("Blue Fire"), a proprietary trading firm specializing in market-making and two-sided liquidity for digital assets. The acquisitions expanded GDT’s suite of product offerings and added veteran trading and lending market participants to GDT’s leadership team.

GDT is firmly committed to compliance with all laws and regulations currently in existence. GDT also strives to be a thought leader in providing information and assistance to global regulators, and to establish industry-wide best practices as the industry matures. GDT has adopted policies, procedures and controls that are designed to prevent and detect money laundering and any activity that facilitates money laundering, the funding of terrorist activities, or violations of regulations promulgated by applicable government agencies.

As it pertains to GDT’s trading counterparties, we require that any counterparty undergo screening under GDT’s anti-money laundering program, which includes:

- conducting due diligence to verify each potential counterparty identity to the extent reasonable and practicable;
- obtaining representations and warranties from such counterparty relating to the source of funds being transacted, compliance with all applicable legal requirements, and any other representations and warranties as GDT’s anti-money laundering Compliance Officer may deem appropriate;
- conducting due diligence efforts to screen the names and addresses of counterparties and, where relevant, the beneficial owners of such counterparties against the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control (“OFAC”) by the U.S. Department of the Treasury and refusing to transact with such counterparty or accept investments from any such listed persons;
- screening payments and transactions for those prohibited by U.S. law because they involve a person or entity that (i) is a citizen or resident of, (ii) has a place of business in, or is organized under the laws of, or (iii) is the government of, a country or territory subject to a U.S. trade embargo administered by OFAC;
- obtaining representations to confirm that a counterparty or an investor in a fund is not a “foreign shell bank,” which is generally defined as a foreign bank without a physical presence in any country; and
- carrying out such other procedures as may be necessary to assure GDT’s compliance with all applicable laws and regulations.

GDT has internal policies and procedures to address buying and selling of assets that might be deemed securities in order to ensure such trading complies with applicable laws. GDT continues to monitor the global regulatory environment and will amend its internal policies and procedures as regulatory guidance evolves.

Principal Investments

The principal investments team, Galaxy Digital Principal Investments ("GDPI") manages a diverse portfolio of private and public principal investments across the digital asset, cryptocurrency, and blockchain technology sector, including early- and later-stage equity, secured lending, pre-initial coin offering contributions, and other structured alternative investments. GDPI's mandate is to originate and execute upon investment opportunities with the best founders, at an attractive cost basis for GDPI. GDPI invests in founders and companies that we believe are strategically important to the future business roadmap of GDH LP, including (without limitation): new investment strategy seeds, third-party manager seed investments, equity investments into customers, counterparties and vendors of GDH LP, and early-stage equity investments into emerging technologies and platforms that we believe could be strategically relevant to the Company in the future. GDPI executes on this mandate by utilizing a robust, institutional-quality investment process that relies on organization, prioritization and deep-dive due diligence. Galaxy LP continues to make selective principal investments across the ecosystem using capital raised, as well as recycling capital from existing investments upon realization.

In addition to its existing focus on blockchain and digital assets, GDH LP intends to strategically expand its mandate to advise, trade, manage client assets and invest in businesses (and securities of those businesses) that are involved in the broader emerging technology sectors (including, blockchain and digital assets, payments, financial technology, data centers, cyber security, artificial intelligence and machine learnings, amongst others). GDH LP believes the linkage and correlation between these sectors will continue to grow stronger over time, and as a result the scope of GDH LP's activities and expertise (as well as the market opportunity) will need to grow accordingly.

Asset Management

Galaxy Digital Asset Management ("GDAM") manages capital on behalf of third parties in exchange for management fees and performance-based compensation. GDAM's differentiating factors are its long-tenured institutional experience professionals managing third party capital across a variety of traditional asset classes (including macro hedge funds, long/short equity hedge funds, venture capital, and various structured credit and direct lending funds), its brand name, an acute and highly critical focus on risk management and compliance, strong relationships with key counterparties and a deep connectivity throughout the blockchain and cryptocurrency ecosystem. GDAM operates in two business lines, Galaxy Fund Management and Galaxy Interactive. At this time, management fees generally earned by GDAM in both Galaxy Fund Management and Galaxy Interactive range from 0.5% to 2.0% of assets under management, and performance-based compensation or "carry" has been structured to be up to 20%.

Galaxy Fund Management is a multi-asset manager offering cryptocurrency-agnostic fund access to multiple different cryptocurrencies and digital assets. Galaxy Fund Management has capitalized on the improvement in and continued increase in awareness of the digital asset markets, generating inflows into the Galaxy Crypto Index Fund LP ("GCIF" or the "Index Fund") and making meaningful progress towards future commitments. In November of 2019, GDAM officially launched the Galaxy Institutional Bitcoin Fund LP and the Galaxy Bitcoin Fund LP (collectively, the "Galaxy Bitcoin Funds") as a product meant to give institutional and accredited investors alike simple, low-cost access to owning Bitcoin in a fund structure, secured via third-party custodians.

In June 2020, Galaxy Fund Management announced a strategic partnership with CAIS, the industry-leading alternative investment platform, to provide financial advisors with streamlined access to Galaxy Digital's investment products, plus educational resources spanning blockchain and digital assets. The CAIS platform offers financial advisors access to a complete end-to-end solution, including a broad selection of alternative investment funds and products, independent due diligence from Mercer, tools and analytics, a streamlined investment process, and integration with custodians for greater reporting accuracy.

In December 2020, Galaxy Fund Management launched the CI Galaxy Bitcoin Fund (Ticker: BTCG), a TSX-listed closed end mutual fund, in partnership with CI Financial.

Additionally, in December 2020, Galaxy Fund Management launched the Bloomberg Galaxy Bitcoin Index (Ticker: BTC).

The product launches in 2021 include: the CI Galaxy Bitcoin ETF (Ticker: BTCX), and the Galaxy Ethereum Funds. The Galaxy Ethereum Funds track the newly launched Bloomberg Galaxy Ethereum Index (Ticker: ETH), the third in the Bloomberg-Galaxy family of indices.

In March 2021, Morgan Stanley began offering its wealth management clients access to Bitcoin funds, including the Galaxy Bitcoin Fund LP, and the Galaxy Institutional Bitcoin Fund LP.

Galaxy Interactive is focused on venture investing in the future of interactive content and technologies. Galaxy Interactive is currently investing in our first fund, the Galaxy EOS VC Fund LP (the "EOS Fund") and has continued to opportunistically deploy committed capital under its mandate to invest in entrepreneurs and companies actively working to improve the EOS blockchain protocol ecosystem, with a more recent focus on emerging use cases in gaming and interactive media.

Investment Banking

The Investment Banking business, Galaxy Digital Partners LLC ("GDIB"), maintains and continues to build on its systematic coverage of the highest quality businesses operating in and around the blockchain ecosystem, with the ultimate goal of cementing long-lasting and trusted relationships. GDIB is a leader in financial and strategic advisory services with respect to the digital asset, cryptocurrency, and blockchain technology industry. GDIB serves public and private clients around the world with a full spectrum of financial advisory services, including, but not limited to, general corporate, strategic, M&A, divestitures, and restructuring advisory services, as well as equity, debt and project finance capital markets services. On July 24, 2019, GDIB was approved by FINRA to act as an underwriter to registered public offerings of equity, debt or other corporate securities in the United States, and is a member of SPIC.

GDIB is a diversified revenue stream that can be uncorrelated with cryptocurrency and digital asset market prices.

During 2020, GDIB added key hires including Michael Ashe as Head of Investment Banking, and has since made significant progress, with several active mandates for clients across financing, mergers and acquisitions, and other strategic matters.

Mining

The Company launched Galaxy Digital Mining ("GDM") in October 2020 with the hiring of Amanda Fabiano as Head of Mining. Fabiano joined from Fidelity Investments, where she was previously the Director of Bitcoin Mining. GDM has a strategic focus to provide novel and sophisticated financial tools to North American miners.

GDM manages a full suite of products and services related to Bitcoin mining by sourcing clients, creating miner focused products, and identifying new solutions. By integrating with existing business lines, GDM offer trade and risk management solutions, principal lending & equity investments, as well as advisory services for Bitcoin miners. Making meaningful progress since its recent inception, GDM has procured Bitcoin mining machines to be utilized for proprietary operations, miner finance, and resale for the following primary business activities:

- Proprietary Operations: Mine on a proprietary basis at a colocation facility
- Miner Finance: Offer state of the art credit underwriting for selected miners to finance machines
- Resale: Resell purchased machines to other North American miners that require machines, but not financing

GDM will continue to utilize our in-house expertise to provide novel and sophisticated tools for North American miners and will take advantage of opportunities as they arise in the mining ecosystem.

Risks and Uncertainties

In addition to the risks contained herein, the disclosure in this MD&A is subject to, and should be read in conjunction with, the risk factors outlined in the AIF filed on the Company's SEDAR profile at www.sedar.com and in the Partnership's MD&A Risks and Uncertainties section.

Quarterly Highlights & Results

$'s in millions	As of March 31, 2021	As of December 31, 2020
Cash	$ 7.3	$ —
Investment in associate	512.4	247.0
Total assets	572.4	267.8
Total liabilities	107.8	20.8
Shareholders' equity	464.5	247.0

$'s in millions	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating expenses	$ —	$ —
Equity income (loss) from associate	249.9	(6.2)
Income (loss) and comprehensive income (loss) for the period	202.1	(6.2)

- As of March 31, 2021, total assets stood at $572.4 million (December 31, 2020 - $267.8 million), an increase of $304.6 million, primarily a result of the Company's share of income from its investment in associate.
- The Company did not have net operating expenses for the three months ended March 31, 2021 and 2020 as all expenses incurred during the period ($1.4 million; 2020 - $0.2 million) were reimbursed by GDH LP.
- The comprehensive income for the three months ended March 31, 2021 was $202.1 million as compared to the comprehensive loss of $6.2 million in 2020. The current quarter income was primarily due to the Company's share of income from its investment in GDH LP.
- **As the only significant asset of the Company is its minority interest in GDH LP, the results of the Company will be driven by the results of GDH LP. For additional information on the results of GDH LP, see Annual Highlights and Results, Performance by Reportable Segment, and the Financial Instruments, Digital Assets and Risk sections of GDH LP's MD&A, which is filed as an appendix to the GDH Ltd. MD&A.**
- As indicated in the Liquidity and Capital Resources section, the Company is dependent on financial support from GDH LP, which has the obligation to reimburse the Company for all reasonable operational expenses per the LPA.

Other

Information for the eight quarters has been presented in accordance with IFRS. The results of the Partnership are impacted by the performance of its digital assets and investments and, in the three months ended December 31, 2019, by the impairment loss. Additional information on the impairment is provided in the Company's consolidated financial statements for the year ended December 31, 2020.

$'s in millions	Three months ended March 31, 2021	Three months ended December 31, 2020	Three months ended September 30, 2020	Three months ended June 30, 2020
Income (loss) and comprehensive income (loss) for the period	$ 202.1	$ 92.1	$ 9.5	$ 8.0

$'s in millions	Three months ended March 31, 2020	Three months ended December 31, 2019	Three months ended September 30, 2019	Three months ended June 30, 2019
Income (loss) and comprehensive income (loss) for the period	$ (6.2)	$ (145.6)	$ (14.9)	$ 25.1

Discussion of Operations and Operational Highlights

The Company is a holding company as its only significant investment is a minority interest in GDH LP. As the Company will account for its investment under the equity method (i.e. initially recognize the investment at cost and then subsequently increase or decrease the investment to recognize the Company's share of earnings and losses of GDH LP and for impairment losses, if any, after the initial recognition date), the results of GDH LP will significantly impact the Company's performance. **For additional information on the operations and operational highlights and financial results of GDH LP, see Discussion of Operations and Operational Highlights and Results, and Quarterly Highlights & Results sections of GDH LP's MD&A, which is filed as an appendix to GDH Ltd.'s MD&A.**

- **Corporate Overview**
  - **GDH Ltd. acquisition of BitGo**

    On May 5, 2021, GDH Ltd. announced that it agreed to acquire BitGo, the leading independent digital assets infrastructure provider. Under the terms of the merger agreement, the consideration to BitGo shareholders will consist of 33.8 million of newly issued shares of GDH Ltd. common stock and $265 million in cash, subject to certain adjustments and deferred purchase considerations. GDH Ltd. will use its balance sheet to fund the cash consideration, a significant portion of which will be deferred up to 12 months post-close. Additionally, GDH Ltd. will issue incremental shares of its common stock to BitGo's shareholders in exchange for BitGo's net digital assets at close.

    The transaction has been approved by the boards of directors of both GDH Ltd. and BitGo. The acquisition is expected to close in the fourth quarter of 2021, subject to approval by GDH Ltd.'s shareholders of the domestication of GDH Ltd. as a Delaware corporation and specified internal restructuring, as well as certain related matters and other acquisition-related closing conditions and regulatory approvals.

    The BitGo acquisition diversifies the business with greater contribution from recurring revenue that is significantly less correlated with digital asset prices. The acquisition also accelerates product innovation and development capabilities by adding over 50 engineers and key product and security infrastructure personnel. The Company believes the immediate revenue synergy opportunities that, paired with Bitgo's strong base business and growth trajectory, support the value of the acquisition.

  - **GDH Ltd. announcement of a private investment in public equity financing**

    On October 30, 2020, GDH Ltd. announced a private investment in a public equity financing ("PIPE") of $50 million of aggregate gross proceeds. Investors, led by Slate Path Capital LP, and including CI Investments, NZ Funds, and Corriente Advisors, among others, invested $50 million at a price per share of C$3.50 for up to 19,070,000 ordinary shares of the Company with each share accompanied by a warrant to purchase 0.25 of an ordinary share. Each warrant is 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. The PIPE closed on November 12, 2020 (the "Closing"). All securities issued pursuant to the PIPE are subject to certain selling restrictions set forth the investment agreements. The investment agreements provide that: (i) no sales are permitted during the first six months from the Closing; (ii) sales of up to 33.3% of total shares issued are permitted seven to nine months after the Closing, subject to a maximum daily sale participation of no more than 10% of daily traded volume; (iii) sales of up to 66.6% of the total shares issued are permitted ten to twelve months after the Closing, subject to a maximum daily sale participation of no more than 10% of daily traded volume and (iv) until eighteen months after the Closing, all shares remain subject to a daily selling restriction of no more than 10% of daily traded volume. The selling restrictions terminate upon certain corporate actions by GDH Ltd.

  - **GDH Ltd. acquisitions**

    On November 12, 2020, GDH Ltd. acquired Drawbridge and Blue Fire. Drawbridge is a FTC regulated Commodity Trading Advisor and Commodity Pool Operator that originates structured loans with related derivatives to provide hedged financial products to institutional investors in crypto. Blue Fire Capital is a proprietary trading firm that specializes in crypto and providing two-sided liquidity for digital assets. Consideration for the acquisitions primarily included approximately 3.8 million GDH Ltd. ordinary shares, subject to customary purchase price adjustments. The acquisitions further expand Galaxy Digital Trading's activities into expanded derivatives and futures trading; on-exchange market making; and lending, borrowing and structured products.

- **Listing on Toronto Stock Exchange ("TSX") via TSX Sandbox**

  The Company started trading on the TSX on July 6, 2020 via TSX Sandbox. TSX Sandbox is an initiative intended to facilitate listing applications that may not satisfy the original listing requirements of TSX, but due to facts or situations unique to a particular issuer otherwise warrant a listing on TSX. The TSX has exercised its discretion to waive the requirements of subsection 309(c)(i) of its manual (C$10 million in treasury resulting from public raise) which the Company did not meet. The Company's approval pursuant to TSX Sandbox was conditioned upon public filing of an Annual Information Form and prominent quarterly disclosure of digital assets and investments, which the Company has completed and agreed to continue to provide. The Company will remain listed pursuant to TSX Sandbox until such time as it has completed a twelve-month period without significant compliance issues after graduation. In addition, the Company is required to disclose the following two risk factors that were also included in the most recent Annual Information Form for the year-ended 2020: (1) The Company has limited operating history and its business lines are nascent and subject to material legal, regulatory, operational and other risks in every jurisdiction; and (2) the market price and trading volume of the Company's ordinary shares has been volatile and will likely continue to be so in response to, among other factors, market fluctuations in digital assets generally or the digital assets that the Partnership holds or trades. Please refer to the risks and uncertainties section for more information regarding the risks applicable to the Company.

Financial Instruments and Other Risk

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts, if applicable. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As of March 31, 2021, the Company is not exposed to significant credit risk.

Liquidity risk

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

Interest rate risk

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

Foreign exchange risk

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

Digital assets and market risks

The Company's investment in GDH LP is impacted by GDH LP'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.

For additional information on GDH LP's exposure to financial instruments and other risks, see Financial Instruments, Digital Assets and Risk section of GDH LP's MD&A, which is filed as an appendix to the GDH Ltd. MD&A.

Liquidity and Capital Resources

The liquidity available to the Partnership for subsequent periods are set out below:

$'s in millions	As of March 30, 2021	As of December 31, 2020
Estimated working capital	$ 57.9	$ 96.8
Digital Assets, net	1,367.5	530.0
	$ 1,425.4	$ 626.8

Working capital is calculated as the sum of cash, receivable for digital asset trades, cash posted as collateral, receivables, due from broker, due from exchange, prepaid expenses and other assets; less accounts payable and accrued liabilities, payable for digital asset trades and short-term lease liability. Digital Assets, net as of March 31, 2021 includes digital assets posted as collateral and is net of digital assets sold short, digital assets collateral payable and non-controlling interests.

The Partnership has commitments to invest in its managed funds and to purchase blockchain servers. In addition, as the Partnership grows its business, the Partnership expects its operating expenses to increase. Given the growth in the Partnership's businesses, it is difficult to accurately predict the level of investment that the Partnership will make in its respective businesses.

The following table presents the summary of the Partnership's contractual obligations as of March 31, 2021 (in thousands):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Digital asset loans payable, loans payable and digital assets sold short	$ 620,576	$ 620,576	$ —	$ —	$ —
Operating leases	7,888	741	2,056	2,181	2,910
Purchase obligations[1]	39,032	27,647	11,385	—	—
Other obligations[2]	21,572	18,172	3,400	—	—
Total Contractual Obligations	**$ 689,068**	**$ 667,136**	**$ 16,841**	**$ 2,181**	**$ 2,910**

[1]"Purchase obligations" includes the outstanding amounts of agreements for the purchase of blockchain servers.

[2]"Other obligations" includes the obligations to two portfolio companies to fund the Partnership's remaining capital commitment and an investment sold short balance as of March 31, 2021.

As of March 31, 2021, the Company did not have any commitment for capital expenditures.

Financial support

As the Company is a holding company, it is dependent on GDH LP to fund its operating expenses. In accordance with the LPA, GDH LP will reimburse or pay for all reimbursable expenses of GDH Ltd. or its subsidiary, GDH Intermediate LLC. The reimbursable expenses include all expenses reasonably incurred by GDH Ltd. or its subsidiary in the conduct of its business, including fees related to professional advisors, required or advisable licenses and filing, and directors fees. For the period ended March 31, 2021, GDH LP paid or accrued $1.4 million (2020 - $0.2 million) for the reimbursable expenses on behalf of GDH Ltd.

For additional information on the liquidity and capital resources of GDH LP, see Liquidity and Capital Resources section of the GDH LP MD&A, which is filed as an appendix to the GDH Ltd. MD&A.

Off-balance sheet arrangements

As of March 31, 2021, the Company did not have any off-balance sheet arrangements, other than the financial support mentioned in the Liquidity and Capital Resources section, that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, without limitation, such considerations as liquidity and capital resources that have not been previously been discussed.

Commitments and Contingencies

GDH LP Class B Units

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

On December 15, 2020, the Partnership transferred 980,932 Class B Units of GDH LP to certain officers and employees as compensation. The Class B Units transferred were comprised of 19,068 Standard Units and 961,864 Profit Interest Units. The terms of the Class B Units are as follows:

- Standard Units - 19,068 of the Standard Units vested 100% on December 15, 2020. Once vested, each Standard Unit can be exchanged for one share of GDH Ltd. for no additional consideration. The fair value of the Standard Units transferred, measured as of the grant date, was $91,078 (or approximately $4.7765 per Standard Unit) based on the 10-day volume weighted average share price of GDH Ltd. from December 2, 2020 through December 15, 2020 ("10-day WA") and on the number of Standard Units expected to vest (100%). The fair value was recognized in 2020.
- Profit Interest Units - 355,932 of the Profit Interest Units vest on December 15, 2020, 15,226 vest on December 1, 2021, 390,226 vest on December 1, 2022, 185,255 vest on December 1, 2023 and 15,226 vest on December 1, 2024. Once a Profit Interest Unit has vested and has been fully "caught up", such Profit Interest Unit may be exchanged for one share of GDH Ltd. for no additional consideration. The fair value of the Profit Interest Units granted was $3,501,531 (or approximately $3.8325 per Profit Interest Unit). The fair value of the Profit Interest Units was estimated using the probability-weighted expected return method. In applying this method, a payoff was determined for a Profit Interest Unit under three potential scenarios, each payoff was weighted by an estimated probability of the corresponding scenario, and then the probability-weighted payoffs were discounted to the date of grant and summed. The scenarios, probabilities, and other inputs into the model consider, among other things, the results of a one-period trinomial model, the results of a standard Black-Scholes option pricing model under different assumptions, and the estimated fair value of a common share of GDH Ltd. The scenarios probability ranged from 5% to 65%, the annual discount rate used was 0.50%, the term used was 5.04 years, and the share price used ranged from C$0 to C$100. The number of Profit Interest Units expected to vest ranged from 90% to 100%.

As of March 31, 2021, after accounting for exchanges and forfeitures, there were 229,076,452 (December 31, 2020 - 229,404,568) Class B Units issued, of which 222,577,818 (December 31, 2020 - 222,905,934) were outstanding and exercisable into ordinary shares of GDH Ltd.

Stock Option Plan

The Company has a stock option plan (the "Plan") to grant options, which are exercisable into an equivalent amount of the Company's common shares, to employees, officers, directors and consultants of the Company and its affiliates (inclusive of GDH LP). The number of stock options granted to any person within a one-year period will not exceed 5% and the number granted to those individuals considered consultants or providing investor relations services may not exceed 2% in a one-year period, in each case on a fully diluted basis. Under the Plan, the exercise price of each option may not be less than the market price of the Company's shares at the date of grant. Options granted under the Plan will have a term not to exceed 5 years and be subject to vesting provisions as determined by the Board of Directors of the Company who administer the Plan. On exercise of an option, the holder will receive one common share in the Company and GDH LP will issue one Class A Unit to the Company. The maximum number of shares reserved for issuance under the Plan is fixed at 45,565,739 shares of the Company.

<u>Modification of stock options previously granted</u>

On June 24, 2019, the shareholders of the Company approved a resolution to reprice outstanding options that were granted with an exercise price of C$5.00 (C$5.00 options) by reducing the number of option grants by 30% and reducing the exercise price to the higher of C$3.00 and the then prevailing market price. On June 24, 2019, there were 19,170,000 options, subject to the repricing, and employees holding 19,044,000 of options voluntarily agreed to the repricing. As a result, on June 25, 2019 (the repricing date), the C$5.00 options granted were reduced by 5,713,200 options to 13,330,800 options and the exercise price was reduced to C$3.00 (C$3.00 options). There was no incremental value associated with the modification.

A summary of stock options outstanding as of March 31, 2021 is as follows:

Grant Date	Number Outstanding	Number Exercisable	Exercise Price (C$)	Expiry Date
Employees and Officers:				
July 31, 2018	8,722,700	6,508,950	3.00	July 23, 2023
July 31, 2018	126,000	94,500	5.00	July 23, 2023
September 10, 2018	103,600	77,700	3.00	July 23, 2023
June 25, 2019	2,235,000	1,017,500	2.15	June 25, 2024
September 4, 2019	150,000	50,000	1.95	September 4, 2024
April 9, 2020	5,143,334	1,936,667	1.35 - 1.85	April 9, 2025
June 25, 2020	750,000	—	1.39	June 25, 2025
November 16, 2020	150,000	—	5.65	June 25, 2025
November 16, 2020	6,030,000	—	5.65	November 16, 2025
December 3, 2020	7,500,000	—	6.21	December 3, 2025
December 8, 2020	555,000	—	6.00	December 8, 2025
December 21, 2020	100,000	—	8.02	December 21, 2025
Total	31,565,634	9,685,317		

As of May 14, 2021, there were 31,565,634 options outstanding of which 9,897,817 were exercisable.

Restricted Stock

On December 15, 2020, the Partnership issued 1,079,971 restricted shares of the Company. Of the shares granted, 454,971 vest on December 1, 2023 and the remainder on December 1, 2024. As of March 31, 2021 and May 14, 2021, there were 1,079,971 restricted shares. The restricted shares were issued as part of an inducement grant to an officer.

Transactions with related parties

Compensation to key management personnel

The Company's related parties include its subsidiary, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors, companies controlled by officers and directors and companies with common directors of the Company. Compensation provided to key management personnel for the three months ended March 31, 2021 and 2020 follows (in thousands):

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Directors fees	$ 111	$ 133

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.

In addition, the CEO of GDH Ltd. was a member of the advisory board for another company, resulting in GDH Ltd. and that company being related parties. As of March 31, 2021, GDH LP had an investment in the company valued at $40.4 million (December 31, 2020 - $19.6 million).

In accordance with the LPA, GDH LP will reimburse or pay for all reimbursable expenses of the Company. For the period ended March 31, 2021, GDH LP paid or accrued $1.4 million (2020 - $0.2 million) for the reimbursable expenses on behalf of GDH Ltd.

Change in Accounting Policies including Initial Adoption

There were no changes to the accounting policies for the period ended March 31, 2021.

Share Capital

Common Stock

As of March 31, 2021, after accounting for additional issuances related to exchanges of GDH LP Class B Units during the period, issuance of shares on exercise of the warrants, there were 92,705,177 ordinary shares issued and outstanding. As of May 14, 2021, there were 92,860,067 ordinary shares issued and outstanding.

Stock Options

As of March 31, 2021 in addition to the stock options disclosed under 'Commitments and Contingencies', the Company has the following stock options outstanding:

- 11,869 options at a weighted average exercise price of C$12.64 and which expire on July 21, 2021.

Warrants

As of March 31, 2021 and May 14, 2021, 3,638,946 warrants were outstanding.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure.

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer acknowledges responsibility for the design and operation of disclosure controls and procedures and internal control financial reporting, and the requirement to evaluate the effectiveness of these controls on an annual basis.

Internal Control over Financial Reporting

Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

There have not been any significant changes in the Company’s internal control over financial reporting during the three months ended March 31, 2021 that have materially affected or are reasonably likely to materially affect the Company’s internal controls over financial reporting

Any control system, no matter how well designed, has inherent limitations. Therefore, disclosure controls and procedures can only provide reasonable assurance with respect to timely disclosure of material information.

Additional information relating to the Company, including the AIF, is available on GDH Ltd.’s SEDAR profile at www.sedar.com.

Management’s Responsibility for Financial Statements

The information provided in this MD&A, including the condensed consolidated interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of (i) future values for certain assets or liabilities and (ii) valuation of equity based compensation. Management believes such estimates have been based on careful judgments and have been properly reflected in the condensed consolidated interim financial statements.

Other Information and Disclaimer

No Offer or Solicitation

This report shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of any of the proposed transactions. This report is for informational purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

Additional Information

In connection with the proposed reorganization and combination, Galaxy will file a registration statement, including a management circular/prospectus and an information statement/prospectus, with the Securities and Exchange Commission (the “SEC”). GALAXY AND BITGO SHAREHOLDERS ARE ADVISED TO READ THE MANAGEMENT CIRCULAR/ PROSPECTUS AND INFORMATION STATEMENT/PROSPECTUS, RESPECTIVELY, WHEN SUCH DOCUMENTS BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Shareholders may obtain a free copy of the registration statement and such other documents (when available) and any other relevant documents filed with the SEC from the SEC’s website at http://www.sec.gov. Copies of the management circular/prospectus and an information statement/prospectus can also be obtained, when available, without charge, from Galaxy’s website at https:// investor.galaxydigital.io/.

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

The information in this report may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and "forward-looking information" under Canadian securities laws (collectively, "forward-looking statements"). Our forward-looking statements include, but are not limited to, statements regarding our or our management team’s expectations, hopes, beliefs, intentions or strategies regarding the future. Statements that are not historical facts, including statements about the pending acquisition, domestication and the related transactions (the “transactions”), and the parties, perspectives and expectations, are forward-looking statements. In addition, any statements that refer to estimates, projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this presentation may include, for example, statements about: our ability to complete the transactions; our expectations around the performance of our and the target’s business; our success in retaining or recruiting, or changes required in, our officers, key employees or directors following the transactions; or our financial performance following the transactions. The forward-looking statements contained in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us taking into account information currently available to us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks include, but are not limited to: (1) the occurrence of any event, change or other circumstances that could result in the failure to consummate the transactions; (2) the possibility that the terms and conditions set forth in any definitive agreements with respect to the transactions may differ materially from the terms and conditions set forth herein; (3) the outcome of any legal proceedings that may be instituted following the transactions and any definitive agreements with respect thereto; (4) the inability to complete the transactions due to the failure to satisfy conditions to closing in the definitive agreements with respect to the transactions including in respect of shareholder and stock exchange approvals; (5) changes to the proposed structure of the transactions that may be required or appropriate as a result of applicable laws or regulations or as a condition to obtaining regulatory approval of the transactions; (6) the ability to meet and maintain listing standards following the consummation of the transactions; (7) the risk that the transactions disrupts current plans and operations; (8) costs related to the transactions; (9) changes in applicable laws or regulations; (10) the possibility that the combined company may be adversely affected by other economic, business, and/or competitive factors; (11) changes or events that impact the cryptocurrency industry, including potential regulation, that are out of our control; (12) the risk that our business will not grow in line with our expectations or continue on its current trajectory; (13) the possibility that our addressable market is smaller than we have anticipated and/or that we may not gain share of it; (14) those other risks contained in the Annual Information Form for the year ended December 31, 2020 available on the Company's profile at www.sedar.com and (15) other risks and uncertainties to be indicated from time to time in filings made with the SEC. Should one or more of these risks or uncertainties materialize, they could cause our actual results to differ materially from the forward-looking statements. We are not undertaking any obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise. You should not take any statement regarding past trends or activities as a representation that the trends or activities will continue in the future. Accordingly, you should not put undue reliance on these statements.

Appendix

Galaxy Digital Holdings LP

Management's Discussion and Analysis

May 14, 2021

Introduction

This Management's Discussion and Analysis ("MD&A"), dated May 14, 2021, relates to the financial condition and results of operations of Galaxy Digital Holdings LP ("GDH LP" or the "Partnership") together with its subsidiaries as of May 14, 2021, and is intended to supplement and complement the Partnership's condensed consolidated interim financial statements for the three months ended March 31, 2021 and should be read in conjunction therewith. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). The condensed consolidated interim financial statements and MD&A are presented in U.S. dollars, unless otherwise noted and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for any future period.

The Partnership's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Partnership, as of the date of and for the periods presented in these filings.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These forward-looking statements relate to the future of the industry or the Partnership's future results, business or opportunities. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", "seeks" or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Partnership's ability to predict or control. Forward-looking statements are subject to the risk that the industry or the Partnership's businesses do not perform as anticipated, that revenue or expenses estimates may not be met or may be materially less or more than those anticipated, that expected investment banking transactions may be modified or not completed at all and those other risks described in this MD&A, the Management's Discussion and Analysis of Galaxy Digital Holdings Ltd. ("GDH Ltd." or "Company"), dated May 14, 2021, and those referenced under Risks and Uncertainties in this MD&A and contained in the Risk Factors section of the Annual Information Form ("AIF") dated March 29, 2021 of GDH Ltd. Factors that could cause actual results of the Partnership to differ materially from those described in such forward-looking statements include, but are not limited to, a decline in the digital asset market or general economic conditions; the failure or delay in the adoption of digital assets and the blockchain ecosystem by institutions; a delay or failure in developing infrastructure for the trading business or businesses achieving mandates; and for investment banking transactions, a decline in the securities markets, an adverse development with respect to an issuer or party to a transaction or failure to obtain a required regulatory approval. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. The forward-looking statements in this MD&A are applicable only as of the date of this MD&A or as of the date specified in the relevant forward-looking statement and the Partnership does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

Overview

The Partnership is a limited partnership formed under the laws of the Cayman Islands on May 11, 2018. Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"), is a limited liability company incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of the Partnership. Galaxy Group Investments LLC ("GGI"), a Delaware limited liability company, which is owned by Michael Novogratz, is the sole member of GDH GP and continues to be majority owner of the Partnership as of March 31, 2021.

The Partnership's principal address is 107 Grand Street, 8th Floor, New York, New York, 10013. The Partnership also has offices in Tokyo, Japan, London, England, Hong Kong, Amsterdam, Netherlands, Jersey City, U.S., San Francisco, U.S., Chicago, U.S. and the Cayman Islands (registered office).

As of the date of this filing, the Partnership has 172 full-time employees.

The US dollar is the presentation currency for all periods presented. There have been no changes to the accounting principles applied for all periods presented, except as disclosed in Change in Accounting Policies including Initial Adoption, if applicable.

Transaction

Background

In early 2018, Galaxy LP, the personal investing business of Michael Novogratz, set out to build an institutional-quality merchant banking business in the blockchain, digital asset and cryptocurrency space. As a result, in January 2018, Michael Novogratz contributed his portfolio of digital assets and related investments to Galaxy LP, which had a fair value of approximately $302 million ("Asset Contribution").

In addition, through a series of transactions and, by way of a plan of arrangement (the "Transaction" or "Arrangement"), Galaxy LP and First Coin Capital Corp. ("First Coin") formed Galaxy Digital Holdings LP ("GDH LP") and Bradmer Pharmaceuticals Inc. ("Bradmer") changed its name to Galaxy Digital Holdings Ltd. In connection with the Transaction, Bradmer raised approximately C$305 million in a private placement offering of 61.0 million subscription receipts (the "Offering"). The net proceeds of the Offering were used by Bradmer to acquire a minority equity interest in GDH LP, providing growth capital to build the business.

On July 31, 2018, the Transaction closed and:

- Bradmer changed its name to Galaxy Digital Holdings Ltd. and appointed new members to its board of directors to manage its minority investment in the operating partnership on an ongoing basis.
    - The net proceeds of the Offering plus accrued interest were released from escrow in exchange for the issuance of Class A Units in GDH LP to Bradmer.
    - Bradmer completed a consolidation of its common shares on a basis of 126.38 pre-consolidated common share for one post consolidated common share in advance of the closing and then continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands.
    - Pursuant to policies of the TSX Venture Exchange ("TSX-V"), Bradmer's listing was reactivated under the new ticker GLXY.
- Galaxy LP and First Coin became wholly owned subsidiaries of GDH LP.
    - Following the closing, the principals and owners of Galaxy LP and First Coin held direct controlling equity interests in GDH LP through the ownership of Class B Units, which are generally economically equivalent to Class A Units held by GDH Ltd. but are exchangeable, from time to time, into ordinary shares of GDH Ltd.
    - The sole limited partner of Galaxy LP, Galaxy Group Investments, transferred its interest in Galaxy LP and its ownership interest in Galaxy Digital GP LLC ("Galaxy GP"), the general partner of Galaxy LP, to GDH LP in exchange for 213,696,000 Class B Units.
- GDH LP, GDH GP, GDH Ltd., GDH Intermediate LLC (a wholly owned subsidiary of GDH Ltd. established as a tax-efficient blocker corporation or similar entity for US tax purposes) entered into a second amended and restated limited partnership agreement (as amended from time to time, the "LPA"). Certain key terms of the LPA include the following:

- *Units* – As described, there are two classes of partnership interests ("Units"): Class A Units, which are held by GDH Ltd., and Class B Units, which are held by GGI and other Class B limited partners.
- *Issuance of Additional Units* - the General Partner will not cause the Partnership to issue any additional Class B Units unless the General Partner determines there is a bona fide business or strategic reason to raise equity capital through the issuance of Class B Units, provided that the aggregate amount of Class B Units that may be issued is less than or equal to 70,000,000 or GDH Ltd. board of directors approves such issuance.
- *Allocations of Income, Gain, Loss, Deduction and Credit* - each item of income, gain, loss, deduction and credit will generally be allocated pro-rata between Class A Units and Class B Units.
- *Issuances and Redemptions of Common Stock of GDH Ltd.* - If GDH Ltd. issues any of its ordinary shares, the General Partner will, only if either (i) the General Partner has consented to such issuance or (ii) the issuance receives approval by the limited partners holding the majority of Units, cause the Partnership to issue to GDH Ltd., in exchange for GDH Ltd. promptly contributing the net cash proceeds of the issuance to the Partnership, a number of Class A Units equal to the number of ordinary shares issued. Upon the redemption, repurchase, or other acquisition of ordinary shares by GDH Ltd., the Partnership will, at substantially the same time as the redemption, repurchase or acquisition, redeem or cancel Class A Units equal to the number of ordinary shares redeemed, repurchased or acquired for an amount equal to the net cash amount paid by the GDH Ltd. for such redemption, repurchase, or other acquisition.
- *Exchanges of Class B Units* - A Class B limited partner may exchange vested Class B Units for ordinary shares of GDH Ltd. On exchange, GDH Ltd. will issue ordinary shares and the General Partner will cancel the Class B Units exchanged and issue Class A Units to GDH Ltd. equal to the number of Class B Units being surrendered, after accounting for any withholding obligation if applicable.
- *Removal of General Partner* - The General Partner may generally be removed by the limited partners holding at least 66 2/3% of the outstanding Units.
- *Reimbursable Expenses* - All expenses reasonably incurred by GDH Ltd. in the conduct of its business, including fees related to professional advisors, required or advisable licenses and filings, and meetings and compensation of directors, will be reimbursable by GDH LP.
- *General Partner Board* - As long as GDH Ltd. owns more than 10% of the outstanding Units, GDH Ltd. will have the right to appoint one person to the board of the general partner. In addition, if GDH Ltd. owns more than 40%, but not more than 50%, of the outstanding Units, GDH Ltd. will have the right to appoint another person to the board of the general partner.

Amendment to LPA and Distributions

In June 2020, the boards of the General Partner and Company and the limited partners of the Partnership approved an amendment to the limited partnership agreement (the "Fourth Amended and Restated LPA"), permitting the General Partner, in its sole discretion, to make Tax Distributions (as defined in the Fourth Amended and Restated LPA). This amendment was made to bring the Partnership in line with the ordinary course for tax distribution provisions included in limited partnership agreements. Prior to the amendment, the Partnership would have been required to make any distributions pro rata to all limited partners including those without taxable income and gain allocated from the Partnership. The amendment permits distributions that are necessary while retaining as much capital as possible for the Partnership in support of building its business. Amounts distributed pursuant to the tax distribution provision will be treated as an advance against, and shall reduce (on a dollar for dollar basis), future amounts that would otherwise be distributable to such limited partners. The Fourth Amended and Restated 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.

In June 2020, the board of the General Partner approved a tax distribution of up to $2.5 million in respect of taxable income related to tax year 2019 and estimated taxable income related to tax year 2020. During the year ended December 31, 2020, the Partnership distributed $1.9 million of the approved amount, of which $nil (December 31, 2020 - $0.2 million) is included in other accrued liabilities at period end. Certain of the recipients of the tax distributions are related parties.

The foregoing summary is qualified in its entirety by the full text of the LPA which is available on GDH Ltd.'s SEDAR profile at www.sedar.com.

Accounting for the Arrangement

While the Arrangement constituted a reverse takeover under securities law, a separate determination was required from an accounting perspective. The current accounting guidance requires a series of events to occur before the acquisition of an interest in an entity is deemed to be a reverse acquisition.

Under both securities law and IFRS accounting guidance, in an acquisition effected primarily by exchanging equity interests, the acquirer is typically the entity that issues its equity interests. However, in a reverse acquisition, the entity that issues securities to acquire another entity (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. Reverse acquisitions sometimes occur when a private operating entity arranges for a public entity to acquire its equity interests in exchange for the equity interests of the public entity. In such a case, the public entity is the legal acquirer and the private entity is the legal acquiree. However, in applying the relevant accounting guidance, the public entity is identified as the acquiree for accounting purposes (accounting acquiree) and the private entity is identified as the acquirer for accounting purposes (the accounting acquirer).

In addition, in order to account for the transaction as a reverse acquisition or an acquisition, it was important to determine whether one entity controlled the other. Under 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.

On the date of the closing of the Arrangement and as of March 31, 2021 (the "reporting date"), GDH Ltd. is not deemed to control GDH LP as it does not have power or control. The general partner of GDH LP and the majority owner of the Partnership's Units have power over GDH LP due to the ability to impact the Partnership's governance and decision making. The majority of the Partnership's Units in GDH LP are held by GGI, which is controlled by the CEO of the general partner. In addition, GGI has the right to appoint the majority of the members on the board of the general partner.

To determine whether GDH LP or the former owners of GDH LP controlled GDH Ltd. required significant judgment as there were factors that pointed both to evidence of control, and non control. The factors that pointed to evidence of non control included:

- As of the date of the closing of the Arrangement and as of the reporting date, GGI owned the majority of the Units in GDH LP; once it exchanges its Class B Units into ordinary shares of GDH Ltd., GGI will own the majority of the shares. As of the reporting date, GGI had not exchanged any of its Class B Units.
    - Upon an exchange by GGI of its Class B units, GGI will not have a controlling voting stake in GDH Ltd. because all U.S. residents’ voting power, including GGI, is collectively capped at 49%.
- The board of GDH Ltd. was appointed by the shareholders of GDH Ltd. and as of reporting date, the majority of the board was made up of independent directors.
- Neither GDH LP nor GGI can direct GDH Ltd. to raise equity financing on behalf of GDH LP, rather that is a decision to be approved by the independent directors of GDH Ltd.
- Any equity compensation plan (including any amendment or increase thereto) will need to be approved by the shareholders and GDH Ltd. board. If the equity compensation plan involved equity awards (such as options), the GDH Ltd. board will have the ultimate authority to award such grants.

On the other hand, the factors that pointed to evidence of control included:

- The relevant activities of GDH Ltd. (i.e. the activities that significantly affect its returns) and the ability to direct those activities are controlled by GDH LP through the LPA. In addition, GDH Ltd. will not, directly or indirectly, undertake any acquisition or investing activity or operate any business, except in or through GDH LP or subsidiaries of GDH LP. The general partner of GDH LP can only be replaced by a vote of at least 66 2/3% of the Unitholders. As of the reporting date, GGI owned approximately 68% of the outstanding Units.

- Through the LPA, GDH Ltd. has limited ability to grow, other than through its investment in GDH LP, as all financing proceeds must be transferred to GDH LP. In addition, GDH Ltd. relies on GDH LP to pay its recurring expenses such as board member fees.
- The purpose of the Arrangement was for Galaxy Digital LP to gain a public listing through a public shell company (GDH Ltd.) and for the former owners of GDH LP to have control over the relevant activities of GDH Ltd. through the LPA pending acquisition of outright control following the conversion of Class B Units into shares of GDH Ltd.

Based on the above, it was assessed that neither GDH LP nor its former owners controlled GDH Ltd. In addition, it was determined that the Arrangement did not constitute a reverse acquisition from an accounting standpoint.

As of the reporting date, there have been no changes that would impact the accounting treatment.

Accounting for the Investment by GDH Ltd.

GDH Ltd. is deemed to have significant influence over GDH LP as it owns more than 20% of GDH LP and it has representation on the board of the general partner of the Partnership. As a result, the Company has accounted for its investment in the Partnership under the equity method.

If and when Class B units of the Partnership are exchanged into ordinary shares of GDH Ltd., GDH Ltd. receives Class A Units of the Partnership. As GDH Ltd.'s interest in GDH LP increases through the ownership of the Class A Units, it will be performing an ongoing assessment to determine when it obtains control of GDH LP. 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 impact the Partnership's governance and decision making, including its ability to replace the general partner.

Description of Business

The Partnership today is pursuing five primary business lines.

Trading

The trading business, Galaxy Digital Trading ("GDT"), provides liquidity to clients and counterparties with regards to buying and selling cryptocurrencies and other digital assets. GDT accomplishes this by acting as an institutional-grade market maker and providing market expertise on a global basis and for over 60 different cryptocurrencies, with over 150 unique counterparties. GTD engages in a number of activities, on a principal and agency basis, involved in and around the buying, selling, lending and borrowing of cryptocurrencies and other digital assets on a global basis, including over-the-counter ("OTC") liquidity provision, on-exchange market-making, OTC derivative trading, options, futures, borrowing and lending, proprietary quantitative, arbitrage, and macro trading strategies. GDT is a diversified revenue stream that can have an inverse correlation with cryptocurrency and digital asset market prices.

In our role as a market maker, GDT provides pricing information globally across all major cryptocurrency and digital asset markets, for over 60 different cryptocurrencies. Our willingness to make markets, commit capital and take risk across numerous cryptocurrencies and digital assets is crucial to our relationships. We provide liquidity on a principal basis and play a critical role in price discovery, improving the efficiency of cryptocurrency markets for all our clients, counterparties and industry participants. Our clients and counterparties are professional market participants, primarily institutional investment entities.

GDT's trading strategies include principal trading and market making across the full spectrum of exchange and OTC products. GDT makes markets in coins/tokens, options/volatility, and structured products including Bitcoin and other digital asset futures and derivatives. In this capacity GDT provides liquidity on a principal basis on a variety of centralized exchanges and OTC markets. GDT maintains a list of centralized exchanges that are approved as trading counterparties and platforms and with whom our team spends extensive time, in advance, working to electronically integrate access and information flow. The approval of such exchanges is based on due diligence of such exchanges that takes into account whether the exchange conducts anti-money laundering and know-your-client due diligence, its regulatory jurisdiction and its cybersecurity measures. Additionally, GDT engages a service that continuously monitors the public website of the exchanges for observable data on compromised systems, security diligence, user behavior, and data breaches and computes a security rating on each exchange.

GDT's in-house engineering team has built and continues to enhance a sophisticated and proprietary trading platform that hosts and facilitates these activities, which we believe differentiates Galaxy from the rest of the market, including traditional financial institutions that operate in significantly larger scale with expensive, legacy technology stacks. GDT's trading platform includes proprietary pricing data, market research, portfolio management tools, reporting, and settlement services, and connects with client's cryptocurrency and digital asset wallets, custodial relationships, and fiat banking accounts.

GDT maintains strong relationships with a large number of spot and futures exchanges, digital asset exchanges and custodians, and fiat banking partners, which enables it to move capital and assets around efficiently in order to provide competitively priced liquidity and achieve cross-market opportunities. GDT has consistently added to its over 150 onboarded and active counterparties list; these new counterparties are becoming increasingly institutional in terms of size and sophistication, including a diverse and strategic group of proprietary trading companies, cryptocurrency and digital asset exchange operators, the largest crypto and venture capital investment funds, digital asset mining companies, family offices, and high and ultra-high net worth individuals.

In November 2020, the Company acquired two leading cryptocurrency trading firms: DrawBridge Lending, LLC ("DrawBridge"), an innovator in digital asset lending, borrowing, and structured products, and BF Holdings I, LLC ("Blue Fire"), a proprietary trading firm specializing in market-making and two-sided liquidity for digital assets. The acquisitions expanded GDT's suite of product offerings and added veteran trading and lending market participants to GDT's leadership team.

GDT is firmly committed to compliance with all laws and regulations currently in existence. GDT also strives to be a thought leader in providing information and assistance to global regulators, and to establish industry-wide best practices as the industry matures. GDT has adopted policies, procedures and controls that are designed to prevent and detect money laundering and any activity that facilitates money laundering, the funding of terrorist activities, or violations of regulations promulgated by applicable government agencies.

As it pertains to GDT's trading counterparties, we require that any counterparty undergo screening under GDT's anti-money laundering program, which includes:

- conducting due diligence to verify each potential counterparty identity to the extent reasonable and practicable;
- obtaining representations and warranties from such counterparty relating to the source of funds being transacted, compliance with all applicable legal requirements, and any other representations and warranties as GDT's anti-money laundering Compliance Officer may deem appropriate;
- conducting due diligence efforts to screen the names and addresses of counterparties and, where relevant, the beneficial owners of such counterparties against the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control ("OFAC") by the U.S. Department of the Treasury and refusing to transact with such counterparty or accept investments from any such listed persons;
- screening payments and transactions for those prohibited by U.S. law because they involve a person or entity that (i) is a citizen or resident of, (ii) has a place of business in, or is organized under the laws of, or (iii) is the government of, a country or territory subject to a U.S. trade embargo administered by OFAC;
- obtaining representations to confirm that a counterparty or an investor in a fund is not a "foreign shell bank," which is generally defined as a foreign bank without a physical presence in any country; and
- carrying out such other procedures as may be necessary to assure GDT's compliance with all applicable laws and regulations.

GDT has internal policies and procedures to address buying and selling of assets that might be deemed securities in order to ensure such trading complies with applicable laws. GDT continues to monitor the global regulatory environment and will amend its internal policies and procedures as regulatory guidance evolves.

Principal Investments

The principal investments team, Galaxy Digital Principal Investments ("GDPI") manages a diverse portfolio of private and public principal investments across the digital asset, cryptocurrency, and blockchain technology sector, including early- and later-stage equity, secured lending, pre-initial coin offering contributions, and other structured alternative investments. GDPI's mandate is to originate and execute upon investment opportunities with the best founders, at an attractive cost basis for GDPI. GDPI invests in founders and companies that we believe are strategically important to the future business roadmap of GDH LP, including (without limitation): new investment strategy seeds, third-party manager seed investments, equity investments into customers, counterparties and vendors of GDH LP, and early-stage equity investments into emerging technologies and platforms that we believe could be strategically relevant to the Company in the future. GDPI executes on this mandate by utilizing a robust, institutional-quality investment process that relies on organization, prioritization and deep-dive due diligence. Galaxy LP continues to make selective principal investments across the ecosystem using capital raised, as well as recycling capital from existing investments upon realization.

In addition to its existing focus on blockchain and digital assets, GDH LP intends to strategically expand its mandate to advise, trade, manage client assets and invest in businesses (and securities of those businesses) that are involved in the broader emerging technology sectors (including, blockchain and digital assets, payments, financial technology, data centers, cyber security, artificial intelligence and machine learnings, amongst others). GDH LP believes the linkage and correlation between these sectors will continue to grow stronger over time, and as a result the scope of GDH LP's activities and expertise (as well as the market opportunity) will need to grow accordingly.

Asset Management

Galaxy Digital Asset Management ("GDAM") manages capital on behalf of third parties in exchange for management fees and performance-based compensation. GDAM's differentiating factors are its long-tenured institutional experience professionals managing third party capital across a variety of traditional asset classes (including macro hedge funds, long/short equity hedge funds, venture capital, and various structured credit and direct lending funds), its brand name, an acute and highly critical focus on risk management and compliance, strong relationships with key counterparties and a deep connectivity throughout the blockchain and cryptocurrency ecosystem. GDAM operates in two business lines, Galaxy Fund Management and Galaxy Interactive. At this time, management fees generally earned by GDAM in both Galaxy Fund Management and Galaxy Interactive range from 0.5% to 2.0% of assets under management, and performance-based compensation or "carry" has been structured to be up to 20%.

Galaxy Fund Management is a multi-asset manager offering cryptocurrency-agnostic fund access to multiple different cryptocurrencies and digital assets. Galaxy Fund Management has capitalized on the improvement in and continued increase in awareness of the digital asset markets, generating inflows into the Galaxy Crypto Index Fund LP ("GCIF" or the "Index Fund") and making meaningful progress towards future commitments. In November of 2019, GDAM officially launched the Galaxy Institutional Bitcoin Fund LP and the Galaxy Bitcoin Fund LP (collectively, the "Galaxy Bitcoin Funds") as a product meant to give institutional and accredited investors alike simple, low-cost access to owning Bitcoin in a fund structure, secured via third-party custodians.

In June 2020, Galaxy Fund Management announced a strategic partnership with CAIS, the industry-leading alternative investment platform, to provide financial advisors with streamlined access to Galaxy Digital's investment products, plus educational resources spanning blockchain and digital assets. The CAIS platform offers financial advisors access to a complete end-to-end solution, including a broad selection of alternative investment funds and products, independent due diligence from Mercer, tools and analytics, a streamlined investment process, and integration with custodians for greater reporting accuracy.

In December 2020, Galaxy Fund Management launched the CI Galaxy Bitcoin Fund (Ticker: BTCG), a TSX-listed closed end mutual fund, in partnership with CI Financial.

Additionally, in December 2020, Galaxy Fund Management launched the Bloomberg Galaxy Bitcoin Index (Ticker: BTC).

The product launches in 2021 include: the CI Galaxy Bitcoin ETF (Ticker: BTCX), and the Galaxy Ethereum Funds. The Galaxy Ethereum Funds track the newly launched Bloomberg Galaxy Ethereum Index (Ticker: ETH), the third in the Bloomberg-Galaxy family of indices.

In March 2021, Morgan Stanley began offering its wealth management clients access to Bitcoin funds, including the Galaxy Bitcoin Fund LP, and the Galaxy Institutional Bitcoin Fund LP.

Galaxy Interactive is focused on venture investing in the future of interactive content and technologies. Galaxy Interactive is currently investing in our first fund, the Galaxy EOS VC Fund LP (the "EOS Fund") and has continued to opportunistically deploy committed capital under its mandate to invest in entrepreneurs and companies actively working to improve the EOS blockchain protocol ecosystem, with a more recent focus on emerging use cases in gaming and interactive media.

Investment Banking

The Investment Banking business, Galaxy Digital Partners LLC ("GDIB"), maintains and continues to build on its systematic coverage of the highest quality businesses operating in and around the blockchain ecosystem, with the ultimate goal of cementing long-lasting and trusted relationships. GDIB is a leader in financial and strategic advisory services with respect to the digital asset, cryptocurrency, and blockchain technology industry. GDIB serves public and private clients around the world with a full spectrum of financial advisory services, including, but not limited to, general corporate, strategic, M&A, divestitures, and restructuring advisory services, as well as equity, debt and project finance capital markets services. On July 24, 2019, GDIB was approved by FINRA to act as an underwriter to registered public offerings of equity, debt or other corporate securities in the United States, and is a member of SPIC.

GDIB is a diversified revenue stream that can be uncorrelated with cryptocurrency and digital asset market prices.

During 2020, GDIB added key hires including Michael Ashe as Head of Investment Banking, and has since made significant progress, with several active mandates for clients across financing, mergers and acquisitions, and other strategic matters.

Mining

The Company launched Galaxy Digital Mining ("GDM") in October 2020 with the hiring of Amanda Fabiano as Head of Mining. Fabiano joined from Fidelity Investments, where she was previously the Director of Bitcoin Mining. GDM has a strategic focus to provide novel and sophisticated financial tools to North American miners.

GDM manages a full suite of products and services related to Bitcoin mining by sourcing clients, creating miner focused products, and identifying new solutions. By integrating with existing business lines, GDM offer trade and risk management solutions, principal lending & equity investments, as well as advisory services for Bitcoin miners. Making meaningful progress since its recent inception, GDM has procured Bitcoin mining machines to be utilized for proprietary operations, miner finance, and resale for the following primary business activities:

- Proprietary Operations: Mine on a proprietary basis at a colocation facility
- Miner Finance: Offer state of the art credit underwriting for selected miners to finance machines
- Resale: Resell purchased machines to other North American miners that require machines, but not financing

GDM will continue to utilize our in-house expertise to provide novel and sophisticated tools for North American miners and will take advantage of opportunities as they arise in the mining ecosystem.

Risks and Uncertainties

In addition to the risks contained herein, the disclosure in this MD&A is subject to, and should be read in conjunction with, the risk factors outlined in the AIF, filed on GDH Ltd.'s SEDAR profile at www.sedar.com

Quarterly Highlights & Results

$'s in millions	March 31, 2021	December 31, 2020
Digital assets	$ 2,006.4	$ 850.4
Digital assets posted as collateral	36.6	15.6
Total	2,043.0	866.0
Investments	351.6	260.4
Total assets	3,179.4	1,456.2
Total liabilities	1,011.3	372.1
Total equity excluding non-controlling interests	1,678.0	798.2

$'s in millions	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net realized gain (loss) on digital assets	$ 666.7	$ (38.2)
Net realized gain on investments	151.1	0.2
Net derivative gain	18.9	4.4
Total income (loss)	849.7	(30.5)
Operating expenses	(130.2)	(15.0)
Net unrealized gain on digital assets	362.9	12.9
Net unrealized gain on investments	60.3	4.7
Comprehensive income (loss) for the period excluding non-controlling interests	860.2	(26.9)

- As of March 31, 2021, digital assets, including digital assets posted as collateral, stood at $2.04 billion, an increase of $1.18 billion from December 31, 2020. This increase was primarily due to the increase in the fair value of the digital assets during the period, as the prices of digital assets held by the Partnership increased, as well as an increase in the holdings of certain digital assets due to contribution of non-controlling interests. The digital assets balance as of March 31, 2021 include $484.9 million held by non-controlling interests.
- Investments increased $91.2 million during the period to $351.6 million as of March 31, 2021. The change was primarily due to the increase in unrealized gains and $40.9 million of new capital deployed by the Principal Investments team during the period, which were partially offset by the sale of some investments.
- Total liabilities increased by $639.2 million during the period to $1.01 billion as of March 31, 2021 primarily due to the increase in digital assets loans payable, accounts payable and accrued liabilities (due to an increase in bonus accrual) and collateral payable.
- Total equity excluding non-controlling interests increased by $879.8 million during the period to $1.68 billion as of March 31, 2021 primarily due to $860.2 million of net comprehensive income excluding non-controlling interests.
- Operating expenses were higher for the period ended March 31, 2021 as compared to March 31, 2020 due primarily to higher equity based compensation, compensation expense due to increased headcount and higher bonus accrual, and higher interest expense as a result of the increase in loans payable during the period.
- For the three months ended March 31, 2021, net comprehensive income excluding non-controlling interests was $860.2 million, as compared to net comprehensive loss excluding non-controlling interests of $26.9 million for 2020. The current year to date income was largely a result of realized and unrealized gains on digital assets and on investments, partially offset by the year to date operating expenses. The net comprehensive loss excluding non-controlling interests for 2020 was largely a result of net loss on digital assets, and operating expenses.
- The U.S. dollar is the presentation currency and functional currency of the major operating subsidiaries for all periods presented above. There have been no changes to the accounting principles applied for all periods presented, except as disclosed in Change in Accounting Policies including Initial Adoption, if applicable.

Quarterly Highlights and Results

Information for the prior quarters has been presented in accordance with IFRS. The results of the Partnership, since its formation, have been impacted by the realized and unrealized gain (loss) on its holdings of digital assets and investments.

$'s in millions	**Three months ended March 31, 2021**	**Three months ended December 31, 2020**	**Three months ended September 30, 2020**	**Three months ended June 30, 2020**	**Three months ended March 31, 2020**	**Three months ended December 31, 2019**	**Three months ended September 30, 2019**	**Three months ended June 30, 2019**
Net realized gain (loss) on digital assets	$ 666.7	$ 250.3	$ 10.5	$ 48.5	$ (38.2)	$ (35.1)	$ (8.5)	$ 98.1
Net realized gain (loss) on investments	151.1	(0.6)	15.8	(4.6)	0.2	(0.2)	—	38.1
Income (loss)	849.7	256.8	28.7	49.1	(30.5)	(30.7)	(0.8)	143.5
Operating expenses	(130.2)	(33.1)	(17.0)	(14.8)	(15.0)	(17.2)	(22.6)	(18.8)
Net unrealized gain (loss) on digital assets	362.9	212.8	16.2	(2.2)	12.9	17.1	(40.0)	11.6
Net unrealized gain (loss) on investments	60.3	61.9	17.0	7.0	4.7	(1.9)	(4.8)	(22.7)
Net comprehensive income (loss) excluding non-controlling interests	860.2	335.6	41.5	35.3	(26.9)	(30.9)	(63.5)	108.0

Discussion of Operations & Operational Highlights

- **Corporate Overview**
  - **GDH Ltd. acquisition of BitGo**

    On May 5, 2021, GDH Ltd. announced that it agreed to acquire BitGo, the leading independent digital assets infrastructure provider. Under the terms of the merger agreement, the consideration to BitGo shareholders will consist of 33.8 million of newly issued shares of GDH Ltd. common stock and $265 million in cash, subject to certain adjustments and deferred purchase considerations. GDH Ltd. will use its balance sheet to fund the cash consideration, a significant portion of which will be deferred up to 12 months post-close. Additionally, GDH Ltd. will issue incremental shares of its common stock to BitGo's shareholders in exchange for BitGo's net digital assets at close.

    The transaction has been approved by the boards of directors of both GDH Ltd. and BitGo. The acquisition is expected to close in the fourth quarter of 2021, subject to approval by GDH Ltd.'s shareholders of the domestication of GDH Ltd. as a Delaware corporation and specified internal restructuring, as well as certain related matters and other acquisition-related closing conditions and regulatory approvals.

    The BitGo acquisition diversifies the business with greater contribution from recurring revenue that is significantly less correlated with digital asset prices. The acquisition also accelerates product innovation and development capabilities by adding over 50 engineers and key product and security infrastructure personnel. The Company believes the immediate revenue synergy opportunities that, paired with Bitgo's strong base business and growth trajectory, support the value of the acquisition.

  - **GDH Ltd. listing on Toronto Stock Exchange ("TSX") via TSX Sandbox:**

    GDH Ltd. started trading on the TSX on July 6, 2020 via the TSX Sandbox. The TSX Sandbox is an initiative intended to facilitate listing applications that may not satisfy the original listing requirements of TSX, but due to facts or situations unique to a particular issuer otherwise warrant a listing on TSX. The TSX has exercised its discretion to waive the requirements of subsection 309(c)(i) of its manual (C$10 million in treasury resulting from public raise) which the Company did not meet. GDH Ltd.'s approval pursuant to the TSX Sandbox was conditioned upon public filing of an AIF and prominent quarterly disclosure of digital assets and investments, which the Company has completed and agreed to continue to provide. The Company will remain listed pursuant to the TSX Sandbox until such time as it has completed a twelve-month period without significant compliance issues after graduation. In addition, GDH Ltd. and the Partnership are required to disclose the following two risk factors that were also included in the most recent AIF for the year-ended 2020: (1) The Company has limited operating history and its business lines are nascent and subject to material legal, regulatory, operational and other risks in every jurisdiction; and (2) the market price and trading volume of the Company's ordinary shares has been volatile and will likely continue to be so in response to, among other factors, market fluctuations in digital assets generally or the digital assets that Partnership holds or trades. Please refer to the risks and uncertainties section for more information regarding the risks applicable to the Company.

- **Trading**
  - Galaxy Digital Trading ("GDT") reported records in: counterparty trading volumes, the size of its counterparty loan book, and in gross counterparty loan book originations.
    - Counterparty trading volumes continued to experience significant growth, increasing 50% from the quarter ended December 31, 2020, and over 290% year over year.
    - GDT continued to experience strong growth in the Company's counterparty loan book for the quarter ending March 31, 2021, increasing in excess of 290% to approximately $440 million, and grew gross counterparty loan originations in excess of 510% since December 31, 2020 to approximately $670 million.
    - GDT also onboarded over 100 new counterparties in the quarter, and added over 30 approved cryptocurrency tokens to our platform, meaning GDT now makes markets in over 90 cryptocurrencies.

- **Principal Investments**
    - During the first quarter of 2021, the Partnership made 12 new investments and now holds approximately 80 investments across approximately 60 portfolio companies.
- **Asset Management**
    - Galaxy Digital Asset Management ("GDAM") reported preliminary assets under management ("AUM") of $1.27 billion as of March 31, 2021, a 58% increase from the quarter ended December 31, 2020. AUM consisted of $950.0 million in GDAM's Galaxy Fund Management products, and $325.0 million in the Galaxy Interactive fund.
        - Recent product launches include: the CI Galaxy Bitcoin ETF (Ticker: BTCX), and the Galaxy Ethereum Funds, which track the newly launched Bloomberg Galaxy Ethereum Index (Ticker: ETH), the third in the Bloomberg-Galaxy family of indices.
        - In March 2021, Morgan Stanley began offering its wealth management clients access to bitcoin funds, including the Galaxy Bitcoin Fund LP, and the Galaxy Institutional Bitcoin Fund LP.
        - Galaxy Bitcoin Fund, LP, Galaxy Institutional Bitcoin Fund, LP, and Galaxy Institutional Bitcoin Fund, Ltd. (collectively the "Bitcoin Funds") track the Bloomberg CFIX pricing of bitcoin ("XBT"), and the XBT has returned 101.92% on a year-to-date basis through March 31, 2021.
        - Galaxy Benchmark Crypto Index Fund LP (the "Index Fund") is a passively managed index fund which tracks the Bloomberg Galaxy Crypto Index (the "BGCI"). The BGCI has returned 118.32% on a year-to-date basis through March 31, 2021.
- **Investment Banking**
    - Galaxy Digital Investment Banking ("GDIB") continued to make progress for clients across financing, mergers and acquisitions, and other strategic matters, with several active mandates in various stages of execution.
        - Key activities as of March 31, 2021 include consulting on a recent cryptocurrency company's fundraising round.
        - GDIB also acted as a Strategic Advisor in connection with a public offering in the FinTech space.
        - GDIB increased client coverage to 90%+ of its target universe.
- **Mining**
    - **Galaxy Digital Mining ("GDM")** established its own proprietary bitcoin mining operation, hosting its machines at a third-party data center in the United States, and has begun proprietary mining.
        - GDM closed its first two mining financing deals.
        - GDM has built a strong pipeline, speaking with over 70+ companies in the space.
        - Based on forward purchase commitments, GDM expects to achieve up to 1,995 Petahash per second (PH/s) of mining capacity delivered monthly through the end of 2022.

In addition to its existing focus on blockchain and digital assets, the Partnership intends to strategically expand its mandate to advise, trade, manage client assets and invest in businesses (and securities of those businesses) that are involved in the broader emerging technology sectors (including, blockchain and digital assets, payments, financial technology, data centers, cyber security, artificial intelligence and machine learnings, amongst others). The Partnership believes the linkage and correlation between these sectors will continue to grow stronger over time, and as a result the scope of the Partnership's activities and expertise (as well as the market opportunity) will need to grow accordingly.

Industry Performance and Outlook

The following table reflects the performance of the cryptocurrency market capitalization, Bitcoin and Ether for the period from January 9, 2018 to March 31, 2021 (amounts expressed in US$):

	As of January 9, 2018	As of December 31, 2019	As of December 31, 2020	As of March 31, 2021	% Change 2021	% Change from January 9, 2018 to March 31, 2021
Cryptocurrency Market Capitalization (millions)(1)	$739,209	$190,906	$765,313	$1,879,792	145.6%	154.3%
Bitcoin Price(2)	$14,595	$7,194	$29,002	$58,919	103.2%	303.7%
Ether Price(2)	$1,300	$130	$738	$1,918	159.9%	47.5%

(1) Represents coinmarketcap.com quoted price as of 12:00 UTC for total market capitalization; January 9, 2018 is presented as that is the date of the Asset Contribution. Capitalization numbers are presented in millions of U.S. dollars.

(2) Represents coinmarketcap.com quoted price as of 12:00 UTC for Bitcoin and Ether; January 9, 2018 pricing is presented as that is the date of the Asset Contribution.

Market Overview

Digital asset markets continued to rise in the first quarter of 2021, with Bitcoin reaching new all-time highs and the total market capitalization of the broader cryptocurrency market more than doubling from $760 billion to more than $1.87 trillion between January 1, 2021 and March 31, 2021. Bitcoin correlation to S&P 500 bottomed at zero correlation in January before rising slightly, though the correlation remained in statistically insignificant ranges throughout most of the quarter. Bitcoin more than doubled during the first quarter, rising from $29,380 on January 1, 2021 to a local high of $61,288 on March 13, 2021 before closing the quarter at $58,919. Significant inflows into Bitcoin from institutional investors who view the asset as a digital alternative to gold powered the growth, with prominent investors and traditional asset managers announcing new focus on the asset class. The broader digital asset market continued to rise in the first half of the second quarter of 2021 as the cryptocurrency market surpassed $2.28 trillion following corporate balance sheet allocations to Bitcoin and strong growth in other digital asset sectors. The Partnership believes digital assets will continue to perform well in 2021 on the back of institutional inflows, improving digital asset fundamentals, maturing market infrastructure, increasing regulatory clarity, and the growing availability of access vehicles. Bitcoin's digital gold narrative may find additional support in an environment with increased fiscal and monetary action, while digital assets more broadly benefit in a risk-on environment.

Industry Outlook

As digital asset protocols, networks, and applications continue to launch and develop, new innovations may spur wider user adoption through numerous potential use cases and provide a tailwind to the industry. Many of the larger incumbent digital asset protocols have introduced upgrades to scalability and usability amidst rising competitive pressures from new protocols. Even Bitcoin, the oldest and most valuable digital asset network, has a significant upgrade expected to enact over the next six to twelve months, a rarity for the conservatively developed network. New tools, infrastructure, and protocol upgrades may drive additional developer interest and application design, resulting in growing user adoption of digital assets.

Increasing regulatory clarity from domestic and global regulatory bodies has made it easier for individuals and institutional investors to participate in the digital assets ecosystem. Further clarity on the classification and treatment of assets, know-your-customer and anti-money laundering procedures, and rules on auditing, taxation, custody, and transacting would provide a framework for current and prospective participants in the broader digital asset industry.

The digital assets industry began in 2009 when Satoshi Nakamoto launched the Bitcoin network. Over the years, an entire ecosystem of digital assets and associated infrastructure has blossomed around Bitcoin. Until recently, the industry lacked the market infrastructure typically associated with modern finance–particularly institutional custody, clearing and lending—rendering it primarily a retail phenomenon. In recent years, the industry has matured significantly, enabling the entrance of major institutional and corporate investors. The launch of Fidelity Digital Asset Services, LLC, a subsidiary of Fidelity Investments, and Bakkt Holdings, LLC, a digital assets financial services company backed by ICE, Microsoft, BCG, and Starbucks, brought the first institutional custody offerings from traditional financial incumbents. The Partnership expects that additional incumbent financial services firms will offer institutional services in the sector in the future. The entrance of additional financial incumbents into the space, along with the maturation of digital asset startups will continue to facilitate the wide availability of institutional-grade custody, clearing, and lending services.

In the first quarter of 2021 and the beginning of the second quarter, we continued to see institutional inflows into Bitcoin. Decentralized finance applications built on Ethereum grew in both active users and value transacted, with new cross-chain and second layer implementations beginning to see developer interest. Payments companies PayPal, Visa, Venmo and Mastercard each announced new initiatives to support cryptocurrencies on their platforms. In February, BNY Mellon announced that it will "hold, transfer, and issue Bitcoin and other cryptocurrencies on behalf of its asset-management clients," while Goldman Sachs announced it will restart its digital assets trading desk and Morgan Stanley began offering certain private wealth clients access to Bitcoin exposure through fund vehicles. Other traditional financial services companies also stepped-up involvement in the sector. Coinbase, one of the largest US-based digital assets exchanges went public via direct listing on Nasdaq, the first cryptocurrency exchange to trade publicly, and private companies in the sector continue to grow across both user and funding metrics.

The above advances are expected to lead to wider adoption of digital assets. Growing interest and adoption may lead to increased volumes and prices, which should benefit all of our businesses. On a daily basis, the trading business and the Partnership's short- and long-term positioning of its portfolio strategy may benefit the most from these advances as one of the key factors to their success is the volume and value of digital assets traded.

To date, the Partnership has not been uniquely impacted by COVID-19. For the safety and well-being of its employees, the Partnership has implemented its business continuity plans, including remote work arrangements. Nonetheless, the COVID-19 pandemic has caused global economic uncertainty and the current and expected impacts on global commerce has been and are anticipated to continue to be far-reaching. To date, globally, there has been significant volatility in markets and foreign exchange rates, restriction on conduct of business in many jurisdictions, including travel restrictions and supply change disruptions. Nonetheless, while the digital asset markets have been impacted by recent events, it has been interesting to observe the performance of Bitcoin and digital asset markets in reaction to the COVID-19 crisis. Since the trough in March 2020, Bitcoin and digital assets have broadly outperformed all other major macro assets on a year-to-date basis after prices normalized in the second quarter. Furthermore, the digital asset sector has outperformed all major asset classes on a three-year basis.

The Partnership believes that in the long run Bitcoin has the potential to become a safe-haven, hard money asset (and that in its current state has all the requisite elements to do so), but still remains subject to global risk appetites as positioning decisions are considered in conjunction with investors' broader portfolio. Economic growth, both domestically and internationally, contracted in the second quarter of 2020 as a result of COVID-19, which led to a recovery in the third quarter that continued into the fourth quarter before waning. Bitcoin's price correlation to equity markets declined from a peak in early November as traditional markets experienced challenged price performance and Bitcoin reached record highs. The Partnership believes that an uncertain economic outlook may lead to volatile asset price performance. To the extent that the COVID-19 pandemic continues or worsens, the impacts on the global economy are unpredictable and could adversely affect the Partnership's investments and businesses. See Financial Instruments, Digital Assets and Risk section for the potential impact of the decline in digital asset markets.

Performance by Reportable Segment

Income and expenses by each of the reportable segments for the three months ended March 31, 2021 is as follows (in thousands):

	Trading	Principal Investments	Asset Management	Investment Banking	Mining	Corporate and Other	Totals
Income (loss)							
Advisory and management fees	$ 95	$ —	$ 1,818	$ —	$ —	$ —	$ 1,913
Net income from digital asset mining	—	—	—	—	923	—	923
Leasing income from mining equipment	—	—	—	—	506	—	506
Net realized gain on digital assets	480,356	45,515	140,797	—	—	—	666,668
Net realized gain on investments	—	151,138	—	—	—	—	151,138
Interest income	8,511	22	—	—	—	—	8,533
Net derivative gain	18,859	—	—	—	—	—	18,859
Other income	866	321	—	—	—	—	1,187
	508,687	**196,996**	**142,615**	**—**	**1,429**	**—**	**849,727**
Operating expenses	**73,811**	**10,349**	**4,236**	**864**	**715**	**40,267**	**130,242**
Net unrealized gain on digital assets	158,617	94,818	109,251	—	223	—	362,909
Net unrealized gain on investments	—	60,282	—	—	—	—	60,282
Revaluation of warrant liability	—	—	—	—	—	(36,817)	(36,817)
Unrealized foreign currency loss	3,068	—	—	—	—	—	3,068
Realized foreign currency loss	(2)	(348)	—	—	—	—	(350)
	161,683	**154,752**	**109,251**	**—**	**223**	**(36,817)**	**389,092**
Net income (loss) for the period, including non-controlling interests	**$ 596,559**	**$ 341,399**	**$ 247,630**	**$ (864)**	**$ 937**	**$ (77,084)**	**$ 1,108,577**

Income and expenses by each of the reportable segments for the three months ended March 31, 2020 is as follows (in thousands):

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Income (loss)						
Advisory and management fees	$ —	$ —	$ 1,237	$ 350	$ —	$ 1,587
Net realized loss on digital assets	(37,016)	(532)	(604)	—	—	(38,152)
Net realized gain on investments	—	163	—	—	—	163
Interest income	1,090	337	5	7	—	1,439
Net derivative gain	4,435	—	—	—	—	4,435
	(31,491)	**(32)**	**638**	**357**	**—**	**(30,528)**
Operating expenses	**3,974**	**1,047**	**3,318**	**1,242**	**5,401**	**14,982**
Net unrealized gain (loss) on digital assets	14,565	(1,469)	(172)	—	—	12,924
Net unrealized gain on investments	—	4,674	—	—	—	4,674
Unrealized foreign currency loss	(174)	—	—	—	—	(174)
Realized foreign currency gain	332	—	—	—	—	332
	14,723	**3,205**	**(172)**	**—**	**—**	**17,756**
Net income (loss) for the period, including non-controlling interests	**$ (20,742)**	**$ 2,126**	**$ (2,852)**	**$ (885)**	**$ (5,401)**	**$ (27,754)**

The results of the Partnership's operations are directly affected by changes in the prices of cryptocurrencies and other digital assets that the Partnership holds or may hold. A significant decrease in the price or value of digital assets held by the Partnership may adversely affect the Partnership's results of operations. Conversely, a significant increase in the price or value of digital assets sold short by the Partnership may adversely affect the Partnership's results of operations. This is evidenced by the $666.7 million of net realized gain and $362.9 million of unrealized gains on digital assets for the three months ended March 31, 2021, and $38.2 million of net realized loss on digital assets for the three months ended March 31, 2020. The trading segment primarily includes the performance of the over the counter (OTC) trading and of the short term and long term positioning of the Partnership's digital assets.

Net Realized Gain on Digital Assets

For the three months ended March 31, 2021, the largest contributors to the net realized gains on digital assets of $666.7 million were primarily gains on sales of Bitcoin and Ethereum. For the three months ended March 31, 2020, the largest contributors to the net realized loss on digital assets of $38.2 million were losses on sales of Bitcoin.

Net Unrealized Gain (Loss) on Digital Assets

For the three months ended March 31, 2021, the largest contributor to the net unrealized gain on digital assets of $362.9 million were unrealized gains primarily on holdings of Bitcoin, Ethereum and Terra. For the three months ended March 31, 2020, the largest contributors to the net unrealized gain on digital assets of $12.9 million were unrealized gains primarily on holdings of Bitcoin, Ethereum and Wax.

Net Realized Gain on Investments

For the three months ended March 31, 2021, the largest contributors to the realized gains on investments of $151.1 million were the realized gains on the sale of BlockFi, Inc., sale of trust shares and the sale of shares as a result of warrants exercised during the period. For the three months ended March 31, 2020, the largest contributor to the realized gain $0.2 million was a realized gain on the partial sale of BlockFi, Inc. shares, mostly offset by a realized loss on the sale of Hut 8 Mining Corp. shares.

Net Unrealized Gain (Loss) on Investments

For the three months ended March 31, 2021, the unrealized gain on investments of $60.3 million was due primarily to the unrealized gain on the Cryptology Asset Group P.L.C., Fireblocks, Mt Gox, Pantera ICO Fund and Xapo Holdings Limited investments offset by the reversal of the previously recognized unrealized gains resulting from the sale of certain investments. For the three months ended March 31, 2020, the unrealized gain on investments of $4.7 million was due primarily to the unrealized gain on the investment in BlockFi, Inc.

The fair value of each asset class by reporting segment as of March 31, 2021 is as follows (in thousands):

	Trading	Principal Investments	Asset Management	Investment Banking	Mining	Corporate and Other	Totals
Digital assets	$ 1,248,656	$ 271,299	$ 484,954	$ —	$ 1,458	$ —	$ 2,006,367
Digital assets receivables	—	177,514	—	—	—	—	177,514
Digital assets posted as collateral	36,622	—	—	—	—	—	36,622
Investments:							
Pre-Launch Network	—	950	—	—	—	—	950
Convertible Notes	—	4,399	—	—	—	—	4,399
Preferred Stock	—	109,671	—	—	—	—	109,671
Common Stock	—	56,112	—	—	—	—	56,112
LP/LLC Interests	—	155,021	—	—	—	—	155,021
Warrants/Trust Units/ Trust Shares	25,485	5	—	—	—	—	25,490
	$ 1,310,763	**$ 774,971**	**$ 484,954**	**$ —**	**$ 1,458**	**$ —**	**$ 2,572,146**

The fair value of each asset class by reporting segment as of December 31, 2020 is as follows (in thousands):

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Digital assets	$ 444,216	$ 118,555	$ 287,609	$ —	$ —	$ 850,380
Digital assets receivables	—	19,724	—	—	—	19,724
Digital assets posted as collateral	15,625	—	—	—	—	15,625
Investments:						—
Pre-Launch Network	—	500	—	—	—	500
Convertible Notes	—	4,501	—	—	—	4,501
Preferred Stock	—	86,258	—	—	—	86,258
Common Stock	—	29,970	—	—	—	29,970
LP/LLC Interests	—	84,311	—	—	—	84,311
Warrants/Trust Units	51,182	3,661	—	—	—	54,843
	$ 511,023	**$ 347,480**	**$ 287,609**	**$ —**	**$ —**	**$ 1,146,112**

Financial Instruments, Digital Assets and Risk

The fair values of all financial instruments, digital assets and digital assets sold short were measured using the cost, market or income approaches. The financial instruments, digital assets and digital assets sold short 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.)

The following table presents the fair value hierarchy for the Partnership's digital assets and investments measured at fair value as of March 31, 2021 and December 31, 2020 (in thousands):

	As of March 31, 2021				As of December 31, 2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Digital Assets	$ —	$ 1,981,216	$ 25,151	$ 2,006,367	$ —	$ 844,066	$ 6,314	$ 850,380
Digital Assets Receivable	—	—	177,514	177,514	—	—	19,724	19,724
Digital Assets Posted as Collateral	—	36,622	—	36,622	—	15,625	—	15,625
Common Stock	40,376	15,736	—	56,112	19,572	10,398	—	29,970
Convertible Notes	—	2,548	1,851	4,399	—	2,650	1,851	4,501
LP/LLC Interests	—	10,650	144,371	155,021	—	10,450	73,861	84,311
Pre-Launch Network	—	950	—	950	—	500	—	500
Preferred Stock	—	57,751	51,920	109,671	—	52,873	33,385	86,258
Warrants/Trust Units/ Trust Shares	—	5	25,485	25,490	61	9	54,773	54,843
	$ 40,376	$ 2,105,478	$ 426,292	$ 2,572,146	$ 19,633	$ 936,571	$ 189,908	$ 1,146,112
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Digital Assets Sold Short	—	5,240	—	5,240	—	5,278	—	5,278
Investments Sold Short	14,771	—	—	14,771	4,384	—	—	4,384
	$ 14,771	$ 5,240	$ —	$ 20,011	$ 4,384	$ 5,278	$ —	$ 9,662

Valuation of Assets / Liabilities that use Level 1 Inputs ("Level 1 Assets / Liabilities"). Consists of the Partnership's investments in common stock and investments sold short, where quoted prices in active markets are available.

Valuation of Assets / Liabilities that use Level 2 Inputs ("Level 2 Assets / Liabilities"). Consists of the Partnership's investments in common stock, limited partnership/limited liability company interest investments, pre-launch network investments and warrants/trust units/trust shares and the majority of the Partnership's convertible notes, preferred stock and digital assets, including its digital assets posted as collateral and digital assets sold short, where quoted prices in active markets are available. For the digital assets, the fair value is determined by the volume-weighted average of prices across principal exchanges as of 12:00 UTC, per coinmarketcap.com*.

* Coinmarketcap.com is a pricing aggregator, as the principal market or most advantageous market is not always known. The Partnership believes any price difference amongst the principal market and an aggregated price to be immaterial.

The Partnership's pre-launch network investments are generally carried at the total contributions made to date as there are no conditions indicating a change in value and therefore cost approximates fair value. For the Partnership's other investments classified as Level 2, the market approach is used. These investments are classified as Level 2 as they are based on other observable inputs other than quoted prices, such as transactions in the equity of the investments.

Valuation of Assets / Liabilities that use Level 3 Inputs ("Level 3 Assets / Liabilities"). Consists of certain of the Partnership's digital assets, preferred stock, convertible notes, and the majority of the Partnership's digital assets receivables, limited partnership/limited liability company interest investments and warrants/trust units/trust shares.

- For digital assets and digital assets receivables, fair value was determined utilizing a volume-weighted average of prices across principal exchanges as of 12:00 UTC, with an adjustment for time of receipt of tokens and/or potential volatility. If the digital asset was contractually or legally to be received over a specific vesting period of potentially multiple years, restricted for trading or lacked access to an active market, a discount was applied to the closing prices. The discount was calculated using the Black-Scholes model to determine the cost to insure the subject asset against the risk of encountering lower prices.
- For the Partnership's preferred stock investments:
    - The prior transaction approach was used with adjustments, as the transaction in the subject entity's equity may have different characteristics than the Partnership's preferred stock investment. The allocation of the subject entity's equity value (based on the market approach) to its various classes of shares was determined using the Black-Scholes model.
    - One of the Partnership's preferred stock investments used the adjusted book value method to estimate fair value. This is an approach that relies on adjusting the most recently reported book values of the subject enterprise's assets to their market values and subtracting the corresponding liabilities.
    - For some of the Partnership's preferred stock investments, the Partnership has taken further discounts for lack of marketability and control.
- For the Partnership's convertible notes, the market approach is used, with further fair value adjustments (e.g. the application of unobservable probabilities).
- For a majority of the Partnership's limited partnership/limited liability company interest investments in funds, fair value was based on the net asset value provided by the fund. For one limited partnership interest investment in a fund, fair value was based on a probability weighted estimated future payout under the income approach.
- For the Partnership's investment in warrants/trust units/trust shares, the Black-Scholes model was used to determine the fair value.

The Partnership's warrant liability is also classified as a Level 3 financial liability. The Black-Scholes model was used to determine the fair value.

The fair value of Level 3 assets and liabilities is inherently subjective. Specifically, because of the uncertainty of fair valuation of investments that do not have readily ascertainable market values, the VC's conclusion of fair value for an investment on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the investment itself.

Other

Adjustments to observable prices obtained for assets that are deemed to lack access to an active market are based on empirical studies designed to estimate liquidity discounts. To estimate the appropriate discount to apply, the Partnership considered the relevant facts and circumstances, including features of the subject assets, expectations related to an active market existing in the future, costs associated with accessing (or trading outside of) existing exchanges as applicable, price volatility of comparable assets, and other identified risks associated with the subject assets.

A verified prior transaction is initially given 100% weighting in a fair value conclusion (if completed at arm's length), but subsequently such weighting is adjusted based on the merits of newly observed data. As a result, in the absence of disconfirming data, an unadjusted prior transaction price may not be considered "stale" for months or, in some cases, years.

Level 3 Continuity

The following is a reconciliation of Level 3 assets and liabilities for the period ended March 31, 2021 (in thousands):

Assets	**Fair value at December 31, 2020**	**Contributions**	**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, 2021**
Digital Assets	$ 6,314	$ —	$ 3,750	$ (2,901)	$ 2,850	$ 20,452	$ (5,314)	$ 25,151
Digital Assets Receivables	19,724	—	1,000	(27,899)	34,480	150,874	(665)	177,514
Convertible Notes	1,851	—	—	—	—	—	—	1,851
LP/LLC Interests	73,861	—	375	(293)	—	70,428	—	144,371
Preferred Stock	33,385	—	—	(790)	—	17,875	1,450	51,920
Warrants/Trust Units/ Trust Shares	54,773	—	—	(6,487)	—	(22,801)	—	25,485
Total Digital Assets, Digital Assets Receivables and Investments	**$ 189,908**	**$ —**	**$ 5,125**	**$ (38,370)**	**$ 37,330**	**$ 236,828**	**$ (4,529)**	**$ 426,292**

Liabilities	**Fair value at December 31, 2020**	**Conversions**	**Revaluation of Warrant Liability**	**Fair Value at March 31, 2021**
Warrant Liability	$ 20,781	$ (4,890)	$ 36,817	$ 52,708

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred. Total transfers into Level 3 were $1.7 million and total transfers out of Level 3 were $6.2 million. The transfers into Level 3 for preferred stock was due to fair value determined by a market approach that utilized an option pricing based methodology. The transfers out of Level 3 for digital assets and digital assets receivable were due to the return of tokens that were previously restricted as they were committed for a proof of stake program and due to the receipt of digital assets that are expected to be distributed over time according to a release schedule.

The following is a reconciliation of Level 3 Assets for the year ended December 31, 2020 (in thousands):

	Fair value at December 31, 2019	**Contributions**	**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, 2020**
Digital Assets	$ 189	$ —	$ 250	$ (618)	$ 537	$ 4,925	$ 1,031	$ 6,314
Digital Assets Receivables	—	—	4,700	(808)	468	14,864	500	4,858
Convertible Notes	4,552	—	733	—	—	(1,266)	(2,168)	1,851
LP/LLC Interests	16,772	—	18,528	(591)	—	24,703	14,449	73,861
Preferred Stock	17,416	—	—	—	—	(5,786)	21,755	33,385
Warrants/Trust Units/Trust Shares	534	—	8,981	—	—	45,302	(44)	54,773
Total Digital Assets, Digital Assets Receivables and Investments	**$ 39,463**	**$ —**	**$ 33,192**	**$ (2,017)**	**$ 1,005**	**$ 82,742**	**$ 35,523**	**$ 189,908**

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred. Total transfers into Level 3 were $44.7 million and total transfers out of Level 3 were $8.2 million. The transfers into Level 3 for preferred stock was due to fair value determined by a market approach that utilized an option pricing based methodology. The transfers into Level 3 for LP/LLC interest was due to a fair value determined by an income approach that utilized discounted cash flows, fair value determined by a market approach that utilized an option pricing based methodology and an investment, which utilizes net asset values provided by funds. The transfers into Level 3 for digital assets and digital assets receivable were due to restrictions of digital assets committed for a proof of stake program and due to digital assets that are expected to be distributed over time according to a release schedule. The transfers out of Level 3 for preferred stock were due to the availability of an observable input (transaction in the investment entity), the transfer out of Level 3 for convertible note was due to the acquisition completed in the fourth quarter of 2020, the transfer out of Level 3 for warrants/trust units/trust shares was due to the expiry of warrants during the year and the transfers out of Level 3 for digital assets were due to the removal of restrictions.

The carrying values of the Partnership's cash, receivable for digital asset trades, digital asset loans receivable, assets posted as collateral, receivables, due from broker, loans receivable, accounts payable and accrued liabilities, 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

Financial Instrument	Fair Value at March 31, 2021 (in thousands)	Significant Unobservable Inputs	Range
Digital Assets	$25,151	Marketability discount	17.0% - 53.8%
Digital Assets Receivables	$177,514	Marketability discount	14.1% - 75.4%
Convertible Notes	$1,851	Recovery rate	0% - 100%
		Scenario probability (1):	
		No deal closure and dissolution	50%
		Deal closure and partial default	45%
		Deal closure and full recovery	5%
LP/LLC Interests (3)	$34,890	Risk-free rate	0.16%
		Marketability discount	30%
		Lack of control discount	10%
		Time to assumed payoff (years)	1.75
		Scenario probability (2):	
		Downside	25%
		Upside	25%
		Best	50%
Preferred Stock (4)	$42,910	Control discount	10%
		Marketability discount	25%
		Time to liquidity event (years)	3.0 - 5.0
		Annualized equity volatility	90%
		Risk free rate	0.30% - 2.06%
		Expected dividend payout ratio	—
		Enterprise value to revenue multiple	6
Warrants/Trust Units	$25,485	Volatility	170%
		Exercise price	$18.70
		Underlying share price	$18.70
		Time to liquidity event (years)	0.33
		Risk free rate	0.04%
		Expected dividend payout ratio	—
		Marketability discount	37.7%
Warrant Liability	$52,708	Volatility	85%
		Time to liquidity event (years)	1.62 - 2.0
		Risk free rate	0.17% - 0.20%
		Expected dividend payout ratio	—
		Dilution factor	1.1%

[1]Relates to the probability of a deal closure with a potential buyer of the underlying company, with either partial default or full recovery of the amount outstanding of the convertible notes, or no deal closure with a potential buyer and dissolution of the underlying company.

[2]Relates to the probability of the outcomes relating to an investment.

[3]The remaining fair value relates to additional investments which utilize net asset values provided by funds.

[4]The remaining fair value relates to an investments which utilizes a pre-money valuation of the Company.

Financial Instrument	Fair Value at December 31, 2020 (in thousands)	Significant Unobservable Inputs	Range
Digital Assets	$6,314	Marketability discount	17.0% - 53.8%
Digital Assets Receivables	$19,724	Marketability discount	20.1% - 73.4%
Convertible Notes	$1,851	Recovery rate	0% - 100%
		Scenario probability (1):	
		No deal closure and dissolution	50%
		Deal closure and partial default	45%
		Deal closure and full recovery	5%
LP/LLC Interests (3)	$22,832	Risk-free rate	0.13%
		Marketability discount	25%
		Time to assumed payoff (years)	2
		Scenario probability (2):	
		Downside	25%
		Upside	25%
		Best	50%
Preferred Stock (4)	$32,985	Control discount	5%
		Marketability discount	15%
		Time to liquidity event (years)	3.25 - 5
		Annualized equity volatility	90%
		Risk free rate	0.19% - 2.06%
		Expected dividend payout ratio	—
		Enterprise value to revenue multiple	8
Warrants/Trust Units	$54,773	Volatility	110% - 150%
		Exercise price	C$4.50 - C$24.68
		Underlying share price	C$3.49 - C$24.68
		Time to liquidity event (years)	0.01 - 0.58
		Risk free rate	0.08% - 0.09%
		Expected dividend payout ratio	—
		Marketability discount	5.7% - 43.2%
Warrant Liability	$20,781	Volatility	85%
		Time to liquidity event (years)	1.87 - 2.0
		Risk free rate	0.17% - 0.25%
		Expected dividend payout ratio	—
		Dilution factor	1.5%

[1] Relates to the probability of a deal closure with a potential buyer of the underlying company, with either partial default or full recovery of the amount outstanding of the convertible notes, or no deal closure with a potential buyer and dissolution of the underlying company.

[2] Relates to the probability of the outcomes relating to an investment.

[3] The remaining fair value relates to additional investments which utilize net asset values provided by funds.

[4] The remaining fair value relates to an investments which utilizes a pre-money valuation of the Company.

For the three months ended March 31, 2021 and the year ended December 31, 2020, the latest available reported net asset value 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.

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, 2021 and December 31, 2020, respectively.

Category	Valuation Methods & Techniques	Key Inputs
Cryptocurrency	• Volume-weighted average of trading prices • Black-Scholes model • Marketability adjustments • Liquidity adjustments	• Current trading prices of subject cryptocurrencies • Selected volatilities of subject cryptocurrencies • Selected discounts for lack of marketability/ liquidity
Pre-Launch Network	• Prior transactions method	• Prior prices of subject pre-launch network cryptocurrencies
Convertible Notes	• Prior transactions method • Probability-weighted expected return model	• Prior prices of subject convertible note • Scenario probabilities • Recovery rates
Preferred Stock	• Prior transactions method • Comparable transactions method • Backsolve method in an option pricing model framework • Equity allocation using option pricing model framework • Volume-weighted average of trading prices • Control adjustments • Marketability adjustments • Guideline public company method • Adjusted book value	• Prior prices of subject preferred stock • Expected time to exit • Volatility of the company's total equity • Risk free rate • Expected dividend payout ratio • Current trading prices of certain cryptocurrencies • Selected discounts for lack of control • Selected discounts for lack of marketability • Enterprise value-to-revenue multiple • Net assets of subject company
Common Stock	• Prior transactions method • Public closing price	• Prior prices of subject common stock • Public closing prices of subject securities
LP/LLC Interests	• Prior transactions method • Comparable transactions method • Net asset value provided by fund • Discounted cash flow analysis	• Prior prices of subject LP/LLC interests • Net asset value provided by fund • Current trading price of Bitcoin • Scenario probabilities • Selected discount for lack of marketability
Warrants/Trust Units/ Trust Shares	• Public closing price • Black-Scholes model • Prior transactions method	• Public closing prices of subject securities • Selected volatility of underlying trust units • Prior prices of subject trust shares

Industry

As of March 31, 2021 and December 31, 2020, details of the industry composition of the Partnership's investments, other than cryptocurrency and pre-launch network investments, are as follow:

Industry	March 31, 2021		December 31, 2020	
	Percentage	# of Investments	Percentage	# of Investments
Other (Digital Assets and Pre-Launch Network Investments)	85 %	121	76 %	115
Finance	10	19	17	19
Services: Business	2	13	3	11
High Tech Industries	2	11	3	10
Finance Technology	<1	2	<1	4
Media: Diversified and Production	<1	1	<1	1
Utilities: Electric	—	—	<1	1
Total	100 %	167	100 %	161

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

While the above table provides information regarding the portfolio's industry concentration, at this time, the industry is not a significant factor that the Principal Investments team considers when determining whether to make an investment. Rather, the Partnership considers all investments in the blockchain/cryptocurrency ecosystem, and those in the broader emerging technology sectors, with an appropriate risk and return profile.

Material Investment Positions

The Partnership considers a variety of quantitative and qualitative factors in determining if any one investment is considered a material investment position as of each report date. Factors considered include, but are not limited to, the proportion of each investment to total assets; whether any one investment is materially larger than other portfolio investments; the concentration of the portfolio and any associated risks; the liquidity of each investment, or lack thereof; the impact of such an investment on the Partnership's assets or operations; and the existence or absence of other factors that could cause one to conclude that the investment was significant to the Partnership notwithstanding its absolute size.

Investments

As of March 31, 2021 and December 31, 2020, the Partnership had no material investment positions to disclose.

Digital Assets

As of March 31, 2021, the Partnership had a material net holding in Bitcoin of approximately $761.8 million, excluding non-controlling interests. The increase in the value of holdings was primarily driven by the increase in price.

Select Holdings[1, 2]

As of March 31, 2021, the largest investments by fair value were as follows (in thousands):

Investment Name	Investment Type	Cost	Fair Value
Pantera ICO Fund LP	LP/LLC Interests	$ 17,407	$ 71,686
Cryptology Asset Group P.L.C.	Common Stock	878	40,376
Mt. Gox Investment Fund LP	LP/LLC Interests	9,360	34,890
Xapo Holdings Limited	Preferred Stock	13,800	20,346
Bullish Global	Preferred Stock	20,000	20,000
Galaxy EOS VC Fund LP	LP/LLC Interests	18,199	19,476
Fireblocks, Ltd.	Preferred Stock	5,349	16,089
Ripple Labs, Inc.[3]	LP/LLC Interests	23,805	13,961
Block.one	Common Stock	9,989	10,001
Bitfury Group Limited	Preferred Stock	9,000	9,000
Bitgo Holdings, Inc.	Preferred Stock	7,500	7,500
Blockchain Capital IV, LP	LP/LLC Interests	3,000	5,709
Bakkt Holdings, LLC	LP/LLC Interests	5,000	5,550
AlphaPoint Corporation	Preferred Stock	7,500	5,159
Pantera Venture Fund, L.P.	LP/LLC Interests	4,260	4,504
Parsley Health, Inc.	Preferred Stock	4,000	4,315
Symbiont.io, Inc.	Preferred Stock	3,500	3,500
		$ 162,547	$ 292,062

[1]*The cost and fair value of the investments disclosed may combine the positions in multiple investment types. If the Partnership has written down an investment's fair value to $nil, the investment has been excluded from the disclosure.*

[2] *The table above excludes one investment in digital asset funds of $25.5 million (cost: $6.1 million) as of March 31, 2021. The investments are part of an arbitrage strategy and are deemed economically hedged. The Partnership generally expects to hold the investments for less than a year.*

[3] *Also includes an indirect investment through a special purpose vehicle formed for the purpose of investing in Ripple Labs, Inc.*

As of December 31, 2020, the largest investments by fair value were as follows (in thousands):

Investment Name	Investment Type	Cost	Fair Value
Mt. Gox Investment Fund LP	LP/LLC Interests	$ 9,360	$ 22,832
BlockFi, Inc.	Preferred Stock	2,883	20,406
Cryptology Asset Group P.L.C.	Common Stock	878	19,572
Galaxy EOS VC Fund LP	LP/LLC Interests	18,199	18,779
Pantera ICO Fund LP	LP/LLC Interests	17,407	15,296
Ripple Labs, Inc.[3]	LP/LLC Interests	23,805	13,961
Xapo Holdings Limited	Preferred Stock	13,800	12,788
Block.one	Common Stock	9,989	10,001
Bitfury Group Limited	Preferred Stock	9,000	9,000
Bitgo Holdings, Inc.	Preferred Stock	7,500	7,500
Bakkt Holdings, LLC	LP/LLC Interests	5,000	5,550
Pantera Venture Fund, L.P.	LP/LLC Interests	4,260	4,504
Parsley Health, Inc.	Preferred Stock	4,000	4,315
AlphaPoint Corporation	Preferred Stock	7,500	4,151
Blockchain Capital IV, LP	LP/LLC Interests	2,625	4,050
Fireblocks, Ltd.	Preferred Stock	2,650	3,696
Hut 8 Mining Corp.	Warrants	—	3,592
Symbiont.io, Inc.	Preferred Stock	3,500	3,500
		$ 142,356	$ 183,493

[1] *The cost and fair value of the investments disclosed may combine the positions in multiple investment types. If the Partnership has written down an investment's fair value to $nil, the investment has been excluded from the disclosure.*

[2] *The table above excludes two investments in digital asset funds of $51.2 million (cost: $9.0 million) as of December 31, 2020. The investments are part of an arbitrage strategy and are deemed economically hedged. The Partnership generally expects to hold the investments for less than a year.*

[3] *Also includes an indirect investment through a special purpose vehicle formed for the purpose of investing in Ripple Labs, Inc.*

***AlphaPoint Corporation** – a financial technology company that provides institutions with enterprise-grade, blockchain-based asset digitization and exchange platforms.*

***Bakkt Holdings, LLC** – a subsidiary of Intercontinental Exchange (ICE) which is building an open, seamless global network to enable consumers and institutions to buy, sell, store and spend digital assets in a safe, efficient manner.*

***Bitfury Group Limited** – a Bitcoin mining technology developer and mining asset owner and operator.*

***Bitgo Holdings, Inc.** – a company that specializes in providing institutional cryptocurrency services, including security compliance and custodial solutions.*

***Block.one** – the developer of the EOS.IO blockchain protocol focused on enabling secure data transfer and high-performance decentralized applications.*

***Blockchain Capital IV L.P.** – an investment firm whose strategy is to investment in privately held, early stage companies, particularly those involved in the development of blockchain based technologies and in related industries.*

***Bullish Global** – Bullish is a cryptocurrency exchange to service the institutional liquidity services market.*

***Cryptology Asset Group P.L.C**. – an investment company investing in crypto assets and crypto companies around the globe and advising blockchain based businesses.*

***FDCI LLC –** a special purpose vehicle organized for making and holding an investment in Ripple Labs, Inc.*

***Fireblocks, Inc. –** an enterprise SaaS company that has developed a unique security model that is associated with transacting in digital assets.*

***Galaxy EOS VC Fund LP** – a partnership focused on developing the EOS.IO ecosystem with an investment strategy focused on investments that utilize the EOS.IO blockchain software.*

***Mt. Gox Investment Fund LP** - a partnership focused on buying creditor's claims against Mt Gox, the former Bitcoin exchange currently in bankruptcy proceedings.*

***Pantera ICO Fund LP** – an investment firm exclusively focused on blockchain technology and digital assets. Pantera's ICO Fund makes investments in Initial Coin Offerings.*

***Pantera Venture Fund, L.P.** – an investment firm exclusively focused on blockchain technology and digital assets. Pantera's Venture Fund makes early-stage investments in the blockchain and digital assets ecosystem.*

***Parsley Health, Inc.** – a membership based wellness practice company which provides a digital-first user experiences.*

***Ripple Labs, Inc.** – the developer of the Ripple exchange network, a blockchain-based technology protocol focused on payment systems.*

***Symbiont.io, Inc**. - a financial technology company delivering enterprise blockchain solutions.*

***Xapo Holdings Limited** – a digital assets custody provider offering digital assets wallets, cold storage solutions, and Bitcoin based debit cards.*

Period ended March 31, 2021

The $20.8 million increase in the fair value of Cryptology Asset Group P.L.C. during the first quarter of 2021 was due primarily to the appreciation in its stock price during the period.

The $9.7 million increase in the fair value of Fireblocks, Inc. during the first quarter of 2021 was due primarily to the higher valuation obtained by the company in its latest funding round.

The $12.1 million increase in the fair value of Mt. Gox Investment Fund LP during the first quarter of 2021 was due primarily to the increase in the price of Bitcoin during the period.

The $56.4 million increase in the fair value of Pantera ICO Fund LP during the first quarter of 2021 was largely due to the underlying performance of the fund.

The $7.6 million increase in the fair value of Xapo Holdings Limited during the first quarter of 2021 was due primarily to the increase in the price of Bitcoin during the recent quarter.

Year ended December 31, 2020

The $14.0 million increase in the fair value of BlockFi, Inc. during the year ended December 31, 2020 was due primarily to the higher valuation obtained by the company in its latest funding round in 2020.

The $10.6 million increase in the fair value of Cryptology Asset Group P.L.C. during the year ended December 31, 2020 was due primarily to the listing of its common stock on the Frankfurt Stock Exchange on October 21, 2020 and the appreciation in its stock price as of December 31, 2020.

The $3.1 million increase in the fair value of the Hut 8 Mining Corp. warrants during the year ended December 31, 2020 was due primarily to the appreciation in its underlying stock price during the fourth quarter.

The $13.5 million increase in the fair value of Mt. Gox Investment Fund LP during the year ended December 31, 2020 was due primarily to the increase in the price of Bitcoin during the fourth quarter.

The $13.0 million increase in the fair value of Pantera ICO Fund LP during the year ended December 31, 2020 was largely due to the underlying performance of the fund.

The $15.2 million decrease in the fair value of Ripple Labs, Inc. during the year ended December 31, 2020 was largely due to the potential impact of an action filed by a regulatory body during the fourth quarter.

The $8.4 million increase in the fair value of Xapo Holdings Limited during the year ended December 31, 2020 was due primarily to the increase in the price of Bitcoin during the recent quarter.

A breakdown of the fair value of digital assets, including digital assets posted as collateral, and net of digital assets sold short, by market cap is as follows (in thousands):

As of March 31, 2021:		**Fair Value**
> $1 billion market cap	$	1,915,385
<= $1 billion market cap		122,582
Net	$	2,037,967

As of December 31, 2020:		**Fair Value**
> $1 billion market cap	$	844,592
<= $1 billion market cap		16,135
Net	$	860,727

The Partnership has been able to actively manage its digital asset portfolio by actively trading, both long and short, assets with greater than a $1 billion market capitalization. (*See table in Industry Performance & Outlook for a comparison of the Partnership's digital assets above against the overall cryptocurrency market*)

Safeguarding of Digital Assets

The Partnership utilizes the Fireblocks platform to maintain custody, transfer, and secure a material portion of its digital assets associated with its trading businesses. Fireblocks, with locations in New York and Tel Aviv, utilizes a secure hot vault and secure transfer environment to help establish connections between the Partnership's wallets, exchanges, counterparties, and networks. Fireblocks utilizes multi-party computation ("MPC") protection layers to distribute private key secrets across multiple locations to ensure there is no single point of failure associated with the private keys. The use of MPC ensures private keys are never concentrated to a single device at any point in time. The Partnership utilizes the Fireblocks Policy Engine to designate transaction approval policies for digital assets held within the Fireblocks portal. As such, administrators configure automated rules to ensure all transactions are disbursed based on the asset sent, total value of the transaction, source and destination of funds and signor requirements. All transactions that fail to meet the Partnership's pre-defined criteria per the engine policy are automatically rejected. The Partnership also utilizes the Fireblocks network as a settlement layer to transact and settle with pre-approved counterparties or entities. The Fireblocks Network utilizes secure enclave technology and data-in-motion encryption to prevent traditional vulnerabilities associated with authenticating wallet addresses. As such, the Partnership settles with counterparties or entities without the risk of losing funds due to deposit address attacks or errors.

Fireblocks is SOC 2 Type II certified for 2020 and undergoes a SOC 2 review on an annual basis. The Partnership reviews the Fireblocks SOC 2 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Additionally, the Partnership reviews its own complementary user entity controls in conjunction with the Fireblocks controls to ensure that applicable trust services criteria can be met. Fireblocks maintains an insurance policy which has coverage for technology, cyber, and professional liability and is rated "A" by A.M. Best based on the strength of the policy and has had no known security breaches or incidents reported to date. The Partnership currently has an investment interest in Fireblocks in the form of preferred stock.

The Partnership also utilizes cold storage solutions to self-custody a portion of its digital assets offline. Private keys are generated, backed-up and stored in hardware wallets which are maintained in secured locations. Access to private keys and back-ups are segregated amongst authorized personnel throughout the Partnership to ensure appropriate segregation of duties are maintained between departments. Specific details relating to the Partnership's private key management protocols remain highly sensitive in nature and are only discussed internally with the appropriate personnel to minimize security threats.

The Partnership also utilizes institutional grade custodians to secure digital assets for its fund products. A material percentage of the digital assets in the Partnership's funds are custodied with Bakkt Trust Company, LLC ("Bakkt Warehouse"). Bakkt is a New York State Department of Financial Services (NYDFS) regulated qualified custodian and is also majority owned by the Intercontinental Exchange ("ICE"). Bakkt's headquarters are in Atlanta, Georgia and business continuity operations can also be performed at ICE locations based in Chicago, New York and London. Terms and conditions for account services and offerings are pre-defined and agreed upon by both the Partnership and Bakkt per the Bakkt Trust Warehouse Agreement. The Partnership maintains internal controls to ensure accounts are appropriately created, restricted to designated individuals, and secured per account credentials. All Bakkt wallets require multi-signature authorization of 2 of 3 keys to approve each withdrawal transaction. The Bakkt Warehouse provides both online ("Warm Wallets") and offline ("Cold Wallets") custody solutions and its systems algorithmically balance between both storage mechanisms to minimize risks associated with online custody. Private keys are stored on hardened systems in cold storage and on FIPS 140-2 level 3 HSMs and are never transferred across any open or unencrypted communication channels. Bakkt's warm and cold wallets are covered by a $125 million insurance policy from a global syndicate.

On an on-going basis, a designated individual from the Partnership reviews and monitors balances maintained at Bakkt against internal fund records to ensure holdings are complete and accurate. The Partnership performs monitoring and due-diligence procedures on Bakkt on an ongoing basis; review procedures include the assessment of Bakkt's Warehouse wallet polices to ensure they are in line with institutional grade standards. Additionally, the Partnership had reviewed an attestation report on Bakkt's internal controls over custody of digital assets as of December 31, 2020, which has indicated that controls were implemented and operated as described by Bakkt management. The Partnership also reviews penetration test results to ensure Bakkt's critical systems are evaluated for potential vulnerabilities and exploits. The Partnership currently has an investment interest in Bakkt Holdings, LLC in the form of Class B Voting Units.

Crypto Asset Trading Platforms

The Partnership utilizes multiple cryptocurrency exchanges to assist in conducting digital trading activity. As such, the Partnership maintains digital asset balances on their exchange accounts to facilitate operations. Active exchanges are domiciled across multiple geographies including the United States, Malta, Luxembourg, Singapore, Seychelles, and Hong Kong. The Partnership has a robust due diligence program for all exchanges, regardless of domicile or jurisdiction. Each exchange is required to provide all information and documentation that is necessary to do business with the Partnership. Information security reviews are conducted on each exchange to assess data retention protocols, infrastructure, and applicable IT policies and procedures. Designated departments review all documentation to ensure each exchange meets pre-defined criteria before providing approval for onboarding. Additionally, the Partnership assesses security, reputation, and operational risks in its determination of utilizing any exchange. Once onboarded, each exchange is monitored on an ongoing basis to ensure they maintain compliance with required legal and regulatory standings.

As part of the Partnership's control procedures, certain individuals are designated to administrator and authenticate users with exchange access and secure accounts per IT security protocols. Upon opening a new account, passwords, application programming interface ("API") keys, and multi-factor authentication mechanisms are created to secure credentials under the Partnerships Password and Multi-Factor Authentication Policy. Credentials are managed in secured locations and are only made accessible to authorized personnel with privileged access. Address management features are utilized in accordance with each exchange and require withdrawal addresses to be whitelisted and approved by authorized individuals. This prevents the withdrawal of digital assets held on the exchanges to any address that has not been internally verified.

Exchange balances are aggregated via live API feeds to ensure risk exposures are monitored across the Partnership's positions. Exchange accounts with material balances are integrated within the Fireblocks platform; the integration allows for authorized users to initiate exchange withdrawals directly from Fireblocks to dedicated vault accounts within the platform. The Partnership maintains contingency plans to securely transfer digital assets of exchanges to pre-defined wallets and vault accounts. On an ongoing basis, the Partnership assesses its risk exposure based on current market conditions and its digital asset positions. To date, no known security breaches have occurred with any of the Partnership's exchange accounts which have resulted in a loss or theft of digital assets. The Partnership performs reconciliation procedures to review exchange balances, trades, and fees against internal and third-party records to ensure digital asset holdings are complete and accurate.

Risk

The Partnership's activities may expose it to variety of financial and other risks: credit risk, interest rate risk, liquidity risk, foreign currency risk, market risk, digital asset risk, loss of access risk, irrevocability of transactions, hard fork and airdrop risks and regulatory oversight risk, among others. The Partnership seeks to minimize potential adverse effects of these risks on performance by employing experienced personnel, daily monitoring of the Partnership's investments and digital assets, and any market events and diversifying the Partnership's business strategy as well as its investment portfolio within the constraints of the Partnership's investment objectives.

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, 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 with cryptocurrency exchanges on which the Partnership has performed internal due diligence procedures. The Partnership deems these procedures necessary as some exchanges are unregulated and 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. As at March 31, 2021, the Partnership held approximately $2.9 million (December 31, 2020 - $12.4 million) in cash and $1.1 billion (December 31, 2020 - $265.7 million) in digital assets at exchanges or custodians that do not have system or organization control reporting available. 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 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. As of March 31, 2021 and subsequently, the Partnership does not expect a material loss on any of its loans. As of each reporting period, the Partnership assesses if there may be expected credit losses requiring recognition of a loss allowance. As of March 31, 2021, 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.

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 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 its 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 principal investments 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 its ability to earn interest income on cash balances at variable rates. The Partnership did not have a leverage facility in place, and its digital assets loans receivable and payable are at fixed rates of interest. The Partnership's remaining loans 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, 2021, 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 the 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, 2021, 80.6% (December 31, 2020 - 74.3%) of the Partnership's net portfolio was in liquid, actively traded cryptocurrency 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 as well as with price changes in various local markets and currencies. 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, 2021, the Partnership minimized exposure to digital assets transactions completed in foreign currencies by entering into foreign currency swaps, which are not significant.

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 all 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 susceptible to other market risk arising from uncertainties about future prices of the instruments. The Partnership moderates this risk through the various investment strategies within the parameters of the Partnership's investment guidelines.

As of March 31, 2021, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Partnership's investments and investments sold short, with all other variables held constant, is +/- $33.7 million (December 31, 2020 - $25.6 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 the 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 user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which 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 an adverse effect on the Partnership.

The cryptocurrency exchanges on which the Partnership may trade on are relatively new and, in many cases, largely unregulated, and 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, or may adversely affect the Partnership, its operations and its investments.

As of March 31, 2021, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Partnership's net digital assets, including digital assets posted as collateral, with all other variables held constant, is +/- $203.8 million (December 31, 2020 - $86.1 million).

Loss of access risk

The loss of access to the private keys associated with the Partnership's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Partnership may be unable to access the cryptocurrency.

Irrevocability of transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Partnership may not be capable of seeking compensation.

Hard fork and air drop risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Partnership, it is expected that the Partnership would hold an equivalent amount of the old and new cryptocurrency following the hard fork.

Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency that they will be able to claim a certain amount of the new cryptocurrency for free.

The Partnership may not be able to realize the economic benefit of a hard fork or air drop, either immediately or ever, for various reasons. For instance, the Partnership may not have any systems in place to monitor or participate in hard forks or airdrops. Therefore, the Partnership may not receive any new cryptocurrencies created as a result of a hard fork or airdrop, thus losing any potential value from such cryptocurrencies.

Regulatory oversight risk

Regulatory changes or actions may restrict the use of cryptocurrencies or the operation of cryptocurrency networks or exchanges in a manner that adversely affects investments held by the Partnership.

Expenses

The Partnership's operating expenses were as follows (in thousands):

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Equity based compensation	$ 7,099	1,621
Compensation and compensation related	94,952	7,184
General and administrative	5,341	3,196
Professional fees	4,566	1,638
Profit share arrangement expense	4,134	—
Interest	13,792	1,011
Insurance	150	282
Director fees	208	50
Totals	$ 130,242	$ 14,982

Three months ended March 31, 2021 compared to March 31, 2020

Compensation and compensation related expense for the period ended March 31, 2021 increased compared to March 31, 2020 due to higher bonus accrual and headcount in 2021. This total is inclusive of base compensation and accrued bonuses, placement fees, payroll taxes, benefits, consultants and temporary staff.

General and administrative costs for the period ended March 31, 2021 were higher compared to the period ended March 31, 2020 due primarily to higher marketing and technology expenses and higher expenses paid on behalf of GDH Ltd.

Interest expense for the period ended March 31, 2021 increased compared to March 31, 2020 due to increased borrowing primarily for either (i) lending to counterparties at a higher rate to earn a spread or (ii) for trade positioning and due to higher cryptocurrency prices.

Equity based compensation was $7.1 million in 2021 compared to $1.6 million in 2020. Certain officers and employees of the Partnership are awarded equity based awards (Partnership compensatory Class B Units awards and stock options). Each quarter and year, the fair value of such awards are accrued and charged to operations on a staged (or graded) vesting basis, based on the respective vesting schedules. The increase in equity based compensation expense is primarily due to additional options granted in 2020.

Professional fees for the period ended March 31, 2021 increased compared to March 31, 2020 due primarily to an increase in legal fees.

For the period of one year starting on January 1, 2021 (the "earnout period"), related to the acquisition of Blue Fire Capital ("BFC"), certain management personnel is entitled to receive a percentage of net profit of BFC, payable sixty days after the earnout period, if certain financial metrics are achieved. The profit share arrangement expense reflects the expense accrual as of March 31, 2021.

Insurance expense for the period ended March 31, 2021 decreased compared to March 31, 2020 due to the reduction in premiums.

Liquidity and Capital Resources

The liquidity available to the Partnership for subsequent periods are set out below:

$'s in millions	As of March 30, 2021	As of December 31, 2020
Estimated working capital	$ 57.9	$ 96.8
Digital Assets, net	1,367.5	530.0
	$ 1,425.4	$ 626.8

Working capital is calculated as the sum of cash, receivable for digital asset trades, cash posted as collateral, receivables, due from broker, due from exchange, prepaid expenses and other assets; less accounts payable and accrued liabilities, payable for digital asset trades and short-term lease liability. Digital Assets, net as of March 31, 2021 includes digital assets posted as collateral and is net of digital assets sold short, digital assets collateral payable and non-controlling interests.

The Partnership has commitments to invest in its managed funds and to purchase blockchain servers. In addition, as the Partnership grows its business, the Partnership expects its operating expenses to increase. Given the growth in the Partnership's businesses, it is difficult to accurately predict the level of investment that the Partnership will make in its respective businesses.

As of March 31, 2021, the Partnership had total equity of $1.68 billion, excluding non-controlling interests. As of December 31, 2020, the Partnership had total equity of $798.2 million, excluding non-controlling interests. The increase in equity during the period ended March 31, 2021 was primarily due to the net comprehensive income for the period.

(in thousands)	March 31, 2021		December 31, 2020	
Total assets	$	3,179,378	$	1,456,224
Total liabilities		1,011,328		372,057
Non-controlling interests		490,091		285,956
Partners' Capital	**$**	**1,677,959**	**$**	**798,211**

Additionally, as of March 31, 2021, the Partnership had cash of $93.2 million and $1.37 billion of net digital assets, including digital assets posted as collateral. As of December 31, 2020, the Partnership had cash of $135.8 million and $530.0 million of net digital assets, including digital assets posted as collateral. Management believes that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

In November 2020, the Partnership closed a PIPE of $50 million. All securities issued pursuant to the PIPE are subject to certain selling restrictions set forth in each investor's definitive investment agreement. The Partnership intends to use the proceeds from the PIPE for general corporate and working capital purposes across its business lines, with a particular focus on growing its client financing business and seeding new asset management-related product offerings.

In March 2021, the Partnership received approximately $126 million from the sale of its interest in one of its portfolio companies.

The Partnership expects to generate incremental cash in the ordinary course through revenues earned in each of its businesses. The Trading business anticipates generating cash through strategically liquidating, shorting, trading and reinvesting in liquid cryptocurrencies, lending and borrowing of cryptocurrencies, as well as through OTC trading. The Asset Management business continues to earn fees for managing third party capital. The Principal Investments business has captured and may capture additional unrealized appreciation in the future by monetizing certain investments in its illiquid book, generating cash to facilitate operating the overall business. Additionally, the Principal Investments business earns current income from interest bearing debt investments. The Investment Banking business has earned fees from serving its clients and is expected henceforth to earn fees by serving larger, more institutional clients in the digital assets and blockchain technology industry. The Mining business earns current income from its proprietary Bitcoin mining and from financing clients.

The Partnership is a startup business with no proven track record or operating history, and its revenues, including the performance of its digital assets and investments, at times has been less than its operating expenses and may be less for an extended period of time. This may result in a decrease in the Partnership's working capital and could potentially lead to a deficit in the Partnership's working capital in the future. The Partnership expects to use the proceeds received from the opportunistic sale of some investments, income generated from its business activities and the PIPE to provide liquidity to operate its businesses. A significant decrease in the Partnership’s working capital as a result of poor operating results could nonetheless adversely affect the Partnership’s ability to grow and expand its businesses and meet its unfunded commitments.

In the event there is insufficient working capital to support the growth of the business, the Partnership may sell digital assets to generate sufficient cash to meet obligations as they come due, or may exit all or a portion of an investment if an exit price is advantageous to the Partnership. The Partnership may also seek additional sources of financing in the future, including but not limited to, issuing equity or convertible notes or seeking other financing in the form of a debt facility.

The following table presents the summary of the Partnership's contractual obligations as of March 31, 2021 (in thousands):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Digital asset loans payable, loans payable and digital assets sold short	$ 620,576	$ 620,576	$ —	$ —	$ —
Operating leases	7,888	741	2,056	2,181	2,910
Purchase obligations[1]	39,032	27,647	11,385	—	—
Other obligations[2]	21,572	18,172	3,400	—	—
Total Contractual Obligations	**$ 689,068**	**$ 667,136**	**$ 16,841**	**$ 2,181**	**$ 2,910**

[1]"Purchase obligations" includes the outstanding amounts of agreements for the purchase of blockchain servers.

[2]"Other obligations" includes the obligations to two portfolio companies to fund the Partnership's remaining capital commitment and an investment sold short balance as of March 31, 2021.

Off-balance sheet arrangements

Investment and Loan Commitments

The Partnership may provide for commitments to portfolio companies for investments in existing or new assets. As of March 31, 2021, the Partnership was obligated to one portfolio company to fund up to $6.8 million, of which $1.9 million was funded as of the date of this MD&A. The Partnership maintains sufficient cash on hand to fund such commitments as they come due.

In the ordinary course of business, the Partnership enters into facilities to borrow cryptocurrencies to facilitate trading. For certain of those cryptocurrencies, the Partnership has taken a strategy to short the borrowed cryptocurrency. In those instances, these borrowings have been reflected as digital assets sold short on the statement of financial position. In addition, from time to time, the Partnership sells cryptocurrencies that it does not hold in its inventory or that it has not borrowed. The Partnership will then, at a later date, buy the respective cryptocurrencies to close out the transaction. Such sales have also been reflected as digital assets sold short.

Master Loan Agreements

During the period ended March 31, 2021, the Partnership entered into master loan agreements with lenders and counterparties to borrow select cryptocurrencies at annual rates of interest ranging from 4% to 22%. For most of the loans, there is no set term of repayment and the Partnership can prepay the loans without penalty. In addition, the lenders can generally demand the repayment of the loans at any time by providing between five to twenty business days notice. The Partnership is generally required to post collateral between 0% to 100% of the loan value in either US dollars or in select cryptocurrencies.

Master Loan Agreements (in thousands)	**March 31, 2021**	**December 31, 2020**
Digital assets borrowed	$ 559,676	$ 213,177
Digital assets sold short[1]	(5,240)	(5,278)
	$ 554,436	**$ 207,899**

[1] The digital assets sold short balance above reflects the net traded balance of the cryptocurrency borrow.

[2] For cryptocurrencies borrowed but not used as of the end of a period, the Partnership has no net exposure.

As of March 31, 2021, the digital assets sold short balance under the Master Loan Agreements was $5.2 million. As of December 31, 2020, the total digital assets sold short balance was $5.3 million.

During the period ended March 31, 2021, the Partnership paid interest expense of $11.8 million (2020 - $7.8 million) and received interest income of $7.0 million (2020 - $5.5 million) in connection with the aforementioned lending and borrowing activity.

Other

As of March 31, 2021, the Partnership did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Partnership including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Transactions with Related Parties

Compensation of Key Management Personnel

Key management personnel include eleven individuals (December 31, 2020 - thirteen individuals), consisting of officers, former officers and certain employees, who are considered to have decision making authority. Compensation provided to key management personnel for the three months ended March 31, 2021 and 2020 are as follows:

(in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Base compensation and accrued bonuses*	$ 27,669	$ 1,105
Benefits	186	63
Equity based compensation	5,373	2,916
Profit share arrangement expense	2,894	—
Total	**$ 36,122**	**$ 4,084**

*For the three months ended March 31, 2021, amounts include approximately $26.7 million (2020 - $0.3 million) of accrued bonuses within accounts payable and accrued liabilities.

Galaxy Investment Partners LLC ("GIP"), which has leased the office space located on the 7th and 8th floors of 107 Grand Street, New York, New York 10013, has subleased to Galaxy Digital Services LLC ("GDS"), a wholly-owned subsidiary of the Partnership, to occupy the 8th floor on the same terms as the master lease. The sublease has a 10.5-year term commencing on February 1, 2018 and expiring on June 30, 2028. The sublease contains a standard rent escalation clause, and rent was waived until June 30, 2018. The rent begins at $0.8 million per annum and is to be paid monthly in advance in equal installments.

In addition, the Partnership entered into another sublease agreement with GDS, effective August 1, 2019, to sublease a portion of the 7th floor, including use of common areas. The sublease starts on August 1, 2019 and ends on June 30, 2028. The sublease contains a standard rent escalation clause and rent will start at $11.5 thousand per month and will be paid monthly in advance.

For the three months ended March 31, 2021, the Partnership recognized $0.2 million (2020 - $0.2 million) of depreciation on the Right of Use asset and $0.2 million (2020 - $0.2 million) of interest expense related to the lease liability.

The Partnership has operating lease commitments for the next five years as follows (in thousands):

	Rent Due
2021	$ 741
2022	1,013
2023	1,043
2024	1,074
2025	1,107
Total	**$ 4,978**

Additionally, the Partnership has $2.9 million in total commitments under the subleases for the period from 2026 to the expiration of the sublease terms on June 30, 2028.

Other

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

The Partnership's CEO is a member of the advisory board for another company, resulting in the Partnership and that company being related parties. As at March 31, 2021, the Partnership had an investment in the company valued at $40.4 million (December 31, 2020 - $19.6 million).

In accordance with the LPA, the Partnership will reimburse or pay for all reimbursable expenses of GDH Ltd. For the periods ended March 31, 2021 and 2020, the Partnership paid or accrued $1.4 million and $0.2 million, respectively, on behalf of GDH Ltd., which has been included in general and administrative expenses.

Change in Accounting Policies including Initial Adoption

There were no changes to the accounting policies for three months ended March 31, 2021.

Digital Assets

A significant portion of the Partnership's assets are digital assets inventory held at fair value.

Digital assets are utilized primarily by the Partnership in its Trading business and are affected by various economic and technological forces including but not limited to global supply and demand, interest rates, foreign exchange rates, inflation or deflation and ongoing political, regulatory, and economic conditions.

A significant portion of the Partnership's profitability and future cash flows are impacted by the current and future prices and price fluctuations of digital assets. The Partnership may not be able to liquidate its inventory of digital assets at its desired price, if needed. In addition, the ability of the Partnership to transfer or liquidate its inventory of digital assets in a timely manner may be impacted by technical and procedural limitations of digital asset exchanges, custodians, and relevant local regulatory restrictions. A broad decline in the market prices of digital assets could negatively impact the Partnership's future operations and profitability.

Digital assets have a limited history and their fair value historically has been volatile. Historical performance and fair value of digital assets are not indicative of their future value and price performance.

Partnership Interests

The Partnership is a limited partnership between GDH GP, GDH Ltd., GGI and other Class B Unit holders.

The information contained in this MD&A and the information in the condensed consolidated interim financial statements for the three months ended March 31, 2021, represents the financial position of the Partnership and do not include all of the assets, liabilities, income and expenses of the partners. Income taxes are the responsibility of the partners and not GDH LP.

As of March 31, 2021 and May 14, 2021, the Partnership has two classes of ownership interests, namely Class A Units and Class B Units. As of March 31, 2021, there were 92,705,177 Class A Units and 222,577,818 Class B Units outstanding. As of May 14, 2021, there were 92,860,067 Class A Units and 222,588,769 Class B Units outstanding.

Equity Based Compensation Awards and Other

As of March 31, 2021, 15,312,007 Class B Unit awards were outstanding, net of exchanges and forfeitures, of which, 8,813,373 Class B Units were exercisable. As of May 14, 2021, 15,312,007 Class B Units awards were outstanding, net of exchanges and forfeitures, of which 8,824,324 Class B Units were exercisable.

As of March 31, 2021, 31,565,634 options granted under the GDH Ltd. stock option plan were outstanding, of which 9,685,317 were exercisable. Out of the 31,565,634 options granted, 5,310,468 were an inducement grant that were not considered a use of the stock option plan pool, but are granted in accordance with the terms of the plan. As of May 14, 2021, 31,565,634 options granted under the GDH Ltd. stock option plan were outstanding, of which 9,897,817 were exercisable.

As of December 31, 2020, 4,767,500 warrants issued by GDH Ltd. in connection with the PIPE were outstanding. As of March 31, 2021, and May 14, 2021, 3,638,946 were outstanding.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure.

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer acknowledges responsibility for the design and operation of disclosure controls and procedures and internal control financial reporting, and the requirement to evaluate the effectiveness of these controls on an annual basis.

Internal Control over Financial Reporting

Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

There have not been any significant changes in the Partnership's internal control over financial reporting during the three months ended March 31, 2021 that have materially affected or are reasonably likely to materially affect the Partnership's internal controls over financial reporting

Any control system, no matter how well designed, has inherent limitations. Therefore, disclosure controls and procedures can only provide reasonable assurance with respect to timely disclosure of material information.

Additional information relating to the Partnership, including the AIF, is available on GDH Ltd.'s SEDAR profile at www.sedar.com.

Management's Responsibility for Financial Statements

The information provided in this MD&A, including the condensed consolidated interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of (i) future values for certain assets or liabilities and (ii) valuation of equity based compensation. Management believes such estimates have been based on careful judgments and have been properly reflected in the condensed consolidated interim financial statements.

Other Information and Disclaimer

No Offer or Solicitation

This report shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of any of the proposed transactions. This report is for informational purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

Additional Information

In connection with the proposed reorganization and combination, Galaxy will file a registration statement, including a management circular/prospectus and an information statement/prospectus, with the Securities and Exchange Commission (the "SEC"). GALAXY AND BITGO SHAREHOLDERS ARE ADVISED TO READ THE MANAGEMENT CIRCULAR/ PROSPECTUS AND INFORMATION STATEMENT/PROSPECTUS, RESPECTIVELY, WHEN SUCH DOCUMENTS BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Shareholders may obtain a free copy of the registration statement and such other documents (when available) and any other relevant documents filed with the SEC from the SEC's website at http://www.sec.gov. Copies of the management circular/prospectus and an information statement/prospectus can also be obtained, when available, without charge, from Galaxy's website at https://investor.galaxydigital.io/.

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

The information in this report may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and "forward-looking information" under Canadian securities laws (collectively, "forward-looking statements"). Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. Statements that are not historical facts, including statements about the pending acquisition, domestication and the related transactions (the "transactions"), and the parties, perspectives and expectations, are forward-looking statements. In addition, any statements that refer to estimates, projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this presentation may include, for example, statements about: our ability to complete the transactions; our expectations around the performance of our and the target's business; our success in retaining or recruiting, or changes required in, our officers, key employees or directors following the transactions; or our financial performance following the transactions. The forward-looking statements contained in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us taking into account information currently available to us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks include, but are not limited to: (1) the occurrence of any event, change or other circumstances that could result in the failure to consummate the transactions; (2) the possibility that the terms and conditions set forth in any definitive agreements with respect to the transactions may differ materially from the terms and conditions set forth herein; (3) the outcome of any legal proceedings that may be instituted following the transactions and any definitive agreements with respect thereto; (4) the inability to complete the transactions due to the failure to satisfy conditions to closing in the definitive agreements with respect to the transactions including in respect of shareholder and stock exchange approvals; (5) changes to the proposed structure of the transactions that may be required or appropriate as a result of applicable laws or regulations or as a condition to obtaining regulatory approval of the transactions; (6) the ability to meet and maintain listing standards following the consummation of the transactions; (7) the risk that the transactions disrupts current plans and operations; (8) costs related to the transactions; (9) changes in applicable laws or regulations; (10) the possibility that the combined company may be adversely affected by other economic, business, and/or competitive factors; (11) changes or events that impact the cryptocurrency industry, including potential regulation, that are out of our control; (12) the risk that our business will not grow in line with our expectations or continue on its current trajectory; (13) the possibility that our addressable market is smaller than we have anticipated and/or that we may not gain share of it; (14) those other risks contained in the Annual Information Form for the year ended December 31, 2020 available on the Company's profile at www.sedar.com and (15) other risks and uncertainties to be indicated from time to time in filings made with the SEC. Should one or more of these risks or uncertainties materialize, they could cause our actual results to differ materially from the forward-looking statements. We are not undertaking any obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise. You should not take any statement regarding past trends or activities as a representation that the trends or activities will continue in the future. Accordingly, you should not put undue reliance on these statements.