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Galaxy Digital Holdings LP

Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in US Dollars)

Galaxy Digital Holdings LP

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Managers of Galaxy Digital Holdings GP LLC in its capacity as general partner of Galaxy Digital Holdings LP:

Opinion

We have audited the consolidated financial statements of Galaxy Digital Holdings LP and its subsidiaries (collectively, the Partnership), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Partnership and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the United States of America and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of audit evidence pertaining to the existence of and rights to digital assets

As discussed in Note 7 to the consolidated financial statements, the Partnership recognizes a variety of digital assets on its consolidated statement of financial position and measures them at fair value less costs to sell. As of December 31, 2023, the fair value less costs to sell of the Partnership's digital assets was $1.1 billion.

We identified the evaluation of the existence of and the Partnership's rights to the digital assets, including the risk that the Partnership's digital assets may not be owned by the Partnership or may be subject to unauthorized on blockchain transfers to third parties, as a key audit matter. A high degree of auditor judgment was involved in determining the nature and extent of the procedures performed and audit evidence obtained to assess the existence of and the Partnership's rights to the digital assets.

The following are the primary procedures we performed to address this key audit matter. We evaluated the design of certain internal controls over the existence of and the Partnership's rights to the digital assets, including the risk that the Partnership's digital assets may not be owned by the Partnership or may be subject to unauthorized on blockchain transfers to third parties. We also tested the operating effectiveness for certain of these internal controls. We obtained confirmations of the Partnership's digital assets held with certain third parties as of December 31, 2023 and compared the results of the confirmations to the Partnership's records. We also compared the Partnership's records of certain digital asset balances and transactions to the records on public blockchains using software audit tools. We obtained evidence that management has control of the private keys required to access digital assets through observing the movement of selected digital assets and validating cryptographic messages signed using selected private keys. We obtained and assessed relevant documentation to support that the digital assets as of December 31, 2023 were owned by the Partnership. For a selection of on blockchain transfers to third parties, we obtained and assessed evidence that the transaction was appropriately authorized and recorded by the Partnership. We evaluated the reliability of audit evidence obtained from public blockchains.

Assessment of fair value of certain Level 3 investments

As discussed in Notes 11 and 22 to the consolidated financial statements, the Partnership held investments recorded at fair value of $735.1 million as of December 31, 2023, a portion of which represented certain Level 3 investments that use the market approach valuation method with one or more significant unobservable inputs. The fair value of these investments was determined using certain pricing inputs that are unobservable and included situations where there was little, if any, market activity for the investment.

We identified the assessment of the fair value measurement of certain investments classified as Level 3 in the fair value hierarchy as a key audit matter. There was a high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment involved in the assessment due to significant measurement uncertainty. Specifically, the assessment involved evaluating significant unobservable inputs used in these fair value estimates, such as relevance of prior transactions, marketability and control discounts, volatility, and enterprise value-to-revenue multiples.

The following are the primary procedures we performed to address this key audit matter. We evaluated the design of certain internal controls related to the Partnership's measurement of certain Level 3 investments, including controls related to the review of significant unobservable inputs. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the reasonableness of the fair value measurement for a selection of Level 3 investments through developing an independent estimate of the fair value of the investment and comparing the results of our estimate of fair value to the Partnership's fair value measurement. As part of this independent estimate, the valuation professionals developed independent pricing inputs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise significant doubt about the Partnership's ability to continue as a going concern for one year after the date that the consolidated financial statements are authorized for issuance; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and ISAs will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and ISAs, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise significant doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG

The engagement partner on the audit resulting in this independent auditors' report is Michael Campanile.

KPMG LLP

New York, New York
March 26, 2024

Galaxy Digital Holdings LP

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

	Notes	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		$ 316,610	$ 542,101
Digital assets	7	1,078,587	566,690
Receivable for digital asset trades	7	41,339	9,063
Digital asset loans receivable, net of allowance	8	104,504	49,971
Digital assets receivables	7	14,686	12,423
Assets posted as collateral	8, 9, 10	318,195	25,138
Receivables	12	15,983	10,887
Derivative assets	10	173,209	17,719
Prepaid expenses and other assets	13	37,910	32,818
Loans receivable, net of allowance	9	377,105	62,611
Due from related party	20	5,007	13,857
Total current assets		2,483,135	1,343,278
Digital assets receivables	7	6,174	5,154
Investments (includes $290.4 and $235.4 million of equity method investments, respectively)	11	735,103	595,122
Restricted digital assets	7	41,356	—
Loans receivable, non-current	9	10,259	100,977
Property and equipment	14	259,965	208,538
Other non-current assets	13	95,000	68,429
Goodwill	14	44,257	24,645
Total non-current assets		1,192,114	1,002,865
Total assets		**$ 3,675,249**	**$ 2,346,143**
Liabilities and Equity			
Current liabilities			
Investments sold short	11	25,295	91
Derivative liabilities	10	160,642	16,568
Accounts payable and accrued liabilities	15	69,212	67,081
Payables to customers	15	3,503	9,591
Taxes payable	25	25,936	22,717
Payable for digital asset trades	7	4,176	2,557
Digital asset loans payable	8	398,277	170,566
Loans payable	9	93,069	—
Collateral payable	8, 9, 10	581,362	131,506
Due to related party	20	67,953	53,984
Lease liability		3,860	4,467
Total current liabilities		1,433,285	479,128
Notes payable	16	408,053	384,515
Deferred tax liability	25	33,894	31,302
Lease liability		10,236	12,406

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

Galaxy Digital Holdings LP

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

Total non-current liabilities		452,183	428,223
Total liabilities		1,885,468	907,351
Equity			
Partners' capital	16	1,789,781	1,438,792
Total equity		1,789,781	1,438,792
Total liabilities and equity		**$ 3,675,249**	**$ 2,346,143**
Commitments and contingencies	24		

The consolidated financial statements were authorized by the Board of Managers of Galaxy Digital Holdings GP LLC to be issued on March 26, 2024 and were signed on its behalf by:

"Alex Ioffe" Chief Financial Officer

"Michael Novogratz" Chief Executive Officer

Galaxy Digital Holdings LP

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in thousands of US Dollars)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Income			
Fee revenue		$ 51,342	$ 35,576
Net realized gain on digital assets		311,830	55,138
Net realized gain on investments	11	13,412	42,022
Lending and staking revenue		52,216	36,762
Net derivative gain	10	151,583	191,520
Revenue from proprietary mining	20	33,121	29,911
Other income		357	28,533
		613,861	**419,462**
Operating expenses			
Compensation and compensation related	21	138,401	127,909
Equity based compensation	16, 21	72,275	100,849
General and administrative	19	76,723	163,955
Professional fees	18	37,062	28,223
Interest		24,653	38,896
Notes interest expense	16	27,285	37,029
		(376,399)	**(496,861)**
Other			
Net unrealized gain (loss) on digital assets		1,950	(659,169)
Net unrealized gain (loss) on investments	11	84,415	(496,184)
Net gain (loss) on notes payable - derivative	16	(9,603)	57,998
Net gain on warrant liability	16	—	20,322
Foreign currency loss		(493)	(316)
Loss attributable to non-controlling interests liability		—	97,219
		76,269	**(980,130)**
Income (loss) before income taxes		**313,731**	**(1,057,529)**
Income taxes expense (benefit)	25	17,833	(35,952)
Net income (loss)		**$ 295,898**	**$ (1,021,577)**
Other comprehensive income (loss)			
Foreign currency translation adjustment		$ 88	$ (1,726)
Comprehensive income (loss)		**$ 295,986**	**$ (1,023,303)**

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

Galaxy Digital Holdings LP

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

		Class A Unit Capital		Class B Unit Capital		
	Notes	Number	Amount	Number	Amount	Total
Balance at December 31, 2021		**101,550,494**	**$ 980,152**	**228,110,373**	**$ 1,618,199**	**$ 2,598,351**
Equity based compensation	16	—	33,215	—	69,200	102,415
Distributions	16	—	(58,827)	—	(125,448)	(184,275)
Vesting of Class B Units		—	—	560,255	—	—
Exchange of Class B Units	16	10,055,909	74,034	(10,055,909)	(74,034)	—
Repurchase and cancellation of Class A Units	16	(10,870,449)	(53,460)	—	—	(53,460)
Issuance of Class A Units on exercise of warrants, options, and restricted share units	16	4,075,585	6,227	—	—	6,227
Redemption of Class B units		—	—	(2,671,350)	(7,961)	(7,961)
Other		—	(547)	—	(381)	(928)
Loss for the period		—	(333,981)	—	(687,596)	(1,021,577)
Balance at December 31, 2022		**104,811,539**	**$ 646,813**	**215,943,369**	**$ 791,979**	**$ 1,438,792**
Balance at December 31, 2022		**104,811,539**	**$ 646,813**	**215,943,369**	**$ 791,979**	**$ 1,438,792**
Equity based compensation	16	—	24,642	—	50,435	75,077
Distributions	16	—	(7,301)	—	(15,104)	(22,405)
Vesting of Class B Units		—	—	15,226	—	—
Exchange of Class B Units	16	30,121	141	(30,121)	(141)	—
Repurchase and cancellation of Class A Units	16	(4,221,799)	(10,668)	—	—	(10,668)
Issuance of Class A Units on exercise of warrants, options and restricted share units	16	8,679,471	11,107	—	—	11,107
Other		—	4	—	1,976	1,980
Income for the period		—	97,239	—	198,659	295,898
Balance at December 31, 2023		**109,299,332**	**$ 761,977**	**215,928,474**	**$ 1,027,804**	**$ 1,789,781**

Galaxy Digital Holdings LP

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

	Year ended	
	December 31, 2023	December 31, 2022
Operating activities		
Net income (loss)	$ 295,898	$ (1,021,577)
Adjustments for:		
Provision for credit losses	—	10,123
Depreciation and amortization	27,917	14,835
Impairment loss (reversal), net	(33,275)	33,275
Equity based compensation	72,275	100,849
Equity based compensation included in directors fees	666	737
Non-cash interest expense	14,711	38,896
Income from staking and lending	(22,404)	(36,762)
Net realized gain on digital assets	(311,830)	(55,138)
Net realized gain on investments	(13,412)	(42,022)
Net realized loss on disposals of property and equipment	1,564	572
Net derivative gain	(151,583)	(191,520)
Net unrealized (gain) loss on digital assets	(1,950)	659,169
Net unrealized (gain) loss on investments	(84,415)	496,184
Net gain (loss) on notes payable - derivative	9,603	(57,998)
Revaluation of warrant liability	—	(20,322)
Non-cash notes interest expense	13,935	22,552
Loss attributable to non-controlling interests liability	—	(97,219)
Deferred tax expense	8,427	(31,987)
Unrealized foreign currency loss	301	2,835
Changes in operating assets and liabilities:		
Net digital asset activity	108,181	246,371
Investments sold short	(20,848)	5,120
Receivables	(1,877)	39,404
Digital assets receivable - cash portion	(817)	(18,010)
Loans receivable, net of repayment	(224,159)	136,226
Due to related party, net	22,819	65,037
Derivative assets and liabilities	122,422	210,471
Prepaid expenses and other assets	(4,903)	(883)
Payable to customers	(6,088)	(132,850)
Payable for taxes	3,220	(19,624)
Assets posted as collateral - cash portion	(2,091)	—
Collateral payable - cash portion	(46,681)	30,398
Accounts payable and accrued liabilities	(4,706)	(113,619)
Net cash provided (used in) by operating activities	(229,100)	273,523
Investing activities		
Origination of loans receivable	—	(109,727)
Repayment of loans receivable	11,052	—
Additions to property, equipment, and intangible assets	(46,078)	(119,020)
Net assets assumed on acquisition	(43,893)	(74,605)

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

(Expressed in thousands of US Dollars)

Disposal of property and equipment		653		1,281
Purchase of investments		(192,330)		(142,045)
Proceeds and distributions from investments		209,509		194,198
Cash held in deconsolidated funds		—		(19,039)
Net cash used in investing activities		(61,087)		(268,957)
Financing activities				
Cash paid for principal portion of lease liability		(6,161)		(4,547)
Proceeds from loans payable		117,233		131,473
Repayment of loans payable		(25,748)		(164,762)
Repayment of notes payable		—		(29,998)
Proceeds from stock option and warrant exercise		11,107		6,026
Receipts from non-controlling interests liability holders		—		16,169
Disbursements to non-controlling interests liability holders		—		(12,114)
Distributions		(22,405)		(184,275)
Repurchase of Class A Units		(10,668)		(53,347)
Redemptions of Class B Units		—		(7,961)
Net cash provided by (used in) financing activities		63,358		(303,336)
Impact of exchange rate change on cash and other		1,338		95
Net decrease in cash		(225,491)		(298,675)
Cash and cash equivalents, beginning of period		542,101		840,776
Cash and cash equivalents, end of period	$	316,610	$	542,101
Supplemental disclosure of cash flow information and non-cash investing and financing activities:				
Cash paid during the period for:				
Interest	$	23,292	$	23,874
Taxes	$	9,316	$	25,559
Non-cash activities:				
Purchases of digital assets receivable in digital assets	$	—	$	38,960
Purchase of investments paid in digital assets	$	—	$	8,495
Purchase of investments with non-cash contributions	$	3,409	$	2,100
Proceeds from investment received as digital assets	$	2,036	$	5,708
Proceeds from investment included in receivables	$	150	$	332
Reclassification between investments and digital assets	$	—	$	12,500
Reclassification between investments and other non-current assets	$	6,564	$	—
Reclassification between other non-current assets and digital assets receivables	$	5,250	$	—
Reclassification between derivatives and investments	$	18,786	$	—
Additions to property, plant, equipment and intangibles	$	8,506	$	8,168
Disposals of property and equipment	$	59	$	—
Origination of loans receivable	$	10,669	$	—
Additions to investments due to deconsolidation of investment funds	$	—	$	56,256
Recognition to right-of-use assets and lease liability	$	1,730	$	4,498
In-kind receipts from noncontrolling interests liability holders	$	—	$	3,508
In-kind disbursements to noncontrolling interests liability holders	$	—	$	(9,331)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

GDH LP, an operating partnership, is managed by the board of managers and officers of the general partner, Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"). Galaxy Digital Holdings Ltd. ("GDH Ltd." or the "Company") has a minority investment in the operating partnership and is listed on the Toronto Stock Exchange ("TSX") under the ticker "GLXY". In these financial statements, a reference to "Galaxy", "we", "us", "our" and similar words refer to GDH LP, its subsidiaries and affiliates, or any one of them, as the context requires.

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

General Partner

GDH GP, a limited liability company, was incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of GDH LP. The General Partner has a board of managers and officers (the "Board of Managers"). The sole LLC member of the General Partner is Galaxy Group Investments LLC ("GGI"), which is controlled by the Chief Executive Officer of the General Partner (the "CEO") and continues to be the majority owner of the Partnership as of December 31, 2023.

Financial Statements

These consolidated financial statements are prepared on a going concern basis which assumes that the Partnership will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Partnership are dependent upon generating sufficient cash flow and/or obtaining necessary financing to meet its commitments as they come due and to continue building a diversified financial services and investment management business in the digital assets sector. As at December 31, 2023, the Partnership had cash and cash equivalents of $316.6 million (December 31, 2022 - $542.1 million) and partners' capital of $1.8 billion (December 31, 2022 - $1.4 billion). The Partnership has sufficient liquid assets to meet its obligations as they become due for one year following the issuance date of these financial statements.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the Board of Managers of GDH GP and authorized to be issued on March 26, 2024.

Comparative Figures

Certain comparative figures in the statements of financial position, statements of income (loss) and comprehensive income (loss), statements of changes in equity, and statements of cash flows have been reclassified to conform to the current year's presentation. Fee revenue in the statements of income (loss) and comprehensive income (loss) includes revenues from advisory services, management fees, mining hosting fees, and commissions earned on staking services. Fee revenue in the statements of income (loss) and comprehensive income (loss) previously only included advisory and management fees.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and digital assets which are measured at fair value less cost to sell.

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

Basis of Consolidation

The consolidated financial statements include the financial statements of GDH LP and its consolidated subsidiaries, which are controlled by the Partnership. The reporting period, as well as the accounting policies, of the financial statements are consistent across all entities included in the consolidation. All inter-company transactions are accounted for on an accrual basis and, balances, income and expenses are eliminated in full upon consolidation.

Reportable segments

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

Allocation of income and loss

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

Use of estimates and judgments

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

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

Significant judgments in applying accounting policies

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

Digital assets

There is limited guidance on the recognition and measurement of digital assets. The Partnership has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, *Inventories.* Because the Partnership principally acquires its digital assets for the purpose of selling in the near future and generating a profit from fluctuations in price or margin, the Partnership accounts for its digital assets as inventory, and recognizes changes in their fair value less cost to sell in profit or loss.

The Partnership also holds a portion of its digital assets on decentralized finance protocols. Significant judgment was applied in the application of IFRS to the balances and activities in decentralized finance protocols.

Valuation techniques

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

The VC, on behalf of the Partnership, has engaged a qualified third-party valuation service to provide independent valuations of its significant investments on a quarterly basis.

The Partnership applies the higher of the value in use and fair value less cost to sell methods when determining recoverable amounts of assets being tested for impairment, utilizing both internal and external metrics.

Level of control and influence over investments and funds

Classification of investments requires judgment on whether the Partnership controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Partnership has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. As of December 31, 2023 and December 31, 2022, the Partnership had greater than 20% ownership in certain of its underlying investments and board representation in certain investments. The Partnership elected the Fair Value Through Profit and Loss option for investments held through a venture capital organization for which it was concluded that it had significant influence under IAS 28, and records changes in fair value of these investments on its consolidated statements of income (loss) and comprehensive income (loss).

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

Income taxes

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

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

Key sources of estimation uncertainty

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

Digital assets and investments - valuation

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

Derivatives - valuation

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

- their economic characteristics and risks are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

- the combined contract is not held for trading or designated at fair value through profit or loss.

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

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

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

Valuation of property and equipment

Depreciation of property and equipment, including right-of-use assets, is dependent upon estimates of useful lives and estimates of when assets become available for use, which are determined through the exercise of judgment.

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

Valuation of equity based compensation

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

Valuation and economic recoverability of goodwill and intangible assets

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

Income taxes

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

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, unless otherwise indicated.

Cash and cash equivalents

Cash and cash equivalents may include cash on hand, cash on trading platforms, cash held at brokers, demand deposits and short-term highly liquid investments that are readily convertible into known amounts of cash, with maturities of three months or less when acquired.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, where applicable, the initial estimation of any asset retirement obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Completed assets are transferred from work-in-progress and construction-in-progress to their respective asset classes and depreciation begins when an asset is available for use.

The Partnership purchased mining equipment to verify transactions via a proof of work consensus mechanism and publish blocks to the Bitcoin network. The Partnership assesses mining equipment for impairment when events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

Depreciation is recognized in profit or loss on a straight-line basis over the following estimated useful lives:

Furniture and fixtures	10 years
Office equipment	6 years
Computer equipment	3 - 5 years
Mining equipment	3 - 5 years
Leasehold improvements	the shorter of the lease term or life of the asset
Mining infrastructure	15 - 20 years

An item of equipment is derecognized upon disposal or at the point when no future economic benefits are expected from its use. Any gain or loss arising on the derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying value of the asset, is included in profit or loss in the period the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted, if necessary.

Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter period of lease term and useful life of the underlying asset. Depreciation starts at the commencement date of the lease. Right-of-use assets are included in other non-current assets in the consolidated statements of financial position. The Partnership applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Revenue recognition

The Partnership recognized revenue from advisory services, management fees, mining operations, staking activities, and interest earned on loans receivable. Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the fair value of the consideration to which the Partnership expects to be entitled to upon completion of the Partnership's performance obligation for those goods or services. Revenue from services performed is recognized when the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Partnership.

The Partnership recognizes revenue from the provision of advisory services upon completion of the delivery of the services stated in the contract. The Partnership earns management fees on each of its managed funds at a fixed percentage of invested capital, committed capital or ending capital, as defined by each of the respective funds. Management fees are recognized based on contractual terms specified in the underlying investment agreements. The Partnership recognizes interest income on an accrual basis.

Mining related revenues

The Partnership contributes computing resources (i.e., processing power) to a bitcoin mining pool with other digital asset miners for the purpose of validating blockchain transactions to generate returns. The Partnership does not operate the mining pool and receives a portion of the transaction fees paid by blockchain participants for successfully validating transactions and newly-created digital assets, referred to as block rewards, which are issued by a blockchain network as a part of successfully mining the next block.

Prior to the acquisition of Helios in December 2022, the Partnership participated in a mining pool that offered a Pay Per Share ("PPS") payment. Under the PPS model, the Partnership received a portion of the mining reward, based on the Partnership's contributed computing power, generated by the mining pool if and when the pool successfully mined a block on the Bitcoin blockchain. Starting in January 2023, the Partnership switched to a mining pool that applies the Full Pay Per Share ("FPPS") model. Under the FPPS model, in exchange for providing computing power to the pool, the Partnership is entitled to pay-per-share base amount and transaction fee reward compensation, calculated on an hourly basis, at an amount that approximates the total bitcoin that could have been mined and transaction fees that could have been awarded using the Partnership's computing power, based upon the then current blockchain difficulty.

The Partnership has a single performance obligation to provide computing power to the mining pool operator. The Partnership's enforceable rights and obligation last as long as computing power is provided to the mining pool operator. The transaction consideration the Partnership receives, which is denominated in bitcoin, represents noncash consideration and is entirely variable. The Partnership measures mining revenue at the fair value of the noncash consideration at the inception of the contract within revenue from proprietary mining in the consolidated statements of income (loss) and comprehensive income (loss). Bitcoins earned from the Partnership's mining operations are subsequently accounted for in accordance with the digital assets policy.

Power purchase agreements

The Partnership enters into power purchase agreements with energy suppliers. These agreements allow the Partnership to purchase power at a fixed rate for the duration of the agreement term. The Partnership accounts for power purchase agreements as derivative instruments. Realized and unrealized gains or losses associated with these agreements are recorded together with mining costs in the general and administrative expenses in the consolidated statements of income (loss) and comprehensive income (loss).

Digital asset staking revenue

The Partnership participates in proof-of-stake validation, which requires that the Partnership bond its digital assets with a validator to propose or attest to the validity of transactions on the blockchain. Staking can be performed on proprietary validation infrastructure or through the use of third-party infrastructure or service providers. The majority of the Partnership's staked digital assets are held on proprietary validators.

Staked digital assets are recognized within digital assets in the consolidated statements of financial position. The Partnership recognizes digital assets received as non-cash consideration for staking activities as revenue measured at the fair value of the tokens at the time of contract inception. Digital asset staking revenue is included in the lending and staking revenue in the consolidated statements of income (loss) and comprehensive income (loss). Refer to Note 7 for additional discussion on the Partnership's digital asset staking activities.

Decentralized finance protocols

The Partnership participates in decentralized finance protocols, smart contracts that perform specific functions, predominantly built on top of the Ethereum blockchain. Decentralized finance protocols allow the Partnership to provide or access liquidity, as well as exchange digital assets, directly on the blockchain. To provide liquidity, the Partnership deposits or transfers its digital assets to the smart contracts of these decentralized finance protocols and receives protocol-specific digital assets that represent the Partnership's claims on the underlying digital assets deposited or proportional claim on the underlying digital assets in a smart contract.

The decentralized finance protocols have the ability to utilize the Partnership's deposited digital assets for various purposes, including lending, trading them to other market participants, or staking on the blockchain. When the Partnership transfers control of its digital assets to the smart contracts, it derecognizes the digital assets and recognizes the protocol-specific receipt token from the decentralized protocol in return. The protocol-specific digital asset allows the Partnership to redeem the digital asset receipt token from the decentralized protocols for the digital assets that it deposited into the protocol. This asset is included in digital assets in the consolidated statements of financial position and is measured at the fair value less cost to sell. Any difference between the carrying value of the derecognized digital assets deposited and the fair value of the recognized digital asset receipt tokens is recognized in net realized gain (loss) on digital assets in the consolidated statements of income (loss) and comprehensive income (loss). Subsequent changes in the fair value less cost to sell of the digital asset receipt tokens are recognized in net unrealized gain (loss) on digital assets in the consolidated statements of income (loss) and comprehensive income (loss).

As a liquidity provider to certain such protocols, the Partnership receives non-cash consideration in the form of additional digital asset receipt tokens from decentralized protocols or an increased claim to the digital assets held in the protocol smart contract. The income generated from such activities is included in lending and staking revenue in the Partnership's consolidated statements of income (loss) and comprehensive income (loss).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of each of the operating segments. All inter-segment transactions are eliminated in the corporate and other segment.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is initially measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Partnership may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried in the consolidated statements of financial position subsequent to inception and how changes in value are recorded. Receivables and loans receivable are measured at amortized cost and subject to an expected credit loss ("ECL") allowance recognized in profit or loss. Cash, receivable for digital asset trades, certain digital assets, digital asset loans receivable and digital assets posted as collateral, digital assets receivables, assets posted as collateral, derivatives and investments are classified as FVTPL.

Impairment

An ECL impairment model requires a loss allowance to be recognized based on expected credit losses and factors in the fair value of collateral assets, if any. The estimated present value of future cash flows associated with the financial asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the financial asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the revised carrying amount of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried in the consolidated statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, taxes payable, due to related parties, notes payable and lease liability are classified as financial liabilities and carried in the statements of financial position at amortized cost. Investments sold short, payable for digital asset trades, payable to customers, certain digital assets loans payable and collateral payable, derivative liabilities and warrant liability are classified as FVTPL.

Digital assets

The Partnership's digital assets are primarily traded in active markets and are purchased with the intent to resell in the near future, generating a profit from the fluctuations in prices or margins. As a result, the Partnership has determined that its holding of digital assets should be accounted for under IAS 2, *Inventories*, and it meets the definition of a commodity broker-trader. As such, the Partnership measures its digital assets at fair value less cost to sell, with changes in fair value recognized in profit or loss.

The Partnership recognizes realized gains or losses on its digital assets when it derecognizes a digital asset (for example, through a sale, settlement of a short position, or other transfer) on a first-in-first-out ("FIFO") basis.

Realized gains or losses are recognized on the sale of the digital assets. There are generally no related receivables or payables as the trade and settlement occur at approximately the same time. Realized gains or losses from over-the-counter ("OTC") trading with counterparties are recognized once the terms of the trade have been mutually agreed and confirmed as of trade date.

The Partnership also posts digital assets on decentralized finance protocols for the purpose of generating yield. The decentralized finance protocols allow market participants to borrow digital assets on an over-collateralized basis by posting another digital asset as collateral. The Partnership concluded that upon deposit of its digital assets into such a decentralized finance protocol, it derecognizes the digital asset and recognizes a protocol-specific receipt token in return. Any income earned through liquidity provision on decentralized protocols are included in lending and staking revenue in the consolidated statements of income (loss) and comprehensive income (loss).

Digital asset loans

In the ordinary course of business, the Partnership enters into facilities to borrow or lend digital assets as part of trading strategies or to provide liquidity to counterparties, including through the use of decentralized finance protocols.

Digital asset loans receivable

The Partnership loans select digital assets to borrowers at annual rates predominantly ranging from 2% to 16%. The Partnership's loan portfolio is made up of callable (open-term) loans and term loans. For the Partnership's callable loans, there is no set term and the borrower can prepay without penalty. The Partnership can generally demand the repayment of the loans at any time by providing between three and twenty business days' notice. For the Partnership's term loans, either the Partnership or the lender can terminate the outstanding loan upon 30 days' notice. The majority of the Partnership's digital asset loans are collateralized for between 100% and 200% of the loan value in either US dollars or select digital assets which are readily convertible to cash.

The Partnership identified an embedded derivative in its digital asset loans receivable, and accounts for the compound instruments based on the fair value of the underlying digital assets. The Partnership also incorporates regular analysis over the recoverability of the outstanding balances, which is similar to the impairment assessment of financial assets described above. In determining the expected future cash flows, the Partnership considers the fair value, type, amount, and relative liquidity of the collaterals held. Interest received on digital asset loans receivable is generally denominated in the underlying digital assets of the loan. The Partnership measures the interest at the fair value on the date of receipt and includes the amounts in lending and staking revenue in the consolidated statements of income (loss) and comprehensive income (loss).

Under the terms of the master loan agreements, the Partnership is generally entitled to use designated cash and digital asset collateral in its business. Collateral, where the Partnership has obtained control of the underlying assets, is reflected in the Partnership's cash and digital asset balances with a corresponding entry to collateral payable in the consolidated statements of financial position. Collateral payable is accounted for at fair value similar to digital asset loans payable noted below. In contrast, collateral posted by borrowers, where the Partnership does not obtain control of the underlying assets, are not recorded in the Partnership's statements of financial position as the Partnership does not obtain control of the collateral assets unless there is an event of default.

Digital asset loans payable

The Partnership borrows digital assets under master loan agreements with various counterparties, including through decentralized finance protocols, as part of its trading operation. Digital assets borrowed are included in digital assets in the consolidated statements of financial position, with a corresponding liability in the digital asset loans payable. All digital asset loans payable are short term in nature. A majority of the digital asset loans have no set term of repayment and the Partnership can prepay the loans without penalty. The lenders, other than decentralized finance protocols, can also generally demand the repayment of the loans at any time by providing between five and twenty business days' notice. In addition to digital asset loans under master loan agreements and borrowing through decentralized finance protocols, the Partnership has entered into credit facilities with certain digital asset trading platforms and uses credit facilities provided within trading platform accounts to conduct trading activity. Such facilities are limited for use on the specific trading platform and restrict withdrawals from trading platform accounts.

The Partnership identified an embedded derivative in its digital asset loans payable and accounts for the compound payable at fair value measured using the fair value of the underlying digital asset as input. Interest expense associated with digital asset loans payable is included in interest in the consolidated statements of income (loss) and comprehensive income (loss).

Certain lenders require the Partnership to provide collateral for digital asset loans. The collateral could be in cash or other liquid digital assets. Where the Partnership transfers control of the digital asset collateral to a counterparty, the Partnership accounts for the collateral posted at fair value of the underlying assets and assesses its credit exposure to the counterparty similar to the digital asset loans receivable. Where the Partnership earns interest on posted collateral, the amounts are included in lending and staking revenues in the consolidated statements of income (loss) and comprehensive income (loss).

Payables to customers

Galaxy holds assets of customers of the prime brokerage business. Where control over the assets has transferred to the Partnership, the assets are included in the consolidated statements of financial position. The corresponding liability due to customers is reflected in payables to customers. Where control over the assets has not transferred to the Partnership, no asset or corresponding liability is reflected in the consolidated statements of financial position. See Note 24 for the balance of assets which were not reflected in the consolidated statements of financial position.

Derivatives

As part of its trading activities, the Partnership enters into derivative contracts. Derivatives are financial instruments that derive their value from changes in an underlying reference outside the control of the Partnership, such as foreign exchange rates or the price of a digital asset.

The most frequently used derivatives by the Partnership are digital asset futures, index futures, digital asset swaps and digital asset options.

- Digital asset futures - an exchange traded contract which represents a legal agreement to either buy or sell the digital asset at a predetermined price at a specified time in the future. Depending on contract specifications, the contract can be settled either in cash or by physical delivery.
- Index futures - an exchange traded contract which represents a legal agreement to either buy or sell a financial index at a predetermined price at a specified date in the future. Index futures are settled in cash.
- Digital asset swaps - an exchange traded contract which represents a legal agreement to either buy or sell a referenced digital asset at a predetermined price at some time in the future. Depending on exchanges, swaps can be settled either in the referenced digital asset, a stablecoin, such as USDC or USDT, or cash.
- Digital asset options - an OTC traded contract, which gives the holder the right, but not the obligation, to either buy or sell a referenced digital asset at a predetermined price at a specified time in the future. Options can be settled in either cash, stablecoin or by physical delivery.
- Treasury futures - an exchange traded contract which represents a legal agreement to either buy or sell U.S. government notes or bonds at a predetermined price at a specified date in the future. Treasury futures are settled in cash.

The Partnership primarily uses derivatives for trading purposes. Derivatives are carried at fair value and any realized and unrealized gains (loss) in derivatives are recognized in net derivative gain or loss.

Leases

Lessee accounting

The Partnership assesses whether a contract is or contains a lease, at inception of the contract. The Partnership recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases, which are defined as leases with a lease term of 12 months or less, and leases of low value assets, such as tablets and personal computers, small items of office furniture and telephones. For these leases, the Partnership recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Partnership uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate caption in the consolidated statements of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Partnership remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payment change is due to a change in a floating interest rate, in which case a revised discount rate is used.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Lessor accounting

As part of its mining business, the Partnership enters into lease agreements with counterparties as a lessor. At the inception of each lease agreement, the Partnership assesses whether the lease is deemed an operating lease or a finance lease. As part of this determination, the Partnership considers a number of factors including the fair value and the useful life of the underlying assets.

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying assets at inception of the lease. An operating lease is a lease that does not qualify as a finance lease.

For an operating lease, the Partnership continues to recognize the value of the underlying mining equipment as an asset. The assets are carried at cost less accumulated depreciation and are depreciated to their estimated residual values using the straight-line method over the lease term. Property under operating leases are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds the higher of the asset's fair value less costs to sell and its value in use.

For a finance lease, the Partnership derecognizes the value of the underlying mining equipment and recognizes a receivable equivalent to the Partnership's net investment in the lease, which is the aggregate minimum payments plus guaranteed residual values less unearned finance income. Any difference between the value of the underlying mining equipment and the net investment in the lease is recognized in profit or loss. Finance leases are recognized as being impaired when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest. When amounts receivable are considered impaired, their book value is adjusted to their estimated realizable value based on the fair value of any collateral underlying the receivable net of any costs of realization.

Equity based compensation

Stock options

The Partnership accounts for stock options granted to directors, officers and employees at the fair value of the options granted. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and equity based compensation is accrued and charged to operations, with an offsetting credit to partners' capital, over the respective vesting periods. The fair value determined at the grant date of the equity based payment is expensed on a graded vesting basis, based on the Partnership's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Partnership revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured.

Compensatory Class B Units and Restricted Share Units

The Partnership accounts for compensatory Class B Units (standard units and profit interest units) and restricted stock granted to officers and employees at the fair value of the units granted. Accordingly, the fair value of the units at the date of the grant is determined using either the Toronto stock exchange ("TSX") share price for standard units or using a probability-weighted expected return methodology for profit interest units. Equity based compensation is accrued and charged to operations on a graded vesting basis, based on the Partnership's estimate of equity instruments that will eventually vest, with a corresponding increase in partners' capital. At the end of each reporting period, the Partnership revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Earnings per share

Basic income (loss) per unit is computed by dividing net income (loss) as the numerator by the weighted average number of outstanding units for the period as the denominator. When diluted earnings per unit is calculated, only those outstanding stock options and warrants with exercise prices below the average trading price of GDH Ltd.'s shares for the period will be treated as dilutive.

In the periods when the Partnership reports a net loss, the effect of potential issuances of units under stock option, compensatory Class B Unit and restricted stock plans and on the exercise of conversion option of the Notes payable could be considered anti-dilutive depending on their relative impact to the numerator and the denominator.

Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rates prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at exchange rates at the reporting date, with any differences arising recorded in profit or loss.

Business combination

The Partnership accounts for business combinations using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed of the acquiree are measured and recognized at acquisition-date fair value.

The Partnership has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Intangible assets

Intangible assets acquired separately or developed internally are measured at cost on initial recognition. Identified intangible assets acquired in a business combination are recorded at fair value on the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, as and if applicable. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The software technology acquired as part of the business combinations (Note 6) or developed internally is amortized on a straight-line basis over two to five years from the acquisition date. The customer relationships, trade name and trademark assets acquired as part of the business combinations (Note 6) are amortized on a straight-line basis over three years from the acquisition date. The website domain name acquired in 2021 (Note 14) was assessed to have an indefinite life. It will be assessed for impairment at each fiscal year end or more frequently when there is an indication that it may be impaired.

Goodwill

Goodwill is measured as the excess of the consideration transferred for the acquisition of subsidiaries over the net of the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is allocated to cash-generating units or groups of cash-generating units which are expected to benefit from the synergies of the combination. Goodwill is tested for impairment annually, or more frequently when there is an indication that there may be an impairment. If the recoverable amount of the cash generating unit is less than the carrying amount of the goodwill, the impairment loss is first allocated to reduce the amount of goodwill and then to the other assets of the cash-generating unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Non-controlling interests

In the normal course of business, the Partnership sponsors and manages investment funds. The Partnership consolidates the sponsored investment funds where it is deemed to have a controlling financial interest. As applicable, a non-controlling interests liability in the Partnership's less than wholly owned subsidiaries is reflected as a liability on the consolidated statements of financial position as the limited partners of the consolidated investment funds may redeem or withdraw all or part of their respective interests in the funds upon request, subject to certain conditions. On initial recognition, the non-controlling interests liability is measured at its proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Partnership. Subsequent to the original transaction date, adjustments are made to the carrying amount of the non-controlling interests liability for the non-controlling interest's share of changes to the subsidiary's equity. The changes in the fair value of the limited partner interests are presented as (gain) loss attributed to non-controlling interests liability in the consolidated statements of income (loss) and comprehensive income (loss).

Non-consolidated structured entities

The Partnership also holds investments in funds that are not consolidated due to a lack of control. This includes funds which were once controlled but were deconsolidated due to reduced ownership percentage or other changes. The Partnership enters into transactions with non-consolidated structured entities in the normal course of business to provide specific investment opportunities and generate management and performance fees for the Partnership. These non-consolidated interests are presented as Investments in the consolidated statements of financial position.

The Partnership's involvement in financing operations of the funds is limited to its investment in the entities. The Partnership does not provide performance guarantees and has no other financial obligation to provide funding to non-consolidated sponsored investment funds, other than its own capital commitments.

Investments in subsidiaries

Subsidiaries are all entities over which the Partnership has control. The Partnership controls an entity when the Partnership is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Partnership has determined that it is not an investment entity as defined within IFRS 10, *Consolidated Financial Statements*. As such, the Partnership consolidates its subsidiaries rather than accounting for them at fair value through profit or loss. Subsidiaries are fully consolidated from the date on which control is transferred to the Partnership. They are deconsolidated from the date that control ceases. Intercompany transactions and balances are eliminated.

4. NEW ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards and amendments to existing standards that were recently adopted

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, amendments to IFRS Practice Statement 2 *Making Materiality Judgements* and amendments to IAS 8 *Definition of Accounting Estimate*. The amendments require companies to disclose material accounting policies rather than their significant accounting policies and help to distinguish between changes in accounting estimates versus accounting policies. These amendments are effective for annual periods starting on or after January 1, 2023. Adoption of these amendments did not have a significant impact on the Partnership's consolidated financial statements.

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

In October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*. The amendments clarify the impact of covenants of loan arrangements on the classification of a liability as current or non-current at the reporting date. The amendments are effective for annual periods starting on or after January 1, 2024, with early adoption permissible. Adoption of these amendments is not anticipated to have a significant impact on the Partnership's consolidated financial statements.

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

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

On November 24, 2022, GDH LP, GDH GP, GDH Ltd., GDH Intermediate LLC ("GDHI LLC"), a wholly owned subsidiary of GDH Ltd.) and each of the Persons admitted as a "Class B Limited Partner" entered into a fifth amended and restated limited partnership agreement (as amended from time to time, the "LPA"). Certain key terms of the LPA include the following:

- Units - there are two classes of partnership interests ("Units"): Class A Units, which are held by GDH Ltd., and Class B Units, which are held by GGI and other Class B limited partners.
- Issuance of Additional Units - the General Partner will not cause the Partnership to issue any additional Class B Units unless 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 the GDH Ltd. board of directors approves such issuance. GDH Ltd. or GDHI LLC may elect to

effect the exchange of all or any portion of Class B Units subject to an exchange for cash, and allow for the consolidation of Class A Units in certain circumstances.

- Allocations of Income, Gain, Loss, Deduction and Credit - each item of income, gain, loss, deduction and credit will be allocated pro-rata between Class A Units and Class B Units.
- Issuances and redemptions of ordinary shares of GDH Ltd. - If GDH Ltd. issues any of its ordinary shares, and 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, the General Partner will 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 acquire, 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 Partnership 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, excluding tax.
- General Partner Board - As long as GDH Ltd. owns more than 10% of the outstanding Units of GDH LP, GDH Ltd. will have the right to appoint one person to the board of the General Partner. In addition, if GDH Ltd. owns more than 40%, but not more than 50%, of the outstanding Units of GDH LP, GDH Ltd. will have the right to appoint another person to the board of the General Partner.

6. BUSINESS COMBINATION

On February 21, 2023, a subsidiary controlled by the Partnership acquired the net assets of GK8 Ltd. from Celsius Network LLC for $44 million. The Partnership determined that the acquisition of GK8's net assets ("GK8") constituted a business combination under IFRS 3. GK8 is a developer of secure technology solutions for self-custody of digital assets by institutions providing customers with software that allows them to generate and store the private keys to their digital assets, as well as to generate multi-signature backup keys, in a secure cold storage vault. It is a leading technology provider for institutions looking to self-custody their digital assets with the highest possible security, using patented technology to safely store digital assets and execute blockchain transactions.

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

(in thousands)		February 21, 2023
Receivables[(1)]	$	814
Prepaid expenses and other assets[(1)]		190
Property and equipment		128
Intangible assets[(1)]		23,258
Goodwill[(1)]		19,612
Total assets	**$**	**44,002**
Accounts payable and accrued liabilities[(1)]		109
Total liabilities	**$**	**109**

[(1)] During the year ended December 31, 2023, the Partnership recorded measurement period adjustments to Receivables of $0.5 million, Prepaid expenses and other assets of $0.2 million, Accounts payable and accrued liabilities of $0.7 million, Intangible assets of $1.0 million and Goodwill of $1.0 million, which are included in these balances.

The Partnership recorded $19.6 million of goodwill, inclusive of measurement period adjustments, which was attributed to the Digital Infrastructure Solutions segment. Goodwill represents the future economic benefit arising from assets acquired which could not be individually identified and separately recognized. Goodwill was attributed to the expected synergies from combining operations with GDH LP and the expected future cash flows of the combined business. The Partnership expects $17.2 million of goodwill from this acquisition to be deductible for tax purposes.

Acquired intangible assets included customer relationships valued at $2.9 million, trade names and trademarks valued at $3.2 million and technology valued at $17.2 million, inclusive of measurement period adjustments. The intangible assets were measured at acquisition date fair value using an income approach in accordance with the Partnership's accounting policies.

The Partnership incurred acquisition related transaction costs of $2.3 million. The majority represented professional fees and were incurred during the year ended December 31, 2022. The revenue and net income included in the consolidated statements of operations contributed by GK8 for the year ended December 31, 2023, from the date of the acquisition, was not material to the Partnership. The proforma impact of the acquisition on the Partnership's revenue and net income for the year ended on December 31, 2022 would not have been material.

7. DIGITAL ASSETS

Below are the Partnership’s digital asset holdings as of December 31, 2023 and December 31, 2022:

(in thousands)		December 31, 2023		December 31, 2022
Digital assets, current:				
Unrestricted	$	978,941	$	566,690
Restricted		99,646		—
Total digital assets, current		**1,078,587**		**566,690**
Digital assets, noncurrent:				
Restricted		41,356		—
Total Digital assets, noncurrent		**41,356**		**—**
Total	**$**	**1,119,943**	**$**	**566,690**

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

Unrestricted – Digital assets held by the Partnership, typically acquired through direct purchase or borrowing. The Partnership also participates in bitcoin mining and proof of stake programs, which generate digital assets directly from the blockchain. Staked digital assets may be classified as unrestricted. Proof of stake protocols are individually assessed for restrictions.

Restricted – Certain digital assets held by the Partnership are restricted by lock-up schedules typically associated with purchases from foundations. Digital assets restricted by lock-up schedules which have not yet been received by the Partnership are recognized as digital assets receivable, described below. As of December 31, 2023, the fair value of digital assets subject to sale restrictions by lock-up schedule, which includes a discount for lack of marketability, was $68.0 million. The remaining duration of these lock-up schedules range from one day to 1.9 years. Restricted digital assets also include assets that are bonded to a validator and the transfer of which is expected to take more than a few days depending on network traffic on the corresponding blockchain.

The following table provides an alternative summary of the Partnership's digital assets as of December 31, 2023 and December 31, 2022:

(in thousands)	**December 31, 2023**	**December 31, 2022**
Self-custodied	$ 647,392	$ 452,267
Held with third parties, including centralized trading platforms[1]	237,763	114,423
Digital assets held on decentralized finance protocols:		
Decentralized finance protocols[1] [2]	*215,082*	—
Wrapped tokens	*7,090*	—
Liquid staked tokens	*12,616*	—
Total digital assets held on decentralized finance protocols	234,788	—
Total digital assets, current and non-current	**1,119,943**	**566,690**

[1] Digital assets held with counterparties such as centralized trading platforms and third party lenders, as well as decentralized finance protocols collectively support borrowings on these platforms of $123.0 million as of December 31, 2023 (December 31, 2022 - $96.2 million). The net exposure to centralized trading platforms and decentralized finance protocols was $349.6 million as of December 31, 2023 (December 31, 2022 - $34.9 million).

[2] Includes both digital assets issued by and deposited on decentralized finance protocols.

The Partnership's digital assets are held in self-custodied wallets and with third parties including centralized digital asset trading platforms and third party lenders, as well as decentralized finance protocols. Digital assets are used as collateral for margin trading or borrowing on centralized trading platforms, with certain trading counterparties and on decentralized finance protocols. Some of the Partnership's digital assets are issued by decentralized protocols and derive their value from other digital assets (e.g., aUSDC, cETH, etc.). Although these digital assets are stored in the Partnership's self-custodied wallets, their economic values are derived from the operations of the protocols that issued the tokens and the underlying digital assets that are held in such protocols via smart contracts. The Partnership's digital assets held on decentralized protocols are further categorized as follows:

Posted on decentralized finance protocols

The Partnership deposits digital assets on decentralized finance protocols for trading, borrowing, or liquidity provision purposes. Some protocols issue protocol-specific receipt tokens, while others hold the Partnership's digital assets in a smart contract from which only the Partnership can redeem the digital assets.

Wrapped tokens

In order to be able to transact on decentralized protocols, the Partnership converts some of its BTC and ETH tokens into wrapped tokens (e.g., "wBTC" and "wETH"). Wrapped tokens are ERC-20 digital assets that can interact on the Ethereum blockchain smart contracts. The Partnership typically wraps coins in expectation of deploying them on decentralized protocols. However, at points in time, the Partnership may be holding wrapped tokens as it deploys them on various decentralized finance protocols.

Staking and liquid staked tokens

The Partnership expanded its proprietary staking operations, predominantly on the Ethereum blockchain, during the year ended December 31, 2023. The Partnership had staked digital assets, including digital assets staked with decentralized protocols, of

$92.0 million as of December 31, 2023 (December 31, 2022 - $16.8 million). The revenue generated from such activities for the year ended December 31, 2023 was $4.0 million (December 31, 2022 - $7.5 million). The associated revenue is included in lending and staking revenue in the consolidated statements of income (loss) and comprehensive income (loss). Proprietary staked digital assets are held in self-custodied wallets while liquid staked assets are distinguished as held on decentralized finance protocols in the table above.

Receivable and payable for digital asset trades

Unsettled trades at the end of each period are reflected in receivable for digital asset trades and payable for digital asset trades in the consolidated statements of financial position. All trades were settled shortly after period end.

Digital assets receivables

Digital assets receivables relate to digital assets that are yet to be distributed to the Partnership as of the end of the period and are expected to be distributed over time according to a release schedule (generally in accordance with a token sale agreement). As the digital assets are received by the Partnership, the digital assets receivable is derecognized, with a concurrent recognition of digital assets. The unrealized gains or losses on the digital assets receivables are recognized in net unrealized gain (loss) on digital assets. As at December 31, 2023, the Partnership had $20.9 million in digital assets receivables (December 31, 2022 - $17.6 million).

Realized and unrealized gains and losses

The Partnership’s realized gain or loss on a digital assets is calculated as the proceeds received from the derecognition of the digital asset less its assigned original cost. During the year ended December 31, 2022, the Partnership realized net loss on digital assets of $29.7 million in relation to the bankruptcy of FTX.com ("FTX") upon the sale of the Partnership's claims to the bankruptcy estate. The Partnership’s unrealized gain or loss on a digital asset consists of both the change in fair value on a digital asset from the beginning of the period and the reversal of any previously recognized unrealized gain or loss on a digital asset derecognized during the period.

8. DIGITAL ASSET LOANS RECEIVABLE AND PAYABLE

Digital asset loans receivable and associated collateral payable

In the ordinary course of business, the Partnership lends digital assets to counterparties. Counterparties, in turn, post collateral which must be returned upon the repayment of the loans. The following table represents the Partnership's digital asset loans receivable and associated collateral payable as of December 31, 2023 and December 31, 2022:

(in thousands)	**December 31, 2023**	**December 31, 2022**
Digital asset loans receivable	$ 104,504	$ 60,094
Less: Allowance for credit losses	—	(10,123)
Digital asset loans receivable, net	**$ 104,504**	**$ 49,971**
Collateral payable - Digital assets	$ 115,635	$ 32,772
Collateral payable - Cash	—	21,999
Collateral payable associated with digital asset loans receivable	**$ 115,635**	**$ 54,771**

Collateral payable represents assets over which the Partnership has obtained control.

Digital asset loans payable and associated collateral receivable

In the ordinary course of business, the Partnership borrows digital assets from counterparties and posts collateral, as required. The following table represents the Partnership's digital asset loans payable and associated assets posted as collateral as of December 31, 2023 and December 31, 2022:

(in thousands)	December 31, 2023	December 31, 2022
Master loan agreements	$ 275,282	$ 83,226
Credit facility from centralized trading platforms and decentralized protocols	122,995	87,340
Digital asset loans payable	**$ 398,277**	**$ 170,566**
Assets posted as collateral - Digital assets	$ 233,053	$ 24,475
Assets posted as collateral - Cash	—	—
Assets posted as collateral associated with Digital asset loans payable	**$ 233,053**	**$ 24,475**

Assets posted as collateral represents assets for which control has transferred to the counterparty.

Collateral deposited in decentralized finance protocols associated with digital asset loans payable to the decentralized protocols represented by digital asset receipt tokens are recognized in digital assets (Note 7).

9. LOANS RECEIVABLE AND PAYABLE

In the ordinary course of business, the Partnership may borrow and lend fiat currency, such as US dollars, to counterparties to facilitate digital asset trading and lending activity. Counterparties post collateral in association with the fiat loans receivable which must be returned upon the repayment of the loans, and the Partnership posts collateral, as required, in association with the fiat loans payable.

Loans receivable, current and non-current

The following table represents the Partnership's loans receivable as of December 31, 2023 and December 31, 2022:

(in thousands)	December 31, 2023	December 31, 2022
Loans receivable	377,105	$ 62,611
Loans receivable, non-current	10,259	100,977
Loans receivable, current and non-current	**$ 387,364**	**$ 163,588**

Non-current loans receivable represents the non-current portion of loans with Argo Blockchain Inc. ("Argo") as of December 31, 2023 (December 31, 2022 - Argo and Blockstream Inc. ("Blockstream")). The loan with Argo is secured by, amongst other assets, the mining equipment of Argo that is physically located in the Helios facility. The Blockstream loan, which is classified as current as of December 31, 2023, is secured by substantially all physical assets of Blockstream.

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

(in thousands)	Amounts
2024	377,105
2025	10,259
2026	—
2027	—
Loans receivable, current and non-current	**$ 387,364**

Collateral payable associated with loans receivable

The following table represents the Partnership's collateral payable balance associated with loans receivable as of December 31, 2023 and December 31, 2022:

(in thousands)	December 31, 2023	December 31, 2022
Collateral payable - Digital assets	$ 444,839	$ 34,582
Collateral payable - Cash	—	29,483
Collateral payable associated with loans receivable, current	**$ 444,839**	**$ 64,065**

Collateral payable represents the obligation to return assets over which the Partnership has obtained control.

Loans payable

The following table represents the Partnership's loans payable and associated assets posted as collateral as of December 31, 2023 and December 31, 2022:

(in thousands)	December 31, 2023	December 31, 2022
Loans payable	**$ 93,069**	**$ —**
Assets posted as collateral - Digital assets	$ 67,767	$ —
Assets posted as collateral - Cash	—	—
Assets posted as collateral	**$ 67,767**	**$ —**

10. DERIVATIVE ASSETS AND LIABILITIES

For the years ended December 31, 2023 and December 31, 2022, the Partnership recognized $151.6 million and $191.5 million, respectively, of net derivative gain from economic hedging and the Partnership's trading strategy. Embedded derivatives are recorded in the same line items in the consolidated statements of financial position as their host instrument. The Partnership's derivative instruments disclosed below, with the exception of the notes payable embedded derivatives, each had a maturity date of less than a year as of December 31, 2023.

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

December 31, 2023

		Gross fair value	
(in thousands)	**Notional**	**Derivative assets**	**Derivative liabilities**
Digital asset futures	$ 190,477	$ 3,111	$ (6,159)
Digital asset forwards	473	291	(182)
Digital asset options	2,527,170	97,336	(86,061)
Digital asset swaps	2,703	1,468	(1,646)
Foreign currency futures	3,397	11,279	(11,027)
Exchange traded treasury futures	1,408,406	7,698	(4,639)
Exchange traded digital asset options	44,204	19,553	(24,652)
Exchange traded digital asset futures	66,589	1,152	(2,095)
Exchange traded equity options	54,417	30,541	(23,876)
Exchange traded commodity futures	61,236	780	(305)
Total	**4,359,072**	**173,209**	**(160,642)**
Embedded derivatives — Digital asset loans receivable, net of allowance	102,074	3,935	(1,505)
Embedded derivatives — Assets posted as collateral	287,032	31,745	(2,673)
Embedded derivatives — Notes payable	445,000	—	(10,472)
Embedded derivatives — Digital asset loans payable	369,280	877	(29,874)
Embedded derivatives — Collateral payable	439,544	4,244	(134,695)

December 31, 2022

		Gross fair value	
(in thousands)	**Notional**	**Derivative assets**	**Derivative liabilities**
Digital asset futures	$ 3,993	$ 1,371	$ (6)
Digital asset forwards	10,966	4,350	(3,006)
Digital asset options	401,543	4,175	(7,862)
Digital asset swaps	8,160	283	(105)
Foreign currency swaps	5,637	—	(473)
Foreign currency forwards	252,210	2,062	(1,788)
Foreign currency options	13,911	—	—
Index futures	66,707	637	(280)
Exchange traded treasury futures	676,929	702	(979)
Exchange traded digital asset options	2,314	1,926	(1,339)
Exchange traded commodity options	52,104	2,213	(693)
Exchange traded commodity futures	4,565	—	(37)
Total	**1,499,039**	**17,719**	**(16,568)**
Embedded derivatives — Digital asset loans receivable, net of allowance	62,709	—	(2,624)
Embedded derivatives — Assets posted as collateral	26,158	—	(1,670)
Embedded derivatives — Notes payable	445,000	—	(868)
Embedded derivatives — Digital asset loans payable	176,614	7,074	(1,219)
Embedded derivatives — Collateral payable	76,738	3,725	(150)

The below table represents the breakdown of assets posted as collateral and collateral payable associated with open derivative positions as of December 31, 2023 and December 31, 2022:

(in thousands)	**December 31, 2023**	**December 31, 2022**
Assets posted as collateral - Digital assets	$ 15,284	$ —
Assets posted as collateral - Cash	2,091	$ 728
Assets posted as collateral associated with derivatives	**$ 17,375**	**$ 728**
Collateral payable - Digital assets	$ 9,521	$ 6,104
Collateral payable - Cash	11,367	6,168
Collateral payable associated with derivatives	**$ 20,888**	**$ 12,272**

Collateral payable represents the obligation to return assets over which the Partnership has obtained control.

11. INVESTMENTS

Investments

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

(in thousands)	December 31, 2023	December 31, 2022
Common stock	$ 73,381	$ 61,648
Convertible notes	10,646	12,649
LP/LLC interests	347,694	255,799
Preferred stock	251,705	258,461
Warrants & claims	51,677	6,565
Total	**$ 735,103**	**$ 595,122**

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

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

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

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

Warrants & Claims: Warrants represent a security that entitles the holders to purchase the underlying stock of the issuing company at a pre-determined price until the stated expiry date. Claims represent legal assertions to payment from a debtor's assets during the bankruptcy process.

Continuity schedule of investments

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

(in thousands)	**Investments**
Balance as at December 31, 2021	**$ 1,069,776**
Purchases	152,993
Proceeds and distributions from investments[1]	(200,238)
Net change of investments due to deconsolidation of funds	56,256
Transfer out of investments	(12,500)
Net realized gain on investments	19,696
Net unrealized loss on investments	(490,869)
Capitalized interest	8
Balance as at December 31, 2022	**595,122**
Purchases	195,738
Proceeds and distributions from investments[1]	(211,695)
Net transfers in / (out) of investments	12,222
Net realized gain on investments	52,999
Net unrealized gain on investments	90,717
Balance as at December 31, 2023	**$ 735,103**

[1] Includes cash and digital assets from the sale of investments and other realization events.

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

Investments sold short

Investments sold short are accounted for as financial liabilities, which are both initially recognized and then subsequently measured at fair value through net unrealized gain (loss) on investments in the consolidated statements of income (loss) and comprehensive income (loss). The net unrealized gain (loss) on the Partnership's investments sold short for the year ended December 31, 2023 was $(6.5) million (December 31, 2022 - $5.7 million).

The Partnership’s realized gain or loss on an investment sold short is calculated as the proceeds from the sale of the investment sold short less the cost of the repurchase. The Partnership’s unrealized gain or loss on an investment sold short consists of both the change in fair value on an investment sold short from the beginning of the period and the reversal of any previously recognized unrealized gain or loss on an investment sold short during the period. The net realized gain (loss) of the Partnership’s investments sold short for the year ended December 31, 2023 was $(39.6) million (December 31, 2022 - $22.3 million).

12. RECEIVABLES

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

(in thousands)	December 31, 2023	December 31, 2022
Interest receivable	3,598	1,983
Receivables from investments sold	231	3,142
Hosting fee receivable	2,312	—
Management fee receivable[1]	5,482	2,635
Other	4,360	3,127
Total	**$ 15,983**	**$ 10,887**

[1] Includes management fee receivable of $3.3 million from Galaxy sponsored funds.

13. OTHER ASSETS

Prepaid expenses and other assets

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

(in thousands)	December 31, 2023	December 31, 2022
Prepaid rent and security deposits	$ 1,129	$ 1,377
Prepaid mining expenses	8,825	5,296
Current tax assets and receivables	16,484	15,354
Prepaid acquisition cost	—	5,400
Other[1]	11,472	5,391
Total	**$ 37,910**	**$ 32,818**

[1] Includes tax payments recoverable from related parties of $2.9 million as of December 31, 2023.

Other non-current assets

The following table represents the Partnership's other non-current assets as of December 31, 2023 and December 31, 2022:

(in thousands)	December 31, 2023	December 31, 2022
Deferred tax asset	$ 42,089	$ 47,746
Intangible assets	39,983	6,948
Right-of-use assets	12,055	13,735
Other	873	—
Total	**$ 95,000**	**$ 68,429**

14. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

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

(in thousands)	Corporate assets[(1)]	Mining equipment	Mining infrastructure	Land	WIP / Construction in progress[(3)]	Total property and equipment
Balance as of December 31, 2021	**$ 780**	**$ 15,466**	**$ —**	**$ —**	**$ 41,941**	**$ 58,187**
Additions	2,461	—	67,351	10,490	119,400	199,702
Depreciation	(666)	(10,557)	—	—	—	(11,223)
Transfers	5,182	23,141	—	—	(28,323)	—
Disposals	—	(4,853)	—	—	—	(4,853)
Impairment[(2)]	—	(2,897)	—	—	(30,378)	(33,275)
Balance as of December 31, 2022	**$ 7,757**	**$ 20,300**	**$ 67,351**	**$ 10,490**	**$ 102,640**	**$ 208,538**
Additions	489	—	4,719	—	35,505	40,713
Depreciation	(1,200)	(13,537)	(5,548)	—	—	(20,285)
Transfers	534	50,994	14,086	—	(65,614)	—
Disposals	(59)	(1,035)	—	—	(1,182)	(2,276)
Impairment[(2)]	—	8,570	—	—	24,705	33,275
Balance as of December 31, 2023	**$ 7,521**	**$ 65,292**	**$ 80,608**	**$ 10,490**	**$ 96,054**	**$ 259,965**

(1) Includes computer equipment, leasehold improvements, and furniture and fixtures.

(2) Recognized in general and administrative expenses in the consolidated statements of income (loss) and comprehensive income (loss). The Partnership reversed impairment losses on mining equipment and WIP during the year ended December 31, 2023 due to increases in the Bitcoin network hash price. The impairment on mining equipment and WIP was recorded during the year ended December 31, 2022. Mining WIP which was transferred to the mining equipment asset class during the period was transferred at impaired value. The reversal of impairment on these machines is reflected within the mining equipment asset class, resulting in a higher impairment reversal in the mining equipment asset class than the impairment recognized on mining equipment in prior years. The offset is reflected in the WIP asset class.

(3) Includes $77.1 million of mining equipment and $18.9 million of mining infrastructure under construction as of December 31, 2023 (December 31, 2022 - $90.8 million and $11.8 million, respectively).

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

(in thousands)	December 31, 2023	December 31, 2022
Corporate assets	$ 9,625	$ 13,350
Mining equipment	85,398	35,439
Mining infrastructure	86,156	67,351
Land	10,490	10,490
WIP / Construction in progress	101,726	133,018
Property and equipment, gross	**$ 293,395**	**$ 259,648**
Less: Accumulated depreciation	(33,430)	(14,807)
Less: Impairment	—	(36,303)
Property and equipment, net	**$ 259,965**	**$ 208,538**

Goodwill

As of December 31, 2023 the Partnership's goodwill balance was $44.3 million (December 31, 2022 - $24.6 million). Goodwill of $15.5 million, $9.1 million and $19.6 million was allocated to the Global Markets, Asset Management and Digital

Infrastructure Solutions segments, respectively, attributable to prior and current period acquisitions. No impairment of goodwill was recorded for the periods ended December 31, 2023 and December 31, 2022.

Intangible and Right-of-use assets

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

(in thousands)	Software technology [1]	Other purchased intangible assets [2]	Indefinite-lived intangible asset [3]	Total intangible assets	Right-of-use assets
Balance as of December 31, 2021	**$ 1,326**	**$ —**	**$ 1,761**	**$ 3,087**	**$ 11,746**
Additions	4,963	—	—	4,963	4,498
Amortization / Depreciation	(1,102)	—	—	(1,102)	(2,509)
Balance as of December 31, 2022	**$ 5,187**	**$ —**	**$ 1,761**	**$ 6,948**	**$ 13,735**
Additions	31,195	6,062	—	37,257	1,730
Amortization / Depreciation	(3,212)	(1,010)	—	(4,222)	(3,410)
Balance as of December 31, 2023	**$ 33,170**	**$ 5,052**	**$ 1,761**	**$ 39,983**	**$ 12,055**

[1] Intangible assets recognized through acquisitions and internally developed software.

[2] Includes acquired customer relationships and trade name.

[3] Represents website domain name.

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

(in thousands)	December 31, 2023	December 31, 2022
Software technology	$ 38,895	$ 7,700
Other purchased intangible assets	6,062	—
Indefinite-lived intangible asset	1,761	1,761
Intangible assets, gross	**46,718**	**9,461**
Less: Accumulated amortization	(6,735)	(2,513)
Intangible assets, net	**$ 39,983**	**$ 6,948**

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

(in thousands)	December 31, 2023	December 31, 2022
Right-of-use assets, gross	**$ 18,717**	**$ 22,719**
Less: Accumulated depreciation	(6,662)	(5,021)
Less: Impairment[1]	—	(1,565)
Less: Lease liability reduction	—	(2,398)
Right-of-use assets, net	**$ 12,055**	**$ 13,735**

[1] The Partnership recorded impairment losses during the year ended December 31, 2021 due to the exit of the premises prior to the end of a lease term.

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

(in thousands)	December 31, 2023	December 31, 2022
Compensation and compensation related	$ 50,556	$ 32,566
Interest	4,595	2,342
Professional fees	7,755	14,270
Payable for investment purchased	—	500
Accounts payable	3,807	12,532
Deferred revenue	282	2,020
Other	2,217	2,851
	$ 69,212	**$ 67,081**

16. EQUITY

Issued Partnership Capital

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

(i) GDH LP Class A Units, which were subdivided into GDH LP A-1 Units, all of which are held directly by GDH Ltd.; and GDH LP A-2 Units, all of which are held indirectly by GDH Ltd. through GDH Ltd.'s wholly owned U.S. subsidiary, GDH Intermediate LLC; and

(ii) GDH LP Class B Units, which are held by GGI; employees of the Partnership as part of the Partnership's employee compensation plan; and certain former shareholders.

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

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

Private Investment in Public Equity ("PIPE")

On November 12, 2020, GDH Ltd. closed a PIPE with $50.0 million of aggregate gross proceeds. As part of the PIPE, GDH Ltd. issued 19,070,000 shares and 4,767,500 warrants. Each warrant was exercisable into an ordinary share of the Company for a term of two years from the date of issuance at an exercise price of C$8.25.

Under the terms of the LPA, the Partnership issued a Class A Unit for each GDH Ltd. ordinary share issued and any liability associated with the warrant was pushed down to the Partnership. The gain related to the warrant liability recognized in the statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2022 was $20.3 million. All the warrants expired in November 2022.

Exchangeable Notes

On December 9, 2021, GDH LP issued $500 million, aggregate principal amount, of 3.00% exchangeable notes ("Exchangeable Notes"). Outstanding Exchangeable Notes will mature and the aggregate principal amount is due in 2026, unless earlier exchanged, redeemed or repurchased. Interest on the Exchangeable Notes is payable semi-annually. There was no discount or premium associated with the notes. The Exchangeable Notes had an initial exchange rate of 7,498.2210 ordinary shares per US$250,000 principal amount. All Exchangeable Notes issued are subject to certain selling and transfer restrictions set forth in each investor’s note purchase agreement and as set forth in the indenture that governs the Exchangeable Notes.

The Partnership determined that the conversion feature represents a derivative financial instrument embedded in the Exchangeable Notes. The accounting treatment of derivative financial instruments requires that the Partnership record the fair value of that derivative financial instrument as a discount to the value of the Exchangeable Notes as of the inception date.

Accordingly, the Partnership recorded an aggregate discount of $71.0 million for the fair value of the derivative liability at inception of the Exchangeable Notes. The Exchangeable Notes and the associated derivative liability, measured at fair value are shown as notes payable in the consolidated statements of financial position. As of December 31, 2023 the total amount for notes payable was $408.1 million (December 31, 2022 - $384.5 million), net of repurchases, and the gain (loss) recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2023 was $(9.6) million (December 31, 2022 - $58.0 million). As of December 31, 2023 and December 31, 2022, there was $445 million in principal outstanding of the Exchangeable Notes.

On initial recognition, debt issuance costs of $13.4 million were recognized as a reduction of notes payable and are being expensed over the term of the debt. The interest expense from the Exchangeable Notes for the year ended December 31, 2023 was $27.3 million (December 31, 2022 - $37.0 million).

Issued Capital

Class A Units

During the year ended December 31, 2023, the Partnership issued 8,709,592 (December 31, 2022 - 14,131,494) Class A Units to GDH Ltd. on exchange of Class B Units, exercise of options, and vesting of restricted share units.

The Partnership cancelled 4,221,799 ordinary shares during the year ended December 31, 2023 (December 31, 2022 - 10,870,449), primarily in association with withholding obligations on exercised stock options and vested restricted share units, as well as the share repurchases described below.

On May 26, 2023, GDH Ltd. announced that the TSX approved the Company's plan to commence a normal course issuer bid to purchase up to 10,056,193 ordinary shares (10% of the Company's public float as of May 19, 2023). As of December 31, 2023, GDH Ltd. repurchased a total of 1,248,900 ordinary shares for a total cost of $4.3 million under the plan. All the repurchased shares of GDH Ltd. and the equivalent number of Class A Units of the Partnership were cancelled.

On May 16, 2022, GDH Ltd announced that the TSX approved the Company's plan to commence a normal course issuer bid to purchase up to 10,596,720 ordinary shares (10% of the Company's public float as of May 10, 2022). GDH Ltd. began repurchasing shares on May 18, 2022. The Company completed its normal course issuer bid program on October 24, 2022. As of December 31, 2022, GDH Ltd. repurchased a total of 10,596,720 shares for a total cost of $53.3 million under the plan. All repurchased shares of GDH Ltd. and the equivalent number of Class A Units of the Partnership were cancelled.

Class B Units

During the year ended December 31, 2023, 30,121 Class B Units (December 31, 2022 - 10,055,909) were exchanged for ordinary shares of GDH Ltd. No Class B units were redeemed for cash during the year ended December 31, 2023 (December 31, 2022 - 2,671,350 were redeemed for $8.0 million).

As of December 31, 2023, there were 109,299,332 (December 31, 2022 - 104,811,539) Class A Units and 215,928,474 (December 31, 2022 - 215,943,369) Class B Units outstanding. The change during the year ended December 31, 2023 was due to exchanges of Class B Units for ordinary shares of GDH Ltd. (triggering the issuance of Class A Units to GDH Ltd.), issuance of shares for stock option exercises and restricted share units vesting; offset by repurchases and cancellations of ordinary shares.

Distributions

During the year ended December 31, 2023, the General Partner made pro-rata tax distributions of $22.4 million (December 31, 2022 - $184.3 million). The majority of the recipients of the distributions are related parties (Note 20).

In January 2024, the General Partner made pro-rata tax distribution of $36.7 million. The majority of the recipients of the distributions are related parties.

Equity Based Compensation

Stock Option Plan

The Partnership historically granted stock options to employees, officers, directors and consultants of the Partnership under the GDH Ltd. stock option plan (the “Plan”), subject to the approval of the board of directors of GDH Ltd., who administer the Plan. On exercise of an option, the holder will receive one ordinary share in GDH Ltd. and GDH LP will issue one Class A Unit to GDH Ltd. Following the approval of the Long Term Incentive Plan, the Company no longer makes grants under the Plan. The shares reserved for issuance under the Plan were rolled over into the Long Term Incentive Plan.

Long Term Incentive Plan

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

Non-Treasury Plan

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

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

	Year ended	
(in thousands)	**December 31, 2023**	**December 31, 2022**
Stock options	$ 25,530	$ 26,598
Restricted share units [1]	48,851	74,137
Compensatory Class B Units	30	943
	74,411	**101,678**
Deferred share units awarded to directors included in general and administrative	666	737
Total	**$ 75,077**	**$ 102,415**

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

The forfeiture rate assumed for equity based compensation ranged from 10% - 33% for the years ended December 31, 2023 and December 31, 2022. Forfeiture rate is determined using historical data to estimate option exercises and employee terminations.

(Expressed in US Dollars)

Compensatory Class B Unit Awards

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

Description	Compensatory Class B Units
Balance, December 31, 2021	14,890,203
Exchanged	(4,097,259)
Forfeited	—
Balance, December 31, 2022	**10,792,944**
Exchanged	—
Forfeited	—
Balance, December 31, 2023	**10,792,944**
Compensatory Class B Units exercisable, December 31, 2023	10,777,718
Compensatory Class B Units exercisable, December 31, 2022	10,762,492

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

Stock options

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

Inputs to the Black-Scholes Model	December 31, 2023	December 31, 2022
Share price (1)	C$4.77 - C$7.43	C$4.83 - C$20.40
Exercise price	C$4.19 - C$8.06	C$5.39 - C$21.3
Expected annual volatility (2)	80% - 90%	98% - 120%
Expected term (years)	5.00	5.00
Dividend yield	0%	0%
Risk-free interest rate (3)	3.0% - 3.96%	2.48% - 3.00%

(1) The closing price of GDH Ltd. shares on their respective grant dates.

(2) Volatility was determined considering the historical and implied volatility of the shares of GDH Ltd.

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

(Expressed in US Dollars)

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

Description	Number of options	Weighted average exercise price (C$)
Balance, December 31, 2021	30,413,345	$ 7.64
Granted	1,565,000	19.63
Exercised	(2,627,053)	2.68
Forfeited	(1,698,749)	11.26
Balance, December 31, 2022	**27,652,543**	8.56
Granted[1]	10,963,780	6.30
Stock options replaced via award modifications	(1,875,000)	23.08
Exercised[2]	(5,847,020)	3.73
Forfeited	(5,485,996)	9.23
Expired / Cancelled / Repurchased	(3,144,334)	14.04
Balance, December 31, 2023	**22,263,973**	$ 6.56
Options exercisable as of December 31, 2023	9,712,157	$ 5.80
Options exercisable as of December 31, 2022	14,180,883	$ 4.66

[1] Includes stock options granted due to stock option modification.

[2] Includes 20,000 stock options exercised but settled in the following quarter.

The weighted average fair value for stock options granted during the year ended December 31, 2023 was $4.04 per option (December 31, 2022 - $10.80 per option). For stock options outstanding as of December 31, 2023, the weighted average remaining contractual life is 3.0 years (December 31, 2022 - 2.62 years).

Modification of stock options previously granted

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

(Expressed in US Dollars)

The following table represents a summary of employee and officer stock options outstanding as at December 31, 2023:

Grant Date	Number outstanding	Number exercisable	Exercise price (C$)	Expiry date
June 25, 2019	628,450	628,450	2.15	June 25, 2024
April 9, 2020	1,801,541	1,801,541	1.35 - 1.85	April 9, 2025
June 25, 2020	750,000	750,000	1.39	June 25, 2025
November 16, 2020	3,466,350	1,670,934	5.65	November 16, 2025
December 3, 2020	3,634,300	3,634,300	6.21	December 3, 2025
December 8, 2020	127,500	87,500	6.00	December 8, 2025
December 21, 2020	100,000	75,000	8.02	December 21, 2025
May 27, 2021	550,000	346,500	23.12 - 25	May 27, 2026
December 1, 2021	450,000	225,000	30.76	December 1, 2026
April 1, 2022	132,500	41,250	21.30 - 23.00	April 1, 2027
May 11, 2022	200,000	25,000	10.52	May 11, 2027
March 29, 2023	8,388,332	426,682	4.19 - 6.75	March 29, 2028
May 10, 2023	585,000	—	6.75	May 10, 2028
August 9, 2023	1,125,000	—	5.98 - 6.75	August 9, 2028
November 10, 2023	325,000	—	8.06	November 10, 2028
Total	**22,263,973**	**9,712,157**		

Under the terms of the LTIP and the Plan, the board of directors of GDH Ltd. may elect, at its sole discretion, to settle options by payment of cash in lieu of delivering the applicable number of GDH Ltd. shares. The Partnership does not have a present obligation to settle in cash; therefore, the stock options are accounted for as equity settled awards.

Restricted share units and Deferred share units

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

Description	Number of units	Weighted average grant date fair value per unit (C$)
Balance, December 31, 2021	7,833,659	23.32
Granted	6,718,554	18.13
Vested	(1,425,013)	22.99
Forfeited	(1,664,283)	22.04
Balance, December 31, 2022	**11,462,917**	20.50
Granted	4,983,339	4.92
Vested [(1)]	(3,036,166)	19.2
Forfeited	(2,206,466)	18.31
Balance, December 31, 2023	**11,203,624**	14.36

[(1)] Includes 128,089 restricted share units that vested during the year ended December 31, 2023 and were issued in the subsequent quarter, and 55,626 restricted share units that were settled in cash.

Cash settled grants

During the year ended December 31, 2023, the Partnership granted 375,783 restricted share units (December 31, 2022 - 830,305) under the Non-Treasury Plan which will be settled in cash. The restricted share units vest over three to four years with varying vesting schedules and had a total grant date fair value of $1.2 million (December 31, 2022 - $10.1 million). The outstanding liability related to cash settled units as of December 31, 2023 was $4.3 million (December 31, 2022 - $1.5 million).

The Partnership started granting Stock Appreciation Rights ("SARs") in 2023. During the year ended December 31, 2023, the Partnership granted 299,151 SARs under the LTIP which will be settled in cash. These SARs vest over three years and had a total grant date fair value of $0.5 million. The outstanding liability as of December 31, 2023 related to the SARs was $1.0 million.

Net Income (Loss) per Unit

The tables below present total Class A and B income (loss) per unit for the years ended December 31, 2023 and December 31, 2021 as Class A Units and Class B Units rank equal in all economic respects:

	Year ended	
(in thousands, except unit and per unit data)	December 31, 2023	December 31, 2022
Basic income (loss) per unit	$ 0.92	$ (3.13)
Diluted income (loss) per unit	0.90	(3.13)
Net income (loss) used in the calculation of basic income (loss) per unit	$ 295,898	$ (1,021,577)
Net income (loss) used in the calculation of diluted income (loss) per unit	295,898	(1,021,577)
Weighted average number of units for the purposes of basic income (loss) per unit	321,599,100	326,024,679
Weighted average number of units for the purposes of diluted income (loss) per unit	329,613,940	326,024,679

For the year ended December 31, 2022 diluted loss per share was equivalent to basic loss per share. Diluted loss per share for the year ended December 31, 2022 was therefore omitted in the following table. Reconciliation of weighted average number of units for the purposes of basic income (loss) per unit to weighted average number of units for the purposes of diluted income (loss) per unit:

	December 31, 2023
Weighted average number of units for the purposes of basic income (loss) per unit	321,599,100
Diluted units:	
Compensatory Class B Unit awards	2,635
Stock options	2,821,167
Restricted share units	5,191,038
Exchangeable Notes	—
Weighted average number of units for the purposes of diluted income (loss) per unit	**329,613,940**

For the period ended December 31, 2023, the weighted average number of total units for the purposes of diluted income per unit assumes the potential exercise of dilutive stock options, restricted share units and compensatory Class B units.

17. STRUCTURED ENTITIES

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

	December 31, 2023			December 31, 2022		
(in thousands)	**Fair value of investment**	**Unfunded commitments**	**Maximum exposure**	**Fair value of investment**	**Unfunded commitments**	**Maximum exposure**
Sponsored Investment Funds	$ 187,605	$ 48,550	$ 236,155	$ 141,439	$ 69,169	$ 210,608
Other Structured Entities	160,089	12,464	172,553	98,400	14,481	112,881
Total	**$ 347,694**	**$ 61,014**	**$ 408,708**	**$ 239,839**	**$ 83,650**	**$ 323,489**

The Partnership did not consolidate any of its sponsored investment funds as of December 31, 2023 or December 31, 2022.

18. PROFESSIONAL FEES

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

	Year ended	
(in thousands)	**December 31, 2023**	**December 31, 2022**
Legal	$ 19,600	$ 21,624
Audit and related	9,704	11,314
Tax	2,170	2,214
Consulting	5,250	(7,434)
Valuations	338	505
Total	**$ 37,062**	**$ 28,223**

19. GENERAL AND ADMINISTRATIVE

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

		Year ended	
(in thousands)	**Notes**	**December 31, 2023**	**December 31, 2022**
Technology		$ 20,107	$ 14,918
Depreciation and amortization	14	27,917	14,835
Marketing		3,445	9,525
Mining costs [1]		20,772	12,046
Impairment loss (reversal), net[2]		(33,275)	33,275
FTX related losses[3]		—	37,753
Provision for credit losses	8	—	10,123
Insurance		3,664	4,546
Fund administration		730	1,598
Directors fees	16, 21	779	812
Other[4]		32,584	24,524
Total		**$ 76,723**	**$ 163,955**

[1] Includes power purchase costs, net of credits, of $18.4 million for the year ended December 31, 2023 (December 31, 2022 - $0) and mining hosting fees of $2.1 million for the year ended December 31, 2023 (December 31, 2022 - $11.8 million).

[2] Represents the reversal of impairment of mining equipment during the year ended December 31, 2023 recognized during the year ended December 31, 2022.

[3] Related to cash held in the Partnership's account at FTX. See Note 7 for discussion of realized losses of digital assets held at FTX.

[4] Includes approximately $4.9 million of tax indemnification payments made to related parties and $2.2 million of GDH Ltd. reimbursable expenses incurred, as discussed in Note 20, for the year ended December 31, 2023 (December 31, 2022 - $0 and $2.5 million, respectively).

20. RELATED PARTY TRANSACTIONS

The Partnership’s related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Partnership, directly or indirectly. Key management personnel include officers, directors, companies controlled by officers or directors, and companies with common directors of the Partnership. The transactions the Partnership enters into with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Compensation of Key Management Personnel

Key management personnel include nine individuals as of December 31, 2023 (December 31, 2022 - ten individuals). The following table represents compensation provided to key management personnel for the years ended December 31, 2023 and December 31, 2022:

	Year ended	
(in thousands)	**December 31, 2023**	**December 31, 2022**
Base compensation and accrued bonuses[1]	$ 12,957	$ 6,733
Benefits	359	400
Equity based compensation	28,881	29,330
Total	**$ 42,197**	**$ 36,463**

[1] As of December 31, 2023, the amount includes approximately $10.1 million of accrued bonuses within accounts payable and accrued liabilities.

Director fees, including equity based compensation provided to the Board of Managers were $0.8 million for the year ended December 31, 2023 (December 31, 2022 - $0.8 million).

Distributions

A tax-related distribution of $22.4 million was declared and paid during the year ended December 31, 2023 (December 31, 2022 - $184.3 million). The majority of the recipients of the distributions are related parties.

Sublease

Galaxy Investment Partners LLC, which has leased office space located on the 8th floor of 107 Grand Street, New York, New York 10013, subleased to the Partnership to occupy the 8th floor on the same terms as the master lease. During the year ended December 31, 2021, the Partnership exited the premises prior to the conclusion of the sublease term. The Partnership made payments on the sublease through June 2023, the expiration of the sublease (Note 24), and has no associated lease liability as of December 31, 2023 (December 31, 2022 - $1.3 million).

Transactions with GDH Ltd.

In accordance with the LPA (Note 5), the Partnership will reimburse or pay for all reasonably incurred expenses of GDH Ltd. in the conduct of the Company's business, with the exception of taxes. For the year ended December 31, 2023, the Partnership paid or accrued $2.2 million (December 31, 2022 - $2.5 million), on behalf of GDH Ltd., which has been included in general and administrative expenses (Note 19). The Partnership has also provided a financial guarantee to a subsidiary of GDH Ltd. sufficient to cover its costs and obligations as they come due through August 11, 2024. The Partnership has not paid or accrued any amount under this financial guarantee for the years ended December 31, 2023 or December 31, 2022.

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

Under the terms of the Promissory Note, interest accrues on any outstanding advances at a rate per annum equal to 9.0% effective October 1, 2023 (7.0% through September 30, 2023). Interest is payable semi-annually in arrears on June 30 and December 31 of each year, commencing on December 31, 2022, subject to the right of GDHI LLC to elect that the amount of any such interest payment be capitalized and increase the principal amount of the Promissory Note in lieu of being paid in cash by the Partnership. As of December 31, 2023, there was no interest payable on the Promissory Note. The Promissory Note may be recalled in whole or in part by GDHI LLC at any time during the term of the note. Otherwise it will mature, and the principal amount of all outstanding advances, plus any accrued and unpaid interest, will be due and payable on December 31, 2024, unless extended by GDHI LLC.

As at December 31, 2023, the Partnership had $66.0 million (December 31, 2022 - $45.2 million) net payable to GDH Ltd. representing the aforementioned Promissory Note partially offset by receivables for stock option exercises and withholding tax associated with restricted share units vesting.

Other

The CEO of GDH Ltd. serves as co-chairman of the board of another company, resulting in the Partnership and that company being related parties. A family member of the CEO also holds a position with this company. As at December 31, 2023, the Partnership had an investment in the company valued at $18.0 million representing an ownership percentage of 26.5% (December 31, 2022 - $16.2 million and 15.9%). Galaxy Interactive Fund I, LP, a non-consolidated sponsored investment fund, also held an investment in the company valued at $2.4 million representing an ownership percentage of 3.4%. On February 2, 2024, the Partnership acquired additional shares as part of a follow-on funding round for approximately $1.0 million. Post funding, the Partnership's ownership percentage was diluted to 21.7%. Galaxy Interactive Fund I, LP did not participate in the February funding round. Post funding round, their ownership percentage was 2.6%. The Partnership continues to account for its investment using the equity method of accounting.

The Partnership has sub-advisory arrangements with a beneficial owner of GDH Ltd. which also invests in certain funds managed by the Partnership. Such sub-advisory arrangements have been entered into with Galaxy Digital Capital Management LP, a consolidated subsidiary of the Partnership, in its capacity as an investment advisor registered under the Advisers Act, and any fee arrangements, are on an arms-length basis. For the year ended December 31, 2023, the total amount of advisory fees received from the sub-advisory arrangements was $0.9 million (December 31, 2022 - $1.0 million).

The CEO, through an entity which he controls, owns a private aircraft that the Partnership uses for business purposes in the ordinary course of operations. The CEO paid for the purchase of this aircraft with his personal funds and has borne all operating, personnel and maintenance costs associated with its operation and use. During the year ended December 31, 2023 the Partnership incurred $0.3 million (December 31, 2022 - $1.2 million) for such use negotiated on an arms-length basis in compliance with our aviation matters policy adopted in August 2022.

In addition, the Partnership has from time to time made use of the CEO's private boat to host corporate meetings and for other business purposes in the ordinary course of the Partnership's operations, on terms that are advantageous to the Partnership. The CEO paid for the purchase of this boat with his personal funds and has borne most of the operating, personnel and maintenance costs associated with its operation and use, while the Partnership paid for the cost of any food and beverage consumption and a portion of operating fees. During the year ended December 31, 2023, the Partnership incurred $0.1 million in relation to this boat. During the year ended December 31, 2022, the Partnership did not reimburse the CEO for its use of this boat.

In connection with the receipt of surety bonds on behalf of a subsidiary of the Partnership for the purpose of state money transmission licenses, GGI agreed to act as indemnitor, along with the Partnership, at the request of the insurers. The Partnership paid fees of $0.4 million to GGI for the indemnity through December 31, 2023, which was calculated as 1% of the aggregate notional amount of the surety bonds held on behalf of the subsidiary. The Partnership will continue to incur fees due to GGI of 1% for the duration of these outstanding surety bonds which are renewed annually.

Prior to joining the Company's board in September 2021, the current chairman of the board entered into a consulting agreement with the Partnership in April 2021. Under the terms of the consulting agreement, the chairman was engaged to provide professional services to the Partnership for a period of three years beginning on September 1, 2021. In 2021, the chairman received 1,500,000 RSUs and 500,000 options under the LTIP in connection with the consulting agreement. The equity based compensation related to this grant for the year ended December 31, 2023 was $6.5 million (December 31, 2022 - $16.4 million).

In February 2023, the Partnership entered into a consulting agreement with another board member of the Company. The Partnership paid $1.0 million under this agreement during the year ended December 31, 2023.

During the year ended December 31, 2023, the Partnership made tax indemnification payments of $4.9 million to certain related parties. The Partnership also has $2.9 million of tax payments recoverable from related parties as of December 31, 2023 which are reflected in the consolidated statements of financial position in other assets.

Investments in Galaxy Funds

Our directors and senior officers are generally permitted to invest their personal capital (or capital of estate planning vehicles controlled by them or their immediate family members) directly in the Partnership's sponsored funds and affiliated entities. In general, such investments are not subject to management fees, and in certain instances may not be subject to performance fees. The fair value of such investments made by related parties aggregated to $11.0 million as of December 31, 2023 (December 31, 2022 - $8.5 million).

21. SEGMENTS

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

Global Markets

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

Asset Management

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

Digital Infrastructure Solutions

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

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

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

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Total assets	$ 2,726,950	$ 575,056	$ 321,322	$ 51,921	$ 3,675,249
Total liabilities	$ 1,289,792	$ 10,968	$ 9,817	$ 574,891	$ 1,885,468

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

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

The following table represents income and expenses by each of the reportable segments for the year ended December 31, 2023:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Income (loss)					
Fee revenue[(1)]	$ 4,877	$ 22,203	$ 27,482	$ (3,220)	$ 51,342
Net realized gain on digital assets	307,057	4,773	—	—	311,830
Net realized gain (loss) on investments	(8,936)	22,348	—	—	13,412
Lending and staking revenue	49,916	3,003	272	(975)	52,216
Net derivative gain (loss)	150,715	1,074	(206)	—	151,583
Revenue from proprietary mining	—	—	33,121	—	33,121
Other income (expense)	175	(127)	254	55	357
	503,804	**53,274**	**60,923**	**(4,140)**	**613,861**
Operating expenses	**186,660**	**56,649**	**46,606**	**86,484**	**376,399**
Net unrealized gain (loss) on digital assets	(73,492)	74,223	1,219	—	1,950
Net unrealized gain (loss) on investments	79,001	(2,193)	7,607	—	84,415
Net loss on notes payable - derivative	—	—	—	(9,603)	(9,603)
Foreign currency loss	(493)	—	—	—	(493)
	5,016	**72,030**	**8,826**	**(9,603)**	**76,269**
Income (loss) before income taxes	**$ 322,160**	**$ 68,655**	**$ 23,143**	**$ (100,227)**	**$ 313,731**
Income tax expense	—	—	—	17,833	17,833
Net income (loss)	**$ 322,160**	**$ 68,655**	**$ 23,143**	**$ (118,060)**	**$ 295,898**
Foreign currency translation adjustment	—	—	—	88	88
Comprehensive income (loss)	**$ 322,160**	**$ 68,655**	**$ 23,143**	**$ (117,972)**	**$ 295,986**

[(1)]Asset Management fee revenue includes management fees generated off the Partnership's balance sheet venture investments which are eliminated in the Corporate & Other segment.

The following table represents income and expenses by each of the reportable segments for the year ended December 31, 2022:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Income (loss)					
Fee revenue	$ 14,704	$ 16,248	$ 5,624	$ (1,000)	$ 35,576
Net realized gain (loss) on digital assets	(192,830)	247,968	—	—	55,138
Net realized gain (loss) on investments	(34,405)	76,427	—	—	42,022
Lending and staking revenue	36,119	643	—	—	36,762
Net derivative gain (loss)	191,581	(61)	—	—	191,520
Revenue from proprietary mining	—	—	29,911	—	29,911
Other income	370	1,878	540	25,745	28,533
	15,539	**343,103**	**36,075**	**24,745**	**419,462**
Operating expenses	**200,727**	**56,551**	**70,629**	**168,954**	**496,861**
Net unrealized loss on digital assets	(216,043)	(443,126)	—	—	(659,169)
Net unrealized loss on investments	(102,747)	(360,978)	(32,459)	—	(496,184)
Net gain on notes payable - derivative	—	—	—	57,998	57,998
Net gain on warrant liability	—	—	—	20,322	20,322
Foreign currency loss	(316)	—	—	—	(316)
Loss attributable to non-controlling interests liability	—	97,219	—	—	97,219
	(319,106)	**(706,885)**	**(32,459)**	**78,320**	**(980,130)**
Income (loss) before income taxes	**$ (504,294)**	**$ (420,333)**	**$ (67,013)**	**$ (65,889)**	**$(1,057,529)**
Income tax benefit	—	—	—	(35,952)	(35,952)
Net income (loss)	**$ (504,294)**	**$ (420,333)**	**$ (67,013)**	**$ (29,937)**	**$(1,021,577)**
Foreign currency translation adjustment	—	—	—	(1,726)	(1,726)
Comprehensive income (loss)	**$ (504,294)**	**$ (420,333)**	**$ (67,013)**	**$ (31,663)**	**$(1,023,303)**

Select statement of financial position information

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

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Digital assets	$ 1,052,013	$ 67,930	$ —	$ —	$ 1,119,943
Digital assets receivables	6,506	13,135	1,219	—	20,860
Assets posted as collateral	318,195	—	—	—	318,195
Loans receivable[(1)]	491,868	—	—	—	491,868
Investments	244,807	476,262	14,034	—	735,103
Property and equipment	109	—	252,552	7,304	259,965

[(1)] Includes digital asset and fiat loans.

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

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Digital assets	$ 566,690	$ —	$ —	$ —	$ 566,690
Digital assets receivables	10,713	6,864	—	—	17,577
Assets posted as collateral	25,138	—	—	—	25,138
Loans receivable[(1)]	213,559	—	—	—	213,559
Investments	124,668	464,027	6,427	—	595,122
Property and equipment	126	—	200,829	7,583	208,538

[(1)] Includes digital asset and fiat loans.

22. FINANCIAL INSTRUMENTS, DIGITAL ASSETS AND RISK

The fair values of all financial instruments and digital assets are measured using cost, market or income approaches. Fair values of investments, digital asset receivables and restricted digital assets are estimated by a combination of internal and external valuation specialists. Valuations are reviewed by the Partnership's Valuation Committee, which includes members of senior management. The Valuation Committee is responsible for oversight of the valuation process, the approval of investments' valuations, the approval of the Partnership's valuation policy, and the retention of external valuation specialists.

The financial instruments and digital assets measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values, with the designation based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are:

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

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

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

Recurring fair value measurements

The following table represents the fair value hierarchy for the Partnership's digital assets and financial instruments measured at fair value on a recurring basis as of December 31, 2023 and December 31, 2022:

(in thousands)	As of December 31, 2023				As of December 31, 2022			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Digital assets	$ 902,537	$ 149,402	$ 68,004	$ 1,119,943	$ —	$ 566,690	$ —	$ 566,690
Digital assets receivable	196	95	20,569	20,860	—	1,523	16,054	17,577
Digital asset loans receivable, net of allowance	—	104,504	—	104,504	—	49,971	—	49,971
Digital assets posted as collateral	—	316,104	—	316,104	—	25,138	—	25,138
Derivative assets	59,724	113,485	—	173,209	—	17,719	—	17,719
Investments	43,568	—	691,535	735,103	11,259	1,300	582,563	595,122
Total	**$ 1,006,025**	**$ 683,590**	**$ 780,108**	**$ 2,469,723**	**$ 11,259**	**$ 662,341**	**$ 598,617**	**$ 1,272,217**
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments sold short	25,295	—	—	25,295	91	—	—	91
Derivative liabilities	55,567	105,075	—	160,642	—	16,568	—	16,568
Digital asset loans payable	398,277	—	—	398,277	170,566	—	—	170,566
Digital asset collateral payable	569,995	—	—	569,995	73,458	—	—	73,458
Embedded derivative - Notes payable	—	—	10,472	10,472	—	—	868	868
Total	**$ 1,049,134**	**$ 105,075**	**$ 10,472**	**$ 1,164,681**	**244,115**	**16,568**	**868**	**261,551**

Nonrecurring fair value measurements

Impairment losses are recognized for property and equipment, net, and prepaid expenses and other assets when their carrying amounts exceed recoverable amounts. The Partnership categorized the fair value measurements for property and equipment, net and prepaid expenses and other assets as Level 3.

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

Level 3 Continuity

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

Assets (in thousands)	Fair value at December 31, 2022	Purchases	Sales / distributions	Net realized gain (loss) on digital assets and investments	Net unrealized gain (loss) on digital assets and investments	Transfers in (out) of Level 3	Fair value at December 31, 2023
Digital assets	$ —	$ —	$ —	$ —	$ 65,073	$ 2,931	$ 68,004
Digital assets receivables	16,054	200	—	—	17,101	(12,786)	20,569
Investments	582,563	56,655	(95,808)	43,993	91,910	12,222	691,535
Total digital assets, digital assets receivables and investments	**$ 598,617**	**$ 56,855**	**$ (95,808)**	**$ 43,993**	**$ 174,084**	**$ 2,367**	**$ 780,108**

Liabilities	Fair value at December 31, 2022	Conversions	Revaluation	Fair Value at December 31, 2023
Embedded derivative - Notes payable	$ 868	$ —	$ 9,604	$ 10,472

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period in which the transfer occurred. For the year ended December 31, 2023, gross transfers into Level 3 for digital assets and digital asset receivables were $9.5 million and due to underlying token launches of contracts held. Gross transfers out of Level 3 digital assets receivables were $19.4 million and due to vesting of digital assets as expected. For the year ended December 31, 2023, total transfers in and out of Level 3 for investments were $18.5 million and $6.3 million, respectively. Transfers in and out relate to reclassification of assets during the year.

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

Assets (in thousands)	Fair value at December 31, 2021	Purchases	Sales / distributions	Net realized gain (loss) on digital assets and investments	Net unrealized gain (loss) on digital assets and investments	Transfers in (out) of Level 3	Fair Value at December 31, 2022
Digital assets	$ 4,144	$ —	$ —	$ —	$ —	$ (4,144)	$ —
Digital assets receivables	61,621	45,965	—	—	(55,206)	(36,326)	$ 16,054
Investments	1,005,704	146,000	(123,318)	76,919	(470,254)	(52,488)	$ 582,563
Total digital assets, digital assets receivables and investments	**$ 1,071,469**	**$ 191,965**	**$ (123,318)**	**$ 76,919**	**$ (525,460)**	**$ (92,958)**	**$ 598,617**

Liabilities (in thousands)	Fair value at December 31, 2021	Conversions	Issuance	Revaluation	Fair Value at December 31, 2022
Warrant liability (1)	$ 20,488	$ (166)	$ —	$ (20,322)	$ —
Embedded derivative - Notes payable	$ 58,866	$ —		$ (57,998)	$ 868

(1)All the outstanding warrants expired in November 2022.

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period in which the transfer occurred. Total transfers out of Level 3 were $93.0 million for the year ended December 31, 2022. The transfers out of Level 3 for investments were due to removal of restrictions. The digital asset and digital assets receivable transfers out of Level 3 were due to vesting of digital assets as expected.

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

Quantitative Information for certain Level 3 Assets and Liabilities

Financial instrument	Fair value at December 31, 2023 (in thousands)	Significant unobservable inputs	Range
Digital assets	$68,004	Marketability discount	3.3% - 59.4%
Digital assets receivables	$20,569	Marketability discount	6.1% - 74.4%
Investments	$691,535	Control discount	7.5% - 20.0%
		Market adjustment discount	17.7% - 80.0%
		Market adjustment premium	35.0%
		Marketability discount	5.68% - 40.0%
		Time to liquidity event (years)	2.0 - 5.0
		Annualized equity volatility	90.0%
		Risk free rate	2.7% - 4.7%
		Expected dividend payout ratio	0.0%
		EV to LTM revenue multiple	2.0x - 12.0x
		EV to projected revenue multiple	2.0x - 8.0x
		EV to volume multiple	5.5x
		Recovery percentage	120.1%
		Claims percentage	68.0%
Embedded derivative - notes payable	$10,472	Volatility	67.0%
		Time-Step (years)	0.004
		Risk free rate	4.0%

Financial Instrument	Fair Value at December 31, 2022 (in thousands)	Significant Unobservable Inputs	Range
Digital assets receivables	$16,054	Marketability discount	1.9% - 60.6%
Investments	$582,563	Control discount	10.0%
		Market adjustment discount	15.0% - 65.0%
		Marketability discount	10.0% - 63.5%
		Time to liquidity event (years)	3.3 - 5.0
		Annualized equity volatility	90%
		Risk free rate	0.2% - 4.2%
		Expected dividend payout ratio	—%
		Enterprise value to revenue multiple	1.0x - 3.5x
		Discount rate	17%
		Exit multiple	4.0x
		Recovery rate	0% - 100%
		Scenario probability[1]:	
		Deal closure and full recovery	2%
		Deal closure and partial default	—%
		No deal closure and dissolution	98%
Embedded derivative - notes payable	$868	Volatility	58%
		Time-step	0.004 years
		Risk free rate	4.1%

[1]Relates to the probability of a deal closure with a potential buyer of the underlying company.

As indicated above, certain of the Level 3 assets had adjustments applied to the prices used to determine fair value. A change in unobservable inputs may 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 December 31, 2023 and December 31, 2022, respectively.

Category	Valuation Methods & Techniques	Key Inputs
Digital assets and digital assets receivables	• Black-Scholes option pricing model for discount for lack of marketability	• Volume-weighted average of trading prices • Selected volatilities of the subject digital assets • Vesting period • Risk-free rate • Dividend yield
Investments	• Adjusted book value • Adjusted net assets method	• Net assets of subject entity • Changes in the valuations of private company valuations, equity values of public companies and values of traded digital assets or other market data • Selected discount for lack of marketability
	• Black-Scholes model or other option pricing models • Backsolve method in an option pricing model framework • Calibration • Marketability adjustments	• Prior prices of subject investment • Expected time to exit • Volatility • Risk-free rate • Expected dividend payout ratio • Market adjustment
	• Guideline public company method • Comparable transactions method • Prior transactions method	• Enterprise or equity multiples to various metrics (users, revenue, net income, ARR etc.) • Prior prices of subject investment • Market adjustment
	• Control adjustments	• Selected discounts for lack of control
	• Bankruptcy emergence / recovery analysis	• Recovery percentage/rates
	• Scenario analysis • Probability-weighted expected return	• Scenario outcomes • Scenario probabilities
	• Indexation method	• Changes in the valuations of private company valuations, equity values of public companies and/or values of traded digital assets
	• Sum-of-the-parts	• Public closing price • Combination of the above methods and inputs may be considered
Embedded derivative - notes payable	• Monte Carlo model	• Time-step • Volatility • Risk-free rate

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 and cash equivalents, receivables, receivable for digital asset trades, prepaid assets, assets posted as collateral, and loans (including digital asset loans) receivable are exposed to credit risk.

Centralized and Decentralized Platforms

The Partnership limits its credit risk by placing its cash and cash equivalents and digital assets with high credit quality financial institutions and with digital asset platforms on which the Partnership has performed internal due diligence procedures. The Partnership deems these diligence procedures necessary as some platforms are not subject to regulatory oversight. As of December 31, 2023 in addition to cash at banks, the Partnership held $199.6 million of cash at brokers (December 31, 2022 - $65.2 million) and $24.9 million of cash on trading platforms (December 31, 2022 - $58.7 million).

Furthermore, certain centralized digital asset platforms engage in the practice of commingling their clients' assets in the platform's wallets. When digital assets are commingled, transactions are not recorded on the applicable blockchain ledger and are only recorded by the platform operator. Therefore, there is risk around the occurrence of transactions or the existence of period end balances represented by the platforms. Certain decentralized digital asset platforms allow users to borrow digital assets deposited by other users. Although these borrowings are on over-collateralized terms and are subject to automatic liquidation if the value of the collateral decreases to a certain threshold, there is an element of credit risk present on balances held on such decentralized platforms. The Partnership's due diligence procedures around digital asset platforms include, but are not limited to, internal control procedures around on-boarding new platforms which includes review of the platforms' anti-money laundering ("AML") and know-your-client ("KYC") policies by the Partnership's chief compliance officer (centralized platform specific); obtaining a security report by an independent third-party, if available; regular review of market information specifically regarding the trading platforms' security and solvency risk, including reviewing wallets that interact with decentralized platforms (decentralized platform specific); setting balance limits for each platform 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 a platform in instances where risk exposure significantly changes.

The Partnership conducts digital asset trades on both a direct principal to principal transaction basis, as well as with counterparties and with centralized or decentralized platforms. Digital assets held on centralized platforms are subject to the custody practices of the platform operators and could potentially be lost or impaired due to theft, fraud or negligence of the platform operators. Digital assets held on decentralized platforms could potentially be lost or impaired due to exploits of smart contracts. The Partnership mitigates these risks by performing regular reviews of each platform it transacts on, distributing its digital assets across multiple platforms to reduce concentration risk, and holding assets in self-custody where appropriate. As of December 31, 2023, approximately $564.6 million of the Partnership's digital assets were held on centralized platforms, issued by decentralized finance protocols or staked with validators (December 31, 2022 - $131.1 million). One such platform individually held 10% or more of the Partnership's digital assets as of December 31, 2023, holding approximately 12% (December 31, 2022 - One held 13%).

Receivables

The Partnership limits its credit risk with respect to its loans receivable, digital asset loans receivable, prepaid assets, receivables, receivables for digital asset trades, and digital assets receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regards to OTC and Master Loan Agreement (MLA) counterparties for the trading business, on which the Partnership has satisfactorily performed the relevant AML and KYC procedures, and requiring the posting of collateral, if deemed necessary. As of each reporting period, the Partnership assesses if there are expected credit losses requiring recognition of a loss allowance. As of December 31, 2023 and subsequently, the Partnership does not expect a material loss on any of its loans. The Partnership is also subject to concentrations of credit risk related to its loans (including digital asset loans) receivable. As of December 31, 2023, two counterparties and their related parties collectively accounted for 65% of the Partnership's total loans receivable. The loans with these counterparties were supported by collateral valued from more than 115% to more than 140% of the outstanding loan balances. While the Partnership intends to only transact with counterparties or trading platforms 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.

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. General interest rate fluctuations may have an impact on the Partnership’s investment opportunities, primarily within its asset management segment. An increase in interest rates may make it more expensive to utilize a leverage facility in the future to make investments. To the extent the Partnership invests in debt instruments, interest rate changes may affect the value of the instrument indirectly in the case of fixed rate obligations, or directly in the case of adjustable rate instruments. In general, rising rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate changes would also affect the Partnership's ability to earn interest income or borrow at variable rates. The Partnership's digital assets loans receivable and payable (Note 8) and fiat loans receivable and payable (Note 9) are generally at fixed rates of interest, however the majority of the loans are callable on demand or have a short maturity. As of December 31, 2023, the Partnership’s exposure to interest rate risk is limited.

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due, as well as the risk of not being able to liquidate assets at reasonable prices. The Partnership manages liquidity risk by maintaining sufficient cash balances to enable settlement of its liabilities. Accounts payable and accrued liabilities, other than accrued compensation, and payables for digital asset trades generally have maturities of 30 days or less or are due on demand, or in the case of digital assets loan payable, on 5 to 20 business days' notice or at the end of a set term unless renewed. The Partnership intends to manage its short-term liquidity needs through its available cash balance and cash inflows from its ongoing business activities. In addition as of December 31, 2023, 81% of the Partnership’s digital assets portfolio was in liquid, actively traded digital asset markets which can be readily converted to cash at reasonable prices in short order (December 31, 2022 - 97%).

Foreign Currency Risk

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

Market Risk

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

As of December 31, 2023, management’s estimate of the effect on equity of a +/- 20% change in the market prices of the Partnership’s investments and investments sold short, with all other variables held constant, was +/- $142.0 million (December 31, 2022 - $119.0 million).

Digital Asset Risk

Digital assets are measured at fair value less cost to sell. Digital asset prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and political and economic conditions. Further, digital assets 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 digital assets; in addition, the Partnership may not be able to liquidate its inventory of digital assets at its desired price, if necessary. Investing in digital assets is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such assets change rapidly and are affected by a variety of factors, including regulation and general economic trends. Digital assets have a limited history, and their fair values have historically been volatile. The value of digital assets held by the Partnership could decline rapidly. A decline in the market prices of digital assets could negatively impact the Partnership's future operations. Historical performance of digital assets is not indicative of their future performance.

Many digital asset 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 digital asset 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 digital asset software programs to confirm transaction activity, each party to the transaction must sign the transactions with a data code derived from entering the private key into a hashing algorithm. This signature serves as validation that the transaction has been authorized by the owner of the digital asset. This process is vulnerable to hacking and malware, and could lead to theft of the Partnership’s digital wallets and loss of the Partnership’s digital assets.

Digital assets have limited regulations and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, trading platforms may suffer from operational issues, such as delayed execution, that could have adverse effects on the Partnership.

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

Any financial, security, or operational difficulties experienced by such trading platforms may result in an inability of the Partnership to recover money or digital assets being held on the trading platform. 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 trading platforms 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 trading platforms' failures may result in loss or less favorable prices of digital assets, and may adversely affect the Partnership, its operations and its investments.

As of December 31, 2023, management’s estimate of the effect on equity of a +/- 20% change in the market prices of the Partnership’s digital assets, net excluding stablecoins, with all other variables held constant, was +/- $141.8 million (December 31, 2022 - $26.9 million).

23. CAPITAL MANAGEMENT

The Partnership’s objectives when managing capital are to safeguard its ability to continue as a going concern, to meet the capital needs of its ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The Partnership considers current economic conditions as well as the risk profile of its portfolio and overall business when managing its capital structure. The Partnership has an ongoing process whereby actual expenditures and cash needs are compared against budgets to ensure that there is sufficient capital on hand to meet ongoing obligations. As of December 31, 2023 and December 31, 2022, the Partnership had $1.8 billion and $1.4 billion in equity, respectively. The Partnership has the flexibility to acquire or dispose of assets and to issue debt or equity to adjust its capital structure in the future. The Partnership is not subject to externally imposed capital requirements other than the minimum net capital requirement for its broker dealer of $0.1 million, nor were there any changes to the Partnership’s approach to capital management during the period ended December 31, 2023.

24. COMMITMENTS AND CONTINGENCIES

Leases

As of December 31, 2023, the Partnership has lease commitments payable as follows:

(in thousands)	Rent Due
2024	5,558
2025	4,295
2026	2,557
2027	2,572
2028	2,572
2029 and beyond	429
Total	**$ 17,983**

For the year ended December 31, 2023, the Partnership recognized interest expense on the lease liability of $1.7 million (December 31, 2022 - $1.5 million) which was recorded within interest expense.

Investment and loan commitments

As of December 31, 2023, the Partnership had a commitment to 7 investment funds to fund up to $61.0 million, of which $2.4 million was funded subsequent to period end.

As of December 31, 2023, the Partnership had outstanding arrangements totaling $20.0 million to finance delayed trading settlement up to three days, out of which $0 was funded. As of December 31, 2022, the Partnership had outstanding arrangements to finance short term delayed trading settlement and loan commitments of $60.0 million, out of which $0 was funded.

Customer digital assets

In addition to the payables to customers reflected in the consolidated statements of financial position as of December 31, 2023, the Partnership held $19.3 million (December 31, 2022 - $10.9 million) of digital assets, on behalf of its prime brokerage customers and managed commodity pools, which are not included in the consolidated statements of financial position as the Partnership does not have control of the assets.

Mining commitments

Subsequent to December 31, 2023, the Partnership entered into power purchase agreements for its mining operation in Texas, resulting in obligations of approximately $11 million which expire in April 2024.

Other

The Partnership has provided standard representations for agreements and customary indemnification for claims and legal proceedings. Insurance has been purchased to mitigate certain of these risks. Generally, there are no stated or notional amounts included in these indemnifications and the contingencies triggering the obligation for indemnification are not expected to occur. Furthermore, counterparties to these transactions often provide comparable indemnifications. The Partnership is unable to develop an estimate of the maximum payout under these indemnifications for several reasons. In addition to the lack of a stated or notional amount in a majority of such indemnifications, it is not possible to predict the nature of events that would trigger indemnification or the level of indemnification for a certain event. The Partnership believes, however, that the possibility of making any material payments for these indemnifications is remote. As of December 31, 2023 and December 31, 2022, there was no liability accrued under these arrangements.

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

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

Financial Support of GDH Ltd.

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

Tax Distributions

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

During the year ended December 31, 2023, the Partnership paid a tax distribution of $22.4 million.

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

25. INCOME TAXES

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

The following table represents income tax recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the years ended December 31, 2023 and December 31, 2022:

(in thousands)	Year ended December 31, 2023	Year ended December 31, 2022
Current income tax expense (benefit)	$ 9,406	$ (3,965)
Deferred income tax expense (benefit) :		
Deferred tax related to the origination and reversal of temporary differences	8,306	(29,285)
Effect of changes in tax rates or imposition of new income taxes	121	(2,702)
Income taxes expense (benefit) - total deferred	8,427	(31,987)
Income taxes expense (benefit)	**$ 17,833**	**$ (35,952)**

The effective income tax rate reported in the consolidated statements of income (loss) and comprehensive income (loss) varies from the Cayman income tax rate of 0.0% for the following items:

(in thousands)	Year ended December 31, 2023		Year ended December 31, 2022	
Income (loss) before income taxes	$ 313,731		$ (1,057,529)	
Cayman statutory tax rate	—	— %	—	— %
Increase (decrease) in the income tax rate resulting from:				
Foreign rate differential on entity level partnership tax	6,883	2.19 %	(26,071)	2.47 %
Foreign subsidiaries taxed at different rates	10,950	3.49 %	(9,881)	0.93 %
Total income tax expense and effective income tax rate	**$ 17,833**	**5.68 %**	**$ (35,952)**	**3.40 %**

The effective income tax rate of 5.68% for the year ended December 31, 2023, was generally higher than the Cayman Island statutory rate of 0.0% due to the entity level UBT tax imposed by New York City and higher tax rates in certain jurisdictions where the Partnership's foreign corporate subsidiaries operate. The effective income tax rate for the twelve months ended December 31, 2023 of 5.68% was generally higher than the effective income tax rate for the year ended December 31, 2022 of 3.40% primarily due to changes in the jurisdictional mix of earnings and changes to certain tax estimates.

The following table represents the composition and changes in net deferred income tax assets (liabilities) for the years ended December 31, 2023 and December 31, 2022:

(in thousands)	2023					
	Basis difference on partnership investments	Basis difference on digital assets	Basis difference on investments	Other	NOL	Total
Balance, beginning of the year	$ (15,979)	$ (15,038)	$ (2,164)	$ 3,191	$ 46,434	$ 16,444
Recognized in statements of income (loss) and comprehensive income (loss)	3,105	(10,155)	(660)	(1,351)	$ 634	$ (8,427)
Recognized in statements of changes in equity	(449)	6	59	109	453	$ 178
Balance, end of the year	**$ (13,323)**	**$ (25,187)**	**$ (2,765)**	**$ 1,949**	**$ 47,521**	**$ 8,195**

(in thousands)	2022					
	Basis difference on partnership investments	Basis difference on digital assets	Basis difference on investments	Other	NOL	Total
Balance, beginning of the year	$ 7,478	$ (20,927)	$ (3,357)	$ 1,457	$ —	$ (15,349)
Recognized in statements of income (loss) and comprehensive income (loss)	(23,457)	5,875	1,122	2,013	$ 46,434	31,987
Recognized in statements of changes in equity	—	14	71	(279)	—	(194)
Balance, end of the year	**$ (15,979)**	**$ (15,038)**	**$ (2,164)**	**$ 3,191**	**$ 46,434**	**$ 16,444**

The following table represents the deferred tax assets and liabilities recognized in the consolidated statements of financial position:

(in thousands)	December 31, 2023	December 31, 2022
Deferred tax assets	$ 42,089	$ 47,746
Deferred tax liabilities	(33,894)	(31,302)
Total	**$ 8,195**	**$ 16,444**

Deferred tax is recognized on taxable temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred income tax assets are recognized for deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. Management assesses the carrying amount of deferred income tax assets at each statement of financial position date based on estimates of future taxable income and as of December 31, 2023 believes it is probable the carrying value of the deferred tax assets are recoverable. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the statement of financial position dates.

As of December 31, 2023, the Partnership recognized a deferred tax asset of $47.5 million (December 31, 2022 - $46.4 million) for tax loss carryforwards, none of which are subject to limitation.