



**galaxy**

**Galaxy Digital**

**First Quarter 2026 Earnings Call**

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**C O R P O R A T E P A R T I C I P A N T S**

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**C O N F E R E N C E C A L L P A R T I C I P A N T S**

**Peter Christiansen**, *Citi*

**Patrick Moley**, *Piper Sandler*

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**Bill Papanastasiou**, *Chardan Capital Markets*

**Devin Ryan**, *Citizens Bank*

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## **P R E S E N T A T I O N**

### **Operator**

Good morning and welcome to the Galaxy Digital First Quarter 2026 Earnings Call.

Today's call is being recorded. After today's presentation there will be an opportunity to ask questions. To ask a question you may press star then one on your telephone keypad. To withdraw your question please press star then two.

At this time, I would like to turn the conference over to Jonathan Goldowsky, Head of Investor Relations. Please go ahead, sir.

### **Jonathan Goldowsky**

Good morning and welcome to Galaxy's first quarter 2026 earnings call.

Before we begin, please note that our remarks, including answers to your questions, may include forward-looking statements. Actual results could differ materially from those described in these statements as a result of various factors including those identified in the disclaimers in our earnings release or other filings which have been filed with the U.S. Securities and Exchange Commission and on SEDAR+. Forward-looking statements speak only as of today and will not be updated.

Additionally, we may discuss references to non-GAAP metrics, the reconciliations of which can also be found in our earnings release. Finally, none of the information on this call constitutes a recommendation solicitation or offer by Galaxy or its affiliates to buy or sell any securities.

With that I'll turn it over to Mike Novogratz, Founder and CEO of Galaxy.

### **Michael Novogratz**

Yeah, good morning, everyone. Listen, first quarter crypto prices down on average of 25% you can see our headline number certainly isn't what we'd like to be delivering quarter after quarter. All that said I feel pretty good about the business right now. You come into this this earnings call, and I thought well let's break it down data centers and then crypto and give you just how I'm seeing it from the CEO perspective.

Every Monday morning I look at my to-do list in the data center business, and it has four buckets right. Are we delivering on time and on cost? That's not an easy feat but so far, our team is doing an awesome job. We delivered our first data halls. We're on schedule. More than half of the data centers around the country can't say that and so we feel pretty good about the team down in Texas and the hard work they're doing and so that's a check right.

The second is we've got to finance Phase 2 and then Phase 3. The financing markets are open. I was hoping we would have the definitive deal details today. Trust me that will come in a very short order. We will have Phase 2 financed. You know our partner CoreWeave their credit spreads have come in. The financing markets are pretty robust right now and we're looking at a few different options.

Part three is we have this 830 megawatts that we were we were granted recently, tenant for that right that would take a lot of you know stress off of off of me and de-risk this Company even further. We're in conversations with a lot of big people you can guess who they are. That process Chris will get to the dynamics of it later. My sense is that's probably going to be a second half of the year process as we get

closer to 2027. The stress around 2028 power will pick up. Right now, most of the hyperscalers are focused on this year and next year and just getting the power they need.

Finally new projects that we've been looking at, circling around. Same answer hopefully in the not too distant future we're announcing a pretty cool one and so stay tuned. Don't have anything specific to tell you today. But in each of those buckets I'm not sweating. I feel good about where we are. I feel good about the progress we're making, and I feel good about the future after that even. I can give a big check on the data center box.

Then I flip to digital assets. As I said early in the year, I think this is a transition year for the crypto business at large not just at Galaxy but globally. What I mean by that is we are going from a very speculative business where if you were being crashed you would say it was the crypto casino to a technology that is going to be used in industry all over the world. You're seeing that pick up in an accelerating fashion. Every trade by organization is working on their version of that infrastructure. They need a wallet they need custody. We have an infrastructure business that's doing great stuff right now, is engaged in all kinds of conversations. Again, not going to announce anything today but stay tuned we will—we've got some announcements that are coming soon deals that roughly are done just aren't at the announcement stage.

But that business is going to keep on growing and for the world it's important. When you want to understand what's really happening as we're tokenizing equities, tokenizing privates, tokenizing mortgages, tokenizing currencies, this is the way that the United States projects its power around the world. If you want to think about the real use case of crypto it has always been the rest of the world more so the United States. Right here we've got great financial services accessible to most Americans. But there are five and a half billion people that that's not true for.

You're going to see the big brands being sold to places like Paraguay and Bhutan and Cambodia all over the world where people have access to our financial services. That—part of what needs to happen is the infrastructure bill in D.C. the Clarity Act. That's got a really important six weeks. I still believe it gets passed. There's a few obstacles right. Tom Tillis who's a friend of mine is a tough son of a gun. He has been digging in. Him and the President are not on the best of terms and so he's pushing pretty hard on the ethics piece of this thing. I do think they'll get through that. It's important for both the Republicans who campaigned on it to get this bill done and for the Democrats who don't want to have to campaign on it to get it done, and it's important for America.

I think once that gets done, you're going to see further acceleration in that build out. It's also going to help crypto prices. You know Bitcoin which is the bellwether you know first quarter we had a pretty severe sell off all the way to \$60,000. It feels like that has that will be a tradable bottom for this part of the move. You know we bounced up to 80 now I think we're trading 76, 77. I don't see Bitcoin exploding in the near term, but it might. I think you've got to—you're going to have some wood to chop through 80, 85. Once you get through that the next stop is 100. If you break that, then it's all price discovery.

It's not my prediction that we break that 100 this year. You're going to need a few things to happen. Mostly that will be an easing central bank. Given the war in Iraq, we've got some pretty ugly inflation prints that are going to come through the pipeline. I'm sorry, the war in Iran. Pretty bad inflation prints that will come through the pipeline. I don't think the Fed does anything but sits and watches. I know Kevin Warsh is a real believer in the productivity miracle that is coming from AI.

One thing I was pointing out to the guys here is all of this wild acceleration we're seeing in AI is mostly being done on the infrastructure that already existed. Campuses like Helios where we're delivering the data centers is still not really—we deliver the data center to CoreWeave. They then take another you know two to three months to build out the inside for final customer to use. It's really not till this time next year when the next phase of power comes into powering AI. The AI revolution is just starting and its impact on inflation, its impact on productivity, its impact on how the world changes.

Listen I think the Fed will be cutting rates by the end of the year. I think that will be very supportive of broad crypto prices. One thing I'd point out is that crypto prices were down 20%, volumes in trading markets were roughly down 20%, and here at Galaxy our volumes were flat. It's the first time we've really started to see a decoupling of our business from the price. That's very promising. If I could see that four quarters in a row I'd have a big grin on my face.

The balance sheet lost money because crypto prices were down but we way outperformed what we would have done if we had not cut some positions and also shifted a lot of our level two exposure into Hyperliquid which is one of the tokens I've talked about. We've been a supporter mostly because it's got an economic model unlike many of the other tokens which were more association tokens. I think Hyperliquid is a good way to look at what the future of crypto is going to look at.

Again, headline numbers weren't what I want but I feel really good about the two businesses both how we're doing and the macro over backdrop for both of them.

With that I'll pass it on.

### **Tony Paquette**

Great thanks Mike, and thank you everyone for joining the call today.

I'll start by walking through the consolidated financials in the balance sheet and then dive into the digital asset operating businesses in more detail before turning it over to Chris for an update on data centers.

As Mike mentioned Q1 was a challenging quarter for digital asset prices with total crypto market cap declining roughly 20%. While that impacted our reported results our operating businesses continued to perform and we reached an inflection point at Helios as we've started to come online. For the first quarter we reported GAAP net loss of \$216 million or a loss of \$0.49 per share and firmwide Adjusted EBITDA of negative \$188 million. These results were driven primarily by unrealized mark to market losses on our balance sheet digital asset holdings with the treasury and corporate segment reporting an adjusted gross loss of \$140 million in the quarter.

Firmwide operating expenses excluding grossed up transaction costs and the impairment of digital assets were approximately \$147 million in Q1 down 7% quarter-over-quarter driven by lower professional fees and a decrease in compensation expense. On the operating business side our digital assets segment generated \$49 million of adjusted gross profit roughly in line with Q4 results despite broader market weakness in Q1 as Mike mentioned. I'll provide more detail on this performance in a few moments.

In data centers our financial results remain de minimis in Q1 as we work through the final stages of construction and commissioning for Phase 1 at Helios. As mentioned previously revenue will begin ramping in Q2 as we deliver data halls under our CoreWeave lease agreement. As a reminder these are 15 year contracted cash flows at approximately 90% average lease level EBITDA margins entirely uncorrelated to digital asset prices. As that revenue comes online it will begin to meaningfully diversify our revenue and earnings profile in the coming quarters.

Turning to the balance sheet we ended Q1 with approximately \$10 billion in total assets down from \$11 billion at year-end driven by the decline in digital asset prices. Total equity capital was \$2.8 billion with roughly 60% allocated to our operating businesses. This mix will fluctuate quarter to quarter but as previously noted we expect the share of capital allocated to our operating businesses to continue increasing in the coming quarters driven primarily by the ongoing build out at Helios.

Within treasury and corporate we held approximately \$1.4 billion of net digital assets and investments down 19% quarter-over-quarter primarily reflecting market depreciation. During Q1 we repurchased 3.2 million shares of our class A common stock for \$65 million under our previously announced \$200 million share

repurchase authorization. This amount more than offsets dilution from equity-based compensation awarded in 2025 and brought our quarter-end share count to approximately 390 million basic shares outstanding. We view share buybacks as an attractive use of capital when we see meaningful disconnect between the stock price and the intrinsic value of the Company and will continue to use them in a disciplined manner consistent with this philosophy going forward.

Cash and stable coin balances were approximately \$2.6 billion at quarter end roughly flat from year end. We will continue to manage our balance sheet with discipline, balancing investments while maintaining sufficient capital and liquidity including for the potential repayment of \$445 million of exchangeable notes maturing in December of this year.

Now turning to our operating results starting with digital assets. Q1 reflected a more challenging market backdrop as we talked about with digital asset prices down quarter over quarter and a corresponding softening trading volumes and on-chain activity. Against that backdrop our digital asset segment delivered \$49 million of adjusted gross profit roughly flat quarter over quarter. In a sequentially weaker environment this stability reflects how the composition of the business has begun to shift. Recurring fee revenue and transaction income continue to scale across the platform, and this base will hold up better in quarters where volumes and prices do not. We also tightened operating expenses during the quarter narrowing the Adjusted EBITDA loss by roughly a third from Q4. In a volatile industry how we manage the business in challenging environments matters just as much as how we perform in strong ones.

The global markets business delivered adjusted gross profit of \$31 million up 3% quarter-over-quarter with digital asset trading volumes holding steady as Mike mentioned even as the industry wide activity declined more than 25%. We're adding new trading clients at a steady pace and the mix is shifting with a growing share coming from traditional asset managers and hedge funds reflecting the ongoing convergence of digital assets and traditional finance. On the lending side our average loan book declined approximately 20% quarter-over-quarter driven by digital asset price depreciation modest client deleveraging and the roll-off of two larger loans. Since then, we've added new clients and originated new loans while further diversifying our counterparty base which will continue to support a more durable loan book going forward.

A quick update on GalaxyOne where we're quietly continuing to build momentum. We recently launched Solana staking at zero percent commission and will be opening the platform to business accounts in the coming months expanding the user base and addressable market. GalaxyOne is still early but we see a meaningful opportunity to continue layering in capabilities that integrates trading yield and asset management into a single unified experience.

Turning to asset management we delivered adjusted gross profit of \$18 million dollars and ended the quarter with approximately \$8 billion in assets on platform. In asset management we generated \$69 million of net inflows during the quarter underscoring the durability of our platform against the soft market backdrop. Flows were broad based across both our ETF platform and alternative suite reflecting continued institutional demand for access to digital asset ecosystem and confidence in our ability to manage through volatility.

Subsequent to quarter end we secured a new \$75 million investment mandate one of the largest single client inflows in our history. Our SMA and managed account business continues to grow as an increasingly important part of our overall platform, and we see a clear path to further expansion through 2026 as client appetite for bespoke mandates remains strong.

In addition, on May 1 we will be launching a new fintech hedge fund focused on the convergence of traditional financial services, blockchain infrastructure, and emerging technologies. This is a thematic we've been operating within at Galaxy for nearly a decade and one we believe gives us a differentiated edge as investors. We've seen this space evolve firsthand, we understand how these businesses are built, and we're able to underwrite opportunities with a level of conviction that comes from being both operators and long-time participants in the ecosystem. This approach is consistent with how we're building the asset

management platform focusing on differentiated strategies that align with where we see long-term capital formation and innovation across the digital asset ecosystem.

On to digital infrastructure solutions. As Mike mentioned we spent the past eight years building institutional grade infrastructure to support our own operating businesses and what we're seeing now is a shift where the largest financial institutions are preparing to move on to blockchain-based rails and they're coming to Galaxy as a partner in that transition. Institutions need foundational infrastructure to operate in a tokenized financial system that includes wallet in custody technology that enable secure 24-7 movement of digital assets as well as the ability to deliver financial products in a way that integrates with their existing systems.

This isn't limited to banks or traditional asset managers it's every institution that touches a digital asset that's now trying to determine what infrastructure they need in a tokenized world. Whether it's trade settlement and clearing, collateral management, corporate treasury or fund administration all of that has to be re-architected for a digital native environment. When we think about the total addressable market it is not niche it's the entirety of the capital markets across the front middle and back office all of which ultimately needs to be rewired.

Against that backdrop institutions are looking for partners with the technical capabilities, infrastructure and expertise to support that transition, capabilities we at Galaxy have been building for nearly a decade. We are now taking those learnings and productizing our digital infrastructure platform into a B2B model through white labeled solutions, bespoke integrations and custom infrastructure to meet institutions where they are in their adoption cycle. This spans powering staking infrastructure for leading asset managers to developing wallet custody and private key architecture for financial institutions and service providers.

Once we're embedded at the infrastructure layer, we're able to provide a set of services where we have real competitive strength that includes acting as a liquidity provider to enable their clients, access to crypto markets, delivering fund and investment products, and providing lending and financing solutions. As we expand this business and deepen those integrations we expect a continued shift in the composition of our revenue. Over time our results should become less correlated to the underlying price of digital assets and increasingly driven by the pace of institutional adoption and utilization of the infrastructure itself.

These are not short cycle engagements. Winning and growing these mandates requires time integration and a high degree of trust. We've been investing in these relationships for a long time and we're seeing that begin to translate into tangible opportunities which we're excited to build on in the quarters and years ahead. Stepping back the regulatory environment is continuing to develop institutional adoption is accelerating in the pipeline of opportunity across our digital asset businesses is extremely robust. Q1 was a difficult quarter from a market standpoint but the most consequential developments in digital assets don't happen in price they happen in infrastructure regulation and institutional adoption.

Before I turn it over to Chris, I want to touch on our Q2 preliminary performance. So far in Q2 we have seen an improvement in digital asset prices and overall activity. This has translated into a strong start to the quarter for Galaxy with second quarter to date Adjusted EBITDA estimated at approximately \$90 million through last Friday.

With that let me turn it over to Chris.

**Christopher Ferraro**

Thanks Tony.

The lights are on at the Helios campus. We've delivered the first data hall to CoreWeave, and I would call that the most significant milestone this business has hit since the day we signed the lease. Not long ago this was a Bitcoin mining facility. Today it is a live operational AI data center with power distribution, cooling, and network connectivity. That's a credit to the team on the ground in Texas and here in New York.

This is the single most important de-risking event this business has experienced. We now have a track record of delivering on time and on budget not a projection. That distinction matters when you're sitting across the table from a prospective customer or capital partner. We've proven we can take a site from concept to operational data center at hyperscale and that credibility is opening doors. We remain on track to deliver substantially all of the 133 megawatts of critical IT capacity for Phase 1 by the end of Q2. Our client CoreWeave has indicated that it expects a multi-trillion dollar investment grade public company to be the end user for their GPUs at our Phase 1 Helios facility once the clusters are operational.

Turning to Phase 2 we've made meaningful progress on the greenfield construction for the 260 megawatts of incremental critical IT capacity. Site work, concrete, and steel are advancing on the new data center buildings and Phase 2 data haul deliveries are on track to commence in the first half of 2027. On Phase 2 financing we're seeing strong demand for financing the build. Our focus is on maintaining a capital structure that gives us the flexibility to scale without over leveraging the platform and we expect to have more to share in Phase 2 financing in the near term.

Turning to leasing the available 830 megawatts the demand environment for large-scale HPC capacity remains very strong. Every major participant in this market has capital available and is racing the lock-up future capacity and we're seeing that firsthand in the quality of the conversations we're having. We are in active discussions with a select group of potential customers. A lease of this scale, multiple years, and billions of dollars of contracted revenue requires extensive diligence, bespoke structuring, and careful negotiation.

We've been through this process before, and we know what it takes to get it right. The compounding value of picking the right partner and the right structure is enormous and that is worth us being deliberate about. From our seat 830 megawatts of approved front of the meter power and ERCOT is a one-of-one asset and the responses from potential customers evaluating the opportunity reinforces this view.

Importantly though we are not waiting on commercial structure to be finalized to proceed on development. Consistent with our approach throughout the initial Helios build we've begun procuring critical infrastructure for the 830 megawatt development. Specifically, we have placed deposits and issued purchase orders on main power transformers and circuit breakers for the first phase of that development and have secured capacity for the balance of long lead electrical infrastructure. Lead times for this equipment stretch to multiple years and securing supply early has been core to our development thesis and schedule forecasts.

A brief update on the evolving ERCOT regulatory framework. In mid-March ERCOT published a draft rule PGR145 which establishes a baseload category for projects with a 2028 energization date. Projects in that category are not subject to restudy in batch zero. Eligibility requires two things, valid completed interconnect studies and a signed interconnection agreement with the utility. Our interconnection studies were completed on January 15, and our service agreement is already executed. We satisfy both requirements to be eligible for baseload within batch zero based on the current draft. I will note that PGR145 is still in draft form and could change. We're tracking it closely and are in active dialogue with ERCOT and our advisors. But as we read it today nothing in the current draft indicates a deferral and we are certainly not treating this capacity as speculative.

There's still a lot to develop at the Helios campus but scaling beyond (audio interference). We continue to evaluate a deep pipeline of opportunities across the U.S. We're being highly selective. Not every megawatt is worth pursuing and we're only going to transact on sites where we have conviction in power availability, land suitability, development timeline, and customer demand. Several of those sites have progressed to LOIs and we expect we will be discussing our multi-campus portfolio within this year.

The Helios campus is the foundation, but the vision is a multi-campus, multi-customer platform built the same way, one discipline step at a time. We spent the better part of two years building this business and now that foundation is operational. Phase 1 is delivering. Phase 2 is under construction. We have 830

megawatts of approved incremental capacity with active customer conversations underway. We have an additional 1.8 gigawatts progressing through the ERCOT study process and a growing pipeline beyond that. We've proven that we can execute. What lies ahead at the Helios campus and beyond is an opportunity of extraordinary scale and we're just getting started.

I'll turn it over to the Operator for questions now. Thank you everybody.

**Operator**

We will now begin the question-and-answer session. To ask a question you may press star then one on your touchtone phone. If you're using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star then two. In the interest of time please limit yourself to one question. Your line will be muted after asking your question. You can rejoin the queue to ask another question. At this time, we will pause momentarily to assemble our roster.

The first question comes from Peter Christiansen with Citi. Please go ahead.

**Peter Christiansen**

Thank you. Good morning. Great to be a part of the call. I'm curious on the financing side as it relates to data centers here. I mean fully stabilized leased hyperscale deals are seeing tightening spreads, but I guess the rating agency has been calling out syndicate financing for large deals being potentially getting strained. Just curious if you're seeing the same and how are you thinking about that on your go forward financing strategy? Thank you.

**Christopher Ferraro**

Sure. I'll take it. Good morning, Peter. How are you sir? Yeah, so I would agree with the comment that financing for stabilized assets in the space has started to tighten. That's definitely true. The—what I would say is prior to maybe six months ago, the market was split and or pretty heavy towards bank syndicates financing more traditional project finance style financings. The high yield bond market has definitely stepped in in a big way over the last few months and has taken a lot of the market share from the larger bank syndicates, which is good because it's a much more distributed based on investors with much more flexible pools of capital rather than a traditional bank that's looking to either hold and syndicate sort of prescriptive project financing.

We've pretty much seen—things could change but we've pretty much seen spreads tighten across the board. That's come from a peak of sort of concern around build outs, CapEx budgets, credit quality and spreads have come in pretty significantly. The rating agencies have come through and they've started to rate a number of issues that have come out either at or above the underlying credit levels which sort of takes into account the fact that folks like us are actually building long-lived durable infrastructure even though we have a tenant who has their own credit quality those assets live beyond any tenant deal and are re-purposable, etc. We're actually we're pretty constructive right now about the opportunities for financing to and beyond relative to where the market even was a few months ago.

**Operator**

The next question comes from Patrick Moley with Piper Sandler. Please go ahead.

**Patrick Moley**

Yes, good morning. Thanks for taking the question. On the additional 830 megawatts at Helios, Mike you mentioned that there was maybe some deals that were getting done but nothing ready for an announcement

yet. I'm just—to kind of level set is it safe to say that this is not an extension of the current agreement with CoreWeave but in fact separate tenants and then is there anything you can add on?

**Michael Novogratz**

I think you miss or either I misspoke or you misheard me. What I was saying is on the 830 we're engaged in lots of conversations. Then on new projects outside of Helios, we are, as Chris said in his remarks, we're LOI stage and hopefully in the distant future we'll have things to announce where we've got actual locked up projects. That's separate from Helios which has always been our goal to have a multi-campus business. Hopefully by the time we're on next quarter we're talking about that with much more detail.

**Christopher Ferraro**

Yeah, and just to add on to what Mike said Patrick to get a different angle of the question you're asking. In addition to a multi-campus strategy, we are very focused on a multi-tenant strategy as well. I think it's very fair to assume that we're always talking to CoreWeave because they're our biggest partner in the business today but the customer conversations we're having extends pretty far beyond just CoreWeave. I would expect our decision making around the 830 is going to take into consideration the fact—the importance of having a diversified exposure client base across all our assets.

**Operator**

The next question comes from James Yaro with Goldman Sachs. Please go ahead.

**Male Speaker**

Good morning, all. (Inaudible) here. I'm speaking on behalf of James Yaro. My question is what is the risk appetite among your crypto trading clients and when do you expect it to stabilize or inflect as crypto prices have appreciated now?

**Michael Novogratz**

It's a good question. Listen, like I said on my remarks, volumes across all of crypto trading was down call it 25% on average last quarter. We felt good that we were flat. I think you need a few catalysts. What was nice is that what you saw broadly selling from old school, old holders of crypto that drove the prices down and who came in was retail. Retail through ETFs and retail through buying micro strategies equity which then translates into Bitcoin buying another crypto.

When Bitcoin stabilizes and trades up the rest of crypto does better. You've got places like Morgan Stanley who have moved into the space in an aggressive way and have their whole sales force now pitching a fairly large allocation of Bitcoin as part of their portfolio. I think what we're seeing is this transition from people that had held crypto for five, 10, 15 years taking some profits selling some of theirs and that being replaced by a broader retail buying base. We've seen a couple sovereign funds come in and buy as well or add to positions.

I would be lying to you to say if it's more muted than it had been in previous years there's more excitement in AI equities, in crude oil around the war and what we're seeing is crypto infrastructure is now being used to also trade those. You're seeing perpetuums, which was a crypto innovation, being brought to equity markets. The broad big picture theme is this infrastructure and what goes along with it will be very supportive to the whole space but it's not necessarily short-term demand for—you name the token. If it's Solana or Polkadot or Ethereum, right, that demand is less exciting right now a little bit more muted. Again, cutting rates and the Clarity Act passing probably gives that a kick but what we've always seen in crypto is what really drives crypto is price. Again, we're basing, once we get moving people will find out all kinds of reasons to get excited.

**Operator**

The next question comes from James Faucette with Morgan Stanley. Please go ahead.

**James Faucette**

Thank you very much. I wanted to delve in quickly to the approval process in ERCOT and the batch process that as I understand it will be starting this summer. Can you just touch on two things? First, any clarification to make sure that the recently approved 830 megawatts isn't subject to any part of that that batch process or review of the batch process? Then can you give us an assessment of where you think you are what you may need to do to gain incremental approvals as part of that process for additional capacity and what that time frame may look like. Thanks.

**Christopher Ferraro**

Sure. Let's start with we have two pieces today at Galaxy. Our original 800 megawatts that's already leased, let's focus on that first. There's nothing in the current regulatory landscape that we see that puts that capacity at risk. We have a fully executed service agreement, completed interconnect studies, Phase 1 is live and we're delivering power to it.

Next, the 830 megawatts approved earlier this year, we're equally confident in that. I think in my comments we talked a little bit about the draft PGRR145 rule which sets baseload category for projects that are not subject to restudy, not subject to looking at. It's very clear to us and has been communicated as such that the 830 megawatts that was approved is part of that baseload capacity for batch zero, meaning it's the base case for all new power being studied. We had our studies approved in January. We had an interconnect agreement with the utility. That, as it's drafted today, and as far as we can see any potential reiterations of that draft, is covered.

That leaves us with today what we expect could be up to an additional 1.8 gigawatts. That 1.8 gigawatts for us is what's in question from a timing perspective and I think the best I can give you on that today is ERCOT is still working through the specifics on what they think the new batch process is going to be and therefore which parts of our 1.8 gigawatts would fit into potentially being looked at as new studies in batch zero or new studies beyond batch zero. That's probably the best I can give you today.

**Operator**

The next question comes from Bill Papanastasiou with Chardan Capital Markets. Please go ahead.

**Bill Papanastasiou**

Good morning, gentlemen. Thanks for taking my questions and congrats on the recent progress at Helios. I just wanted to dig a bit deeper on potential lease economics. How could they look at for the uncontracted capacity relative to the CoreWeave deal? Should we expect similar headline metrics, or do you think it would be more aligned with other deals that we've seen by some of your peers? Thanks.

**Christopher Ferraro**

Hey, Bill. Good morning. That is a very good question and it's hard to answer it directly because there's a bunch of different factors. When we originally signed the CoreWeave deal, actually when we went into negotiations, CoreWeave was still a private company and was a very different credit quality then, at least at the headline, than when we signed it today. Credit quality is a very important element to any economics to get signed with any counterparty. The way we think about it is while a headline dollars per KW per month rent rate is an important metric, sort of the net after financing cost spread capture of any deal we signed for

us is probably more important. You have this balancing act between headline monthly rent revenue versus that minus financing costs, which are going to very clearly be tied to what kind of tenant we have.

The market now, in the interim, a number of deals have gotten done. While the headline numbers with regards to their rent versus ours are lagging, meaning our headline rent number with CoreWeave is a standout in the market, we're pretty constructive that on an after financing cost basis, the economics to us, both on a dollar and an IRR basis to build for this next capacity is going to be equally attractive. That's just a framework for the way we think about the opportunity set and how we would strike a deal in the things we consider. Does that make sense?

### **Operator**

The next question comes from Devin Ryan with Citizens Bank. Please go ahead.

### **Devin Ryan**

Thanks. Good morning. Thanks for taking the question. Question just on trading activity. If we were to just assume the Clarity Act passes, let me just get some thoughts around what you think will happen with trading volumes. Mike, I heard obviously the comments around price and trading kind of going together. But as we think about just the demand for some of the further out Layer 1s and Layer 2s beyond the top 10 or 20, it seems like demand has dried up quite a bit. I'm just curious whether you feel like that's cyclical just because risk appetite's not there or maybe secular because there's just not a lot of activity happening on those blockchains. Maybe we consolidate activity to a smaller number of large blockchains and that's good for maybe institutions, but maybe not as good for kind of the speculative retail piece. Just curious how you see things playing out if Clarity does pass. Thanks.

### **Michael Novogratz**

I think my answer is going to tend towards the latter setup that you had. Listen, I think Clarity will bring more and more institutions in and those institutions will come in some set of direct trading desks to compete with us in Bitcoin, Ethereum and some of the other big majors. People getting more comfortable with the Neobank that will have a broader selection of the Neobank wallet structure that people are pushing, a broader selection of tokens. But I think the bigger idea here is that as you turn Wall Street on, you turn a selling machine on, and it starts with Bitcoin and Ethereum and those things have generally propped up the whole industry.

The big transition we're seeing as we move to using crypto infrastructure, it's happening at the same time where there are so many other avenues for people to speculate, right? The explosion of sports betting, online gambling, sports betting, prediction markets, even meme coin trading. In some ways, I don't think you'd ever saturate people's desire to gamble, but there's a lot more on offer than just Polkadot tokens. Those tokens need to; those ecosystems need to find a way to be more relevant. We've seen it with Hyperliquid. It's a perfect example of great technology, a tight team, but mostly an economic model in the token that lets people feel like they're participating in the economics of the underlying ecosystem, not just having association with it the ecosystem.

We have an entire, hundreds of tokens that really were mostly association tokens. That was mostly because of the regulatory environment. I think those tokens are going to either have to restructure or they're going to slowly, slowly have less and less participation from both retail and the broad community. It doesn't mean they all will die because if there's a community that cares about it, they'll keep pouring in resources and trying to bring in more people. But we're going to go through this transition where I would hope and think in five years, most tokens that are out there are more than just community tokens.

### **Operator**

The next question comes from Edward Engel with Compass Point. Please go ahead.

**Edward Engel**

Hi, thanks for taking my question. Appreciate all the clarity and comments on ERCOT's new load approval process. I know this is still being finalized by them, but I guess from a timing perspective, I mean, when do you think you're going to have more clarity on where some of your pipeline stands within either batch zero or one or beyond that?

**Christopher Ferraro**

Yeah, right now the best visibility we have is around June, which is what indications are that both ERCOT will start to narrow in on their process for the batch interconnection study framework. At which point we're sort of doing all the background work and ready to engage with that post-haste once that comes through. A couple more months from now, towards the middle of the year.

**Operator**

The next question comes from Ben Sommers with BTIG. Please go ahead.

**Benjamin Sommers**

Hey, thanks for taking my questions. I know you guys mentioned a little bit about expanding the total addressable market for GalaxyOne, but I guess just kind of curious, I know it's still early days, but what's been the most, I guess, used features of this platform and what's drawn, what do you think has gotten most investors drawn to this platform so far?

**Christopher Ferraro**

Yeah, so there's a decent amount going on there. I think we have been more, we were surprised, actually, crypto trading has been the largest use case so far, which is a little counterintuitive because there are a lot of existing crypto trading platforms out there today. Our capabilities on that front are lagging today, although we're working very hard to both expand coin coverage, adding staking, which we just did in the last quarter for Solana, and we're going to, we'll follow up with the rest of the stakable assets very soon. But crypto trading use case has outperformed expectations.

Cash products are performing okay, lagging a little behind. The next step we're focused on, we're excited about, is sort of tying it all together by offering really financing solutions for individual consumer users that allow consumers to basically leverage their entire portfolio together to increase buying power in a thoughtful and safe way. Our product deliveries today, outside of the moonshot stuff, which we're very focused on iterating on, is around creating an entire wallet, effectively, that a consumer can own all of their assets, cash, equities, crypto, and beyond, and thoughtfully increase their buying power without taking outsized risk. Yeah, that's where GalaxyOne stands today.

**Operator**

The next question comes from Martin Toner with ATB Cormark. Please go ahead.

**Martin Toner**

Good morning. Thanks for taking my question. The revenue number was a nice one, given how difficult crypto markets were in Q1. Is the business becoming less cyclical? Is Galaxy going to be able to do better in some of these weaker crypto markets?

**Michael Novogratz**

Your lips to God's ears. If we can do that three quarters in a row, I'll have more confidence to say it's less cyclical. This was a promising quarter in that the trading desk stayed flat quarter on quarter when overall revenue went down 25%. Our balance sheet was well positioned. Again, we were in Hyperliquid and had less of other L2s. We had a little less Bitcoin than we normally have, etc. If you're just looking at the digital assets business, that's our goal, is to make it less cyclical.

What you're going to see in the second half of the year is we'll make some announcements about the infrastructure business, which is certainly going to be less cyclical and help in that relative to crypto trading. Then if you take digital assets and you combine it with the data center business, which I try to keep those things separate in my head, so we don't take hard earned money in one and fund stuff willy nilly in the other, right? We're going to try to be very, very thoughtful in both businesses where we deploy capital.

But overall, Galaxy will be less cyclical to crypto in a big way just because the data center earnings, you know, 12 months from now. But even within the digital assets business, our goal is to become less cyclical. I think that's going to happen. But I'm not going to declare any kind of victory for at least two to three more quarters.

**Operator**

The next question comes from Joseph Vafi with Canaccord. Please go ahead.

**Joseph Vafi**

Hey, guys. Good morning. Maybe we could touch a little bit more on the real world assets tokenization strategy. I know you mentioned both the wallet custody and Mike, you're just kind of talking on infrastructure. Seems from my seat at least, this is kind of a bigger trend than pretty much anything else in the ecosystem right now. Just a little more color on how it evolves, how you exploit the strategy. Thank you.

**Christopher Ferraro**

Sure. Good morning, Joe. Yeah, we would agree with you around the size of the—direction of the trend line and the size of the total addressable market now being up into the right and larger than we've actually ever seen in our existence. Historically, Galaxy has been building technology products and services that we've been offering to largely institutional clients for most of our, directly to largely institutional clients and buyers, with a more recent step into more consumer focused product offerings.

What we're seeing on the tokenization, I'll say tokenization writ large, but really, it's digital infrastructure to support their instrument tokenized assets, is a demand from the business side. What people would have considered to be the biggest looming concern for Galaxy's institutional business being bank competitors. We've seen the demand for those theoretical bank competitors be limited up for partnering with Galaxy to either buy or implement and use as a vendor, Galaxy's technology so that the financial system itself can build out the digital infrastructure and stitch it all together so it actually works, so that end users can seamlessly store value, transfer value, et cetera.

The tokenization opportunity, we have been obviously tracking very closely our purchase of GK8 back in late 2022, early 2023 was one big step. A handful of smaller acquisitions we've made with great talent, engineers, technology on staking, liquid staking, other digital infrastructure has been a sign of us seeing it coming. We didn't really know in our heart of hearts where the market was going to land in terms of our market opportunity. It's crystallizing pretty fast now and the market opportunity for us to build infrastructure for what everyone would have thought was going to be our biggest competitors might now become our biggest customers. We're very excited about that. That's where the real opportunity we see sits today.

I think Galaxy is best positioned to actually be the partner that these large financial legacy companies need versus some of our other competitors who are either highly undercapitalized, don't have the brand, don't have the trust in their staying capacity, or have chosen to really be a vertical stack that's competing directly with those institutions. The landscape for our opportunity to really take advantage of that opportunity is pretty attractive. We've sort of retooled the team, retooled our go-to-market to take advantage of that now.

**Operator**

The next question comes from Chris Brendler with Rosenblatt. Please go ahead.

**Christopher Brendler**

Hey, thanks. Good morning and thanks for taking my question. I thought the digital asset business was pretty resilient given market conditions. The one area that I thought was a little weaker than I was expecting was lending. Does it reflect decreased risk appetite? Is it asset price sensitive? Just a little color on the decline in lending. We'd love to see how that's being managed in this environment. Thanks.

**Christopher Ferraro**

Yeah, good morning, Chris. Yeah, look, I think we have a pretty consistent and strong trend line in the lending business overall throughout our entire history. I think the number one KPI is that we don't lose money. We don't lose our money. We don't lose shareholder money. We don't lose client money, counterparty money. This was one of the first times in a while we saw a pullback. I think it's pretty natural given that a large percentage of our book is always denominated in crypto prices. We've either lent or borrowed crypto assets, that when you see a couple of repeated quarters in terms of including the last quarter with crypto prices down mid 20s for your notional U.S. dollar balance of your lending book to see some impact.

We'd love to keep the book growing all the time. When prices are down and clients themselves are de-risking, it's probably also smart to follow that trend, see a little bit of pullback, de-risk your book, and then rebuild. There was a couple of things. Crypto prices down when a percentage of your book is exposed means your U.S. dollar notional by definition should follow that. We also had a handful of large, very low risk loans that were in the book that rolled off, which is just natural roll off. When you're sort of picking a period quarter end number and pegging it and looking at the health of the business, having those roll off and then subsequent to quarter rebuilding the book and adding more diverse client base is a pretty natural progression.

From my perspective, there's nothing to read into that other than we are continuing to grab market share. We're very happy to, for periods of time, sort of allow the de-leveraging and de-risking to happen naturally. But our number one goal of building a bigger, larger, resilient borrowing pool of clients while being pretty aggressive on limiting downside risk. We're very constructive in the business. That's one of our specialties. I think the opportunity set, not of just building a bilateral lending book with institutions, but expanding that to pretty nascent early markets on chain, for example, is a wide open opportunity set for us. Where we can grow the book smartly, the cone of that opportunity is a lot wider than what we worry about on the downside from a shrinking of the business.

**Operator**

The final question will come from Jon Petersen with Jefferies. Please go ahead.

**Jonathan Petersen**

Great. Thanks. On financing Phase 2 and maybe refinancing Phase 1, I'm curious, one of your peers earlier this year was able to restructure their debt with CoreWeave with kind of an ultimate parent guarantee from

the IG rated hyperscaler that was actually using the compute. Just curious if you have a sense, maybe that's something about restructuring Phase 1 when it's completed or construction financing on Phase 2, if that sort of solution is part of any of the negotiations that could help on debt pricing. If I could sneak in a follow up, do you guys have any updated thoughts on splitting the data center business from the rest of the Company?

**Christopher Ferraro**

Sure. Good morning. I'll take the first one to start. I would answer that pretty succinctly in that all options are on the table. The market is pretty nascent and the deck chairs of the largest companies in the world are shifting always pretty fast, but in the direction of own more compute, reduce the cost of owning more compute. We don't observe what you observed lightly and ignore it. Our approach to that is going to be pretty firm in terms of we know the value of Helios. We have a very attractive economic deal with a great partner today. To the extent we do, there is an opportunity to do something along the lines you're suggesting, we're going to do it with a clear eye towards net present value to shareholders being equal or better on a risk adjusted basis with clients.

For Phase 1, I'll just reiterate my comment today that CoreWeave has stated that our end tenant in that facility is going to be a multi-trillion IG public company. Knowing that that's the anchor in our first facility gives us and should give investors, as well as our financing partners there, a lot of de-risking and a lot of comfort level there.

On the second one, on splitting the business or the potential of it, no update on that. Our posture on that is the same as it's always been. It is from a Management time and focus perspective, myself, Mike, Tony, the whole crew are equally focused on building both businesses. We're involved in building both businesses. We do recognize the capital structure, and the capital needs of both businesses and the earnings potential and visibility are very different. Today they aren't natural synergistic businesses, but we're not convinced that that's not true in the future. We're going to continue to build both businesses and evaluate what the opportunities are when the time is right.

**Michael Novogratz**

Just to put an exclamation point on what Chris said, if you think about even the growth of where these businesses are, end of the year, we have a convert that rolls off. Helios actually is Phase 1 at least is fully cash flowing and Phase 2 is getting started. It's probably more of a debate for us around the end of the year than it is today.

**Operator**

This concludes our question-and-answer session. I would like to turn the conference back over to Mike Novogratz, founder and CEO of Galaxy Digital for any closing remarks.

**Michael Novogratz**

Yes. Guys, we appreciate your time today. It is a beautiful day in New York. I usually give weather update at the start. Just want to reiterate, we're optimistic on both businesses. We've got 700 plus people here working very hard every day. We understand we're in an environment where AI is changing every company in ways that they hadn't dreamed of two years ago. We are engaged with that trend as well.

I think that the world is in an AI revolution and we plan on riding that wave and paddling our canoe as fast as possible in what will be choppy waters because this is a pretty disruptive technology. But hang on to your seats is the broader macro view. Thanks for your time.

**Operator**

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.