Galaxy Digital Holdings LP

Management's Discussion and Analysis

For the Periods Ended September 30, 2024 and September 30, 2023

November 7, 2024

Table of Contents

	Page
Introduction	3
Cautionary Note Regarding Forward-Looking Statements	3
Overview	4
Risks and Uncertainties	7
Quarterly Highlights & Results	9
Discussion of Operations & Operational Highlights	11
Industry Performance and Outlook	14
Market Overview	14
Industry Outlook & Recent Events	15
Performance by Reportable Segment	17
Financial Instruments, Digital Assets and Risk	22
Expenses	36
Liquidity and Capital Resources	38
Transactions with Related Parties	41
Critical Accounting Estimates and Accounting Policies, including Initial Adoption	43
Digital Assets	43
Partnership Interests	43
Disclosure Controls and Procedures	43
Management’s Responsibility for Financial Statements	44
Other Information and Disclaimer	45

Introduction

This Management's Discussion and Analysis ("MD&A"), dated November 7, 2024, relates to the financial condition and results of operations of Galaxy Digital Holdings LP ("GDH LP" or, together with its consolidated subsidiaries, the "Partnership"), is intended to supplement and complement the Partnership's condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and should be read in conjunction therewith. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The condensed consolidated interim financial statements and MD&A are presented in U.S. dollars, unless otherwise noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The results presented for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for any future period.

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

In this MD&A, a reference to "Galaxy," "we," "us," "our" and similar words refer to the Partnership, GDH LP, its subsidiaries and affiliates, or any one of them, as the context requires.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and "forward-looking information" under Canadian securities laws (collectively referred to herein as "forward-looking statements"). These forward-looking statements relate to future events or the Partnership's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates," "believes," or "seeks," or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. The forward-looking statements contained in this MD&A are based on our current expectations and beliefs concerning future developments and their potential effects on us taking into account information currently available to us. There can be no assurance that future developments affecting us will be those that we have anticipated. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future, including GalaxyOne, Galaxy Asset Management's strategy to scale, Galaxy's exchange-traded funds products, Galaxy Digital Infrastructure Solutions' strategy to scale, including mining business targets, expansion of mining infrastructure or construction of data centers, and potential adjacent opportunities, Assets Under Stake ("AUS") and its go-forward strategy, the focus on emerging areas of blockchain infrastructure, staking, the market opportunity and plans with respect to GK8, market and industry outlook, including the adoption and utilization of blockchain technology, decentralized finance technologies, and digital asset protocols, geopolitical events, the velocity of development of new digital asset regulations, market-wide liquidity problems and/or instability in the global banking system, prospective regulation or approvals, our ability to complete the reorganization, domestication and related transactions (the "Transactions"), the impact of qualified opportunity zones on future distributions, reduction in available credit or expectations regarding the industry, company performance and plans, or remediation plans. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks include, but are not limited to: (1) the inability to complete the Transactions due to the failure to obtain shareholder and stock exchange approvals, or otherwise; (2) changes to the proposed structure of the Transactions that may be required or appropriate as a result of applicable laws or regulations or as a condition to obtaining shareholder or stock exchange approval of the Transactions; (3) the ability to meet and maintain listing standards following the consummation of the Transactions; (4) the risk that the Transactions disrupt current plans and operations; (5) costs related to the Transactions, operations and strategy; (6) changes in applicable laws, regulations or legal proceedings; (7) the possibility that the Partnership may be adversely affected by other economic, business, and/or competitive factors; (8) changes or events that impact the cryptocurrency industry, including potential regulation, that are outside of our control; (9) the risk that our business will not grow in line with our expectations or continue on its current trajectory; (10) the possibility that our addressable market is smaller than we have anticipated and/or that we may not gain share

of it, which could impact revenue and resources; (11) the risk that revenue or expense estimates may not be met or may be materially less or more than those anticipated; (12) any delay or failure to consummate GK8 mandates; (13) the possibility that Galaxy Asset Management does not achieve its goals with respect to its strategies; (14) the possibility that there is a disruption in mining impacting our ability to achieve expected results and strategy, (15) the failure to enter into definitive agreements or otherwise complete the anticipated transactions with respect to the non-binding term sheet for Helios, (16) the risk that lending counterparties default and risk related to digital asset platforms where our assets are maintained; (17) price and trading volume volatility with respect to the ordinary shares of Galaxy Digital Holdings Ltd.; (18) regulatory concerns, technological challenges, cyber incidents or exploits on decentralized networks; (19) any impact on our operating results and financial condition due to market-wide liquidity problems and instability in the global banking system; (20) any impact to our operations from global conflict and effect on global economic markets; and (21) those other risks contained in the Annual Information Form ("AIF") for the year ended December 31, 2023 available on the Partnership's profile at www.sedarplus.ca and described in this MD&A.

Factors that could cause actual results of the Partnership to differ materially from those described in such forward-looking statements include, but are not limited to, a decline in the digital asset market or general economic conditions; the possibility that our addressable market is smaller than we have anticipated and/or that we may not gain share of the stated addressable market; our inability to remediate our material weakness in internal control over financial reporting; the failure or delay in the adoption of digital assets and the blockchain ecosystem; a delay or failure in developing infrastructure for our business or our businesses achieving mandates; delays or other challenges in the mining business related to hosting, power, our mining infrastructure, or our ability to capture potential adjacent opportunities, including in high-performance computing; any challenges faced in achieving asset management goals; any challenges faced with respect to decentralized networks or other digital asset platforms on which our assets are maintained; considerations with respect to liquidity and capital planning; the impact of new and ongoing global conflicts and their effect on global economic markets; and changes in applicable law or regulation and adverse legal and regulatory developments. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. The forward-looking statements in this MD&A are applicable only as of the date of this MD&A or as of the date specified in the relevant forward-looking statement. The Partnership does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

Overview

The Partnership is a limited partnership formed under the laws of the Cayman Islands on May 11, 2018. Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner") is a limited liability company incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the General Partner of the Partnership. Galaxy Group Investments LLC ("GGI"), a Delaware limited liability company owned by Michael Novogratz, is the sole member of GDH GP and continues to be the majority owner of the Partnership as of September 30, 2024. Galaxy Digital Holdings Ltd. ("GDH Ltd." or the "Company") has a minority investment in the Partnership and is listed on the Toronto Stock Exchange ("TSX") under the ticker "GLXY."

The Partnership is headquartered in New York City, with global offices across North America, Europe, and Asia.

As of September 30, 2024, the Partnership had 514 full-time employees.

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

Limited Partnership Agreement

The key terms of the Limited Partnership Agreement (the "LPA") are consistent with those disclosed in the Partnership's audited financial statements for the year ended December 31, 2023.

The LPA 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 quarter ended September 30, 2024, the Partnership paid tax distributions of $9.6 million.

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

Description of Business

The Partnership manages and reports its activities in the following operating businesses: Global Markets, Asset Management and Digital Infrastructure Solutions.

- Galaxy Global Markets consists of Trading and Investment Banking.
- Galaxy Asset Management consists of passive, active and venture investment strategies.
- Galaxy Digital Infrastructure Solutions consists of proprietary and hosted bitcoin mining services, the acquired GK8 technology and self-custody capabilities, and validator services.

Refer to Note 22 of the Partnership's condensed consolidated interim financial statements for further information on reportable segments.

Global Markets

Galaxy Global Markets ("GGM") provides comprehensive financial products and services to a diversified client base, including institutions and Qualified Individuals[1] within the digital asset ecosystem. GGM offers institutional-grade expertise and access to a broad range of digital asset products, including digital asset spot and derivatives trading, financing, capital markets and M&A advisory services.

GGM currently operates as two discrete businesses – Trading and Investment Banking.

The Partnership's Trading[2] business provides services to 296 global active counterparties as of September 30, 2024 and provides liquidity on a principal basis across a variety of centralized and decentralized trading platforms, and over-the-counter ("OTC") markets globally. Through GGM, counterparties can access digital asset spot and derivative trading, bespoke lending and structured products. GGM also engages in proprietary quantitative, arbitrage and macro trading strategies.

GalaxyOne[3] is our unified technology platform that seeks to provide institutional investors all the tools to trade, finance, store, and manage digital assets efficiently. The platform went live in the fourth quarter of 2023 with trading, third-party custody, staking, and reporting capabilities with over $1.8 billion in assets serviced through the platform at the end of the third quarter of 2024. We continue to integrate lending, margin, application programming interface ("API") connectivity and derivatives into the platform.

Our Investment Banking[4] business offers expert financial and strategic advisory services for the digital assets, Web3 and blockchain technology sector. The team provides specialized crypto expertise while offering an expansive suite of financial services to public and private clients globally. In particular, Investment Banking helps clients execute transactions, including M&A transactions and divestitures, provides restructuring advisory services and offers equity and debt capital markets services, including project financing.

Asset Management

Galaxy Asset Management ("GAM")[5] is a global asset management platform providing investors access to the digital asset ecosystem via a diverse suite of institutional-grade investment vehicles that span passive, active and venture strategies. GAM managed $4.6 billion[6] in assets as of September 30, 2024, an 18% increase year-over-year and flat quarter-over-quarter. $429 million of the $4.6 billion of assets under management ("AUM") represented engagements managed by GAM to unwind

[1] "Qualified Individuals" are Eligible Contract Participants (as defined by the Commodities Exchange Act in the U.S.), knowledgeable employees of the Partnership and accredited investors, who are usually high net worth individuals.

[2] Trading operates primarily through Galaxy Digital LLC, its subsidiaries and certain other affiliates including Galaxy Derivatives LLC ("GDL") (which has submitted to the National Futures Association ("NFA") the forms necessary to register as a CFTC-regulated swap dealer).

[3] GalaxyOne operates through GalaxyOne Prime LLC, a FinCEN registered money service business, outside of New York state and will operate through GalaxyOne Prime NY LLC, within New York once that entity has launched.

[4] Galaxy Investment Banking operates through Galaxy Digital Partners LLC, a FINRA registered broker-dealer, and Galaxy Digital Labs LLC.

[5] Galaxy Asset Management includes Galaxy Digital Capital Management LP, an SEC registered investment adviser.

[6] AUM data is unaudited. AUM is inclusive of sub-advised funds, committed capital closed-end vehicles, seed investments by affiliates, affiliated and unaffiliated separately managed accounts, and fund of fund products. Changes in AUM are generally the result of performance, contributions, withdrawals, liquidations, and opportunistic mandate wins. AUM for committed capital closed-end vehicles that have completed their investment period is reported as NAV plus unfunded commitments. AUM for closed-end vehicles is reported as of the most recent quarter available for the applicable period. AUM for affiliated separately managed accounts, the balance sheet venture investments, is reported as NAV as of the most recently available estimate for the applicable period.

portfolios on behalf of the FTX estate. Excluding these opportunistic assets, GAM's AUM grew 81% year-over-year to $4.2 billion as of September 30, 2024, driven by $1.9 billion of gross inflows and $1.1 billion of net market appreciation, partially offset by $1.1 billion of gross outflows, and increased 3% quarter-over-quarter as of September 30, 2024, driven by $403 million of gross inflows and $106 million of net market appreciation, partially offset by $160 million of gross outflows. The business is strategically focused on scaling its active and venture investment strategies, while leveraging a regional partnership model, with premiere local investment managers around the world, to expand our global product reach.

GAM's passive strategies consist of single- and multi-asset private funds, as well as a suite of regulated spot digital asset exchange-traded funds ("ETFs") through partnerships with leading asset managers in U.S., Canada, Brazil and Europe. Galaxy is also the execution agent for the Invesco Galaxy Bitcoin ETF (BTCO), which launched in January 2024, and the Invesco Galaxy Ethereum ETF (QETH), which launched in July 2024. GAM's active strategy seeks to offer investors diversified, lower volatility and risk-managed access to the current and next generation of liquid digital assets via a long-biased strategy. GAM's venture strategies are organized around two investment themes: Interactive Ventures and Crypto Ventures. Founded in 2018, Galaxy Interactive invests at the intersection of content, technology and social commerce, with an emphasis on video games and the infrastructure powering immersive virtual worlds. Crypto Ventures includes Galaxy's inaugural crypto venture fund, which closed its first raise in excess of $100 million as of September 2024, and is focused on investing in early-stage companies across crypto protocols, software infrastructure, and financialized applications, as well as two global, multi-manager venture funds and a subset of Galaxy's balance sheet venture investments.

GAM utilizes third party Qualified Custodians, as defined by the U.S. Investment Advisers Act of 1940, for third party funds it manages to maintain and safeguard client assets, which are segregated from the assets of the custodians. Where possible, as a further risk mitigation tool, GAM employs a multi-custodial model for fund assets and requires insurance from our custody providers. GAM utilizes Big Four audit firms to audit our funds and utilizes independent, unaffiliated fund administrators for all our funds.

Digital Infrastructure Solutions

Galaxy Digital Infrastructure Solutions ("GDIS") focuses on developing, operating and investing in technology that powers the digital assets ecosystem. This includes bitcoin mining, staking and self-custody technology. GDIS is gaining scale in proprietary bitcoin mining and hosting services, network validator services, and the development of enterprise-grade self-custody technology.

GDIS includes our proprietary bitcoin mining operations as well as our hosting business. The majority of our operations take place at our main site, Helios, in West Texas. GDIS' current Hashrate Under Management ("HUM")[7] was 6.2 exahash as of September 30, 2024. GDIS aims to continuously mine bitcoin well below its fair market value by focusing on operational excellence and energy and software management. The current infrastructure at Helios can support 200 megawatts ("MW") of capacity; and in 2023 GDIS received approvals to scale up to a capacity of 800MW at the Helios site. The Partnership is committed to managing and improving our environmental and carbon footprint by integrating sustainable practices and increasing the use of sustainable energy across our businesses.

As we have scaled our bitcoin mining operations, we have also seen opportunities in front of us evolve. Advancements in artificial intelligence and the high performance computing industries are driving strong demand for data center capacity with access to low-cost power and the ability to scale on an expedited timeline. Because the Helios site has (1) land to scale, (2) an approved capacity of 800MW with potential for additional capacity, (3) long lead-time components already acquired and scheduled to be energized, (4) access to water, and (5) access to low-cost power, we believe it is positioned to be an optimal site to build and operate large-scale data centers for a variety of computing applications. We have been evaluating the sector and the possibility of utilizing Helios to capture these potential adjacent opportunities that leverage our mining infrastructure, expertise and capabilities. The Partnership plans to take a long term, measured approach to scaling the Helios facility.

The Partnership is also focused on emerging areas of blockchain infrastructure, including supporting the integrity of protocols and projects by operating validator nodes to secure blockchain networks, by supporting the development of emerging blockchain technologies and by offering self-custody technology solutions to institutional customers through GK8. Galaxy operates public mainnet infrastructure providing transaction validation services for the Ethereum, Solana, Celestia, Akash and Sui blockchain networks, among others, which allows holders of certain digital assets to participate in securing Proof of Stake ("PoS") networks and the consensus validation process, as well as earn staking rewards.

Galaxy's self-custody technology solution, comprising the assets of GK8 acquired in February 2023, licenses self-custody software technology that allows customers to generate and store the private keys to their digital assets, as well as to generate

[7] Hashrate Under Management is defined as the total combined hashrate of active proprietary and hosted mining capacity managed by Galaxy.

multi-signature backup keys in a secure cold storage vault. The market opportunity for GK8's custodial technology continues to expand rapidly alongside growing demand for global, regulated qualified custodians, with target client segments including banks, broker-dealers and trust companies, as well as institutional demand for self-custodied digital assets. The Partnership is focused on expanding institutional access to GK8 products globally prioritizing both unparalleled security and flexible ecosystem interactions.

Risks and Uncertainties

In addition to the risks contained herein, the disclosures in this MD&A are subject to, and should be read in conjunction with, the risk factors outlined in the AIF, filed on GDH Ltd.'s SEDAR+ profile at www.sedarplus.ca.

Transactions on decentralized finance ("DeFi") protocols

We currently engage in transactions on DeFi protocols involving the provision of and access to liquidity of various types of digital assets using liquidity pools, which subjects us to a number of risks and uncertainties, each of which could adversely affect our business. Liquidity pools enable borrowing, lending, and trading of digital assets directly with smart contract platforms. Interacting with smart contracts is subject to certain risks and uncertainties that could adversely affect our business. In addition, liquidity pools are relatively new and do not appear to be subject to specific regulation in the same manner as traditional trading platforms. Furthermore, while some digital asset trading platforms provide information regarding their ownership structure, management teams, private key management, hot/cold storage policies, capitalization, corporate practices and regulatory compliance, the creators of liquidity pools within DeFi protocols typically do not. Such lack of transparency could result in us underestimating or otherwise misunderstanding the functionality of a specific liquidity pool and thus increase the risk of a potential loss in balances, which could include the loss of a material portion of the value of the digital assets we own or lend using such liquidity pools. Such loss could also be incurred through a bad actor taking advantage of the underlying smart contract's operations, which could involve manipulating the DeFi protocol's underlying digital assets or the pricing of trading pairs of digital assets. As a result, some DeFi protocols and liquidity pools may be used beyond their intended use case for fraud or other dishonest or illicit behaviors. Liquidity pools do not appear to be subject to regulation in a similar manner as digital asset trading platforms or regulated trading platforms, such as national securities exchanges or designated contract markets. As a result, the marketplace may lose confidence in unregulated liquidity pools and DeFi protocols, including prominent liquidity pools and DeFi protocols we use. Because liquidity pools use Automated Market Makers ("AMMs"),[8] which allows for continuous trading based on supply and demand dynamics, a loss of confidence in a given DeFi protocol or liquidity pool could materially impact the price of digital assets within that DeFi protocol or liquidity pool. In addition, when digital assets are sent to a liquidity pool, they are provided at a set ratio with the goal of ensuring that there is always liquidity available for trading. The pricing of assets within the pools are determined algorithmically based on the balance of assets in the pool. Any changes in prices of digital assets in liquidity pools could lead to temporary losses, commonly referred to as impermanent loss. Impermanent loss occurs when the value of digital assets in a liquidity pool diverges from their initial ratio and may diverge from other market prices for such digital assets, such that holding the liquidity provider token representing a share in the liquidity pool is worth less than simply holding the underlying assets directly. Furthermore, some liquidity pools require us to lock digital assets in smart contracts, we may not always be able to quickly unlock digital assets and sell them, whether in response to a vulnerability or price volatility, or at a time when we may otherwise desire liquidity for any number of reasons. Additionally, market fluctuations affect the value of rewards that we can earn when engaging in yield farming, which is the practice of providing liquidity and earning a reward for such provision. As a relatively new phenomenon, the prices of digital assets that are subject to yield farming can be extremely volatile. The volatility of such digital assets itself causes a risk that our positions in liquidity pools become liquidated if we have borrowed from liquidity pools against a digital asset that decreases in value and we cannot provide enough additional collateral in time prior to automatic liquidation being triggered. Also, a single event or exploit within one relevant DeFi protocol or liquidity pool can trigger a cascading effect across multiple platforms, causing widespread selling activity and further exacerbating volatility. Yield farming and the use of liquidity pools is also subject to regulatory uncertainty. Yield farming typically involves a number of different transactions and interactions with multiple protocols (lending, borrowing, and receiving digital assets that represent a share of a liquidity pool) that may individually or taken together fall under the purview of a number of state or federal regulatory authorities. However, the extent to which any such regulation applies to these activities remains an area of significant uncertainty. Because there is uncertainty regarding how yield farming, liquidity pools and DeFi protocols should be regulated, and the extent to which such activities are subject to existing regulations, participating in such activities poses heightened regulatory concerns.

[8] Automated Market Makers operate as the primary liquidity layer on-chain and enable digital assets to be traded automatically through liquidity pools instead of traditional order books. They are programs that operate on smart contracts and leverage predefined rules and algorithms to determine and adjust the prices and volumes of digital assets within various pools. These contracts are funded by liquidity providers who deposit a single or pair of assets. In return, liquidity providers typically receive liquidity pool tokens or an alternate NFT that represents their share of the underlying pool and trading fees based on the pool's trading activity.

If the U.S. Securities and Exchange Commission (the "SEC") concludes that our non-custodial staking services involve unregistered offers and sales of securities or unregistered securities broker-dealer activity in violation of the Securities Act or the Exchange Act and the courts agree with the SEC, we may be required to cease our staking activities and may be subject to monetary and other penalties.

In several recent enforcement actions filed by the SEC in federal courts in New York, California, and Washington D.C., the SEC alleged that certain companies have offered staking services to retail customers for various digital assets as unregistered securities or acted as unregistered securities broker-dealers in facilitating offers or sales of third-party staking services in violation of the registration provisions of the Securities Act or the Exchange Act. For example, in 2023 the SEC charged Kraken, Coinbase and Binance with offering and selling digital asset staking-as-a-service programs to retail customers as unregistered investment contract schemes in violation of the Securities Act. More recently, in June 2024, the SEC charged Consensys Software Inc. with acting as an underwriter of unregistered securities in violation of the Securities Act and as an unregistered broker in violation of the Exchange Act by marketing the Lido and Rocket Pool third-party liquid staking-as-a-service programs to retail customers through Consensys' "Metamask Staking" platform. We believe that our non-custodial staking businesses do not offer or sell any "securities" subject to the securities laws or SEC regulations and that they would in any event qualify for exemptions from Securities Act or Exchange Act requirements. For example, we believe our provision of non-custodial staking validator node infrastructure to accredited investors through privately arranged transactions and our operation of back-end validator node support to third-party staking operations such as Lido do not fall within the purview of the securities laws or SEC regulations, and that even if they did, they would qualify for one or more exemptions from those laws or regulations. However, we do not know if the SEC will agree with our interpretation of those laws or regulations, or if we will be successful if we seek relief from the courts. If the SEC or a private litigant were to prevail on claims that our non-custodial staking businesses violate the Securities Act or Exchange Act, we may be subject to monetary penalties, liabilities, and may be required to cease offering these services.

We may suffer losses due to staking, delegating, and other related services.

Digital assets which utilize PoS networks or similar consensus mechanisms to validate transactions enable holders of certain digital assets to stake or delegate those assets with validator nodes to secure the network and participate in transaction validation activities on their underlying blockchain networks. We currently stake certain digital assets and operate validator nodes on blockchain networks through our blockchain infrastructure operations. Some PoS networks require the digital assets to be transferred on the underlying blockchain networks into smart contracts which are not under our or anyone's control, or to a validator node directly, to participate in staking. Whereas other PoS networks enable users to delegate certain rights or powers associated with the relevant digital assets to a validator node, while custody of the digital asset itself remains entirely with the user. If our validator nodes or relevant smart contracts fail to behave as expected, suffer cybersecurity attacks, experience security issues, or encounter other problems, our or our clients' digital assets may be irretrievably lost. In addition, most PoS blockchain networks dictate requirements for participation in the relevant staking activity, such as requiring a minimum amount of staked digital assets before being able to operate as a validator node. If those requirements are not met, the blockchain network or other validator nodes may impose penalties, referred to as "slashing," such as if the validator node operator acts maliciously on the network, "double signs" any transactions, or experience extended downtimes. Slashing penalties can apply due to prolonged inactivity on a blockchain network and inadvertent errors such as computing or hardware issues, as well as more serious behavior such as intentional malfeasance. If Galaxy operated validator nodes that are subject to slashing in the future in accordance with the rules of an underlying blockchain network, our or our clients' staked digital assets may be confiscated, withdrawn, or burnt by the network, resulting in permanent losses. Any loss of digital assets, penalties or slashing events could damage our brand and reputation, cause us to suffer financial losses, and adversely impact our business.

Quarterly Highlights & Results

The following represents selected financial data and a discussion of significant changes.

(in millions)	September 30, 2024	December 31, 2023
Digital assets	$ 2,517.3	$ 1,119.9
Assets posted as collateral - digital assets[1]	216.6	316.1
Total	2,733.9	1,436.0
Investments	1,299.1	735.1
Loans receivable[2]	722.2	491.9
Property and equipment	259.9	260.0
Total assets	5,717.5	3,675.2
Total liabilities	3,636.7	1,885.5
Total equity	2,080.8	1,789.8

[1] Includes digital asset posted as collateral in relation to digital asset loans payable of $45.0 million, fiat loans payable of $171.2 million, and derivatives of $0.4 million as of September 30, 2024 (December 31, 2023 - $233.1 million, $67.8 million and $15.3 million, respectively). Refer to Notes 9, 10 and 11, respectively, of the Partnership's condensed consolidated interim financial statements.

[2] Includes digital asset and fiat loans.

	Three months ended		Nine months ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Fee revenue	$ 20.7	$ 9.5	$ 75.3	$ 34.2
Net realized gain (loss) on digital assets	(53.6)	(67.6)	55.0	18.7
Net realized gain (loss) on investments	73.8	22.4	(86.2)	68.7
Lending and staking revenue	73.7	14.0	158.0	35.3
Net derivative gain	16.3	15.7	205.3	80.5
Total revenues and gain from operations	143.0	3.0	456.5	258.4
Operating expenses	(186.2)	(101.1)	(508.5)	(277.4)
Net unrealized gain (loss) on digital assets	44.3	26.2	184.0	24.5
Net unrealized gain (loss) on investments	(60.5)	(25.4)	61.0	(8.5)
Comprehensive income (loss) for the period	(53.8)	(93.3)	192.0	(5.6)

- As of September 30, 2024, digital assets, including digital assets posted as collateral, was $2.7 billion, an increase of $1.3 billion from December 31, 2023. This increase was primarily due to an increase in digital assets borrowed of $765.5 million and an increase in fair value of the underlying digital assets, as well as an increase in the digital assets component of collateral payable of $494.5 million. The Partnership's largest digital asset holding as of both September 30, 2024 and December 31, 2023 was BTC. Over the same nine month period, the price of BTC increased 49.8%.
- Investments increased $564.0 million during the nine month period to $1.3 billion as of September 30, 2024. The change was primarily due to new investments in bitcoin spot ETFs valued at $461.4 million as of September 30, 2024 and the $116.1 million investment in the Partnership's sponsored Galaxy Digital Crypto Vol Fund LLC, which acquired Solana from the FTX estate during March and April 2024. Bitcoin ETFs ("BTC ETFs") were approved by the SEC and launched in January 2024. Unlike BTC, BTC ETFs can be utilized as a marginable security by traditional brokers and exchanges outside of the crypto industry.
- Total liabilities increased by $1.8 billion during the nine month period to $3.6 billion as of September 30, 2024, primarily due to increases in digital assets loans payable of $765.5 million, collateral payable of $573.1 million, loans payable of $155.7 million, investments sold short of $134.9 million, and payable to customers of $93.4 million, partially offset by a decrease in derivative liabilities of $48.5 million. Increases in digital assets loans payable and collateral payable were driven by increases in borrowing and lending activities, as well as an increase in the fair value

of the underlying digital assets. Increases in loans payable were driven by the overall increase in business activity during the quarter. Loans payable increased without an equivalent increase in assets posted as collateral given improved market conditions and Galaxy's standing in the industry; starting at the end of the first quarter of 2024, the Partnership was in a position to borrow digital assets without posting collateral. The increase in payable to customers was driven by bitcoin borrowed from a customer of Galaxy Prime. The increase in investments sold short was driven by macro trading strategies.

- Total equity increased by $291.0 million during the nine month period to $2.1 billion as of September 30, 2024, primarily driven by $192.0 million of comprehensive income and proceeds from the issuance of ordinary shares in an underwritten block trade of $119.5 million, net of transaction costs. Total equity decreased by $48.0 million during the three months ended September 30, 2024, primarily driven by $53.8 million of comprehensive loss.
- Operating expenses increased for the three and nine months ended September 30, 2024 as compared to the three and nine months ended September 30, 2023, primarily due to increases in general and administrative expenses and staking costs recognized in 2024. The increase in general and administrative expense was driven by incremental power purchase costs, a reversal of mining equipment impairment in the first and second quarters of 2023, higher depreciation of mining equipment and infrastructure, higher professional fees, and higher technology expenses, as well as higher trading, commission and custody expenses in the first three quarters of 2024.

  Commencing in the second quarter of 2024, staking costs have contributed meaningfully to operating expenses. The Partnership operates PoS validation infrastructure which allows third-parties to stake their digital assets on its validator nodes. The Galaxy non-consolidated sponsored fund Galaxy Digital Crypto Vol Fund (the "CPO") acquired restricted Solana with a value in excess of a billion dollars from the FTX bankruptcy estate at the end of March 2024 and additional restricted digital assets in the second and third quarters of 2024. The restricted digital assets managed by the CPO were bonded to Galaxy operated validators. Staking for customers is recognized on a gross basis in lending and staking revenue with the corresponding expense in staking costs. The net portion of staking rewards retained by Galaxy earned on third party digital assets bonded to Galaxy validator nodes, including the CPO, is between 4% and 10%. Operating expenses also increased due to incremental interest expense. Refer to Expenses for detail on drivers of each operating expense.

The U.S. dollar is the presentation currency and functional currency of the major operating subsidiaries for all periods presented above. There have been no changes to the accounting principles applied for all periods presented, except as disclosed in *Critical Accounting Estimates and Accounting Policies, including Initial Adoption*.

The following table represents the Partnership's breakdown of comprehensive income (loss) for the past eight quarters:

(in millions)	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Net realized gain (loss) on digital assets	$ (53.6)	$ (161.7)	$ 270.4	$ 293.1	$ (67.6)	$ 20.2	$ 66.1	$ (73.5)
Net realized gain (loss) on investments	$ 73.8	$ 12.8	$ (172.8)	$ (55.3)	22.4	48.3	(2.0)	(22.1)
Net derivative gain	$ 16.3	$ 105.3	$ 83.6	$ 71.2	15.7	9.6	55.1	11.7
Income (loss)	$ 143.0	$ 53.7	$ 259.7	$ 355.5	3.0	108.7	146.7	(37.5)
Operating expenses	$ (186.2)	$ (172.9)	$ (149.4)	$ (99.0)	(101.1)	(85.2)	(91.1)	(130.6)
Net unrealized gain (loss) on digital assets	$ 44.3	$ 42.9	$ 96.8	$ (22.5)	26.2	(4.8)	3.0	5.0
Net unrealized gain (loss) on investments	$ (60.5)	$ (114.3)	$ 235.9	$ 93.0	(25.4)	(65.9)	82.7	(123.9)
Comprehensive income (loss)	$ (53.8)	$ (175.3)	$ 421.0	$ 301.5	(93.3)	(46.0)	133.8	(288.8)

For the three months ended September 30, 2024, comprehensive loss was $53.8 million, as compared to $93.3 million for the three months ended September 30, 2023. Comprehensive loss for the three months ended September 30, 2024 was driven primarily by net realized loss on digital assets of $53.6 million, net unrealized loss on investments of $60.5 million, and operating expenses of $186.2 million; offset by net realized gain on investments of $73.8 million, net unrealized gain on digital assets of $44.3 million, and lending and staking revenue of $73.7 million. Fee revenue of $20.7 million, net derivative gain of $16.3 million, and revenue from proprietary mining operations of $11.4 million also made meaningful contributions to comprehensive income. As one of the primary observable benchmarks for valuation in the space, price movement for digital assets was mixed during the quarter. Bitcoin prices were relatively flat with an increase of 1.0%, from approximately $62,678 to $63,329 per coin; while Ether decreased by 24.2%, from approximately $3,433 to $2,603 per coin. The comprehensive loss for the three months ended September 30, 2023 was primarily due to the net realized loss on digital assets and operating expenses, partially offset by net unrealized gain on digital assets, net realized gain on investments, net derivative gain, lending and staking revenue, fee revenue, and revenue from proprietary mining operations.

Comprehensive income for the nine months ended September 30, 2024 was driven primarily by net realized and unrealized gains on digital assets of $239.1 million and net derivative gain of $205.3 million, offset by net realized loss on investments of $86.2 million and operating expenses of $508.5 million, primarily consisting of compensation related expenses, staking costs, interest expense, power purchase expenses and professional fees, as well as depreciation and amortization. Lending and staking revenue of $158.0 million, fee revenue of $75.3 million, net unrealized gains on investments of $61.0 million and revenue from proprietary mining operations of $47.9 million also made meaningful contributions to comprehensive income. As one of the primary observable benchmarks for valuation in the space, prices for digital assets increased significantly during the nine months ended September 30, 2024. Bitcoin increased by 49.8%, from approximately $42,265 to $63,329 per coin and Ether increased by 14.1%, from approximately $2,281 to $2,603 per coin. Comprehensive income for the nine months ended September 30, 2023 was primarily due to net realized gain on digital assets, net derivative gain, net realized and unrealized gains on investments, fee income, and lending and staking income, partially offset by operating expenses.

Discussion of Operations & Operational Highlights

- **Equity Raise:**

  In April 2024, GDH Ltd. raised C$169.4 million from a syndicate of underwriters (the "Equity Raise"), led by Canaccord Genuity Corp. GDH Ltd. issued 12,100,000 ordinary shares pursuant to the Equity Raise. Galaxy intends to utilize the proceeds for working capital and general corporate purposes. An equivalent number of Class A Units of GDH LP were issued to GDH Ltd.

- **Acquisition**

  On July 18, 2024, the Partnership acquired the assets of CMF for approximately $12.4 million, inclusive of contingent consideration of approximately $5.5 million, which is payable by the Partnership if CMF achieves certain financial and operating targets by the end of 2026. Initial consideration was made up of $7.0 million ($3.5 million of cash and $3.5 million of equity; Note 6). On August 9, 2024, 359,919 ordinary shares were issued in

connection with this acquisition. An equivalent number of Class A Units of the Partnership were issued to the Company.

- **GDH Ltd. Reorganization and Domestication:**

  On May 5, 2021, Galaxy announced that its board of directors approved a proposed reorganization and domestication (the "Reorganization") of GDH Ltd. and the Partnership. Under the proposed terms of the Reorganization, GDH Ltd. and the Partnership will change their jurisdiction of incorporation from the Cayman Islands to the state of Delaware. Galaxy's corporate and capital structure will be reorganized so as to normalize it on the basis of frequently used Up-C structures in the U.S. The Reorganization is subject to ongoing SEC review and stock exchange approval and will include the following steps:

  - Galaxy Digital Inc., a new Delaware holding company, has been established and will become the successor public company of GDH Ltd. ("PubCo"), with all outstanding Galaxy ordinary shares becoming Class A shares of PubCo.
  - Mike Novogratz, the Chief Executive Officer (the "CEO") and Founder of Galaxy, who currently controls the General Partner of the Partnership, will transfer control of the Partnership's General Partner to PubCo.
  - PubCo will issue new voting securities to the CEO and other holders of Class B Units of the Partnership that will entitle them to vote (but not hold any economic rights) at the PubCo level, as though they had converted their existing Class B Units of the Partnership for shares of PubCo.
  - The "variable voting rights" attached to the ordinary shares of Galaxy that currently restrict the aggregate votes that may be cast by U.S. shareholders will be eliminated.
  - PubCo intends to apply to list its Class A common stock on the Nasdaq under the symbol "GLXY."

  The purpose and business reasons for the Reorganization include:

  - Expectation of enhanced shareholder value through increased access to U.S. capital markets, improved flexibility for future equity and debt capital market needs, and an increased profile for Galaxy in the U.S.
  - Normalization of Galaxy's corporate and capital structure.
  - Facilitation of any future acquisitions.
  - Simplification of the equity structure and alignment of all stakeholders' interests at the PubCo level.

- **Operational highlights**

  Galaxy Global Markets ("GGM")

  - The Partnership's trading business within GGM ended the third quarter of 2024 with 296 active counterparties[9] and raised the total number of onboarded counterparties to 1,280 as compared to 1,052 total onboarded counterparties as of December 31, 2023 and 1,212 as of as of September 30, 2023.
  - The GalaxyOne client platform was servicing approximately 98 institutional clients with more than $1.8 billion in assets as of the end of the third quarter of 2024.
  - The average loan book size[10] for the third quarter of 2024 was $863 million as compared to $699 million for the second quarter of 2024 and $550 million for the third quarter of 2023.
  - Counterparty loan originations were $826 million for the third quarter of 2024 as compared to $403 million for the second quarter of 2024 and $117 million for the third quarter of 2023.

  Galaxy Asset Management ("GAM")

  - GAM reported AUM of approximately $4.6 billion as of September 30, 2024 as compared to $5.2 billion as of December 31, 2023. Of the $4.6 billion of assets under management, $429 million

[9] Active trading counterparties represent counterparties with whom we have traded within the past 12 months and who are still onboarded with Galaxy's trading business.

[10] Represents average market value of all open items, un-funded arrangements to finance delayed trading/settlement (for example over weekends), as well as uncommitted credit facilities in the quarter.

represented engagements managed by GAM to unwind portfolios. Excluding these opportunistic assets, AUM as of September 30, 2024 consisted of $2.5 billion in passive strategies, $647 million in active strategies and $1.5 billion in venture strategies; as compared to $1.6 billion in passive strategies, $2.2 billion in active strategies and $1.4 billion in venture strategies as of December 31, 2023.

- GAM entered into a mandate to unwind certain Trust assets within FTX's portfolio in the fourth quarter of 2023. GAM will manage the assets and any sales required by the mandate to maximize value for creditors. Associated AUM will decrease over time, net of price appreciation, as the portfolio is monetized.
- On January 11, 2024, GAM, in partnership with Invesco, announced the launch of the Invesco Galaxy Bitcoin ETF.
- On April 4, 2024, GAM partnered with DWS Group to launch two new Xtrackers exchange traded commodity products ("ETCs") that track 1:1 the performance of bitcoin and Ether and are physically backed by their respective digital assets.
- On June 21, 2024, GAM closed the first raise for its inaugural Crypto Venture Fund, which seeks to invest in blockchain-related opportunities across financialized applications, software infrastructure and protocols.
- On June 26, 2024, GAM, in partnership with State Street Global Advisors, announced the launch of three actively managed ETFs (tickers: DECO, HECO, TEKX) which offer investors exposure to digital asset and disruptive technology equities, spot cryptocurrencies, derivatives, cash, and cash-like instruments.
- On July 23, 2024, GAM, in partnership with Invesco, announced the launch of the Invesco Galaxy Ethereum ETF.

Galaxy Digital Infrastructure Solutions ("GDIS")

- Galaxy's average marginal cost to mine[11], net of curtailment credits, was under $38,000 per BTC during the third quarter of 2024, compared to approximately $22,400 for the second quarter of 2024 and negative for the third quarter of 2023.
- Galaxy ended the quarter with approximately 6.2 exahash per second in HUM, representing a 12% increase compared to the end of the second quarter of 2024 and a 60% increase compared to the end of the third quarter of 2023. Approximately 56% of HUM was derived from proprietary mining operations and the remainder from hosting mining operations.
- Galaxy mined approximately 176 proprietary bitcoins during the quarter ended September 30, 2024 as compared to 242 during the quarter ended June 30, 2024 and approximately 309 during the quarter ended September 30, 2023.
- AUS was approximately $3.4 billion as of September 30, 2024, an increase of 58% as compared to the end of the second quarter of 2024. Galaxy has grown to become one of the largest validators globally on the Solana network.
- Subsequent to quarter-end, Galaxy executed a non-binding term sheet with a U.S.-based hyperscaler to host high-performance computing at its Helios campus in West Texas. The term sheet includes options to allocate all of Helios' 800 megawatts of currently approved power capacity to HPC hosting and support. The consummation of the transaction is subject to execution of definitive documents, customary due diligence and approvals of the parties.

[11] Average marginal cost to mine refers to the marginal cost of production for each bitcoin generated during the period. The calculation excludes depreciation, mark-to-market on power contracts and corporate overhead.

Industry Performance and Outlook

The following table reflects the performance of the cryptocurrency market capitalization, as well as bitcoin and Ether prices for the period from January 9, 2018 to September 30, 2024 (amounts expressed in US$):

	As of January 9, 2018 [2]	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021	As of December 31, 2022	As of December 31, 2023	As of September 30, 2024	% Change 2024	% Change from January 9, 2018 to September 30, 2024
Cryptocurrency market capitalization (in millions)[1]	$739,209	$190,906	$765,313	$2,206,758	$793,602	$1,647,895	$2,250,803	36.6%	204%
Bitcoin price[3]	$14,595	$7,194	$29,002	$46,306	$16,548	$42,265	$63,329	49.8%	333.9%
Ether price[3]	$1,300	$130	$738	$3,683	$1,197	$2,281	$2,603	14.1%	100.2%

(1) Represents market capitalization data from coinmarketcap.com.

(2) January 9, 2018 is presented as it is the date Michael Novogratz contributed his portfolio of digital assets to Galaxy Digital LP, a consolidated subsidiary of the Partnership.

(3) Represents coinmarketcap.com quoted price as of 23:59 UTC for bitcoin and Ether.

Market Overview

Spot BTC ETFs were approved for trading in the U.S. during the first quarter of 2024, marking a watershed event for the digital assets industry. BTC ETFs from eleven issuers were approved by the SEC and began trading this year. As of September 30, 2024, the collective assets under management of the BTC ETFs was $59.1 billion. Net inflows into the BTC ETFs were $18.6 billion, making it one of the most successful launches in ETF history from a demand perspective. Galaxy Asset Management, in partnership with Invesco, launched the Invesco Galaxy Bitcoin ETF (ticker: BTCO) in January, which has accumulated $517.5 million in assets as of September 30, 2024. Spot Ether ETFs were also approved for trading in the U.S. Galaxy Asset Management, in partnership with Invesco, launched the Invesco Galaxy Ethereum ETF (ticker: QETH) in July 2024. ETH ETF inflows have been moderate through September 30, 2024, $2.4 billion, with demand tepid, though we believe this has more to do with broad and intra-crypto market conditions than it is indicative of long-term demand for ETH inside traditional market access vehicles. Over the same time period, $2.9 billion of funds have flown out of the Grayscale Ethereum Trust, resulting in a net outflow of $500 million across the ETH products.

U.S. BTC ETF net inflows are believed to be a driver in the price appreciation of the underlying asset. Other digital assets, which tend to be somewhat correlated to BTC, have also gained in value. The BTC and ETH ETFs make bitcoin and Ether exposure more accessible to investors. In particular, wealth managers and financial advisors are now able to allocate end-client capital to bitcoin and Ether, which was difficult to accomplish before the existence of spot BTC and ETH ETFs. The U.S. wealth management industry encompassed $50 trillion in AUM as of December 31, 2023, according to data from Galaxy Research. As of the end of September 2024, no major U.S. banks or broker/dealer affiliated wealth management platforms have included BTC and ETH ETFs in model portfolios, though some platforms have begun offering these ETFs to subsets of end-clients. As wealth platforms begin to further incorporate BTC and ETH ETFs, affiliated advisors and fiduciaries can then start to direct their wealth clients to invest in bitcoin and Ether, expanding access to the asset class for new pools of investors.

Bitcoin was among the best performing assets of 2023 and the first nine months of 2024, when compared to a swath of global equity, commodity, and fixed-income indices. Bitcoin was up 50% and ether was up 14% for the nine months ended September 30, 2024. Despite volatility throughout the third quarter, bitcoin and ether rose 9% and 4.5% in September, and have risen during the first 15 days of October with bitcoin up 9.4% and ether up 4.9% as of October 15, 2024.

This rebound followed a tumultuous 2022 which featured monetary tightening from many of the world's central banks to address high inflation. Bitcoin and Ether were each down 76% and 75%, respectively, for the year ended December 2022 from their all-time highs in November 2021. The downturn exerted pressure on crypto-native protocols and companies, exposing unsustainable designs and business models. Several centralized crypto lending firms became undercollateralized and eventually insolvent, leading to losses for investors and customers of these businesses. The founder and former chief executive officer of FTX was found guilty on federal charges of fraud, conspiracy, and money laundering in November 2023. In November 2022, FTX.com filed for Chapter 11 bankruptcy protection after halting client withdrawals. The insolvency and bankruptcy of FTX,

which was one of the world's largest digital asset trading platforms at the time, caused meaningful declines in digital asset prices, sending bitcoin and Ether to new annual lows. The unwinding of the crypto credit ecosystem led to deleveraging and a low liquidity environment, placing additional downward pressure on digital asset prices. The collapse of FTX, along with several other major cryptocurrency firms, led U.S. regulators and policymakers to take a more critical approach to the crypto industry. The regulatory environment in the U.S. has made it challenging for remaining crypto firms to operate. In contrast several foreign jurisdictions have enacted or begun deliberating more progressive regulatory frameworks, including the United Kingdom, Europe, and Hong Kong. Currently, the cryptocurrency regulatory picture is evolving and will impact digital assets markets in the coming quarters.

After steadily rising throughout 2022 and the first half of 2023, the Federal Reserve's Federal Funds Rate was cut by 50bps to 5.0% in September. Additional cuts are anticipated by the market by the end of this year and throughout 2025. Central banks around the world have signaled or embarked on similar rate cuts. Market uncertainty remains over the near-term future for risk assets, particularly given the U.S. elections. In addition, geopolitical tensions could lead to further unexpected outcomes, which in turn spur volatility across financial markets, including crypto.

Industry Outlook and Recent Events

Across the digital assets ecosystem, innovations are driving new use cases and growing adoption. The development of Inscriptions on Bitcoin has unleashed tokenization on the world's oldest and most valuable blockchain network.[12] This has generated enthusiasm for bringing other blockchain use cases to Bitcoin, particularly through the deployment of new types of layer 2 networks ("rollups") which move computation and state storage off-chain to ease congestion and free up capacity on the mainchain. On Ethereum, rollups already have significant adoption, with the combined transaction count of Ethereum's layer 2 ("L2") ecosystem exceeding the number of transactions on the main blockchain as of early 2024.[13] Further reductions in rollup fees for users remains an active area of research for both Ethereum and the L2 protocols to further support the growth of the on-chain ecosystem. Other networks, such as Solana, take different approaches to blockchain design. Growing usage on Solana and other developing blockchains is leading to increased efficiency across a range of use cases.

New use cases are developing along with the expanded and improved platform technology. Tokenization efforts are gaining momentum, with more and more value stored and transferred in stablecoins.[14] "Real world assets" are being tokenized, including treasuries and private credit, bringing real-world yield onto public blockchains and into DeFi.[15] The acceleration of artificial intelligence applications is leading to currently nascent but potentially exciting overlaps with blockchains. As an example, demand for processing power coupled with decentralized blockchains' abilities to coordinate buyers and sellers of computing capacity across the globe. DeFi continues to mature, and while the *total value locked* in DeFi has not reached its prior all-time highs of $260 billion from December 2021, it has recovered meaningfully from the lows at the start of 2023 while total stablecoin supply is nearing prior all-time highs from May 2022, reflecting growth of the DeFi ecosystem.[16]

Increasing regulatory clarity from some of the global regulatory bodies has made it easier for individuals and institutional investors to participate in the digital assets ecosystem around the world. The U.S. remains a challenging regulatory environment for digital asset companies, with banking, compliance and securities regulators tightening their respective guidance and expanding enforcement actions. In the wake of FTX's collapse, we believe that the increased scrutiny on digital asset markets by policymakers makes it more likely that new rules will be implemented by U.S. regulators. New regulation seeking to reduce the use of cryptocurrencies for illicit finance may be enacted, which could force adjustments within the industry; although the likelihood of comprehensive legislation being implemented in the near term remains somewhat muted, in light of the two houses of Congress currently controlled by different parties. The results of this week's U.S. elections will have an impact on the velocity of development of new crypto regulations in the U.S. Advancement of the European Union's Markets in Crypto-Assets ("MiCA") regulation through the European Council represents the vanguard of regulatory clarity for digital assets, and its final passage by the European Union Commission should be a boon for digital assets infrastructure on the continent. MiCA regulation has begun to become effective and will continue to be fully enacted over the coming months. The United Kingdom has also advanced comprehensive guidance for digital asset companies which will allow them to operate under existing

[12] Bitcoin accounted for 54% of the asset class's market capitalization, as calculated by dividing market capitalization of bitcoin, as published by CoinGecko, by total market capitalization as of October 2, 2024. Ether, the second most valuable blockchain network by market capitalization, represented 13% as of the same date.

[13] The number of daily active addresses (DAAs) using notable Ethereum Layer 2s (L2s) reached an all time high of 1.9 million active addresses on March 31, 2024. As of April 2024, there are 1.34 million daily L2 active addresses. Refer to Galaxy Research's report *Top Stories of the Week* published on April 19, 2024.

[14] As reported on RWA.xyz, stablecoin market capitalization was $172 billion and monthly transfer volume was $1.35 trillion as of October 2, 2024, respectively.

[15] The market cap of tokenized real-world assets reached new all-time highs at $2.8 billion on February 2, 2024, not inclusive of stablecoins or issuer tokens. Notably, financial assets, including treasuries and other bonds, private credit, and real estate, made new all-time highs at $1.6 billion assets. Refer to Galaxy Research's report published on February 27, 2024, *10 Charts that show RWA, DeFi, and Ethereum Ecosystems are Vibrant.*

[16] Per DeFiLlama.com, TVL in DeFi was $44 billion as of October 31, 2023 and $87.4 billion as of October 2, 2024.

frameworks, and jurisdictions in the Middle East, Hong Kong, and Southeast Asia have advanced comprehensive and clarifying regulation that improves the operating environment for crypto firms.

In June 2023, the SEC brought actions against Coinbase and Binance alleging that they solicited U.S. investors to buy, sell, and trade "crypto asset securities" through their unregistered securities exchanges, brokerages and clearing agencies and identifying a number of digital assets that the SEC alleges to be unregistered securities. Binance subsequently announced that it would be suspending USD deposits and withdrawals on Binance.US and that it planned to delist its USD trading pairs. In addition, in November 2023, the SEC brought similar charges against Kraken, alleging that it operated as an unregistered securities exchange, brokerage and clearing agency. Coinbase, Binance and Kraken all continue to defend against the SEC's allegations. The outcome of these lawsuits and others brought by the SEC, and any judicial determination of whether secondary-market transactions in the identified assets are securities transactions, remain uncertain. The SEC's actions against Coinbase, Binance and Kraken, and its inclusion of securities designations in these and other complaints underscore the continuing uncertainty around which digital assets are securities or when an activity involves a securities transaction. In July 2023, a U.S. district court ruled that certain sales of XRP were not securities transactions for purposes of the federal securities laws, while others were. While these court cases will likely take a long time to conclude, we believe that they will ultimately result in significantly more clarity for digital assets in the U.S.

New innovations are expected to lead to wider adoption of digital assets and the blockchain technology. In turn, growing interest and adoption may lead to increased volumes and prices, which should benefit all of our businesses. The Partnership believes that in the long run bitcoin has the potential to become a safe-haven, hard money asset (and that in its current state has all the requisite elements to do so). We believe that the broader digital assets market has significant upside potential, with new opportunities emerging in payments, finance, art, collectibles, gaming, and the Metaverse. Nonetheless, shifting risk sentiment will continue to impact the digital assets markets in the near term.

Operations in Israel

The operations of GK8, a developer of secure technology solutions for self-custody of digital assets, acquired by Galaxy in February 2023 are headquartered in Israel with its primary office located in Tel Aviv which includes approximately 60 Galaxy employees. GK8 is included in the Digital Infrastructure Solutions segment. There has been no material impact from the ongoing conflict on the Partnership's operations in the region; however, Galaxy management is continuing to monitor the situation.

Performance by Reportable Segment

The Partnership manages and reports its activities in the following operating businesses: Global Markets, Asset Management and Digital Infrastructure Solutions. Refer to Note 22 of the Partnership's condensed consolidated interim financial statements for further information on reportable segments.

The following table represents income and expenses by each of the reportable segments for the three months ended September 30, 2024:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other[1]	Totals
Income (loss)					
Fee revenue	$ 5,602	$ 8,095	$ 7,825	$ (829)	$ 20,693
Net realized gain (loss) on digital assets	(55,660)	2,037	—	—	(53,623)
Net realized gain on investments	72,503	(1,107)	2,423	—	73,819
Lending and staking revenue	26,430	1,954	50,543	(5,254)	73,673
Net derivative gain	16,414	—	(74)	—	16,340
Revenue from proprietary mining	—	—	11,435	—	11,435
Other income	654	27	5	—	686
	65,943	**11,006**	**72,157**	**(6,083)**	**143,023**
Operating expenses	**81,269**	**11,025**	**82,189**	**11,682**	**186,165**
Net unrealized gain (loss) on digital assets	18,257	25,916	161	—	44,334
Net unrealized gain (loss) on investments	(35,029)	(24,701)	(785)	—	(60,515)
Net loss on notes payable - derivative	—	—	—	(2,858)	(2,858)
Foreign currency loss	95	—	—	—	95
	(16,677)	**1,215**	**(624)**	**(2,858)**	**(18,944)**
Loss before income taxes	**(32,003)**	**1,196**	**(10,656)**	**(20,623)**	**(62,086)**
Income tax expense	—	—	—	(8,446)	(8,446)
Net loss	**$ (32,003)**	**$ 1,196**	**$ (10,656)**	**$ (12,177)**	**$ (53,640)**
Foreign currency translation adjustment	—	—	—	(118)	(118)
Comprehensive loss	**$ (32,003)**	**$ 1,196**	**$ (10,656)**	**$ (12,295)**	**$ (53,758)**

[1] All intercompany transactions are eliminated in the Corporate and Other segment.

The following table represents income and expenses by each of the reportable segments for the nine months ended September 30, 2024:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other[1]	Totals
Income (loss)					
Fee revenue	$ 10,227	$ 40,467	$ 27,159	$ (2,550)	$ 75,303
Net realized gain (loss) on digital assets	35,838	18,404	796	—	55,038
Net realized gain (loss) on investments	(100,820)	12,208	2,423	—	(86,189)
Lending and staking revenue	64,848	13,005	94,120	(13,989)	157,984
Net derivative gain	204,509	—	793	—	205,302
Revenue from proprietary mining	—	—	47,875	—	47,875
Other income	805	60	294	—	1,159
	215,407	**84,144**	**173,460**	**(16,539)**	**456,472**
Operating expenses	**214,302**	**40,610**	**192,299**	**61,281**	**508,492**
Net unrealized gain on digital assets	202,839	(15,442)	(3,350)	—	184,047
Net unrealized gain (loss) on investments	63,451	(1,593)	(835)	—	61,023
Net loss on notes payable - derivative	—	—	—	(15,144)	(15,144)
Foreign currency loss	1,448	—	—	—	1,448
	267,738	**(17,035)**	**(4,185)**	**(15,144)**	**231,374**
Income (loss) before income taxes	**$ 268,843**	**$ 26,499**	**$ (23,024)**	**$ (92,964)**	**$ 179,354**
Income tax expense	—	—	—	(11,661)	(11,661)
Net income (loss)	**$ 268,843**	**$ 26,499**	**$ (23,024)**	**$ (81,303)**	**$ 191,015**
Foreign currency translation adjustment	—	—	—	972	972
Comprehensive income (loss)	**$ 268,843**	**$ 26,499**	**$ (23,024)**	**$ (80,331)**	**$ 191,987**

[1] All intercompany transactions are eliminated in the Corporate and Other segment.

The following table represents income and expenses by each of the reportable segments for the three months ended September 30, 2023:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other[1]	Totals
Income (loss)					
Fee revenue[1]	$ 51	$ 4,686	$ 5,589	$ (801)	$ 9,525
Net realized loss on digital assets	(67,232)	(385)	—	—	(67,617)
Net realized gain on investments	22,001	354	—	—	22,355
Lending and staking revenue	13,821	184	—	—	14,005
Net derivative gain	15,667	—	70	—	15,737
Revenue from proprietary mining	—	—	8,848	—	8,848
Other income	75	32	199	(179)	127
	(15,617)	**4,871**	**14,706**	**(980)**	**2,980**
Operating expenses	**43,510**	**12,131**	**21,933**	**23,497**	**101,071**
Net unrealized gain (loss) on digital assets	26,919	(723)	—	—	26,196
Net unrealized loss on investments	(4,052)	(20,949)	(379)	—	(25,380)
Net gain on notes payable - derivative	—	—	—	1,082	1,082
Foreign currency loss	(768)				(768)
	22,099	**(21,672)**	**(379)**	**1,082**	**1,130**
Loss before income taxes	**$ (37,028)**	**$ (28,932)**	**$ (7,606)**	**$ (23,395)**	**(96,961)**
Income tax benefit	—	—	—	(3,240)	(3,240)
Net loss	**$ (37,028)**	**$ (28,932)**	**$ (7,606)**	**$ (20,155)**	**$ (93,721)**
Foreign currency translation adjustment	—	—	—	419	419
Comprehensive loss	**$ (37,028)**	**$ (28,932)**	**$ (7,606)**	**$ (19,736)**	**$ (93,302)**

[1] All intercompany transactions are eliminated in the Corporate and Other segment.

The following table represents income and expenses by each of the reportable segments for the nine months ended September 30, 2023:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other[1]	Totals
Income (loss)					
Fee revenue[1]	$ 2,262	$ 13,833	$ 20,323	$ (2,211)	$ 34,207
Net realized gain on digital assets	14,261	4,420	—	—	18,681
Net realized gain on investments	46,100	22,611	—	—	68,711
Lending and staking revenue	33,853	1,470	—	—	35,323
Net derivative gain (loss)	78,985	1,542	(65)	—	80,462
Revenue from proprietary mining	—	—	20,672	—	20,672
Other income	210	(131)	254	—	333
	175,671	**43,745**	**41,184**	**(2,211)**	**258,389**
Operating expenses	**126,613**	**42,109**	**38,995**	**69,714**	**277,431**
Net unrealized gain (loss) on digital assets	25,476	(1,025)	—	—	24,451
Net unrealized gain (loss) on investments	13,079	(27,868)	6,272	—	(8,517)
Net loss on notes payable - derivative	—	—	—	(1,022)	(1,022)
Foreign currency loss	(843)	—	—	—	(843)
	37,712	**(28,893)**	**6,272**	**(1,022)**	**14,069**
Income (loss) before income taxes	**86,770**	**(27,257)**	**8,461**	**(72,947)**	**(4,973)**
Income tax expense	—	—	—	586	586
Net income (loss)	**$ 86,770**	**$ (27,257)**	**$ 8,461**	**$ (73,533)**	**$ (5,559)**
Foreign currency translation adjustment	—	—	—	3	3
Comprehensive income (loss)	**$ 86,770**	**$ (27,257)**	**$ 8,461**	**$ (73,530)**	**$ (5,556)**

[1] All intercompany transactions are eliminated in the Corporate and Other segment.

The results of the Partnership's operations are directly affected by changes in the prices of digital assets that the Partnership holds or may hold. A significant decrease in the price or value of digital assets held by the Partnership may adversely affect the Partnership's results of operations. The Global Markets segment reflects the short term and long term positioning of the Partnership's digital assets and BTC ETFs as well as the performance of OTC trading.

Three and nine months ended September 30, 2024 and September 30, 2023

Net Realized Gain (Loss) on Digital Assets

Net realized loss on digital assets of $53.6 million for the three months ended September 30, 2024 and Net realized gain on digital assets of $55.0 million for the nine months ended September 30, 2024 (Net realized gain/(loss) of $(67.6) million and $18.7 million for the three and nine months ended September 30, 2023, respectively) were driven by digital asset sales and the appreciation and depreciation of bitcoin and Ether. The 24.2% decrease in the price of Ether over the three months ended September 30, 2024 drove the net realized loss on digital assets in that period. The price of bitcoin and Ether both increased over the nine months ended September 30, 2024.

Net Unrealized Gain (Loss) on Digital Assets

For the three and nine months ended September 30, 2024, the net unrealized gain on digital assets of $44.3 million and $184.0 million, respectively, was primarily driven by bitcoin, Aleo, Celestia and Ether prices. For the three and nine months ended September 30, 2023, the net unrealized gain on digital assets of $26.2 million and $24.5 million, respectively, was primarily driven by bitcoin and Ether.

Net Realized Gain (Loss) on Investments

For the three months ended September 30, 2024, net realized gain on investments of $73.8 million was primarily attributable to gains earned on the distribution of bitcoin and cash from Mt. Gox. For the nine months ended September 30, 2024, net realized loss on investments of $86.2 million was primarily attributable to realized losses on short positions partially offset by gains on the distribution of bitcoin and cash from Mt. Gox, the sale of investments including the FTX bankruptcy claims and bitcoin spot ETF investments. For the three and nine months ended September 30, 2023, the net realized gain on investments of $22.4 million and $68.7 million, respectively, was primarily attributable to the sale of certain investments from the balance sheet venture investments portfolio including a partial sale of Fireblocks shares.

Net Unrealized Gain (Loss) on Investments

For the three months ended September 30, 2024, net unrealized loss on investments of $60.5 million was primarily attributable to an unwind of previously recognized net unrealized gains on our investment in Mt. Gox Investment Fund LP and unrecognized losses on short positions. For the nine months ended September 30, 2024, net unrealized gain on investments of $61.0 million was primarily attributable to an increase in the fair value of the Partnership's investments in BTC ETFs and the sponsored Galaxy Digital Crypto Vol Fund LLC. For the three months ended September 30, 2023, net unrealized loss on investments of $25.4 million was primarily attributable to the unwind of previously recorded gains on the sale of investments in our balance sheet venture investments portfolio, and fair value adjustment on the remaining investments based on these observable transactions. For the nine months ended September 30, 2023, net unrealized loss on investments of $8.5 million was primarily attributable to an increase in the fair value of the Partnership’s investments in Mt. Gox Investment Fund LP, Galaxy Liquid Alpha Fund LP and Bitfury.

Net Derivative Gain (Loss)

For the three months ended September 30, 2024, the net derivative gain of $16.3 million was attributable to $7.8 million of unrealized gains on unsettled digital asset derivatives and $25.5 million of realized gains on settled interest rate, foreign currency and digital asset derivatives, partially offset by $8.6 million of unrealized losses on unsettled foreign currency derivatives and $11.9 million of realized losses on settled equity security derivatives. For the nine months ended September 30, 2024, the net derivative gain of $205.3 million was primarily attributable to $152.4 million of realized gains on settled digital asset derivatives, $22.8 million of realized gains on settled equity security derivatives and $27.7 million of unrealized gains on unsettled digital asset derivatives, partially offset by $13.6 million unrealized losses on open equity security derivatives. For the three months ended September 30, 2023, the net derivative gain of $15.7 million was primarily attributable to $11.4 million of realized gains on settled digital asset derivatives and $6.1 million of realized gains on settled equity security derivatives, partially offset by $3.9 million of unrealized losses on open digital asset derivative positions. For the nine months ended September 30, 2023, the net derivative gain of $80.5 million was primarily attributable to $87.5 million of realized gains on settled digital asset derivatives, partially offset by $6.3 million of realized losses on interest rate derivatives.

The following table represents select assets by reporting segment as of September 30, 2024:

(in thousands)	Global Markets	Asset Management	Digital Infrastructure Solutions	Corporate and Other	Totals
Digital assets	$ 2,454,030	$ 63,294	$ —	$ —	$ 2,517,324
Digital assets receivables	8,240	40,798	1,095	—	50,133
Assets posted as collateral	227,050	—	—	—	227,050
Loans receivable[(1)]	722,162	—	—	—	722,162
Investments	790,695	497,458	10,953	—	1,299,106
Property and equipment	—	—	254,445	5,454	259,899

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

The following table represents 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.

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.

The following table presents the fair value hierarchy for the Partnership's digital assets and investments measured at fair value as of September 30, 2024 and December 31, 2023:

(in thousands)	As of September 30, 2024				As of December 31, 2023			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Digital assets	$ 2,265,599	$ 171,444	$ 80,281	$ 2,517,324	$ 902,537	$ 149,402	$ 68,004	$ 1,119,943
Digital assets receivable	—	147	49,986	50,133	196	95	20,569	20,860
Digital asset loans receivable, net of allowance	—	323,652	—	323,652	—	104,504	—	104,504
Assets posted as collateral - digital assets	—	216,619	—	216,619	—	316,104	—	316,104
Derivative assets	90,150	51,811	—	141,961	59,724	113,485	—	173,209
Investments	537,581	—	761,525	1,299,106	43,568	—	691,535	735,103
Total	$ 2,893,330	$ 763,673	$ 891,792	$ 4,548,795	$ 1,006,025	$ 683,590	$ 780,108	$ 2,469,723
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments sold short	$ 160,146	$ —	$ —	$ 160,146	$ 25,295	$ —	$ —	$ 25,295
Derivative liabilities	60,074	52,062	—	112,136	55,567	105,075	—	160,642
Digital asset loans payable	—	1,163,768	—	1,163,768	398,277	—	—	398,277
Collateral payable - digital assets	—	1,064,490	—	1,064,490	569,995	—	—	569,995
Payables to customers - digital assets	—	61,785	—	61,785	—	—	—	—
Embedded derivative - Notes payable	—	—	25,616	25,616	—	—	10,472	10,472
Total	$ 220,220	$ 2,342,105	$ 25,616	$ 2,587,941	1,049,134	105,075	10,472	1,164,681

Level 3 Continuity

The following table represents a reconciliation of Level 3 assets and liabilities for the period ended September 30, 2024:

Assets (in thousands)	**Fair value at December 31, 2023**	**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 September 30, 2024**
Digital assets	$ 68,004	$ 11,454	$ —	$ —	$ 2,145	$ (1,322)	$ 80,281
Digital assets receivables	20,569	—	(1)	—	33,380	(3,962)	49,986
Investments	691,535	169,954	(242,578)	120,768	26,893	(5,047)	761,525
Total digital assets, digital assets receivables and investments	**$ 780,108**	**$ 181,408**	**$ (242,579)**	**$ 120,768**	**$ 62,418**	**$ (10,331)**	**$ 891,792**

Liabilities	**Fair value at December 31, 2023**	**Conversions**	**Revaluation**	**Fair Value at September 30, 2024**
Embedded derivative - Notes payable	$ 10,472	$ —	$ 15,144	$ 25,616

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 nine months ended September 30, 2024, gross transfers into Level 3 for digital assets and digital asset receivables were $0.4 million due to underlying token launches of contracts and restricted staking rewards earned. Gross transfers out of Level 3 for digital assets and digital assets receivables were $5.7 million and due to vesting of digital assets as expected. For the nine

months ended September 30, 2024, transfers out of Level 3 Investments relate to conversion of convertible notes upon emergence from bankruptcy during the period.

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 (in thousands)	Fair value at December 31, 2022	Conversions	Issuance	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 assets receivable were $9.5 million due to underlying token launches of contracts held. Gross transfers out of Level 3 digital assets receivable were $19.4 million 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 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, and payable for digital asset trades 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 September 30, 2024 (in thousands)	Significant unobservable inputs	Range
Digital assets	$80,281	Marketability discount	4.4% - 93.0%
Digital assets receivables	$49,986	Marketability discount	4.4% - 67.0%
Investments	$761,525	Control discount	0% - 10.0%
		Market adjustment discount	1.1% - 90.0%
		Market adjustment premium	15.0% - 75.0%
		Marketability discount	2.8% - 40.0%
		Time to liquidity event (years)	1.3 - 5.0
		Annualized equity volatility	90.0%
		Risk free rate	2.7% - 4.5%
		Expected dividend payout ratio	0.0%
		EV to LTM revenue multiple	2.5x - 16.8x
		EV to projected revenue multiple	3.0x - 7.5x
		EV to annualized revenue multiple	3.5x - 8.0x
		EV to LTM volume multiple	3.0x
		EV to ARR	9.1x
		Price / tangible book value	1.5x
		EV to projected EBITDA	10.0x - 18.0x
		Recovery percentage	4.9% - 100.0%
Embedded derivative - notes payable	$25,616	Volatility	72.0%
		Time-Step (years)	0.004
		Risk free rate	3.6%

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%
Embedded derivative - notes payable	$10,472	Volatility	67%
		Time-Step (years)	0.004
		Risk free rate	4.0%

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 September 30, 2024 and December 31, 2023, respectively.

Category	Valuation Methods & Techniques	Key Inputs
Digital assets and digital assets receivables	• Black-Scholes option pricing model for discount for lack of marketability	• Market prices (volume-weighted or primary market) • 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 • Broker quotes • Market adjustment
	• Control adjustments	• Selected discounts for lack of control
	• 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

Industry

As of September 30, 2024 and December 31, 2023, details of the industry composition of the Partnership's digital assets, digital assets receivable, and investments are as follows:

Industry	September 30, 2024		December 31, 2023	
	Percentage of fair value	# of Investments [2]	Percentage of fair value	# of Investments [2]
Digital assets [1]	66 %	290	61 %	270
Finance	27	57	27	49
High tech industries	3	36	6	33
Services: Business	2	13	3	13
Mining	1	6	1	3
Software	1	12	1	11
Energy	<1	1	0	0
Finance technology	<1	7	<1	4
Media: Diversified and production	<1	2	<1	2
Total	100 %	424	100 %	385

[1] Includes digital asset receivables and pre-ICO contracts. Wrapped digital assets such as wBTC, wETH and stETH are counted as individual digital assets.

[2] Multiple investments across the capital structure of one investee are considered a single investment.

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

Material Positions

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

Refer to credit risk section below for further information on the Partnership's concentrations of credit risk related to its loans (including digital asset loans) receivable.

Digital Assets

The Partnership's digital asset balance includes digital assets borrowed and digital assets provided to Galaxy as collateral. Refer to the Liquidity and Capital Resources section for a breakout of Galaxy's digital assets, net balance which was $817.7 million as of September 30, 2024 (December 31, 2023 - $593.1 million). As of September 30, 2024 and December 31, 2023, the Partnership's largest gross digital asset holdings by fair value were as follows (in thousands):

(in thousands)	September 30, 2024	December 31, 2023
Bitcoin[1][2]	$ 1,656,466	$ 589,011
Ether[1][3]	369,032	174,978
USDT	101,148	104,539
USDC	95,032	74,624
SOL[4]	99,944	27,265
TIA	45,910	68,494
All other[5]	149,792	81,032
Digital assets, current and non-current[6]	**$ 2,517,324**	**$ 1,119,943**

[1] Includes associated tokens such as wBTC, wETH and stETH.

[2] The Partnership also held BTC spot ETFs as well as interests in investment vehicles designed to hold BTC, including Galaxy sponsored BTC funds, Mt. Gox Investment Fund LP and Xapo Holdings Limited, as well as associated investments sold short liabilities, net $382.9 million and $130.6 million as of September 30, 2024 and December 31, 2023, respectively, reflected across the investments balances in addition to the digital assets noted above.

[3] The Partnership also held ETH spot ETFs as well as interests in investment vehicles designed to hold ETH, including Galaxy sponsored ETH funds, valued at $24.9 million and $22.1 million as of September 30, 2024 and December 31, 2023, respectively, reflected across the investments balances in addition to the digital assets noted above.

[4] The Partnership also held an interest in investment vehicles designed to hold digital assets, the Galaxy sponsored Galaxy Digital Crypto Vol Fund LLC which held SOL valued at $93.0 million as of September 30, 2024, reflected across the investments balances in addition to the digital assets noted above.

[5] No individual digital asset represents more than 1% of the total digital assets balance. The Partnership also held an interest in investment vehicles designed to hold other digital assets, the Galaxy sponsored Galaxy Digital Crypto Vol Fund LLC held AVAX valued at $23.1 million as of September 30, 2024, as well as Ripple Lab Inc. valued at $31.2 million as of September 30, 2024, reflected across the investments balances in addition to the digital assets noted above.

[6] The Partnership also held digital asset derivative positions not reflected above in addition to the digital asset investment vehicles referenced in footnotes 2, 3, 4 and 5 above.

The table below presents a breakdown of the fair value of the Partnership's digital assets by market capitalization:

As of September 30, 2024:	**Fair Value (in thousands)**	
> $1 billion market cap	$	2,184,268
<= $1 billion market cap		333,056
	$	**2,517,324**

As of December 31, 2023:	**Fair Value (in thousands)**	
> $1 billion market cap	$	1,019,712
<= $1 billion market cap		100,231
	$	**1,119,943**

Above market capitalization amounts are obtained from coinmarketcap.com.

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

Investments

As of September 30, 2024, the largest investments by fair value were as follows (in thousands):

Investment Name	Investment Type [1]	Cost	Fair Value
Bitcoin spot ETF Investments [2]	Common Stock	$ 418,652	$ 461,426
Galaxy Digital Crypto Vol Fund LLC	LP/LLC Interests	77,531	116,098
Galaxy Liquid Alpha Fund, LP	LP/LLC Interests	21,695	45,736
SSGA GLXY Digital Asset Ecosystem ETF	Common Stock	35,042	39,172
Galaxy EOS VC Fund LP	LP/LLC Interests	24,800	37,583
Xapo Holdings Limited	Common Stock	13,800	34,865
Mt. Gox Investment Fund LP	LP/LLC Interests	8,076	34,558
Galaxy Interactive Fund I, LP	LP/LLC Interests	27,873	31,785
Ripple Labs, Inc.	Preferred Stock & LP/LLC Interests	17,820	31,189
Chaos Labs Inc.	Preferred Stock	5,500	25,634
Other [3]	Other	370,427	441,060
		$ 1,021,216	$ 1,299,106

[1] The cost and fair value of the investments disclosed may combine positions across multiple investment types.

[2] Includes iShares Bitcoin ETF, ARK 21Shares Bitcoin ETF, Invesco Galaxy Bitcoin ETF, Grayscale Bitcoin Trust BTC, and Grayscale Bitcoin Mini Trust BTC common stock investments.

[3] Includes 107 investments, all of which individually have fair values of less 5% of the total investments. Includes the Partnership's investment in Galaxy Venture Fund I, LP which had a fair value of $19.7 million as of September 30, 2024.

As of December 31, 2023, the largest investments by fair value were as follows (in thousands):

Investment Name	**Investment Type [1]**	**Cost (in thousands)**	**Fair Value (in thousands)**
Mt. Gox Investment Fund LP	LP/LLC Interests	47,436	82,998
FTX bankruptcy claims	Warrants & Claims	18,549	45,013
Galaxy EOS VC Fund LP	LP/LLC Interests	24,800	40,165
Ripple Labs, Inc.	LP/LLC Interests & Preferred Stock	19,833	37,171
Galaxy Liquid Crypto Fund, LP	LP/LLC Interests	21,695	36,523
ProShares Bitcoin Strategy ETF	Common Stock	33,363	34,887
Galaxy Interactive Fund I, LP	LP/LLC Interests	28,073	29,268
Ramp Network Inc.	Preferred Stock	8,682	22,995
Bullish Global	Preferred Stock	9,000	22,680
Galaxy Institutional Ethereum Fund LP LLC	LP/LLC Interests	15,123	22,107
Other[2]	Other	306,393	361,296
		$ 532,947	$ 735,103

[1] The cost and fair value of the investments disclosed may combine positions across multiple investment types.

[2] Includes 105 investments, all of which individually have fair values of less 5% of the total investments.

BTC spot ETF Investments *– includes iShares Bitcoin ETF, ARK 21Shares Bitcoin ETF, Invesco Galaxy Bitcoin ETF, and Grayscale Bitcoin Trust BTC; financial products which provide exposure to bitcoin price movements to investors without the investors holding bitcoin directly.*

Bullish Global *– a digital asset trading platform to service the institutional liquidity market.*

Chaos Labs Inc. *- a company focused on providing a more secure operating environment for crypto protocols.*

FTX bankruptcy claims *– represent legal assertions to payment to be distributed from the FTX bankruptcy estate.*

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

Galaxy Institutional Ethereum Fund LP LLC *– a private fund designed to provide institutional-quality exposure to Ether by investing directly in ETH.*

Galaxy Interactive Fund I, LP *– a sector-focused venture capital fund dedicated to the interactive entertainment ecosystem.*

Galaxy Liquid Crypto Fund, LP *– a partnership which seeks to provide access to the current and next generation of essential digital assets by offering capital appreciation with significant alpha enhancing opportunities.*

Mt. Gox Investment Fund LP *– a partnership focused on buying creditors' claims against Mt Gox, the former bitcoin trading platform currently in bankruptcy proceedings.*

ProShares Bitcoin Strategy ETF *– exchange traded fund focused on bitcoin futures investments.*

Ramp Network Inc. *– a company that is building payment rails which connect cryptocurrency to the global financial system.*

Ripple Labs, Inc. *– the developer of the Ripple trading platform network, a blockchain-based technology protocol focused on payment systems; includes Galaxy's direct investment in Ripple as well as Galaxy's investment via a third party investment vehicle.*

Xapo Holdings Limited - *financial technology company specialized in digital banking services, particularly focusing on cryptocurrency storage and management solutions.*

SSGA GLXY Digital Asset Ecosystem ETF - *an exchange traded fund focused on long-term capital appreciation by investing in companies benefiting from blockchain and cryptocurrency adoption, with added exposures through ETFs and futures and volatility management via an option overlay hedge strategy.*

Galaxy Digital Crypto Vol Fund LLC - *a commodity pool operator ("CPO") fund focused on achieving capital appreciation through a variety of cryptocurrency related strategies for its investors.*

Period ended September 30, 2024

Bitcoin spot ETF's were approved for listing in the U.S. in January 2024. Galaxy invested in the product during the period ended September 30, 2024 and the price of the underlying bitcoin appreciated during the period post acquisition.

The $48.4 million decrease in the fair value from December 31, 2023 to September 30, 2024 of the Partnership's investment in Mt. Gox Investment Fund LP was driven by a distribution received from the fund made up of cash and BTC that was held by the Mt. Gox bankruptcy estate.

The sponsored Galaxy Digital Crypto Vol Fund LLC fund acquired SOL from the FTX bankruptcy estate during March and April 2024. Galaxy concurrently invested in the sponsored CPO and the price of the underlying SOL appreciated during the period post acquisition. Additional restricted digital assets were also purchased by the CPO in the third quarter of 2024 increasing the value of the CPO.

The Partnership sold its investment in FTX Bankruptcy Claims during the first quarter of 2024.

Safeguarding of Digital Assets

The Partnership utilizes the Fireblocks platform to manage portions of our private keys, and to transfer and secure digital assets. Fireblocks is a technology platform that provides Galaxy with additional security while managing our digital assets. Galaxy retains full control of our assets and key recovery phrases that allow us to access our digital wallets independent from Fireblocks' operations. Fireblocks utilizes a secure hot vault and secure transfer environment to help establish connections between the Partnership's wallets, digital asset trading platforms, counterparties, and networks. Fireblocks utilizes multi-party computation ("MPC") protection layers to distribute private key secrets across multiple locations to prevent a single point of failure associated with the private keys. The use of MPC prevents private key shards from being concentrated on a single device at any point in time. The Partnership utilizes the Fireblocks Policy Engine to designate transaction approval policies for digital assets held within Fireblocks vaults. As such, administrators configure automated rules to ensure all transactions are disbursed based on the asset sent, total value of the transaction, source and destination of funds and signer requirements. All transactions initiated from Fireblocks that fail to meet the Partnership's predefined criteria per the policy engine are automatically rejected. The Partnership also utilizes the Fireblocks network as a settlement layer to transact and settle with pre-approved counterparties or entities. The Fireblocks Network utilizes secure enclave technology and data-in-motion encryption to prevent traditional vulnerabilities associated with authenticating wallet addresses. All addresses for non-Fireblocks wallets owned by the Partnership and external wallets for addresses of the Partnership's counterparties require multiple approvals in accordance with our whitelisting policy. As such utilizing Fireblocks, the Partnership settles with counterparties or entities with minimal risk of losing funds due to deposit address attacks or errors.

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

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

Digital Asset Trading Platforms

The Partnership utilizes multiple digital asset trading platforms to assist in conducting digital trading activity. As such, the Partnership maintains digital asset balances on these platforms to facilitate operations. Active digital asset trading platforms are domiciled across multiple geographies including the U.S., United Kingdom, Gibraltar, Panama, Dubai, Luxembourg, Singapore, Seychelles, and Japan. The Partnership has a robust due diligence program for all platforms, regardless of domicile or jurisdiction. Each digital asset trading platform is required to provide all information and documentation that is necessary to do business with the Partnership. Information security reviews are conducted on each platform to assess data retention protocols, infrastructure, and applicable IT policies and procedures. Designated departments review all documentation to ensure each digital asset trading platform meets pre-defined criteria before providing approval for onboarding. Additionally, the Partnership assesses security, reputation, and operational risks in its determination of utilizing any digital asset trading platform. Once onboarded, each platform is monitored, and refreshes of the Partnership's due diligence are performed periodically.

As part of the Partnership's control procedures, certain individuals are designated to administer and provision users with digital asset trading platform access and secure accounts per IT security protocols. Upon opening a new account, passwords, API keys, and multi-factor authentication mechanisms are created to secure credentials under the Partnership's Password and Multi-Factor Authentication Policy. Credentials are managed in secured locations and are only made accessible to authorized personnel with privileged access.

Address management features are utilized in accordance with each platform and require withdrawal addresses to be whitelisted and approved by authorized individuals. This prevents the withdrawal of digital assets held on the trading platforms to any address that has not been internally verified.

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

Decentralized Finance

The Partnership leverages on-chain, DeFi protocols to facilitate financial transactions in the execution of some of its strategies. Decentralized protocols are assessed by a cross-functional task force as part of the due diligence and approval process for new protocols. Components of the assessment include, but are not limited to security, compliance, operations, technology, and finance, as well as reviews of the protocol's design, decentralization, and support. Interactions with DeFi protocols are performed using Fireblocks and are governed by the Fireblocks' transaction policy outlined in *Safeguarding of Digital Assets* above. The Partnership utilizes portfolio tracking software built specifically for DeFi protocols, as well as its independent third-party administrator, to reconcile, and report on DeFi positions for risk management and financial reporting purposes.

Risk

The Partnership's activities may expose it to a variety of financial and other risks, including credit risk, interest rate risk, liquidity risk, foreign currency risk, market risk, digital asset risk, loss of access risk, irrevocability of transactions, hard fork

and airdrop risks and regulatory oversight risk, among others. The Partnership seeks to minimize potential adverse effects of these risks on performance by employing experienced personnel, daily monitoring of the Partnership's investments and digital assets and any market events, and diversifying the Partnership's business strategy, as well as its investment portfolio within the constraints of the Partnership's investment objectives.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Partnership's cash and cash equivalents, digital assets not self-custodied, 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 trading 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 September 30, 2024 in addition to cash at banks, the Partnership held $65.8 million of cash at brokers (December 31, 2023 - $199.6 million) and $76.2 million of cash on trading platforms (December 31, 2023 - $24.9 million).

Furthermore, certain centralized digital asset trading 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 trading 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 trading 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 September 30, 2024, approximately $1.4 billion of the Partnership's digital assets were held with counterparties such as centralized trading platforms, third-party lenders or associated with decentralized finance protocols (December 31, 2023 - $472.6 million). One such platform individually held 10% or more of the Partnership's digital assets as of September 30, 2024, holding approximately 16% (December 31, 2023 - One held 12%).

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 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 September 30, 2024 and subsequently, the Partnership does not expect a material loss on any of its loans or collateral receivable. The Partnership is also subject to concentrations of credit risk related to its loans (including digital asset loans) receivable. As of September 30, 2024, two counterparties and their related parties collectively accounted for 39% of the Partnership's total loans receivable and digital asset 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 and fiat loans receivable and payable are generally callable on demand or have a short maturity. As of September 30, 2024, 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. Digital assets loan payable are 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 September 30, 2024, 90% of the Partnership's digital assets portfolio was in liquid, actively traded digital assets which can be readily converted to cash at reasonable prices in short order (December 31, 2023 - 81%), and 90% of the Partnership's investments classified as current represent actively traded common stock which can be readily converted to cash.

The Partnership had short-term fiat and digital asset margin loans payable with counterparties which were utilized for trading activities. The loans are callable on demand by the counterparties and are collateralized by the Partnership's cash, investment securities, and digital assets held in the Partnership's trading accounts at counterparties' trading platforms. As of September 30, 2024, no individual counterparty accounted for greater than 5% of the Partnership's total current liabilities. The Partnership also utilizes decentralized finance protocols to access liquidity on a fully collateralized basis. These protocols generally require the Partnership to maintain sufficient collateral of 100 to 140% of the loan value for the duration of its borrowings.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry, or the financial services industry generally, or concerns or rumors about any such events or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, in March 2023, Silvergate Capital Corp. announced it would wind down operations and liquidate Silvergate Bank. Soon after, the FDIC was appointed receiver of Silicon Valley Bank and Signature Bank. In connection with these issues and issues with other financial institutions, the prices of fiat-backed stablecoins, including USDC, were temporarily impacted and may be similarly impacted again in the future. Further, if there were instability in the global banking system, there could be additional negative ramifications, such as additional market-wide liquidity problems or impacted access to deposits and investments for customers of affected banks and certain banking partners, and our business, operating results and financial condition could be adversely affected.

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 instruments may therefore be unfavorably affected by fluctuations in currency rates and exchange control regulations. For the period ended September 30, 2024, 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 September 30, 2024, 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 +/- $227.8 million (December 31, 2023 - $142.0 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.

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 operate as decentralized, end-user-to-end-user networks that maintain a public transaction ledger (blockchain) and open-source code that defines the cryptographic and algorithmic protocols governing the network. In digital asset transactions, the buyer (or recipient) typically provides a wallet address - a public identifier derived from a public key - to the seller (or sender) to receive assets. To confirm and authorize a transaction, each party uses a unique digital signature, generated by applying the private key to the transaction data through a digital signature algorithm. This signature serves as proof that the transaction is authorized by the owner of the digital asset, without revealing the private key. This process, while secure by design, is susceptible to certain risks. Specifically, if a private key is exposed due to phishing attacks, malware, insecure storage practices, or other forms of hacking, unauthorized access to digital wallets can occur, resulting in potential theft 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, digital asset 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 digital asset 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 financial condition.

As of September 30, 2024, 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, investment vehicles designed to hold digital assets and digital asset derivatives, with all other variables held constant, was +/-$123.0 million (December 31, 2023 - $141.8 million).

Loss of access risk

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

Irrevocability of transactions

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

Hard fork and air drop risks

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

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

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

Regulatory oversight risk

Regulatory changes or actions may restrict the use of digital assets or the operation of digital asset trading platforms in a manner that adversely affects assets held by the Partnership.

Expenses

The Partnership's operating expenses were as follows:

(in thousands)	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Compensation and compensation related	39,673	30,995	125,037	96,247
Equity based compensation	12,517	18,769	42,107	57,694
General and administrative	47,678	30,461	142,732	60,108
Professional fees	10,927	7,911	38,247	26,514
Staking costs	39,330	287	69,538	826
Interest	28,935	5,797	69,710	15,670
Notes interest expense	7,105	6,851	21,121	20,372
Totals	$ 186,165	$ 101,071	$ 508,492	$ 277,431

Three months ended September 30, 2024 compared to September 30, 2023

Compensation and compensation related expense for the three months ended September 30, 2024 increased compared to the three months ended September 30, 2023 primarily due to an increase in headcount and bonus accrual as well as the increase in the Company's share price. The expense associated with previously issued cash settled equity based awards increases as share price increases.

Equity based compensation expense for the three months ended September 30, 2024 decreased compared to the three months ended September 30, 2023 primarily due to the roll-off of grants made to employees in 2021 with higher stock prices.

General and administrative costs for the three months ended September 30, 2024 were higher compared to the three months ended September 30, 2023 primarily due to $12.6 million of incremental gross power purchase costs. The increase is offset by a $6.0 million mark to market loss on power hedges in 2023 which did not recur in 2024. The Helios bitcoin mining facility was

purchased in December of 2023 and utilization has been ramping up since acquisition. Galaxy had 6.2 HUM as of September 30, 2024 as opposed to 3.9 HUM as of September 30, 2023. Depreciation of mining equipment and infrastructure was $4.8 million higher during three months ended September 30, 2024. Technology expense was also $2.6 million higher during the three months ended September 30, 2024 due to Galaxy's investment in infrastructure.

Professional fees for the three months ended September 30, 2024 were higher compared to the three months ended September 30, 2023 primarily as a result of $1.7 million of incremental legal expenses, as well as technology consulting expenses.

Staking costs for the three months ended September 30, 2024 were higher compared to the three months ended September 30, 2023 as a result of growth in Galaxy's validation services business. Commencing in the second quarter of 2024, staking costs have contributed meaningfully to operating expenses. The Partnership operates PoS validation infrastructure which allows third-parties to stake their digital assets on its validator nodes. The Galaxy non-consolidated sponsored fund Galaxy Digital Crypto Vol Fund (the "CPO") acquired restricted Solana with a value in excess of a billion dollars from the FTX bankruptcy estate at the end of March 2024 and additional restricted digital assets in the second and third quarters of 2024. The restricted digital assets managed by the CPO were bonded to Galaxy operated validators. Staking for customers is recognized on a gross basis in lending and staking revenue with the corresponding expense in staking costs. The net portion of staking rewards retained by Galaxy earned on third party digital assets bonded to Galaxy validator nodes, including the CPO, is between 4% and 10%.

Interest expense for the three months ended September 30, 2024 was higher compared to the three months ended September 30, 2023 primarily due to higher average borrowing volumes supporting increased operational activity.

Nine months ended September 30, 2024 compared to September 30, 2023

Compensation and compensation related expense for the nine months ended September 30, 2024 increased compared to the nine months ended September 30, 2023 primarily due to an increase in headcount and bonus accrual, as well as the increase in the Company's share price. The expense associated with previously issued cash settled equity based awards increases as share price increases.

Equity based compensation expense for the nine months ended September 30, 2024 decreased compared to the nine months ended primarily due to the roll-off of grants made to employees in 2021 with higher stock prices.

General and administrative costs for the nine months ended September 30, 2024 were higher compared to the nine months ended September 30, 2023 due primarily to $26.4 million of net incremental power purchase costs. The Helios bitcoin mining facility was purchased in December 2023 and utilization has been ramping up since acquisition. Galaxy had 6.2 HUM as of September 30, 2024 as opposed to 3.9 HUM as of September 30, 2023. There was a $12.5 million reversal of impairment recognized on mining equipment during nine months ended September 30, 2023. Depreciation of mining equipment and infrastructure was $14.9 million higher during the nine months ended September 30, 2024. Trading, commission, and custody expense was also $12.8 million higher during the nine months ended September 30, 2024 due to the reduction of high frequency trading volumes and associated trading fee rebates, as well as higher custody expense. Technology expense was also $7.5 million higher during the nine months ended September 30, 2024 due to Galaxy's investment in infrastructure.

Professional fees for the nine months ended September 30, 2024 were higher compared to the nine months ended September 30, 2023 primarily as a result of $7.7 million of incremental legal expenses, as well as technology consulting expenses.

Staking costs for the nine months ended September 30, 2024 were higher compared to the nine months ended September 30, 2023 as a result of growth in Galaxy's validation services business. Commencing in the second quarter of 2024, staking costs have contributed meaningfully to operating expenses. The Partnership operates PoS validation infrastructure which allows third-parties to stake their digital assets on its validator nodes. The Galaxy non-consolidated sponsored fund Galaxy Digital Crypto Vol Fund (the "CPO") acquired restricted Solana with a value in excess of a billion dollars from the FTX bankruptcy estate at the end of March 2024 and additional restricted digital assets in the second and third quarters of 2024. The restricted digital assets managed by the CPO were bonded to Galaxy operated validators. Staking for customers is recognized on a gross basis in lending and staking revenue with the corresponding expense in staking costs. The net portion of staking rewards retained by Galaxy earned on third party digital assets bonded to Galaxy validator nodes, including the CPO, is between 4% and 10%.

Interest expense for the nine months ended September 30, 2024 was higher compared to the nine months ended September 30, 2023 primarily due to higher average borrowing volumes supporting increased operational activity.

Liquidity and Capital Resources

The following table represents liquidity available to the Partnership:

(in thousands)	As of September 30, 2024	As of December 31, 2023
Cash and cash equivalents	$ 271,977	$ 316,610
Digital assets, net	817,685	593,139
Bitcoin and Ethereum ETFs	468,955	—
Less non-current net digital assets	(52,380)	(47,530)
	$ 1,506,237	**$ 862,219**

As of September 30, 2024, in addition to cash at banks, the Partnership held $66.1 million of cash at brokers (December 31, 2023 - $199.6 million) and $76.2 million of cash on trading platforms (December 31, 2023 - $24.9 million).

The following tables represents a breakdown of the Partnership's Digital assets, net balance:

(in thousands)	BTC[3]	ETH[4]	Stablecoin	Other[5]	As of September 30, 2024[6]
Assets					
Digital assets	$ 1,656,466	$ 369,032	$ 210,864	$ 253,973	$ 2,490,335
Digital asset loans receivable, net of allowance	634	18,684	280,258	24,076	323,652
Digital assets receivable, current	—	—	—	43,118	43,118
Digital assets receivable, non-current	—	—	—	7,015	7,015
Assets posted as collateral - Digital assets[1]	189,353	26,814	—	452	216,619
Restricted digital assets, non-current[2]	—	—	—	26,989	26,989
	1,846,453	414,530	491,122	355,623	3,107,728
Liabilities					
Digital asset loans payable	657,964	97,039	270,577	138,188	1,163,768
Collateral payable - Digital assets[1]	798,452	164,418	17,967	83,653	1,064,490
Payables to customers	61,785	—	—	—	61,785
	1,518,201	261,457	288,544	221,841	2,290,043
Digital assets, net	**328,252**	**153,073**	**202,578**	**133,782**	**817,685**
Stablecoins, net	—	—	202,578	—	$ 202,578
Digital assets, net excl. stablecoins	**$ 328,252**	**$ 153,073**	**$ —**	**$ 133,782**	**$ 615,107**
Digital asset investment vehicles included in investments	**$ 382,861**	**$ 24,893**	**$ —**	**$ 147,287**	**$ 555,041**

[1] Excludes cash portion of balance on the Partnership's statement of financial position.

[2] Represents TIA and SOL tokens that are subject to a sale restriction of greater than one year.

[3] Includes associated tokens such as wBTC. In addition to digital assets, net, the Partnership also held interests in investment vehicles designed to hold BTC, including spot ETFs, Galaxy sponsored BTC funds, Mt. Gox Investment Fund LP, and Xapo Holdings Limited, net against associated investment liabilities, reflected in the last row of this table.

[4] Includes associated tokens such as wETH and stETH. In addition to digital assets, net, the Partnership also held interests in investment vehicles designed to hold ETH, including spot ETFs and Galaxy sponsored ETH funds, reflected in the last row of this table.

[5] Includes $8.2 million net SOL and $45.9 million net TIA digital assets, net. In addition to digital assets, net, the Partnership also held interests in investment vehicles designed to hold digital assets, including the Galaxy sponsored Galaxy Digital Crypto Vol Fund LLC (includes $93.0 million SOL and $23.1 million of AVAX) and Ripple Lab Inc., reflected in the last row of this table.

[6] The Partnership also held digital asset derivative positions not reflected in this table.

(in thousands)	BTC[4]	ETH[5]	Stablecoin	Other[6]	As of December 31, 2023[7]
Assets					
Digital assets	$ 589,011	$ 174,978	$ 179,222	$ 135,376	1,078,587
Digital asset loans receivable, net of allowance	3,044	87,252	12,000	2,208	104,504
Digital assets receivable, current	—	—	—	14,686	14,686
Digital assets receivable, non-current	—	—	—	6,174	6,174
Assets posted as collateral - Digital assets[1]	197,092	119,012	—	—	316,104
Restricted digital assets, non-current[2]	—	—	—	41,356	41,356
	789,147	381,242	191,222	199,800	1,561,411
Liabilities					
Digital asset loans payable	48,202	14,603	297,762	37,710	398,277
Collateral payable - Digital assets[1]	437,889	116,723	9,457	5,926	569,995
	486,091	131,326	307,219	43,636	968,272
Digital assets, net	**303,056**	**249,916**	**(115,997)**	**156,164**	**593,139**
Stablecoins, net[3]	—	—	(115,997)	—	(115,997)
Digital assets, net excl. stablecoins	**$ 303,056**	**$ 249,916**	**$ —**	**$ 156,164**	**$ 709,136**
Digital asset investment vehicles included in investments	**$ 130,583**	**$ 22,107**	**$ —**	**$ 37,171**	**$ 189,861**

[1] Excludes cash portion of balance on the Partnership's statement of financial position.

[2] Represents TIA tokens that are subject to a sale restriction of greater than one year.

[3] As of December 31, 2023, stablecoin liabilities were greater than stablecoin assets.

[4] Includes associated tokens such as wBTC. In addition to digital assets, net, the Partnership also held interests in investment vehicles designed to hold BTC, including bitcoin futures ETFs, Galaxy sponsored BTC funds, Mt. Gox Investment Fund LP, and Xapo Holdings Limited, net of associated investment liabilities, reflected in the last row of this table.

[5] Includes associated tokens such as wETH and stETH. In addition to Digital assets, net, the Partnership also held interests in investment vehicles designed to hold ETH, including Galaxy sponsored ETH funds, reflected in the last row of this table.

[6] Includes $12.0 million net SOL and $68.5 million net TIA. In addition to digital assets, net, the Partnership also held interests in investment vehicles designed to hold digital assets, including Ripple Lab Inc., reflected in the last row of this table.

[7] The Partnership also held digital asset derivative positions not reflected in this table.

The Partnership has unfunded commitments to invest in its managed sponsored funds as well as other structured entities (see Note 25 in the Partnership's condensed consolidated interim financial statements). In addition, as its business grows, the Partnership expects its operating expenses to increase. Given the historical growth in the Partnership's businesses, it is difficult to accurately predict the level of investment that the Partnership will make in its respective businesses.

As of September 30, 2024, the Partnership had total equity of $2.1 billion. As of December 31, 2023, the Partnership had total equity of $1.8 billion. The increase in equity during the year ended September 30, 2024 was primarily driven by comprehensive income and proceeds from the issuance of ordinary shares in an underwritten block trade of $119.5 million, net of transaction costs for the period.

(in thousands)	**September 30, 2024**	**December 31, 2023**
Total assets	$ 5,717,454	$ 3,675,249
Total liabilities	3,636,697	1,885,468
Partners' Capital	2,080,757	1,789,781

As of September 30, 2024, the Partnership had cash and cash equivalents of $272.0 million (December 31, 2023 - $316.6 million), $817.7 million (December 31, 2023 - $593.1 million) of digital assets, net and $469.0 million of investments in bitcoin and Ethereum spot ETFs. Management believes that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

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. In July 2024, the Company contributed an additional $20.0 million into wholly-owned subsidiaries through which the Company is operating bitcoin mining activities in qualified opportunity zones.

The Partnership expects to generate incremental cash in the ordinary course through revenues earned in each of its businesses. The Global Markets business anticipates generating cash through strategically liquidating, shorting, trading and reinvesting in liquid digital assets, and lending and borrowing of digital assets. In addition, Global Markets has historically earned fees from serving its clients and is expected henceforth to earn fees by serving larger, more institutional clients in the digital assets and blockchain technology industry. The Asset Management business continues to earn fees for managing third party capital. The Asset Management business has also historically captured and may capture additional realized appreciation in the future by strategically monetizing investments in its illiquid balance sheet venture book, generating cash to facilitate operating the overall business. At present, the Digital Infrastructure Solutions business primarily earns income from its proprietary bitcoin mining and hosting of bitcoin mining. Income from validation services is growing.

As of September 30, 2024 and through the date of this filing, we have not experienced any difficulties meeting counterparty requests to return loans or collateral.

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

The following table presents the summary of the Partnership's contractual obligations as of September 30, 2024:

(in thousands)	**Payments Due by Period**				
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Loans and collateral payable[1]	$ 2,567,057	$ 2,567,057	$ —	$ —	$ —
Lease obligations	$ 14,865	5,573	5,648	3,644	—
Notes payable	$ 448,929	3,929	445,000	—	—
Due to related parties	$ 92,722	92,722	—	—	—
Other obligations[2]	$ 141,169	380	140,789	—	—
Total Contractual Obligations	**$ 3,264,742**	**$ 2,669,661**	**$ 591,437**	**$ 3,644**	**$ —**

[1] Includes fiat and digital asset payables.

[2] Includes obligations to fund capital commitments to 7 investment funds. Excludes other liabilities related to goods and services required in the ordinary course of business.

Transactions with Related Parties

Compensation of Key Management Personnel

Key management personnel include nine individuals as of September 30, 2024 and September 30, 2023, consisting of officers and directors who are considered to have decision making authority. The following table represents compensation provided to key management personnel for the three and nine months ended September 30, 2024 and September 30, 2023:

(in thousands)	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Base compensation and accrued bonuses[1]	$ 3,385	$ 1,558	$ 10,155	$ 4,590
Benefits	62	70	278	289
Equity based compensation	4,370	10,730	14,919	24,686
Total	**$ 7,817**	**$ 12,358**	**$ 25,352**	**$ 29,565**

[1] As of September 30, 2024, the amount includes approximately $7.6 million of accrued bonuses within accounts payable and accrued liabilities.

GDH LP, an operating partnership, is managed by the board of managers and officers of the General Partner, Galaxy Digital Holdings GP LLC, (the "Board of Managers"). Director fees, including equity based compensation provided to the Board of Managers were $0.1 million and $0.5 million for the three and nine months ended September 30, 2024 (September 30, 2023 - $0.1 million and $0.6 million).

Distributions

Tax-related distributions of $55.3 million were declared and paid during the nine months ended September 30, 2024 (September 30, 2023 - $22.4 million). The majority of the recipients of the distributions are related parties.

Transactions with GDH Ltd.

In accordance with the LPA, 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 three and nine months ended September 30, 2024, the Partnership paid or accrued $1.7 million and $2.5 million, respectively (September 30, 2023 - $0.3 million and $1.8 million, respectively), on behalf of GDH Ltd., which has been included in general and administrative expenses. 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 December 31, 2025. The Partnership has not paid or accrued any amount under this financial guarantee for the three and nine months ended September 30, 2024 or the year ended December 31, 2023.

On April 14, 2022, the Partnership entered into a Promissory Note (amended and restated in November 2023, the "Promissory Note") with GDH Intermediate LLC ("GDHI LLC"), a subsidiary of GDH Ltd, in order to effectively manage the liquidity of both the Partnership and GDH Ltd. Under the terms of the Promissory Note, the Partnership can request that GDHI LLC make advances to the Partnership from time to time in lieu of cash distributions to be made from the Partnership to GDH Ltd., which decision is at GDHI LLC's sole and absolute discretion. As of September 30, 2024, GDHI LLC had advanced $89.8 million (December 31, 2023 - $67.2 million) to the Partnership.

Under the terms of the Promissory Note, interest accrues on any outstanding advances at a rate per annum equal to 9.0%, effective October 1, 2023 (7.0% through September 30, 2023). Interest is payable semi-annually in arrears on June 30 and December 31 of each year, commencing on December 31, 2022, subject to the right of GDHI LLC to elect that the amount of any such interest payment be capitalized and increase the principal amount of the Promissory Note in lieu of being paid in cash by the Partnership. As of September 30, 2024, the interest payable on the Promissory Note was $2.0 million (December 31, 2023 - $0). The Promissory Note may be recalled in whole or in part by GDHI LLC at any time during the term of the note. Otherwise it will mature, and the principal amount of all outstanding advances, plus any accrued and unpaid interest, will be due and payable on December 31, 2024, unless extended by GDHI LLC.

As at September 30, 2024, the Partnership had $90.7 million (December 31, 2023 - $66.0 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 September 30, 2024, the Partnership had an investment in the company valued at $9.4 million representing an ownership percentage of 21.8% (December 31, 2023 - $18.0 million and 26.5%). Galaxy Interactive Fund I, LP, a non-consolidated sponsored investment fund, also held an investment in the company valued at $1.3 million representing an ownership percentage of 2.8% as at September 30, 2024 (December 31, 2023 - $2.4 million and 3.4%).

The Partnership has sub-advisory arrangements with a beneficial owner of GDH Ltd. 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 three and nine months ended September 30, 2024, the total amount of advisory fees received from the sub-advisory arrangements was $0.5 million and $1.5 million, respectively (September 30, 2023 - $0.2 million and $0.6 million, respectively).

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 three and nine months ended September 30, 2024 the Partnership incurred $0.2 million and $0.3 million, respectively (September 30, 2023 - $0.0 million and $0.2 million, respectively) 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 three and nine months ended September 30, 2024, the Partnership did not incur any fees in relation to this boat (September 30, 2023 - $0.0 million and $0.1 million, respectively).

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 September 30, 2024 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. The amount payable as of September 30, 2024 was less than $0.1 million.

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 Company's Long-Term Incentive Plan ("LTIP") in connection with the consulting agreement. The equity based compensation related to this grant for the three and nine months ended September 30, 2024 was $0 million and $2.0 million, respectively (September 30, 2023 - $1.0 million and $5.5 million, respectively). This consulting agreement has expired as of September 1, 2024.

In February 2023, the Partnership entered into a consulting agreement with another board member of the Company. The Partnership paid $0.25 million and $0.75 million under this agreement during the three and nine months ended September 30, 2024 (September 30, 2023 - $0.3 million and $0.7 million).

As of September 30, 2024, the Partnership had $4.8 million (December 31, 2023 - $2.9 million) of tax payments recoverable from related parties, which are reflected in the condensed consolidated interim 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 $15.7 million as of September 30, 2024 (December 31, 2023 - $11.0 million).

Critical Accounting Estimates and Accounting Policies, including Initial Adoption

There were no changes to the critical accounting estimates during the three and nine months ended September 30, 2024. Refer to Note 3 on the Partnership's condensed consolidated interim financial statements for new accounting policies.

Digital Assets

The Partnership's digital assets inventory is measured at fair value less costs to sell.

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

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

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

Partnership Interests

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

The information contained in this MD&A and the information in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2024, represent the financial position of the Partnership and do not include all of the assets, liabilities, income and expenses of the partners. Income taxes, with limited exceptions including the New York City Unincorporated Business Tax and taxes in non-U.S. jurisdictions applicable to certain non-U.S. subsidiaries, are the responsibility of the partners and not of GDH LP.

The Partnership has two classes of ownership interests: Class A Units and Class B Units. As of November 6, 2024, there were 125,778,358 Class A Units outstanding and 215,847,117 Class B Units issued of which 215,831,891 were outstanding and exercisable into ordinary shares of GDH Ltd. As of September 30, 2024, there were 125,765,858 Class A Units and 215,847,117 Class B Units outstanding.

Equity Based Compensation Awards and Other

As of November 6, 2024 and September 30, 2024, 10,711,587 compensatory Class B Unit awards were outstanding, net of exchanges and forfeitures, of which 10,696,361 Class B Units were exercisable.

As of September 30, 2024, 21,224,923 options granted under the GDH Ltd. stock option plan and LTIP were outstanding, of which 10,737,366 were exercisable. As of November 6, 2024, there were 21,224,923 options outstanding, of which 8,897,693 were exercisable.

As of September 30, 2024, there were 10,397,922 restricted and deferred units outstanding. As of November 6, 2024, there were 10,295,482 restricted and deferred share units outstanding.

Disclosure Controls and Procedures

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

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

Internal Control over Financial Reporting

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

For the period ended September 30, 2024, we have one outstanding material weakness in our internal control over financial reporting which we previously disclosed. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. The noted material weakness is as follows:

We did not design certain process-level and management review controls at a sufficient level of precision to (1) appropriately review digital asset contractual relationships to determine the accounting conclusions, including whether transactions were executed as principal or agent and whether arrangements give rise to a safeguarding relationship and (2) to validate the accuracy of data elements utilized in spreadsheets for accounting for digital assets, issued financial instruments and classification of cash flows.

Remediation

We continue to execute our plan to remediate the previously identified material weakness. The remediation measures are ongoing and, although not all inclusive, include implementing additional policies, procedures, and controls.

We are working to remediate our material weakness as efficiently and effectively as possible. At this time, we cannot provide an estimate of the timing for achieving full remediation or the costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, could result in us incurring significant costs, and could place significant demands on our financial and operational resources. We cannot assure you that the measures undertaken to remediate the material weakness will be sufficient or that they will prevent future material weaknesses. Additional material weaknesses or failure to maintain effective internal control over financial reporting could cause us to fail to meet our reporting obligations as a public company and may result in a restatement of our financial statements for prior periods.

We have implemented, and continue to implement, controls with respect to the review of spreadsheets, contracts and data used in our accounting and financial reporting processes across products and businesses. Management has added resources to bolster the finance department, standardized review control requirements, and reinforced the importance of precision in the performance of controls. We plan to continue to introduce automation in the accounting and financial reporting processes to enhance Galaxy's control environment and help ensure the completeness, accuracy, and appropriateness of data elements used in control execution.

We have redesigned our contract review process to include our Head of Accounting Policy and confirm accounting considerations for clients' and other transactions are appropriately concluded. In addition to the contract review process, we also are continuing to enhance the process for vetting new products and service offerings, including the relevant accounting treatment associated with the proposed new business.

We have integrated a third-party administrator into our digital asset and derivative reporting process and implemented enhanced reconciliations between management and the administrator to help ensure that data used in controls, and ultimately financial reporting, is complete and accurate. We have also implemented automated controls in front and mid-office spot and derivative trading systems for additional data validation, and completeness and integrity checks.

Changes in Internal Control Over Financial Reporting

Aside from those outlined above, there have been no significant changes to the Partnership's ICFR for the period ended September 30, 2024, which have materially affected, or are reasonably likely to materially affect the Partnership's ICFR.

Management's Responsibility for Financial Statements

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

Other Information and Disclaimer

No Offer or Solicitation

As previously announced, the Company intends to complete its proposed reorganization and domestication to become a Delaware-based company, and subsequently list on the Nasdaq, upon completion of the SEC's ongoing review and subject to stock exchange approval of such listing. The proposed reorganization and domestication is subject to approval by shareholders of the Company and applicable regulatory authorities, including the Toronto Stock Exchange. In connection with the proposed reorganization and domestication, the Company has filed a registration statement, including a management information circular/ prospectus, with the SEC, which has not yet become effective. SHAREHOLDERS ARE ADVISED TO READ THE FINAL VERSIONS OF SUCH DOCUMENTS, WHEN AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Shareholders may obtain a free copy of the registration statement (including the management information circular/prospectus) and any other relevant documents from the SEC's website at http://www.sec.gov. Copies of the final versions of such documents can also be obtained, when available, without charge, via Galaxy's investor relations website: https://investor.galaxy.com. The Company anticipates holding a shareholder meeting to seek approval following the effectiveness of the registration statement, and further details will be included in the management information circular to be mailed to shareholders and posted on the Company's SEDAR+ profile at www.sedarplus.ca at that time.

This document shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of the domestication or any of the other proposed reorganization transactions. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.