

Description/Thesis: Galaxy Digital (\$GLXY) is a multi-faceted financial services and investment management firm operating at the intersection of cryptocurrency, traditional finance, and next-generation digital infrastructure. The company's operations span digital asset trading, principal investments, asset management, investment banking, and an emerging data center and high-performance computing (HPC) segment through its data center Helios. Their crypto management platform supports both institutional and corporate partners—most recently allocating services towards retail investors in GalaxyOne—as well as direct crypto-native ventures. \$GLXY's crypto business is built on three primary pillars: trading, asset management, and investment banking. The crypto arm provides liquidity for spot and derivative digital assets, financial services, M&A services (advised the Bitstamp acquisition for \$HOOD), and broad Asset Management (over \$3.2B of assets on book). \$GLXY's asset management arm offers a suite of public and private funds—with strategies ranging from passive exposure to Bitcoin and Ethereum, with recent successes in private rounds in \$BMNR, \$FORD, and M0. Despite \$GLXY's original emphasis on providing financial services for digital asset-related businesses and investors, the **crown jewel** of its operating company portfolio is **Helios**, its flagship data center campus in West Texas. \$GLXY stumbled upon Helios by virtue of good luck in late 2022. \$GLXY purchased Helios for \$65MM, intending to use the data center for Bitcoin mining. Its former owner, Argo Blockchain (a Bitcoin miner), was in desperate need of capital and sold the facility to help stave off bankruptcy. Upon switching the Bitcoin mining site to begin to gear towards AI/HPC, \$GLXY has accomplished this feat by leasing out its first 800 MW of its 3.5 GW capacity to \$CRWV, with 2.7 GW awaiting ERCOT approval. After Q3 2025 was released at the time of this writing (October 21st, 2025), I believe \$GLXY remains **severely undervalued**.

Thesis #1: Data center revenue inflection creates \$1B+ recurring revenue stream starting 1H26: While the Data Centers segment contributed immaterial revenue in Q3 (\$2.7M adj gross profit), \$CRWV exercised its final option on the earnings call today, bringing total commitment to the full 800 MW of approved power capacity at Helios under 15-year lease agreements. This represents a complete sell-out of currently approved capacity and only further validates \$GLXY's strategic pivot from mining to AI/HPC infrastructure. Under the lease structure, \$GLXY anticipates generating average annual revenue exceeding \$1B at full capacity utilization based on contractual terms. The \$1.4B project financing facility (closed Aug 2025) fully funds the Phase I build with Galaxy delivering 133 MW to \$CRWV in 1H26, at which point the segment begins recognizing meaningful EBITDA at 90%+ margins according to Novogratz. Phase II adds another 260 MW on similar terms, and the expanded campus (1,500+ acres) has potential for 3.5 GW total power capacity at full buildout, positioning Helios among the largest AI data center developments in the world. This recurring, contracted revenue dramatically de-risks the business model and creates a valuation floor—which can be further testified by the Open AI and \$CRWV \$6.5 billion dollar comprehensive capacity purchase guarantee, extending through April 13, 2032. Any \$CRWV adjacent site will now be committed to utilization through its \$NVDA deal, effectively positioning as a revenue floor for all \$CRWV providers (\$GLXY). Anticipating \$1.2B RR by EOY 2026, the data center business alone could be worth \$10-15B at 10-15x forward revenue (average multiple), supporting significant upside from current \$15.3B market cap.

Thesis #2: Digital asset treasury mandates driving recurring fee revenue with minimal capital intensity: Galaxy's Asset Management & Infrastructure Solutions business added \$2B+ of net inflows in Q3, ending the quarter with ~\$9B AUM and \$7B assets under stake. Most importantly, digital asset treasury mandates have added \$4.5B+ in assets, representing annual recurring fee revenue of \$40M+ based on current crypto prices. This is a structural growth opportunity as publicly-traded companies increasingly adopt bitcoin treasury strategies (\$MSTR, \$TSLA, \$MARA, \$BMNR), with \$GLXY positioned as the institutional-grade provider with comprehensive custody, staking, lending, and trading services. Assets under stake grew from \$4.2B at the end of 2024 to \$7.0B in Q3 2025, representing 67% growth in just nine months. This growth is accelerating due to a variety of factors, but further institutional adoption of proof-of-stake protocols like Ethereum, Solana, and Cosmos will only further improve the unit economics for \$GLXY. Tom Lee, one of Wall Street's biggest blockchain enthusiasts, has been quoted as saying, "Bitcoin is digital gold. Ethereum is the financial rails Wall Street is migrating to." \$GLXY is just another proxy that plays the inevitable migration in institutions adopting blockchain technologies.

Thesis #3: The stock trades at ~23x forward P/E based on consensus FY26 EPS estimates of ~\$1.85, and likely trades at low-to-mid teens on FY27 estimates given the operating leverage from Helios revenue starting in 1H26. This is far too low for a company with: (1) record quarterly adj EBITDA of \$629M (implies ~\$2.5B annualized run-rate), (2) a fortress balance sheet with \$1.9B cash/stablecoins and \$3.2B total equity providing massive financial flexibility, (3) diversified revenue streams across Global Markets (record trading volumes +140% QoQ, \$1.8B avg loan book), Investment Banking (record advisory fees including \$1.65B Forward Industries placement), Asset Management (\$40M+ recurring fee revenue from treasury mandates), and Data Centers (\$1B+ annual revenue at full Helios capacity). On the contrary, while the stock trades at ~4.0-5.0x P/B ratio vs historical range of 1.5-2.5x, this doesn't capture the embedded value of the Helios data center assets (\$1.7B Phase I capex, \$15B total contracted revenue over 15 years with \$CRWV). Additionally, GalaxyOne's Oct 5 launch into retail creates optionality—if the platform gains traction (8% APY Galaxy Premium Yield, 4% APY cash, commission-free equities/crypto), it could drive significant AUM growth and cross-sell opportunities. To further validate the investment thesis, Capital Group underwrote the \$460M PIPE investment at \$36/share into \$GLXY. The same fund that underwrote a \$500 MM investment in 2021 into \$MSTR, which is now 10x+ for them. With Mike Novogratz owning 50% of all Class A shares, and institutions making up over 50% of the external float, smart money is on the right side of this thesis.

Recommendation: In summary, I remain confident that this is one of the best R/R names in the market. The setup is exceptionally clean: Q3 results validated that \$GLXY has successfully transitioned from a levered crypto trading shop into a diversified financial infrastructure company with multiple high-conviction revenue streams that compound independently. The \$629M quarterly adjusted EBITDA (\$2.5B annualized run-rate) represents a 198% increase from Q2 and demonstrates genuine operating leverage across the platform. **My conviction level is high because this isn't a "hope trade" on crypto prices mooning**—it's a multi-year structural story where \$GLXY is building irreplaceable infrastructure that compounds in value regardless of short-term crypto volatility. The 15-year \$CRWV lease alone provides \$15B in contracted revenue over the life of the agreement, and the Asset Management business is generating genuinely recurring, high-margin fee revenue that scales with institutional adoption. \$GLXY rides the two most prominent themes in the market – AI and Crypto – and Quarter 3 just solidified that the setup remains too good to ignore.

