Galaxy Digital

Second Quarter 2026 Earnings Call

August 5, 2026

CORPORATE PARTICIPANTS

Jonathan Goldowsky, *Head of Investor Relations*

Michael Novogratz, *Founder and Chief Executive Officer*

Anthony Paquette, *Chief Financial Officer*

Christopher Ferraro, *President and Chief Investment Officer*

CONFERENCE CALL PARTICIPANTS

Patrick Moley, *Piper Sandler*

James Yarrow, *Goldman Sachs*

Edward Engel, *Compass Point Research*

Greg Lewis, *BTIG*

Bill Papanastasiou, *Chardan Capital Markets*

Chris Brendler, *Rosenblatt Securities*

Mike Colonnese, *H.C. Wainwright*

James Faucette*, Morgan Stanley*

Nathan Frankovitz, *Cantor Fitzgerald*

PRESENTATION

Operator

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

Today's call is being recorded. To ask a question, you may press star, then one on your touchtone phone. To withdraw your question, please press star, then two.

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

Jonathan Goldowsky

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

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

Finally, none of the information on this call constitutes a recommendation, solicitation, or offer by Galaxy or its affiliates to buy or sell any securities.

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

Michael Novogratz

Good morning, everyone.

Listen, the second quarter was transformational for Galaxy. Behind the numbers is a single idea. The economy is increasingly running on code. Finance is moving on chain, and AI is remaking every industry. Both run on infrastructure. The financial rails on one side, the power and compute on the other. Galaxy is one of the few companies building at both ends of it today. This quarter, both sides delivered.

On the data center side, I couldn't be more proud of our team. We delivered Phase I at Helios on schedule and on budget, and that's not easy. The campus is now generating cash flow. We acquired three new data center sites, bringing our development pipeline to five-plus gigawatts of potential power capacity, and positioning Galaxy as one of the largest data center developers and operators in the world. Finally, we completed a $3.5 billion high-yield financing, the largest in our history, ensuring we have the capital to execute on a developing roadmap.

Twenty twenty-six is also an inflection point for our digital assets business. Crypto bear markets are the best time to build, and we certainly are in one. While token prices and trading activity remain subdued, we're seeing tremendous demand for the infrastructure that will power the next generation of financial markets. Today, we're working with some of the largest financial institutions in the world as they build out their digital asset capabilities. Last quarter, we signed our first major infrastructure engagement with Bank of New York, one of the largest custodians in the world, to further develop its digital asset infrastructure. We believe this is just the beginning.

Across both segments, the through line is the same, transforming finance and powering AI. Data centers and digital assets are each strong businesses in their own right, and today we're building the infrastructure underneath both of them.

I want to give you a few quick thoughts on CLARITY. Of course, everyone would have been happy if it had been passed already. Things aren't that easy. We're all sitting here waiting to see the White House's response to the ethics compromise that's been put forward, a bipartisan compromise between Senator Gallego and Senator Tillis. It's late. It does not look like anything will happen before the recess, and so there is some hope still that these guys will get together in September. I know from speaking to senators daily that all these issues are very close, and so we'll see where the political will turns out.

If CLARITY doesn't pass, it's not the end of the world. We've been living without it since this business started. There's been a commitment from both the SEC Chair and the CFTC Chair that they will work really hard and quick to put out rules of the road to regulate crypto in a much more direct way.

Finally, I'd love to welcome Steve Bandrowczak to our Board. Steve has built and scaled some of the world's most complex technology companies, bringing more than three decades of senior operating leadership across IT, infrastructure, large-scale M&A, and capital allocation. His combination of operating expertise, capital discipline, and deep technology experience will further strengthen our Board as we continue expanding our digital assets and trading center infrastructure platform.

With that, I'll hand it over to Tony.

Anthony Paquette

Thanks, Mike, and thank you, everyone, again, for joining the call today.

As in previous quarters, I'll start by walking through our consolidated financials, then dive into our operating businesses before turning it over to Chris to go into a bit more detail on data centers.

As Mike mentioned, Q2 unfolded against a challenging macro backdrop for digital assets, but our business continued to perform. It's quarters like this that building a diversified business model with recurring revenue that is uncorrelated to market activity becomes especially valuable. In Q2, Phase I of our Helios data center came online with the first 133 megawatts of critical IT delivered to CoreWeave. That's the start of a real shift in our earnings profile, which I'll speak to in a few moments.

For the second quarter, we reported GAAP net loss of $85 million, or $0.09 per share, and firm-wide Adjusted EBITDA of negative $77 million. These results were driven primarily by the depreciation of digital asset prices during the quarter, with our treasury and corporate segment reporting an adjusted gross loss of $42 million. Combined operating businesses adjusted gross profit was $86 million, and Adjusted EBITDA was $1 million, both up significantly from Q1.

Firm-wide operating expenses, excluding grossed-up transaction costs, the impairment of digital assets, and pass-through data center operator expenses were $172 million in Q2, up $25 million quarter over quarter, driven primarily by previously capitalized interest and depreciation expense that is now being recognized alongside data center revenue.

Turning to the balance sheet, we ended the period with $10.8 billion in total assets, up 9% from the prior period. Total equity was $2.7 billion, essentially flat quarter over quarter, with 72% of our equity capital now allocated to our two operating businesses. That mix has shifted towards our operating businesses over the past year, and as we've said previously, we expect data centers to represent a growing share of our capital base as we continue to invest in the build-out.

Cash and Stablecoins were $2.5 billion, down 6% from Q1, reflecting cash deployed into our operating businesses during the quarter, primarily around the Helios build. We also held approximately $1.2 billion in net digital assets and investments at quarter end, down 15% from Q1, reflecting both the depreciation of crypto prices and a modest reduction in our overall net digital asset exposure.

Turning to our operating results, beginning with digital assets. Crypto prices declined double digits in Q2, with a corresponding moderation in trading volumes and on-chain activity across the industry. Despite the weaker environment, our digital assets segment generated adjusted gross profit of $66 million, up $17 million, or 34% quarter over quarter. Delivering top-line growth despite lower digital asset prices and weaker industry activity reflects continued market share gains and further demonstrates that our earnings are becoming less dependent on the overall direction of the market.

Within global markets, adjusted gross profit was $49 million, up significantly from Q1, despite trading volumes declining 7%, driven by strength in our electronic trading business and discipline risk management across the desks.

In lending, our average loan book increased modestly from the prior quarter, despite the softer environment. That growth was driven by strong originations toward the end of the quarter, along with the successful pre-launch of our Galaxy Onchain Financing Rate offering, which I'll discuss in more detail in a moment. We also continued to expand in areas where we're seeing growing institutional demand.

During the quarter, we launched our OTC prediction markets offering, extending our derivatives platform to enable institutional clients to implement full multi-asset hedging strategies around event-driven markets. We believe this is an area that will continue to see increasing adoption over time as more companies and institutions seek to manage business-specific risks that are difficult to hedge with traditional instruments and require 24/7 risk management.

Separately, we launched the Galaxy Onchain Financing Rate, or GOFR, a fully managed, risk-controlled lending solution that provides clients with efficient access to on-chain credit markets through a single Galaxy counterparty at an optimized borrowing rate. This product removes the operational complexity of interacting with decentralized protocols and has already generated nearly $300 million of loan originations, reflecting strong early demand from clients.

We also brought to market the Galaxy Curator, an institutional vault curation offering built on Morpho and integrated with Fireblocks, providing more than 2,400 institutional clients with access to curated on-chain yield strategies. These launches reflect our continued focus on expanding our platform in areas where we see long-term demand while creating additional opportunities to serve clients across multiple products and businesses.

Turning to Asset Management and infrastructure solutions, we delivered an adjusted gross profit of $17 million and ended the quarter with approximately $7 billion in combined assets under management and assets under stake. This balance was down 12% from Q1, primarily reflecting lower digital asset prices and modest net outflows during the quarter. We continue to expand our investment platform with strategies focused on areas where we see long-term capital formation and believe we have a competitive edge.

During the quarter, we launched the Galaxy Fintech Fund with over $100 million of assets at launch. This long-short equity hedge fund is focused on the digital asset transformation of financial services, a theme that has been central to Galaxy's business strategy since the founding of the company. We also launched SWEEP, a tokenized private equity fund in partnership with State Street Investment Management and one of the few tokenized money market funds that offers 24/7 liquidity while also serving as eligible margin collateral on Galaxy's platform.

Looking ahead to the second half of ‘26, we expect to raise the next vintage of the Galaxy Ventures franchise. Building on the early success and strong investment performance of our inaugural fund, we expect the ‘26 vintage to be larger and to continue to focus on Blockchains, Stablecoin, Digital payments, and Tokenization. Since 2018, when we began investing balance sheet capital, our venture strategy has consistently delivered top decile DPI relative to industry benchmarks across every vintage. That track record positions us well as we continue to scale our venture business.

Onto digital infrastructure. Last quarter, we discussed how every layer of the capital markets value chain is investing in infrastructure to support a financial system built on digital rails. This investment is being driven by the significant operational and economic benefits that digital infrastructure can deliver, including lower operating costs, improved capital efficiency and collateral mobility, faster settlement, broader distribution, and the ability to bring new products to market more quickly.

Over the past few quarters, we've seen a meaningful shift in how institutions are approaching this challenge. Increasingly, firms are moving beyond outsourcing core infrastructure to third-party providers and instead are looking to own and control the underlying technology themselves. Our platform has evolved alongside our clients' changing needs. Rather than offering a single off-the-shelf solution, we've evolved our stack into modular building blocks that enable institutions to build digital asset servicing capabilities around their own operating models, spanning custody, key management, staking, trading, settlement, and wallet infrastructure.

That strategy reached an important milestone in Q2 when we signed a multi-year agreement with Bank of New York, the world's largest custodian, to further advance digital asset infrastructure for institutional markets. This agreement entails Galaxy serving as a design partner to BNY across the full range of digital infrastructure, including support for staking on BNY's digital asset custody platform. We already have a team of forward-deployed engineers on-site and look forward to deepening that relationship over time.

This engagement reflects the trust that leading financial institutions are placing in our technology and engineering capabilities while also demonstrating our ability to monetize our best-in-class product and engineering talent through strategic engagements. These engagements are inherently complex, requiring extensive solution design, commercial alignment, and deep technical integration over extended periods of time.

We've spent several years investing in these relationships, and while these engagements have long development cycles, we're encouraged to see them beginning to translate into commercial opportunities. We believe these types of strategic partnerships position Galaxy at the center of the next generation of digital infrastructure as capital markets continue to evolve.

We're also continuing to expand our distribution through additional integrations. Following BlackRock's selection of Galaxy as a validator for its Ethereum staking fund last quarter, Morgan Stanley Wealth Management has now selected Galaxy to help power staking for two new digital asset ETPs, extending our role as a staking provider to the Wealth industry. We also announced a new partnership that enables Morgan Stanley Wealth clients to lend digital assets to Galaxy and receive in-kind spot crypto ETPs through a new referral program.

Since Q4 of last year, we've reoriented our business around the convergence of traditional and digital financial services, a structural trend we believe Galaxy is uniquely positioned to serve. We brought our infrastructure business onto one single platform, aligned leadership, and added senior talent across product and technology to support it. Q2 showed that strategy translating into commercial results. New distribution partnerships are expanding our footprint and opening new channels for customers, which will help drive organic growth and recurring revenue over time.

Turning to data centers. Q2 was the segment's first quarter of real operating financial results as we delivered all data hauls to CoreWeave under the Phase I lease agreement prior to quarter end. As a result, beginning this quarter, we'll be reporting a more detailed set of metrics in our financial statements and supplements.

On the consolidated income statement, you'll see leasing revenue, which reflects the total contracted rent over the life of each lease, including annual escalators recognized under GAAP on a straight line basis. Within our data center segment reporting, you'll also see operator revenue, which is the pass through charges we recover from our customer for power, utility, and other related operating services, along with the equally offsetting associated operator expenses.

As with other segments, we will report adjusted gross profit and Adjusted EBITDA for data centers. Non-GAAP measures, we believe, offer a clearer view of the segment's underlying performance. For data centers specifically, adjusted gross profit will exclude the pass through operator costs, thereby isolating economic profit that we actually generate from our operations.

With that framework in place, data centers generated $20 million of adjusted gross profit and $11 million of Adjusted EBITDA in Q2, both reflecting the phase delivery of data hauls throughout the quarter. Total data center operating expenses, excluding pass through operator costs, were $21 million in the quarter, reflecting depreciation and interest expense that began recognition as the data hauls were delivered. With Phase I now fully online, beginning in the third quarter, we expect Phase I to generate its first full quarter of leasing revenue of approximately $80 million and a project level Adjusted EBITDA margin of over 90%.

Data center CapEx was $448 million in Q2, up from $354 million in Q1. In the coming quarters, you should expect CapEx to continue increasing alongside the pace of construction at Helios. This quarter, we also recognized a clean energy, a clean electricity investment tax credit of approximately $65 million. Given our upsea (phon) corporate structure, only roughly half of this federal credit flowed through our P&L this quarter as a $32 million tax benefit on the data center's segment income statement. At quarter end, the data center segment had approximately $2.5 billion in total assets and $1.5 billion in total liabilities, and we expect both to keep growing as we continue to scale the business.

Lastly, as Mike mentioned, related to financing for Phase II of Helios, on July 28, we completed a private 144A offering of $3.5 billion of five-year senior secured notes structured at an 85% loan-to-cost. Combined with the equity Galaxy has already contributed to the project, this financing funds the remainder of Phase II at Helios, which will add an additional 260 megawatts of critical IT capacity starting next year.

With that, I'll turn it over to Chris for more details on data centers. Chris?

Christopher Ferraro

Thanks, Tony.

I'm proud to say that we delivered Phase I at Helios on schedule and on budget. In today's data center market, that's more than a construction milestone. It's proof that we can execute at scale and that credibility matters as we expand Helios, add new customers and partners, and develop future campuses.

Turning to Phase II, construction's tracking well. HITT Contracting joined the project this year as our new general contractor and has been mobilized on site since April. As one of the industry's leading builders of hyperscale data centers, HITT's decision to partner with Galaxy reflects the quality of the Helios campus, our team, and the opportunity we're building together. Earth work is now complete, and structural foundation work is underway. We remain on schedule and expect to commence Phase II data hall deliveries in the second quarter of 2027. Phase II comprises eight data halls in total, with seven online by the end of 2027 and the final data hall following in early 2028.

As Tony highlighted, we've now fully funded Phase II with Galaxy equity and our recent high yield note issuance. Capital continues to find its way to well-structured, contracted infrastructure like Helios, and we're grateful for the partners who supported us in getting there. The third and final phase of Helios I, which represents an additional 200 megawatts of gross power and 133 megawatts of critical IT load, is expected to come online throughout 2028, rounding out Helios I's three-phase build-out.

On our remaining 830 megawatts of approved capacity at Helios II, conversations continue to advance and we remain constructive on both the customer side and the economics. Much of the timing here comes down to where prospective customers sit in their own internal capacity planning and buying windows relative to when our available capacity at Helios is set to energize. Leases for power at this scale are increasingly being signed well ahead of energization and demand shows no signs of slowing, which gives us a strong amount of confidence in how this timeline will play out for Galaxy.

Furthermore, other market dynamics are at play that signal to us that, sometimes, patience is a virtue. New potential tenants are showing up to the market regularly now, providing a wider surface area to discuss potential long-term partnerships. New guarantee and lease wrap structures are being formalized to help better shape the risk-reward opportunity for us as a long-term infrastructure owner.

Probably most importantly, while forward market demand for power and compute is stronger today than it's ever been, forward market supply of new projects, while ambitiously headlined, is very quickly being constrained now by both physical delivery and political headwinds. Make no mistake, the team here is laser-focused on evaluating all the opportunities available for Helios II. We are just balancing that with our belief that an approved project at near gigawatt scale is not an asset that we should deploy lightly.

In the meantime, we've already placed deposits and issued purchase orders on more than $180 million of long-lead electrical equipment, including main power transformers and switchgear. Taking these steps early helps ensure that we're proactively managing infrastructure procurement to support our energization timelines and planned ramp schedule, while increasing the attractiveness and hence the value of the project to prospective tenants. On the utility side, we're encouraged by the continued progress on WETT's Pitchfork Switching Station, which is currently under construction and will support the energization of this 830 megawatts of additional capacity.

At Helios, beyond the existing 1.6 gigawatts of approved capacity across Helios I and II, our incremental expansion opportunity now stands at 2 gigawatts, split evenly across two separate points of interconnection, Helios III and Helios IV. We submitted the required batch zero documentation and attestation package for Helios III and posted $50 million of financial security with the interconnecting transmission service provider ahead of ERCOT's July 24 deadline.

Based on the completion of those milestones and the requirements of PGRR 145, we expect the 1 gigawatt Helios III interconnection to qualify for inclusion in batch zero as study load. Helios IV has not yet reached those same milestones, and as a result, we expect it to move through a subsequent ERCOT batch process with energization occurring on a later timeline. But we continue to invest ahead of demand because of what we're seeing in the market. Strong customer interest, persistent power scarcity, and continued demand for large-scale compute infrastructure.

At Galaxy Power, our strategy and ambitions have always extended beyond just Helios. I'm very proud now to be able to say that over the past two months, we've added three new sites across Texas, extending our development pipeline and creating multiple avenues for future growth of the business. First of those new campuses is Merlin, where subsequent to quarter end, Galaxy executed a development agreement to acquire 500 acres of land in the McGregor Industrial Park in McGregor, Texas, for the development of a new AI and HPC Data Center campus.

Galaxy is advancing the electrical infrastructure for the campus, and we've secured an initial agreement from the utility to support construction of the required interconnection facilities. We expect the initial 74 megawatt phase to begin energization in 2028, subject to development milestones, including execution of an interconnect agreement and a supply agreement with the local utility. At Merlin, we also plan to request additional capacity through ERCOT's batch process to support development above the 75 megawatt large load threshold. We believe there's a path for Merlin to grow over time into a 500 megawatt campus as we in the utility upgrade transmission infrastructure.

Merlin complements Helios and has the potential to become a strategically located AI and inference campus serving customers across the Texas Triangle, one of the fastest growing economic corridors in the United States. In addition to Merlin and Helios, we also recently acquired two additional new sites in Texas for the development of AI data center campuses, Caspian and Selene.

Caspian has a potential total gross power capacity of 700 megawatts and is eligible for batch zero base load classification based on the milestones we've already completed, including executed interconnection agreements and the posting of known and identified required financial commitments for transmission and distribution upgrades. That puts Caspian on one of the most advanced development paths within our expansion portfolio.

Selene has potential gross power capacity of 900 megawatts and is eligible to be classified as batch zero study load now that we've submitted the required documentation and attestation packages and posted the required financial security ahead of the ERCOT deadlines. Taken together, Helios and our three new campuses bring our total potential power capacity to more than 5.7 gigawatts, providing Galaxy Power of visible development pipeline for over half a decade to come.

Acquiring new sites is where our experience at Helios becomes a real advantage. We've built a level of expertise in power interconnection, utility relationships, permitting and community engagement that few developers in this space can match. Texas in particular is core to our strategy. We know the grid, we have deep relationships with state and local government, and we operate in a regulatory environment that despite recent trepidation over the proposed pace of growth, we believe will continue to favor data center development over the long term.

Equally important, we have the capital and resources to move quickly when the right opportunities present themselves. These acquisitions have all been structured so that we commit modest capital through the interconnection approval process with the bulk of our commitments contingent upon the achievement of specific development milestones, including importantly, the actual successful long term leasing of these sites. That kind of structure is only possible because of our credibility as a developer who has executed successfully at scale. Being a credible, well capitalized operator is exactly why early stage project developers and landowners are willing to transact with us in this structure. Our track record at Helios is the reason they trust us to close.

Texas has become one of the most competitive data center markets in the country, driven by extraordinary demand for new large loads. As a result, the PUCT and ERCOT are understandably focused on distinguishing projects that are well developed from those that are speculative or do not or cannot meet applicable requirements. To this point, on Monday, Governor Abbott directed the PUCT and ERCOT to conduct a comprehensive audit of all data center projects seeking grid interconnection. Including ownership, financing, infrastructure commitments, projected power and water use, and measures to mitigate community impacts.

The governor's directive is a stark reinforcement of the principles that have guided the Batch Zero process from the outset. Frankly, the core principles that have always been Galaxy's North Star in our development process. The Governor has consistently emphasized that protecting Texans' safety and quality of life while creating jobs and advancing Texas' leadership in technology and investment are complementary priorities. We've approached our projects with those objectives in mind from day one. We've worked closely with our engineers, consultants, and utility partners to meet the required requirements established by the PUCT and ERCOT and will continue to comply with any additional requirements that result from this directive. Responsible development has always been our approach.

The immediate impact is that we and others in the industry no longer expect communication on Batch Zero classification in the coming days. While regulatory developments continue to evolve, our focus remains on executing a long-term strategy and expanding our investment into Texas' infrastructure, communities, talent, and innovation. To that end, last month, we announced a 15-year naming rights partnership with Texas Tech, rebranding the home of Red Raider football as Galaxy Stadium beginning this season. Our partnership includes opportunities for Red Raider student athletes to be compensated through branded campaigns and content while also strengthening a talent pipeline that's already producing results.

Texas Tech graduates are already supporting our Helios campus across multiple teams, and we expect that pipeline to grow as our presence in West Texas expands. This partnership is just the beginning of a broader relationship with the university. Over time, we expect to explore additional collaboration, including AI-focused academic initiatives and workforce development programs that help strengthen the region's long-term technology ecosystem.

What you're seeing is a business that's moved beyond proving it can execute. We've delivered 133 megawatts to CoreWeave on schedule in an industry where timely execution has become a meaningful differentiator. We're expanding Helios, growing a multi-campus portfolio across Texas, and building lasting partnerships with the communities in which we operate. That's the foundation we're creating, not just a collection of data centers, but a scalable infrastructure platform positioned to support the next generation of AI computing for years to come.

With that, I'll turn it over to the operator for questions.

Operator

Thank you. We will begin the question and answer session. To ask a question, you may press star, then one on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star, then two. Please limit yourself to one question, and if you have additional questions, you may re-enter the question queue.

Our first question for today will come from Patrick Moley with Piper Sandler. Please go ahead.

Patrick Moley

Yes, good morning. Thanks for taking the question. I wanted to ask about the additional 830 megawatts of approved capacity at Helios that's not yet under lease. I appreciate some of the color you provided there in the prepared remarks, but was hoping you could just update us on how your conversations with potential tenants there have gone? What the composition of the tenant funnel looks like in terms of hyperscalers, neoclouds? Then maybe just level set with us and elaborate on what some of the gating factors have been to getting a tenant signed for that power. Thanks.

Christopher Ferraro

Sure. Good morning, Patrick. Thanks for the question. Yeah, Helios II and the 830 megawatts of approved power capacity, we've had a number of discussions across the industry with sort of every flavor of potential end tenant that category that you can come up with. Hyperscalers, neoclouds, some of the labs themselves, and some new entrants to the market as well.

I think as I said in the remarks, the number one factor for us in that today is Helios II's energization schedule is currently slated for late 2028. The industry, as you know, is in such a backlog of necessary supply to meet demand today that a lot of those tenants are focused on how can I lease 2026 power, however unrealistic that is today in terms of actual being able to deliver that. A lot of the conversations we've had have started with what is a process of building a long-term relationship towards a schedule for when those potential end customers are looking to then turn their teams and their attention, which is limited on late 2028 power.

That's what I'd say sort of the starting of the conversation, the relationship building has been over the last number of months. Then I would overlay the other market dynamics, which I mentioned in the prepared remarks, which are pretty important, which is the dynamics in the industry are moving pretty fast, most of which are all pretty favorable for actual infrastructure land power owners. A lot of new structures have started to emerge and get crystallized, which would allow for tenants who we otherwise would have trepidation moving forward with as it relates to their business maturity and their credit quality by having larger credit quality counterparties sort of wrap those potential commitments and give us a better risk reward and allow us to commit to a long-term partnership.

Those are relatively new. You've seen a few of them come into the market. We've taken the tact of wanting to see them start to develop to work ourselves on structures that might work for us. That would give us a much broader potential opportunity set at Helios, too. We thought that it was prudent to make sure that we saw that we did the research, and we saw those sort of come to market before we make a final decision on what we're going to do with the asset.

Operator

The next question will come from James Yarrow with Goldman Sachs. Please go ahead.

James Yaro

Good morning, and thanks for taking the question. Galaxy has diversified in a variety of ways that you highlighted on this call into crypto infrastructure offerings. Which products would you classify as sort of the key near-term and investment and growth priorities in the digital assets business? Maybe you could differentiate between trading versus infrastructure. Where are you seeing the strongest early traction with some of these infrastructure products?

Anthony Paquette

Yeah, sure. Thanks, James. This is Tony. I'll take it. As I mentioned, the infrastructure business, what we've really done over the last couple of quarters is bring together what was a set of different products and companies that we'd acquired over time into really one offering to bring it to large institutional, large institutions that are looking to, as we've mentioned, build and own their own infrastructure. These are really; I think what we see as the real opportunity is partnership level engagements. The one that we've just announced with Bank of New York is the first. There are other similar type conversations. But the way we think about it is really these are engagements where we see a deeper, longer term relationship where we can build together with large institutions.

We do have somewhat limited resources. We will obviously need to be selective of how we think about our partners there. But most importantly, we want to think about this as areas where we can go deeper beyond just sort of initial engagements and opportunities to build beyond. Within that, from a product perspective, we're talking about things like staking, tokenization, wallet infrastructure, vaults and curation, all of these different types of products that we've been building on our own platform and helping some of our partners develop those directly.

We think we've got very unique experience and talent in this area. Obviously, it's, there's a competitive dynamic that we want to be very thoughtful about when we're thinking about these partnerships. But we do see these opportunities and really an evolution of how this industry is maturing.

Operator

The next question will come from Edward Engel with CompassPoint. Please go ahead.

Edward Engel

Hi, thanks for taking my question. By just walking us through the thought process as you were financing CoreWeave Phase II and Phase III, just given that it was kind of all in one deal, did it feel like this needed to be done in one deal or was it you trying to get ahead of the market in case there was any turbulence? Thanks.

Christopher Ferraro

Sure. Morning, Edward. Thanks for the question. Just to clarify, Phase II and Phase III were not done as one single deal. The high yield bond offering we did very recently was specific to Phase II, which is the largest phase of Helios I for CoreWeave. It was a $3.5 billion high yield notes offering. Prior to raising that financing, we had already pre-funded a significant amount of the necessary equity for the project. With closing of that financing, we funded the balance of the necessary equity for the project. Phase II is now 100% funded from a debt and equity perspective.

Importantly, our prior capital planning, as well as cash generation that we've had over the years and we expect to have, already pre-funds and the equity needs expected for Phase III. We have no equity need expectation to complete the project for CoreWeave and to deliver the entirety of the 800 gross megawatts to them. What you likely will see happen into the future is a final debt financing to come to associated with the Phase III project as we ramp that project up and start building for delivery. That was the thought process. We've looked at Helios I as three separate phases financed all with Galaxy equity that's already requisitioned for, but with three separate debt financing structures.

Operator

The next question will come from Greg Lewis with BTIG. Please go ahead.

Greg Lewis

Yeah, thank you. Good morning. Thanks for taking my questions. I guess I'd like to talk a little bit about the data center footprint. I mean, clearly you guys have been going out and acquiring additional sites. We have the stuff pending batch zero base load, pending Batch Zero, I guess, study. Just as we think about that and to your point around prompt power, maybe not for the base load sites, but is Galaxy exploring and looking and could we potentially see sooner rather than later some behind the meter power at maybe some of these sites that probably will have power in the future, but definitely not in this kind of tight window that a lot of companies or customers are looking for.

Christopher Ferraro

Sure, I'll take that one. You're right. We have been very busy over the last two quarters building our portfolio and we're pretty proud of it. I'm going to lead with I think the philosophy we've had on building our power portfolio is one where the market is pretty young and dynamic and the growth expectations are larger than we've ever seen, but we still want to be prudent and risk manage our exposure.

Just to level set, as we've acquired all of these projects, we've done so in a way that have back-ended Galaxy's exposure in terms of the actual cost to control the asset and not just back-ended it timewise, but back-ended it in terms of actual development and milestones. As time passes and you see those sites start to get developed and get leased and ultimately bring to fruition, you'll see sort of the risk capital put out to Galaxy very aligned with actual achieving milestones that have already created value to help fund those purchase prices. That's one.

In terms of behind the meter versus front of the meter, all the sites that we have targeted are meant to be front of the meter sites. While we do think the Texas grid and the regulators there have a lot of work to do to figure out how to bring on all these large loads over a period of time in a safe way for Texans and for the grid to keep costs down and to make sure that we can grow responsibly, we do think that all those projects with the right investment in infrastructure are deliverable on timelines that we can all see. We don't view what we have acquired, and we brought under our control as a power potential that requires decades of build and not visibility into delivering.

On the behind the meter side, we have continued to do a lot of work on our side. We actually have advanced some pretty specific conversations on potential partnerships and potential projects that we would look at to do behind the meter. We do think behind the meter generation attached to data centers is going to become more prevalent, particularly as grid constraints and fear around grid expansion sort of continues to percolate.

The other side of that, though, is building behind the meter generation alongside a data center development is a much more complicated process. It's very difficult to finance, model, build generation that oftentimes is very singularly tied to a specific data center project and then have to pace that with matching it with a customer, getting the financial to build a data center, et cetera. It adds significant cost to a particular data center development, and it adds a lot of complexity and sort of timing dependency, let alone actual operational dependency with regards to being able to maintain voltage and actually operate the data center to 3959 level production while having a captive behind the meter source.

It's not something that we are completely closed off to. It is something that we're investing our time and research efforts into, and we're looking at. We will likely pursue something into the future. It is not our focus today. We are focused on front of the meter assets.

Operator

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

Bill Papanastasiou

Yeah, good morning, gentlemen. Thanks for taking my questions. I was just hoping we could double click on the change in general contractor for Phase II. From my memory, Galaxy had partnered with Clayco in the first round at Helios. What drove that decision to change the general contractor? Thanks.

Christopher Ferraro

Yes, you're correct. Clayco was our was our GC on Phase I. They were an absolute great partner. They delivered well for us. As we've said, we and them helped deliver that project on time and on budget. But there's a lot. There's a lot given their project commitments and our time required timeline requirements and the necessary labor and workforces that were required for Phase II, which was which is double the size on a similar timeline from Phase I.

We made a decision ultimately to go ahead. It was really a collaborative decision with Clayco to go ahead with HITT for Phase II, who's a top nationally recognized Data Center contractor. The strong track record delivering and who themselves had aspirations to really build a much bigger presence in Texas as the focus has moved to large scale development in the industry in Texas. That's really what drove the decision. I think we work together with Clayco. It made the most sense for both parties to given their other commitments and their timelines to go a different direction.

Operator

The next question will come from Chris Brendler with Rosenblatt Securities. Please go ahead.

Chris Brendler

Hi, thanks. Can you give us an update on GalaxyOne? I know it's a difficult market, but if you could give us an update on how you're thinking about that that business at this point, that'd be great. Thank you.

Anthony Paquette

Yeah, sure. I'll take that one, Chris. Thanks for the question. GalaxyOne, as we've talked about on previous calls, and we launched this product publicly about nine months ago. The team has been steadily releasing product features, development, et cetera. We do still have an ambitious road map in terms of what we're planning to build there. This is this is something the area where we focused on really being, you know, beyond just crypto. This is truly a, you know, a multi asset class offering.

We're running this part a little bit like a startup internally in terms of launching products, releasing new features, wanting to see product market fit, wanting to see things really, really sort of land as we have as we kind of build out the product. We've seen some green shoots in there in terms of things around like equity trading. We're looking at rolling out new features like a portfolio line of credit, things of that nature. Look, we know building a consumer franchise takes time. It is not something that that happens overnight. This is this is a commitment that we've made and we're investing into the to the product build. We have not poured a lot of money into the marketing spend, which is something that's pretty important when you think about consumer development, even at the higher end of the of the spectrum of where we're aiming.

The other the other thing I would say is we are working to sort of harmonize areas across the consumer and institutional side where we can. When you think about things like operations, back end technology, things that are that will give us operational efficiencies and scale as this business grows, that's really been one of the one of the focuses of the team. Again, still a very small contributor to the to the net financial profile of the market's business where this rolls out, but something that we still have a pretty ambitious roadmap ahead.

Operator

The next question will come from Mike Colonnese with H.C. Wainwright. Please go ahead.

Mike Colonnese

Good morning. Thank you for taking my question. Just curious, as you guys start to scale some of your key partnerships with TradFi, how should we expect these arrangements to manifest in financial results, seeing that you'll be effectively externalizing your services to the third party? As a follow up to that, how soon can BNY become a material contributor for you guys?

Christopher Ferraro

Yeah, I'll start that. Tony will probably back me up on it. In terms of business model and what we hope we're going to see, therefore you'll likely see, the way the way the mandate, at least with BNY and our pipelines are structured, is a combination of really starting out with allocating our team of engineers, developers and our business folks helping the financial institutions who are complementary to us and have platforms that are complementary to our existing services and products that we offer today. Help build part of their infrastructure where we get paid for that contribution along the way. But then also with a real eye towards the future of once those financial institutions have their platforms and infrastructure developed, then Galaxy being a primary, if not the contributor to value added services on top of those platforms to help service either directly or via B2B to B2B to end user relationship.

I would view it as like long term engagements where Galaxy can allocate resources, generate pretty healthy margins during a build phase, and then give us a much broader surface area to distribute our products and services through that partner's platform once we've helped build it.

Anthony Paquette

Yeah, the only thing I would add, the only thing I would add your question about how we see it come through. Some of these engagements will come through as fee revenue through our asset management and infrastructure subsegment. Over time, as Chris was talking about, as we scale and deepen integrations with some of these partners, I think you'll see it in the form of just broadening growth across our trading businesses more broadly, asset management, asset growth broadly. That is how we sort of think about it and expect it to manifest over time.

Operator

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

James Faucette

Thanks very much. Wanted to ask about the announced acquisitions and opportunities. They're obviously really big potential projects, but how should we think about getting approvals and power to those, especially in the ERCOT process right now? I mean, have applications already been filed? What's the timing in which that would take place? Just walk us through how you're thinking about that process for now and what the things that could move approvals one way or another. Thanks.

Christopher Ferraro

Sure. I would say as a global comment on our power portfolio, every one of the projects that we've identified here are projects that we, Galaxy now have ownership or site control over and have visibility on how large they can be and how we can develop and energize them over a given time period. If we go sort of one by one, right, Helios, I think the—you guys in the market know a lot about Helios.

Helios is an asset that we own, freehold the land rights and we've acquired a land portfolio now that's increased 10x plus since when we initially acquired it back in 2022. Helios one is already under development. Helios two was already approved. We had signed interconnection agreements. We had funded known utility upgrades to the CSPs and there and had gotten approval on that 830 megawatts prior to the batch process, even launching.

Helios three is a future expansion for the Helios campus. That Helios three site is, we expect to be a Batch Zero study load, meaning we've applied for a gigawatt of capacity. We expect to get a gigawatt capacity over time, but in the Batch Zero process, it's unknown how much of that one gigawatt ultimately based on the planning of the grid can be deliverable during a Batch Zero confirmation.

You'll hear this trend over and over again as I go through them. On Helios III, we have studies approved. We submitted those attestations that were required during the batch process. We also funded the required security, which is $50,000 per megawatt, so $50 million for our one gigawatt application. We did all that ahead of the deadline and in satisfaction of the PGRR 145 requirements. from our perspective, Helios III is very clearly a project that's been studied that has ticked all the boxes that has long lead electrical infrastructure that's already been procured to prove and money posted for the utilities to prove that we're serious about that development.

The same is true for Selene, which is a 900 megawatt project. Very similarly, we believe that's a Batch Zero study load. We have studies that have been approved. We have attestations that have been made. We've posted security for that 900 megawatts to the tune of $45 million, all ahead of the deadline.

Caspian is a little different and I put higher up in the category. Caspian is a Batch Zero base load eligible site. What's different about that? What's different about that is in addition to having studied loads, that site was already known in terms of what specific T&D infrastructure upgrades needed to be made. Therefore, we could attest to having acquired all of the electrical equipment, having had the steady state and stability studies approved, and a known amount needed to be funded to the utility's TSPs in order to upgrade the grid. We did all that in advance of the deadline. Caspian, in that whole portfolio, is very well positioned to be a 100 cent (phon) allocated 700 megawatt base load once ERCOT works through their own process and now the governor's directive. To take a very serious look at auditing all of the applications that have come in.

If you look through our portfolio, sort of summarizing, there are no sites in that portfolio that we have either not done the required steps in order to give us confidence that can be developed. We've done all those steps. We put real capital to work in every one of those projects. We've posted financial security and or actual utility requirements in all those projects. What we're looking at today now is a process that was already known with the PUCT and ERCOT and an overlay that's now been added by the Governor who wants to make sure that those entities take a very serious audit and look at who's participating, so that folks like us and all the projects we have in that process can be prioritized.

Folks who haven't done all that or have gone a different route or have cut corners who have either not made attestations or have made attestations that maybe are not built on strong foundations can get weeded out. We have to go through that process. We think it's a healthy process for the grid. It's very important that ERCOT and Texas gets it right. We just know that all the assets that we have control over that we've applied for, we've done everything and we've crossed every T and dot every I and we feel very confident about where we will land as that process unfolds.

Operator

The next question will come from Nathan Frankovitz with Cantor Fitzgerald. Please go ahead.

Nathan Frankovitz

Hey, good morning, everyone. Thanks for taking my question. It seems like a major theme that Galaxy is positioning around is AI computing, obviously, and then the movement of financial markets on chain. My question is, where do you see the most tangible convergence between those two themes? Are there specific capabilities or customer relationships or capital advantages that would allow Galaxy's Digital Assets and data center businesses to create more value together than independently?

Michael Novogratz

In the short term, it's not a clear answer, but there's a fast pivot to do something. A, you're building long-term infrastructure for big, big hyperscaler and other clients. For us to take some piece of that data center would be not so relevant relative to how big these data centers are building.

What it has done for us is given us a bird's eye view of just how much capital and how fast the AI revolution is coming, how much capital is taking and how fast the revolution is coming. Understanding that, really, why crypto, why blockchain rails are going to become so important. But there's, in some ways, two very different businesses at the tail sides of one big theme.

What's interesting is our pivot is in infrastructure in both. We really do believe that crypto is going through this transitional moment where lots of the crypto technology, the philosophy of the technology is now really applicable for all financial instruments. You're not going to have crypto business per se, you're going to have a digital assets business. That pivot is both painful for some companies because you had a business that was built on a very speculative token economy that's moving into a digital asset where those tokens represent real value and real world assets. You can see that happening.

I don't think it's a straight line to converge those two businesses. But those themes are going to stay pretty connected. And I think there's an advantage. There's been advantage so far in our capital structure that we built a very large and ambitious data center business on the back of capital that we had raised and earned in the crypto business. In some ways, we got to double count that capital for a while because people would only lend us money if we had enough assets. We had those assets that were also backing our crypto business. As we get more capitalized, it becomes a little less important as our businesses grow. But now we've got a business that the data center business 12 months forward is a big cash flowing business that gives us the ability not to panic, to stay calm in the crypto transitions, to figure out exactly the right moves as opposed to being forced into moves. I like the barbell that we have. But again, there's not a direct, hey, let's build Galaxy Data Center right now.

Operator

This will conclude our question-and-answer session. I would like to turn the conference back over to Mr. Mike Novogratz for any closing remarks. Please go ahead.

Michael Novogratz

Hey, guys, I just want to give Chris and Tony a shout out. They did, I think, a great job of explaining just how much work that we've done in the last three to six months. It's been a tremendous amount behind the curtain, if you want to think of it that way, of relationship building, of acquiring sites, financing, and all that stuff takes a huge amount of effort for the whole Galaxy team.

We're hoping the next two quarters, the excitement around, our excitement around what we're accomplishing, is equal to this one. We really see both these opportunities as challenging, but really potentially very lucrative in the long run. Appreciate your time and we'll be back.

Operator

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