



**PHOENIX**

# **ANNUAL REPORT 2024**



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H.E. Tareq  
Abdulraheem  
Al Hosani

CHAIRMAN



**This year has been highly significant for Phoenix Group as we continued to execute our strategy to expand and strengthen our global presence. Our efforts to diversify and position ourselves for future growth have made us even more resilient in an ever-evolving market.**

In 2024, a core focus for us was reinforcing our operational capabilities, particularly through strategic investments in new mining facilities. We are proud of our major expansion in North Dakota, a move that has significantly enhanced our capacity and solidified our position in the United States. Alongside this, our continued emphasis on optimizing existing infrastructure has been key to maintaining operational efficiency. These initiatives align with our broader strategy to capitalize on evolving trends in the cryptocurrency space and position Phoenix for long-term success. Our continued focus on bitcoin mining has seen our mining income grow exponentially by 1852% since the inception of the mining vertical in 2022 while our strategic bets on various Crypto assets have yielded results of up to 2.4X in certain cases.

The year was not without its challenges, as market volatility persisted. However, as we entered the latter part of the year, sentiment within the cryptocurrency sector shifted positively, driven by the aftermath of the U.S. elections. This change fueled a notable rally in Bitcoin prices, creating an atmosphere of renewed optimism. While some challenges remained, we adapted swiftly, adjusting our strategy where necessary. A pivotal decision in this regard was our exit from the CIS region due to geopolitical issues, allowing us to reallocate resources to markets with greater growth potential. This strategic realignment has strengthened our position to capitalize on emerging opportunities, reinforcing our focus on sustainable growth in key regions.

Looking ahead to 2025 and beyond, we are excited about the future of Phoenix Group. We will continue to focus on the growth of the bitcoin mining business with an enhanced focus on competitive power pricing and access to efficient mining equipment as the core objective.

The journey ahead is promising, and I have no doubt that, with the dedication and expertise of our team, we will continue to drive Phoenix Group forward. We are confident that the steps we have taken today will provide a strong foundation for sustained expansion, innovation, and value creation for our stakeholders.





Munaf Ali  
GROUP CEO



**As we reflect on 2024, I am proud to highlight the milestones we've achieved, from significant growth in our Bitcoin mining operations to returns from our strategic investments as well as our unwavering commitment to sustainability.**

This year, Phoenix experienced substantial growth across our diverse business segments. We recorded a remarkable 236% year-on-year increase in Bitcoin mining revenue, rising to \$107 million from \$32 million in 2023. This impressive growth underscores our strategic focus on mining, positioning Phoenix to capitalize on the expanding cryptocurrency market. Our investment vertical has also yielded strong returns on most of our digital assets portfolio.

As we build on this momentum and expand Phoenix into a leading global player, expanding business sustainably and strong corporate governance remain a top priority. To accelerate the growth of our Bitcoin mining business, we are focused on securing additional Power Purchase Agreements (PPAs) with reliable energy providers.

These agreements will not only ensure access to cost-effective and sustainable energy but also enhance the efficiency and scalability of our operations. In parallel, we are investing in the latest generation of mining equipment, which offers superior processing power and energy efficiency. This strategic combination of optimized energy sourcing and cutting-edge technology will enable us to expand our mining capacity, improve operational performance, and strengthen our competitive edge in the rapidly evolving cryptocurrency landscape. On the governance front, we are working diligently on improving the quality of our internal policies and procedures, enhancing public disclosures and be the best in class when it comes to our internal controls.

Sustainability also remains a core focus, and in 2024, we made significant progress in this area. By expanding our use of hydropower for cryptocurrency mining in Oman and Canada, we have substantially reduced the environmental impact of our operations. As we scale, we remain committed to adopting sustainable, innovative technologies that not only enhance our financial performance but also benefit the environment and the broader community.

The success of Phoenix Group is equally rooted in the strong culture we've built. We take pride in fostering a diverse and inclusive workplace, where collaboration and innovation thrive. This diversity empowers us to navigate the complexities of the rapidly evolving digital asset landscape. Our commitment to equal opportunities, employee well-being, and an environment where everyone can succeed remains steadfast.

Looking ahead, we are confident that Phoenix Group is well-positioned for continued growth. With a strong governance structure, a commitment to sustainability, and a diverse, value-driven workforce, we are ready to seize the opportunities that lie ahead. We are deeply grateful for your continued support and partnership as we embark on this exciting journey of success.



# PHOENIX GROUP PLC DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors have the pleasure in submitting this report, together with the audited consolidated financial statements of the Phoenix Group PLC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024.

## Principal activities

The Group is a technology conglomerate bringing cutting-edge blockchain solutions to an expansive market. The Group offers a comprehensive range of services, from high-performance computing machines trading and data centre hosting. The Group develops, operates, and manages highly specialised data centres, hosting high performance computing power for digital asset across the UAE, Oman, USA and Canada. Additionally, the Group also hosts, operates and maintains equipment within its existing data centres and enables investment opportunities within cloud mining.

The Group is the exclusive distributor of industry-leading equipment manufacturer MicroBT and prominent distributor of Digital wallet Ledgers and CoolWallets, across the Middle East. The Group has four business verticals including trading, hosting, mining and investments.

## Results for the year

For the year ended 31 December 2024, the Group reported revenue of USD 205,686 thousand (2023: USD 288,187 thousand) and profit for the year attributable to the shareholders of USD 167,372 thousand (2023: USD 207,780 thousand).

The variance in revenue between 2024 and 2023 is primarily due to a 72% decrease in trading revenue, a 36% decrease in hosting revenue, and a significant 236% increase in self-mining revenue. This aligns with our strategic focus on enhancing self-mining operations to drive revenue growth. The total comprehensive income for the period is USD 218,832 thousand as compared to USD 220,936 thousand in 2023. Earnings per share is decreased from USD 0.040 in 2023 to USD 0.028 in 2024. The total assets grew from USD 834,005 thousand in 2023 to USD 962,371 thousand in 2024.

## Transactions with related parties

Related party transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations. Related party transactions are disclosed in note 17 of the consolidated financial statements.

# PHOENIX GROUP PLC DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

FOR THE YEAR ENDED 31 DECEMBER 2024

## Role of the Directors

The Directors are the Group's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Group for delivering sustainable shareholder value through their guidance and supervision of the Group's business. The Directors set the strategies and policies of the Group. They monitor performance of the Group's business, guide and supervise its management.

## Going concern

The attached consolidated financial statements have been prepared on a going concern basis. While preparing the consolidated financial statements, the management has made an assessment of the Group's ability to continue as a going concern. The management has made significant assumptions over mining and sale of digital assets to generate sufficient cash flows in foreseeable future to meet its obligations as and when they fall due. The management has not come across any evidence other than disclosed above that causes it to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Group's ability to continue as a going concern.

## Statement of Directors' responsibilities

The applicable requirements require the Directors to prepare the consolidated financial statements for each financial year which present fairly in all material respects, the consolidated financial position of the Group and its financial performance for the year then ended.

The consolidated financial statements for the year have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the consolidated financial position of the Group and enables them to ensure that the consolidated financial statements comply with the requirements of the applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order for the consolidated financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present the Group's financial conditions and results of its operations.





# PHOENIX GROUP PLC DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

FOR THE YEAR ENDED 31 DECEMBER 2024

The consolidated financial statements set out on pages 128 to 222, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:

## Directors

- H.E Tareq Abdulraheem Ahmed Rashed Alhosani
- Elham Alqasim
- Fady M Y Dahalan
- Munaf Ali
- Seyedmohammad Alizadehfard (Resigned on 19 December 2024)

## Directors' statement to the disclosure to auditors

In so far as the Directors are aware, there is no relevant information of which the Group auditors are unaware.

The Group's auditors have been provided with access to all information of which we are aware that is relevant to the preparation of consolidated financial statements.

## Independent auditors

RAI LLP, was appointed as the external auditors for the financial year 2024, by the board of directors in the board meeting on 24 April 2024.

## On behalf of the Board of Directors

H.E. Tareq Abdulraheem Al Hosani  
Chairman of the Board

# ACHIEVEMENTS IN 2024

We remain committed to strengthening our leadership in the region, with several key initiatives in progress. Here are some of the notable developments for the year ended:



Launch of new sites in US, Canada and Oman totaling **160 MW**.



New digital asset investments including **SOL, ETH, TON, Lyvly, FAH & UNCN**.



Collaboration with **Tether Foundation** on launch of Dirham pegged stablecoin.

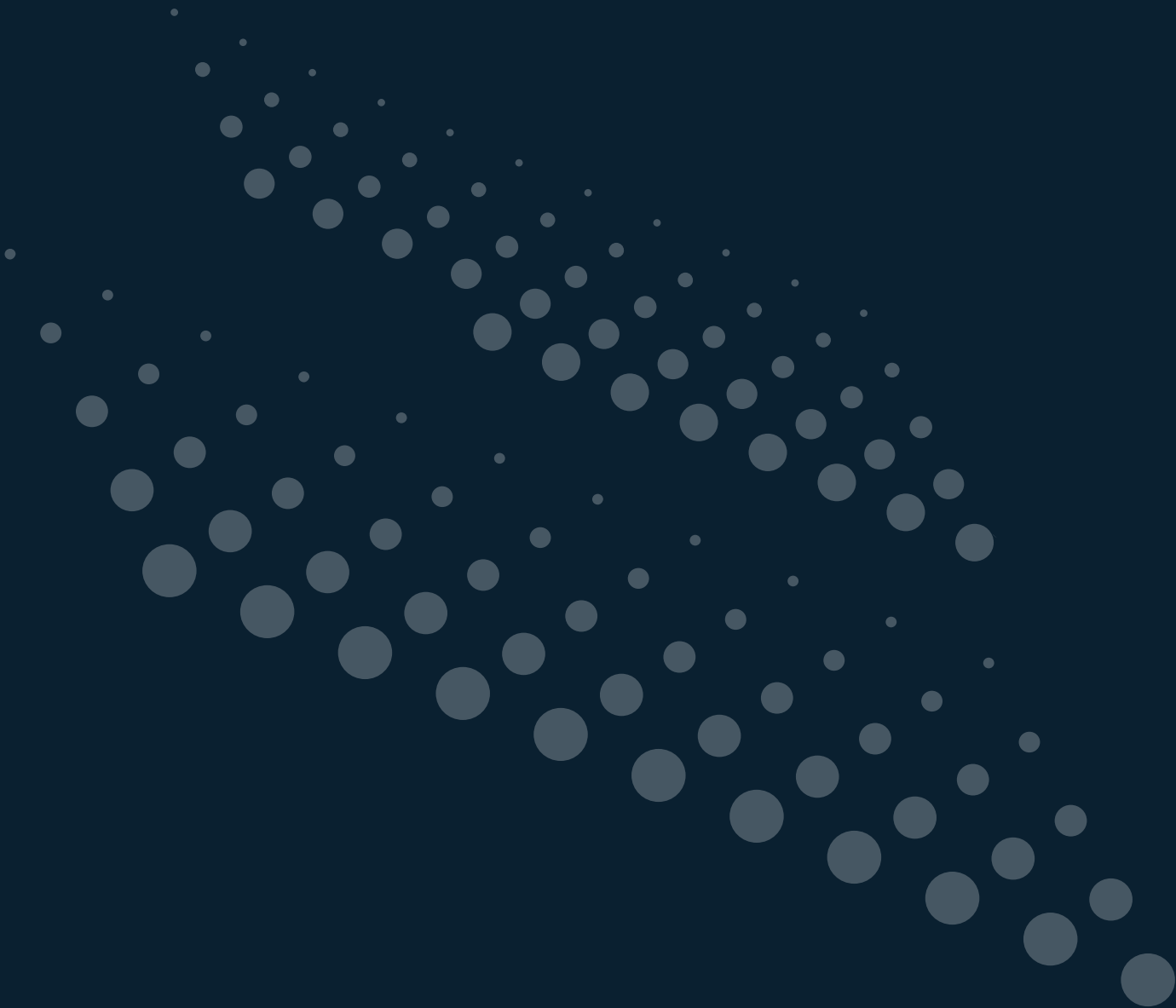


Signed agreements for new sites including Ethiopia (132MW), Texas (20 MW) totaling **152 MW**.



Inclusion in **ADX FADX 15 Index, ADX FADX 15 Islamic Index & MSCI Small Cap Indices**.

# OVERVIEW







# PHOENIX GROUP PLC AT A GLANCE

Established in 2017, Phoenix Group PLC has rapidly evolved into a multi-billion-dollar enterprise, cementing its position as a global leader in the design, operation, and management of advanced crypto data centers. With a robust portfolio of services, Phoenix Group specializes in high-performance computing, crypto and cloud mining solutions, data center hosting, and cutting-edge crypto mining products and equipment.

Through its innovative approach and commitment to excellence, the company has significantly expanded its global presence, with operations spanning the UAE, Oman, Canada, the USA, and African countries. Phoenix Group operates across four dynamic verticals, strategically diversifying its offerings to meet the evolving demands of the digital economy.

A standout achievement is the launch of M2, the UAE's first fully regulated digital asset exchange. This groundbreaking platform reflects Phoenix Group's commitment to innovation and regulatory compliance, offering secure and transparent digital asset trading.

With its forward-thinking strategies and dedication to driving the future of digital infrastructure, Phoenix Group continues to lead the way in shaping the global crypto landscape.





# 01

## MINING

Phoenix Group stands as one of the global leaders in Bitcoin mining, boasting an impressive capacity exceeding 15 EH/s, which represents approximately 2% of the total global BTC hash rate.



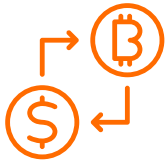
# 02

## HOSTING

Phoenix specializes in the development, operation, and maintenance of cutting-edge mining facilities, all designed to deliver exceptional hosting services.

### Global Mining Footprint





03

TRADING

With exclusive distribution rights across the Middle East and Africa, Phoenix Group brings top-tier technology hardware and accessories to the market, partnering with some of the leading brands.












04

INVESTMENTS


Phoenix creates synergies that strengthen its core operations while enhancing profitability. Notable investments include M2 Exchange, the UAE's first fully regulated digital asset exchange, and Lyvely, a pioneering SocialFi platform, along with joint ventures with Tether and Citadel.

Investments



30%

Digital Asset Exchange and Marketplace fully regulated by ADGM



25%

One-stop social monetization platform



15%

Largest BTC Mining operations in the Middle-East

Token Investments



Powerhouse specializing in Web3 gaming and entertainment



State of the art physical and virtual platform to revolutionize auction industry.

Partnerships



Partnered to develop a Dirham-pegged stablecoin







# INVESTMENT HIGHLIGHTS

## Company Overview

# M2

Established in 2022, M2 aims to revolutionize the crypto asset trading industry through innovative and user-centric solutions.

Headquartered in the Abu Dhabi Global Market, M2 leverages the robust regulatory framework to foster innovation and ensure compliance with international financial standards.

M2 offers a comprehensive suite of trading products and services, including Spot Trading, Futures Trading, Earn Plans and an OTC Desk. Upcoming launches include Spot Perps, Cards and Lending.







# INVESTMENT HIGHLIGHTS

## Company Overview

1.

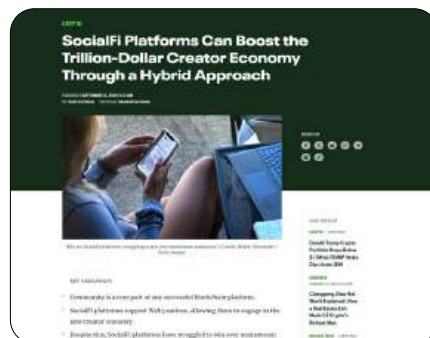
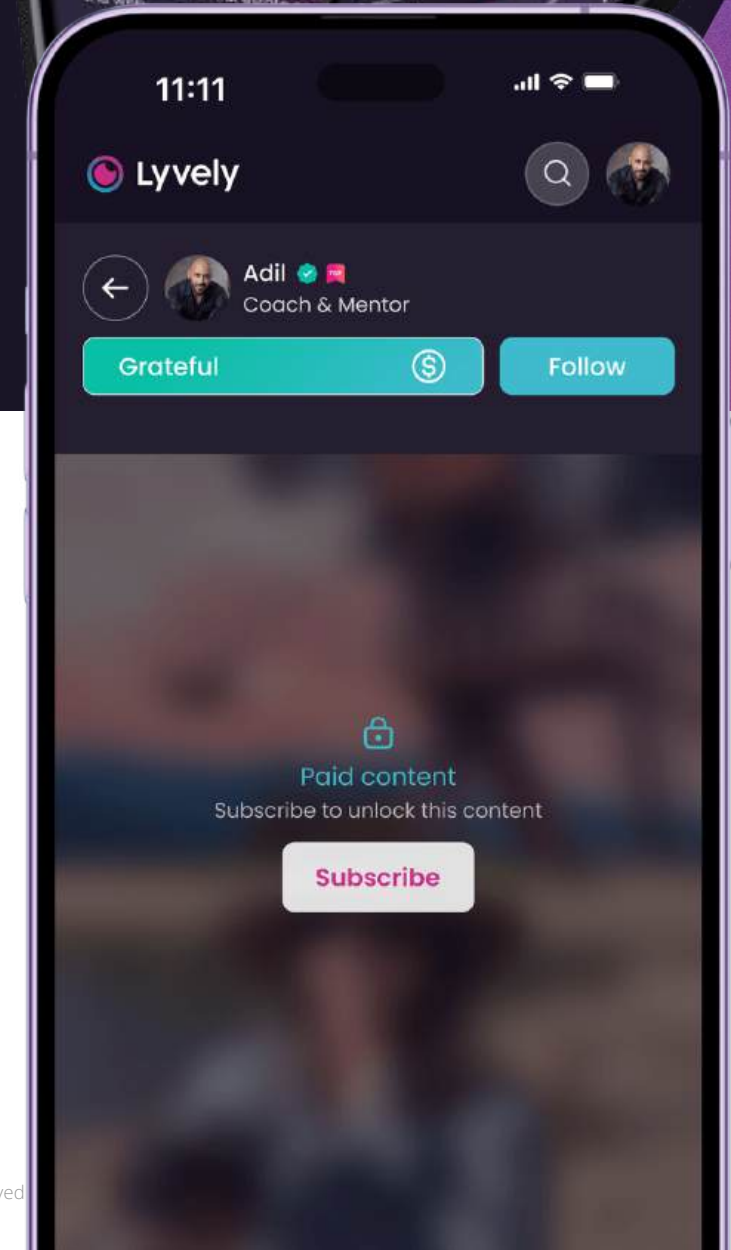
Lyvely is the United Arab Emirates' first homegrown social monetization platform, an all-in-one social networking, e-commerce and monetization platform powered by its own tokenized ecosystem and fiat payments. Lyvely stands out by blending the multimedia features of social media platforms like YouTube and TikTok with the additional benefit of direct payments and HD video calls.

2.

Within the first year of its launch, Lyvely has experienced viral user adoption, won "Social Platform of the Year" award from Entrepreneur Middle East, earned widespread brand recognition in the region, and is positioned to revolutionize the Global Creator and Gig Economy.

3.

Led by seasoned and top-notch team: Farah Zafar (CEO & Co Founder) is a renowned lawyer with extensive history of working with Leaders of Middle East. Farah has a history of building and listing billion dollar corporates while Dave Catudal (CXO & Co Founder) is a seasoned entrepreneur, and Founder of the fastest growing supplement brand in the Middle East, Lyvely is positioned to own the social media and monetization space in the region, and expand globally to become a household name in tech.







# INVESTMENT HIGHLIGHTS

## Company Overview



Citadel is the largest Bitcoin mining facility in the Middle East, spanning over 80,000 square meters and powered by more than 45,600 mining machines. Purpose-built for scale, efficiency, and sustainability, the site operates using advanced hydro-cooling systems, enabling high-performance mining while reducing energy consumption.

The facility was designed and constructed in under six months with a total capacity of 241 MW, demonstrating exceptional execution capabilities and a deep understanding of global mining infrastructure development.







# TOKEN INVESTMENT HIGHLIGHTS

## Company Overview



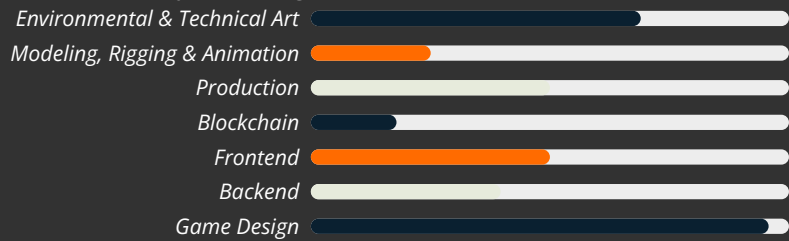
Rekt Studios is a forward-thinking digital entertainment and Web3 development company dedicated to creating immersive gaming experiences and pioneering blockchain-based gaming infrastructure. With a strong emphasis on innovation, Rekt Studios is shaping the future of interactive entertainment, leveraging cutting-edge technology to deliver engaging and dynamic digital worlds.

Rekt Studios is not just about gaming—it's about building a sustainable digital ecosystem. With ongoing developments in 3D character design, customizable NFTs, and decentralized marketplaces, the company is bridging traditional gaming with the future of Web3. Their proprietary Unseen Launcher ensures seamless game access, featuring secure authentication, efficient downloads, and blockchain-backed player progression systems.

Rekt Studios is positioned to revolutionize the Web3 gaming space, expanding its reach beyond traditional gaming and into next-generation digital economies. With an eye on global gaming trends, blockchain advancements, and community-driven innovation, Rekt Studios is setting new benchmarks in digital entertainment.

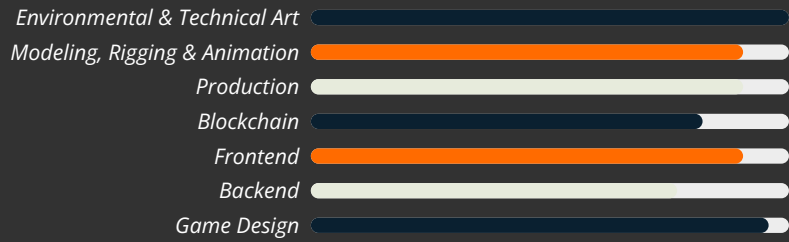
### Rektified

Version 1 End of Year Progress



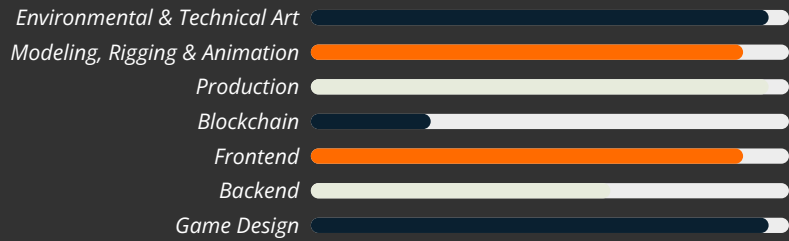
### CryptoRun

Version 1 End of Year Progress



### Spludge Wars

Version 1 End of Year Progress

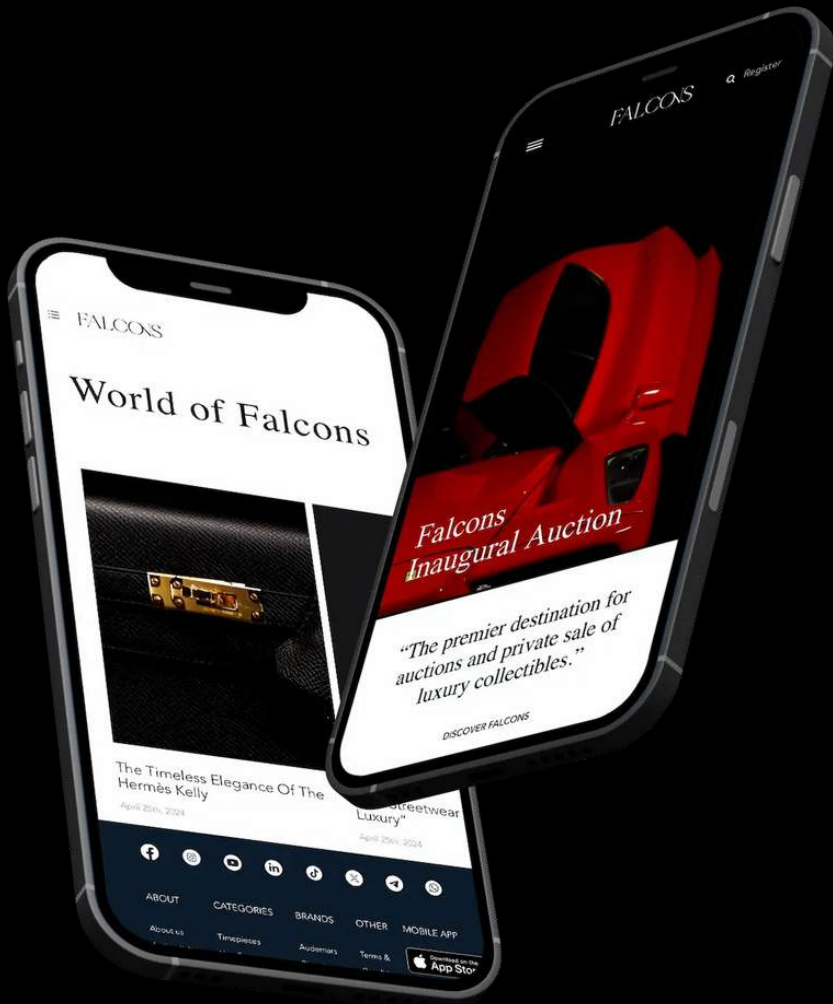


# TOKEN INVESTMENT HIGHLIGHTS

## Company Overview



- Falcons was born to revolutionize the auction industry by integrating cutting-edge technology with a user-centric approach.
- Falcons is building a trusted, secure, and vibrant community where users from around the world can connect through the excitement of buying and selling rare and exclusive items.
- Falcons offer a premier Auctions & Marketplace platform, where the pursuit of luxury knows no bounds.
- The platform empowers individuals and businesses to participate in transparent and efficient auctions



## Our Partnerships



**Steve Harvey,**  
Falcons Brand Ambassador



**Floyd Mayweather Jr.**

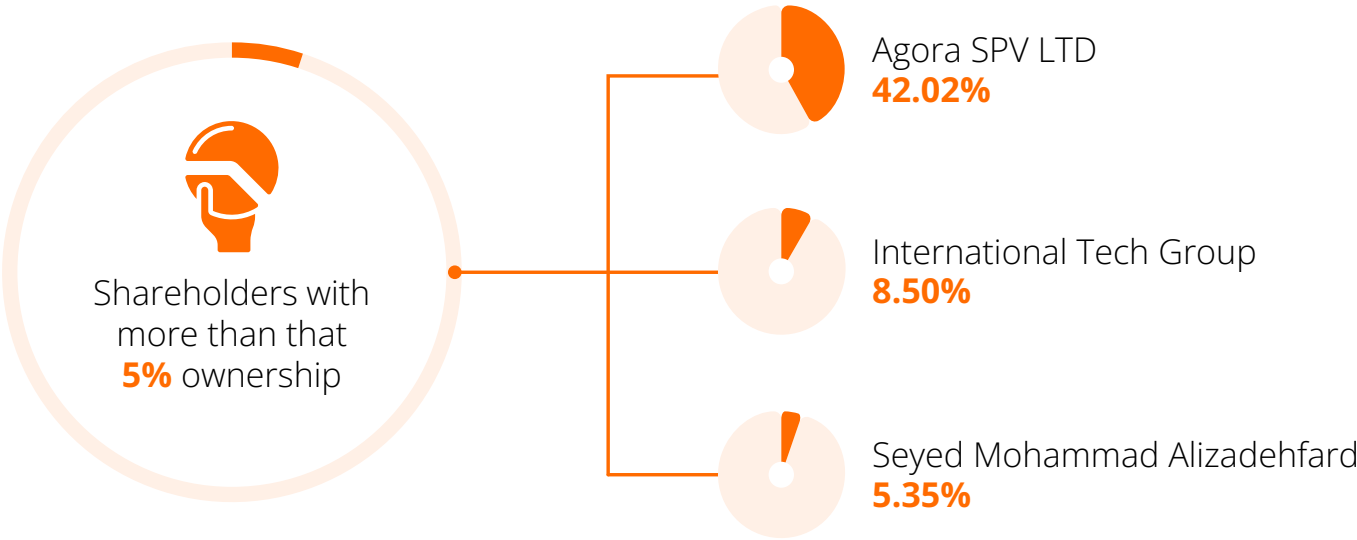




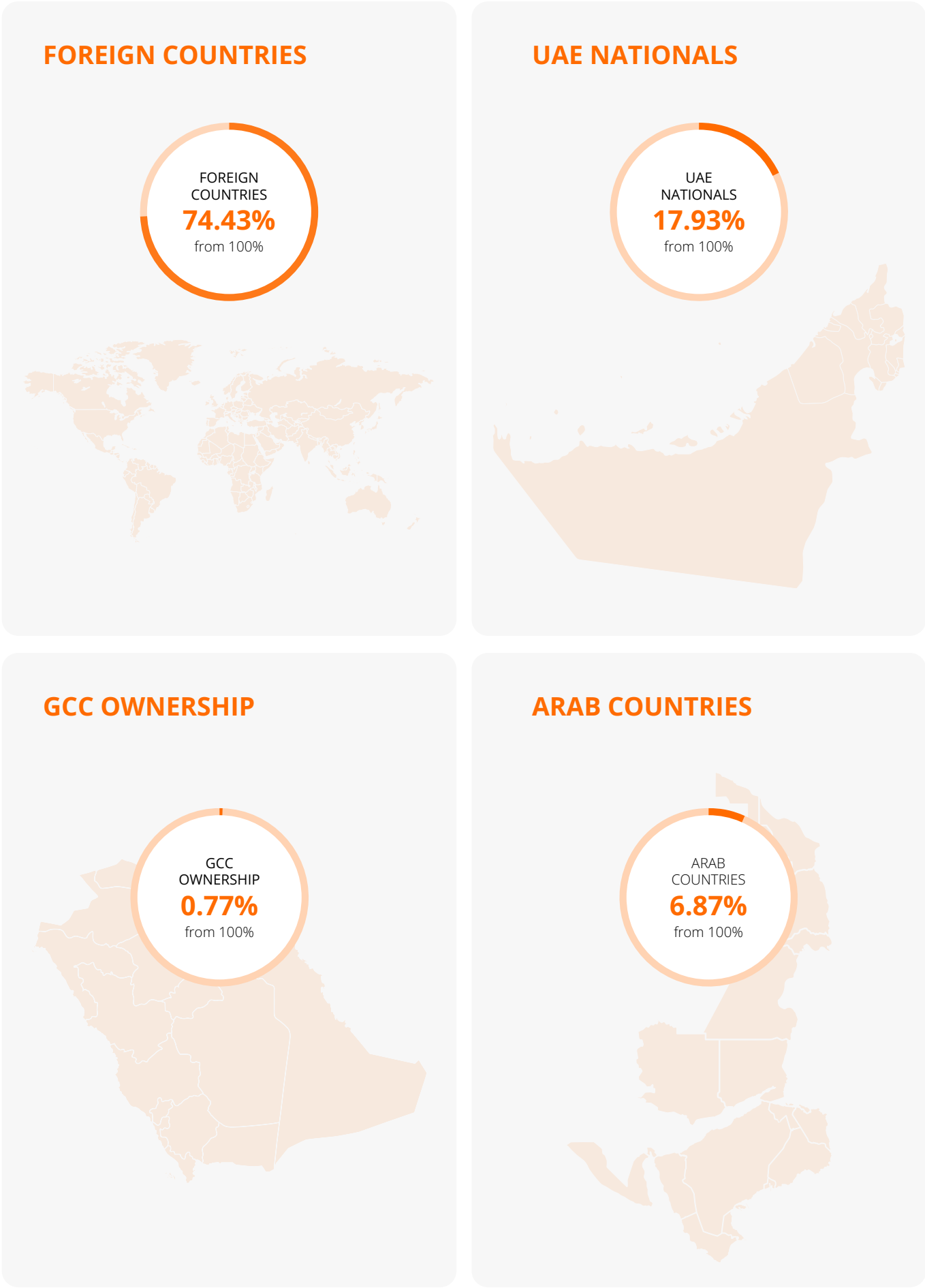
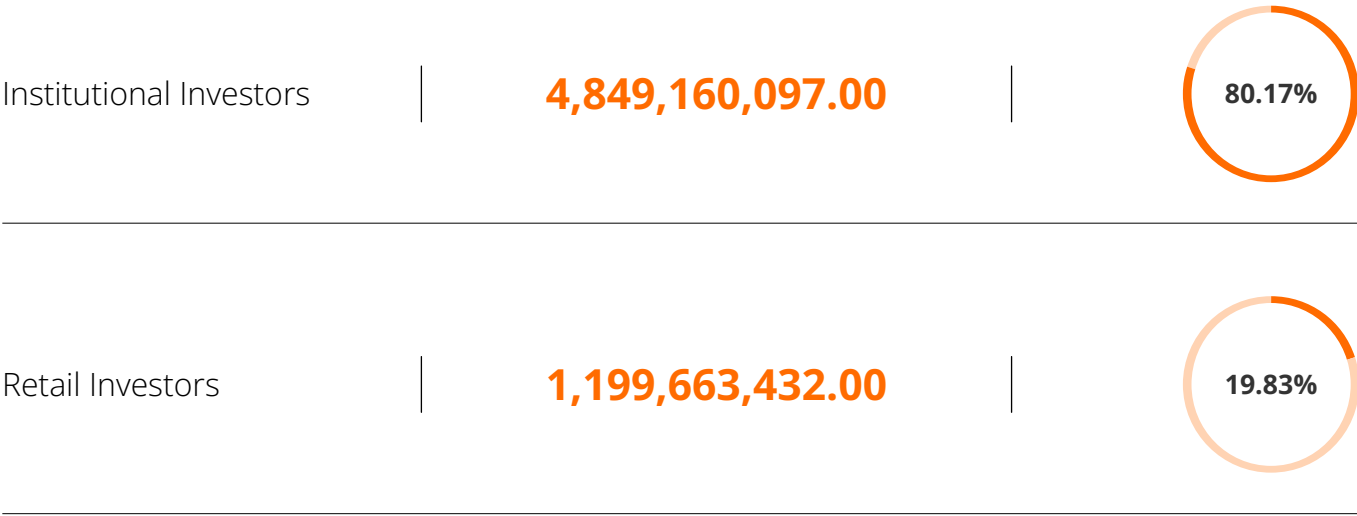


# SHAREHOLDERS' INFORMATION

Phoenix Group was listed on December 5, 2023, with a total share capital of 6,048,823,529. As of December 31, 2024, the major owners holding more than 5% directly, as published by the Company via the electronic publishing platform of the Abu Dhabi Exchange (ADX) website, and their corresponding voting rights are as follows:



## Retail vs. Institutional Mix



Source: From shareholder book as of December 31, 2024.

# BOARD OF DIRECTORS



**H.E. TAREQ ABDULRAHEEM AL HOSANI**  
Chairman of the Board



**MS. ELHAM AL QASIM**  
Board Member



**MR. FADY DAHALAN**  
Board Member



**MR. MUNAF ALI**  
Board Member and Group CEO

# AWARDS & RECOGNITION



Phoenix Group proudly emerged as a winner at the E-Business Awards 2024 by Entrepreneur Middle East, earning the prestigious title of “Bitcoin Mining Company of the Year.”

The E-Business Awards by Entrepreneur Middle East honor and celebrate the region’s most prominent and successful individuals and organizations shaping the e-business landscape. This recognition underscores Phoenix Group’s unwavering commitment to innovation and excellence in the digital asset industry.





# **MARKET** **REVIEW**





# HIGHLY ATTRACTIVE INDUSTRY

01

## CRYPTO - A MAJOR ASSET CLASS

Crypto has become one of the largest asset classes, with its market cap consistently in the trillions.

02

## CONTINUED BITCOIN DOMINANCE

As on 31 December 2024, BTC represented 56.5% of the total crypto market cap, with its price up by 121% year over year.

BTC experienced 4th halving in April 2024.

Halving and high energy prices led to reduction in industry revenue and profitability.

03

## CRYPTO - INCREASING ADOPTION

In 2024, more companies, including Stripe, have integrated crypto payments. Several Bitcoin ETFs were launched by major institutional players like BlackRock, Fidelity, and Grayscale, reflecting growing institutional interest.

04

## DATA CENTER: RACE FOR POWER

In 2024, AI companies experienced a surge in demand for power and high-performance computing, driving substantial growth in global data center usage. This trend also prompted several crypto mining firms to diversify into AI-related ventures. A notable development was the announcement of the Stargate Project, a strategic partnership involving the U.S. government, OpenAI, MGX, and Microsoft, aimed at accelerating AI infrastructure development in the U.S.

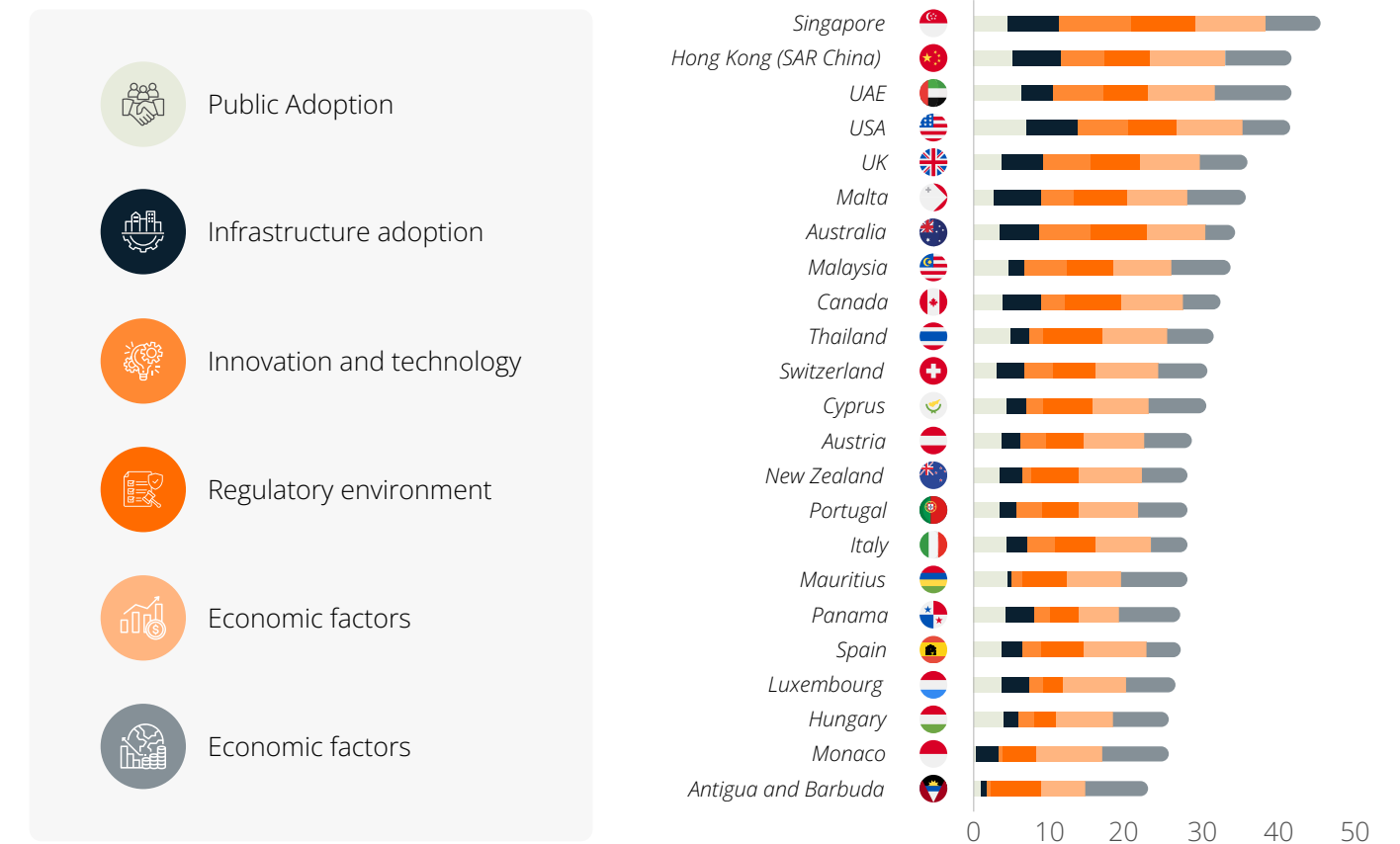
Source: [https://coinmarketcap.com/charts/bitcoin-dominance/?utm\\_source=https://coinmarketcap.com/academy/article/5553e1a7-2981-4b18-843d-d5d1e4295a65](https://coinmarketcap.com/charts/bitcoin-dominance/?utm_source=https://coinmarketcap.com/academy/article/5553e1a7-2981-4b18-843d-d5d1e4295a65)

# CRYPTO-ADOPTION

UAE positioned itself as market leader in adoption of digital assets and blockchain technology.

As of 2024

## HENLEY'S CRYPTO ADOPTION INDEX



- UAE ranked 3rd in overall Henley crypto adoption index 2024 report and is poised to lead MENA in crypto adoption in 2025.
- The UAE has exempted crypto currency transfers and conversions from value-added tax, positioning itself as a more crypto-friendly jurisdiction for digital asset transactions.
- Additional approvals of ETFs throughout quarter.
- UAE Central Bank has approved plan for stablecoin registration framework.
- Phoenix has partnered with Tether to develop a UAE Dirham pegged stablecoin.
- Global crypto market supported by reduction in interest rates led by the US and China stimulus.

Source: <https://www.henleyglobal.com/publications/henley-crypto-adoption-index>





# COMPETITIVE ADVANTAGE



# PRIVILEGED POSITION IN FORWARD THINKING UAE

## LEADING TECHNOLOGY HUB:

- World class tech infrastructure
- Strategic location connecting global tech and finance centers
- Significant Government incentives and support magnet for investments from tech firms

## SUPPORTIVE REGULATORY:

- Progressive forward thinking regulatory framework for Fintech and digital assets
- ADGM was first jurisdiction globally to introduce a comprehensive regulatory framework
- Phoenix supported M2, the first fully regulated digital exchange in MENA

## UNRIVALLED ECONOMIC POSITION

- One of the wealthiest countries globally with high standards of living
- Young and dynamic population
- Gateway between developed and emerging markets

## SUPPORTIVE STAKEHOLDERS

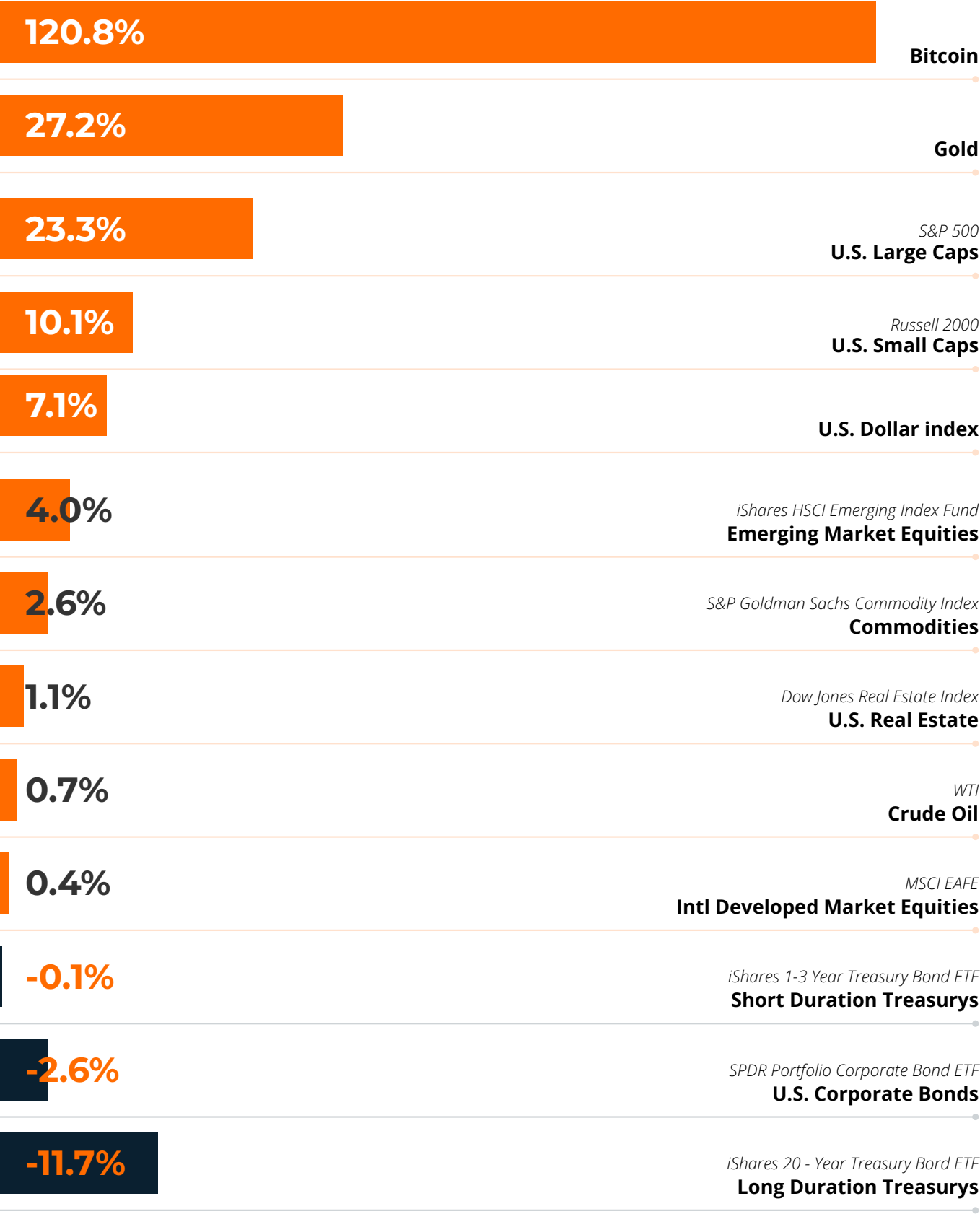
- IHC, one of the largest companies in UAE holds 8.5% of Phoenix shares
- Strong public-private partnerships accelerating digital transformation



Source: <https://www.consultancy-me.com/news/6263/uaes-crypto-and-blockchain-ecosystem-remains-bullish>

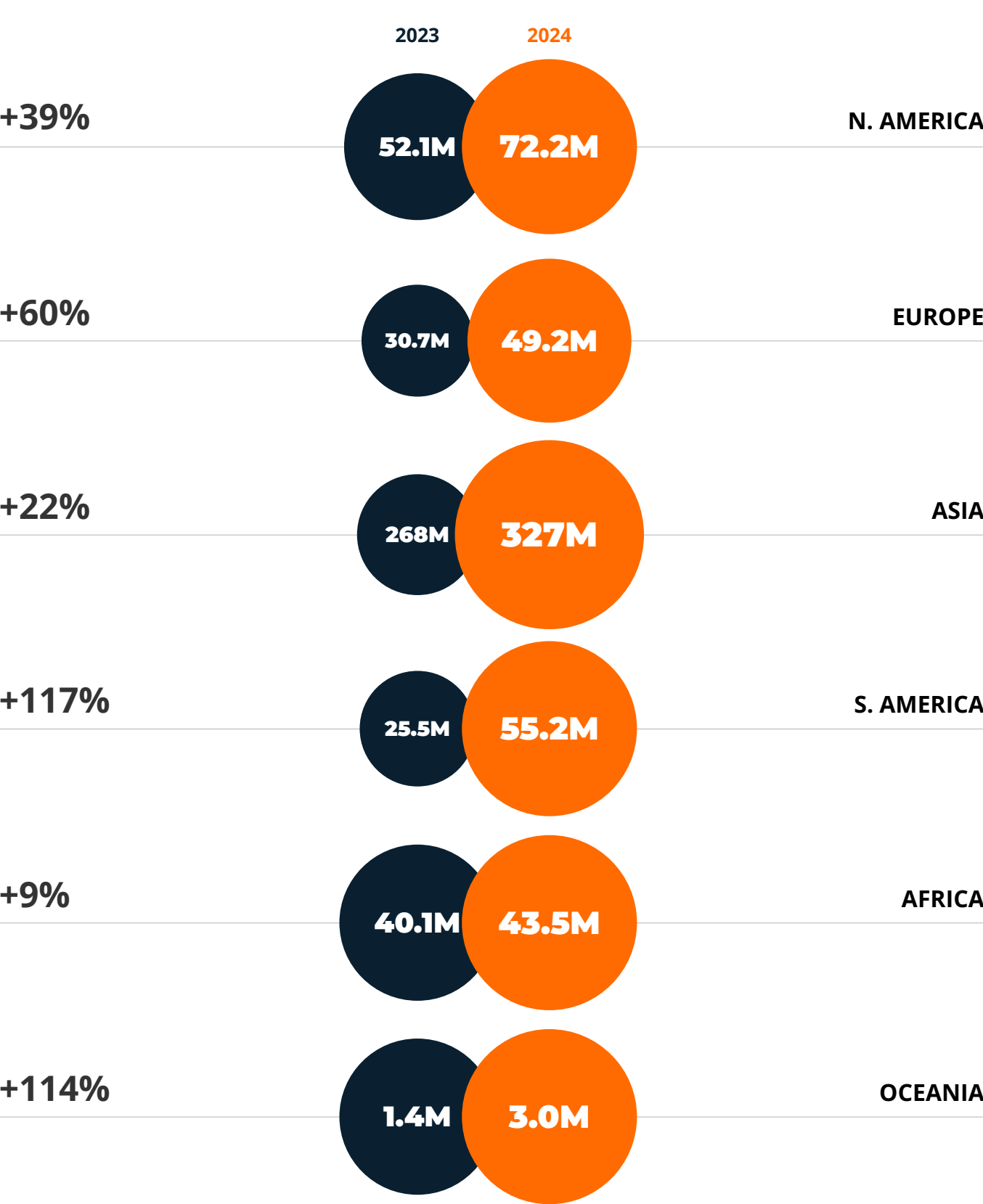


# GLOBAL ASSET CLASSES RETURN IN 2024



Source: TradingView, as of 31st December 2024

# CRYPTO OWNERSHIP GROWTH BY REGION



Source: triple-a.io, as of 16th December 2025





# 2025 CRYPTO ADOPTION OUTLOOK: BRIDGING THE GAP TO MAINSTREAM ACCEPTANCE

As the crypto industry steps into 2025, it does so with a renewed drive and determination. Over the past year, significant strides have been made, showcasing the growing integration of crypto assets, particularly Bitcoin, into traditional finance (TradFi). However, the journey forward will challenge the resilience of this emerging ecosystem. Key elements shaping crypto adoption in 2025 include regulatory advancements, increasing institutional involvement, and transformative technological innovations.

**Source:** <https://www.coindesk.com/coindesk-indices/2025/01/08/crypto-for-advisors-2025-outlook>





01

Regulatory Clarity: Transforming Ambiguity into Actionable Frameworks

Regulatory clarity is emerging as a critical enabler of mainstream crypto adoption. With newly elected policymakers signaling a shift toward a more structured regulatory environment, market sentiment has become increasingly constructive. In the coming year, these expectations are likely to begin materializing. Key areas where greater clarity is anticipated include:



**Digital Asset Classification:** The U.S. is expected to provide further clarification on the classification of digital assets, determining whether they should be categorized as securities, commodities, or a blend of both. This distinction will influence the regulatory frameworks governing the issuance, trading, and taxation of these assets.



**Stablecoin Oversight:** Given their practical use cases and potential influence on financial stability, stablecoins will likely remain a regulatory priority.



**Crypto Taxation:** Ongoing efforts to refine tax reporting requirements for digital assets and related activities are expected to bring further clarity and enhance overall transparency across the digital asset industry.

Other important topics such as tokenization of real-world assets, custodial and non-custodial wallet frameworks, compliance in decentralized finance (DeFi), anti-money laundering (AML) regulations, and consumer protection measures are also expected to gain attention this year.

Source: <https://www.coindesk.com/coindesk-indices/2025/01/08/crypto-for-advisors-2025-outlook>

02

Institutional Involvement: ETFs Paving the Way

The rise of crypto ETFs in 2024 marked a pivotal moment, with billions in inflows and strong investor demand validating crypto's potential as a mainstream asset class. These investment vehicles significantly outperformed traditional funds, laying the groundwork for even greater expansion in 2025.

This year, increased interest in BTC and ETH ETFs will likely continue to drive adoption, alongside the emergence of other single-asset and multi-asset ETF offerings. With regulatory developments progressing, we may see the introduction of yield-generating crypto ETFs. These innovations would not only simplify access for both retail and institutional investors but also significantly enhance capital inflows, benefiting both passive and actively managed crypto investment products.

03

Technological Innovations: Scaling Blockchain with AI Integration

In 2025, technological breakthroughs will center around enhancing blockchain scalability and integrating artificial intelligence (AI). Innovations such as Layer-2 solutions, rollups, and zero-knowledge proofs will improve the efficiency and usability of decentralized applications (dApps) and DeFi platforms.

Moreover, the convergence of AI and blockchain will open new possibilities. AI-powered agents on decentralized networks will optimize tasks, facilitate user interactions, and enable secure, transparent execution of decisions via blockchain technology. This fusion will simplify Web3 experiences, reduce entry barriers, and drive both developers and users toward adoption.

Source: <https://www.coindesk.com/coindesk-indices/2025/01/08/crypto-for-advisors-2025-outlook>



# **OPERATIONAL REVIEW**







# OPERATIONAL METRICS

Q4 - 2024

HASHING SHARE  
IN THE NETWORK

1.9%

MINING  
EFFICIENCY

30.0  
MW/EHs

BTC MINING  
PER DAY<sup>1</sup>

5.3

CURRENT LIVE  
POWER CAPACITY

443  
MW

POWER COST  
PER KWHr<sup>2</sup>

5.60  
cent



Source: PHOENIX GROUP PLC Internal Data Matrices; 1 Total BTC mined inclusive of hosting business for clients and Citadel; 2 Blended cost.





# MINING OPERATIONAL METRICS



HASH RATE	HASHING SHARE	BTC MINED PER DAY
6.3 EHs	0.8%	4.0
POWER CONSUMPTION	MINING EFFICIENCY	
~192 MW	30.6 MW/EHs	

# HOSTING OPERATIONAL METRICS



HASH RATE	HASHING SHARE	BTC MINED PER DAY
0.7 EHs	0.09%	0.5
POWER CONSUMPTION	MINING EFFICIENCY	
~20 MW	29.7 MW/EHs	



# INVESTMENTS OPERATIONAL METRICS



HASH RATE

7.8 EHs

HASHING SHARE

1.0%

BTC MINED PER DAY

0.77

POWER CONSUMPTION  
(INCL. CITADEL & OTHERS)

231 MW

# INVESTMENTS OPERATIONAL METRICS



2024 was a milestone year for M2 Exchange, with the launch of Earn, Spot Trading, Futures Trading, and an OTC Desk, significantly enhancing its product offerings. These innovations fueled a sharp increase in new user registrations and trading volumes, solidifying M2's position as a leading regulated digital asset exchange. With a focus on expansion and user experience, M2 continues to drive digital finance innovation in the UAE and beyond.

## ONBOARDING

43,798

Verified Users

## EARN (USD)

336M

New subscriptions (inflows)

## SPOT TRADING (USD)

1,251M

Spot Trading Volume





# INVESTMENTS OPERATIONAL METRICS



Lyvely has experienced viral adoption within months after launch and has established brand recognition and brand awareness as the UAE’s social platform empowering creators and professionals alike.

KEY HIGHLIGHTS:

**2024**

Launched Q3

Over  
**200,000**  
active users

Over  
**500**  
active users per minute on platform

Over  
**6M**  
monthly site visits

Social following over  
**250,000**

AWARDS AND PRESS

- > Winner of “Social Platform of the Year” 2024 Entrepreneur Middle East
- > Winner of “Innovator Awards” 2024, Mastercard SME
- > Shortlisted for “Startup of the Year” 2024, Arabian Business Awards
- > CEO recognized as “Dubai 100 - Most influential people in Dubai ” Arabian Business 2023 & 2024
- > CEO recognized as “Top 100 most influential people in the Middle East” Entrepreneur Middle East 2024
- > CEO featured on Arabian Business cover, entitled “The World is not Enough” 2024
- > CEO recognized as “The 50 most influential Women in the Middle East” Arabian Business 2024
- > Secured first ever SocialFi Platform license in MENA - RAK DAO 2024
- > CEO Interview on CNBC Crypto Weekly “How Web3 will transform the future of Social Media”
- > CEO Interview on CNBC Bursat al Alam “Revolutionizing the Digital Economy with the listing of LVLV”

# **STRATEGIC PRIORITIES**







# GROUP STRATEGY





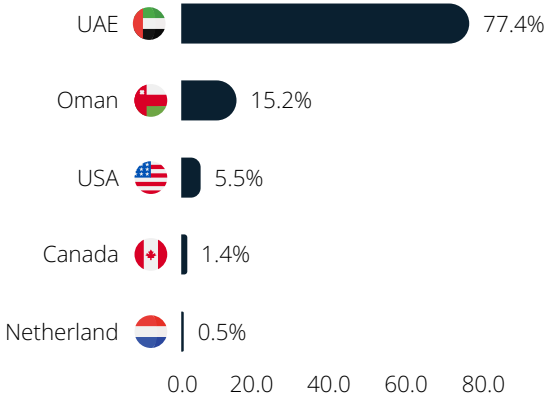
Human Resources

With a presence spanning five regions and an inclusive approach to talent development, we prioritize compliance, innovation, and safety while driving impactful initiatives that align with our strategic vision. Our dedication to fostering local and global talent underscores our role as a leader in creating opportunities and achieving excellence.



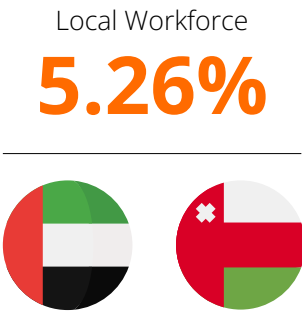
Global Presence

Phoenix Group has a diverse workforce of 217 employees, representing 19 nationalities across five regions: UAE, Oman, USA, Canada, and the Netherlands. This global presence reflects the company's commitment to diversity and inclusion in its operations.



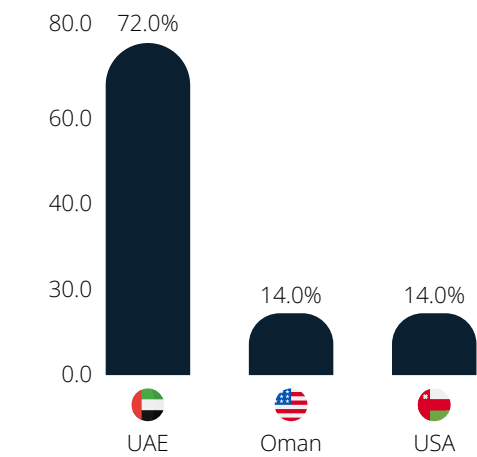
Compliance with Emiratization & Omanisation

As a publicly listed company, we prioritize compliance with the Ministry of Labour regulations and actively contribute to national workforce development initiatives. As of December 2024, 5.26% of our workforce in the UAE and Oman consists of local talent. In 2025, we aim to further boost localization by enhancing recruitment, training, and support for local talent.



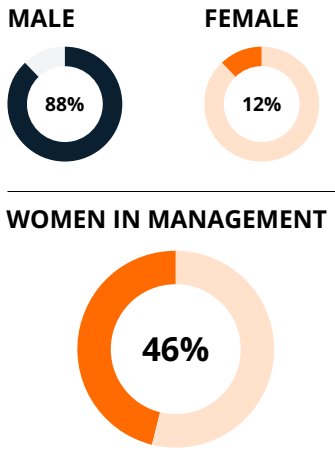
Man Hours FY-2024

Phoenix Group achieved a remarkable safety milestone, completing 1,475,216 man-hours across its operations in the UAE (Dubai and Abu Dhabi), USA, and Oman without a single safety incident. This achievement underscores the company's unwavering commitment to health, safety, and operational excellence, guided by its adherence to a robust occupational health and global health and safety policy.



Gender Diversity

Phoenix Group boasts a fully diversified global workforce, with 88% male and 12% female employees across our operations. Notably, from the female employees, women hold 46% of decision-making roles within the Group, underscoring our commitment to advancing gender diversity and inclusion in leadership.



Fostering Growth and Engagement

As part of our focus on learning and development, we conducted Certified Data Centre Professional (CDCP) training to provide participants with comprehensive insights into the key components of data centers. Additionally, we successfully launched employee engagement initiatives designed to strengthen team collaboration and enhance the overall employee experience.



Strategic Goals: Talent, Diversity, and Excellence

Our goals for 2025 include attracting young talent, increasing the employment of Emirati and Omani nationals in the UAE and Oman, and recruiting global talent to relocate to the UAE. We will further strengthen team-building initiatives, broaden our corporate social responsibility (CSR) efforts, and promote diversity, driving both business growth and workforce diversification. Furthermore, we aim to achieve ISO 9001 certification as part of our commitment to operational excellence and quality management standards.



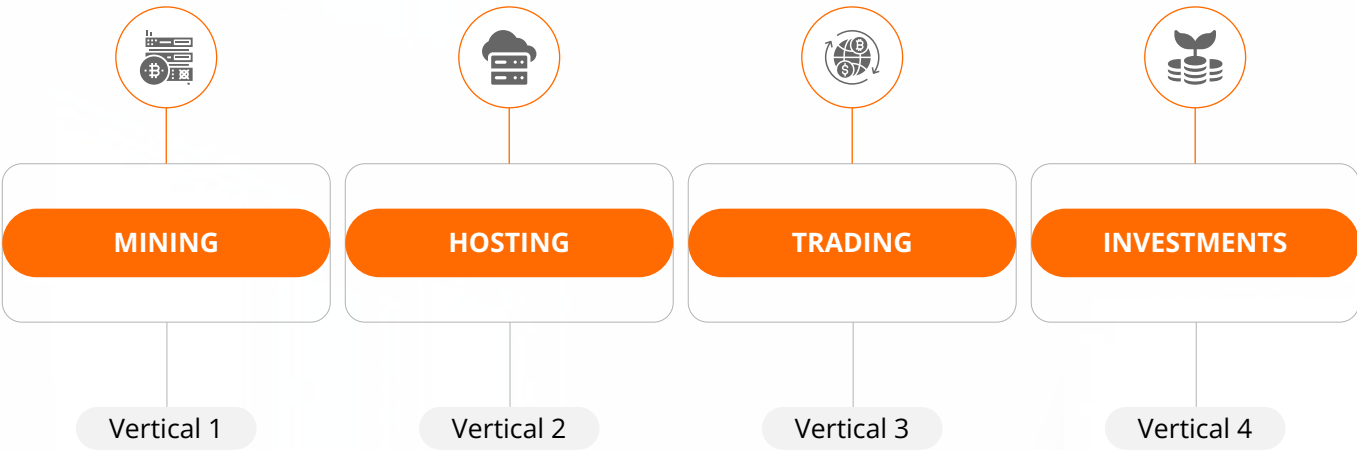


**CORPORATE**  
**GOVERNANCE**



# CORPORATE GOVERNANCE WITHIN PHOENIX GROUP

Phoenix Group's operations span across four distinct business segments, each contributing to the Group's overarching goals of growth, innovation, and sustainability. These segments are:



At Phoenix Group, we are dedicated to upholding the highest standards of corporate governance. Our approach emphasizes compliance with industry best practices, the promotion of transparency, and the assurance of accountability throughout our operations. By prioritizing these values, we strive to drive sustainable growth, mitigate risks effectively, and create lasting value for our stakeholders.

# BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors at Phoenix Group are dedicated to making well-informed decisions that serve the best interests of the Company and its stakeholders. To achieve this, the Board collaborates closely with the senior management team, drawing on their expertise and commitment to transparency to guide the Company's strategic direction and enhance overall performance.

As of 31st December 2024, Phoenix Group's Board comprises four members, with one member serving

as the Chairman. The Board is tasked with overseeing the Company's strategic direction, ensuring alignment with its primary objectives, and offering independent judgment on key decisions regarding strategy, resource allocation, and ethical practices.

In line with our commitment to responsible corporate governance, the Board ensures that Phoenix Group's operations are guided by strong principles, integrating sustainability and ethical practices across all levels of the business.







A. Role of Board of Directors

The Board’s roles and responsibilities are outlined in the Articles of Association, which include:

- > Review financial statements to ensure compliance with accounting standards and regulatory requirements and assess the overall financial performance of Phoenix Group to ensure alignment with the strategy.
- > Evaluate and approve significant strategic initiatives, including mergers, acquisitions, and capital expenditures.
- > Maintain transparent communication with shareholders and stakeholders, addressing their concerns and interests.
- > Define and oversee the implementation of corporate governance practices.
- > Approve and monitor Phoenix’s corporate strategy and business plan, ensuring alignment with the company’s long-term goals.
- > Approve investment decisions and exits.
- > Regularly evaluate the composition and performance of the Board.
- > Oversee recruitment, termination, rewards, compensation, and benefits for the Phoenix Group CEO and Senior Management.
- > Review and determine the authorities delegated to the Group CEO.

The Board also serves as the decision-making body for all matters that are significant to the Group, particularly those with strategic, financial, or reputational consequences.

The Board has established two key committees, the Audit and Risk Committee and the Nomination and Remuneration Committee, to assist in carrying out its responsibilities. These committees are tasked with reviewing specific areas in greater detail, ensuring robust oversight and accountability in areas such as financial reporting, risk management, and executive compensation. More information about the Board’s committees can be found in the relevant section of this report.

The Board is also tasked with ensuring that Phoenix Group operates under a robust system of internal controls. These controls are essential for maintaining operational efficiency, financial stability, and compliance with legal and regulatory requirements. To fulfill this responsibility, the Board has entrusted the Audit and Risk Committee with overseeing internal controls and providing regular updates and evaluations on their effectiveness.



B. Governance Policies

Below is a summary of the key policies and guidelines that Phoenix Group will implement to promote and uphold high standards of corporate governance. These policies will be approved by the Board to ensure the effective and ethical operation of the Company moving forward.

- 1 Delegation of Authority
- 2 Whistleblower Policy
- 3 Suppliers’ Code of Conduct
- 4 Data Privacy Policy
- 5 Non-discrimination Policy
- 6 Child and/or Forced Policy
- 7 Human Rights Policy (including supplier)

As we lay the foundation for responsible governance, Phoenix Group is taking steps to formalize several key policies in the coming year.

Our focus for the upcoming year is to formalize key policies, internal controls, and enhance our governance practices, and further align our operations with global best practices. As we continue to evolve our governance framework, we remain committed to ensuring that we maintain the trust of our stakeholders and contribute to a more sustainable future.





# TRANSACTIONS IN COMPANY SECURITIES BY BOARD MEMBERS

Transactions report of the members of the Board of Directors, their spouses, and their children, directly held in the Company securities during the year 2024.

Name	Title	Shares held as on 31st December 2024
H.E. Tareq Abdulraheem Al Hosani	Chairman of the Board	-
Ms. Elham Alqasim	Board Member	-
Mr. Fady Dahalan	Board Member	-
Mr. Munaf Ali	Board Member and Group CEO	588,220,911

The shares held by Munaf Ali are in his individual capacity, as well as through companies that are wholly owned by him.





# BOARD OF DIRECTORS

As of 31st December 2024, the Board of Directors of Phoenix Group PLC consists of four members, comprising one (1) Non-independent Executive Director and three (3) Independent Non-executive Directors.



**H.E. TAREQ ABDULRAHEEM AL HOSANI**

TITLE	CATEGORY	DATE OF APPOINTMENT
Chairman of the Board	Independent, Non-Executive Director	06 October 2023



**MS. ELHAM ALQASIM**

TITLE	CATEGORY	DATE OF APPOINTMENT
Board Member	Independent, Non-Executive Director	06 October 2023



**MR. FADY DAHALAN**

TITLE	CATEGORY	DATE OF APPOINTMENT
Board Member	Independent, Non-Executive Director	25 September 2023



**MR. MUNAF ALI**

TITLE	CATEGORY	DATE OF APPOINTMENT
Board Member and Group CEO	Non-Independent, Executive Director	02 August 2022

During the reporting period, the Board underwent two key changes in its composition.

At the start of the year, on 1st January 2024, the Board was composed of five members, which included two (2) Non-independent Executive Directors and three (3) Independent Non-executive Directors. On 25th July 2024, Mr. Fady Dahalan, an Independent Non-executive Director, stepped down due to personal commitments, resulting in the Board being composed of four members. However, on 7th October 2024, Mr. Fady Dahalan was reappointed to the Board through a resolution by circulation, restoring the number of Independent Non-executive Directors.

On 19th December 2024, Mr. Seyedmohammad Alizadehfard, a Non-independent Executive Director, resigned, leading to the current Board composition of four members.

The Board is committed to ensuring that its composition reflects a balance of skills, experience, and diversity, which is crucial to effectively support the Group's vision and strategic goals. Through these changes, the Board continues to demonstrate its commitment to strong leadership and responsible oversight, ensuring that Phoenix Group remains well-positioned for continued growth and success.

Date	Total Board Members	Non-independent Executive Directors	Independent Non-executive Directors	Key Changes
1st January 2024	5	2	3	Initial composition of the Board.
25th July 2024	4	2	2	Resignation of Mr. Fady Dahalan (Independent Non-executive Director).
7th October 2024	5	2	3	Mr. Fady Dahalan reappointed as Director through resolution by circulation.
19th December 2024	4	1	3	Resignation of Mr. Seyedmohammad Alizadehfard (Non-independent Executive Director).



# PROFILE OF BOARD MEMBERS



**H.E. TAREQ ABDULRAHEEM AL HOSANI**  
CHAIRMAN OF THE BOARD

H.E. Tareq Abdulraheem Al Hosani is the Chief Executive Officer of Tawazun Economic Council, where he oversees the procurement for the UAE Armed Forces and Abu Dhabi Police, while driving the strategic initiatives for the development of the UAE's defence and security sector. He is also responsible for managing the daily operations of Tawazun.

Prior to his current role, H.E. Tareq Abdulraheem Al Hosani served as the Chief Executive Officer of Yahsat, and as Deputy Director General of the National Electronic Security Authority (NESA). He has held leadership positions as Yahsat's Executive Director for Strategy & Business Development, as well as Deputy Chief Technical Officer. H.E. Tareq Abdulraheem Al Hosani's previous experience includes serving as Associate Director at Mubadala Investment Company. He is currently the Chairman of the Board of Global Aerospace Logistics (GAL) and Munich Health Daman Holding Limited. Additionally, he serves as Vice Chairman on the Boards of Abu Dhabi Health Services (SEHA), Al Forsan International Sports Resorts, and Abu Dhabi Airports Company (ADAC).

H.E. Tareq Abdulraheem Al Hosani also holds Board positions with several organizations, including International Golden Group (IGG), EDGE Group, Emirates Defence Industries Company (EDIC), Royal Jet, Rabdan Academy, and Higher Colleges of Technology (HCT). He is a member of the Board of Trustees for Paris-Sorbonne University in Abu Dhabi.

He has previously sat on the boards of UAE Space Agency, Bayanat, and National Health Insurance Company (Daman).

H.E. Tareq Abdulraheem Al Hosani holds a Master's degree in Electronics & Communication from Université Pierre et Marie Curie in France and a Bachelor's degree in Aeronautics from Saint Louis University in the USA. He is also a graduate of the Accelerated Executive Development Diploma from IMD Business School in Switzerland.

# PROFILE OF BOARD MEMBERS



**ELHAM ALQASIM**  
BOARD MEMBER

Ms. Elham Alqasim is a senior executive and investment professional based in the UAE. She currently serves as the Chief Strategy and Technology Officer at Majid Al Futtaim Holding, where she is responsible for shaping the company's long-term strategy, focusing on sustainable value creation, innovation, and growth.

Prior to her current role, Elham was the CEO of Digital14, leading over 1,000 employees dedicated to delivering cybersecurity and digital solutions. She also held the position of CEO at the Abu Dhabi Investment Office, where she oversaw an AED 50-billion investment program aimed at accelerating Abu Dhabi's economic growth. Elham's career includes a significant tenure as Executive Director of the Ghada 21 program and as a Director at Mubadala Investment Company. Additionally, she was part of the executive leadership team at Emirates Global Aluminum.

Elham began her international career at JPMorgan Investment Bank, where she worked in the Global Diversified Industrials Team in London. Her career

has been marked by several non-executive director roles across both public and private boards, with notable positions at Global Foundries, IHC, Khalifa Fund, Bayanat, Amanat Holding, Cambridge Medical & Rehabilitation Center (CMRC), and Apex Holding.

Elham has received widespread recognition for her leadership, including an honorary doctorate from Middlesex University Dubai for her efforts in empowering women in society. She has also been a pioneer in breaking gender barriers in traditionally male-dominated fields. Elham holds a Master's degree from the London School of Economics and Political Science and a Bachelor's degree in Business from the American University in Dubai.

In 2010, Elham became the first Arab woman to complete a successful 'unsupported and unassisted' skiing expedition to the North Pole. Currently, she serves on the boards of Al Ain Farms, Phoenix Group, and Al Ramz Corporation.





# PROFILE OF BOARD MEMBERS



**FADY DAHALAN**  
BOARD MEMBER

Mr. Fady Dahalan is the Chief Executive Officer of Citadel International Holdings (CIH), an investment management firm based in Abu Dhabi, UAE. He also serves as the Managing Partner at CI Venture Capital (CI VC), a venture capital firm regulated by ADGM.

In addition to his leadership at CIH and CI VC, Fady is an influential figure in the digital currency sector, serving as a Board Member at M2, a digital currency and exchange platform. His broad expertise is reflected in his board roles across various industries, including hospitality, real estate, financial services, food processing, petconomy, construction, media,

pharmaceuticals, and blockchain technology. Fady also holds an observer seat at Multiply Group PJSC, a publicly traded company on the Abu Dhabi Stock Market.

Before his current ventures, Fady held key positions at AMIRAL Holdings and IHC. He holds a Bachelor's degree in Business Management from Southern Illinois University, Illinois, USA. Throughout his career, Fady has demonstrated visionary leadership and strategic insight, making him a prominent figure in regional investment and innovation.

# PROFILE OF BOARD MEMBERS



**MUNAF ALI**  
BOARD MEMBER AND GROUP CEO

Mr. Munaf Ali is the Co-Founder and Group CEO of Phoenix Group, a visionary entrepreneur with over 20 years of experience in capital markets, including executive roles at Citigroup across London and the UAE. A seasoned innovator, Munaf has founded and scaled billion-dollar companies across various industries, including hospitality, leisure, and blockchain.

As a real estate developer, Munaf has been instrumental in delivering mega development projects of significant value. He was the co-founder and CEO of Range Developments, a luxury hospitality developer that created and delivered world-class branded resort hotels in the Eastern Caribbean.

At Phoenix Group, Munaf's leadership has been critical to its success, positioning Phoenix as a prominent global player in the blockchain and cryptocurrency sectors. Under his direction, Phoenix has built mining facilities spanning the UAE, US, Canada, CIS, Europe, and the Middle East, and is currently developing one of the largest mining facilities in the world in the UAE, in partnership with strategic global players. Additionally, Phoenix holds exclusive distribution rights for several technology hardware manufacturers, including WhatsMiner/MicroBT, across the Middle East, Africa, and Turkey, further establishing its leadership in the market.



B. The Board Secretary

Sheharyar Malhi has served as the Board Secretary since 26th March 2024 and is responsible for reporting to the Board on all matters related to secretarial duties.

The Board Secretary has the following key responsibilities:

- Ensure smooth functioning of the Board's administrative activities and support the Board in organizing and scheduling meetings.
- Create and distribute agendas for Board and General meetings, ensuring all materials are shared in advance.
- Record and distribute accurate minutes for Board meetings, ensuring they are documented and circulated timely.
- Maintain a complete contact list of Board members, including appointment dates, term durations, and biographies.
- Safeguard the storage of official records, such as Board decisions, resolutions, minutes, and legal documents.
- Knowledge on corporate governance practices, legal and regulatory requirements, and internal policies to ensure compliance.
- Manage external correspondence related to Board matters and ensure timely responses to requests made to the Board.

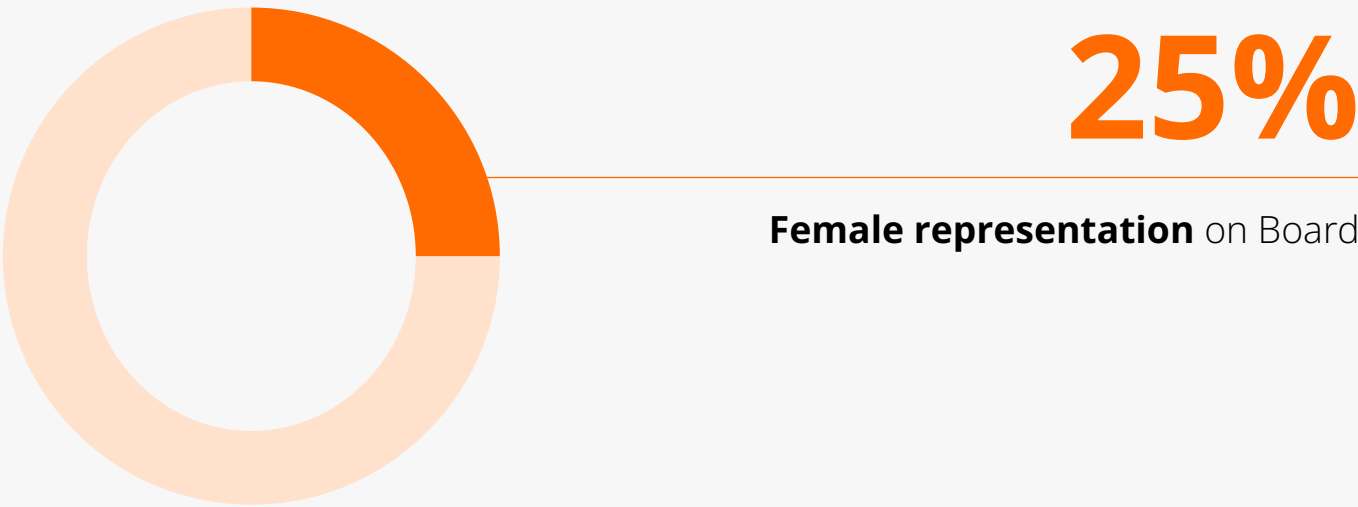
- Provide Board members with necessary information to enable well-informed decision-making.
- Coordinate communication between the Board, management, and key stakeholders, ensuring clarity and transparency.
- Oversee the preparation and filing of necessary reports related to shareholder meetings and corporate events.
- Maintain the confidentiality of sensitive information shared within the Board and promote ethical standards in Board processes.
- Support the preparation of presentations and communication materials for Board meetings and other strategic sessions.
- Monitor compliance with governance-related regulatory filings and ensure the integrity of documents filed with relevant authorities.

Sheharyar Malhi  
BOARD SECRETARY



C. Diversity – Representation of Women on the Board of Directors in 2024.

In line with our commitment to promoting gender diversity, Phoenix Group boasts 25% female representation on its Board and actively works to recruit more women for roles across the organization.



D. Key Focus Areas for the Board in 2024

- 01

Appointment of the Board Secretary on 26th March 2024.
- 02

Approval of the proposed related-party acquisition and transaction.
- 03

Approval of the transfer of the Company's shareholding in a subsidiary.
- 04

Approval of various ESG and community initiatives.
- 05

Review and approval of quarterly and annual financial statements.
- 06

Review of updates from Management on Group performance.





E. Directors’ Fees and Remuneration

The remuneration for the members of the Board of Directors was approved by the shareholders during the Annual General Assembly meeting.

In 2024, the fee for each Board meeting was set at AED 30,000. All significant transactions involving the directors have been disclosed in the financial statements in accordance with the required regulations.

No additional allowances, salaries, or fees, other than the compensation for Board meetings, were provided to any Board member during the year, including for sessions of the Committees emanating from the Board.



F. Board Meetings

I. Meeting of Board of Directors and the Resolution passed in the year 2024.

No.	Meeting Date	Attendance	Proxy	Absent	Name of the Absent Members	Resolutions Passed
1	26th March 2024	All the board members	-	-		<div>1. Appointment of Mr. Sheharyar Haider Malhi as secretary of the board.</div> <div>2. Appointment of Rai LLP as auditor of the Company.</div> <div>3. Approval of the audited financial statements for the year ended 31st December 2023.</div> <div>4. Approval to hold Annual General Meeting on 24th April 2024.</div> <div>5. Approval of the agenda for the Annual General Meeting, which is to be discussed and voted on during the meeting.</div>
2	13th May 2024	Majority of the board	1	-	Fady Dahalan	<div>1. Approval of Related Party Transactions .</div> <div>2. Approval of the consolidated financial statements for the quarter ended 31st March 2024.</div>
3	25th July 2024	Majority of the board	-	1	H.E. Tareq Abdulraheem Al Hosani	<div>1. Approval of related party transactions.</div> <div>2. Approval of the consolidated financial statements for the half-year ended 30th June 2024.</div> <div>3. Approval of other significant transactions and key operational matters.</div> <div>4. Acknowledgment of the letter of resignation from Mr. Fady Dahalan.</div>
4	28th October 2024	All the board members	-	-		<div>1. Approval of related party transactions.</div> <div>2. Approval of the consolidated financial statements for the quarter ended 30th September 2024.</div> <div>3. Approval of other significant transactions.</div>



II. Resolution via Circulation for the Year 2024

Sr. No.	Resolution Passed Date	Resolution Passed
1	24th January 2024	Appointment of Rai LLP as the External Auditor
2	13th February 2024	Approval of the proposed acquisition of the Target Company as a related party transaction, conducted at arm's length, with no independent valuation required, and authorizing the execution of all necessary documents to complete the acquisition.
3	4th April 2024	Approval of the members of the Audit and Risk Committee and the Nomination and Remuneration Committee, as well as the approval of the acquisition of Rekt Studios SPV Limited.
4	22nd April 2024	Approval to delegate the banking rights and responsibilities to Mr. Seyedmohammad Alizadehfard for financial transactions exceeding the amount of 3 million dollars in absence of Mr. Fady Dahalan for a short indeterminate period.
5	7th October 2024	Reappointment of Mr. Fady Dahalan as Director of the company.
6	8th November 2024	Approval of the transfer of the Company's shareholding in M2 Global Wealth to M2 Holdings and authorizing Mr. Munaf Ali to execute all necessary documents to complete the transfer.
7	19th December 2024	Acceptance of Mr. Seyedmohammad Alizadehfard's resignation as Group CEO and the appointment of Mr. Munaf Ali as Group CEO.

III. Resolutions presented to General Assembly meetings in 2024

The General Assembly meeting was held on April 24th, 2024, for the year ended 2023 during which the following ordinary resolutions were presented:

Sr. No.	Resolutions	Measures Taken
1	Consideration and Approval of the Board of Directors' Report	Approved
2	Consideration and Approval of the External Auditor's Report	Approved
3	Consideration and Approval of the Consolidated Audited Financial Statements	Approved
4	Consideration and Approval of Recommendation for No Dividend Payout	Approved
5	Consideration and Approval of Remuneration for Services of the Board of Directors	Approved
6	Absolution of the Members of the Board of Directors of Liability	Approved
7	Absolution of the External Auditors of Liability	Approved
8	Appointment of Rai LLP as the External Auditor for the Year 2023 and Year 2024	Approved
9	Ratification of the existing Board of Directors Appointment for the Financial Year 2023 and 2024	Approved
10	Approval of the External Auditors Fee for the Financial Year 2023 and 2024	Approved

No special resolutions were presented at the General Annual Meeting in 2024.

BOARD OF DIRECTORS' COMMITTEES

a. Audit and Risk Committee

Members of Audit and Risk Committee as of 31 December 2024

1	Elham Alqasim	2	H.E. Tareq Abdulraheem Al Hosani	3	Munaf Ali
	Chair of the Committee		Member		Member
	Independent, Non-Executive Director		Independent, Non-Executive Director		Non-Independent Executive Director

The Board of Directors ensures effective oversight of internal controls to protect the interests of stakeholders and maintain operational integrity. This responsibility is chiefly carried out by the Audit and Risk Committee, which functions under a strong mandate to foster transparency, accountability, and adherence to regulatory standards throughout the organization.







The main roles and responsibilities of the Audit and Risk Committee include the following as defined in the charter:

Financial Reporting:

- Provide its comments on the annual report, accounts, financial statements, audit opinions on the quarterly, half-yearly (as applicable) and year-end financial statements and recommend its adoption by the Board. This shall be done in compliance with international accounting standards. For the avoidance of doubt, approving the annual report, accounts and financial statements remain with the Board.
- Recommend steps to ensure compliance with financial reporting standards and regulatory requirements.
- Discuss significant issues as well difficulties encountered in the interim or final audits.

External Audit:

- Consider and make recommendations to the Board in relation to the appointment and reappointment of the external auditors and any question of resignation or dismissal of the external auditors and to approve the external auditors’ remuneration and terms of engagement.
- Discuss the findings of the audit with the external auditors. This includes, but not be limited to, the following:
  - I. discussion of any major issues which arose during the audit.
  - II. any accounting and audit judgements.
  - III. errors identified during the audit.
  - IV. the effectiveness of the audit.
- Discuss any relevant matters that are brought to the attention of the Committee from the Board and/or Executive Committee of the Company.
- Discuss with Phoenix’s external auditor any audit problems or difficulties encountered during the audit and assess managements response.

- Coordinate with the Board, Executive Management and the CFO to meet with the External Auditors at each reporting period, if deemed necessary by the Board.

Internal Control and Risk Management:

- Discuss internal control and risk management systems.
- Discuss the appointment, resignation or dismissal of the internal audit staff and the internal audit provider, in case of an outsourced service provider.
- Discuss any relevant reports submitted to the Committee by the Internal Audit Function and monitor management response and action to the findings and recommendations.
- Ensure that the Internal Audit Function is adequately resourced and has appropriate authority and standing within Phoenix.
- Discuss effectiveness of Internal Audit Function in the context of Group’s overall risk management framework.
- Discuss the auditor’s assessment of the internal control procedures and recommend steps to ensure there is coordination between the internal auditor and the external auditor.
- Report to the Board all matters presented to the Committee by virtue of the delegation.

Whistleblowing, Fraud and Compliance Monitoring

- Discuss and provide recommendations with respect to the Company’s procedures by which employees, vendors/ contractors may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters.
- Recommend corporate procedures for detecting fraud.

Audit and Risk Committee Meetings in 2024.

Audit and Risk Committee Members	No. of Absences	26th March 2024	13th May 2024	25th July 2024	28th October 2024
ELHAM ALQASIM	✓	✓	✓	✓	✓
H.E. TAREQ ABDULRAHEEM AL HOSANI	1	✓	✓	-	✓
MUNAF ALI	✓	✓	✓	✓	✓







b. Nomination and Remuneration Committee

Members of Nomination and Remuneration Committee as of 31 December 2024

1	Elham Al Qasim	2	H.E. Tareq Abdulraheem Al Hosani	3	Munaf Ali
Chair of the Committee		Member		Member	
Independent, Non-Executive Director		Independent, Non-Executive Director		Non-Independent Executive Director	

The Board of Directors have formed a Nomination and Remuneration Committee, which is instrumental in upholding the integrity and efficiency of our corporate governance framework. Guided by a well-defined mandate, the committee is dedicated to maintaining the highest levels of transparency, accountability, and fairness in all matters concerning appointments and remuneration within the organization.

The main roles and responsibilities of the Nomination and Remuneration committee include the following as defined in the charter:

Nominations:

- Formulate the criteria to determine the qualifications, qualities, skills, attributes, independence, and other expertise required to be a Director of the Company and to develop and recommend to the Board for its approval, criteria to be considered in selecting Director(s). The criteria shall consider gender diversity, encouraging active participation of women.
- Review regularly the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and to make recommendations to the Board with regard to any adjustments that the Committee considers necessary.
- Identify, screen and review candidates qualified to be appointed as Directors consistent with the criteria as above (including evaluation of incumbent Directors for potential re-nomination), and making recommendations to the Board on candidates for:
  - I. nomination for election or re-election by the shareholders; and
  - II. any Board vacancies that are to be filled by the Board.
- Review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for the nomination to the Board.
- Prior to the appointment of a Director, to require any proposed appointee to disclose any business interests that may result in a conflict of interest and to undertake to report any future business interests that could result in a conflict of interest.

- Monitor on-going independence of Independent Directors.
- Review of induction materials and orientation sessions for new Directors, in consultation with the Chairman of the Board and Phoenix Group's Executive Management.

Remuneration / Compensation:

- Where applicable, act as advisor to the Board for any incentive or share allocation needed to attract, retain, and motivate the Directors, Phoenix Group CEO, Executive Management, and all other employees.
- Review remuneration for Directors and recommend to the Board for endorsement and submit the same to the shareholders for approval.
- Approve and oversee any major changes in employee bonus structures throughout the Company or Group.
- Endorse Emiratization targets and oversee and monitor the Company's commitment to Emiratization as part of manpower planning.

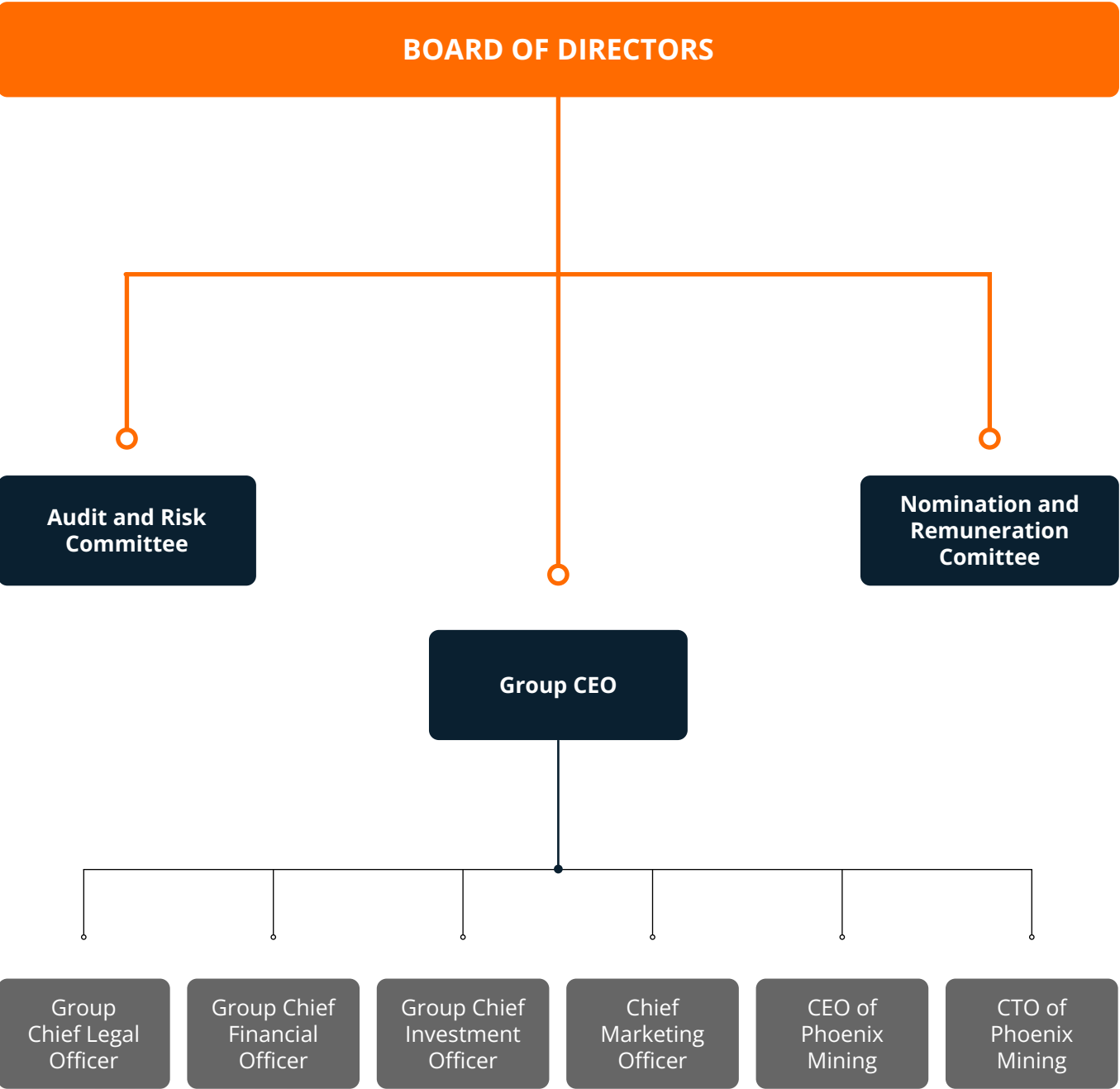
Performance Evaluation and Leadership Development:

- Conduct an annual evaluation of the Board's performance, including that of individual Board members and Committees, to identify opportunities for enhancing overall effectiveness.





# EXECUTIVE MANAGEMENT



# PROFILE OF EXECUTIVE MANAGEMENT

**FARAH ZAFAR**  
MANAGING DIRECTOR &  
GROUP CHIEF LEGAL OFFICER



Farah Zafar is a trailblazing legal and corporate executive, known for her pivotal role in the growth and success of nations, development companies and quasi-government entities. As a trusted right-hand and Chief Legal Officer to visionary rulers—including the Ruler of Dubai and the Crown Prince of Saudi Arabia—she has been instrumental in some of the most transformational projects and investments in the Middle East.

With over two decades of experience, Farah has been a driving force behind building multi-billion-dollar entities, sovereign investments, and industry-defining real estate developments that shape nations. Her leadership spans prestigious organizations, including the Engineers Office (private office of the Ruler of Dubai), Omniyat, Dubai Holding, the Government of Qatar, and the Public Investment Fund of Saudi Arabia.

Farah's career is defined by game-changing contributions to the Middle East and in the growth of its key institutions. In 2001 she was headhunted from the UK and became the Sole Legal Counsel to the Engineers Office (private office of the Ruler of Dubai) where she was instrumental in the strategy and growth of Dubai, she procured, structured and secured over AED 11.3 billion in capital transactions for Dubai Holding, fuelling some of the emirate's most ambitious developments. As a founding leader at Omniyat, she revolutionized luxury real estate in Dubai and was instrumental in delivering the first-ever Zaha Hadid-designed project in the Middle East, with "The Opus" cementing Dubai's reputation as a hub for world-class architecture.

Her expertise extends to sovereign-led mega-projects, having been headhunted by Saudi Arabia's Crown Prince to serve as his strategic advisor and Chief Legal Officer of the Public Investment Fund (PIF), where she was instrumental on creating and defining the regulatory and investment frameworks required to position Saudi Arabia as a premier commercial and

tourism hub and led strategic investments on an international level.

As Managing Director & Group Chief Legal Officer at Phoenix Group, Farah led its multi-billion-dollar IPO on the Abu Dhabi Securities Exchange (ADX)—one of the largest in the region—and continues to spearhead its expansion into a global player in Bitcoin mining, Web3, and investment acquisitions. She has been at the forefront of private and government deals, solidifying Phoenix's position as a global leader in the tech and digital asset space.

A UK-qualified solicitor, Farah's leadership extends beyond legal expertise—she is a strategic architect of billion-dollar enterprises, a trusted advisor to sovereign wealth funds, and a pioneer in tech-driven investments.

She is a passionate about Crypto, Web3 and Tech and remains deeply committed to actively contributing to this rapidly evolving space through her role in Phoenix Group and also as the CEO and Co-Founder of the social monetisation platform, Lyvely.

Farah's outstanding career has earned her numerous accolades, including recognition as one of the Top 100 People in the Middle East (Entrepreneur ME), 100 Most Influential People in Dubai (Arabian Business 2023 & 2024), The Innovator – MasterCard Awards EMEA, 50 Most Powerful Women Leaders (Arabian Business 2024), Woman of Influence in the Arab World (CEO Magazine 2021), Inspiring Female Business Leader (Arabian Business 2022) and Woman of the Year (Big Projects Middle East 2019).

As a highly respected lawyer, Farah has also received prestigious awards such as General Counsel of the Year (Middle East Legal Awards 2020), Legal CEO of the Year (CEO Middle East 2019), and General Counsel of the Year (Oath Middle East Legal Awards 2019).



# PROFILE OF EXECUTIVE MANAGEMENT



**SHEHARYAR MALHI**  
GROUP CHIEF  
FINANCIAL OFFICER

Sher is a distinguished finance executive with a strong global track record in strategic finance, accounting, auditing, and business development. With an illustrious career spanning C-suite and Director-level roles across Europe and the Middle East, he has consistently exhibited visionary leadership, financial ingenuity, and an exceptional ability to navigate complex financial landscapes.

A pivotal force behind Phoenix Group’s landmark IPO, Sher’s mastery of capital markets, public offerings, and strategic financial structuring played a defining role in successfully transitioning the company to a publicly listed entity. His strategic foresight and financial acumen have been instrumental in shaping Phoenix Group’s trajectory as a market leader.

As Group CFO for Europe’s largest hedge fund platform, Sher spearheaded innovative financial strategies, governance frameworks, and risk management protocols, solidifying the platform’s dominance in an intensely competitive industry. Previously, as Director at KPMG’s Norwegian headquarters in Oslo, he led high-profile audit and advisory engagements across energy, technology, and financial services, delivering transformative solutions to a distinguished clientele.

Sher is a Qualified Chartered Accountant, holding memberships with the Irish and English Institutes of Chartered Accountants. An alumnus of the London School of Economics, he combines academic pedigree with strong professional expertise, making him an integral part of Phoenix executive management.

# PROFILE OF EXECUTIVE MANAGEMENT



**BILL QIAN**  
MANAGING DIRECTOR & CHIEF  
INVESTMENT OFFICER

Bill Qian serves as the Managing Director and Chief Investment Officer at Phoenix Group. Prior to this, he was the Global Head of M&A and Binance Labs at Binance, the largest global cryptocurrency platform, which facilitated \$100 trillion in transactions in 2024.

Before his time at Binance, Bill was the Head of Investment for Fintech/Tech at JD.COM, one of Asia’s leading internet platforms, with a GMV surpassing \$400 billion.

With a career marked by significant achievements, Bill has gained extensive experience and a profound understanding of the digital landscape. He has overseen the deployment and management of over \$20 billion in various projects across Web 1.0, Web 2.0, and Web 3.0. His perspective as a ‘web-native investor’ allows him to identify and support exceptional founders in the Web 3.0 sector.





# PROFILE OF EXECUTIVE MANAGEMENT



**REZA NEDJATIAN**  
CEO PHOENIX MINING, AI &  
DATA CENTERS

Reza Nedjatian is the Chief Executive Officer of Phoenix Mining, leading the company's global Bitcoin mining operations. With over a decade of expertise in business development, energy infrastructure, and project management, he has been instrumental in energizing more than 450MW of Bitcoin mining data centers across three continents. His ability to deliver turnkey data center projects from A to Z has positioned Phoenix Mining as a leader in the industry, driving efficiency, scalability, and operational excellence.

Reza's leadership extends beyond mining, with a strong background in solar energy and power distribution, enabling him to optimize energy efficiency and sustainability in high-performance mining operations. He has successfully overseen the development and execution of large-scale power generation and data center projects on a fast-track basis, ensuring rapid

deployment without compromising quality or reliability.

With a proven track record in delivering complex energy and infrastructure projects, Reza has built a vast network of industry experts, contractors, and consultants, allowing him to navigate challenges and drive innovation. He holds a Bachelor's degree in Electrical Engineering from the American University of Dubai, a foundation that, combined with his business acumen, enables him to lead projects with technical precision and strategic foresight.

Reza's dedication to excellence and his expertise in fast-track project execution make him a key figure in the evolution of Bitcoin mining infrastructure, consistently pushing the boundaries of efficiency and innovation in the sector.

# PROFILE OF EXECUTIVE MANAGEMENT



**LUCIEN HARRINGTON**  
CHIEF MARKETING OFFICER

Lucien Harrington is a seasoned global brand strategist with a proven track record of success across Europe, the Middle East, and Asia Pacific. He has held senior leadership positions at some of the world's most recognized brands, including Disney and Time Warner.

With a wealth of experience in both agency and client-side roles, Lucien has led teams at global agencies like FutureBrand and Lynxeye to create award-winning campaigns for top brands such as Mercedes, Spotify, Alibaba, Nespresso, Geely, Bangkok Bank, Volvo, Qantas, Virgin, Standard Chartered, and H&M.

Prior to joining Phoenix Group, Lucien served as the Group Vice President of Brands and Campaigns at Cenomi, Saudi Arabia's largest retail and mall operator. In this role, he played a pivotal part in shaping and executing the company's brand and marketing strategies.

Throughout his career, Lucien has successfully launched over 30 new brands and businesses, earning numerous accolades for his exceptional work in brand development, public relations, and marketing. His strategic insights and creative vision have consistently driven business growth and brand equity.



# PROFILE OF EXECUTIVE MANAGEMENT



**ALIREZA ARDEBILI**  
CHIEF TECHNOLOGY OFFICER, PHOENIX MINING.

Alireza serves as the Chief Technology Officer of Phoenix Mining, overseeing the global technical operations and driving innovation in the company's digital asset infrastructure. With nearly two decades of experience in computer networking, system administration, blockchain technology, and software development, Alireza brings a wealth of expertise honed through his impactful careers across Europe and the GCC region.

His deep passion for the open-source community and the transformative potential of blockchain technology

fuels his commitment to not only advancing Phoenix Group's operations but also contributing to the global tech ecosystem. Alireza's leadership has been instrumental in overseeing Phoenix Group's rapidly expanding network of mining farms, spanning the United States, Canada, the UAE, and beyond.

His visionary approach to technology and infrastructure has positioned Phoenix Group at the forefront of the cryptocurrency mining industry, ensuring the company continues to innovate and lead in the digital finance space.

# RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE

Phoenix's approach to risk management, internal control, and compliance is structured around its dedicated Internal Audit and Compliance department, which operates under the oversight of the Audit and Risk Committee. This department plays a key role in identifying and mitigating risks, ensuring adherence to regulatory requirements, and maintaining effective internal controls. These efforts help ensure that Phoenix remains well-positioned to address evolving challenges and maintain robust operational integrity.





# EXTERNAL AUDITOR

RAI LLP (RAI), registered under ADGM, was appointed as Phoenix’s external auditor for the fiscal year 2024. RAI provides audit, tax and digital consulting services to a broad range of domestic and international, public and private sector clients in the United Arab Emirates. The financial year 2024 was the second year of RAI’s appointment as Phoenix’s auditors.

The scope of the audit for the financial year 2024 is as follows:

- 01

To provide an audit opinion on the annual consolidated financial statements in accordance with International Financial Reporting Standards.
- 02

To provide an audit opinion on the financial statements of certain subsidiaries of the company in accordance with International Financial Reporting Standards; and
- 03

To provide a review of quarterly interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”.

The External Audit Services fees for RAI LLP for 2024 amounted to USD 482,000. This amount covers the annual audit and interim review of Phoenix’s financial statements, excluding any out-of-pocket expenses.



# CORPORATE SOCIAL RESPONSIBILITY

At Phoenix Group, we are deeply committed to making a positive impact on the communities in which we operate. Our approach to Corporate Social Responsibility (CSR) is centred around creating long-term value for both our stakeholders and society at large. We focus on initiatives that promote sustainable development, environmental stewardship, and social well-being. Through partnerships, and responsible business practices, we strive to contribute to economic growth while addressing the global challenges of today. Our CSR efforts span areas such as education, environmental conservation, health, and economic empowerment, with a particular focus on fostering innovation and inclusivity. As we continue to grow, Phoenix Group remains dedicated to operating in an ethical, responsible, and transparent manner, ensuring that our business practices align with our broader commitment to social responsibility and sustainable progress.

**ESG**







# OUR COMMITMENT

Phoenix Group is committed to building a future where business success and sustainability go hand in hand. By embedding sustainability into our decision-making processes and corporate culture, we are ensuring that our activities contribute meaningfully to a more inclusive, sustainable future. As a responsible and forward-thinking organization, Phoenix Group integrates ESG considerations across all levels of our investment process — from strategy formulation to execution — demonstrating our commitment to both financial success and a positive societal impact.

This foundational work marks the beginning of our journey to align our operations with the highest standards of governance and sustainability. We are determined to create responsible growth, uphold ethical business practices, and promote transparency as we build a more sustainable future for our company, our stakeholders, and the communities in which we operate.





A. The Four Pillars of Our Sustainability Strategy

At Phoenix Group, our sustainability strategy is built on four key pillars that guide our decisions and actions. These pillars are designed to create long-term value for all stakeholders while driving positive change and ensuring a sustainable future for our business and the communities we serve.



PILLAR 1

SOLID GOVERNANCE  
AT OUR CORE



PILLAR 2

EMPOWERING PEOPLE  
FOR TOMORROW



PILLAR 3

PIONEERING  
SUSTAINABLE PROGRESS



PILLAR 4

SHAPING  
POSITIVE CHANGE





B. Materiality Assessment

At Phoenix Group, our Materiality Assessment is essential for identifying and focusing on the ESG issues that matter most to our business and the communities we serve. We engage with key stakeholders including our shareholders, employees, governments, and regulators through interviews and discussions to understand their concerns and priorities. By combining this direct feedback with industry insights, we ensure our efforts are aligned with the most pressing issues, enabling us to drive meaningful and positive change.

Key Material Topics for Phoenix Group

01

Sustainable Investment in Cryptocurrency Technology and Infrastructure Innovation

02

Ethical Business Practices and Governance

03

Regulatory Compliance and Industry Standards

04

Workforce Diversity in Leadership Roles

05

Employee Health, Safety, and Wellbeing

06

Diversity, Equity, and Inclusion in the Workforce

07

Employee Training and Development

08

Community Engagement and Social Impact

C. Stakeholder Engagement

Stakeholder	Method of Engagement
 Shareholders	Dedicated section on the company website
	Investor relations and updates
	Annual and quarterly financial reports
	Participation in Annual General Meetings (AGMs)
	Regular press communications and updates
 Investors	Dedicated investor relations page on the website
	Publicly available company reports
	Earnings calls and meetings
	Investor roadshows
 Employees	Regular performance evaluations
	Employee engagement surveys and feedback
	Publicly available company reports
 Government and Regulators	Publicly available company reports
	Engagement sessions between senior leadership and regulatory bodies
 Communities	Adherence to applicable laws and industry regulations
	Company website providing updates and insights
	Publicly available company reports



D. Driving Sustainable Growth and Our Commitment to the SDGs

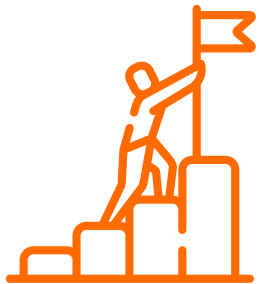
At Phoenix Group, we are committed to aligning our business strategy with the United Nations Sustainable Development Goals (SDGs). Our sustainability approach focuses on creating long-term value while making a positive impact on the environment and society. We emphasize strong governance by upholding ethical business practices and regulatory compliance to foster integrity and transparency across all levels of the organization. We are also dedicated to driving innovation in the cryptocurrency sector, continuously advancing our technological infrastructure to ensure scalability, security, and environmental responsibility.

Additionally, we are deeply committed to empowering our people by creating an inclusive and supportive work environment. By prioritizing employee well-being, diversity, and career development, we ensure that our workforce thrives and contributes to the company's long-term success. Our sustainability efforts also extend to reducing inequalities, providing equal opportunities for all employees, and creating a culture that values respect and inclusion. Through these efforts, Phoenix Group is actively contributing to the achievement of the SDGs, particularly those focused on economic growth, clean energy, innovation, health and well-being, and quality education, while ensuring that sustainability remains a key driver of our business.



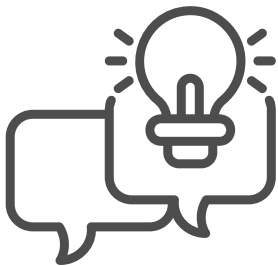
01

SOLID GOVERNANCE  
AT OUR CORE



Objective:

To embed a culture of integrity, accountability, and transparency at all levels of our organization, ensuring that our operations are conducted ethically and comply with regulatory frameworks.



Key Material Topics:

- Ethical Business Practices and Governance
- Regulatory Compliance and Industry Standards



Aligned UN SDGs:

SDG 16: Peace, Justice, and Strong Institutions





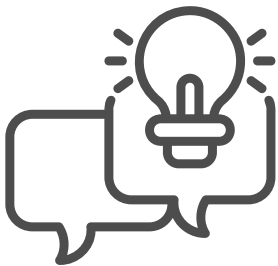
# 02

## EMPOWERING PEOPLE FOR TOMORROW



### Objective:

To foster an environment that supports growth, well-being, and development across all levels, enabling individuals and the organization to thrive in an evolving business landscape.



### Key Material Topics:

- Workforce Diversity in Leadership Roles
- Employee Health, Safety, and Wellbeing
- Employee Training and Development
- Diversity, Equity, and Inclusion in the Workforce



### Aligned UN SDGs:

SDG 3: Good Health and Well-being

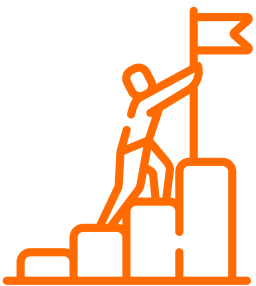
SDG 5: Gender Equality

SDG 8: Decent Work and Economic Growth



# 03

## PIONEERING SUSTAINABLE PROGRESS



### Objective:

To influence the investment landscape by integrating ESG principles into decision-making. Strive to achieve financial growth while upholding ESG commitments and promoting innovative technological solutions to address sustainability challenges when applicable.



### Key Material Topics:

- Sustainable Investment in Cryptocurrency Technology and Infrastructure Innovation



### Aligned UN SDGs:

SDG 9: Industry, Innovation, and Infrastructure



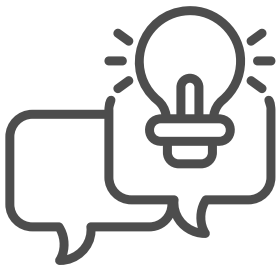
# 04

## SHAPING POSITIVE CHANGE



### Objective:

To create lasting positive change by promoting responsible practices and ensuring that our actions have a beneficial impact on both our organization and the broader community.



### Key Material Topics:

- Community Engagement and Social Impact



### Aligned UN SDGs:

- SDG 4: Quality Education
- SDG 3: Good Health and Well-Being
- SDG 17: Partnerships for the Goals

## SOLID GOVERNANCE AT OUR CORE

### A. Board of Directors

At Phoenix Group, the Board of Directors play a crucial role in guiding the company toward success through strong leadership and active oversight. Each Board member brings unique perspectives, skills, and experience, all of which contribute to well-informed decision-making. The Board meets quarterly to assess the company's performance, make key operational decisions, and ensure alignment with regulatory requirements.

The governance structure adheres to best practices, with a clear separation between the roles of Chairperson and CEO to ensure independent oversight. In line with the company's commitment to diversity and inclusion, women represent 25% of the Board, and 46% of the female workforce hold key decision-making roles within the Group.

To maintain high governance standards, the Board relies on Committees — including Audit and Risk, and Nomination and Remuneration — to provide additional oversight in key areas such as financial integrity, risk management, and executive compensation.

### B. Governance Framework: Laying the Foundations for Growth

At Phoenix Group, we are dedicated to creating a strong governance framework that drives sustainable growth and aligns with our ESG strategies. Our focus is on establishing clear governance practices rooted in transparency, accountability, and ethical conduct.







## C. Transparent Reporting and Stakeholder Communication

We believe transparent reporting is essential for building trust with our stakeholders. By openly communicating our financial results and operational performance, we keep our stakeholders informed and confident in our dedication to ethical business practices. This transparency not only ensures compliance with regulatory standards but also enhances our reputation as a company rooted in integrity and honesty. We are committed to fostering strong relationships with investors, shareholders, and the wider community through clear, consistent, and honest communication.





D. Governance Development: Next Steps

As we lay the foundation for responsible governance, Phoenix Group is taking steps to formalize several key policies in the coming year.

Our focus for the upcoming year is to formalize key policies, internal controls, enhance our governance practices, and further align our operations with global best practices.

E. Detailed Disclosure

I. BOARD DIVERSITY

Percentage: Total Board Seats Occupied by Men and Women

Category	Men (%)	Women (%)
Total Board Seats	75%	25%

Percentage: Committee Chairs Occupied by Men and Women

Category	Men (%)	Women (%)
Committee Chairs	0%	100%

II. BOARD INDEPENDENCE

Percentage: Total Board Seats Occupied by Independent Board Members

Category	Total Board Seats	Independent Board Members	Percentage of Independent Board Members (%)
Total Board Seats	4	3	75%

EMPOWERING PEOPLE FOR TOMORROW

A. Cultivating a Positive, Safe, and Empowering Work Environment

At Phoenix Group, we firmly believe that our people are the cornerstone of our success. We strive to create a dynamic workplace culture where collaboration, innovation, and inclusivity are central to how we operate. Our approach is not just about achieving business goals, but also about ensuring that every employee feels valued, respected, and empowered to contribute their best work.

We are dedicated to cultivating an environment where individuals can thrive both professionally and personally. As the organization grows, so does our focus on providing the necessary resources and opportunities to support employee development.

In 2024, we made significant strides in integrating equity into all aspects of our operations, from recruitment to performance reviews. We ensure that all employees have access to the same resources and support systems, regardless of their background. Our approach to equity is centred around removing barriers, promoting fairness in decision-making, and creating opportunities that empower all employees to reach their full potential.

As part of our focus on learning and development, we conducted Certified Data Centre Professional (CDCP) training to provide participants with comprehensive

insights into the key components of data centers. Additionally, we successfully launched employee engagement initiatives designed to strengthen team collaboration and enhance the overall employee experience.

At Phoenix Group, we prioritize creating an inclusive environment where diverse perspectives are not just welcomed but valued. Our team is made up of 19 nationalities across five regions, including the UAE, Oman, USA, Canada, and the Netherlands. This global and culturally diverse workforce drives creativity, encourages innovative problem-solving, and contributes to a positive workplace culture. We believe that by embracing different voices, we foster an environment where everyone can thrive.

To further reinforce our commitment to health and safety, Phoenix Group has achieved a significant milestone in 2024, completing 1,475,216 man-hours across our operations in the UAE (Dubai and Abu Dhabi), USA, and Oman with zero safety incidents. This accomplishment highlights our continuous focus on maintaining high standards of safety and operational excellence, guided by adherence to a robust occupational health protocols and global safety standards.







B. Building an Inclusive and Equitable Workforce

At Phoenix Group, diversity and inclusion are more than just values we uphold—they are principles we embody in our actions. We are devoted to cultivating a workforce that reflects a wide range of cultures, backgrounds, and experiences, while fostering an inclusive and equitable environment where everyone has the opportunity to thrive.

With a workforce that includes individuals from over 19 nationalities, Phoenix Group embraces a culture of diversity and inclusivity. While we celebrate this broad representation, we also align with national initiatives like Emiratization in the UAE and Omanization in Oman, which aim to enhance the presence of local nationals in the workforce. As part of these efforts, 5.26% of our workforce in UAE and Oman consists of Emirati and Omani nationals, reflecting our commitment to both diversity and local talent development.

We recognize that diversity not only enhances our company culture but also leads to better decision-making, more innovative solutions, and a greater ability to meet the diverse needs of our stakeholders.

Phoenix Group firmly believes in equality of opportunity and operates a zero-tolerance policy for any form of discrimination or harassment, including sexual harassment. Our workplace is one where every employee can feel safe, supported, and confident in their ability to contribute to the organization's success without fear of bias or exclusion.

C. Detailed Disclosure

I. EMPLOYEE TURNOVER

Percentage: Year-over-year change for full-time employees

Year	Number of Full-time Employees	Year-over-Year changes (%)
2023	135	79%
2024	202	49.6%

Percentage: Year-over-year change for contractors/ consultants

Year	Number of contractors/ consultants Employees	Year-over-Year changes (%)
2023	5	4%
2024	15	2%

II. GENDER DIVERSITY

Percentage: Total Enterprise Headcount Held by Men and Women

Category	Men (%)	Women (%)
Total Enterprise Headcount	88%	12%

Percentage: Entry- and Mid-Level Positions Held by Men and Women

Category	Men (%)	Women (%)
Entry-level Positions	92%	8%
Mid-level Positions	59%	41%

Percentage: Senior- and Executive-Level Positions Held by Men and Women

Category	Men (%)	Women (%)
Senior-level Positions	78%	22%
Executive-level Positions	80%	20%

III. TEMPORARY WORKER RATIO

Percentage: Total enterprise headcount held by contractors and/or consultants

Category	Contractors/Consultants (%)
Total Headcount	7%

IV. INJURY RATE

Percentage: Frequency of Injury Events Relative to Total Workforce Time

Category	Total Injury Events	Total Workforce Time (hours)	Injury Frequency (%)
Injury Frequency	0	1,475,216	0

V. NATIONALISATION

Percentage of National Employees

Category	Total Employees in UAE and Oman	National Employees	Percentage of National Employees (%)
UAE and Oman Employees	190	10	5.26%





# PIONEERING SUSTAINABLE PROGRESS

## A. Driving Technological Innovation for Sustainability

Phoenix Group recognizes the transformative power of technology in addressing global sustainability challenges. From renewable energy solutions to digital technologies, we are continuously exploring how emerging innovations can contribute to both sustainable progress and business growth. As we expand our portfolio of investments, we prioritize opportunities that help reduce environmental impact while driving economic value.

Cryptocurrency mining has been historically associated with significant carbon emissions due to the high energy demands of traditional mining processes. To mitigate this, Phoenix Group has embraced hydropower mining as a more sustainable alternative. By utilizing energy generated from renewable hydropower sources in Oman and Canada, we have been able to significantly reduce the carbon footprint of our mining operations.



In fact, our use of hydropower has allowed us to avoid emitting approximately

**133,850** tonnes

CO2 into the environment.

This integration of hydropower with blockchain infrastructure allows us to scale our cryptocurrency investments in a way that aligns with our broader sustainability goals.



## B. Leveraging Cold Climate Locations for Enhanced Sustainability

In addition to harnessing renewable energy sources, our strategic presence in naturally cool regions, like St. Leon in Canada, minimizes reliance on additional cooling infrastructure. This approach greatly reduces one of the largest energy demands in cryptocurrency mining operations.

Operating in naturally cooler climates allows us to enhance energy efficiency and reduce both our carbon footprint and operational costs. The lower temperatures in these regions minimize the need for energy-intensive cooling systems, commonly required in warmer areas, making our mining operations more environmentally friendly.

As we plan for the future, we are exploring additional locations in regions with colder climates, including a potential site in North Dakota. This expansion supports our sustainability objectives by situating operations in cooler climates, thereby reducing energy consumption and optimizing the efficiency of our mining activities.







# SHAPING POSITIVE CHANGE

## A. CryptoWeekly Sponsorship: Supporting Education and Networking

Phoenix Group, in its commitment to raise awareness around digital assets, blockchain, and the Web3 space, is proud to sponsor Crypto Weekly — the first mainstream talk show dedicated entirely to these transformative technologies. Hosted by leading industry figures and influencers Henri Arslanian and May Ban Khadra, the show is aired exclusively on CNBC Arabia.

Crypto Weekly aims to educate and engage its audience by offering in-depth coverage of the rapidly expanding blockchain industry. As the only program of its kind in the region, it connects with a diverse viewership across the Middle East, helping to simplify complex blockchain concepts and explore its potential to reshape industries.

The show brings together global thought leaders, innovators, and executives to share their expertise, explore emerging trends, and discuss breakthroughs in the digital finance ecosystem. With new episodes airing every Monday, offers fresh perspectives and invaluable insights for those staying ahead in the ever-changing world of digital assets. More than just a blockchain primer, Crypto Weekly equips audiences with the knowledge and tools to navigate and excel in this rapidly evolving landscape.



## B. Phoenix Group at ADFW 2024: Advancing the Dialogue on Crypto, Blockchain, and Financial Innovation

Phoenix Group was proud to be an Official Partner of Abu Dhabi Finance Week (ADFW) 2024, the MENA region's leading financial event. Throughout the week, we maintained a strong presence and played a key role in shaping the discussions around digital assets and the future of blockchain technology. Our leadership team captivated the audience with keynote speeches that raised awareness about the growing importance of these innovations in finance.

Phoenix Group's CEO, Mr. Munaf Ali, delivered an impactful keynote at the ADFW Capital Markets Forum. Speaking to an audience of executives, investors, and industry leaders, he highlighted the increasing significance of digital assets and shared Phoenix's accomplishments in this rapidly evolving space. His insights sparked further discussions on the future potential of blockchain and its role in transforming finance.

In addition, Group CFO Mr. Sheharyar Malhi took the stage at the International Family Office Congress, where he presented crypto solutions as an innovative investment strategy. His session provided family offices with valuable insights on how virtual assets can foster growth and unveiled new opportunities for investment in the fast-evolving digital finance landscape.

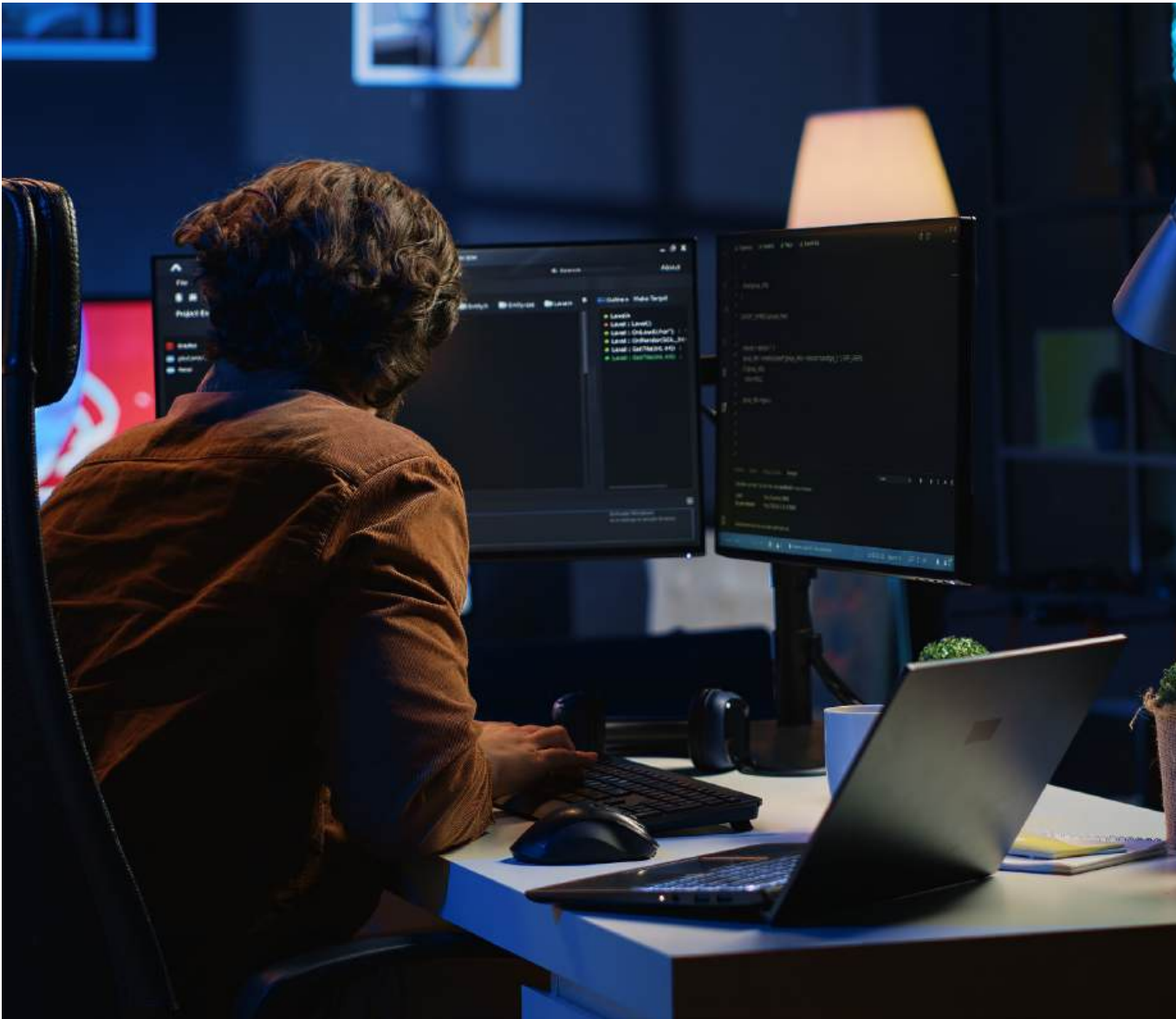
Our participation at ADFW 2024 further solidified Phoenix Group's role as a thought leader in the digital asset space, creating momentum for ongoing conversations on the future of finance and blockchain technology.





C. Cyber Q Collaboration: Enhancing Digital Security Awareness

At Cyber Q, in partnership with the UAE Cybersecurity Council, Phoenix contributed to discussions surrounding security challenges in the digital space. As part of this collaboration, we showcased our advanced mining and hosting technologies, emphasizing how innovation is key to building a more secure and efficient digital ecosystem. We were proud to join industry leaders like Amazon, Google, and IBM in sharing insights and expertise on securing the future of digital technologies.



D. Promoting Health and Wellbeing: Phoenix Major Padel Tournament

Phoenix Group, in partnership with Emirates Padel Center, proudly sponsored and organized one of the largest padel tennis tournaments in the region — the Phoenix Major Padel Tournament. Held from May 9th to May 12th, 2024, the event proved to be a major success, attracting 64 teams and featuring a prize pool of up to 100,000 AED.

While the event served as an excellent platform for raising awareness about Phoenix Group’s innovative role in the crypto industry, it also provided a meaningful opportunity to promote health and well-being. By encouraging active participation in a dynamic sport, the tournament not only strengthened our connection with the sports community but also highlighted our commitment to fostering a healthy lifestyle and engaging in community-driven initiatives.





# **FINANCIAL** **OVERVIEW**





# PHOENIX GROUP PLC

## INDEPENDENT

## AUDITOR'S REPORT

To: The Shareholders of Phoenix Group PLC

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Phoenix Group PLC (the “Company”) and its subsidiaries (together the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International code of Ethics for Professional Accountants (including International Independence Standards) (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 2 in the consolidated financial statements, which states that the consolidated financial statements have been prepared under the going concern basis of accounting, based on the significant assumption that the Group is able to generate sufficient cash flows in the foreseeable future to meet its obligations as and when they fall due through the mining and sale of digital assets. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

# PHOENIX GROUP PLC

## INDEPENDENT

## AUDITOR'S REPORT

### Recognition of cryptocurrency mining revenue (Note 25 to the Consolidated Financial Statements)

#### Key audit matter:

The Group recognises revenue in accordance with IFRS 15, Revenue from Contracts with Customers. The management recognises revenue from the provision of transaction verification services within the Bitcoin network, commonly referred to as “cryptocurrency mining”. The Group participates in mining pools operated by third parties in order to limit its exposure to variability of mining output. The Group receives bitcoins from the mining pool operator as consideration for its participation in the pool.

During the year ended 31 December 2024, the Group recognised cryptocurrency mining revenue of USD 106.8 million. The Group’s management has exercised significant judgment in their determination of how IFRS 15 should be applied to the accounting for cryptocurrency mining revenue recognised.

We identified the accounting for cryptocurrency mining revenue recognised as a key audit matter due to the complexities involved in auditing completeness and occurrence of the revenue recognised by the Group.

#### How the matter was addressed in our audit:

#### We have performed audit procedures to obtain assurance over the revenue from mining which included the following:

- Obtained and evaluated management’s rationale for the application of IFRS 15 to account for its cryptocurrency awards earned;
- Performed substantive transactional testing of income recognised, by vouching a sample of transactions from the Group’s digital wallets to the Bitcoin blockchain, and recalculating the fair value on recognition;
- Vouched a sample of transactions directly from the Bitcoin blockchain back to the Group’s digital wallets;
- Evaluated and tested management’s rationale and supporting documentation associated with the valuation of cryptocurrency awards earned; and
- Assessed the adequacy of disclosures in line with the requirements of the IFRS.

### Accounting for digital assets (Note 9 to the Consolidated Financial Statements)

#### Key audit matter:

The Group holds number of digital assets as intangible assets and inventories as disclosed in note 9 of the consolidated financial statements.





# PHOENIX GROUP PLC

## INDEPENDENT

### AUDITOR'S REPORT

There is no specific accounting standard that addresses the accounting treatment for digital assets and as a result significant judgement is applied to ensure these digital assets are accounted for in accordance with the IFRS Accounting Standards.

This was determined to be a key audit matter as it requires significant judgement in determining the recognition and presentation of the digital assets and confirming existence at reporting date.

**How the matter was addressed in our audit:**

**We have performed audit procedures in respect to the management's assessment by performing the following procedures:**

- Confirmed the quantities of the digital assets within the Group's wallets by inspecting wallets at yearend;
- Reviewed and tested underlying agreements giving rise to the receipt of digital assets;
- Performed an assessment of the fair values attributed to the digital assets at the transaction date and year end date, by vouching the value of quantities held to a third party website;
- Performed an assessment of the liquidity of the tokens held and any impact on the subsequent measurement thereto;
- Discussed with management the strategy for holding of digital assets and reviewed the relevant accounting treatment; and
- Assessed the adequacy of the disclosures in note 9 to the consolidated financial statements.

### Related Party Transactions and Disclosures (Note 17 to the Consolidated Financial Statements)

**Key audit matter:**

The Group entered into frequent and significant transactions with related parties. These includes loans from related parties, acquisition of digital assets, and sales and purchases to and from related parties as disclosed in note 17 to the consolidated financial statements.

We identified related party transactions and disclosure as a key audit matter due to the inherent risk involved in the identification of related party transactions, which, combined with the frequency and significance of such transactions, requires significant auditor's attention in performing the audit.

# PHOENIX GROUP PLC

## INDEPENDENT

### AUDITOR'S REPORT

**How the matter was addressed in our audit:**

**We have performed audit procedures to address the key audit matter:**

- Reviewed management's process for identifying and disclosing related party relationships and transactions;
- Reviewed underlying agreements, invoices, and supporting documentation to assess the nature of transactions;
- Held discussions with management and those charged with governance regarding significant related party transactions and their commercial rationale; and
- Assessed the adequacy of the disclosure in note 17 to the consolidated financial statements.

**Other Information**

Management is responsible for the other information. The other information comprises the Directors' report, and information included in Annual Report (but does not include the consolidated financial statements and our auditor's report thereon). We obtained the Directors' Report prior to the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Abu Dhabi Global Market Companies Regulation 2020, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.



# PHOENIX GROUP PLC

## INDEPENDENT

### AUDITOR'S REPORT

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. • Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

# PHOENIX GROUP PLC

## INDEPENDENT

### AUDITOR'S REPORT

We communicate with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Further, as required by the the Abu Dhabi Global Market Companies Regulations 2020 of ADGM, we report that:

- the consolidated financial statements have been prepared in, all material respects, in accordance with the applicable requirements of the Companies Regulations 2020 of ADGM; and
- the financial information included in the Directors' report, is consistent with the consolidated financial statements of the Group.

*For and on behalf of RAI LLP*

Auditor Name: Ashraf Eradhun  
Date: 14 Feburary 2025  
Abu Dhabi  
United Arab Emirates





# PHOENIX GROUP PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	Notes	2024 USD'000	2023 USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	196,427	103,969
Right-of-use asset	6	447	680
Intangible assets	7	848	35
Investment in associates	8	53,660	120,310
Deferred tax asset	33	380	-
Advances and deposits	12	138,551	11,025
		390,313	236,019
<b>Current assets</b>			
Digital assets	9	441,528	140,000
Inventories	10	56,608	73,262
Trade receivables	11	26,538	33,062
Advances, deposits and other receivables	12	26,824	153,494
Due from related parties	17	250	3
Cash and short-term deposits	13	20,310	198,165
		572,058	597,986
<b>Total assets</b>		962,371	834,005
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14 (i)	164,706	164,706
Share premium	14 (i)	345,882	345,882
Other reserves	14 (ii)	18,524	24,511
Contribution from shareholders	15	-	24,995
Statutory reserve	16	14	14
Retained earnings		362,898	137,012
Own shares	14 (iii)	(263)	-
<b>Total equity</b>		891,761	697,120
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liability	6	-	357
Employees' end of service benefits	18	1,312	859
Interest-bearing loans	19	3,376	3,557
Shareholders' loan	20	9,318	-
		14,006	4,773

# PHOENIX GROUP PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		As at 31 December		
		Notes	2024 USD'000	2023 USD'000
<b>Current liabilities</b>				
Lease liability	6	390	272	
Due to related parties	17	-	54,711	
Interest-bearing loans	19	15,180	165	
Shareholders' loan	20	10,000	-	
Trade payables	21	3,667	576	
Other liabilities	22	27,367	76,388	
		56,604	132,112	
<b>Total liabilities</b>		70,610	136,885	
<b>Total equity and liabilities</b>	9	962,371	834,005	

These consolidated financial statements were authorised for issue on 14 February 2025 and signed by:

H.E. Tareq Abdulraheem Al Hosani  
Chairman of the Board

Munaf Ali  
Group CEO & Board Member

The notes on pages 135 to 218 form an integral part of these consolidated financial statements.



# PHOENIX GROUP PLC

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2024	2023
	Notes	USD'000	USD'000
Revenue from contracts with customers	25	205,686	288,187
Direct costs	26	(179,670)	(199,325)
<b>Gross profit</b>		<b>26,016</b>	<b>88,862</b>
General and administrative expenses	29	(36,271)	(22,175)
Selling and distribution expenses	28	(1,342)	(3,297)
Provisions, impairments and write-down, net	30	(30,498)	(15,304)
Foreign exchange loss		(103)	(281)
Other income	27	9,853	39,479
		<b>(32,345)</b>	<b>87,284</b>
Unrealised gain on digital assets at FVTPL	9	225,425	100,731
Fair value gain on investment carried at FVTPL	8	-	824
Share of results from associates - net of tax	8	(6,922)	(31,110)
Realised gain on sale of digital assets at FVTPL	9	4,529	-
Gain on acquisition of interest in an associate	8	-	50,906
		<b>190,687</b>	<b>208,635</b>
Depreciation on property and equipment, right-of-use assets and amortisation of intangible assets	5,6,7	(14,545)	(795)
Finance income		1,115	273
Finance costs	32	(10,265)	(333)
<b>Profit before tax for the year</b>		<b>166,992</b>	<b>207,780</b>
Deferred tax credit	33	380	-
<b>Profit for the year attributable to the shareholders</b>		<b>167,372</b>	<b>207,780</b>
<b>Earnings per share</b>			
Basic and diluted (USD)	34	0.028	0.040

The notes on pages 135 to 218 form an integral part of these consolidated financial statements.





# PHOENIX GROUP PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2024 USD'000	2023 USD'000
Profit for the year		167,372	207,780
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange loss on retranslation of foreign subsidiaries – net of tax		(47)	(87)
Items that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associate – net of tax	8	39,663	13,199
Fair value gain on digital assets	9	11,844	44
Other comprehensive income for the year		51,460	13,156
Total comprehensive income for the year attributable to the shareholders		218,832	220,936

The notes on pages 135 to 218 form an integral part of these consolidated financial statements.

# PHOENIX GROUP PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Premium	Other reserves	Contribution from shareholders	Statutory reserve	Retained earnings	Own shares	Shareholders' current account	Total equity
	Note 14 (i)	Note 14 (i)	Note 14(ii)	Note 15	Note 16		Note 14 (iii)		
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2023	10	-	11,355	4,016	14	82,182	-	9,019	106,596
Profit for the year	-	-	-	-	-	207,780	-	-	207,780
Other comprehensive income	-	-	13,156	-	-	13,156	-	-	13,156
Total comprehensive income for the year	-	-	13,156	-	-	207,780	-	-	220,936
Repayment of capital contribution	-	-	-	(49,272)	-	-	-	-	(49,272)
New share issue	40	-	-	-	-	-	-	-	40
Contribution received from shareholders	-	-	-	57,251	-	-	-	-	57,251
Dividend	-	-	-	13,000	-	(13,000)	-	-	-
Funds paid	-	-	-	-	-	-	-	(9,019)	(9,019)
Capitalisation of retained earnings	139,950	-	-	-	-	(139,950)	-	-	-
Public share issue	24,706	345,882	-	-	-	-	-	-	370,588
At 31 December 2023	164,706	345,882	24,511	24,995	14	137,012	-	-	697,120
At 1 January 2024	164,706	345,882	24,511	24,995	14	137,012	-	-	697,120
Profit for the year	-	-	-	-	-	167,372	-	-	167,372
Other comprehensive income	-	-	51,460	-	-	-	-	-	51,460
Total comprehensive income for the year	-	-	51,460	-	-	167,372	-	-	218,832
Repayment of capital contribution (Note 15)	-	-	-	(24,995)	-	-	-	-	(24,995)
Own shares purchased (net)	-	-	-	-	-	-	(263)	-	(263)
Depreciation on revalued asset	-	-	(584)	-	-	584	-	-	-
Realized gain transferred to retained earnings (Note 14 (ii) (C))	-	-	(56,863)	-	-	56,863	-	-	-
Capital contribution through interest-free loan from shareholder (Note 20)	-	-	-	-	-	2,734	-	-	2,734
Loss on sale of own shares	-	-	-	-	-	(1,667)	-	-	(1,667)
At 31 December 2024	164,706	345,882	18,524	-	14	362,898	(263)	-	891,761

The notes on pages 135 to 218 form an integral part of these consolidated financial statements.

# PHOENIX GROUP PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2024	2023
	Notes	USD'000	USD'000
<b>Operating activities</b>			
Profit before tax for the year		<b>166,992</b>	207,780
<b>Adjustments for:</b>			
Depreciation on property and equipment	5	<b>14,147</b>	717
Amortization on intangible assets	7	<b>165</b>	5
Depreciation on right-of-use asset	6	<b>233</b>	73
Share of loss from associates	8	<b>6,923</b>	6,014
Impairment of investment in associate	8	-	25,096
Gain on acquisition of interest in an associate	8	-	(50,906)
Gain on investment – FVTPL		-	(824)
Gain on digital assets at FVTPL	9	<b>(225,425)</b>	(99,510)
Gain on sale of digital assets at FVTPL	9	<b>(4,529)</b>	-
Miscellaneous income	27 (ii)	<b>(8,748)</b>	(37,200)
Employees' end of service benefits provision	18	<b>506</b>	698
Allowance/ (reversal) for expected credit losses	30	<b>2,367</b>	(1,366)
Allowance for data centers written off	30	<b>472</b>	-
Allowance for CWIP written off	30	<b>3,812</b>	-
Allowance for obsolescence of inventory	30	<b>1,879</b>	-
Allowance for inventory written off	30	<b>21,968</b>	13,686
Finance costs	33	<b>10,265</b>	333
Finance income		<b>(1,115)</b>	(273)
		<b>(10,088)</b>	64,323
<b>Changes in working capital:</b>			
Inventories		<b>(76,284)</b>	(45,558)
Trade receivables		<b>4,160</b>	(30,238)
Advances, deposits and other receivables		<b>(15,763)</b>	(134,313)
Due from a related party		<b>(247)</b>	8,317
Digital assets		<b>58,664</b>	(1,525)
Trade payables		<b>3,090</b>	264
Other liabilities		<b>(29,467)</b>	5,027
Due to related parties		-	(2,622)
		<b>(65,935)</b>	(136,325)
Employees' end of service benefits paid	18	<b>(53)</b>	(9)
Finance income received		<b>1,115</b>	273
<b>Net cash used in operating activities</b>		<b>(64,873)</b>	(136,061)





# PHOENIX GROUP PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December		
		Notes	2024 USD'000	2023 USD'000
<b>Investing activities</b>				
Purchase of intangible assets	7	(836)	(40)	
Investment for acquisition of interest in an associate	8	(10,256)	(4,284)	
Purchase of property and equipment	5	(47,476)	(30,730)	
<b>Net cash flows used in investing activities</b>		<b>(58,568)</b>	<b>(35,054)</b>	
<b>Financing activities</b>				
Proceeds from public share issue	14	-	370,628	
Repayment of amount due to related party	17	(54,711)	-	
Repayment of interest-bearing loans	19	(165)	(207)	
Proceeds from interest-bearing loans	19	15,000	-	
Finance cost paid	33	(9,293)	(321)	
Advances and purchases of own shares	14(iii)	(1,930)	-	
Payment of lease liability	6	(273)	(136)	
Funds repaid to shareholder on current account		-	(9,019)	
Fund (repaid)/received to/from shareholder as capital contribution	17	(24,995)	7,979	
Proceeds from shareholders' loans	20	22,000	-	
<b>Net cash flows (used in) / generated from financing activities</b>		<b>(54,367)</b>	<b>368,924</b>	
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(177,808)</b>	<b>197,809</b>	
Net foreign exchange difference		(47)	(87)	
Cash and cash equivalents at 1 January		198,165	443	
<b>Cash and cash equivalents at 31 December</b>	13	<b>20,310</b>	<b>198,165</b>	
<b>Significant non-cash transactions</b>				
Loan from M2 Capital Holding Limited and its settlement in the form of BTC		12,080	-	
Dividend from an associate in the form of BTC		109,647	-	
Payable to WAS Four Investment – Sole Proprietorship L.L.C, UAE on acquisition of investment in an associate	9	-	10,109	
Issuance of additional share capital	16	-	40	
Capitalization of retained earnings to share capital	16	-	139,950	
Gain on acquisition of interest in an associate	9	-	50,906	
Transfer of investment from FVTPL to associate	9	-	43,951	
Contribution in kind to associate		-	6	
Dividend in kind	36	-	13,000	
Deferred income	25	20,441	20,441	

The cash and cash equivalents stated above do not include liquid digital assets valued at USD 30,888 thousand, as detailed in Note 9 and Note 13. Since the Group actively uses these assets in its daily operations, they are considered as an integral part of the active treasury and are treated as equivalent to cash by the Group.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. Corporate information

Phoenix Group PLC (formerly known as Phoenix Group Ltd) (the “Company”) was incorporated on 2 August 2022, as a Private Company Limited by Shares in Abu Dhabi Global Market – Abu Dhabi, United Arab Emirates. The registered address of the Company is 3412ResCo-work10, 34 Floor, Al Maqam Tower, Regus ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The principal place of business of the Group is Office 2901, Boulevard Plaza T2, Burj Khalifa, Dubai, United Arab Emirates.

Subsequent to year ended 31 December 2022, the Board of Directors of Phoenix Group Ltd (currently known as Phoenix Group PLC), who were also the beneficial owners of the Entities as reported in the combined financial statements for the year ended 31 December 2022, resolved and approved for restructuring of such Entities whereby the beneficial interest therein were transferred to Phoenix Group Ltd (currently known as Phoenix Group PLC) as the Parent Company. With this restructuring, the Parent Company together with such Entities formed the “Group”.

Further during the year ended 31 December 2023, on 12 September 2023, Mr. Munaf Ali (21.50%), Mr. Seyedmohammad Alizadehfard (18.20%) and Mr. Najib Abou Hamze (16.50%) transferred aforementioned percentage of shares to M/s. Agora SPV Ltd, resulting in M/s. Agora SPV Ltd becoming a major shareholder with a 56.20% ownership stake in the Company.

On 19 September 2023, the Company has increased its authorized share capital from USD 10 thousand, consisting of ordinary shares having a nominal value of USD 1 per share, to USD 50 thousand, distributed among 50,000 ordinary shares with a nominal value of USD 1 per share.

On 25 September 2023, the legal status of the Company was changed from Private Company Limited by Shares to Public Company Limited by Shares and was registered with Abu Dhabi Global Market under a registration number 7975.

On 28 September 2023, the Company has further increased its authorized share capital from USD 50 thousand, consisting of ordinary shares valued at USD 1 per share, to USD 140,000 thousand distributed among 5,141,500,000 ordinary shares having nominal value of USD 0.027 per share. This increase in the share capital was allocated to the shareholders existing on that date in proportion to their shareholding.

On 6 October 2023, M/s. Agora SPV LTD (5.62%), Mr. Najib Abou Hamze (1.35%), Mr. Seyedmohammad Alizadehfard (0.71%), M/s. Hyperion Holdings Limited (0.48%), M/s. Hades Holdings Limited (0.45%), M/s. Artemis Holdings Ltd (0.43%), M/s. Echo Holding Limited (0.40%), M/s. Horizon Holding Limited (0.30%), and M/s. Vertex Holding Limited (0.26%) transferred aforementioned percentage of shares to M/s. International Tech Group SP LLC, resulting in M/s. International Tech Group SP LLC becoming a shareholder with a 10% ownership stake in the Company.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. Corporate information

On 24 November 2023, the Company has further issued 907,323,529 shares to the public bringing the total number of shares to 6,048,823,529.  
The Company's ordinary shares were listed on the Abu Dhabi Stock Exchange (ADX) on 5 December 2023.

The Group is a technology conglomerate bringing cutting-edge blockchain solutions to an expansive market. The Group offers a comprehensive range of services, from high-performance computing machines trading and data centre hosting. The Group develops, operates, and manages highly specialised data centres, hosting high performance computing power for digital asset across the UAE, Oman, USA and Canada. Additionally, the Group also hosts, operates and maintains equipment within its existing data centres and enables investment opportunities within cloud mining.

The Group is the exclusive distributor of industry-leading equipment manufacturer MicroBT and prominent distributor of Digital wallet Ledgers and CoolWallets, across the Middle East. The Group has four business verticals including trading, hosting, mining and investments.

These consolidated financial statements include the financial performance and position of the Company, its subsidiaries as listed below (collectively referred to as the “Group”) and the Group's interest in its equity-accounted investees. The consolidated financial statements of the Group have been prepared on a going concern basis given that there are no significant doubts on the Group's ability to continue its business activities.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. Corporate information

Name of entity	Principal activity	Country of incorporation	% Interest	
			2024	2023
Phoenix Holding Corporation Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Worldwide Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Assets Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Management Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Cohost Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Trade Ventures Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Digital Solutions Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix INV Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Servco Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix BT Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Global Ventures Holding Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Mena Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Techco Cryptocurrency Mining – L.L.C – O.P.C	Digital currency mining and electronic currency design and programming	UAE	100%	100%
PGM Holdings Ltd	To act as special purpose vehicle	UAE	100%	100%
Phoenix Namo Mining Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix MISR Mining Holdings Ltd	To act as special purpose vehicle	UAE	100%	100%
Phoenix World Electronics Trading LLC	Computer and peripheral equipment trading	UAE	100%	100%





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. Corporate information

Name of entity	Principal activity	Country of incorporation	% Interest	
			2024	2023
PTC Cloud Tech FZCO	To provide cloud service and data centers provider and robots and smart machines rental	UAE	100%	100%
Mega Phoenix Electronics Trading L.L.C	Computer and peripheral equipment trading	UAE	100%	100%
Phoenix World Electronics LLC	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%	100%
Advanced Power Solutions Inc.	To engage in those activities which are not prohibited by Alberta's business Corporation Act	Canada	100%	100%
Absolute Power Solutions Inc.	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%	100%
Block Zero HS, Inc.	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%	100%
Block One Technology Inc.	To engage in those activities which are not prohibited by Alberta's Business Corporation Act	Canada	100%	100%
Phoenix Electronics Logistics Limited	Insurance policy holder	Hong Kong	100%	100%
Phoenix Operations and Maintenance LLC	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation	USA	100%	100%
Phoenix Computer Equipment Trading Ltd	Wholesale of computers and outfit trading, wholesale of computer systems and software trading, wholesale of computer outfit and data processing trading, wholesale of telecommunication equipment trading and wholesale of spare parts trading of	UAE	100%	100%
Phoenix Data Centre Limited	Providing data centre services such as operations and maintenance, developer and space management and leasing	UAE	100%	100%

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. Corporate information

Name of entity	Principal activity	Country of incorporation	% Interest	
			2024	2023
Phoenix Ventures Limited	To provide internet and multimedia consultancy and software service solution	UAE	100%	100%
Phoenix Power and Energy Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix OCM Company (FZ)	To engage in any lawful act or activity for which corporations are authorized.	Oman	100%	100%
Phoenix Incubations Holdings Limited	Special purpose vehicle, Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets	UAE	100%	-
Phoenix Oasis Limited	Proprietary investments into commercial enterprises	UAE	100%	-
Phoenix Vertex Holdings Limited	To act as special purpose vehicle	UAE	100%	-
Phoenix Spectrum Holdings Limited	To act as special purpose vehicle	UAE	100%	-
Phoenix Edge Holdings Limited	To act as special purpose vehicle	UAE	100%	-
PHX Summit Holdings LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	100%	-
PHX Summit Operations LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	100%	-
PHX Horizon Holdings LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	100%	-



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. Corporate information

Name of entity	Principal activity	Country of incorporation	% Interest	
			2024	2023
PHX Operations LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	100%	-
Phoenix Worldwide Investment Holding Limited	To act as special purpose vehicle	UAE	100%	-
Phoenix Southern Holdings Limited	To act as special purpose vehicle	UAE	100%	-
Phoenix INV Holdings SPV Limited	To act as special purpose vehicle	UAE	100%	-
PHX ND Horizons LLC	The Company will conduct any lawful business deemed appropriate in carrying out the Company's objectives.	USA	100%	-
Phoenix Cloud Services One Member PLC	The company is established for the purposes of data centre (bank) and cloud services	Ethiopia	100%	-
Phoenix Live Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets	UAE	100%	-
Phoenix Pulse Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets, Special purpose vehicle	UAE	100%	-

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. Corporate information

Name of entity	Principal activity	Country of incorporation	% Interest	
			2024	2023
Phoenix Apex Holdings Limited	Special purpose vehicle, Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets	UAE	100%	-
Phoenix Cloud Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets, Special purpose vehicle	UAE	100%	-
Phoenix Oasis Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets, Special purpose vehicle	UAE	100%	-

The Company and its subsidiaries constitute a “Group”.





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

##### Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply where appropriate, with the Articles of Association, the applicable requirements of Abu Dhabi Global Market (“ADGM”) Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015 issued by Abu Dhabi Global Market.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

##### Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for digital assets and building, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

##### Going Concern

The consolidated financial statements of the Group have been prepared on a going concern basis, as management is confident in the Group’s ability to continue its business activities and settle its financial obligations as and when they fall due. In assessing the appropriateness of the going concern basis of accounting, management has prepared cash flow forecasts for the next 12 months from the reporting date. The cash flow forecasts include certain key assumptions regarding the estimated cash inflows from realisation on sale of digital assets as defined in note 9, these digital assets are subject to market volatility of crypto industry.

The Group’s management remains confident in its ability to navigate the volatility associated with digital assets and has demonstrated effective liquidity management through the utilization of these assets for daily operational expenses. This proactive approach highlights management’s commitment to maintaining the Group’s financial stability and ensuring the continuity of operations.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### 2.2 Changes in accounting policies and disclosures

##### (a) New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

These standards and amendments had no significant impact on the consolidated financial statements of the Group.

##### (b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Presentation and Disclosure in Financial Statements (IFRS 18)
- Subsidiaries without Public Accountability: Disclosures (IFRS 19)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Lack of exchangeability (Amendments to IAS 21)
- Sale or contribution of assets between and investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)
- Amendments to IFRS Accounting Standards (Improvements to Volume 11)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### 2.3 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company has all of the following elements:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect the amount of the investor's returns.

Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

All financial statements are made up to 31 December 2024. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The principal accounting policies applied in these consolidated financial statements are set out below.

#### 2.4 Foreign currency translation

##### (a) Functional and presentation currency

The consolidated financial statements are prepared and presented in US Dollars ("USD"), which is the Group's presentation currency, and all the values are recorded to the nearest thousand ('000), except when otherwise indicated. Each component determines its functional currency and items included in the financial statements of these companies are measured using that functional currency.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### (b) Transactions and balances

Foreign currency transactions are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income. Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the Group's net investment in a foreign operation. These are recognized in consolidated statement of comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in other comprehensive income (OCI).

#### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation reserve ("FCTR") in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and are presented within equity in the FCTR.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

#### 2.5 Property and equipment

Refer Note 5.

#### 2.6 Capital work-in-progress (CWIP)

Refer Note 5.

#### 2.7 Right of use assets

Refer Note 6.

#### 2.8 Intangible assets

Refer Note 7.

#### 2.9 Investment in associates

Refer Note 8.

#### 2.10 Financial instruments

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### 2.10.1 Financial assets

The Group has the following financial assets: 'due from related parties', 'cash and short-term deposits', 'trade receivables' and 'deposits and other receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and short-term deposits

Cash and short-term deposits include cash in hand, cash at bank and short-term deposits varying from one day to three months.

#### Classification of financial assets

##### *Financial assets*

All financial assets under scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### 2.10.2 Financial liabilities

All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a loan at a below-market interest rate.

At initial recognition, the Group may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to ‘as an accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity’s key management personnel.

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

#### 2.10.3 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

#### 2.10.4 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### 2.10.5 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss.

#### 2.10.6 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 3.2 for further details.

#### 2.11 Trade receivables

Refer Note 11.

#### 2.12 Digital assets

Refer Note 9.

#### 2.13 Cash and short-term deposits

Refer Note 13.

#### 2.14 Trade payables

Refer note 21.

#### 2.15 Taxation

The tax expense / credit for the year comprises current and deferred tax.





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

**(a) Current income tax**

Current tax expense (or benefit) is the tax payable (or receivable) on the current year’s taxable income calculated using tax rates (and laws) enacted at the end of the reporting period in the countries where the Group’s subsidiaries operate and generate taxable income.

Current tax is recognised on the income statement except when the tax relates to items directly recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or in equity respectively.

Tax provisions are recognised for uncertain tax positions when it is probable that there will be a future outflow of funds to tax authority, measured at the best estimate of the amount expected to become payable.

**(b) Deferred tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:

- a legally enforceable right exists to offset current income tax assets against current income tax liabilities,
- the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

**(c) Value added tax (VAT)**

Expenses and assets are recognised net of the amount of VAT, except:

1. When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
2. When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**2.16 Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2.17 Employees’ end of service benefits**

Refer Note 18.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### 2.18 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements and share split in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

#### 2.19 Interest-bearing loans

After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### 2.20 Shareholders' loan

The Shareholder's loan was received as non-interest bearing. The initial recognition is made at fair value by discounting the cash flows at the borrowing rate of the Group. The difference between the amount received and the fair value is recognised in equity.

#### 2.21 Deferred income

Refer Note 22.

#### 2.22 Revenue recognition

Refer Note 25.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 2. Summary of material accounting policies

#### 2.23 Leases

Refer Note 6.

#### 2.24 Inventories

Refer Note 10.

#### 2.25 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### 3.1 Significant accounting judgements

##### *(a) Classification of an investment in an associate*

For assessing significant influence, the Group has assessed if there is evidence of one or more of the following ways of having significant influence in the Citadel Technologies Group LLC ("Citadel"):

- representation on the board of directors or equivalent governing body of the investee
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

The Group has the right to appoint 1 out of 5 members of the Board of Directors (representing 20% of the total voting rights) that is the governance body responsible for directing the relevant activities of Citadel beside having a 15% equity stake in Citadel and provision of essential technical information through the Operation & Maintenance Agreement entered with the remaining shareholders of Citadel.

Based on above, the Group's management believe that they have practical ability to exercise significant influence over Citadel and therefore, accounted for it as an associate as per the equity method of accounting.

##### *(b) Classification of digital assets*

##### **As intangible assets**

The Group recognizes income from the provision of transaction verification services within the Bitcoin network, commonly referred to as "cryptocurrency mining". The Group through its wholly owned subsidiaries, participates in mining pools operated by third parties in order to limit its exposure to variability of mining output. The Group receives bitcoins from the mining pool operator as consideration for its participation in the pool.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 3. Significant accounting judgements, estimates and assumptions

Income earned from mining is measured based on the fair value of the bitcoin reward received. The fair value is derived based on the end of day average price of bitcoin, on the date of receipt, which is not materially different from the fair value at the time the Group earned the award.

The revenue is recognised with corresponding asset (under intangible asset) based on the delivery of digital asset into the Group's wallet once an algorithm has been solved.

The criteria for performance obligation is assessed to have occurred once the digital asset has been received in the Group's wallet. Mining earnings are made up of the baseline block reward and transaction fees upto 5% of total block reward, however, these are bundled together in the daily deposits from mining and therefore are not capable of being analysed separately.

##### **As inventory**

The Group has assessed that it acts in a capacity as a commodity-broker trader with respect to digital assets acquired for trading as defined in IAS 2. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less cost to sell) are recognized in consolidated statement of profit or loss.

By applying the principles of IAS 2, the Group treats its digital assets as inventory, measured at fair value less cost to sell. Consequently, any changes in fair value are recognized in the consolidated statement of profit or loss. Management believes that recognizing digital assets at fair value through the profit and loss accurately reflects the economic substance of their trading activities and is in line with the Group's overall strategic vision for holding these assets.

##### **(c) Tax**

##### **UAE Corporate Tax**

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116/2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 3. Significant accounting judgements, estimates and assumptions

AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes. The UAE CT Law shall apply to the Group with effect from 1 January 2024. The Ministry of Finance continues to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Group has evaluated tax accounting impact as at the reporting date. Following assessment of the potential impact of the UAE CT Law on the consolidated statement of financial position, we do consider there to be a temporary difference on which deferred taxes is accounted as per the CT law. The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

**(d) Deferred tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has USD 4,223 thousand (2023: nil) of tax losses carried forward. This loss relates to the Tax Group formed between the eligible UAE entities for their first taxable period. this loss, does not expire, and will be used to offset taxable income of the Tax Group once it becomes profitable.

A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves judgement regarding the prudent forecasting of future taxable profits of the business and in applying an appropriate risk adjustment factor.

At the end of reporting period, the management has forecast that the subsidiary would generate future taxable profits against which existing tax losses could be relieved. As a result, the Group has recognised a deferred tax asset of USD 380 thousand with respect to available tax losses.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 3. Significant accounting judgements, estimates and assumptions

**(e) Classification of crypto mining machines**

During the year ended 31 December 2024, as part of its business strategy, the Group management revisited their strategy and decided to utilize mining equipment for its own use for cryptocurrency mining operations. As a result of this intended use, mining equipment which were previously classified as inventory has been reclassified to property and equipment. The mining equipment are now recognized at their carrying amount as of the reclassification date, with depreciation to be recorded over the estimated useful life of these assets from the date of reclassification. Mining equipment are depreciated over 4 years. The Group operate these machines for mining digital assets and records the associated mining revenue. This reclassification reflects the Group's revised operational focus on self-mining, aligning the consolidated financial statement presentation with the revised business model. The machines are utilised by the Group for its own operations until they are sold to customers. Upon, sale the machines are reclassified from property and equipment to inventories.

Based on the business objective and purpose of purchases of machines, the Group has classified these as property and equipment.

#### 3.2 Significant accounting estimates and assumptions

**(a) Useful lives of property and equipment, right-of-use assets and intangible assets**

The Group determines the estimated useful lives and related depreciation charges for its property and equipment, right-of-use assets and intangible assets. This estimate is based on the intended use of the assets and the expected economic lives of those assets. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles.

Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

**(b) Impairment of trade receivables**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date.



PHOENIX GROUP PLC

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FOR THE YEAR ENDED 31 DECEMBER 2024

3. Significant accounting judgements, estimates and assumptions

Management base their assumptions on the Group's historical data, existing market conditions as well as forward looking estimates.

At the reporting date, gross trade receivables were USD 28,840 thousand (2023: USD 33,062 thousand) with a provision for expected credit losses amounting to USD 2,302 thousand (2023: USD Nil) as at 31 December 2024 (Note 11). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

(c) Impairment of property and equipment - mining equipment

The Group exercises judgment in assessing potential impairment losses related to its mining equipment for recognition in the consolidated statement of profit or loss. This involves evaluating various factors, including the type of miner, hash rate capacity, and the equipment's historical performance. Such assessments require careful consideration of both current and projected operational efficiencies to determine whether the carrying value of the equipment exceeds its recoverable amount.

(d) Provision for obsolete and slow-moving inventories

The Group reviews its inventories to assess losses on account of obsolescence on a regular basis. In determining whether a provision for obsolescence should be recorded in the consolidated statement of profit or loss, the Group makes judgements based on the ageing of the stocks and the past consumption of the stocks, as to whether there is any observable data indicating whether individual products are saleable and indicating the net realisable value of such products. Accordingly, a provision for impairment is recorded where the net realisable value is less than cost based on best estimates by the management.

Inventory is regularly reviewed by the management and slow moving items, if any, are brought down to their net realisable value (NRV). NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of necessary to make the sale.

(e) Fair value of digital assets

Management note that the topic of digital assets and the accounting for digital assets continues to be considered by the International Accounting Standards Board (IASB) and continues to monitors new comments and interpretations released by the Board and other standard setters from around the world.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

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FOR THE YEAR ENDED 31 DECEMBER 2024

3. Significant accounting judgements, estimates and assumptions

In line with this, the Group has considered its position for the year ended 31 December 2024 and has determined that the Group's digital assets fall into 2 categories:

- Intangible asset method (the method noted by the IASB in its most recent deliberations)
- Inventory method (used where the digital asset meets the criteria of inventories)

Management notes that under the methods noted above, the treatment continues to be to measure digital assets at fair value (unless otherwise disclosed and provided certain conditions are met) under the respective accounting standards.

Digital assets are measured at fair value using the quoted price in United States dollars on from a number of different sources with the primary being Coin Market Cap ([www.coinmarketcap.com](http://www.coinmarketcap.com)) at closing Coordinated Universal Time. Management considers this fair value to be a Level 1 input under the IFRS 13 Fair Value Measurement fair value hierarchy as the price on the quoted price (unadjusted) in an active market for identical assets.

Management uses M2 exchange in order to provide the Group with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.



PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. Financial risk management objectives and policies

Interest rate risk

The Group is exposed to interest rate risk arising from its floating rate borrowings and deposits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings and short-term deposits). There is no impact on the Group's equity.

	Increase/decrease in basis points	Net effect on profit before tax for one year USD'000
2024	+/- 100	35
2023	+/- 100	1,944

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

The Group's policy is to place cash and short-term deposits with reputable banks and financial institutions.

The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit risks limited to the carrying values of financial assets in the consolidated statement of financial position. Its 3 (2023: 3) largest customers account for 87% (2023: 92%) of outstanding trade receivables at 31 December 2024.

Impairment of financial assets

As mentioned in note 2.10.6, the Group's trade receivables are subject to the expected credit loss.

While cash and short-term deposits are also subject to the impairment requirements of IFRS 9, the Group has determined the expected credit loss on bank balances to be insignificant considering that the counterparty banks are investment grade category and have a low probability of default and loss given default.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

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FOR THE YEAR ENDED 31 DECEMBER 2024

4. Financial risk management objectives and policies

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. The expected credit loss on trade receivables is determined to be insignificant. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group's exposure through the expected credit loss is immaterial for the year ended and as at 31 December 2024.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities and adequate cash from operations are available.

The table below summarises the contractual and expected maturities of the Group's financial liabilities at 31 December based on undiscounted payments and current market interest rates.

	Less than 3 months USD'000	3 to 12 months USD'000	1 to 5 years USD'000	>5 years USD'000	Total USD'000
<b>At 31 December 2024</b>					
Trade payables (Note 21)	2,756	911	-	-	3,667
Other liabilities* (Note 22)	-	19,506	-	-	19,506
Interest-bearing loans	16,368	353	1,882	3,284	21,887
Shareholders' loans (Note 20)	10,000	-	12,000	-	22,000
Lease liability	-	408	-	-	408
<b>Total</b>	<b>29,124</b>	<b>21,178</b>	<b>13,882</b>	<b>3,284</b>	<b>67,468</b>
<b>At 31 December 2023</b>					
Trade payables (Note 21)	-	576	-	-	576
Other liabilities* (Note 22)	-	26,397	-	-	26,397
Interest-bearing loans	118	353	2,352	3,214	6,037
Lease liability	-	271	409	-	680
<b>Total</b>	<b>118</b>	<b>27,597</b>	<b>2,761</b>	<b>3,214</b>	<b>33,690</b>

\* For the purpose of the liquidity risk disclosure, USD 7,861 thousand (2023: USD 49,991 thousand) have been excluded from other liabilities related to advances received from customers and deferred income.





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 4. Financial risk management objectives and policies

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the functional currency), financial assets at fair value through profit or loss and the Group's net investments in foreign subsidiaries.

The Group has an exposure on its foreign currency transactions mainly from UK Pounds (GBP) and United Arab Emirates Dirham (UAE Dirham). As the UAE Dirham is pegged to the US Dollar, any balances in US Dollars, so UAE Dirham currency is not considered to represent significant currency risk.

At 31 December 2024, the Group does not have material foreign currency risk.

#### Other risk

The Group is exposed to price risk arising from prices of the digital assets. Prices fluctuates based on the supply and demand of MMX, SOL, UNCN, LYL, ETH, FAH coins and Bitcoins that may result in reductions in profit before tax. There can be no set predictions at a level that provides assurance of the same or similar prices, and any reduction in the prices on the said digital assets would have a material adverse impact on the results of operations and financial position.

	In % Value	Effect on profit before tax for one year	Effect on other comprehensive income for
		year	income for
		USD'000	USD'000
2024	+/-1	4,106	308
2023	+/-1	1,367	33

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 4. Financial risk management objectives and policies

#### Capital management

Whilst the continuity of the Group's long-term investment program depends on the availability of the financing from the Shareholders, the management's objective is to generate necessary operating cash flows to sustain day to day activities of the Group.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, interest-bearing loans, interest-free loan, lease liability, less cash and short-term deposits. Capital includes issued share capital, share premium, other reserves, contribution from shareholders, and retained earnings.

	2024 USD'000	2023 USD'000
Interest-bearing loans (Note 19)	18,556	3,722
Lease liability (Note 6)	390	629
Shareholders' loans (Note 20)	19,318	-
Less: cash and short-term deposits (Note 13)	(20,310)	(198,164)
<b>Net debt/(cash)</b>	<b>17,954</b>	<b>(193,813)</b>
Share capital (Note 14(i))	164,706	164,706
Share premium (Note 14(i))	345,882	345,882
Retained earnings	362,898	137,012
Contribution from shareholders (Note 15)	-	24,995
Other reserves (Note 15(ii))	18,524	24,511
<b>Total equity</b>	<b>892,010</b>	<b>697,106</b>
Total equity and net debt	909,964	503,293
Gearing ratio	0.02	Nil

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. Financial risk management objectives and policies

Fair value estimation

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

While the Group prepares its consolidated financial statements under the historical cost convention in the opinion of management, the carrying values and fair values of those financial assets and liabilities that are not carried at fair value in the consolidated financial statements are not materially different, since assets and liabilities are either short term in nature or frequently repriced.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. Financial risk management objectives and policies

The below table shows the hierarchy used by the Group for the assets and liabilities that are measured at fair value or for which fair value information is disclosed as at 31 December 2024 and 2023:

	Level 1	Level 2	Level 3	Total
	USD’000	USD’000	USD’000	USD’000
<b>31 December 2024</b>				
Assets which are at fair value				
Building (Note 5)	-	21,704	-	21,704
Digital assets (Note 9)	337,393	104,135	-	441,528
	337,393	125,839	-	463,232
<b>31 December 2023</b>				
Assets which are at fair value				
Building (Note 5)	-	21,704	-	21,704
Digital assets (Note 9)	140,000	-	-	140,000
	140,000	21,704	-	161,704

On a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2024 and 2023, there are no transfers between the levels of fair value measurements.





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 5. Property and equipment

#### *Material accounting policies*

Property and equipment except for building are stated at cost less accumulated depreciation and impairment loss, if any. Building stated at revalued amount, which is the fair value at the date of revaluation. Subsequently, these are stated at revalued amounts less subsequent impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss when incurred.

Any revaluation increase arising on the revaluation of an asset such as building is recognised in the consolidated statement of comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the consolidated statement of profit or loss, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such asset is recognised in the consolidated statement of profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. The incremental depreciation charge on the fair value of building is charged to equity under revaluation surplus and transfer to retained earnings.

Depreciation is recognised so as to write off the cost or valuation of assets (other than capital work in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

	Years
Building	40
Mining equipment	3 – 5
Data centres	30
Machinery	15
Furniture and fixtures	3 – 5
Office equipment	3
Motor vehicle	5

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Property and equipment

CWIP is stated at cost and is not depreciated. These costs are directly attributable to the construction, development, or acquisition activities these costs include:

- Direct materials, labor, and overhead costs, and
- Directly attributable indirect costs that meet the recognition criteria outlined in IAS 16 Property, Plant and Equipment.

Capitalization commences when expenditures are incurred for the construction, development, or acquisition of the asset. Capitalization ceases when the asset is substantially complete and ready for its intended use or sale.

CWIP is recognized as an asset on the consolidated statement of financial position when the following criteria are met:

- Expenditures are incurred for the construction, development, or acquisition of a long-term asset,
- The asset is not yet ready for its intended use or sale, and
- Future economic benefits are expected to flow to the Group.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

If the building was measured using the cost model the carrying amount would be as follows:

	2024 USD'000	2023 USD'000
Cost	10,324	10,324
Accumulated depreciation	(774)	(516)
Carrying amount	9,550	9,808

The Group has carried out the last valuation exercise through an independent valuer in year 2022.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Property and equipment

	Building USD'000	Mining equipment USD'000	Data centres USD'000	Machinery USD'000	Furniture and fixtures USD'000	Office equipment USD'000	Motor Vehicle USD'000	Capital work-in- progress USD'000	Total USD'000
<b>Cost:</b>									
At 1 January 2023	21,704	-	-	-	2,096	96	-	50,583	74,479
Additions	-	-	-	-	3	63	-	30,664	30,730
At 31 December 2023	21,704	-	-	-	2,099	159	-	81,247	105,209
Additions	-	-	-	11	375	111	51	44,507	45,055
Transfer from inventories (Note 5.5)	-	87,811	-	140	-	-	-	3,100	91,051
Transfers from CWIP (Notes 5.2)	-	-	46,457	50,668	309	-	-	(97,434)	-
Transfer to inventories (Notes 5.3)	-	(19,866)	-	-	-	-	-	-	(19,866)
Transfer to deposits and other assets (Notes 5.6)	-	-	-	-	-	-	-	(7,588)	(7,588)
Write-off (Note 30)	-	-	(472)	-	-	-	-	(3,812)	(4,284)
<b>At 31 December 2024</b>	<b>21,704</b>	<b>67,945</b>	<b>45,985</b>	<b>50,819</b>	<b>2,783</b>	<b>270</b>	<b>51</b>	<b>20,020</b>	<b>209,577</b>
<b>Accumulated depreciation:</b>									
At 1 January 2023	258	-	-	-	229	36	-	-	523
Charge for the year	258	-	-	-	420	39	-	-	717
At 31 December 2023	516	-	-	-	649	75	-	-	1,240
Charge for the year	842	9,985	816	1,904	536	61	3	-	14,147
Transfer to inventories (Notes 5.3)	-	(2,237)	-	-	-	-	-	-	(2,237)
<b>At 31 December 2024</b>	<b>1,358</b>	<b>7,748</b>	<b>816</b>	<b>1,904</b>	<b>1,185</b>	<b>136</b>	<b>3</b>	<b>-</b>	<b>13,150</b>
<b>Net book value:</b>									
<b>At 30 December 2024</b>	<b>20,346</b>	<b>60,197</b>	<b>45,169</b>	<b>48,915</b>	<b>1,598</b>	<b>134</b>	<b>48</b>	<b>20,020</b>	<b>196,427</b>
At 31 December 2023	21,188	-	-	-	1,450	84	-	81,247	103,969



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 5. Property and equipment

- 5.1** The fair values were determined with reference to market-based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of said lands falls under level 2 of fair value hierarchy (i.e. significant observable inputs).
- 5.2** During the year, two new asset classes i.e., data centres and machinery were introduced upon completion of capital work in progress (CWIP). Therefore, USD 97,125 thousand has been reclassified from CWIP to these asset classes. The useful life of data centres and machinery are determined as 30 years and 15 years respectively, over which these assets will be depreciated.
- 5.3** During the year, mining equipment costing USD 19,866 thousand gross of depreciation and accumulated depreciation of USD 2,237 thousand is transferred to inventory. The transfer is made as per the policy, refer note 3.1 (e).
- 5.4** CWIP pertains to data centers which are under construction in the USA. The management of the Group expect the projects relating to capital work-in-progress to complete by end of first quarter of 2025.
- 5.5** During the year, mining equipment has been transferred from inventory to property and equipment, as a result, an amount of USD 87,811 thousand has been reclassified from inventory to property and equipment and depreciation charge of USD 9,985 thousand has been recognised during the year. The reclassification is made in line with the Group's policy, refer note 3.1 (e).
- 5.6** During the year, CWIP amounting to USD 7,588 thousand was reclassified to other asset classes i.e., USD 5,534 thousand was transferred to deposits, USD 1,812 thousand to inventories, and USD 242 thousand to intangible assets.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 6. Right-of-use asset and lease liability

#### Material accounting policies

Leases, where the Group is a lessee, are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 6. Right-of-use asset and lease liability

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

A lease modification is a change in scope of the lease, or the consideration for the lease that was not part of the original terms of the lease. When a modification increases the scope of the lease adding more underlying assets and the consideration is commensurate, the modification is accounted as a separate lease contract. However, if a modification increases the scope of the lease without adding the right to use of more underlying assets, or the increase in lease consideration is not commensurate, the modification is accounted for by remeasuring the existing lease.

	Years
Building	3



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 6. Right-of-use asset and lease liability

Set out below is the carrying amount of the Group's right-of-use asset recognised and the movements during the year:

	2024 USD'000	2023 USD'000
<b>Cost</b>		
At 1 January	753	-
Addition	-	753
<b>At 31 December</b>	<b>753</b>	<b>753</b>
<b>Accumulated depreciation</b>		
At 1 January	73	-
Charge	233	73
<b>At 31 December</b>	<b>306</b>	<b>73</b>
<b>Net book value:</b>		
<b>At 31 December</b>	<b>447</b>	<b>680</b>

Set out below, is the carrying amount of the Group's lease liability and the movement during the year:

	2024 USD'000	2023 USD'000
At 1 January	629	-
Addition	-	754
Finance costs (Note 32)	33	11
Payments made	(272)	(136)
<b>At 31 December</b>	<b>390</b>	<b>629</b>

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 6. Right-of-use asset and lease liability

Lease liability is analysed in the consolidated statement of financial position as follows:

	2024 USD'000	2023 USD'000
Current	390	272
Non-current	-	357
	<b>390</b>	<b>629</b>

Set out below, are the amounts recognised in the consolidated statement of profit or loss related to leases:

	2024 USD'000	2023 USD'000
Depreciation expense of right-of-use asset	233	73
Finance costs on lease liability (Note 32)	33	11
Rent expense – short-term leases (Note 29)	433	266



PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

7. Intangible assets

Material accounting policies

Intangible assets comprise of the Group's digital mining website, mining pool, multicoin mining pool and mobile application with a useful lives of 3 years.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recorded at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Impairment of intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified. Management has not identified any impairment indicators relating to the intangible assets.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

7. Intangible assets

	Digital mining website	Mobile application	Mining pool	Total
	USD'000	USD'000	USD'000	USD'000
<b>Cost:</b>				
At 1 January 2023	-	-	-	-
Additions	13	27	-	40
At 31 December 2023	13	27	-	40
Additions	-	5	731	736
Reclassified from CWIP	-	-	242	242
<b>At 31 December 2024</b>	<b>13</b>	<b>32</b>	<b>973</b>	<b>1,018</b>
<b>Accumulated amortisation:</b>				
At 1 January 2023	-	-	-	-
Charge	2	3	-	5
At 31 December 2023	2	3	-	5
Charge	5	10	150	165
<b>At 31 December 2024</b>	<b>7</b>	<b>13</b>	<b>150</b>	<b>170</b>
<b>Net book value:</b>				
<b>At 31 December 2024</b>	<b>6</b>	<b>19</b>	<b>823</b>	<b>848</b>
At 31 December 2023	11	24	-	35



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 8. Investment in associates

#### Material accounting policies

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The results and assets and liabilities of Group's associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of these associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 8. Investment in associates

When the Group transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of profit or loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit/(loss) of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

Distributions received from an associate that exceeds the carrying amount of the investment, reduces the carrying amount of investment till zero. Any excess distribution beyond this amount is assessed to determine whether the Group has a present legal or constructive obligation to fund the associate's losses. If such an obligation exists, the excess distribution is recorded as a liability. If no such obligation exists, the excess is recognised as other income in the consolidated statement of profit or loss. Subsequently, when the associate reports profits, the Group offsets its share of those profits against any previously recognised liability or income from excess distributions before resuming the application of the equity method.



PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

8. Investment in associates

The balance of investment in associates in the consolidated statement of financial position as at 31 December 2024 and 31 December 2023 are as follows:

	Principal activity	2024 USD'000	2023 USD'000
Investment in Bitzero Blockchain Inc. (Bitzero), Canada	Mining	-	-
Investment in Citadel Technologies Group LLC, UAE (Citadel) – note i	Mining	53,660	117,570
Investment in Lyvely FZE (Lyvely), UAE	Software development	-	2,740
Investment in M2 Holdings Limited, UAE (M2)	Crypto exchange	-	-
		53,660	120,310

The Group’s interest in the associates are accounted for using the equity method in the consolidated financial statements, and the movement is as follows:

	2024 USD'000	2023 USD'000
At 1 January	120,310	28,977
<b>Additions:</b>		
• Citadel	11,904	104,967
• M2	-	1,277
• Lyvely	-	3,000
Dividends received – Citadel	(109,300)	-
Share of loss	(6,922)	(6,014)
Distribution from Lyvely	(1,995)	-
Share of other comprehensive income	39,663	13,199
Provision for impairment of investment	-	(25,096)
<b>At 31 December</b>	<b>53,660</b>	<b>120,310</b>

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

8. Investment in associates

(i) Acquisition of interest in Citadel

	2024 USD'000	2023 USD'000
At 1 January	117,570	-
Transfer from investment at FVTPL	-	43,952
Additional investment (i)	11,904	50,906
Share of loss (ii)	(6,177)	(596)
Share of other comprehensive income (ii)	39,663	13,199
Contribution made by a related party on behalf of the Group	-	10,109
Dividend received	(109,300)	-
<b>At 31 December</b>	<b>53,660</b>	<b>117,570</b>

- (i) On October 12, 2023, beside the existing 7.5% shareholding in Citadel (classified as investment carried at FVPTL amounting to USD 43,952 thousand), the Group was awarded sweat equity of additional 7.5% of the ordinary share capital of the Citadel along with one board representation on Citadel out of the 5 board members of Citadel. Based on this additional shareholding and board representation, management of the Group has assessed that the Group is able to exercise significant influence over Citadel and hence classified the investment as an associate. Since, this additional 7.5% sweat equity was acquired at Nil consideration resulting in a gain on acquisition of investment in associate amounting to USD 50,906 thousand after comparison to the carrying value on the date of acquisition. In October 2024, the purchase price allocation for Citadel was completed. The Group recorded its additional 7.5% acquisition in 2023 at a fair value that is consistent with the fair value determined during the Purchase Price Allocation (PPA) process. The 2023 comparative information was not adjusted for the provisional amounts, as there is no difference.
- (ii) The Group’s share of loss includes loss of USD 6,177 thousand from Citadel, whereas its share of other comprehensive income from the same entity amounted to USD 39,663 thousand, primarily due to revaluation of digital assets.





PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

8. Investment in associates

Summarised statement of profit or loss and comprehensive income of associates:

	Bitzero	Citadel	Lyvely	M2	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
<b>For the year ended 31 December 2024</b>					
Revenue	17,023	167,306	38	55,614	239,981
Cost of sales	(21,977)	(200,365)	(1,525)	(27,634)	(251,501)
Administrative expenses	(3,776)	(12,207)	(1,494)	(92,606)	(110,083)
Corporate income tax		4,083	-		4,083
Loss for the year	(8,751)	(41,183)	(2,981)	(64,626)	(117,541)
Other comprehensive income	-	264,423	-	4,747	269,170
Total comprehensive (loss)/income for the year	(8,751)	223,240	(2,981)	(59,879)	151,629
Percentage holding	23.37%	15%	25%	30%	
Group's share of loss for the year	-	(6,177)	(745)	-	(6,922)
Group's share of other comprehensive income	-	39,663	-	-	39,663
Unrecorded losses	(8,751)	-	-	(59,879)	(68,630)
	Bitzero	Citadel	Lyvely	M2	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
<b>For the year ended 31 December 2023</b>					
Revenue	12,640	178,223	2	37,057	227,922
Cost of sales	(20,872)	(196,246)	(68)	(23,947)	(241,133)
Administrative expenses	(8,244)	2,158	(973)	(155,690)	(162,749)
Loss for the year	(16,476)	(15,865)	(1,039)	(142,580)	(175,960)
Other comprehensive income	-	111,343	-	7,060	118,403
Total comprehensive (loss)/income for the year	(16,476)	95,478	(1,039)	(135,520)	(57,557)
Percentage holding	23.37%	15%	25%	30%	
Group's share of loss for the year	(3,850)	(2,380)	(260)	(1,307)	(7,797)
Group's share of loss for the year proportionately	(3,850)	(596)*	(260)	(1,308)	(6,014)
Group's share of other comprehensive income	-	13,199*	-	-	13,199
Unrecorded losses	-	-	-	(39,349)	(39,349)

For the year ended 31 December 2023

Revenue	12,640	178,223	2	37,057	227,922
Cost of sales	(20,872)	(196,246)	(68)	(23,947)	(241,133)
Administrative expenses	(8,244)	2,158	(973)	(155,690)	(162,749)
Loss for the year	(16,476)	(15,865)	(1,039)	(142,580)	(175,960)
Other comprehensive income	-	111,343	-	7,060	118,403
Total comprehensive (loss)/income for the year	(16,476)	95,478	(1,039)	(135,520)	(57,557)
Percentage holding	23.37%	15%	25%	30%	
Group's share of loss for the year	(3,850)	(2,380)	(260)	(1,307)	(7,797)
Group's share of loss for the year proportionately	(3,850)	(596)*	(260)	(1,308)	(6,014)
Group's share of other comprehensive income	-	13,199*	-	-	13,199
Unrecorded losses	-	-	-	(39,349)	(39,349)

\*Since the acquisition was made on October 12, 2023, hence the Group's share is related to post acquisition period

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

8. Investment in associates

Summarised statement of financial position of associates:

	Bitzero	Citadel	Lyvely*	M2
	USD'000	USD'000	USD'000	USD'000
<b>At 31 December 2024</b>				
Non-current assets	18,673	379,376	-	20,173
Current assets	3,173	10,132	1,286	169,949
Non-current liabilities	1,909	1,275	13	52,163
Current liabilities	3,585	33,125	5,239	122,206
Equity/ net assets	16,352	355,108	(3,966)	15,752
Percentage holding	23.37%	15%	25%	30%
Group's share of net assets	3,821	53,266	(992)	4,726
Other cost/adjustments relating to investment	(3,821)	394	992	-
Impairment of investment	-	-	-	-
Carrying amount of the investment	-	53,660	-	-
	Bitzero	Citadel	Lyvely	M2
	USD'000	USD'000	USD'000	USD'000
<b>At 31 December 2023</b>				
Non-current assets	43,786	791,808	-	9,735
Current assets	5,200	25,729	3,936	209,551
Non-current liabilities	2,349	2	-	90,570
Current liabilities	8,102	29,890	90	49,986
Equity/ net assets	38,535	787,645	3,846	78,730
Percentage holding	23.37%	15%	25%	30%
Group's share of net assets	9,005	118,147	962	23,619
Other cost/adjustments relating to investment	16,091	(577)	1,778	(26,643)
Impairment of investment	(25,096)	-	-	-
Carrying amount of the investment	-	117,570	2,740	-

\*During the year ended 31 December 2024, Phoenix Group PLC received an excess distribution from Lyvely amounting to USD 8,748 thousand after reducing the carrying amount of the investment to zero. This excess distribution has been accounted for as other income in the consolidated statement of profit or loss as there exists no legal or constructive obligation on part of the Group towards the excess distribution received.

	Bitzero	Citadel	Lyvely	M2
	USD'000	USD'000	USD'000	USD'000
<b>At 31 December 2023</b>				
Non-current assets	43,786	791,808	-	9,735
Current assets	5,200	25,729	3,936	209,551
Non-current liabilities	2,349	2	-	90,570
Current liabilities	8,102	29,890	90	49,986
Equity/ net assets	38,535	787,645	3,846	78,730
Percentage holding	23.37%	15%	25%	30%
Group's share of net assets	9,005	118,147	962	23,619
Other cost/adjustments relating to investment	16,091	(577)	1,778	(26,643)
Impairment of investment	(25,096)	-	-	-
Carrying amount of the investment	-	117,570	2,740	-



PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. Digital assets

Material accounting policies

Digital assets are assets such as MMX, FAH, LVLV, SOL and UNCN coins, which use an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. Digital assets are an emerging technology and asset class, and as such there are no specific accounting standards that cover the treatment, rather digital assets are assessed by applying existing accounting standards in conjunction with guidance released by the accounting standard setting bodies such as the IASB. Management considers it appropriate to group digital assets in the consolidated financial statements based on the underlying activities and respective recognition criteria under the IFRS.

The fair value of digital assets on hand at the end of the reporting period is calculated as the quantity of digital assets on hand multiplied with the price quoted on external market source as at the reporting date. Management considers this fair value to be a level 1 input under IFRS 13 fair value measurement fair value hierarchy as the price source represents quoted prices on multiple digital asset exchanges, except for locked SOL which is valued in level 2 input under IFRS 13.

The Group consider that any digital asset that does not fall under the inventory or financial asset methodology and meet the recognition criteria (identifiable, controllable and capable of generation future economic benefits) are considered to intangible assets.

Management has exercised judgement in determining the useful life of digital asset, whether it has indefinite or definite life. In order to consider indefinite life, the management considers the market practice of such assets, laws and regulations, industry and the economic environment in which they operate. Accordingly, the management concluded the life of those assets as indefinite.

Digital assets are derecognized when the Group disposes of the asset or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset. On derecognition any reserve outstanding in the equity relating to fair value of digital assets is transferred to the retained earnings within equity.

	2024 USD'000	2023 USD'000
Digital assets – inventory (a)	410,640	136,710
Digital assets – intangibles (b)	30,888	3,290
	441,528	140,000

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. Digital assets

(a) Accounted for using inventory methodology

The Group has determined that its holding of certain digital asset should be accounted for under IAS 2 Inventories, as it meets the definition of a commodity broker-trader. Under IAS 2, digital assets are measured at fair value less cost to sell, with changes in fair value recognized in consolidated statement profit or loss. In accordance with IAS 2, commodity broker-traders are those who buy or sell commodities for others or on their own account. The inventories held by commodity broker-traders are principally acquired for the purpose of selling in the future and generating a profit from fluctuations in price or broker-traders' margin. As these inventories are measured at fair value less costs to sell, they are excluded from only the measurement requirements of IAS 2.

By applying the principles of IAS 2, the Group treats its digital assets as inventory, measured at fair value less cost to sell. Consequently, any changes in fair value are recognized in the consolidated statement of profit or loss. Management believes that recognizing digital assets at fair value through the profit and loss accurately reflects the economic substance of their trading activities and is in line with the Group's overall strategic vision for holding these assets.

	2024 USD'000	2023 USD'000
At 1 January	136,710	-
Additions as commodity contract (note i)	12,080	-
Additions (note ii)	56,065	37,200
Disposals as commodity contract (note i)	(14,987)	-
Disposals	(9,182)	-
Realised gain	4,529	-
Change in fair value - unrealised	225,425	99,510
At 31 December	410,640	136,710



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 9. Digital assets

- (i) During the year ended 31 December 2024, the Group has entered into a financing transaction with M2 Capital Limited (“affiliate of an associate”), where finance amount is invested in the Bitcoins (BTC) as commodity contract. The total of 236.16 BTC were purchased through this finance totalling to USD 12,080 thousand. These 236.16 BTC’s were kept as collateral with M2 Capital Limited against the finance amount (Note 19). On 26 August 2024, the contract was closed and the finance amount was fully repaid resulting in a gain of USD 2,907 thousand.
- (ii) (a) During the year ended 31 December 2024, the Group acquired 582,199 Solana tokens (SOL) from the Solana Foundation in exchange for a monetary consideration of USD 20,000 thousand. SOL have a lock in period till December 2025, thereby have restrictions on selling in the primary market. There is a secondary market for such portfolio of tokens such as Over The Counters (OTC) traders, digital asset funds as well as family offices looking to get the exposure to digital assets at a discount.

These tokens are classified as inventory under the principle of broker-trader exception with the purpose of selling the tokens and making profits on buying and selling of such tokens. This is in line with Group’s broader policy around holding of digital assets under this category.

The tokens are recorded at cost on acquisition and fair value is based on the available market information (adjusted for primary market conditions). The fair value gain/loss on fair valuation was recorded in the consolidated statement of profit or loss.

Since SOL tokens with lock-in period are not traded in primary market, therefore these are discounted at 90% and disclosed as Level 2 valuation in the consolidated financial statements in line with IFRS 13 guidance.

- (ii) (b) During the year ended 31 December 2024, the Group has entered into the contract with Galaxy Digital for Solana tokens which are vested around 1.8% per month to the Group. The tokens are directly transferred to the wallet of the group. The tokens are recorded at cost on acquisition and fair value is based on the available market information. The fair value gain/ (loss) on fair valuation is recorded in the consolidated statement of the profit or loss. These tokens are traded in primary market, therefore these tokens are disclosed as Level 1 valuation on the consolidated financial statements in line with IFRS 13 guidance.
- (ii) (c) During the year ended 31 December 2024, the Group has also acquired new tokens namely FAH, UNCN, LVLY and ETH. The tokens were directly transferred to the wallet of the Group. The tokens were recorded at cost on acquisition, except for LVLY which was received at nil consideration. The fair value gain/ (loss) on fair valuation is recorded in the consolidated statement of the profit or loss. These tokens are traded in primary market, therefore these tokens are disclosed as Level 1 valuation on the consolidated financial statements in line with IFRS 13 guidance.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 9. Digital assets

#### (b) Accounted for using intangible asset methodology

The Group carries out mining of digital assets and recognizes revenue in relation to assets through mining activity with corresponding recognition of intangible assets under IAS 38, Intangible Assets. Such intangible assets have an indefinite useful life, initially measured at cost, deemed to be the fair value upon receipt, and subsequently measured under the revaluation model. Under the revaluation model, increases or decreases in the digital asset’s carrying amount is recognized in consolidated statement of comprehensive income and the revaluation reserve in equity, unless it reverses valuation deficit of the same asset previously recognised in consolidated statement of profit or loss. A revaluation deficit is recognised in consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. These also includes USDT (Tether), which is actively used in its daily operations, allowing for efficient management of its financial resources.

#### 1) BTC

	2024		2023	
	Number of BTCs	USD'000	Number of BTCs	USD'000
At 1 January	40	1,681	2	40
Additions on self-mined token (Note 25)	1,661	106,843	1,197	31,802
Dividend from citadel (Note 8)	1,464	109,300	-	-
Acquired during the year	4	223	227	6,882
Disposals	(3,038)	(217,552)	(1,386)	(38,264)
Realised gain	-	9,210	-	-
Change in fair value	-	2,634	-	1,221
At 31 December	131	12,339	40	1,681

#### 2) USDT

	2024	2023
	USD'000	USD'000
At 1 January	1,609	1,680
Acquired during the year	86,251	76,636
Acquired on disposal of BTCs	217,552	38,264
Disposals	(286,863)	(114,971)
At 31 December	18,549	1,609





PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. Digital assets

(c) Unrealised gain on digital assets

	2024 USD'000	2023 USD'000
Gain on digital assets – inventory	225,425	99,510
Gain on digital assets – intangibles	2,634	1,221
	228,059	100,731

The breakdown of unrealised gain / (loss) on digital assets is as follows:

	2024 USD'000	2023 USD'000
UNCN	67,750	-
SOL	85,785	-
FAH - Falcon	59,000	-
MMX	5,523	99,510
BTC	2,634	1,221
LVLV	7,632	-
ETH	(263)	-
Others	(2)	-
	228,059	100,731

The total digital assets portfolio amounts to USD 441,528 thousand, which includes liquid digital assets valued at USD 30,888 thousand. These are classified as intangible assets to comply with the Group's accounting policy for digital assets. The Group actively utilises USDT in its daily operations, allowing for efficient management of its financial resources. Given the high liquidity of USDT (Tether) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT is specifically designed to maintain a 1:1 peg with the US dollar, offering price stability. The Group has the flexibility to convert BTC into USDT, and subsequently USDT into USD, as needed to support its liquidity requirements. This is part of Group's active treasury management.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

10. Inventories

Material accounting policies

Inventories are measured at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of inventories is based on the weighted average cost method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

	2024 USD'000	2023 USD'000
Inventories	34,668	59,495
Consumables items	-	127
Stock in transit	23,819	13,640
	58,487	73,262
Provision for obsolescence	(1,879)	-
	56,608	73,262

	2024 USD'000	2023 USD'000
At 1 January	73,262	41,390
Net purchases	138,528	145,678
Inventory consumed	(59,725)	(113,806)
Transferred from property and equipment	17,629	-
Transferred from CWIP	1,812	-
Transferred to CWIP	(3,100)	-
Transferred to property and equipment	(87,951)	-
Inventory written off	(21,968)	-
Provision for obsolescence	(1,879)	-
At 31 December	56,608	73,262



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 11. Trade receivables

#### Material accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group's trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables for which an impairment provision was recognised were written off against the provision when there is no expectation of recovering additional cash.

	2024 USD'000	2023 USD'000
Gross - trade receivables	28,840	33,062
Provision for expected credit losses	(2,302)	-
Net trade receivables	26,538	33,062

At 31 December 2024, trade receivables at nominal value of USD 65 thousand (2023: USD Nil) were impaired (note 30).

Out of the above balance of trade receivables, USD 190 thousand (2023: USD 4,802 thousand) relates to a related party (note 17(i)(a)).

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 11. Trade receivables

The movement of the provision for expected credit losses is as follows:

	2024 USD'000	2023 USD'000
At 1 January	-	1,366
Charge / (reversal) for the year (Note 30)	2,302	(1,366)
At 31 December	2,302	-

### 12. Advances, deposits and other receivables

	2024 USD'000	2023 USD'000
Advance to suppliers (i) (ii)	143,418	132,111
Deposits	15,190	31,664
Accrued income	-	273
VAT receivable	1,159	183
Prepaid expenses	5,171	172
Other receivables	395	108
Others	42	8
	165,375	164,519

(i) This includes balance of USD 94,236 thousand (2023: USD 46,317 thousand) given to a related party (Note 17 (i) (d)).

(ii) This includes a balance of USD 1,500 thousand for the investment to be made in IOPN Limited.

During the year, the Group has written off receivables amounting to USD Nil (2023: USD 2,985 thousand). Further, the expected credit loss on the outstanding deposits and other receivables is estimated to be immaterial for the Group for the year ended 31 December 2024.



PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. Advances, deposits and other receivables

Advances, deposits and other receivables analysed as follows:

	2024 USD'000	2023 USD'000
Non-current	138,551	11,025
Current	26,824	153,494
	165,375	164,519

During the year, mining equipment which were classified under inventories has been reclassified to property and equipment (refer Note 5). As a result, the advances which were made for the purchase of mining equipment with a value of USD 123,634 thousand were also reclassified from current advances and deposits to non-current advances and deposits.

Movement in advances and deposits is as follows:

	2024 USD'000	
	Advances	Deposits
At 1 January	132,111	31,664
Additions	217,773	6,581
Reclassification from CWIP to deposits (Note 5)	-	5,534
Transferred from deposits to trade receivables	-	(7,295)
Reversal of deposit*	-	(20,441)
Refunds received	(27,928)	(853)
Utilised	(178,538)	-
At 31 December	143,418	15,190

\*Pertains to deferred income for a credit note received from supplier for future purchases. However, management has decided not to continue with the contracts and hence deferred income recognised earlier has been reversed.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. Cash and short-term deposits

Material accounting policies

Cash and short-term deposits in the consolidated statement of financial position comprise of cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

Cash and short-term deposits in the consolidated statements of financial position and cash flows consist of the following:

	2024 USD'000	2023 USD'000
Cash at bank and on hand	20,310	23,165
Short-term deposits – less than three months original maturity	-	175,000
	20,310	198,165

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The expected credit loss on bank balances is estimated to be immaterial as the Group only deals with reputable banks with good ratings.

The total digital assets portfolio amounts to USD 441,528 thousand, which includes liquid digital assets valued at USD 30,888 thousand. These are classified as intangible assets to comply with relevant IFRS Accounting Standards. The Group actively utilises USDT in its daily operations, allowing for efficient management of its financial resources. Given the high liquidity of USDT (Tether) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT is specifically designed to maintain a 1:1 peg with the US dollar, offering price stability. The Group has the flexibility to convert BTC into USDT, and subsequently USDT into USD, as needed to support its liquidity requirements. This is part of Group's active treasury management.





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FOR THE YEAR ENDED 31 DECEMBER 2024

14. Share capital, share premium and other reserves

Material accounting policies

i) Share capital and share premium

Ordinary shares are classified as equity.

The transaction costs associated with issuance of new shares and stock exchange listing are accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares is deducted from equity; and
- Costs that relate to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the consolidated statement of profit or loss. Costs that relate to both share issuance and listing are allocated between those functions on a rational and consistent basis. In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares listed is applied.

	Authorised issued and fully paid	
	2024 USD'000	2023 USD'000
6,048,823,529 shares of USD 0.027 each (2023: 6,048,823,529 shares of USD 0.027 each)	164,706	164,706

PHOENIX GROUP PLC

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FOR THE YEAR ENDED 31 DECEMBER 2024

14. Share capital, share premium and other reserves

Movement in the share capital and share premium is as follows:

	Issued share capital No. of shares	Share Capital USD'000	Share Premium USD'000
At 1 January 2023 (USD 1 per share) (unaudited)	10,000	10	-
Issuance of new shares (USD 1 per share)	40,000	40	-
	50,000	50	-
Capitalization of retained earnings	-	139,950	-
Share split (approx. USD 0.027 (AED 1) per share)	5,141,450,000	-	-
Issuance of new shares (with nominal value of approx. USD 0.027 per share and subscription value of USD 1.5 per share)	907,323,529	24,706	345,882
At 31 December 2023	6,048,823,529	164,706	345,882
Issuance of new shares	-	-	-
At 31 December 2024	6,048,823,529	164,706	345,882

On 12 September 2023, Mr. Munaf Ali (21.50%), Mr. Seyedmohammad Alizadehfard (18.20%) and Mr. Najib Abou Hamze (16.50%) transferred aforementioned percentage of their shares to M/s. Agora SPV Ltd, resulting in M/s. Agora SPV Ltd becoming a shareholder with a 56.20% ownership stake in the Company.

On 19 September 2023, the Company has increased its authorized share capital from USD 10 thousand, consisting of ordinary shares having a nominal value of USD 1 per share, to USD 50 thousand, distributed among 50,000 ordinary shares with a nominal value of USD 1 per share.

On 28 September 2023, the Company has further increased its authorized share capital from USD 50 thousand, consisting of ordinary shares valued at USD 1 per share, to USD 140,000 thousand distributed among 5,141,500,000 ordinary shares having nominal value of USD 0.027 per share. This increase in the share capital was allocated to the shareholders existing on that date in proportion to their shareholding.

On 6 October 2023, M/s. Agora SPV LTD (5.62%), Mr. Najib Abou Hamze (1.35%), Mr. Seyedmohammad Alizadehfard (0.71%), M/s. Hyperion Holdings Limited (0.48%), M/s. Hades Holdings Limited (0.45%), M/s. Artemis Holdings Ltd (0.43%), M/s. Echo Holding Limited (0.40%), M/s. Horizon Holding Limited (0.30%), and M/s. Vertex Holding Limited



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 14. Share capital, share premium and other reserves

(0.26%) transferred aforementioned percentage of shares to M/s. International Tech Group SP LLC, resulting in M/s. International Tech Group SP LLC becoming a shareholder with a 10% ownership stake in the Company.

On 24 November 2023, the Company had further issued 907,323,529 shares to the public bringing the total number of shares to 6,048,823,529 with nominal value of USD 0.027 per share.

On 5 December 2023, the Company had issued fresh 907,323,529 shares to public carrying face value of AED 0.1 (USD 0.027) issued at AED 1.5 (USD 0.41) total amounted to AED 1,360,985 thousand (USD 370,588 thousand) out of which AED 1,270,253 thousand (USD: 345,882 thousand) became part of the share premium.

*(ii) Other reserves*

	Revaluation reserve (Note a)	Foreign currency translation (Note b)	Fair value through OCI (Note c)	Total
	USD'000	USD'000	USD'000	USD'000
At 1 January 2023	11,380	(25)	-	11,355
Movement for the year	-	(87)	13,243	13,156
At 31 December 2023	11,380	(112)	13,243	24,511
Movement for the year	(584)	(47)	51,507	50,876
Realized gain transferred to retained earnings	-	-	(56,863)	(56,863)
<b>At 31 December 2024</b>	<b>10,796</b>	<b>(159)</b>	<b>7,887</b>	<b>18,524</b>

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 14. Share capital, share premium and other reserves

*(a) Revaluation reserve*

This reserve relates to the revaluation gain recognised on the fair valuation of building. Any incremental depreciation charge on the revalued amount compared to the cost is charged to the consolidated statement of profit or loss and a corresponding reclassification adjustment is made from revaluation reserve to retained earnings.

*(b) Foreign currency translation reserve*

This reserve relates to the translation of foreign operations of the Group.

*(c) Fair value through other comprehensive income reserve*

This reserve represents the Group's share of other comprehensive income from its associate, along with the fair value gain on digital assets held as intangible assets. A total of USD 56,863 thousand was transferred to retained earnings, of which USD 47,653 thousand was reclassified in the associate's books from other comprehensive income (OCI) to retained earnings due to the revaluation gain on the disposal of digital assets held as intangible assets and the remaining USD 9,210 thousand represents revaluation gain on disposal of digital assets held as intangibles recorded in the Group.

*(iii) Own shares*

During the year ended 31 December 2024, the Company engaged a third-party licensed Market Maker on the Abu Dhabi Securities Exchange that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. The shares are purchased for the Company's account by the Market Maker.

The Market Maker trades and operates within the predetermined parameters approved by the Group. The Group monitors the transactions undertaken by the Market Maker on a daily basis. The Group has provided the funding to the Market Maker to trade Company's shares and it carries all risks and rewards associated with the arrangement. Given the nature and substance of the arrangement, the shares have been classified as "Own Shares" in equity.

During the year ended 31 December 2024, the Group has paid an amount of USD 10,000 thousand to the Market Maker to fund the purchase of it's own shares. At 31 December 2024, the Market Maker held 779,183 shares at the average cost of AED 1.241 per share amounting to the value of USD 263 thousand of the Company's shares on behalf of the Group. The realized loss of USD 1,667 thousand on shares sold has been presented in retained earnings. Further, the Market Maker has repaid an amount of USD 6,000 thousand, and remaining balance is classified as advances in the consolidated statement of financial position.



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FOR THE YEAR ENDED 31 DECEMBER 2024

15. Contribution from shareholders

	2024 USD'000	2023 USD'000
At 1 January	24,995	4,016
Funds received during the year*	-	57,251
Dividend in kind**	-	13,000
Repayment	(24,995)	(49,272)
At 31 December	-	24,995

\*These funds were provided as a contribution from the shareholders and were interest free and unsecured, with no contractual repayment obligations and therefore were classified within equity in the consolidated statement of financial position. During the year ended 31 December 2024, the Group has repaid the outstanding amount in full.

\*\*During the year ended 31 December 2023, shareholders declared dividend of USD 13,000 thousand which was transferred and settled through contribution from shareholders.

16. Statutory reserve

According to the Federal Law No. 32 of 2021, 5% of annual net profits of certain subsidiaries is allocated to the statutory reserve. The transfer to statutory reserve may be suspended when the reserve reaches 50% of the paid-up capital. The reserve is not available for distribution.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

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FOR THE YEAR ENDED 31 DECEMBER 2024

17. Related party transactions and balances

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in IAS 24 Related Party. Related parties represent the shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influences by such parties. Pricing policies and terms of their transactions are approved by the Group's management.

i. Related party balances

Balances with related parties included in the consolidated statement of financial position are as follows:

(a) Trade receivables

	Relationship	2024 USD'000	2023 USD'000
Syedmohammed Alizadehfard, UAE*	Shareholder	-	4,018
Munaf Ali., UAE	Director	-	784
M2 Capital Limited	Affiliate of associate	190	-
Total		190	4,802

\*Syedmohammed Alizadehfard resigned from the position of Director, effective 19 December 2024. Consequently, Cypher Capital, which was a related party due to the common directorship of Syedmohammed Alizadehfard, ceased to be classified as a related party.

(b) Due from related parties

	Relationship	2024 USD'000	2023 USD'000
Phoenix Technology Solutions B.V.	Common directorship	223	-
Falcon Group Limited, UAE	Common directorship	1	-
Phoenix Cleo Re Holding Limited	Common directorship	10	-
Phoenix Pyramids Re Holding Limited	Common directorship	11	-
Phoenix Technology Consultants	Common directorship	5	-
M2 Holdings Limited, UAE	Associate	-	3
		250	3





PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Related party transactions and balances

(c) Due to related parties

	Relationship	2024 USD'000	2023 USD'000
WAS Four Investment - Sole Proprietorship L.L.C, UAE	Affiliate of major shareholder	-	54,698
Citadel Technologies Group LLC, UAE	Associate	-	13
		-	54,711

(d) Advances to a related party

	Relationship	2024 USD'000	2023 USD'000
Cypher Capital DMCC, UAE	Common shareholder	94,236	46,317

This amount is included in advance to suppliers (Note 12). The Group has entered into contracts with entities controlled by a shareholder and former key management personnel for the purchase of equipment on its behalf.

(e) Advances from related parties

	Relationship	2024 USD'000	2023 USD'000
M2 Capital Limited, UAE	Affiliate of an associate	2,015	18,280
Cypher Capital Technology LLC	Common shareholder	752	-
		2,767	18,280

This amount is included in advance from customers (Note 22).

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Related party transactions and balances

(f) Trade and other payable

	Relationship	2024 USD'000	2023 USD'000
Munaf Ali	Director	182	-

This amount is included in trade and other payables (Note 21).

(g) Loan from related parties

	Relationship	2024 USD'000	2023 USD'000
Munaf Ali	Director	9,318	-
Syedmohammed Alizadehfard	Shareholder	10,000	-
		19,318	-

This amount is included in Shareholder's loans (Note 20).



PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Related party transactions and balances

ii. Related party transactions

Terms and conditions of transaction with related party

The sales to and purchase from related parties are made on terms equivalent to those that prevail in arms length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related receivables or payables. For the year ended 31 December 2024, the Group recognised provision for expected credit losses of Nil (2023: Nil)

Transactions included in the consolidated statement of profit or loss with its related parties are as follows:

Revenue

	Relationship	2024 USD'000	2023 USD'000
Agora SPV Ltd	Major shareholder	-	69,952
Citadel Technologies Group LLC	Associate	-	2,996
Cypher Capital Technology LLC	Common shareholder	2,801	26,291
M2 Capital Limited	Affiliate of an associate	22,572	19,965
Munaf Ali	Director	4,695	6,134
Syedmohammed Alizadehfard	Shareholder	2,136	10,092

Purchases

	Relationship	2024 USD'000	2023 USD'000
Cypher Capital Technology LLC	Common shareholder	60,527	-
Munaf Ali	Director	748	-
Syedmohammed Alizadehfard	Shareholder	357	4,500

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Related party transactions and balances

Expense

	Relationship	2024 USD'000	2023 USD'000
<b>Interest on loans:</b>			
WAS Four Investment – Sole Proprietorship L.L.C(“WAS”), UAE	Affiliate of major shareholder	8,071	-
M2 Capital Limited, UAE	Affiliate of an associate	1,794	-
Shareholder loan	Director and shareholder	52	-

Other transactions

	2024 USD'000	2023 USD'000
Investment in Lyvely FZE	-	3,000
Investment in Citadel Technologies Group LLC	11,902	104,967
Investment in M2 Holdings Ltd	-	1,277
Acquisition of digital asset - MMX (i)	-	37,200
Repayment of capital contribution	24,995	-
Acquisition of digital asset – FAH from Falcon Group Limited, UAE	10,000	-
Loan from M2 Capital Ltd	12,080	-
Repayment of loan to M2 Capital Ltd including interest	12,986	-
Loan from M2 Capital Ltd (including accrued interest)	15,888	-
Loans from shareholders	22,000	-
Acquisition of Solana Tokens from Cypher Capital	22,661	-

(i) During the year ended 31 December 2023, the Group was rewarded digital assets worth USD 37,200 thousand on provision of intellectual services.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 17. Related party transactions and balances

#### iii. Compensation of key management personnel

The remuneration of directors during the year are as follows:

	2024 USD'000	2023 USD'000
Salaries and other benefits	3,413	1,779
End of service benefits	337	422
	3,750	2,201
Number of key management personnel	2	2

### 18. Employees' end of service benefits

#### Material accounting policies

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year. The Group maintains a non-contributory defined benefit retirement plan for the benefit of its regular employees. The normal retirement age is 60. Normal retirement benefit is in accordance with the UAE Labour law.

The amounts recognised in the consolidated statement of financial position and the movements in the employee's end of service benefit over the year ended 31 December is as follows:

	2024 USD'000	2023 USD'000
At 1 January	859	170
Charge	506	698
Payments made	(53)	(9)
At 31 December	1,312	859

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 19. Interest-bearing loans

The amounts recognised in the consolidated statements of financial position is as follows:

	2024 USD'000	2023 USD'000
Non-current	3,376	3,557
Current	15,180	165
	18,556	3,722

The movement in interest-bearing loans is as follows:

	2024 USD'000	2023 USD'000
At 1 January	3,722	3,928
Proceeds	27,080	-
Payments made	(12,246)	(206)
As at 31 December	18,556	3,722

	Interest rate	Maturity	2024 USD'000	2023 USD'000
FAB loan (i)	EIBOR+3%	06-Oct-2036	3,556	3,722
M2 Capital Limited loan (ii)	15%	31-Mar-2025	15,000	-

Key terms of the loan:

#### (i) FAB loan

- First degree registered mortgage over property i.e., Unit 2901, plot 165, municipality 345-894, building 2, BD BLVD Plaza T2, Burj Khalifa, Dubai, UAE held in favour of bank with no restrictions.
- Property valuation report against the above mortgage property from an evaluator acceptable to Bank. Property to remain insured till full and final settlement of the facility.
- Assignment of property all risk insurance policy of the above mortgaged property in favor of Bank, as first loss payee supported by premium payment receipt, from insurance company acceptable to Bank.
- Assignment of key man insurance from Mr. Munaf Ali in favor of Bank, as first loss payee supported by premium payment receipt, from insurance company acceptable to the Bank.
- Undated cheque drawn on Borrower's account maintained with the Bank to the extent of overall facility amount in favor of the Bank.





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 19. Interest-bearing loans

#### Other conditions

Loan to value (LTV) to maintain at maximum 70% throughout the tenor of the facility. The borrower has to provide additional collateral acceptable to Bank in case if any reduction in the property value or exposure to be reduced to keep the LTV at 70%. The Group is not in breach of the key terms and covenants of the facility for the year ended and as at 31 December 2024.

#### (ii) M2 Capital Limited loan

On 29 July 2024, the Group entered into a Credit Agreement for a loan amount of USD 15,000 thousand. This loan is a short term loan which is payable by March 2025. This loan has to be paid back in 3 equal monthly instalments of USD 5,000 thousand, starting from January 2025. Loans bears an interest of 15% per annum and is payable along with loan instalments during the first quarter of 2025.

### 20. Shareholders’ loan

During the year the company has received interest free loan from the below mentioned shareholders:

	2024 USD'000	2023 USD'000
Syedmohammed Alizadehfard*	10,000	-
Munaf Ali**	9,318	-
	19,318	-

\*Due to a change in the Board of Directors, one of the conditions of repayment of the loan, the amount was reclassified from non-current to current.

\*\*The interest-free loan received from Mr Munaf Ali was amounted to USD 12,000 thousand which is discounted at the market rate of 9% over the period of three years, the difference of amount received and fair value amounted to USD 2,734 thousand is recognised in retained earnings. Interest for the period is calculated as USD 52 thousand included in loan amount.

#### Key terms of the loan:

- There shall be no interest payable in respect of the shareholders’ loan.
- The duration of the repayment of the loans is between two to three years.
- Where the Borrower is unable to repay the shareholders’ loan on the repayment date as stipulated by the Lender, the Parties shall mutually agree (acting in good faith) (i) a repayment mechanism; and/or (ii) a form of security/collateral, with a value no less than the value of the shareholders’ loan, which shall be granted by the Borrower to the Lender as security for the shareholders’ loan.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 21. Trade payables

#### Material accounting policies

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

	2024 USD'000	2023 USD'000
Trade payables	3,667	576

Trade payables are non-interest bearing and are normally settled between 30-90 days term.

Out of the above balance of trade payables, USD 182 thousand (2023: USD Nil) relates to a related party (Note 17 (i) (f)).

### 22. Other liabilities

	2024 USD'000	2023 USD'000
Advances received from customers (i)	7,861	29,550
Deferred income (ii)	-	20,441
Provision for expenses (iii)	14,189	20,258
Deposit received	2,802	5,268
Provision for leave salary	1,230	851
Other payables	1,285	20
	27,367	76,388

- This includes amount of USD 2,767 thousand (2023: USD 18,280 thousand) which all advances received from related parties (Note 17 (i) (e)).
- Pertains to deferred income for a credit note received from supplier for future purchases. However, management has decided not to continue with the contracts and hence deferred income recognised earlier has been reversed.
- This includes provision relating to a claim received from a contractor during the year.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 23. Commitments

At 31 December 2024, Commitments in respect of capital expenditure contracted but not incurred amounted to USD 4,177 (2023: USD Nil).

### 24. Contingencies

At 31 December 2024, the Group and its associates had no contingent liabilities (2023: USD Nil).

### 25. Revenue from contracts with customers

#### Material accounting policies

Revenue from contracts with customers  
The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5:** Recognise revenue when (or as) the Group satisfies a performance obligation.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 25. Revenue from contracts with customers

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The transaction price is the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to the customer. The consideration expected by the Group may include fixed or variable amounts. Revenue is recognized when it transfers control over goods and services to the customer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 25. Revenue from contracts with customers

#### Performance obligation

Information about the Group's performance obligations are summarised below:

##### (i) Mined income

The Group recognizes income from the provision of transaction verification services within the Bitcoin network, commonly referred to as “cryptocurrency mining”. The Group participates in mining pools operated by third parties in order to limit its exposure to variability of mining output. The Group receives bitcoins from the mining pool operator as consideration for its participation in the pool.

Income earned from mining is measured based on the fair value of the bitcoin reward received. The transaction price is the fair value of crypto mined, being the fair value per the prevailing market rate for that crypto currency on the transaction date, and this is allocated to the number of crypto mined. The fair value is derived based on the end of day average price of bitcoin, on the date of receipt, which is not materially different from the fair value at the time the Group earned the award. The revenue is recognised with corresponding asset under intangible asset based on the delivery of digital asset into the Group's wallet once an algorithm has been solved. The criteria for performance obligation is assessed to have occurred once the digital asset has been received in the Group's wallet once an algorithm has been solved. Mining earnings are made up of the baseline block reward and transaction fees upto a certain % of total block reward, however, these are bundled together in the daily deposits from mining and therefore are not capable of being analysed separately.

##### (ii) Hosting Revenue

The Group recognised management fees on the services provided to third parties for management of mining machines on their behalf, ensuring the machines are optimised and mining as efficiently as possible.

Management fee is recognized from the hosting contract between the Group and its customers under IFRS 15. The performance obligations include providing hosting facilities with defined electricity rates, ensuring uptime within contractual limits, and other services such as repair and maintenance as defined in the contract. The transaction price is based on the electricity rates agreed with the customer. Revenue should be recognized in overtime monthly intervals, as the performance obligations in the hosting contracts are satisfied during the period in which services are provided.

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 25. Revenue from contracts with customers

#### (iii) Revenue from sale of ASICs, wallets, and equipment

Revenue from the sale of goods and services in normal course of business is recognised either at a point in time or over time.

The Group recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits provided by the entity as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or;
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If an entity does not satisfy its performance obligation over time, it satisfies it at point of time.

Revenue from the sale of goods and services is therefore recognised at a point in time or over time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods and services to the customers.

The consideration expected by the Group may include fixed or variable amounts. Revenue is recognised when it transfers control over goods and services to the customer and only when it is highly probable that a significant reversal of the revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods and services are accounted for separately based on their stand-alone selling prices. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group mainly deals in trading of ASICs, wallets, and equipment. The performance obligations are satisfied at a point in time upon delivery of goods to the customers.





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 25. Revenue from contracts with customers

Below is the disaggregation of the Group’s revenue from contracts with customers:

	2024 USD'000	2023 USD'000
<b>(a) Type of revenue</b>		
Revenue from contracts with customers:		
• Sales of ASICs, wallets, and equipment	50,730	180,990
• Hosting revenue	47,144	75,282
• Mining revenue (Note 9)	106,843	31,802
Service income	969	113
	<b>205,686</b>	<b>288,187</b>
<b>(b) Geographical markets</b>		
Outside UAE	205,269	287,095
Within UAE	417	1,092
	<b>205,686</b>	<b>288,187</b>
<b>(c) Timing of revenue recognition</b>		
At a point in time	50,730	180,990
Over time	154,956	107,197
	<b>205,686</b>	<b>288,187</b>

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 26. Direct costs

	2024 USD'000	2023 USD'000
Inventory – at 1 January	73,262	41,390
Add: purchases and other direct costs	138,528	145,678
Add: transferred from property and equipment	17,629	-
Add: transferred from CWIP	1,812	-
Less: transfer to CWIP	(3,100)	-
Less: transfer to property and equipment	(87,951)	-
Less: inventory written off	(21,968)	-
Less: inventories – as at 31 December	(58,487)	(73,262)
<b>Cost of inventories consumed</b>	<b>59,725</b>	<b>113,806</b>
Hosting electricity costs	43,213	69,408
Mining expenses*	76,652	15,925
Warehouse expenses	80	186
	<b>179,670</b>	<b>199,325</b>

\*Represents electricity expenses incurred in operation of mining machines.



PHOENIX GROUP PLC

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27. Other income

Material accounting policies

The Group recognises income from coupon sale, finance income, income earned on provision and intellectual service and miscellaneous income as income when respective performance obligations are satisfied.

Finance income comprises interest income on funds invested with banks. Finance income is recognised as it accrues in consolidated statement of comprehensive income using the effective interest method.

Coupon sale is recognised when coupon is sold to customers. The Group receives credits and or coupons for the purchase and use of S19 mining machines from Bitman Development PTE. These credits are provided to the Group after it purchases cutting edge Bitcoin mining machines. The credits are transferable. The Group elects to sells the credits at the market rate to willing buyers upon receipt of the credits. Other income is recognised at the date the sale is completed.

	2024 USD'000	2023 USD'000
Coupon sale	-	1,392
Miscellaneous income (note i and ii)	9,745	37,719
Compensation received	103	368
Commission income	5	-
	9,853	39,479

- (i)

This includes intellectual services provided to M2 Holdings Limited (M2), during the year 2023, for constructing interface. Performance obligation was satisfied when the interface was transferred to M2. This was one off service provided by the Group and is therefore classified as other income. M2 issued 93,000,000 MMX coins to the Group as consideration for rendering such services and the market rate for such MMX coins on the date of issuance was USD 0.4 per coin resulting in the other income of USD 37,719 thousand.
- (ii)

Phoenix had 25% equity stake in Lyvely FZE. As part of this partnership, Lyvely has allocated 125,000,000 LVLV tokens to the Group during the year at nil consideration. This was one-off event during the year and is therefore classified as other income. The market rate on the date of issuance was USD 0.0859 per coin resulting in the digital asset of USD 10,743 thousand and USD 1,995 thousand is reduced from the investment in associates and USD 8,748 thousand is booked as other income.

PHOENIX GROUP PLC

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

28. Selling and distribution expenses

	2024 USD'000	2023 USD'000
Business promotion	523	879
Commission	-	101
Advertisements	819	2,317
	1,342	3,297

29. General and administrative expenses

	2024 USD'000	2023 USD'000
Staff costs (Note 31)	13,137	7,499
Site expenses	8,778	5,744
Penalties and compensation	3,245	879
Management remuneration (Note 17)	3,750	2,201
Legal and professional fees*	3,088	3,857
Insurance	869	196
Office expenses	867	563
Travelling and entertainment	655	295
Auditor's remuneration	630	438
Short-term lease (Note 6)	433	266
Other expenses	323	44
Bank charges	259	57
Utilities and communication expenses	149	84
Repair and maintenance	88	52
	36,271	22,175

\* Includes expenses incurred relating to initial public offering amounting to USD Nil (2023: USD 819 thousand).



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 30. Provisions, impairments and write-down, net

	2024 USD'000	2023 USD'000
Inventory written off	21,968	13,685
CWIP written off	3,812	-
Provision / (reversal) for doubtful debts (Note 11)	2,302	(1,366)
Provision for obsolescence of inventory	1,879	-
Data centers written off	472	-
Bad debts	65	-
Impairment of other receivables	-	2,985
	30,498	15,304

### 31. Staff costs

	2024 USD'000	2023 USD'000
Basic salary	12,260	6,550
End of service benefits	1,061	276
Other benefits	153	673
	13,474	7,499
Number of employees	186	188

### 32. Finance costs

	2024 USD'000	2023 USD'000
Interest on interest-bearing loans	315	322
Interest expense on related party loan*	9,865	-
Interest expense on shareholder loan*	52	-
Interest on lease liability (Note 6)	33	11
	10,265	333

\*The interest expense includes amount of USD 9,865 thousand (2023: USD Nil) which is paid / accrued to related party (Note 17(ii)).

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 33. Income tax

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the consolidated statement of profit or loss are:

	2024 USD'000
Deferred tax credit	380

#### 33.1 Reconciliation between tax expense and accounting profit

	2024 USD'000
Profit before taxation	166,992
Expenses not subject to tax	48,378
Accounting profit subject to tax	215,370
Prima facie tax expense at 9%	19,383
Exempt income	(21,134)
Other adjustments	1,371
Deferred tax credit reported in the consolidated statement of profit or loss	(380)





# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 33. Income tax

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024 USD'000	2023 USD'000
<b>Deferred tax credit:</b>		
Relating to origination and reversal of temporary differences	-	-
Adjustments in respect of prior years	-	-
Temporary differences due to tax losses	4,223	-
Deferred tax credit at 9%	380	-
Deferred tax credit reported in the consolidated statement of profit or loss	380	-

#### Deferred tax credit

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2024 USD'000	2023 USD'000	2024 USD'000	2023 USD'000
<b>Deferred tax assets:</b>				
Losses available for offset against future taxable income	380	-	380	-
	380	-	380	-

### 34. Earnings per share

The basic and diluted earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue.

	2024	2023
Profit for the year (USD' 000)	167,372	207,780
Weighted average number of ordinary shares in issue	6,045,020,213	5,234,882,471
Basic and diluted earnings per share	0.028	0.040

# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 35. Segment reporting

#### Material accounting policies

For management purposes, the activities of the Group are organised into one reportable operating segment. The Group operates in the said reportable operating segment based on the nature of the products/services, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

All sales of the Group comprise of sale of crypto mining machines, host mining services and mining.

All non-current assets of the Group at the end of the current were located in United Arab Emirates USD 22,048 thousand, Canada USD 22,572 thousand, USA 112,556 thousand and Oman USD 39,151 thousand.

Sales to two major customers of the Group are around 35.05% of the Group's total sales for the year ended 31 December 2024 (2023: 37.54.%).

### 36. Financial instruments by category

	2024 USD (000)	2023 USD (000)
<b>Financial assets:</b>		
Trade receivables (Note 11)	26,538	33,062
Due from related parties (Note 17)	250	3
Deposits and other receivable* (Note 12)	16,787	32,236
Cash and short-term deposits (Note 13)	20,310	198,165
	63,885	263,466
<b>Financial liabilities:</b>		
Trade payables (Note 21)	3,667	576
Due to related parties (Note 17)	-	54,711
Other liabilities** (Note 22)	19,506	26,397
Lease liability (Note 6)	390	629
Interest-bearing loans (Note 19)	18,556	3,722
Shareholders' loans (Note 20)	19,318	-
	61,437	86,035

\*For the purpose of the financial instruments disclosure, non-financial assets amounting to USD 148,588 thousand (2023: USD 132,283 thousand) have been excluded from advances, deposits and other receivables.

\*\*For the purpose of the financial instrument disclosure, amounting to USD 7,861 thousand (2023: USD 49,991 thousand) have been excluded from other liabilities related to advance received from customers and deferred income.



# PHOENIX GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

### 37. Reconciliation of assets and liabilities arising from financing activities

	Interest-bearing loans – due within one year	Interest-bearing loans – due after one year	Non-Interest-bearing loans – due after one year	Lease liabilities – due within one year	Lease liabilities – due after one year	Total
	USD'000	USD'000	USD'000	USD'000	USD (000)	USD'000
At 1 January 2023	207	3,721	-	-	-	3,928
Non-cash adjustment	164	(164)	-	-	-	-
Additions	-	-	-	408	357	765
Cash flows	(206)	-	-	(136)	-	(342)
At 31 December 2023	165	3,557	-	272	357	4,351
Non-cash adjustment	181	(181)	-	357	(357)	-
Additions	27,080	-	22,000	-	-	49,080
Cash flows	(12,246)	-	-	(239)	-	(12,485)
At 31 December 2024	15,180	3,376	22,000	390	-	40,946

### 38. Comparative figures

#### Reclassification

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the consolidated financial statements of the shareholder. These reclassifications were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Group. Comparative figures for previous consolidated statement of financial position presentation are reclassified as below.

31 December 2023	As previously reported	Reclassification	As reported
	USD'000	USD'000	USD'000
<b>Consolidated statement of financial position:</b>			
Current – advances and deposits	164,519	(11,025)	153,494
Non-current – advances and deposits	-	11,025	11,025
<b>Consolidated statement of profit or loss:</b>			
General and administrative expenses	35,289	(13,114)	22,175
Impairment of other receivables	2,985	(2,985)	-
Provisions, impairments and write-down, net	-	15,304	15,304
Depreciation on property and equipment, right-of-use assets and amortisation of intangible assets	-	795	795



PHOENIX

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