# Phoenix Group PLC

DIRECTORS' REPORT AND CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

# Phoenix Group PLC

## Directors' report and condensed consolidated interim financial statements
***for the three-month period ended 31 March 2025***

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# Phoenix Group PLC

## Directors' report
***for the three-month period ended 31 March 2025***

The Directors have the pleasure in submitting this report, together with the reviewed condensed consolidated interim financial statements of the Phoenix Group PLC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the three-month period ended 31 March 2025.

**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, US 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 period**

For the three-month period ended 31 March 2025, the Group reported revenue of USD 31,260 thousand (31 March 2024 (unaudited): USD 68,932 thousand) and loss for the period attributable to the shareholders of USD 153,597 thousand (31 March 2024 (unaudited): profit of USD 66,150 thousand).

**Going concern**

The attached condensed consolidated interim financial statements have been prepared on a going concern basis. While preparing the condensed consolidated interim financial statements, the management has made an assessment of the Group's ability to continue as a going concern. The management has not come across any evidence 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.

**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 13 of the condensed consolidated interim financial statements.

**Directors**

- H.E Tareq Abdulraheem Ahmed Rashed Alhosani
- Elham Alqasim
- Munaf Ali
- Fady M Y Dahalan

**Independent auditors**

RAI LLP was appointed as the external auditors for the financial year 2025, in the annual general meeting held on 22 April 2025.

On behalf of the Board of Directors

Signed by:

A05333098C404FB...

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

RAI AUDIT
راي للتدقيق

# Report on review of condensed consolidated interim financial statements

To: The Shareholders of Phoenix Group PLC

*Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of Phoenix Group PLC (referred to as the "Company") and its subsidiaries (referred to as the "Group") as at 31 March 2025 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting *(referred to as "IAS 34")*. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Emphasis of matter*

We draw attention to Note 2 in the condensed consolidated interim financial statements, which states that the Group's condensed consolidated interim 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 liquidation and sale of digital assets. Our conclusion is not modified in respect of this matter.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34.

For RAI, LLP,

Ashraf Eradhun
7 May 2025
Abu Dhabi, United Arab Emirates

# Phoenix Group PLC

## Condensed consolidated interim statement of financial position
## As at 31 March 2025

| | Notes | *As at* *31 March* 2025 USD'000 (unaudited) | *As at* *31 December* 2024 USD'000 (audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 5 | **248,589** | 196,427 |
| Right-of-use asset | | **390** | 447 |
| Intangible assets | | **734** | 848 |
| Investment in associates | 6 | **49,432** | 53,660 |
| Deferred tax asset | 27 | **1,175** | 380 |
| Advances and deposits | 10 | **119,873** | 138,551 |
| | | **420,193** | 390,313 |
| **Current assets** | | | |
| Digital assets | 7 | **300,945** | 441,528 |
| Inventories | 8 | **30,483** | 56,608 |
| Trade receivables | 9 | **19,684** | 26,538 |
| Advances, deposits and other receivables | 10 | **22,503** | 26,824 |
| Due from related parties | 13 | **307** | 250 |
| Cash and short-term deposits | 11 | **16,317** | 20,310 |
| | | **390,239** | 572,058 |
| **Total assets** | | **810,432** | 962,371 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 12(i) | **164,706** | 164,706 |
| Share premium | 12(i) | **345,882** | 345,882 |
| Other reserves | 12(ii) | **17,261** | 18,524 |
| Statutory reserve | | **14** | 14 |
| Retained earnings | | **222,709** | 362,898 |
| Own shares | 12(iii) | **(124)** | (263) |
| **Total equity** | | **750,448** | 891,761 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Employees' end of service benefits | 14 | **1,045** | 1,312 |
| Interest-bearing loans | 15 | **3,327** | 3,376 |
| Shareholders' loan | 13 | **-** | 9,318 |
| | | **4,372** | 14,006 |

# Phoenix Group PLC

## Condensed consolidated interim statement of financial position *(continued)*
## As at 31 March 2025

| | Notes | ***As at 31 March* 2025 USD'000 (unaudited)** | *As at 31 December* 2024 USD'000 (audited) |
|---|---|---|---|
| **Current liabilities** | | | |
| Lease liability | | **396** | 390 |
| Interest-bearing loans | 15 | **27,804** | 15,180 |
| Shareholders' loan | 13 | **-** | 10,000 |
| Trade payables | | **4,100** | 3,667 |
| Other liabilities | 16 | **23,312** | 27,367 |
| | | **55,612** | 56,604 |
| **Total liabilities** | | **59,984** | 70,610 |
| **Total equity and liabilities** | | **810,432** | 962,371 |

These condensed consolidated interim financial statements were authorised for issue on 07 May 2025 and signed by:

Signed by:
A05333098C404FB...
**H.E. Tareq Abdulraheem Al Hosani**
Chairman of the board

Signed by:
37797D5A373F481...
**Munaf Ali**
Group CEO & Board Member

The notes 1 to 29 form an integral part of these condensed consolidated interim financial statements.

# Phoenix Group PLC

## Condensed consolidated interim statement of profit or loss
## For the period ended 31 March 2025

| | Notes | Three-month period ended 31 March 2025 USD'000 (unaudited) | 2024 USD'000 (unaudited) |
|---|---|---|---|
| Revenue from contracts with customers | 19 | **31,260** | 68,932 |
| Direct costs | 20 | **(24,961)** | (45,654) |
| **Gross profit** | | **6,299** | 23,278 |
| General and administrative expenses | 21 | **(8,419)** | (6,124) |
| Selling and distribution expenses | | **(584)** | (230) |
| Provisions, impairments and write-down, net | 22 | **773** | (18,865) |
| Foreign exchange loss | | **(13)** | (13) |
| Other operating income | 23 | **1,027** | 5,967 |
| **Operating (loss) / profit** | | **(917)** | 4,013 |
| Share of results from associates-net of tax | 6 | **(2,199)** | 2,775 |
| Unrealised (loss) / gain on digital assets at fair value through profit or loss (FVTPL) | 7 | **(142,403)** | 73,131 |
| Realised (loss) /gain on sale of digital assets - FVTPL | | **(328)** | 270 |
| | | **(145,847)** | 80,189 |
| Depreciation on property and equipment, right-of-use assets and amortisation of intangible assets | | **(8,131)** | (257) |
| Finance income | | **58** | 1,106 |
| Finance costs | 25 | **(472)** | (8,346) |
| **(Loss)/profit before tax for the period** | | **(154,392)** | 72,692 |
| Income tax (expense) /credit | 27 | **795** | (6,542) |
| **(Loss)/profit for the period attributable to the shareholders of the company** | | **(153,597)** | 66,150 |
| **(Loss)/earnings per share** | | | |
| Basic and diluted (USD) | 24 | **(0.025)** | 0.011 |

The notes 1 to 29 form an integral part of these condensed consolidated interim financial statements.

# Phoenix Group PLC

## Condensed consolidated interim statement of comprehensive income
## For the period ended 31 March 2025

| | Notes | Three-month period ended 31 March<br>2025<br>USD'000<br>*(unaudited)* | <br>2024<br>USD'000<br>*(unaudited)* |
|---|---|---|---|
| **(Loss)/profit for the period** | | **(153,597)** | 66,150 |
| ***Other comprehensive (loss)/income*** | | | |
| *Items that may be reclassified to profit or loss in subsequent periods:* | | | |
| Exchange loss on retranslation of foreign subsidiaries – net of tax | | **(2)** | (1) |
| *Items that will not be reclassified to profit or loss in subsequent periods:* | | | |
| Share of other comprehensive income of associate – net of tax | 6 | **618** | 34,632 |
| (Loss)/gain on revaluation of digital assets – net of tax | 7 | **(3,762)** | 1,491 |
| **Other comprehensive (loss)/income for the period** | | **(3,146)** | 36,122 |
| **Total comprehensive (loss)/income for the period attributable to the shareholders of the company** | | **(156,743)** | 102,272 |

The notes 1 to 29 form an integral part of these condensed consolidated interim financial statements.

# Phoenix Group PLC

## Condensed consolidated interim statement of changes in equity
## For the three-month period ended 31 March 2025

| | **Share capital** *Note 12(i)* **USD'000** | **Share premium** *Note 12(i)* **USD'000** | **Other reserves** *Note 12(ii)* **USD'000** | **Contribution from shareholders USD'000** | **Statutory reserve USD'000** | **Retained earnings USD'000** | **Own shares USD'000** | **Total equity USD'000** |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2024 (audited) | 164,706 | 345,882 | 24,511 | 24,995 | 14 | 137,012 | - | 697,120 |
| Profit for the period | - | - | - | - | - | 66,150 | - | 66,150 |
| Other comprehensive income | - | - | 36,122 | - | - | - | - | 36,122 |
| Total comprehensive income for the period | - | - | 36,122 | - | - | 66,150 | - | 102,272 |
| Repayment of capital contribution* | - | - | - | (24,995) | - | - | - | (24,995) |
| **At 31 March 2024 (unaudited)** | **164,706** | **345,882** | **60,633** | **-** | **14** | **203,162** | **-** | **774,397** |
| At 1 January 2025 (audited) | 164,706 | 345,882 | 18,524 | - | 14 | 362,898 | (263) | 891,761 |
| Loss for the period | - | - | - | - | - | (153,597) | - | (153,597) |
| Other comprehensive loss | - | - | (3,146) | - | - | - | - | (3,146) |
| **Total comprehensive loss for the period** | **-** | **-** | **(3,146)** | **-** | **-** | **(153,597)** | **-** | **(156,743)** |
| Own shares sold (net of purchases) (Note 12) | - | - | - | - | - | - | 139 | 139 |
| Realised loss transferred to retained earnings (Note 12 (ii) (c)) | - | - | 1,956 | - | - | (1,956) | - | - |
| Depreciation on revalued asset | - | - | (73) | - | - | 73 | - | - |
| Waiver of shareholder loan (Note 13 (i) (e)) | - | - | - | - | - | 15,318 | - | 15,318 |
| Loss on sale of own shares sold (Note12) | | | | | | (27) | | (27) |
| **At 31 March 2025 (unaudited)** | **164,706** | **345,882** | **17,261** | **-** | **14** | **222,709** | **(124)** | **750,448** |

*Capital contribution from a shareholder was repaid during the period ended 31 March 2024.

The notes 1 to 29 form an integral part of these condensed consolidated interim financial statements.

# Phoenix Group PLC

## Condensed consolidated interim statement of cash flows
## For the three-month period ended 31 March 2025

| | Notes | *Three-month period ended 31 March (unaudited)* 2025 USD'000 | 2024 USD'000 |
|---|---|---|---|
| **Operating activities** | | | |
| (Loss)/profit before tax for the period | | **(154,392)** | 72,692 |
| **Adjustments for:** | | | |
| Depreciation on property and equipment | | **7,960** | 196 |
| Amortization on intangible assets | | **114** | 3 |
| Depreciation on right-of-use asset | | **57** | 58 |
| Share of results from associates | 6 | **2,199** | (2,775) |
| Loss/(gain) on digital assets at FVTPL | 7 | **142,403** | (73,131) |
| Realised loss/(gain) on sale of digital assets – FVTPL | 7 | **328** | (270) |
| Impairment loss on inventory | | **-** | 18,839 |
| Inventory written off | 22 | **29** | 26 |
| Asset written off | 22 | **24** | - |
| Employees' end of service benefits provision | 14 | **142** | 61 |
| (Reversal) / allowance for expected credit losses | 22 | **(826)** | - |
| Finance costs | 25 | **472** | 8,346 |
| Finance income | | **(58)** | (1,106) |
| | | **(1,548)** | 22,939 |
| **Changes in working capital:** | | | |
| Inventories | | **(29,195)** | (29,001) |
| Trade receivables | | **7,680** | (3,389) |
| Advances, deposits and other receivables | | **22,999** | (125,103) |
| Due from related parties | | **(57)** | (70) |
| Digital assets | | **(1,312)** | 46,366 |
| Trade payables | | **434** | 362 |
| Other liabilities | | **(4,056)** | 2,694 |
| Due to related parties | | **-** | (54,023) |
| | | **(5,055)** | (139,225) |
| Employees' end of service benefits paid | 14 | **(409)** | (1) |
| Finance income received | | **58** | 1,106 |
| **Net cash used in operating activities** | | **(5,406)** | (138,120) |
| **Investing activities** | | | |
| Purchase of property and equipment | 5 | **(4,856)** | (8,832) |
| Investment in an associate | 6 | **(1,950)** | (2,668) |
| **Net cash flows used in investing activities** | | **(6,806)** | (11,500) |

# Phoenix Group PLC

## Condensed consolidated interim statement of cash flows *(continued)*
## For the three-month period ended 31 March 2025

| | Notes | *Three-month period ended 31 March (unaudited)* **2025** **USD'000** | 2024 USD'000 |
|---|---|---|---|
| **Financing activities** | | | |
| Repayment of interest-bearing loans | 15 | **(10,539)** | (41) |
| Finance cost paid | | **(466)** | (8,148) |
| Advances and net sales of own shares | | **112** | - |
| Repayment of shareholders' loan | 13 | **(4,000)** | - |
| Repayment of capital contribution to shareholder | | **-** | (24,995) |
| Proceeds from interest-bearing loans | 15 | **23,114** | - |
| **Net cash flows generated / (used in) from financing activities** | | **8,221** | (33,184) |
| | | | |
| **Net (decrease) / increase in cash and cash equivalents** | | **(3,991)** | (182,804) |
| Net foreign exchange difference | | **(2)** | (1) |
| Cash and cash equivalents at 1 January | | **20,310** | 198,165 |
| **Cash and cash equivalents at 31 March** | 11 | **16,317** | 15,360 |

**Significant non-cash transactions**

| | | | |
|---|---|---|---|
| Loan from M2 Capital Holding Limited and its settlement in the form of BTC | 7 | - | 12,081 |
| Dividend from an associate | 6 | - | 92,496 |
| Waiver of shareholders' loan | 13 | 15,318 | - |

The cash and cash equivalents stated above do not include liquid digital assets valued at USD 5,913 thousand, as detailed in Note 7(c) and Note 11. 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.

The notes 1 to 29 form an integral part of these condensed consolidated interim financial statements.

## 1 Corporate information

Phoenix Group PLC (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 3412 ResCo-work10, 34 Floor, Al Maqam Tower, Regus ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

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, US 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 condensed consolidated interim financial statements include the financial performance and position of the Company, its subsidiaries (collectively referred to as the "Group") and the Group's interest in its equity-accounted investees.

## 2 Summary of material accounting policies

The principal accounting policies applied by the Group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statement for the year ended 31 December 2024, except for the changes in accounting policies explained in Note 2.2.

### 2.1 Basis of preparation

**Statement of compliance**
These condensed consolidated interim financial statements for the three-month period ended 31 March 2025 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2024 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with Accounting Standards. However, selected explanatory notes are included to explain event and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. In addition, results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

**Basis of measurement**
These condensed consolidated interim 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 assessment**
The condensed consolidated interim 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 7, 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.

## 2 Summary of material accounting policies *(continued)*

### 2.1 Basis of preparation *(continued)*

**Going concern assumption** *(continued)*

Management continues to monitor the market conditions closely and is prepared to take further steps if necessary to ensure that adequate liquidity levels are maintained. Based on these considerations, management is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the condensed consolidated interim financial statements have been prepared on a going concern basis.

### 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 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- Lack of exchangeability (Amendments to IAS 21)

These standards and amendments had no significant impact on the condensed consolidated interim 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 condensed consolidated interim 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)
- Annual improvements to IFRS Accounting Standards (Volume 11)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Sale or contribution of assets between and investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

The Group is in the process of assessing the impact of the above standards and amendments on the condensed consolidated interim financial statements.

## 3 Significant accounting judgements, estimates and assumptions

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2024.

### 4 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 condensed consolidated interim financial statements under the historical cost convention except for measurement at fair value of derivatives, 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 condensed consolidated interim 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.

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 March 2025 and 31 December 2024:

| | **Level 1 USD'000** | **Level 2 USD'000** | **Level 3 USD'000** | **Total USD'000** |
|---|---|---|---|---|
| **31 March 2025 (unaudited)** | | | | |
| *Assets which are at fair value* | | | | |
| Building (Note 5) | - | 21,704 | - | 21,704 |
| Digital assets (Note 7) | 231,450 | 69,495 | - | 300,945 |
| | **231,450** | **91,199** | **-** | **322,649** |
| 31 December 2024 (audited) | | | | |
| *Assets which are at fair value* | | | | |
| Building (Note 5) | - | 21,704 | - | 21,704 |
| Digital assets (Note 7) | 337,393 | 104,135 | - | 441,528 |
| | 337,393 | 125,839 | - | 463,232 |

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 period between 31 March 2025 and 31 December 2024, there are no transfers within the levels of fair value measurements.

**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 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | |
| At 1 January 2024 | 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 5.3) | - | - | 46,457 | 50,668 | 309 | - | - | (97,434) | - |
| Transfer to inventories (Notes 5.4) | - | (19,866) | - | - | - | - | - | - | (19,866) |
| Transfer to deposits and other assets | - | - | - | - | - | - | - | (7,588) | (7,588) |
| Write-off (Note 22) | - | - | (472) | - | - | - | - | (3,812) | (4,284) |
| **At 31 December 2024 (audited)** | 21,704 | 67,945 | 45,985 | 50,819 | 2,783 | 270 | 51 | 20,020 | 209,577 |
| Additions | - | - | - | - | - | 6 | - | 4,849 | 4,855 |
| Transfer from inventories (Notes 5.5) | - | 61,512 | - | 99 | - | - | - | - | 61,611 |
| Transfers from CWIP (Notes 5.3) | - | - | 9,479 | 14,808 | - | - | - | (24,287) | - |
| Transfer to inventories (Notes 5.4) | - | (6,500) | - | - | - | - | - | - | (6,500) |
| Write-off (Note 22) | - | (24) | - | - | - | - | - | - | (24) |
| **At 31 March 2025** | **21,704** | **122,933** | **55,464** | **65,726** | **2,783** | **276** | **51** | **582** | **269,519** |
| **Accumulated depreciation:** | | | | | | | | | |
| At 1 January 2024 | 516 | - | - | - | 649 | 75 | - | - | 1,240 |
| Charge for the year | 842 | 9,985 | 816 | 1,904 | 536 | 61 | 3 | - | 14,147 |
| Transfer to inventories (Notes 5.4) | - | (2,237) | - | - | - | - | - | - | (2,237) |
| **At 31 December 2024 (audited)** | 1,358 | 7,748 | 816 | 1,904 | 1,185 | 136 | 3 | - | 13,150 |
| Charge for the period | 137 | 6,240 | 442 | 981 | 140 | 17 | 3 | - | 7,960 |
| Transfer to inventories (Notes 5.4) | - | (180) | - | - | - | - | - | - | (180) |
| **At 31 March 2025** | **1,495** | **13,808** | **1,258** | **2,885** | **1,325** | **153** | **6** | **-** | **20,930** |
| **Net carrying amount:** | | | | | | | | | |
| **At 31 March 2025 (unaudited)** | **20,209** | **109,125** | **54,206** | **62,841** | **1,458** | **123** | **45** | **582** | **248,589** |
| At 31 December 2024 (audited) | 20,346 | 60,197 | 45,169 | 48,915 | 1,598 | 134 | 48 | 20,020 | 196,427 |

**5 Property and equipment** *(continued)*

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 building falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

5.2 Capital work-in-progress pertains to data centers which are under construction in Ethiopia. The management of the Group expects the projects relating to capital work-in-progress to be completed in Q2 and Q3 2025.

5.3 During the prior year ended 31 December 2024, two new asset classes i.e., data centres and machinery were introduced upon completion of capital work in progress (CWIP). Therefore, during the period ended 31 March 2025, USD 24,287 thousand (2024 (audited): 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.

5.4 During the period, mining equipment costing USD 6,500 thousand (2024 (audited): USD 19,866 thousand) and accumulated depreciation of USD 180 thousand (2024 (audited): USD 2,237 thousand) is transferred to inventory. The transfer is made as per the policy.

5.5 During the period, mining equipment has been transferred from inventory to property and equipment, as a result, an amount of USD 61,512 thousand (2024 (audited): USD 87,811 thousand) has been reclassified from inventory to property and equipment and depreciation charge of USD 6,240 thousand (2024 (audited); USD 9,985 thousand) has been recognised during the period. The reclassification is made in line with the Group's policy.

5.6 Management has determined that there are no indicators of impairment of the Group's property and equipment at the reporting date as the assets continue to operate in the normal course of business. Furthermore, the property and equipment's fair value are determined to be higher than their carrying amounts.

**6 Investment in associates**

The balance of investment in associates in the condensed consolidated interim statement of financial position are as follows:

| | ***As at 31 March* 2025 USD'000 (unaudited)** | *As at 31 December* 2024 USD'000 (audited) |
|---|---|---|
| Investment in Citadel Technologies Group LLC, (Citadel) | **49,432** | 53,660 |
| Investment in Lyvely FZE (Lyvely) | **-** | - |
| Investment in Bitzero Blockchain Inc. (Bitzero) | **-** | - |
| Investment in M2 Holdings Limited, (M2) | **-** | - |
| | **49,432** | 53,660 |

## 6 Investment in associates *(continued)*

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

| | ***31 March* 2025 USD'000 (unaudited)** | *31 December* 2024 USD'000 (audited) |
|---|---|---|
| At 1 January | **53,660** | 120,310 |
| Additions - Citadel | **1,951** | 11,904 |
| Dividends received - Citadel | **(4,598)** | (109,300) |
| Share of results | **(2,199)** | (6,922) |
| Distribution from Lyvely | **-** | (1,995) |
| Share of other comprehensive income | **618** | 39,663 |
| **At 31 March / 31 December** | **49,432** | 53,660 |

## 7 Digital assets

| | ***As at* *31 March* 2025 USD'000 (unaudited)** | *As at* *31 December* 2024 USD'000 (audited) |
|---|---|---|
| Digital assets – inventories *(a)* | **272,246** | 410,640 |
| Digital assets – intangibles *(b)* | **28,699** | 30,888 |
| | **300,945** | 441,528 |

*(a) Accounted under 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 condensed consolidated interim statement of 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 condensed consolidated interim 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.

**7 Digital assets** *(continued)*

*(a) Accounted under inventory methodology (continued)*

| | ***31 March 2025*** **USD'000 (unaudited)** | *31 December 2024* USD'000 (audited) |
|---|---|---|
| At 1 January | **410,640** | 136,710 |
| Additions as commodity contract (i) | **-** | 12,080 |
| Additions (ii) | **4,774** | 56,065 |
| Disposals as commodity contract | **-** | (14,987) |
| Disposals | **(437)** | (9,182) |
| Realised (loss) / gain | **(328)** | 4,529 |
| Change in fair value -unrealised | **(142,403)** | 225,425 |
| **At 31 March / 31 December** | **272,246** | 410,640 |

*(i)* During the prior 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 12.08 million. These 236.16 BTC's were kept as collateral with M2 Capital Limited against the finance amount. On 26 August 2024, the contract was closed and the finance amount is fully repaid resulting in a gain of USD 2.9 million.

*(ii)(a)* During the prior 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 20,000,000. 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 condensed consolidated interim 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 condensed consolidated interim financial statements in line with IFRS 13 guidance.

*(ii)(b)* During the prior 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 Phoenix. 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 condensed consolidated interim statement of the profit or loss. These tokens are traded in primary market, therefore these tokens are disclosed as Level 1 valuation on the condensed consolidated interim financial statements in line with IFRS 13 guidance.

*(iii)* The Group has pledged 83,269 SOL as collateral with Bybit Exchange in connection with a loan facility (Note 15).

**7 Digital assets** *(continued)*

*(b) Accounted under 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 condensed consolidated interim 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 condensed consolidated interim statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

**1) Bitcoin (BTC)**

| | **As at 31 March 2025 (unaudited)** | | As at 31 December 2024 (audited) | |
|---|---|---|---|---|
| | **Number of BTCs*** | **USD'000** | Number of BTCs | USD'000 |
| At 1 January | **131** | **12,339** | 40 | 1,681 |
| Additions on self-mined token (Note 19) | **222** | **20,673** | 1,661 | 106,843 |
| Dividend from citadel (Note 6) | **46** | **4,598** | 1,464 | 109,300 |
| Acquired during the year | **6** | **592** | 4 | 223 |
| Disposals | **(67)** | **(6,536)** | (3,038) | (217,552) |
| Realised (loss) / gain | **-** | **(1,956)** | - | 9,210 |
| Change in fair value | **-** | **(1,806)** | - | 2,634 |
| **At 31 March / 31 December** | **338** | **27,904** | 131 | 12,339 |

* Out of the total 338 BTC, 276 BTC have been pledged as collateral with Bybit Exchange against a loan facility (Note 15).

**2) USD Tether (USDT)**

| | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| At 1 January | **18,549** | 1,609 |
| Additions during the year | **36,942** | 86,251 |
| Acquired on disposal of BTCs | **6,536** | 217,552 |
| Disposals | **(61,232)** | (286,863) |
| **At 31 March / 31 December** | **795** | 18,549 |

*(c) Unrealised (loss)/gain on digital assets*

| | ***Three-month period ended 31 March (unaudited)*** | |
|---|---|---|
| | **2025 USD'000** | 2024 USD'000 |
| (Loss)/gain digital assets – inventories | **(142,403)** | 73,131 |
| (Loss)/gain digital assets – intangibles | **(1,806)** | 1,638 |
| | **(144,209)** | 74,769 |

**7 Digital assets** *(continued)*

*(c) Unrealised (loss)/gain on digital assets (continued)*

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

| | ***Three-month period ended 31 March (unaudited)*** | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| MMX | **(90,726)** | 68,570 |
| SOL | **(32,542)** | - |
| UNCN | **(12,038)** | - |
| LVLY | **(5,375)** | - |
| ETH | **(2,029)** | - |
| BTC | **(1,806)** | 6,199 |
| FAH - Falcon | **260** | - |
| Others | **47** | - |
| | **(144,209)** | 74,769 |

The total digital assets portfolio amounts to USD 300,945 thousand, which includes liquid digital assets valued at USD 5,913 thousand. These are classified as intangible assets to comply with relevant IFRS. The Group actively utilizes 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.

**8 Inventories**

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.

| | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| Finished goods | **31,017** | 34,668 |
| Stock in-transit | **-** | 23,819 |
| | **31,017** | 58,487 |
| Provision for obsolescence | **(534)** | (1,879) |
| | **30,483** | 56,608 |

## 8 Inventories *(continued)*

Movement of inventories is as follows:

| | ***31 March 2025*** **USD'000** **(unaudited)** | *31 December 2024* USD'000 (audited) |
|---|---|---|
| As at 1 January | **56,608** | 73,262 |
| Net purchases | **35,549** | 138,528 |
| Inventory consumed | **(6,354)** | (59,725) |
| Transferred from property and equipment (Note 5.4) | **6,320** | 17,629 |
| Transferred from CWIP | **-** | 1,812 |
| Transferred to CWIP | **-** | (3,100) |
| Transferred to property and equipment (Note 5.5) | **(61,611)** | (87,951) |
| Inventory written off | **(29)** | (21,968) |
| Provision for obsolescence | **-** | (1,879) |
| **At 31 March / 31 December** | **30,483** | 56,608 |

## 9 Trade receivables

| | ***As at 31 March 2025*** **USD'000** **(unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| Gross - trade receivables | **20,998** | 28,840 |
| Provision for expected credit losses | **(1,314)** | (2,302) |
| Net trade receivables | **19,684** | 26,538 |

Out of the above balance of trade receivables, USD NIL (2024 (audited): USD 190 thousand) relates to a related party (note 13(i)(a)).

Management has performed the expected credit loss assessment and recorded an expected credit loss of USD 1,314 thousand in the condensed consolidated interim financial statements during the period ended 31 March 2025.

## 10 Advances, deposits and other receivables

| | ***As at 31 March 2025*** **USD'000** **(unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| Advance to suppliers | **122,873** | 143,418 |
| Deposits | **13,789** | 15,190 |
| VAT receivable | **1,265** | 1,159 |
| Prepaid expenses | **3,969** | 5,171 |
| Other receivables | **394** | 395 |
| Others | **86** | 42 |
| | **142,376** | 165,375 |

### 10 Advances, deposits and other receivables *(continued)*

Analysed as follows:

| | *As at 31 March 2025* USD'000 (unaudited) | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| Non-current | **119,873** | 138,551 |
| Current | **22,503** | 26,824 |
| | **142,376** | 165,375 |

During the prior year ended 31 December 2024, mining equipment which were initially classified under inventories were reclassified to property and equipment. As a result, the advances which were made for the purchase of inventory 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:

| | *2025* USD'000 Advances (unaudited) | *2025* USD'000 Deposits (unaudited) |
|---|---|---|
| At 1 January – audited | **143,418** | **15,190** |
| Additions | **22,425** | **1,631** |
| Refunds received | **(1,148)** | **-** |
| Transfer | **3,000** | **(3,000)** |
| Utilised | **(44,822)** | **(32)** |
| **At 31 March** | **122,873** | **13,789** |

### 11 Cash and short-term deposits

| | *As at 31 March 2025* USD'000 (unaudited) | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| Cash at bank and on hand | **16,317** | 20,310 |

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 300,945 thousand, which includes liquid digital assets valued at USD 5,913 thousand. These are classified as intangible assets to comply with relevant IFRS. The Group actively utilizes 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.

**12 Share capital, share premium, other reserves and own shares**

*(i) Share capital and share premium*

| | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| *Authorised issued and fully paid:* | | |
| 6,048,823,529 shares of USD 0.027 each (2024 (audited): 6,048,823,529 shares of USD 0.027 each) | **164,706** | 164,706 |
| Share premium | **345,882** | 345,882 |
| | **510,588** | 510,588 |

*(ii) Other reserves*

| | ***Revaluation reserve*** (Note a) **USD'000** | ***Foreign currency translation reserve*** (Note b) **USD'000** | ***Fair value through other comprehensive income*** (Note c) **USD'000** | ***Total*** **USD'000** |
|---|---|---|---|---|
| At 1 January 2024 | 11,380 | (112) | 13,243 | 24,511 |
| Movement for the period | (584) | (47) | 51,507 | 50,876 |
| Realized gain transferred to retained earnings | - | - | (56,863) | (56,863) |
| At 31 December 2024 (audited) | 10,796 | (159) | 7,887 | 18,524 |
| Movement for the period | (73) | (2) | (3,144) | (3,219) |
| Realised loss transferred to retained earnings | - | - | 1,956 | 1,956 |
| **At 31 March 2025 (unaudited)** | **10,723** | **(161)** | **6,699** | **17,261** |

*(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 condensed consolidated interim 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 relates to the Group's share of other comprehensive income from associate and fair value gain on the digital assets held as intangible assets.

*(iii) Own shares*

During the prior 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.

**12 Share capital, share premium, other reserves and own shares** *(continued)*

*(iii) Own shares (continued)*

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 the 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 prior year ended 31 December 2024, the Group has paid an amount of USD 10 million to the Market Maker to fund the purchase of it's own shares. At 31 March 2025, the Market Maker held 495,944 shares at the average cost of AED 0.916 per share amounting to the value of USD 124 thousand of the Company's shares on behalf of the Group. The realized loss for the period ended 31 March 2025 is USD 27 thousand (2024 (audited): USD 1,667 thousand) on shares sold has been presented in retained earnings respectively. Further, the Market Maker has repaid an amount of USD 6,000 thousand, in last year ended 31 December 2024 and the remaining balance is classified as advances in the condensed consolidated interim statement of financial position.

**13 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 major 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 and the board of directors.

**i. <u>Related party balances</u>**

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

*(a) Trade receivables*

| | Relationship | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|---|
| M2 Capital Limited, UAE | Affiliate of an associate | **-** | 190 |
| | | **-** | 190 |

*(b) Due from related parties*

| | Relationship | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|---|
| Phoenix Technology Solutions B.V. | Common directorship | **280** | 223 |
| Phoenix Pyramids Re Holding Limited | Common directorship | **11** | 11 |
| Phoenix Cleo Re Holding Limited | Common directorship | **10** | 10 |
| Phoenix Technology Consultants | Common directorship | **5** | 5 |
| Falcon Group Limited | Common directorship | **1** | 1 |
| | | **307** | 250 |

**13 Related party transactions and balances** *(continued)*

**i. Related party balances** *(continued)*

*(c) Advances from related parties*

| | Relationship | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|---|
| M2 Capital Limited | Affiliate of an associate | **1,482** | 2,015 |
| | | **1,482** | 2,015 |

This amount is included in advance from customers (Note 16)

*d) Trade and other payables*

| | Relationship | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|---|
| Munaf Ali | Director | **-** | 182 |

*e) Loan from related parties:*

| | Relationship | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|---|
| Munaf Ali | Director | **-** | 9,318 |
| Seyedmohammed Alizadehfard | Shareholder | **-** | 10,000 |
| | | **-** | 19,318 |

During the prior year ended 31 December 2024, Phoenix Group PLC entered into a loan agreement with its shareholders, Mr. Seyedmohammed Alizadehfard and Mr. Munaf Ali, whereby they provided interest-free loans amounting to a total of USD 22,000 thousand comprising USD 10,000 thousand from Mr. Seyedmohammed Alizadehfard and USD 12,000 thousand from Mr. Munaf Ali.

During 2025, the Company repaid USD 4,000 thousand of the loan to Mr. Seyedmohammed Alizadehfard. Subsequently, the shareholders voluntarily and unconditionally waived the remaining outstanding loan balance of USD 18,000 thousand. The waiver was granted as an expression of shareholder support and was provided without any consideration, issuance of additional shares, or incurrence of any further financial obligations by the Company. Consequently, the waived amount has been recognized directly within condensed consolidated interim statement of changes in equity for the period ended 31 March 2025. This demonstrates the continued confidence of its founding shareholders in the Company's long-term strategy and growth prospects.

# Phoenix Group PLC

## Notes to the condensed consolidated interim financial statements *(continued)*
## For the three-month period ended 31 March 2025

**13 Related party transactions and balances** *(continued)*

**ii. Related party transactions**

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

| | | *Three-month period ended 31 March (unaudited)* | |
|---|---|---|---|
| | | **2025** | 2024 |
| **Revenue** | **Relationship** | **USD'000** | USD'000 |
| M2 Capital Limited | Affiliate of an associate | **864** | 19,371 |
| Munaf Ali | Director | **-** | 1,652 |
| Seyedmohammed Alizadehfard | Shareholder | **-** | 860 |

| | | *Three-month period ended 31 March (unaudited)* | |
|---|---|---|---|
| | | **2025** | 2024 |
| **Expense** | **Relationship** | **USD'000** | USD'000 |
| **Interest on loan:** | | | |
| M2 Capital Limited | Affiliate of an associate | **355** | 188 |
| WAS Four Investment – Sole Proprietorship L.L.C("WAS") | Affiliate of major shareholder | **-** | 8,071 |

| | *Three-month period ended 31 March (unaudited)* | |
|---|---|---|
| | **2025** | 2024 |
| **Other transactions** | **USD'000** | USD'000 |
| Investment in Citadel Technologies Group LLC | **1,951** | 2,668 |
| Repayment of capital contribution | **-** | 24,995 |
| Repayment of loan to M2 | **10,000** | - |
| Loan from M2 Capital Ltd | **-** | 12,080 |
| Repayment of loan from shareholder | **4,000** | - |
| Waiver of loan from shareholders | **15,318** | - |
| Payment of end of service benefits to key management personnel | **393** | - |
| Board members' fee | **171** | 229 |

**iii. Compensation of key management personnel**

The remuneration of key management personnel are as follows:

| | *Three-month period ended 31 March (unaudited)* | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| Salaries and other benefits | **722** | 547 |
| End of service benefits | **29** | 22 |
| | **751** | 569 |
| Number of key management personnel | **2** | 2 |

## 14 Employees' end of service benefits

The movement in the employee's end of service benefits is as follows:

| | ***31 March 2025*** **USD'000 (unaudited)** | *31 December 2024* USD'000 (audited) |
|---|---|---|
| At 1 January | **1,312** | 859 |
| Charge for the period /year | **142** | 506 |
| Paid during the period/year | **(409)** | (53) |
| At 31 March / 31 December | **1,045** | 1,312 |

## 15 Interest-bearing loans

The amounts recognised in the condensed consolidated interim statement of financial position is as follows:

| | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| Non-current | **3,327** | 3,376 |
| Current | **27,804** | 15,180 |
| | **31,131** | 18,556 |

The movement in interest-bearing loans is as follows:

| | ***31 March 2025*** **USD'000 (unaudited)** | *31 December 2024* USD'000 (audited) |
|---|---|---|
| At 1 January | **18,556** | 3,722 |
| Proceeds | **23,114** | 27,080 |
| Repayments | **(10,539)** | (12,246) |
| **At 31 March / 31 December** | **31,131** | 18,556 |

| | **Interest rate** | **Maturity** | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|---|---|
| Bybit Loan** | Variable 3% to 12.5% | Note 15.1 | **22,620** | **-** |
| M2 Capital Limited Loan* | 15% | 31-Mar-2025 | **5,000** | 15,000 |
| FAB loan | EIBOR+3% | 06-Oct-2036 | **3,511** | 3,556 |

### 15 Interest-bearing loans *(continued)*

*The loan from M2 Capital Limited along with interest which was due to be paid on 31 March 2025, was subsequently paid in April 2025.

**As of 31 March 2025, the Company has outstanding margin loans from Bybit exchange totalling USD 22,620 thousand. These were originally received in the form of digital assets and were converted to USD. These loans are collateralized by a pledge of 276 Bitcoin (BTC) and 83,269 Solana (SOL) tokens. Under the terms of the margin loan agreements, the Company maintains the flexibility to fully repay the outstanding loan balances at any time in order to reclaim the pledged digital assets. The pledged assets remain the property of the Company, subject to the security interest held by the exchange until the loans are settled. The value of the pledged BTC and SOL is subject to market volatility, which may impact the loan-to-collateral ratio and could result in margin calls, if necessary. The Company actively monitors the value of its collateral to ensure ongoing compliance with margin requirements and to manage its exposure to potential market fluctuations.

15.1 Under the terms of the margin loan agreements, the Company retains the flexibility to fully repay the outstanding loan balances at any time in order to reclaim the pledged digital assets. In the event that the loan-to-value ("LTV") ratio reaches 95%, the loan will automatically be liquidated through the sale of the pledged assets. Following the repayment of the outstanding balance, any remaining digital assets will be returned to the Company and transferred back to its designated wallet.

### 16 Other liabilities

| | ***As at 31 March 2025*** **USD'000 (unaudited)** | *As at 31 December 2024* USD'000 (audited) |
|---|---|---|
| Provision for expenses | **12,360** | 14,189 |
| Advances received from customers (i) | **5,350** | 7,861 |
| Deposit received | **2,694** | 2,802 |
| Provision for leave salary | **834** | 1,230 |
| Other payables | **2,074** | 1,285 |
| | **23,312** | 27,367 |

*(i)* This includes amount of USD 1,482 thousand (2024 (audited): USD 2,015 thousand) which is from a related party (Note 13(i)(c)).

### 17 Commitments

Commitments in respect of capital expenditure contracted but not incurred amounted to USD 10,165 thousand (2024 (audited): USD 4,177 thousand).

### 18 Contingencies

At 31 March 2025, the Group and its associates had no contingent liabilities (2024 (audited): USD Nil).

### 19 Revenue from contracts with customers

*(a) Type of revenue*

| | *Three-month period ended 31 March* | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| *Revenue from contracts with customers:* | | |
| • Sales of ASICs, wallets, and equipment | **6,798** | 27,670 |
| • Hosting revenue | **3,789** | 19,516 |
| • Mining revenue | **20,673** | 21,600 |
| Service income | **-** | 146 |
| | **31,260** | 68,932 |

*(b) Geographical markets*

| | | |
|---|---|---|
| Outside UAE | **31,223** | 68,780 |
| Within UAE | **37** | 152 |
| | **31,260** | 68,932 |

*(c) Timing of revenue recognition*

| | | |
|---|---|---|
| At a point in time | **6,798** | 27,670 |
| Over the time | **24,462** | 41,262 |
| | **31,260** | 68,932 |

### 20 Direct costs

| | *Three-month period ended 31 March* | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| Opening inventory | **58,487** | 73,262 |
| Add: purchases and other direct costs | **35,549** | 45,143 |
| Add: transfer from property and equipment | **6,320** | - |
| Less: transfer to property and equipment | **(61,611)** | - |
| Less: inventory written off | **(1,374)** | - |
| Less: closing inventory | **(31,017)** | (102,237) |
| **Cost of inventory consumed** | **6,354** | 16,168 |
| Hosting electricity costs | **4,114** | 18,382 |
| Mining expenses* | **14,479** | 11,080 |
| Warehouse expenses | **14** | 24 |
| | **24,961** | 45,654 |

*Represents electricity expenses incurred in operation of mining machines.

### 21 General and administrative expenses

| | Three-month period ended 31 March | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| Staff costs | **3,423** | 2,674 |
| Site expenses | **1,409** | 1,283 |
| Legal and professional fees | **1,050** | 830 |
| Management fee | **917** | 798 |
| Office and other expenses | **382** | 80 |
| Insurance | **301** | 64 |
| Penalties and compensation | **162** | - |
| Auditor's remuneration | **155** | 21 |
| Travelling and entertainment | **244** | 147 |
| Short-term lease | **201** | 55 |
| Utility and communication expenses | **51** | 18 |
| Other expenses | **43** | 12 |
| Recruitment expenses | **40** | 50 |
| Bank charges | **26** | 81 |
| Repair and maintenance | **15** | 11 |
| | **8,419** | 6,124 |

### 22 Provisions, impairments and write-down, net

| | Three-month period ended 31 March | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| Inventory written off | **29** | 26 |
| Asset written off | **24** | - |
| Recovery of impaired receivables | **(826)** | - |
| Provision for obsolescence of inventory | **-** | 18,839 |
| | **(773)** | 18,865 |

### 23 Other operating income

| | Three-month period ended 31 March | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| Staking income* | **648** | - |
| Miscellaneous income | **379** | 68 |
| Rebate income | **-** | 5,899 |
| | **1,027** | 5,967 |

*The SOL referenced in Note 7(ii)(a) are staked on the network, generating yield in the form of SOL credited to the wallet. These yields are valued consistently with the valuation method outlined in Note 7(ii)(a).

## 24 Earnings per share

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

| | ***Three-month period ended 31 March*** | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| (Loss) / profit for the period | **(153,597)** | 66,150 |
| Weighted average number of ordinary shares in issue | **6,048,324,487** | 6,048,823,529 |
| Basic and diluted (loss) / earnings per share | **(0.025)** | 0.011 |

## 25 Finance costs

| | ***Three-month period ended 31 March*** | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| Interest on interest-bearing loans | **111** | 78 |
| Interest expense on related party loan* | **355** | 8,259 |
| Interest on leases | **6** | 9 |
| | **472** | 8,346 |

*The interest expense includes amount of USD 355 thousand (2024 (unaudited): USD 8,259 thousand) which is paid / accrued to related party (Note 13(ii)).

## 26 Segment reporting

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

Non-current assets of the Group by geography are as follows:

| | ***As at 31 March 2025*** | *As at 31 December 2024* |
|---|---|---|
| | **USD'000** | USD'000 |
| **Geography** | **(unaudited)** | (audited) |
| United States of America | **167,298** | 112,556 |
| Sultanate of Oman | **37,506** | 39,151 |
| United Arab Emirates | **22,086** | 22,148 |
| Canada | **21,546** | 22,572 |
| Ethiopia | **153** | - |
| | **248,589** | 196,427 |

Sales to two major customers of the Group are around 76.97% of the Group's total sales during the three-month period ended 31 March 2025 (31 March 2024: 57%).

### 27 Income tax

The Group calculates the period 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 condensed consolidated interim statement of profit or loss are:

| | ***Three-month period ended 31 March*** | |
|---|---|---|
| | **2025** | 2024 |
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(unaudited)* |
| Current income tax expense | **-** | 6,542 |
| Current income tax expense on other comprehensive income | **-** | 147 |
| Deferred tax | **795** | - |
| | **795** | 6,689 |

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

| | **2025** | 2024 |
|---|---|---|
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(audited)* |
| **Accounting (loss) / profit before taxation** | **(154,392)** | 166,992 |
| Income not subject to tax | **145,565** | 48,378 |
| Accounting (loss)/ profit subject to tax | **(8,827)** | 215,370 |
| Prima facie tax expense at 9% | **(795)** | 19,383 |
| Exempt income | **-** | (21,134) |
| Other adjustments | **-** | 1,371 |
| Deferred tax credit reported in the condensed consolidated interim statement of profit or loss | **(795)** | (380) |

The major components of income tax expense for the period / year ended 31 March 2025 and 31 December 2024 are:

| | **2025** | 2024 |
|---|---|---|
| | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(audited)* |
| *Deferred tax credit:* | | |
| Temporary differences due to tax losses | **8,827** | 4,223 |
| Deferred tax credit at 9% | **795** | 380 |
| Deferred tax credit reported in the condensed consolidated interim statement of profit or loss | **795** | 380 |

**<u>Deferred tax credit</u>**

| | **Condensed consolidated interim statement of financial position** | | **Condensed consolidated interim statement of profit or loss** | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | ***(unaudited)*** | *(audited)* | ***(unaudited)*** | *(audited)* |
| *Deferred tax assets:* | | | | |
| Losses available for offset against future taxable income | **1,175** | 380 | **795** | 380 |
| | **1,175** | 380 | **795** | 380 |

**28 Reconciliation of assets and liabilities arising from financing activities**

| | Interest-bearing loans – due within one year USD'000 | Interest-bearing loans – due after one year USD'000 | Non-Interest-bearing loans – due after one year USD'000 | Lease liabilities – due within one year USD'000 | Lease liabilities – due after one year USD'000 | Total USD'000 |
|---|---|---|---|---|---|---|
| At 1 January 2024 | 165 | 3,557 | - | 272 | 357 | 4,351 |
| Cash flows | (41) | - | - | - | - | (41) |
| Non-cash movement | 12,314[1] | (45) | - | - | 9 | 12,278 |
| **At 31 March 2024 (unaudited)** | **12,438** | **3,512** | **-** | **272** | **366** | **16,588** |
| At 1 January 2025 | 15,180 | 3,376 | 19,318 | 390 | - | 38,264 |
| Cash flows | (10,539) | - | (4,000) | - | - | (14,539) |
| Additions | 23,114 | - | - | - | - | 23,114 |
| Non-cash movement | 49 | (49) | (15,318)[2] | 6 | - | (15,312) |
| **At 31 March 2025 (unaudited)** | **27,804** | **3,327** | **-** | **396** | **-** | **31,527** |

[1] This includes non-cash addition of loan received in the form of BTC amounting to USD 12,081 thousand and interest accumulated of USD 188 thousand.
[2]This non-cash adjustment represents the adjustment made to the condensed consolidated interim statement of changes in equity upon waiver of outstanding shareholders' loan.

**29 Events after the reporting date**

After the reporting date, there was a significant decline in the market value of certain digital asset held by the Group. As of the date of approval of these condensed consolidated interim financial statements, the estimated reduction in value of MMX Token held by the Group is approximately 85%, equivalent to around USD 41.9 million. This decline does not affect the amounts reported as at the reporting date.