

Phoenix Group PLC

DIRECTORS' REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

Phoenix Group PLC

Directors' report and condensed consolidated interim financial statements *for the six-month period ended 30 June 2026*

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Phoenix Group PLC

Directors' report

for the six-month period ended 30 June 2026

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 six-month period ended 30 June 2026.

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, Ethiopia 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 strategically expanding beyond its core digital asset infrastructure business by establishing an AI and High-Performance Computing (AI/HPC) data centre platform. This initiative represents a significant step in the Group's long-term growth strategy, leveraging its expertise in developing and operating large-scale, energy-intensive digital infrastructure to serve the rapidly growing demand for artificial intelligence and high-performance computing workloads.

Results for the period

For the six-month period ended 30 June 2026, the Group reported revenue of USD 42,320 thousand (30 June 2025 (unaudited): USD 60,392 thousand) and loss for the period attributable to the shareholders of USD 91,027 thousand (30 June 2025 (unaudited): loss of USD 182,768 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 14 of the accompanying condensed consolidated interim financial statements.

Directors

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

Independent auditors

RAI Audit and Tax Services was appointed as the external auditors for the financial year 2026, in the annual general meeting held on 24 April 2026.

On behalf of the Board of Directors

Signed by:

 A05333098C404EB
 H.E. Tareq Abdulraheem Al Hosani
 Chairman of the board

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 (the "Company") and its subsidiaries (together the "Group") as at 30 June 2026 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three and six-month periods then ended and interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of these 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 these 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 mining 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 Audit and Tax Services,



Sajjad Ahmad

16 July 2026

Abu Dhabi

United Arab Emirates

Phoenix Group PLC

Condensed consolidated interim statement of financial position As at 30 June 2026

		<i>As at</i> 30 June 2026 USD'000 (unaudited)	<i>As at</i> 31 December 2025 USD'000 (audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	5	283,067	317,936
Investment in associates	6	24,976	36,298
Investments at FVTPL	7	45,898	16,947
Advances and deposits	11	13,283	14,647
Deferred tax asset	29	-	2,956
		<u>367,224</u>	<u>388,784</u>
Current assets			
Digital assets	8	197,549	266,854
Inventories	9	133	136
Advances, deposits and other receivables	11	13,434	13,883
Trade receivables	10	2,317	9,027
Due from a related party	14	275	162
Cash and bank balances	12	11,728	5,404
		<u>225,436</u>	<u>295,466</u>
Total assets		<u>592,660</u>	<u>684,250</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13(i)	164,706	164,706
Share premium	13(i)	345,882	345,882
Other reserves	13(ii)	9,935	(539)
Statutory reserve		14	14
Retained earnings		22,100	123,957
Own shares	13(iii)	(654)	(281)
Equity attributable to the shareholder of the Parent Company		<u>541,983</u>	<u>633,739</u>
Non-controlling interest	31	1	-
Net Equity		<u>541,984</u>	<u>633,739</u>
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	15	1,286	1,218
Interest-bearing loans	16	2,952	3,095
		<u>4,238</u>	<u>4,313</u>

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Condensed consolidated interim statement of financial position As at 30 June 2026

		<i>As at</i> 30 June 2026 USD'000 (unaudited)	<i>As at</i> 31 December 2025 USD'000 (audited)
	Notes		
Current liabilities			
Due to a related party	14	3	3
Interest-bearing loans	16	30,881	22,596
Trade payables		3,416	5,105
Other liabilities	17	12,138	18,494
		46,438	46,198
Total liabilities		50,676	50,511
Total equity and liabilities		592,660	684,250

These condensed consolidated interim financial statements were authorised for issue on 16 July 2026 and signed by:

Signed by:

 A05333098C404FB
H.E. Tareq Abdulraheem Al Hosani
 Chairman of the board

Signed by:

 37797D5A373F481
Munaf Ali
 CEO & Board Member

The notes 1 to 32 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 30 June 2026

	Notes	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
		2026	2025	2026	2025
		USD'000 (unaudited)	USD'000 (unaudited)	USD'000 (unaudited)	USD'000 (unaudited)
Revenue	20	19,011	29,132	42,320	60,392
Other income	21	1,326	500	2,316	1,526
		20,337	29,632	44,636	61,918
<u>Expenses</u>					
Self-mining electricity costs		(8,365)	(14,487)	(19,430)	(28,967)
Hosting electricity costs		(3,428)	(3,227)	(6,845)	(7,341)
Cost of inventories consumed	22	-	(3,300)	(2)	(9,654)
Staff costs	23	(3,582)	(3,789)	(7,151)	(8,129)
Other operating expenses	24	(5,232)	(4,474)	(10,235)	(9,151)
Foreign exchange gain / (loss)		3	24	(14)	10
Adjusted EBITDA*		(267)	379	959	(1,314)
Depreciation and amortisation		(14,398)	(9,626)	(27,940)	(17,756)
Operating loss		(14,665)	(9,247)	(26,981)	(19,070)
Share of results of associates – net of tax	6	(4,530)	(2,510)	(9,529)	(4,709)
Fair value changes in investments at FVTPL	7	31,122	(181)	30,567	(181)
Unrealised loss on digital assets - inventories	8	(18,994)	(23,659)	(46,392)	(166,062)
Realised gain on sale of digital assets – inventories	8	142	8,299	1,780	7,971
Loss on revaluation of digital assets - intangibles		(2,574)	-	(19,408)	-
(Impairments/ write-offs) and reversals	25	(217)	3	(17,517)	778
Finance income		-	59	-	117
Finance costs	27	(275)	(227)	(591)	(699)
Loss before tax for the period		(9,991)	(27,463)	(88,071)	(181,855)
Income tax expense	29	-	(1,707)	(2,956)	(913)
Loss for the period		(9,991)	(29,170)	(91,027)	(182,768)
Loss for the period attributable to:					
The Shareholders		(9,991)	(29,170)	(91,027)	(182,768)
Non-controlling interest		-	-	-	-
		(9,991)	(29,170)	(91,027)	(182,768)
Loss per share					
Basic and diluted (USD)	26	(0.002)	(0.005)	(0.015)	(0.03)

*Adjusted EBITDA is a non-IFRS measure and refers to earnings before finance income/(costs), tax, depreciation, amortisation, fair value gain / (losses) on digital assets (both realised and unrealised), unrealised gain / (loss) on financial assets at FVTPL, loss on revaluation of digital assets – intangibles, impairments, write-offs and reversals and share of results of associates. Operating loss is a non- IFRS measure and refers to Adjusted EBITDA after depreciation and amortisation.

The notes 1 to 32 form an integral part of these condensed consolidated interim financial statements.

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Condensed consolidated interim statement of comprehensive income For the period ended 30 June 2026

	Notes	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
		2026	2025	2026	2025
		USD'000 (unaudited)	USD'000 (unaudited)	USD'000 (unaudited)	USD'000 (unaudited)
Loss after tax for the period		(9,991)	(29,170)	(91,027)	(182,768)
<i>Other comprehensive income/(loss)</i>					
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange loss on retranslation of foreign subsidiaries - net of taxes		3	(80)	(11)	(83)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income from associate – net of tax	6	-	1,245	(153)	1,864
Gain on revaluation of digital assets intangibles – net of tax	8	-	9,291	-	5,529
Other comprehensive (loss) / income for the period		3	10,456	(164)	7,310
Total comprehensive loss for the period		(9,988)	(18,714)	(91,191)	(175,458)
Total comprehensive loss for the period attributable to:					
The Shareholders		(9,988)	(18,714)	(91,191)	(175,458)
Non-controlling interest		-	-	-	-
		(9,988)	(18,714)	(91,191)	(175,458)

The notes 1 to 32 form an integral part of these condensed consolidated interim financial statements.

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Condensed consolidated interim statement of changes in equity For the six-month period ended 30 June 2026

	Share capital <i>Note 13(i)</i> USD'000	Share premium <i>Note 13(i)</i> USD'000	Other reserves <i>Note 13(ii)</i> USD'000	Statutory reserve USD'000	Retained earnings USD'000	Own shares USD'000	Equity attributable to the shareholders of the Parent Company USD'000	Non- controlling interest USD'000	Total equity USD'000
At 1 January 2025 (audited)	164,706	345,882	18,524	14	362,898	(263)	891,761	-	891,761
Loss for the period	-	-	-	-	(182,768)	-	(182,768)	-	(182,768)
Other comprehensive income	-	-	7,310	-	-	-	7,310	-	7,310
Total comprehensive income / (loss) for the period	-	-	7,310	-	(182,768)	-	(175,458)	-	(175,458)
Own shares sold (net of purchases) (Note 13 (iii))	-	-	-	-	-	251	251	-	251
Realised gain transferred to retained earnings	-	-	(9,333)	-	9,333	-	-	-	-
Depreciation on revalued asset	-	-	(146)	-	146	-	-	-	-
Waiver of shareholder loan	-	-	-	-	15,318	-	15,318	-	15,318
Loss on sale of own shares sold	-	-	-	-	(25)	-	(25)	-	(25)
At 30 June 2025 (unaudited)	164,706	345,882	16,355	14	204,902	(12)	731,847	-	731,847
At 1 January 2026 (audited)	164,706	345,882	(539)	14	123,957	(281)	633,739	-	633,739
Loss for the period	-	-	-	-	(91,027)	-	(91,027)	-	(91,027)
Other comprehensive loss	-	-	(164)	-	-	-	(164)	-	(164)
Total comprehensive loss for the period	-	-	(164)	-	(91,027)	-	(91,191)	-	(91,191)
Own shares sold (net of purchases) (Note 13 (iii))	-	-	-	-	-	(373)	(373)	-	(373)
Addition in non-controlling interest	-	-	-	-	-	-	-	1	1
Realised loss transferred to retained earnings (Note 13 (ii) (c))	-	-	10,784	-	(10,784)	-	-	-	-
Depreciation on revalued asset	-	-	(146)	-	146	-	-	-	-
Loss on sale of own shares sold ((Note 13 (iii))	-	-	-	-	(192)	-	(192)	-	(192)
At 30 June 2026 (unaudited)	164,706	345,882	9,935	14	22,100	(654)	541,983	1	541,984

The notes 1 to 32 form an integral part of these condensed consolidated interim financial statements.

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Condensed consolidated interim statement of cash flows For the six-month period ended 30 June 2026

		<i>Six-month period ended 30 June (unaudited)</i>	
		2026	2025
	Notes	USD'000	USD'000
Operating activities			
Loss before tax for the period		(88,071)	(181,855)
Adjustments for:			
Depreciation on property and equipment	5	27,940	17,412
Amortisation on intangible assets		-	229
Depreciation on right-of-use asset		-	115
Share of results of associates	6	9,529	4,709
Unrealised loss on digital assets - inventories	8	46,392	166,062
Realised gain on sale of digital assets – inventories	8	(1,780)	(7,971)
Loss on revaluation of digital assets – intangibles	8	19,408	-
Unrealised (gain) / loss on investment at FVTPL	7	(29,383)	181
Realised gain on investments at FVTPL	7	(1,184)	-
Staking income	21	(751)	(1,059)
Impairments/ write-offs and (reversals)	25	17,517	(778)
Employees' end of service benefits provision	15	109	228
Finance costs	28	591	699
Finance income		-	(117)
		317	(2,145)
Changes in working capital:			
Inventories		2	(124,178)
Trade receivables		6,704	14,316
Advances, deposits and other receivables		1,811	113,937
Due from related parties		(113)	(107)
Digital assets		21,022	5,863
Trade payables		687	(700)
Other liabilities		(6,356)	(10,742)
		24,074	(3,756)
Employees' end of service benefits paid		(41)	(523)
Net cash from / (used in) operating activities		24,033	(4,279)
Investing activities			
Purchase of property and equipment	5	(12,955)	(5,446)
Investment in an associate	6	(5,555)	(6,214)
Investment in financial asset at FVTPL		(75)	(750)
Finance income received		-	117
Disposal of investment at FVTPL		1,691	-
Net cash flows used in investing activities		(16,894)	(12,293)

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Condensed consolidated interim statement of cash flows *(continued)* For the six-month period ended 30 June 2026

		<i>Six-month period ended</i> <i>30 June (unaudited)</i>	
		2026	2025
	Notes	USD'000	USD'000
Financing activities			
Proceeds from interest-bearing loans	16	-	45,273
Repayment of interest-bearing loans	16	(124)	(35,698)
Finance cost paid		(116)	(688)
Advances and (purchases) / net sales of own shares		(565)	226
Repayment of shareholders' loan	14	-	(4,000)
Additions in NCI	31	1	-
Net cash flows (used in) / generated from financing activities		(804)	5,113
Net increase / (decrease) in cash and cash equivalents		6,335	(11,459)
Net foreign exchange difference		(11)	(83)
Cash and cash equivalents at 1 January		5,404	20,310
Cash and cash equivalents at 30 June	11	11,728	8,768
Significant non-cash transactions			
Proceeds from interest bearing loan	16	44,433	-
Repayment for interest bearing loan	16	(36,290)	-
Repayment of finance cost	8	(352)	-
Receipt of dividend from associate	6	7,239	-
Reversals of property and equipment against trade payables	5	(2,376)	-

The cash and cash equivalents stated above do not include liquid digital assets valued at USD 26,846 thousand, as detailed in Note 8(c) and Note 12. 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.

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Notes to the condensed consolidated interim financial statements For the six-month period ended 30 June 2026

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 Company’s ordinary shares were listed on the Abu Dhabi Stock Exchange (ADX) on 5 December 2023. 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 principal place of business of the Group is Office 2901, Boulevard Plaza T2, Burj Khalifa, Dubai, 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, Ethiopia 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 strategically expanding beyond its core digital asset infrastructure business by establishing an AI and High-Performance Computing (AI/HPC) data centre platform. This initiative represents a significant step in the Group's long-term growth strategy, leveraging its expertise in developing and operating large-scale, energy-intensive digital infrastructure to serve the rapidly growing demand for artificial intelligence and high-performance computing workloads.

During the reporting period, Phoenix DCMaX 1 LuxCo S.à r.l. was incorporated as a Luxembourg holding company, with the Group subscribing for a 90% equity interest. The entity was established as the investment and holding vehicle for the Group's strategic AI/HPC data centre development platform in Europe. (refer note 31).

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 statements for the year ended 31 December 2025, 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 six-month period ended 30 June 2026 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 2025 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS 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 six-month period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for digital assets, investments measured at fair value through profit or loss and building, which are measured at revaluation model. 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 disclosed in note 8, these digital assets are subject to market volatility of crypto industry.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

2 Summary of material accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Going concern assumption *(continued)*

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 utilisation 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.

Sensitivity analysis performed by management, including a stress test of digital assets prices, indicates that the prices need to reduce significantly below the prices at the date of approval of these consolidated financial statements before a going concern event occurs. Further management's analysis indicates that a reasonably possible adverse movement in digital asset prices would not result in a liquidity shortfall over the forecast period, as mitigating actions, including adjustments to the timing of asset realisation and discretionary expenditure, remain available. Accordingly, management concluded that preparation of these consolidated financial statements on the basis of going concern is appropriate.

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 2026. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The amendment 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 and amendment (IFRS 19)
- Annual improvements to IFRS Accounting Standards (Volume 11)
- Translation to a Hyperinflationary presentation currency (Amendments to IFRS 21)
- Regulatory assets and regulatory liabilities (IFRS 20)
- Fair value option for investments in associates and joint ventures (Amendment to 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 2025, except as disclosed below.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

3 Significant accounting judgements, estimates and assumptions *(continued)*

i) *Impairment of property and equipment*

Management has applied judgement in assessing impairment of property and equipment where operational capacity has reduced due to external factors. Based on this, impairment is recognised on a proportionate basis to reflect the reduction in available capacity, even where assets remain operational and are expected to generate future economic benefits, including through potential redeployment. The assessment involves estimation uncertainty, particularly in relation to future utilisation levels, alternative use of assets and expected economic benefits.

ii) *Taxation*

The Group has exercised significant judgement in assessing the recoverability of deferred tax assets. Based on management's current forecasts and expectations, the Group does not anticipate generating sufficient taxable profits in the foreseeable future against which the deferred tax assets can be utilised. Accordingly, no deferred tax asset has been recognised in these condensed consolidated interim financial statements. As a result of this assessment, any deferred tax asset previously recognised has been reversed during the current period.

iii) *Assessment of Control over Investee Entities*

A key judgement applied in preparing these condensed consolidated interim financial statements relates to the assessment of control over certain investee entities in accordance with IFRS 10 Consolidated Financial Statements. Under IFRS 10, control exists when the Group has (i) power over the investee, (ii) exposure, or rights, to variable returns, and (iii) the ability to use its power to affect those returns.

Determining whether these criteria are met requires management to exercise judgement, particularly when:

- ownership interests are significant but do not, on their own, convey clear control;
- contractual arrangements allocate decision-making authority beyond equity shareholding; or
- governance structures give one party the practical ability to direct activities that significantly affect returns.

In forming its conclusions, management evaluates factors such as:

- substantive rights over relevant activities, including rights arising from development, management, or operational agreements;
- Board representation and voting rights, and whether they provide practical decision-making power; responsibility for directing key operational or development activities; and
- the link between exposure to variable returns and the ability to influence those returns.

During the period, the Group entered into a strategic partnership with Neprith S.a r.l. and DC Max Group S.a r.l., (refer note 31) pursuant to which a new entity, Phoenix DCMaX 1 LuxCo S.a r.l., was incorporated. Under this arrangement, the Group holds a 90% equity interest, is entitled to an 85% share of profits, and has majority representation on the board through the appointment of three out of four directors. Based on these factors, management has determined that the Group possesses substantive rights over the relevant activities and has the power to direct key operational and development decisions. Accordingly, the investment in Phoenix DCMaX 1 LuxCo S.a r.l. has been accounted for as a subsidiary.

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.

While the Group prepares its condensed consolidated interim financial statements under the historical cost convention except for measurement at fair value of digital assets, building and investment in financial asset, 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.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

4 Fair value estimation *(continued)*

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 30 June 2026 and 31 December 2025:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
30 June 2026 (unaudited)				
<i>Assets which are at fair value</i>				
Building (Note 5)	-	21,704	-	21,704
Investment at FVTPL (Note 7)	32,017	13,498	383	45,898
Digital assets (Note 8)	197,549	-	-	197,549
	229,566	35,202	383	265,151
31 December 2025 (audited)				
<i>Assets which are at fair value</i>				
Building (Note 5)	-	21,704	-	21,704
Investment at FVTPL (Note 9)	11,575	5,068	304	16,947
Digital assets (Note 8)	266,854	-	-	266,854
	278,429	26,772	304	305,505

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 30 June 2026 and 31 December 2025, there are no transfers within the levels of fair value measurements.

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Notes to the condensed consolidated interim financial statements *(continued)*

For the six-month period ended 30 June 2026

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 2025	21,704	67,945	45,985	50,819	2,783	270	51	75,783	265,340
Additions	-	127	-	5,999	3	21	168	15,171	21,489
Transfers from inventories (Note 5.4)	-	28,606	-	197	-	-	-	121,723	150,526
Transfers from CWIP	-	110,688	17,149	25,831	17	-	-	(153,685)	-
Transfer to inventories (Note 5.3)	-	(14,658)	-	(185)	-	-	-	(4,644)	(19,487)
Impairment of assets	-	-	(29,355)	(21,904)	-	-	-	-	(51,259)
Write-off	-	(24)	-	-	(663)	-	-	(279)	(966)
At 31 December 2025 (audited)	21,704	192,684	33,779	60,757	2,140	291	219	54,069	365,643
Additions	-	-	881	165	6	52	-	11,851	12,955
Transfers from CWIP	-	26,731	627	3,122	-	-	-	(30,480)	-
Reclassification	-	-	92	(92)	-	-	-	-	-
Reversals	-	-	-	(2,376)	-	-	-	-	(2,376)
Write-off / Impairment (Note 25)	-	(8,817)	(2,867)	(11,051)	-	-	-	(893)	(23,628)
At 30 June 2026 (unaudited)	21,704	210,598	32,512	50,525	2,146	343	219	34,547	352,594
Accumulated depreciation:									
At 1 January 2025	1,358	7,748	816	1,904	1,185	136	3	-	13,150
Charge for the year	550	31,974	1,618	4,274	517	62	34	-	39,029
Transfer to inventories (Note 5.3)	-	(1,140)	-	(6)	-	-	-	-	(1,146)
Impairment of assets	-	-	(1,255)	(1,869)	-	-	-	-	(3,124)
Write-offs	-	-	-	-	(202)	-	-	-	(202)
At 31 December 2025 (audited)	1,908	38,582	1,179	4,303	1,500	198	37	-	47,707
Charge for the period	275	24,870	667	1,975	212	30	25	-	28,054
Reclassification	-	-	11	(11)	-	-	-	-	-
Reversals	-	-	-	(114)	-	-	-	-	(114)
Write-off / Impairment	-	(4,407)	(268)	(1,445)	-	-	-	-	(6,120)
At 30 June 2026 (unaudited)	2,183	59,045	1,589	4,708	1,712	228	62	-	69,527
Net carrying amount:									
At 30 June 2026 (unaudited)	19,521	151,553	30,923	45,817	434	115	157	34,547	283,067
At 31 December 2025 (audited)	19,796	154,102	32,600	56,454	640	93	182	54,069	317,936

Phoenix Group PLC

Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

5 Property and equipment *(continued)*

- 5.1 The fair value of the building was 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 the building falls under level 2 of fair value hierarchy (i.e. significant observable inputs). The last valuation was done through an independent valuer in 2025.
- 5.2 Capital work-in-progress (CWIP) amounting to USD 26,399 thousand relates to the Group's traditional self-mining business and primarily comprises the construction of self-mining data centre facilities in Texas, USA and Ethiopia. Management expects these projects to be substantially completed by the end of September 2027. The remaining USD 8,148 thousand of CWIP relates to the Group's new AI/HPC data centre business vertical and represents expenditure incurred on the Group's inaugural AI/HPC data centre project in Lyon, France. Management expects this project to be completed during the first quarter of 2028.
- 5.3 During the period ended 30 June 2026 mining equipment costing USD Nil (31 December 2025: USD 14,658 thousand) and accumulated depreciation of USD Nil (31 December 2025: USD 1,140 thousand) were transferred to inventories.
- 5.4 During the period ending 30 June 2026, mining equipment has been transferred from inventories to property and equipment, as a result, an amount of USD Nil (31 December 2025: USD 28,606 thousand) has been reclassified from inventories to property and equipment, at the carrying value.
- 5.5 Management assessed indicators of impairment for the Group's property and equipment as at the reporting date in accordance with IAS 36. This assessment considered both internal and external factors, including operational performance of mining sites, utilisation of assets, forecast cash flows, and prevailing market conditions, including movements in digital asset prices. Except as disclosed below, the assets continue to operate in the normal course of business and remain capable of generating positive economic benefits. While Bitcoin prices experienced volatility during the period, management determined that this did not constitute an impairment trigger, as the Group's operations remain cash-generative based on current hash rates, power tariffs, and projected mining economics. Accordingly, no impairment indicators were identified in respect of property and equipment, and no impairment charge has been recognised for the period, except where specifically disclosed.

i) Oman Site operations

During the period ended 30 June 2026, the electricity vendor at the Oman site experienced a reduction in its allocated supply from the primary provider, resulting in a downward revision of the Group's capacity from 45 MW to 27 MW. In light of this reduction of supply, the Group has recognised an impairment charge of USD 11,622 thousand in respect of the site, including USD 4,411 thousand relating to mining equipment, USD 2,599 related to data centres and remaining relates to machinery. The impairment has been determined on a proportionate basis, reflecting the reduction in the site's operational capacity. While the affected miners remain operational and are expected to be redeployed to alternative locations, the impairment has been recognised on a prudent basis to reflect the reduced capacity and current utilisation levels at the site. During the prior year ended 31 December 2025, the Group had committed to pay USD 5,940 thousand towards the development of new substations, which was capitalised during the previous year. Following the subsequent revision in the Group's allocated capacity, the committed amount was re-negotiated, resulting in a reduction of USD 2,376 thousand.

ii) USA Site operations

During the year ended 31 December 2025, management identified indicators of impairment for the cash-generating unit (CGU) at the South Carolina site following a significant increase in electricity tariffs, which materially increased costs, led to projected losses, and rendered the site economically unviable. Management therefore decided to permanently cease mining operations. At that date, the site comprised of machinery and data centers with carrying amounts of USD 29,988 thousand and USD 30,997 thousand respectively. Out of these carrying amounts, machinery of USD 20,035 thousand and data center of USD 28,100 thousand were impaired, as the assets were not redeployable.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

5 Property and equipment *(continued)*

ii) USA Site operations *(continued)*

During the period ended 30 June 2026, the Group completed the demolition of the South Carolina site. Data centre assets integrated with the building were demolished, resulting in an additional write-off of USD 4,995 thousand recognised in condensed consolidated interim statement of profit or loss. The mining equipment with a net book value of USD 17,269 thousand remains capitalised within property and equipment and continues to be depreciated. While not currently in use, these assets are intended for redeployment to other Group sites and, accordingly, have not been classified as held for sale or further impaired, as management expects future economic benefits from their redeployment.

6 Investment in associates

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

	<i>As at</i> 30 June 2026 USD'000 (unaudited)	<i>As at</i> 31 December 2025 USD'000 (audited)
Investment in Citadel Technologies Group LLC (Citadel)	24,976	36,298
Investment in Lyvely FZE (Lyvely)*	-	-
Investment in M2 Holdings Limited (M2)*	-	-
	<u>24,976</u>	<u>36,298</u>

*These investment in associates were fully impaired in prior years.

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:

	<i>30 June</i> 2026 USD'000 (unaudited)	<i>31 December</i> 2025 USD'000 (audited)
At 1 January	36,298	53,660
Additions – Citadel	5,555	13,485
Dividends received - Citadel	(7,195)	(19,730)
Share of results	(9,529)	(11,187)
Share of other comprehensive loss	(153)	70
At 30 June / 31 December	<u>24,976</u>	<u>36,298</u>

7 Investments at FVTPL

	<i>As at</i> 30 June 2026 USD'000 (unaudited)	<i>As at</i> 31 December 2025 USD'000 (audited)
Bitzero Holding Inc. (i)	45,303	16,194
Anagram Assets LP (ii)	595	753
	<u>45,898</u>	<u>16,947</u>

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

7 Investments at FVTPL *(continued)*

i) Investment in Bitzero Holdings Inc

	<i>30 June</i> 2026 USD'000 <i>(unaudited)</i>	<i>31 December</i> 2025 USD'000 <i>(audited)</i>
At 1 January	16,194	-
Transfer from investment in associate and initial recognition at fair value	-	27,564
Disposal of shares	(1,691)	-
Gain on disposal of shares	1,184	-
Fair value gain / (loss)	29,616	(11,370)
At 30 June / 31 December	45,303	16,194

ii) Investments in Anagram Assets LP

	<i>30 June</i> 2026 USD'000 <i>(unaudited)</i>	<i>31 December</i> 2025 USD'000 <i>(audited)</i>
At 1 January	753	-
Investment made during the period	75	825
Fair value loss	(233)	(72)
At 30 June / 31 December	595	753

8 Digital assets

	<i>As at</i> <i>30 June</i> 2026 USD'000 <i>(unaudited)</i>	<i>As at</i> <i>31 December</i> 2025 USD'000 <i>(audited)</i>
Digital assets – inventories <i>(a)</i>	137,553	174,003
Digital assets – intangibles <i>(b)</i> :		
- BTC <i>(b)(i)</i>	33,150	56,869
- USDT & USDC <i>(b)(ii)</i>	26,846	35,982
	197,549	266,854

(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.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

8 Digital assets *(continued)*

(a) Accounted under inventory methodology (continued)

	30 June 2026 USD'000 (unaudited)	31 December 2025 USD'000 (audited)
At 1 January	174,003	410,640
Additions	12,936	16,037
Disposals	(4,774)	(65,452)
Impairment	-	(1,269)
Realise gain	1,780	37,307
Change in fair value - unrealised	(46,392)	(223,260)
At 30 June / 31 December	137,553	174,003

During the period ended 30 June 2026, the Group acquired 79,208 Solana (SOL) tokens through recognised digital asset exchanges for a total consideration of USD 8,000 thousand. In addition, the Group acquired 1,843,318 SUI tokens through recognised digital asset exchanges for a consideration of USD 2,000 thousand. The new SOL and SUI tokens were purchased by liquidating the USDC. The Group also recognised digital assets received in prior periods, including 52,009 TON tokens received under a contractual arrangement with Telegram Inc., with an aggregate value of USD 166 thousand, and 31,354 Solana (SOL) tokens received under a contractual arrangement with Galaxy Digital, valued at USD 2,007 thousand. Further, during the current period, the Group earned staking income of 7,180 Solana (SOL) tokens, with a fair value of USD 751 thousand at the time of recognition. During the period, the Group exchanged 350,000 Solana (SOL) tokens for 314,200 Binance Staked SOL (BNSOL) tokens as part of its digital asset management activities.

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 Group has pledged 229,300 SOL and 314,200 BNSOL as collateral with Binance Exchange in connection with a loan facility (Note 16).

(b) Accounted under intangible asset methodology

The Group carries out mining of digital assets and recognises 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 recognised 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.

i) Bitcoin (BTC)

	As at 30 June 2026 (unaudited)		As at 31 December 2025 (audited)	
	Number of BTCs	USD'000	Number of BTCs	USD'000
At 1 January	641	56,869	131	12,339
Additions on self-mined token (Note 20)	453	33,703	836	84,037
Dividend from citadel (Note 6)	95	7,195	194	19,730
Acquired during the period / year	-	-	119	10,614
Disposals	(630)	(45,209)	(639)	(68,454)
Realised (loss) / gain*	-	(9,027)	-	9,387
Change in fair value*	-	(10,381)	-	(10,784)
At 30 June / 31 December	559	33,150	641	56,869

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

8 Digital assets *(continued)*

(b) Accounted under intangible asset methodology (continued)

Out of the total 559 BTC, 559 BTC (31 December 2025: 505 BTC) have been pledged as collateral with Binance Exchange against a loan facility (Note 16).

* During the period, realised loss and changes in fair value on BTC amounting to USD 19,408 thousand were recognised in the condensed consolidated interim statement of profit and loss, as no surplus was available in the revaluation reserve in respect of such assets. As at 30 June 2026, the cumulative fair value losses recognised in the retained earnings amount to USD 27,514 thousand.

ii) USDC and USDT

	<i>As at 30 June 2026 USD'000 (unaudited)</i>	<i>As at 31 December 2025 USD'000 (audited)</i>
USD coin	25,719	35,555
USD tether	1,127	427
At 30 June / 31 December	26,846	35,982

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

	<i>Six-month period ended 30 June (unaudited) 2026 USD'000</i>	<i>2025 USD'000</i>
Loss digital assets – inventories	(46,392)	(166,062)
Loss / (gain) digital assets – intangible assets	(10,381)	4,602
	(56,773)	(161,460)

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

	<i>Six-month period ended 30 June (unaudited) 2026 USD'000</i>	<i>2025 USD'000</i>
Solana (SOL)	(28,378)	(19,334)
Falcon (FAH)	(12,985)	2,000
Bitcoin (BTC)	(10,381)	4,602
Unseen (UNCN)	(2,100)	(27,750)
Lvyely (LVLY)	(2,075)	(15,675)
SUI (SUI)	(728)	-
TON (TON)	(101)	-
Ethereum (ETH)	-	255
MMX (MMX)	-	(105,557)
Others	(25)	(1)
	(56,773)	(161,460)

As at 30 June 2026, the Group's total digital-assets portfolio amounted to USD 197,549 thousand (31 December 2025: USD 266,854 thousand). This includes liquid digital assets with a carrying value of USD 59,996 thousand (31 December 2025: USD 92,851 thousand). Of the liquid digital assets, an amount of USD 33,150 thousand (31 December 2025: USD 44,887) has been pledged as collateral with Binance Exchange in connection with digital-asset-backed borrowings. These are classified as intangible assets to comply with the Group's accounting policy for digital assets.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

8 Digital assets *(continued)*

(c) Unrealised loss on digital assets (continued)

The Group actively utilises USDT in its daily operations, allowing for efficient management of its financial resources. Given the high liquidity of USDT (Tether), USDC (Coin) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT and USDC 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.

9 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.

Movement of inventories is as follows:

	<i>30 June</i> <i>2026</i> USD'000 <i>(unaudited)</i>	<i>31 December</i> <i>2025</i> USD'000 <i>(audited)</i>
At 1 January	136	2,724
Net purchases	-	145,706
Inventory consumed	(2)	(13,631)
Transferred from property and equipment (Note 5)	-	13,697
Transferred from CWIP (Note 5)	-	4,644
Transferred to CWIP (Note 5)	-	(121,723)
Transferred to property and equipment (Note 5)	-	(28,803)
Inventory written off (Note 25)	(1)	(2,478)
At 30 June / 31 December	133	136

10 Trade receivables

	<i>As at</i> <i>30 June</i> <i>2026</i> USD'000 <i>(unaudited)</i>	<i>As at</i> <i>31 December</i> <i>2025</i> USD'000 <i>(audited)</i>
Gross - trade receivables	2,436	9,140
Provision for expected credit losses, net	(119)	(113)
Net trade receivables	2,317	9,027

Out of the above balance of trade receivables, USD 336 thousand (31 December 2025 (audited): USD 350 thousand) relates to a related party (note 14(i)).

Management has performed the expected credit loss assessment and recorded an expected credit loss of USD 6 thousand (31 December 2025 (audited): reversal of loss allowance amounting to USD 1,512 thousand) in the condensed consolidated interim financial statements during the period ended 30 June 2026.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

11 Advances, deposits and other receivables

	<i>As at</i> 30 June 2026 USD'000 (unaudited)	<i>As at</i> 31 December 2025 USD'000 (audited)
Advance to suppliers	11,509	14,659
Deposits	9,735	8,010
Prepaid expenses	3,026	3,574
VAT receivable, net	2,207	2,142
Other receivables	240	145
	26,717	28,530

Analysed as follows:

	<i>As at</i> 30 June 2026 USD'000 (unaudited)	<i>As at</i> 31 December 2025 USD'000 (audited)
Non-current	13,283	14,647
Current	13,434	13,883
	26,717	28,530

Movement in advances and deposits is as follows:

	<i>As at 30 June 2026</i> (unaudited)	<i>As at 31 December 2025</i> (audited)		
	Advances USD'000	Deposits USD'000	Advances USD'000	Deposits USD'000
At 1 January	14,659	8,010	143,418	15,190
Additions	5,733	1,755	54,629	2,079
Transferred from deposits to trade receivables	-	-	-	(5,982)
Transfers	-	-	3,000	(3,000)
Refunds received	(136)	(30)	(5,272)	(22)
Utilised	(8,747)	-	(181,116)	(255)
At 30 June / 31 December	11,509	9,735	14,659	8,010

12 Cash and bank balances

	<i>As at</i> 30 June 2026 USD'000 (unaudited)	<i>As at</i> 31 December 2025 USD'000 (audited)
Cash on hand	150	98
Cash at bank	11,578	5,306
	11,728	5,404

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

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

12 Cash and bank balances *(continued)*

As at 30 June 2026, the Group's total digital-assets portfolio amounted to USD 197,549 thousand (31 December 2025: USD 266,854 thousand). This includes liquid digital assets with a carrying value of USD 59,996 thousand (31 December 2025: USD 92,851 thousand). Of the liquid digital assets, an amount of USD 33,150 thousand (31 December 2025: USD 44,887) has been pledged as collateral with Binance Exchange in connection with digital-asset-backed borrowings (refer Note 16). 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), USDC (Coin) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT and USDC 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.

13 Share capital, share premium, other reserves and own shares

(i) Share capital and share premium

	<i>As at 30 June 2026 USD'000 (unaudited)</i>	<i>As at 31 December 2025 USD'000 (audited)</i>
<i>Authorised issued and fully paid:</i>		
6,048,823,529 shares of USD 0.027 each (2025 (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

	<i>Revaluation reserve (Note a) USD'000</i>	<i>Foreign currency translation reserve (Note b) USD'000</i>	<i>Fair value through other comprehensive income (Note c) USD'000</i>	<i>Total USD'000</i>
At 1 January 2025	10,796	(159)	7,887	18,524
Movement for the period	(291)	(254)	(1,327)	(1,872)
Realised gain transferred to retained earnings	-	-	(17,191)	(17,191)
At 31 December 2025 <i>(audited)</i>	10,505	(413)	(10,631)	(539)
Movement for the period	(146)	(11)	10,631	9,155
At 30 June 2026 <i>(unaudited)</i>	10,359	(424)	-	9,935

(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 revaluation surplus on the digital assets held as intangible assets.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

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

(iii) Own shares

During the prior year ended 31 December 2025, the contract with the Market Maker was concluded, all outstanding shares were sold, and the pending advance balance was fully settled within the same period. Accordingly, during the same year, the Company engaged another third-party licensed Market Maker on the Abu Dhabi Securities Exchange.

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 2025, the Group paid USD 1,361 thousand to the market maker to fund the purchase of the Company's own shares under the market-making arrangement. As at 30 June 2026, the market maker held 3,531,204 of the Company's shares on behalf of the Group. The realised loss on shares sold during the period amounted to USD 192 thousand (31 December 2025: USD 87 thousand) and has been recognised directly in retained earnings.

14 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) Related party balances

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

		<i>As at 30 June 2026 USD'000 (unaudited)</i>	<i>As at 31 December 2025 USD'000 (audited)</i>
	Relationship		
<i>Trade receivables</i>			
M2 Capital Limited	Affiliate of an associate	<u>336</u>	<u>350</u>
<i>Due from a related party</i>			
Phoenix Technology Solutions B.V.	Common directorship	<u>275</u>	<u>162</u>
<i>Advance from a related party</i>			
M2 Capital Limited	Affiliate of an associate	<u>344</u>	<u>344</u>
<i>Due to a related party</i>			
Phoenix Pyramids Re Holding Limited	Common directorship	<u>3</u>	<u>3</u>

ii) Related party transactions

Transactions included in the condensed consolidated interim financial statements with its related parties are as follows:

		<i>Six-month period ended 30 June (unaudited) 2026 USD'000</i>	<i>2025 USD'000</i>
	Relationship		
<i>Revenue</i>			
M2 Capital Limited	Affiliate of an associate	<u>1,985</u>	<u>1,846</u>
<i>Finance cost</i>			
M2 Capital Limited	Affiliate of an associate	<u>-</u>	<u>355</u>

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

14 Related party transactions and balances *(continued)*

	<i>Six-month period ended 30 June (unaudited)</i>	
	2026 USD'000	2025 USD'000
Other transactions		
Investment in Citadel Technologies Group LLC	5,555	6,214
Board members' fee	98	229
Repayment of loan to M2	-	15,000
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

iii) *Compensation of key management personnel*

The remuneration of key management personnel is as follows:

	<i>Six-month period ended 30 June (unaudited)</i>	
	2026 USD'000	2025 USD'000
Salaries and other benefits	894	1,500
End of service benefits	32	45
	<u>926</u>	<u>1,545</u>
Number of key management personnel	<u>1</u>	<u>1</u>

15 Employees' end of service benefits

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

	<i>30 June 2026 USD'000 (unaudited)</i>	<i>31 December 2025 USD'000 (audited)</i>
At 1 January	1,218	1312
Charge for the period /year	109	465
Paid during the period/year	(41)	(559)
At 30 June / 31 December	<u>1,286</u>	<u>1,218</u>

16 Interest-bearing loans

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

	<i>As at 30 June 2026 USD'000 (unaudited)</i>	<i>As at 31 December 2025 USD'000 (audited)</i>
Non-current	2,952	3,095
Current	<u>30,881</u>	<u>22,596</u>
	<u>33,833</u>	<u>25,691</u>

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

16 Interest-bearing loans *(continued)*

The movement in interest-bearing loans is as follows:

			<i>30 June 2026 USD'000 (unaudited)</i>	<i>31 December 2025 USD'000 (audited)</i>
At 1 January			25,691	18,556
Proceeds			44,432	93,244
Repayments			(36,290)	(86,109)
At 30 June / 31 December			33,833	25,691
			<i>As at 30 June 2026 USD'000 (unaudited)</i>	<i>As at 31 December 2025 USD'000 (audited)</i>
Margin loans from cryptocurrency exchanges (refer Note 16.1):				
Bybit exchange	Variable 3% to 12.5%	Note 16.1	-	22,355
Binance exchange	Variable 3% to 5%	Note 16.1	30,621	-
FAB loan	EIBOR + 3%	06-Oct-2036	3,212	3,336
			33,833	25,691

16.1 Margin loans from cryptocurrency exchanges

During the period, the Group obtained margin loans from Binance exchange which has an outstanding balance of USD 30,621 thousand as at 30 June 2026. Margin loans obtained from Bybit in prior year were repaid during the period. Such margin loans are originally received in the form of digital assets and are converted to USD.

Under the terms of the margin loan agreements, the Group maintains the flexibility to fully repay the outstanding loan balances at any time in order to reclaim the pledged digital assets. The Group management expects the settlement of the margin loans within twelve months of the reporting period hence these are classified as current.

The margin loans are collateralised by a pledge of 559 BTC (31 December 2025 (audited): 505 BTC), 229,300 SOL (31 December 2025 (audited): Nil) and 314,200 BNSOL (31 December 2025 (audited): Nil). The pledged digital assets remain the property of the Group, subject to the security interest held by the exchange until the loans are settled. The value of the pledged digital assets is subject to market volatility, which may impact the loan-to-collateral ratio and could result in margin calls, if necessary. The interest rate on these loans fluctuates based on the demand and supply dynamics of borrowing activity on the platform. The Group actively monitors the value of its collateral to ensure ongoing compliance with margin requirements and to manage its exposure to potential market fluctuations.

In the event that the loan-to-value ("LTV") ratio reaches 91%, 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 Group and transferred back to its designated wallet.

17 Other liabilities

	<i>As at 30 June 2026 USD'000 (unaudited)</i>	<i>As at 31 December 2025 USD'000 (audited)</i>
Accrued expenses	5,369	3,940
Advances received from customers (i)	1,213	1,626
Deposit received from customers	2,144	2,297
Provision for leave salary	740	728
Other payables	2,672	9,903
	12,138	18,494

(i) This includes amount of USD 344 thousand (2025 (audited): USD 344 thousand) which is from a related party (Note 14(i)).

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

18 Commitments

As at 30 June 2026, the Group had contractual commitments of up to USD 13,656 thousand out of which USD 8,148 thousand has been paid and is part of Capital work in progress, remaining 5,508 thousand is part of the commitments (31 December 2025 (audited): USD 13,609 thousand), relating to the acquisition and development of its AI/HPC data centre project in Dardilly, France. The commitment comprises reimbursement of agreed development costs together with a contractual development premium under the executed project agreements.

The overall project is expected to require additional capital expenditure over its development period. However, future funding commitments are subject to approved business plans, shareholder approvals, financing arrangements and future capital calls. Accordingly, no contractual commitment has been recognised or disclosed in respect of such future project funding at the reporting date.

19 Contingencies

The Group and its associates had no contingencies as at 30 June 2026 and 31 December 2025.

20 Revenue

(a) Type of revenue

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Revenue from contracts with customers:</i>				
Hosting revenue	4,315	4,429	8,615	8,217
Sales of ASICs, wallets, and equipment	-	3,640	2	10,438
	4,315	8,069	8,617	18,655
<i>Revenue from other sources:</i>				
Mining revenue	14,696	21,063	33,703	41,737
	19,011	29,132	42,320	60,392

(b) Geographical markets

USA	10,073	19,704	21,431	41,304
Ethiopia	6,222	1,368	13,769	1,368
Oman	713	5,356	2,982	11,966
Canada	2,003	2,694	4,136	5,654
Within UAE	-	10	2	100
	19,011	29,132	42,320	60,392

(c) Timing of revenue recognition

At a point in time	-	3,640	2	10,438
Over time	19,011	25,492	42,318	49,954
	19,011	29,132	42,320	60,392

21 Other income

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Staking income*	411	411	751	1,059
Miscellaneous income**	915	89	1,565	467
	1,326	500	2,316	1,526

*The SOL referenced in Note 8(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 8(ii)(a).

** This comprises various income streams, including reversals of previously recognised provisions, interest income earned on cryptocurrency holdings, and other ancillary items.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

22 Cost of inventories consumed

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Opening inventory	134	31,017	136	2,724
Add: purchases and other direct costs	-	98,284	-	133,832
Add: transfer from property and equipment	-	3,279	-	9,600
Less: transfer to property and equipment	-	(10,439)	-	(16,288)
Less: transfer to CWIP	-	(117,525)	-	(117,524)
Less: inventory written off	(1)	-	(1)	(1,374)
Less: closing inventory	(133)	(1,316)	(133)	(1,316)
Cost of inventories consumed	-	3,300	2	9,654

23 Staff costs

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Basic Salary	3,278	3,687	6,751	7,869
End of service benefits	25	86	109	228
Other benefits	279	16	291	32
	3,582	3,789	7,151	8,129

24 Other operating expenses

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Site expenses	1,318	1,568	3,650	2,977
Legal and professional fees	1,236	832	1,938	1,882
Office and other expenses	528	398	834	779
Commission	-	357	87	357
Insurance	481	258	1,037	559
Advertisements	14	257	200	841
Short-term lease	232	211	506	412
Bank charges	50	175	116	201
Auditor's remuneration	175	147	349	302
Travelling and entertainment	377	114	562	358
Utility and communication expenses	39	61	79	111
Repair and maintenance	34	36	38	52
Warehouse expenses	98	30	129	44
Penalties and compensation	1	22	61	184
Other expenses	649	8	649	92
	5,232	4,474	10,235	9,151

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

25 Impairments / write-offs and (reversals)

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Impairment of assets (Note 5.6(i))	208	-	12,513	-
Inventory written off	1	-	1	29
Asset written off	-	-	4,995	24
Advances written off	2	-	2	-
Reversal / (provision) of doubtful debts	6	(3)	6	(831)
	217	(3)	17,517	(778)

26 Loss per share

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

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the period attributable to the parent	(9,991)	(29,170)	(91,027)	(182,768)
Weighted average number of ordinary shares in issue	6,045,935,406	6,048,507,684	6,046,576,077	6,048,416,592
Basic and diluted loss per share	(0.002)	(0.005)	(0.015)	(0.03)

27 Finance costs

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on interest-bearing loans	275	222	591	333
Interest expense on related party loan*	-	-	-	355
Interest on leases	-	5	-	11
	275	227	591	699

*The interest expense includes amount of USD Nil (30 June 2025 (unaudited): USD 355 thousand) which is paid to related party (Note 14(ii)).

28 Segment reporting

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

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

	<i>As at</i>	<i>As at</i>
	30 June	31 December
	2026	2025
	USD'000	USD'000
Geography	(unaudited)	(audited)
United States of America	133,495	147,309
Ethiopia	81,026	88,454
United Arab Emirates	20,043	22,776
Sultanate of Oman	20,608	38,175
Canada	19,747	21,222
France	8,148	-
	283,067	317,936

Sales to two major customers of the Group are around 53.77% of the Group's total sales during the six-month period ended 30 June 2026 (30 June 2025 (unaudited): 66.24%).

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

29 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:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax expense	-	533	-	533
Current income tax expense on other comprehensive income	-	-	-	-
Deferred tax expense / (income)	-	1,174	-	380
	<u>-</u>	<u>1,707</u>	<u>-</u>	<u>913</u>

29.1 Reconciliation between tax expense and accounting profit

	30 June 2026	31 December 2025
	USD'000	USD'000
	(unaudited)	(audited)
Accounting loss before taxation	(88,071)	(274,230)
Prima facie tax expense at 9%	(7,926)	(24,681)
Add: unrecognised deferred tax on foreign entities tax losses	3,095	504
Add: unrecognised deferred tax on UAE entities tax losses	1,642	-
Less: effect of the 0% tax bracket (up to 375,000 AED)	(356)	16,672
Less: other comprehensive income	(14)	(148)
Add: non-deductible expenses	859	1,239
Add: shareholders loan waived off	-	1,620
Add: transfer pricing adjustment for tax purpose	-	2,066
Add: effect of the election for the realisation method	2,680	1,108
Add: deferred tax on the taxable loss of the period	-	1,620
Add: adjusted non-taxable income	20	-
Current income tax expense provision	<u>-</u>	<u>-</u>

The major components of income tax expense for the period / year ended 30 June 2026 and 31 December 2025 are:

	2026	2025
	USD'000	USD'000
	(unaudited)	(audited)
<i>Deferred tax credit:</i>		
Temporary differences due to tax losses and unrealised losses	29,782	11,094
Deferred tax credit at 9%	2,680	998
Taxable losses for the period / year	1,728	1,620
Deferred tax asset on prior period adjustment	-	(42)
Unrecognised deferred tax assets	(4,409)	-
Deferred tax on opening balance	2,956	380
Reversal of opening deferred tax assets	(2,956)	-
Deferred tax as at 30 June / 31 December	<u>-</u>	<u>2,956</u>

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

29 Income tax *(continued)*

Consolidated statement of financial position		Condensed consolidated interim statement of profit or loss for the three-month period ended	
2026	2025	30 June 2026	30 June 2025
USD'000	USD'000	USD'000	USD'000
<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Deferred tax assets:</i>			
Losses available for offset against future taxable income	-	(2,956)	795
	-	(2,956)	795

30 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	Total USD'000
At 1 January 2025	15,180	3,376	19,318	390	38,264
Repayments	(45)	-	(4,000)	-	(4,045)
Non-cash movement	12,669	(49)	(15,318) ¹	6	(2,692)
At 30 June 2025 <i>(unaudited)</i>	27,804	3,327	-	396	31,527
At 1 January 2026	22,596	3,095	-	-	25,691
Repayments	(124)	-	-	-	(124)
Non-cash movement	8,409	(143)	-	-	8,266
At 30 June 2026 <i>(unaudited)</i>	30,881	2,952	-	-	33,833

¹ This non-cash adjustment represents the adjustment made to the condensed consolidated interim statement of changes in equity upon waiver of outstanding shareholders' loan.

31 Material subsidiaries with non-controlling interests

During the reporting period, Phoenix DCMaX 1 LuxCo S.à r.l. was incorporated as a Luxembourg holding company, with the Group subscribing for a 90% equity interest. The entity was established as the investment and holding vehicle for the Group's strategic AI/HPC data centre development platform in Europe.

The platform's initial project involves the development of an AI/HPC data centre in Dardilly, Lyon, France. Phoenix DCMaX 1 LuxCo S.a r.l. holds a 100% equity interest in the DARDILLY DC 1, established to own, develop and operate the Dardilly project and to facilitate the Group's planned expansion of AI/HPC infrastructure across Europe.

Following the acquisition, the Group obtained control over Phoenix DCMaX 1 LuxCo S.a r.l. and has consolidated its financial position and results from the date control was obtained. The remaining 10% equity interest continues to be held by Neprith S.a r.l. and is presented within equity as a non-controlling interest in the consolidated financial statements.

Subsequent changes in the carrying amount of the non-controlling interest represent its proportionate share of the subsidiary's profit or loss, other comprehensive income, and other movements in equity attributable to the non-controlling shareholder.

At the reporting date, the non-controlling interest represents 10% ownership interest in Phoenix DCMaX 1 LuxCo S.a r.l.

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Notes to the condensed consolidated interim financial statements *(continued)* For the six-month period ended 30 June 2026

32 Geopolitical developments in the region

On 28 February 2026, certain regional geopolitical developments arose within the broader Gulf region. Management continues to closely monitor the evolving situation in the UAE and the wider region and has performed an assessment of the potential implications on the Group's operations, liquidity, financial position and cash flows. Based on the assessment performed to date, no material adverse impact has been identified on the Group's operations, liquidity or financial position, and management has concluded that there is no material uncertainty that would cast significant doubt on the Group's ability to continue as a going concern. This conclusion is supported by the Group's diversified operational footprint across multiple geographies globally, which mitigates concentration risk and enhances operational resilience.