

Phoenix Group PLC
(formerly known as Phoenix Group Ltd)

**REVIEW REPORT AND CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Directors' report and condensed consolidated interim financial statements for six months period ended 30 June 2024

<i>Contents</i>	<i>Pages</i>
Directors' report	1
Report on review of condensed consolidated interim financial statements	2
Condensed consolidated interim statement of financial position	3 - 4
Condensed consolidated interim statement of profit or loss	5
Condensed consolidated interim statement of comprehensive income	6
Condensed consolidated interim statement of changes in equity	7
Condensed consolidated interim statement of cash flows	8 - 9
Notes to the condensed consolidated interim financial statements	10 - 27

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Directors' report

for the six months period ended 30 June 2024

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 months period ended 30 June 2024.

Principal activities

The Group is a technology conglomerate bringing cutting-edge blockchain solutions to an expansive market. The Group offers a comprehensive range of services, from high-performance computing machines trading and data centre hosting. The Group develops, operates, and manages highly specialised data centres, hosting high-performance computing power for digital asset across the UAE, Oman, 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 six months period ended 30 June 2024, the Group reported revenue of USD 120,138,733 (30 June 2023 (unaudited): USD 160,807,139) and profit after tax for the period attributable to the shareholders of USD 122,284,588 (30 June 2023 (unaudited): USD 48,152,293).

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
- Seyedmohammad Alizadehfard
- Munaf Ali

Independent auditors

RAI LLP was appointed as the external auditors for the financial year 2024, in the annual general meeting held on 24 April 2024.

On behalf of the Board of Directors


Munaf Ali
Group Managing Director &
Board Member

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 30 June 2024 and the related condensed consolidated interim statements of profit or loss and condensed consolidated interim statement of comprehensive income for the three and six-month periods then ended and interim condensed consolidated statement 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 this condensed consolidated interim financial statement 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 statement 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.

Other Matter

The Condensed Consolidated Interim Financial Statements of the Group for the six months period ended 30 June 2023 were not reviewed.

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

25 July 2024

Abu Dhabi, United Arab Emirates

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Condensed consolidated interim statement of financial position As at 30 June 2024

	Notes	<i>As at 30 June 2024 USD (unaudited)</i>	<i>As at 31 December 2023 USD (audited)</i>
ASSETS			
Non-current assets			
Property and equipment	5	115,062,547	103,968,923
Right-of-use asset		564,521	680,484
Intangible assets		268,163	35,165
Investment in associates	6	67,709,293	120,310,026
Advances, deposits and other receivables	10	17,665,051	11,025,386
		<u>201,269,575</u>	<u>236,019,984</u>
Current assets			
Digital assets	7	321,281,836	140,000,124
Inventories	8	139,187,253	73,261,697
Trade receivables	9	16,429,534	33,061,633
Advances, deposits and other receivables	10	229,288,536	153,493,985
Due from related parties	13	149,449	2,550
Cash and short-term deposits	11	11,952,085	198,164,555
		<u>718,288,693</u>	<u>597,984,544</u>
Total assets		<u>919,558,268</u>	<u>834,004,528</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12(i)	164,705,882	164,705,882
Share premium	12(i)	345,882,353	345,882,353
Other reserves	12(ii)	58,691,967	24,511,190
Contribution from shareholders		-	24,994,908
Statutory reserve		13,615	13,615
Retained earnings		259,053,941	137,012,032
Own shares	12(iii)	(5,813,319)	-
Total equity		<u>822,534,439</u>	<u>697,119,980</u>
LIABILITIES			
Non-current liabilities			
Lease liability		238,784	356,991
Employees' end of service benefits	14	1,012,004	858,965
Interest-bearing loans	15	3,467,621	3,556,500
		<u>4,718,409</u>	<u>4,772,456</u>

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Condensed consolidated interim statement of financial position As at 30 June 2024

	Notes	<i>As at 30 June 2024 USD (unaudited)</i>	<i>As at 31 December 2023 USD (audited)</i>
Current liabilities			
Lease liability		272,294	272,294
Due to related parties	13	12,254	54,710,583
Interest-bearing loans	15	12,892,620	165,487
Trade payables		4,970,538	575,497
Provision for taxation		12,065,543	-
Other liabilities	16	62,092,171	76,388,231
		<u>92,305,420</u>	<u>132,112,092</u>
Total liabilities		<u>97,023,829</u>	<u>136,884,548</u>
Total equity and liabilities		<u>919,558,268</u>	<u>834,004,528</u>

These condensed consolidated interim financial statements were authorised for issue on 25 July 2024 and signed by:



Seyed Mohammad Alizadehfard
Group CEO and Board Member



Munaf Ali
Group Managing Director &
Board Member

The notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Condensed consolidated interim statement of profit or loss For the six months period ended 30 June 2024

	Notes	<i>Six months period ended 30 June</i>		<i>Three months period ended 30 June</i>	
		2024	2023	2024	2023
		USD <i>(unaudited)</i>	USD <i>(unaudited)</i>	USD <i>(unaudited)</i>	USD <i>(unaudited)</i>
Revenue from contract with customers	19	120,138,733	160,807,139	51,206,667	78,858,931
Direct costs	20	(73,411,776)	(105,871,825)	(33,656,565)	(52,521,001)
Gross profit		46,726,957	54,935,314	17,550,102	26,337,930
General and administrative expenses	22	(18,809,556)	(9,433,020)	(12,402,425)	(6,259,707)
Selling and distribution expenses		(753,719)	(235,607)	(523,895)	(141,954)
Provision on inventory	8	(18,839,058)	-	-	-
Foreign exchange loss		(28,073)	27,951	(14,741)	31,263
Expected credit loss on receivables		(1,323,225)	1,307,914	(1,323,225)	1,307,914
Other operating income	21	341,825	1,791,594	273,379	311,055
Operating profit		7,315,151	48,394,146	3,559,195	21,586,501
Share of results from associates	6	452,626	-	(2,322,303)	1,825,103
Unrealised gain/(loss) on digital assets at FVTPL	7	133,269,373	(77,281)	60,137,977	(61,388)
Realised gain on sale of digital assets at FVTPL		1,072,572	-	802,572	-
Finance income		1,106,134	-	-	-
Finance costs	24	(8,881,953)	(164,572)	(536,347)	(75,400)
Profit before tax for the period		134,333,903	48,152,293	61,641,094	23,274,816
Income tax	26	(12,049,315)	-	(5,506,962)	-
Profit for the period attributable to the shareholders		122,284,588	48,152,293	56,134,132	23,274,816
Earnings per share					
Basic and diluted (USD)	23	0.020	0.009	0.009	0.005

The notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Condensed consolidated interim statement of comprehensive income For the six months period ended 30 June 2024

	Notes	<i>Six months period ended 30 June</i>		<i>Three months period ended 30 June</i>	
		2024 USD <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>	2024 USD <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>
Profit after tax for the period		122,284,588	48,152,293	56,134,132	23,274,816
<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		(10,456)	(83,950)	(10,078)	(59,061)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income/(loss) of associate – net of tax	6	34,454,388	1,243,640	(177,004)	1,243,640
Gain/(loss) on revaluation of digital assets – net of tax	7	174,538	-	(1,316,051)	-
Other comprehensive income/(loss) for the period		34,618,470	1,159,690	(1,503,133)	1,184,579
Total comprehensive income for the period attributable to the shareholders		156,903,058	49,311,983	54,630,999	24,459,395

The notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Condensed consolidated interim statement of changes in equity For the six months period ended 30 June 2024

	Share capital Note 12(i) USD	Share premium Note 12(i) USD	Own Shares USD	Statutory reserve USD	Retained earnings USD	Other reserves Note 12(ii) USD	Shareholders current account USD	Contribution from shareholders USD	Total equity USD
At 1 January 2023 (unaudited)	10,000	-	-	13,615	82,182,560	11,354,664	9,019,377	4,015,995	106,596,211
Profit for the period	-	-	-	-	48,152,293	-	-	-	48,152,293
Other comprehensive income	-	-	-	-	-	1,159,690	-	-	1,159,690
Total comprehensive income for the period	-	-	-	-	48,152,293	1,159,690	-	-	49,311,983
Repayment of capital contribution Dividend	-	-	-	-	(13,000,000)	-	-	(2,287,064)	(13,000,000)
Movement during the period	-	-	-	-	-	-	45,052,527	-	45,052,527
At 30 June 2023 (unaudited)	10,000	-	-	13,615	117,334,853	12,514,354	54,071,904	1,728,931	185,673,657
At 1 January 2024 (audited)	164,705,882	345,882,353	-	13,615	137,012,032	24,511,190	-	24,994,908	697,119,980
Profit for the period	-	-	-	-	122,284,588	-	-	-	122,284,588
Other comprehensive income	-	-	-	-	-	34,618,470	-	-	34,618,470
Total comprehensive income for the period	-	-	-	-	122,284,588	34,618,470	-	-	156,903,058
Repayment of capital contribution*	-	-	-	-	-	-	-	(24,994,908)	(24,994,908)
Own shares purchased (net)	-	-	(5,813,319)	-	-	-	-	-	(5,813,319)
Depreciation on revalued asset	-	-	-	-	437,693	(437,693)	-	-	-
Loss on sale of own shares sold	-	-	-	-	(680,372)	-	-	-	(680,372)
At 30 June 2024 (unaudited)	164,705,882	345,882,353	(5,813,319)	13,615	259,053,941	58,691,967	-	-	822,534,439

*Capital contribution from a shareholder was repaid during the period ended 30 June 2024.

The notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Condensed consolidated interim statement of cash flows For the six months period ended 30 June 2024

	Notes	<i>Six-months period ended</i>	
		<i>30 June (unaudited)</i>	
		2024	2023
		USD	USD
Operating activities			
Profit before tax for the period		134,333,903	48,152,293
Adjustments for:			
Depreciation on property and equipment	22	981,724	352,111
Amortization on intangible assets	22	14,382	5,234
Depreciation on right-of-use asset	22	115,963	-
Impairment of CWIP		1,168,956	-
Share of results from associates	6	(452,626)	-
Gain on digital assets at FVTPL	7	(133,269,373)	-
Provision on inventory	8	18,839,058	-
Inventory written off	22	2,629,330	-
Employees' end of service benefits provision	14	162,108	17,764
(Reversal)/allowance for expected credit losses		1,319,585	(1,366,016)
Gain on sale of digital assets at FVTPL		(1,072,572)	-
Finance costs	24	8,881,953	164,572
Finance income		(1,106,134)	-
		<u>32,546,257</u>	<u>47,325,958</u>
Changes in working capital:			
Inventories		(82,948,305)	11,550,038
Trade receivables		15,312,514	(71,399,505)
Advances, deposits and other receivables		(70,888,087)	(3,486,240)
Due from related parties		(146,900)	2,246,815
Digital assets		57,828,800	1,464,481
Trade payables		4,394,006	9,545,927
Other liabilities		(14,296,060)	4,321,159
Due to related parties		(54,698,329)	(2,613,396)
		<u>(112,896,104)</u>	<u>(1,044,763)</u>
Employees' end of service benefits paid		(9,069)	-
Finance income received		1,106,134	-
Net cash used in operating activities		<u>(111,799,039)</u>	<u>(1,044,763)</u>
Investing activities			
Purchase of property and equipment	5	(23,471,812)	(19,307,158)
Purchase of intangible assets		(5,377)	(10,926)
Advance paid for investment		(2,499,952)	-
Investment for acquisition in an associate		(4,988,437)	(1,277,458)
Net cash flows used in investing activities		<u>(30,965,578)</u>	<u>(20,595,542)</u>

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Condensed consolidated interim statement of cash flows For the six months period ended 30 June 2024

	Notes	<i>Six-months period ended</i>	
		<i>30 June (unaudited)</i>	<i>2023</i>
		2024	2023
		USD	USD
Financing activities			
Repayment of interest-bearing loans		(81,016)	(128,110)
Finance cost paid		(8,225,326)	(164,572)
Advances and purchases on own shares		(10,000,000)	-
Payment of lease liability		(136,147)	-
Funds repaid to shareholder on current account		-	45,052,527
Repayment of capital contribution to shareholder		(24,994,908)	(15,287,064)
Net cash flows from / (used in) financing activities		(43,437,397)	29,472,781
Net (decrease) / increase in cash and cash equivalents			
Net foreign exchange difference		(10,456)	(83,950)
Cash and cash equivalents at 1 January		198,164,555	442,871
Cash and cash equivalents at 30 June	11	11,952,085	8,191,397
Significant non-cash transactions			
Loan from M2 Capital Holding Limited in form of BTC	7	12,080,583	-
Dividend from associate	6	92,496,184	-

The notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements For the six months period ended 30 June 2024

1 Corporate information

Phoenix Group PLC (formerly known as Phoenix Group Ltd) (the “Company”) was incorporated on 2 August 2022, as a Private Company Limited by Shares in Abu Dhabi Global Market – Abu Dhabi, United Arab Emirates. The registered address of the Company is 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 2023, 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-months period ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and comply where appropriate, with the Articles of Association, the applicable requirements of Abu Dhabi Global Market (“ADGM”) Companies Regulations 2020.

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 2023 (‘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.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investment at fair value through profit or loss, 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 assumption

These condensed consolidated interim financial statements of the Group have been prepared on a going concern basis given that there are no significant doubts on the Group’s ability to continue its business activities. In assessing the going concern, the management has performed an assessment of the Group’s ability to continue as a going concern by preparing a detailed business plan and cash flow forecast taking into consideration the current financial performance and condition of the Group’s business, the degree to which it is affected by external factors and the current liquidity position, including debt repayment obligations.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements *(continued)* For the six months period ended 30 June 2024

2 Summary of material accounting policies *(continued)*

2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

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

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

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 (IFRS 9 and IFRS 7)
- Lack of exchangeability (Amendments to IAS 21)
- Sale or contribution of assets between and investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

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

2.3 Consolidation

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

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

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

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

The condensed consolidated interim financial statements comprise the financial statements of the Company and of its subsidiaries as disclosed in the annual audited consolidated financial statements for the year ended 31 December 2023. The financial year end for the subsidiaries is the same as that of the Group.

2.4 Commodity contract

A contract to buy or sell a commodity that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contract was a financial instrument, may be irrevocably designated as measured at fair value through profit or loss even if it was entered into for the purpose of the receipt or delivery of a commodity in accordance with the entity's expected purchase, sale or usage requirements. This designation is available only at inception of the contract and only if it eliminates or significantly reduces a recognition inconsistency that would otherwise arise from not recognising that contract.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

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.

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 30 June 2024 and 31 December 2023:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2024 (unaudited)				
<i>Assets which are at fair value</i>				
Building (Note 5)	-	21,704,138	-	21,704,138
Digital assets (Note 7)	-	76,081,763	-	76,081,763
Digital assets (Note 7)	245,200,073	-	-	245,200,073
	<u>245,200,073</u>	<u>97,785,901</u>	<u>-</u>	<u>342,985,974</u>
31 December 2023 (audited)				
<i>Assets which are at fair value</i>				
Building (Note 5)	-	21,704,138	-	21,704,138
Digital assets (Note 7)	140,000,124	-	-	140,000,124
	<u>140,000,124</u>	<u>21,704,138</u>	<u>-</u>	<u>161,704,262</u>

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 2024 and 31 December 2023, there are no transfers within the levels of fair value measurements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

5 Property and equipment

	Building USD	Data Centres USD	Machinery USD	Furniture and fixtures USD	Office equipment USD	Capital work-in- progress USD	Total USD
Cost:							
At 1 January 2023 (unaudited)	21,704,138	-	-	2,095,933	95,871	50,582,914	74,478,856
Additions	-	-	-	2,993	63,142	30,664,147	30,730,282
At 31 December 2023 (audited)	21,704,138	-	-	2,098,926	159,013	81,247,061	105,209,138
Additions	-	-	-	378,687	82,199	23,010,928	23,471,814
Transfer from CWIP	-	33,074,937	34,458,818	275,398	-	(75,407,333)	(7,598,180)
Disposals	-	-	-	-	-	(3,798,286)	(3,798,286)
At 30 June 2024	21,704,138	33,074,937	34,458,818	2,753,011	241,212	25,052,370	117,284,486
Accumulated depreciation:							
At 1 January 2023 (unaudited)	258,101	-	-	228,867	35,776	-	522,744
Charge for the year	258,102	-	-	419,796	39,573	-	717,471
At 31 December 2023 (audited)	516,203	-	-	648,663	75,349	-	1,240,215
Charge for the period	566,744	43,660	86,195	256,565	28,560	-	981,724
At 30 June 2024	1,082,947	43,660	86,195	905,228	103,909	-	2,221,939
Net carrying amount:							
At 30 June 2024 (unaudited)	20,621,191	33,031,277	34,372,623	1,847,783	137,303	25,052,370	115,062,547
At 31 December 2023 (audited)	21,187,935	-	-	1,450,263	83,664	81,247,061	103,968,923

The fair values were determined with reference to market-based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of said lands falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

Capital work-in-progress pertains to data centers which are under construction at USA and Canada. The management of the Group expects the projects relating to capital work-in-progress to be completed by Q3 of 2024.

Two new categories have been introduced in this quarter, the amount is transferred from CWIP to data centers and Machinery. Data centers and machinery are depreciated over 30 years and 15 years, respectively.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

6 Investment in associates

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

	30 June 2024 USD (unaudited)	31 December 2023 USD (audited)
Investment in Citadel Technologies Group LLC, UAE (Citadel)	65,346,427	117,569,776
Investment in Bitzero Blockchain Inc. (Bitzero)	-	-
Investment in M2 Holdings Limited, UAE (M2)	-	-
Investment in Lyvely FZE (Lyvely)	2,362,866	2,740,250
	<u>67,709,293</u>	<u>120,310,026</u>

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:

	30 June 2024 USD (unaudited)	31 December 2023 USD (audited)
At 1 January	120,310,026	28,976,795
Additions		
• Citadel	4,988,437	104,966,600
• M2	-	1,277,457
• Lyvely	-	3,000,000
Dividends received		
• Citadel	(92,496,184)	-
Share of results	452,626	(6,013,789)
Share of other comprehensive income	34,454,388	13,199,451
Provision for impairment of investment	-	(25,096,488)
At 30 June /31 December	<u>67,709,293</u>	<u>120,310,026</u>

7 Digital assets

	30 June 2024 USD (unaudited)	31 December 2023 USD (audited)
Digital assets – inventory (a)	306,848,764	136,710,000
Digital assets – intangibles (b)	14,433,072	3,290,124
	<u>321,281,836</u>	<u>140,000,124</u>

(a) Accounted for using inventory methodology

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

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

7 Digital assets (continued)

(a) Accounted for using inventory methodology (continued)

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

	<i>As at 30</i> <i>June 2024</i> USD (unaudited)	<i>As at 31</i> <i>December 2023</i> USD (audited)
At 1 January	136,710,000	-
Additions (ii)	30,317,670	37,200,000
Additions as commodity contract (i)	12,080,583	-
Disposals	(5,528,862)	-
Change in fair value	133,269,373	99,510,000
At 30 June / 31 December	<u>306,848,764</u>	<u>136,710,000</u>

(i) During the period, the Group has entered into a financing transaction with M2 Capital Limited (“associate”), where finance amount is invested in the Bitcoins (BTC) as commodity contract. The total of 236.16 BTC were purchased through this finance. The total finance amount was USD 12.08 million. These 236.16 BTC's are kept as collateral with M2 Capital Limited against the finance amount (note 15).

(ii)(a) During the period 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 period 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 was 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.

(b) Accounted for using intangible asset methodology

The Group carries out mining of digital assets and recognizes revenue in relation to assets through mining activity with corresponding recognition of intangible assets under IAS 38, Intangible Assets. Such intangible assets have an indefinite useful life, initially measured at cost, deemed to be the fair value upon receipt, and subsequently measured under the revaluation model. Under the revaluation model, increases or decreases in the digital asset's carrying amount is recognized in consolidated statement of comprehensive income and the revaluation reserve in equity, unless it reverses valuation deficit of the same asset previously recognised in consolidated statement of profit or loss. A revaluation deficit is recognised in consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

7 Digital assets (continued)

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

	<i>As at 30 June 2024</i> USD (unaudited)
At 1 January	3,290,124
Additions on self mined tokens	50,116,733
Acquired during the period	178,988,762
Disposals	(218,153,313)
Change in fair value	190,766
At 30 June / 31 December	<u>14,433,072</u>

Out of the digital assets, 100 BTC's are kept as collateral with M2 Capital Limited against the finance amount (note 15).

(c) Accounted for unrealized gain/(loss) on digital assets

	<i>Six months period ended 30 June (unaudited)</i>	
	2024	2023
	USD	USD
Gain/(loss) digital assets – inventory	133,269,373	(77,281)
Gain/(loss) digital assets – intangibles	190,766	-
	<u>133,460,139</u>	<u>(77,281)</u>

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.

	<i>As at 30 June 2024</i> USD (unaudited)	<i>As at 31 December 2023</i> USD (audited)
Finished goods	158,026,311	59,495,074
Consumables items	-	126,500
Stock in transit	-	13,640,123
Provision on inventory	(18,839,058)	-
	<u>139,187,253</u>	<u>73,261,697</u>

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

9 Trade receivables

	<i>As at 30 June 2024</i>	<i>As at 31 December 2023</i>
	USD	USD
	(unaudited)	(audited)
Trade receivables	17,749,119	33,061,633
Provision for expected credit losses	(1,319,585)	-
Net trade receivables	<u>16,429,534</u>	<u>33,061,633</u>

Out of the above balance of trade receivables, USD 4,676,399 (2023 (audited): USD 4,801,515) 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 1,319,585 in the condensed consolidated interim financial statements during the period ended 30 June 2024.

10 Advances, deposits and other receivables

	<i>As at 30 June 2024</i>	<i>As at 31 December 2023</i>
	USD	USD
	(unaudited)	(audited)
Advances (i) (ii)	152,066,415	132,110,576
Deposits	93,553,435	31,664,170
Accrued income	-	273,151
VAT receivable	452,945	183,191
Prepaid expenses	406,940	171,587
Other receivables	394,610	108,545
Staff loans and advances	52,011	8,151
Other loans and advances	27,231	-
	<u>246,953,587</u>	<u>164,519,371</u>

(i) This includes balance of USD 114,292,578 (2023 (audited): USD 46,316,976) given to related parties (Note 13(i)(d)).

(ii) This includes a balance of USD 2,499,952 for the investment to be made in Rekt Studios FZCO.

Analysed as follows:

	<i>As at 30 June 2024</i>	<i>As at 31 December 2023</i>
	USD	USD
	(unaudited)	(audited)
Non-current	17,665,051	11,025,386
Current	229,288,536	153,493,985
	<u>246,953,587</u>	<u>164,519,371</u>

11 Cash and short-term deposits

	<i>As at 30 June 2024</i>	<i>As at 31 December 2023</i>
	USD	USD
	(unaudited)	(audited)
Cash at bank and on hand	11,952,085	23,164,555
Short-term deposits – less than three months original maturity	-	175,000,000
	<u>11,952,085</u>	<u>198,164,555</u>

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

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

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

(i) Share capital and share premium	<i>As at 30 June 2024</i>	<i>As at 31 December 2023</i>
	USD	USD
	(unaudited)	(audited)
<i>Authorised issued and fully paid:</i>		
6,048,823,529 shares of USD 0.027 each (2023 (audited): 6,048,823,529 shares of USD 0.027 each)	164,705,882	164,705,882
Share premium	345,882,353	345,882,353
	510,588,235	510,588,235

(ii) Other reserves	<i>Revaluation reserve (Note a)</i>	<i>Foreign currency translation reserve (Note b)</i>	<i>Fair value through OCI (Note c)</i>	<i>Total</i>
	USD	USD	USD	USD
At 1 January 2023	11,380,058	(25,394)	-	11,354,664
Movement for the period	-	(87,198)	13,243,724	13,156,526
At 31 December 2023 (audited)	11,380,058	(112,592)	13,243,724	24,511,190
Movement for the period	(437,693)	(10,456)	34,628,926	34,180,777
At 30 June 2024 (unaudited)	10,942,365	(123,048)	47,872,650	58,691,967

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

The Market Maker trades and operates within the predetermined parameters approved by the Group. The Group monitors the transactions undertaken by the Market Maker on a daily basis. The Group has provided the funding to the Market Maker to trade 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.

At 30 June 2024, the Market Maker held 11,492,590 shares at the average cost of AED 1.858 per share amounting to the value of USD 5.8 million of the Company's shares on behalf of the Group. The realized loss of USD 680,374 on shares sold has been presented in retained earnings. The Group has paid an amount of USD 10 million to fund the purchase of the shares, remaining balance classified as advances given in the statement of financial position.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

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 shareholder, 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 statement of financial position are as follows:

(a) *Due from related parties included in the trade and other receivables*

		<i>As at 30</i> <i>June 2024</i>	<i>As at 31</i> <i>December 2023</i>
	Relationship	USD (unaudited)	USD (audited)
Seyedmohammed Alizadehfard, UAE	Director	481,132	4,017,864
M2 Capital Limited, UAE	Affiliate of Associate	3,505,311	-
Munaf Ali., UAE	Director	689,956	783,651
Total		4,676,399	4,801,515

(b) *Due from related parties*

		<i>As at 30</i> <i>June 2024</i>	<i>As at 31</i> <i>December 2023</i>
	Relationship	USD (unaudited)	USD (audited)
Phoenix Technology Solutions B.V., Amsterdam	Common directorship	130,443	-
Phoenix Pyramids Re Holding Limited, UAE	Common directorship	7,237	-
Phoenix Cleo Re Holding Limited, UAE	Common directorship	7,379	-
Phoenix Technology Consultants	Common directorship	1,755	-
M2 Holdings Limited, UAE	Associate	2,635	2,550
Total		149,449	2,550

(c) *Due to related parties*

		<i>As at 30</i> <i>June 2024</i>	<i>As at 31</i> <i>December 2023</i>
	Relationship	USD (unaudited)	USD (audited)
WAS Four Investment - Sole Proprietorship L.L.C("WAS"), UAE	Affiliate of major shareholder	-	54,698,329
Citadel Technologies Group LLC, UAE	Associate	12,254	12,254
Total		12,254	54,710,583

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

13 Related party transactions and balances (continued)

(d) Advances to related parties

	Relationship	As at 30 June 2024 USD (unaudited)	As at 31 December 2023 USD (audited)
Cypher Capital DMCC, UAE	Common directorship	103,512,318	46,316,976
Falcon Group Limited, UAE	Common directorship	10,000,000	-
Citadel Technologies Group LLC, UAE	Associate	780,260	-
Total		114,292,578	46,316,976

These amounts are included in advance to suppliers (Note 10). The Group has entered into contracts with entities controlled by key management personnel for the purchase of equipments on its behalf.

(e) Advances from related party

	Relationship	As at 30 June 2024 USD (unaudited)	As at 31 December 2023 USD (audited)
M2 Capital Limited, UAE	Affiliate of Associate	3,320,706	18,279,651
Cypher Capital DMCC, UAE	Common directorship	914,662	-
Munaf Ali., UAE	Director	314,762	-
Syedmohammed Alizadehfard, UAE	Director	27,780	-
		4,577,910	18,279,651

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

ii. Related party transactions

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

Revenue	Relationship	Six months period ended 30 June (unaudited)	
		2024 USD	2023 USD
Cypher Capital Technology LLC	Common directorship	2,801,027	5,608,419
M2 Capital Limited, UAE	Affiliate of Associate	21,136,719	7,289,101
Munaf Ali., UAE	Director	4,079,391	4,008,883
Syedmohammed Alizadehfard, UAE	Director	1,983,235	7,219,870
Purchase			
Cypher Capital DMCC	Common directorship	49,073,835	-

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

13 Related party transactions and balances (continued)

ii. Related party transactions (continued)

Expense	Relationship	Six months period ended	
		30 June (unaudited)	
		2024	2023
		USD	USD
Interest on loan:			
WAS Four Investment - Sole Proprietorship L.L.C("WAS"), UAE	Affiliate of major shareholder	8,071,114	-
M2 Capital Limited, UAE	Affiliate of Associate	638,637	-
		<i>30 June</i>	<i>31 December</i>
		2024	2023
Other transactions		USD	USD
		(unaudited)	(audited)
Repayment of capital contribution		24,994,908	-
Investment in Lyvely FZE		-	3,000,000
Investment in Citadel Technologies Group LLC		4,988,437	104,966,600
Advance to Citadel technologies Group LLC		780,260	-
Investment in M2 Holdings Ltd		-	1,277,457
Acquisition of digital asset – MMX		-	37,200,000
Loan from M2 Capital Ltd.		12,080,583	-
Acquisitoin of Solana Tokens		20,850,888	-

iii. Compensation of key management personnel

The remuneration of key management personnel are as follows:

	Six months period ended	
	30 June (unaudited)	
	2024	2023
	USD	USD
Salaries and other benefits	1,820,391	490,130
End of service benefits	44,526	13,984
	<u>1,864,917</u>	<u>504,114</u>
Number of key management personnel	<u>2</u>	<u>2</u>

14 Employees' end of service benefits

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

	30	31
	June 2024	December 2023
	USD	USD
	(unaudited)	(audited)
At 1 January	858,965	170,483
Charge for the period /year	162,108	697,947
Paid during the period/year	(9,069)	(9,465)
At 30 June / 31 December	<u>1,012,004</u>	<u>858,965</u>

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

15 Interest-bearing loans

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

	<i>As at 30 June 2024</i>	<i>As at 31 December 2023</i>
	USD	USD
	(unaudited)	(audited)
Non-current	3,467,621	3,556,500
Current	12,892,620	165,487
	<u>16,360,241</u>	<u>3,721,987</u>

The movement in interest-bearing loans is as follows:

	<i>30 June 2024</i>	<i>31 December 2023</i>
	USD	USD
	(unaudited)	(audited)
At 1 January	3,721,987	3,928,417
Additions	12,727,133	-
Payments made	(88,879)	(206,430)
At 30 June / 31 December	<u>16,360,241</u>	<u>3,721,987</u>

	<i>As at 30 June 2024</i>	<i>As at 31 December 2023</i>
	USD	USD
FAB loan	3,640,971	3,721,987
Loan from M2 Capital Limited (i)	<u>12,719,270</u>	<u>-</u>

- (i) During the period, the Group entered into a USD 12.08 million loan agreement in order to finance the commodity contract purchase of BTC with M2 Capital Limited. The rate of interest on the loan is at a fixed rate. The loan along with accrued interest is fully repayable on 23 August 2024. Loan to value (LTV) is 80%. If the LTV reaches 95% a margin call will be issued by the lender. The Group is not in breach of the terms and covenants of the facility for the period ended and as at 30 June 2024.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

16 Other liabilities

	<i>As at</i> 30 June 2024 USD (unaudited)	<i>As at</i> 31 December 2023 USD (audited)
Advances received from customers (i)	8,145,168	29,550,448
Deferred income (ii)	29,596,626	20,441,040
Provision for expenses	17,361,879	20,257,625
Deposit received	5,820,284	5,268,150
Provision for leave salary	1,111,666	850,964
Other payables	56,548	20,004
	<u>62,092,171</u>	<u>76,388,231</u>

(i) This includes amount of USD 4,577,910 (2023 (audited): USD 18,279,651) which is from a related party (Note 13(i)(e)).

(ii) Deferred income pertains to credit received from supplier for future purchases.

17 Commitments

Commitments in respect of capital expenditure contracted but not incurred amounted to USD 2,874,142 (2023 (audited): USD Nil).

18 Contingencies

At 30 June 2024, the Group and its associates had no contingent liabilities (2023 (audited): USD Nil).

19 Revenue from contracts with customers

(a) Type of revenue

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024 USD (unaudited)	30 June 2023 USD (unaudited)	30 June 2024 USD (unaudited)	30 June 2023 USD (unaudited)
<i>Revenue from contracts with customers:</i>				
• Sales of ASICs, wallets, and equipment	32,683,726	115,415,587	5,013,901	52,773,306
• Hosting revenue	37,088,336	32,241,627	17,572,399	18,857,665
• Mining revenue	50,116,733	13,129,556	28,516,867	7,227,960
Service income	249,938	20,369	103,500	-
	<u>120,138,733</u>	<u>160,807,139</u>	<u>51,206,667</u>	<u>78,858,931</u>

(b) Geographical markets

Outside UAE	119,933,364	160,531,989	51,153,711	78,739,298
Within UAE	205,369	275,150	52,956	119,633
	<u>120,138,733</u>	<u>160,807,139</u>	<u>51,206,667</u>	<u>78,858,931</u>

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

19 Revenue from contracts with customers (continued)

(c) Timing of revenue recognition

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	USD	USD	USD	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
At a point in time	32,683,726	115,415,587	5,013,901	52,773,306
Over the time	87,455,007	45,391,552	46,192,766	26,085,625
	120,138,733	160,807,139	51,206,667	78,858,931

20 Direct costs

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	USD	USD	USD	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Opening Inventory	73,261,697	41,389,136	102,236,991	42,007,400
Add: purchases and other direct costs	103,829,223	58,972,154	58,685,811	20,142,852
Less: Rebate income	7,357,200	-	1,458,404	-
Less: Closing inventory	158,026,311	29,839,066	158,026,311	29,839,066
Cost of inventory consumed	11,707,409	70,522,224	1,438,087	32,311,186
Hosting electricity costs	33,205,356	29,562,862	14,823,066	17,775,563
Mining expenses*	28,460,362	5,731,278	17,380,089	2,401,576
Warehouse expenses	38,649	55,461	15,323	32,676
	73,411,776	105,871,825	33,656,565	52,521,001

*Represents electricity expenses incurred in operation of mining machines.

21 Other operating income

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	USD	USD	USD	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Coupon sale	-	1,392,000	-	-
Miscellaneous income	237,680	144,331	169,234	55,792
Commission income	1,372	-	1,372	-
Compensation received	102,773	255,263	102,773	255,263
	341,825	1,791,594	273,379	311,055

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements (continued) For the six months period ended 30 June 2024

22 General and administrative expenses

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024 USD <i>(unaudited)</i>	30 June 2023 USD <i>(unaudited)</i>	30 June 2024 USD <i>(unaudited)</i>	30 June 2023 USD <i>(unaudited)</i>
Staff costs	7,723,174	3,224,324	4,250,903	1,980,257
Inventory written off	2,629,330	-	2,603,805	-
Penalties and compensation	2,489,589	1,712,258	2,489,175	1,712,258
Site expenses	1,926,410	2,643,577	643,576	1,590,552
Legal and professional fees	988,151	709,219	157,833	302,222
Depreciation (Note 5)	981,724	357,041	785,452	178,947
Office and other expenses	442,415	307,372	344,203	201,849
Auditor's remuneration	381,554	57,050	360,521	57,050
Recruitment expenses	309,459	-	259,433	-
Short-term lease	234,468	151,090	179,705	111,544
Travelling and entertainment	224,998	113,534	78,431	50,179
Insurance	159,179	78,784	95,288	41,789
Bank charges	124,814	14,902	43,494	9,792
Amortization of right-of-use assets	115,963	-	57,982	-
Utility and communication expenses	44,814	33,624	26,560	16,687
Repair and maintenance	19,132	29,941	14,989	6,277
Amortization of intangible assets	14,382	304	11,075	304
	18,809,556	9,433,020	12,402,425	6,259,707

23 Earnings per share

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

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024 USD <i>(unaudited)</i>	30 June 2023 USD <i>(unaudited)</i>	30 June 2024 USD <i>(unaudited)</i>	30 June 2023 USD <i>(unaudited)</i>
Profit for the period	122,284,588	48,152,293	56,134,132	23,274,816
Weighted average number of ordinary shares in issue	6,045,801,795	5,140,031,000	6,042,813,267	5,140,031,000
Basic and diluted earnings per share	0.020	0.009	0.009	0.005

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements *(continued)* For the six months period ended 30 June 2024

24 Finance costs

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	USD	USD	USD	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on interest-bearing loans	154,212	144,150	77,099	75,400
Interest expense on related party loan*	8,709,801	20,422	450,547	-
Interest on leases	17,940	-	8,701	-
	<u>8,881,953</u>	<u>164,572</u>	<u>536,347</u>	<u>75,400</u>

*The interest expense includes amount of USD 8,709,801 (2023: USD Nil) which is paid / accrued to related party (Note 13(ii))

25 Segment reporting

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

All non-current assets of the Group at the end of the current and preceding year were located in United Arab Emirates, Canada, USA and Oman.

Sales to two major customers of the Group are around 45.82% of the Group's total sales during the six months ended 30 June 2024 (30 June 2023: 60.83%).

26 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 interim condensed consolidated statement of profit or loss are:

	<i>Six months period ended</i>		<i>Three months period ended</i>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	USD	USD	USD	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Current income tax expense	12,049,315	-	5,506,962	-
	<u>12,049,315</u>	<u>-</u>	<u>5,506,962</u>	<u>-</u>

27 Comparative figures

Reclassification

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

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the condensed consolidated interim financial statements *(continued)* For the six months period ended 30 June 2024

27 Comparative figures *(continued)*

Condensed consolidated interim statement of financial position

31 December 2023	As previously reported	Reclassification	As reported
	USD	USD	USD
Current – Advances and deposits	164,519,371	(11,025,386)	153,493,985
Non-current – Advances and deposits	-	11,025,386	11,025,386

28 Non-adjusting event after the reporting date

The Group entered into a strategic partnership with Internet of People Network (IOPN), a blockchain infrastructure company governed by Ras Al Khaimah Digital Assets Oasis (A free zone established to support digital assets firms). This collaboration aims to drive innovation, stimulate economic growth and position Ras Al Khaimah as a hub for Web3 technology.