

# **Phoenix Group PLC**

**DIRECTORS' REPORT AND CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**

## **Phoenix Group PLC**

Director's report and condensed consolidated interim financial statements  
*for the nine-month period ended 30 September 2024*

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# Phoenix Group PLC

## Directors' report

*for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2024, the Group reported revenue of USD 156,112,544 (30 September 2023 (unaudited): USD 229,577,878) and profit after tax for the period attributable to the shareholders of USD 169,842,300 (30 September 2023 (unaudited): USD 144,456,745).

### 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
- Fady M Y Dahalan

### 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

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 (referred to as the "Company") and its subsidiaries (referred to as the "Group") as at 30 September 2024 and the related condensed consolidated interim statements of profit or loss and condensed consolidated interim statement of comprehensive income for the three and nine-month period then ended and interim condensed consolidated statement of changes in equity and cash flows for the nine-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.

### *Emphasis of matter*

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

*Other Matter*

The Condensed Consolidated Interim Financial Statements of the Group for the nine month period ended 30 September 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  
29 October 2024  
Abu Dhabi  
United Arab Emirates

# Phoenix Group PLC

## Condensed consolidated interim statement of financial position As at 30 September 2024

	Notes	<i>As at</i> <b>30 September</b> <b>2024</b> <b>USD</b> <b>(unaudited)</b>	<i>As at</i> <i>31 December</i> <i>2023</i> <i>USD</i> <i>(audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	<b>212,288,404</b>	103,968,923
Right-of-use asset		<b>505,907</b>	680,484
Intangible assets		<b>244,241</b>	35,165
Investment in associates	6	<b>67,144,887</b>	120,310,026
Advances and deposits	10	<b>195,985,177</b>	11,025,386
		<u><b>476,168,616</b></u>	<u>236,019,984</u>
<b>Current assets</b>			
Digital assets	7	<b>393,828,757</b>	140,000,124
Inventories	8	<b>52,460,907</b>	73,261,697
Trade receivables	9	<b>9,404,669</b>	33,061,633
Advances, deposits and other receivables	10	<b>42,234,724</b>	153,493,985
Due from related parties	13	<b>193,935</b>	2,550
Cash and short-term deposits	11	<b>3,265,470</b>	198,164,555
		<u><b>501,388,462</b></u>	<u>597,984,544</u>
<b>Total assets</b>		<u><b>977,557,078</b></u>	<u>834,004,528</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12(i)	<b>164,705,882</b>	164,705,882
Share premium	12(i)	<b>345,882,353</b>	345,882,353
Other reserves	12(ii)	<b>59,419,057</b>	24,511,190
Contribution from shareholders		<b>-</b>	24,994,908
Statutory reserve		<b>13,615</b>	13,615
Retained earnings		<b>305,718,805</b>	137,012,032
Own shares	12(iii)	<b>(617,992)</b>	-
<b>Total equity</b>		<u><b>875,121,720</b></u>	<u>697,119,980</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liability		<b>246,475</b>	356,991
Employees' end of service benefits	14	<b>1,145,446</b>	858,965
Interest-bearing loans	15	<b>3,422,562</b>	3,556,500
		<u><b>4,814,483</b></u>	<u>4,772,456</u>

## Phoenix Group PLC


### Condensed consolidated interim statement of financial position *(continued)* As at 30 September 2024

	Notes	<i>As at 30 September 2024 USD (unaudited)</i>	<i>As at 31 December 2023 USD (audited)</i>
<b>Current liabilities</b>			
Lease liability		272,294	272,294
Due to related parties	13	-	54,710,583
Interest-bearing loans	15	15,177,019	165,487
Trade payables		18,265,138	575,497
Provision for taxation	26	17,238,894	-
Other liabilities	16	46,667,530	76,388,231
		<u>97,620,875</u>	<u>132,112,092</u>
<b>Total liabilities</b>		<u>102,435,358</u>	<u>136,884,548</u>
<b>Total equity and liabilities</b>		<u>977,557,078</u>	<u>834,004,528</u>

These condensed consolidated interim financial statements were authorised for issue on 28 October 2024 and signed by:

Signed by:  
  
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H.E. Tareq Abdulraheem Al Hosani  
Chairman of the Board

DocuSigned by:  
  
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Seyed Mohammad Alizadehfard  
Group CEO and Board Member

Signed by:  
  
37797D5A373F481...

Munaf Ali  
Group Managing Director & Board Member

## Phoenix Group PLC

### Condensed consolidated interim statement of profit or loss For the period ended 30 September 2024

	Notes	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		2024	2023	2024	2023
		USD <i>(unaudited)</i>	USD <i>(unaudited)</i>	USD <i>(unaudited)</i>	USD <i>(unaudited)</i>
Revenue from contracts with customers	19	35,973,811	68,770,739	156,112,544	229,577,878
Direct costs	20	(32,689,528)	(40,760,361)	(106,101,303)	(146,632,186)
<b>Gross profit</b>		<b>3,284,283</b>	<b>28,010,378</b>	<b>50,011,241</b>	<b>82,945,692</b>
General and administrative expenses	21	(17,942,074)	(4,923,426)	(37,807,780)	(14,356,446)
Selling and distribution expenses		(194,172)	(27,665)	(947,891)	(263,272)
Impairment loss on inventory		(405,217)	-	(18,188,127)	-
Foreign exchange loss		(6,658)	(1,328,221)	(34,731)	(1,300,270)
Expected credit (loss)/reversal on receivables		-	-	(1,323,225)	1,307,914
Other operating income	22	17,781	208,595	359,606	2,000,189
<b>Operating (loss) / profit</b>		<b>(15,246,057)</b>	<b>21,939,661</b>	<b>(7,930,907)</b>	<b>70,333,807</b>
Share of results from associates-net of tax	6	(3,950,580)	(1,307,458)	(3,497,954)	(1,307,458)
Unrealised gain on digital assets at fair value through profit or loss (FVTPL)	7	68,842,540	75,753,546	202,111,913	75,676,265
Realised gain on sale of digital assets at FVTPL		3,623,118	-	4,695,690	-
Finance income		-	-	1,106,134	-
Finance costs	24	(617,081)	(81,297)	(9,499,034)	(245,869)
<b>Profit before tax for the period</b>		<b>52,651,940</b>	<b>96,304,452</b>	<b>186,985,842</b>	<b>144,456,745</b>
Income tax expense	26	(5,094,227)	-	(17,143,542)	-
<b>Profit for the period attributable to the shareholders</b>		<b>47,557,713</b>	<b>96,304,452</b>	<b>169,842,300</b>	<b>144,456,745</b>
<b>Earnings per share</b>					
Basic and diluted (USD)	23	0.008	0.019	0.028	0.028

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

## Phoenix Group PLC

### Condensed consolidated interim statement of comprehensive income For the period ended 30 September 2024

	Notes	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		2024	2023	2024	2023
		USD <i>(unaudited)</i>	USD <i>(unaudited)</i>	USD <i>(unaudited)</i>	USD <i>(unaudited)</i>
<b>Profit after tax for the period</b>		<b>47,557,713</b>	96,304,452	<b>169,842,300</b>	144,456,745
<b><i>Other comprehensive income/(loss)</i></b>					
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange gain/ (loss) on retranslation of foreign subsidiaries – net of tax		<b>6,152</b>	(1,288)	<b>(4,304)</b>	(85,238)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive (loss)/income of associate – net of tax	6	-	(1,155,986)	<b>34,454,388</b>	87,654
Gain on revaluation of digital assets – net of tax	7	<b>793,888</b>	-	<b>968,426</b>	-
<b>Other comprehensive income/(loss) for the period</b>		<b>800,040</b>	(1,157,274)	<b>35,418,510</b>	2,416
<b>Total comprehensive income for the period attributable to the shareholders</b>		<b>48,357,753</b>	95,147,178	<b>205,260,810</b>	144,459,161

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

## Phoenix Group PLC

### Condensed consolidated interim statement of changes in equity For the nine-month period ended 30 September 2024

	Share capital <i>Note 12(i)</i> USD	Share premium <i>Note 12(i)</i> USD	Other reserves <i>Note 12(ii)</i> USD	Contribution from shareholders USD	Statutory reserve USD	Retained earnings USD	Own shares USD	Shareholders current account USD	Total equity USD
At 1 January 2023 (unaudited)	10,000	-	11,354,664	4,015,995	13,615	82,182,560		9,019,377	106,596,211
Profit for the period	-	-	-	-	-	144,456,745	-	-	144,456,745
Other comprehensive income	-	-	2,416	-	-	-	-	-	2,416
<b>Total comprehensive income for the period</b>	-	-	<b>2,416</b>	-	-	<b>144,456,745</b>	-	-	<b>144,459,161</b>
Share capital issued	40,000	-	-	-	-	-	-		40,000
Repayment of capital contribution	-	-	-	-	-	-	-	(2,287,064)	(2,287,064)
Capitalization of retained earnings	139,950,000	-	-	-	-	(139,950,000)	-	-	-
Dividend	-	-	-	-	-	(13,000,000)	-	-	(13,000,000)
Movement during the period	-	-	-	45,256,353	-	-	-	(2,537,252)	42,719,101
<b>At 30 September 2023 (unaudited)</b>	<b>140,000,000</b>	-	<b>11,357,080</b>	<b>49,272,348</b>	<b>13,615</b>	<b>73,689,305</b>		<b>4,195,061</b>	<b>278,527,409</b>
At 1 January 2024 (audited)	<b>164,705,882</b>	<b>345,882,353</b>	<b>24,511,190</b>	<b>24,994,908</b>	<b>13,615</b>	<b>137,012,032</b>	-	-	<b>697,119,980</b>
Profit for the period	-	-	-	-	-	169,842,300	-	-	169,842,300
Other comprehensive income	-	-	35,418,510	-	-	-	-	-	35,418,510
<b>Total comprehensive income for the period</b>	-	-	<b>35,418,510</b>	-	-	<b>169,842,300</b>	-	-	<b>205,260,810</b>
Repayment of capital contribution*	-	-	-	(24,994,908)	-	-	-	-	(24,994,908)
Own shares purchased (net) (Note 12)	-	-	-	-	-	-	(617,992)	-	(617,992)
Depreciation on revalued asset	-	-	(510,643)	-	-	510,643	-	-	-
Loss on sale of own shares sold (Note 12)	-	-	-	-	-	(1,646,170)	-	-	(1,646,170)
<b>At 30 September 2024 (unaudited)</b>	<b>164,705,882</b>	<b>345,882,353</b>	<b>59,419,057</b>	-	<b>13,615</b>	<b>305,718,805</b>	<b>(617,992)</b>	-	<b>875,121,720</b>

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

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

## Phoenix Group PLC

### Condensed consolidated interim statement of cash flows For the nine-month period ended 30 September 2024

		<i>Nine-month period ended</i>	
		<i>30 September (unaudited)</i>	
		2024	2023
		USD	USD
	Notes		
<b>Operating activities</b>			
Profit before tax for the period		186,985,842	144,456,745
<b>Adjustments for:</b>			
Depreciation on property and equipment	21	7,483,020	536,639
Amortization on intangible assets	21	38,304	1,214
Depreciation on right-of-use asset	21	174,581	14,655
Share of results from associates	6	3,497,954	1,307,458
Gain on digital assets at FVTPL	7	(202,111,913)	(75,325,349)
Gain on sale of digital assets at FVTPL		(4,695,689)	-
Impairment loss on inventory	5	18,188,127	-
Inventory written off	21	5,954,564	-
Employees' end of service benefits provision	14	308,067	85,533
Allowance/(reversal) for expected credit losses		1,319,585	(1,366,016)
Finance costs	24	9,499,034	245,869
Finance income		(1,106,134)	-
		<u>25,535,342</u>	<u>69,956,748</u>
<b>Changes in working capital:</b>			
Inventories		(89,187,553)	(39,661,688)
Trade receivables		22,337,379	(28,321,211)
Advances, deposits and other receivables	10	116,793,307	(2,435,132)
Due from related parties		(191,386)	4,238,216
Digital assets		46,538,929	467,938
Trade payables		17,689,641	9,248,257
Other liabilities		(29,979,605)	(14,657,733)
Due to related parties		(12,251)	(2,563,694)
		<u>109,523,803</u>	<u>(3,728,299)</u>
Employees' end of service benefits paid		(21,586)	-
Finance income received		1,106,134	-
<b>Net cash generated from / (used in) operating activities</b>		<u>110,608,351</u>	<u>(3,728,299)</u>
<b>Investing activities</b>			
Purchase of property and equipment	5	(35,732,896)	(20,755,385)
Purchase of intangible assets		(5,378)	(10,926)
Advances and deposits made on property and equipment		(184,959,791)	-
Investment for acquisition of interest in an associate	6	(8,374,611)	(1,277,458)
<b>Net cash flows used in investing activities</b>		<u>(229,072,676)</u>	<u>(22,043,769)</u>

## Phoenix Group PLC

### Condensed consolidated interim statement of cash flows *(continued)* For the nine-month period ended 30 September 2024

	Notes	<i>Nine-month period ended 30 September (unaudited)</i>	
		2024 USD	2023 USD
<b>Financing activities</b>			
Repayment of amount due to related party	13	(54,698,332)	-
Repayment of interest-bearing loans		(122,406)	(166,752)
Proceeds from share issue		-	40,000
Finance cost paid		(9,214,499)	(243,534)
Advances and purchases of own shares		(2,264,164)	-
Payment of lease liability		(136,147)	(136,147)
Funds repaid to shareholder on current account		-	(4,824,316)
Repayment of capital contribution to shareholder		(24,994,908)	32,256,353
Proceeds from interest-bearing loans	15	15,000,000	-
<b>Net cash flows (used in) / generated from financing activities</b>		<b>(76,430,456)</b>	<b>26,925,604</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>			
Net foreign exchange difference		(194,894,781)	1,153,536
Cash and cash equivalents at 1 January		(4,304)	(85,238)
		198,164,555	442,871
<b>Cash and cash equivalents at 30 September</b>	11	<b>3,265,470</b>	<b>1,511,169</b>
<b>Significant non-cash transactions</b>			
Loan from M2 Capital Holding Limited and its settlement in the form of BTC	7	12,080,583	-
Dividend from an associate in the form of BTC	6	92,496,184	-

The cash and cash equivalents stated above do not include liquid digital assets valued at USD 18,216,804, as detailed in Note 7(c) and Note 11. Since the Group actively uses these assets in its daily operations, they are considered as an integral part of the active treasury and are treated as equivalent to cash by the Group.

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

# Phoenix Group PLC

## Notes to the condensed consolidated interim financial statements For the nine-month period ended 30 September 2024

### 1 Corporate information

Phoenix Group PLC (the “Company”) was incorporated on 2 August 2022, as a Private Company Limited by Shares in Abu Dhabi Global Market – Abu Dhabi, United Arab Emirates. The registered address of the Company is 3412 ResCo-work10, 34 Floor, Al Maqam Tower, Regus ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

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

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

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

### 2 Summary of material accounting policies

The principal accounting policies applied by the Group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statement for the year ended 31 December 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 nine-month period ended 30 September 2024 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 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. In addition, results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

##### 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

The condensed consolidated interim financial statements of the Group have been prepared on a going concern basis, as management is confident in the Group's ability to continue its business activities and settle its financial obligations as and when they fall due. In assessing the appropriateness of the going concern basis of accounting, management has prepared cash flow forecasts for the next 12 months from the reporting date. The cash flow forecasts include certain key assumptions regarding the estimated cash inflows from realisation on sale of digital assets as defined in note 7, these digital assets are subject to market volatility of crypto industry. Further, the Group has entered into USD 30 million long-term loan from related parties out of which USD 5.7 million and USD 1 million is received in the form of digital assets and through bank, respectively, in October, 2024.

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

# Phoenix Group PLC

## Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

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

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

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

#### 2.2 Changes in accounting policies and disclosures

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

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 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)
- Amendments to IFRS Accounting Standards (Volume 11)

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 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

## Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

#### 2.4 Property and equipment

During the quarter ended 30 September 2024, as part of its business strategy, the Group Management revisited their strategy and decided to utilize mining equipment for its own use for cryptocurrency mining operations. As a result of this intended use, mining equipment which were previously classified as inventory has been reclassified to property and equipment. The mining equipment are now recognized at their carrying amount as of the reclassification date, with depreciation to be recorded over the estimated useful life of the assets from the date of reclassification. This reclassification reflects the Group's revised operational focus on self-mining, aligning the condensed consolidated interim financial statement presentation with the revised business model. As a result, an amount of USD 88,870,176 has been reclassified from inventory to property and equipment and depreciation charge of USD 5,112,234 has been recognised during the period.

### 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.

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 4 Fair value estimation *(continued)*

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 September 2024 and 31 December 2023:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 September 2024 (unaudited)</b>				
<i>Assets which are at fair value</i>				
Building (Note 5)	-	21,704,138	-	21,704,138
Digital assets (Note 7)	-	82,873,485	-	82,873,485
Digital assets (Note 7)	310,955,272	-	-	310,955,272
	<u><b>310,955,272</b></u>	<u><b>104,577,623</b></u>	<u>-</u>	<u><b>415,532,895</b></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 September 2024 and 31 December 2023, there are no transfers within the levels of fair value measurements.

## Phoenix Group PLC

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

#### For the nine-month period ended 30 September 2024

#### 5 Property and equipment

	Building USD	Mining equipment USD	Data centres USD	Machinery USD	Furniture and fixtures USD	Office equipment USD	Motor Vehicle USD	Capital work-in- progress USD	Total USD
<b>Cost:</b>									
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
<b>At 31 December 2023 (audited)</b>	<b>21,704,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,098,926</b>	<b>159,013</b>	<b>-</b>	<b>81,247,061</b>	<b>105,209,138</b>
Additions	-	-	-	4,466	375,651	105,776	32,900	38,286,017	38,804,810
Transfer from inventory*	-	88,870,176	-	-	-	-	-	-	88,870,176
Transfers from CWIP	-	-	46,065,168	50,502,612	280,776	-	-	(96,848,556)	-
Transfer to deposits and other assets	-	-	-	-	-	-	-	(7,588,303)	(7,588,303)
Impairment	-	-	(471,720)	-	-	-	-	(3,812,462)	(4,284,182)
<b>At 30 September 2024</b>	<b>21,704,138</b>	<b>88,870,176</b>	<b>45,593,448</b>	<b>50,507,078</b>	<b>2,755,353</b>	<b>264,789</b>	<b>32,900</b>	<b>11,283,757</b>	<b>221,011,639</b>
<b>Accumulated depreciation:</b>									
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
<b>At 31 December 2023 (audited)</b>	<b>516,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>648,663</b>	<b>75,349</b>	<b>-</b>	<b>-</b>	<b>1,240,215</b>
Charge for the period	704,220	5,112,234	374,729	851,874	394,751	44,661	551	-	7,483,020
<b>At 30 September 2024</b>	<b>1,220,423</b>	<b>5,112,234</b>	<b>374,729</b>	<b>851,874</b>	<b>1,043,414</b>	<b>120,010</b>	<b>551</b>	<b>-</b>	<b>8,723,235</b>
<b>Net carrying amount:</b>									
<b>At 30 September 2024 (unaudited)</b>	<b>20,483,715</b>	<b>83,757,942</b>	<b>45,218,719</b>	<b>49,655,204</b>	<b>1,711,939</b>	<b>144,779</b>	<b>32,349</b>	<b>11,283,757</b>	<b>212,288,404</b>
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 in the USA. The management of the Group expects the projects relating to capital work-in-progress to be completed by end of 2024.

\*Three new categories have been introduced in this period, out of which the amount of USD 96,848,556 is transferred from CWIP to data centers and machinery and amount of USD 88,870,176 is transferred from inventory to mining equipment. Data centers, machinery and mining equipment are depreciated over 30 years, 15 years and 4 years, respectively.

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 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> <b>30 September</b> <b>2024</b> <b>USD</b> <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> <b>2023</b> <b>USD</b> <b>(audited)</b>
Investment in Citadel Technologies Group LLC, UAE (Citadel)	64,978,798	117,569,776
Investment in Lyvely FZE (Lyvely)	2,166,089	2,740,250
Investment in Bitzero Blockchain Inc. (Bitzero)	-	-
Investment in M2 Holdings Limited, UAE (M2)	-	-
	<u>67,144,887</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:

	<i>30 September</i> <b>2024</b> <b>USD</b> <b>(unaudited)</b>	<i>31 December</i> <b>2023</b> <b>USD</b> <b>(audited)</b>
At 1 January	120,310,026	28,976,795
Additions		
• Citadel	8,374,611	104,966,600
• M2	-	1,277,457
• Lyvely	-	3,000,000
Dividends received		
• Citadel	(92,496,184)	-
Share of results	(3,497,954)	(6,013,789)
Share of other comprehensive income	34,454,388	13,199,451
Provision for impairment of investment	-	(25,096,488)
<b>At 30 September / 31 December</b>	<u>67,144,887</u>	<u>120,310,026</u>

In October 2024, the purchase price allocation for Citadel was completed. The Group recorded its additional 7.5% acquisition in 2023 at a fair value that is consistent with the fair value determined during the Purchase Price Allocation (PPA) process. The 2023 comparative information was not adjusted for the provisional amounts, as there is no difference.

#### 7 Digital assets

	<i>As at</i> <b>30 September</b> <b>2024</b> <b>USD</b> <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> <b>2023</b> <b>USD</b> <b>(audited)</b>
Digital assets – inventory <i>(a)</i>	375,611,953	136,710,000
Digital assets – intangibles <i>(b)</i>	18,216,804	3,290,124
	<u>393,828,757</u>	<u>140,000,124</u>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

##### *(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.

	<i>As at</i> <b>30 September</b> 2024 USD <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> 2023 USD <b>(audited)</b>
At 1 January	<b>136,710,000</b>	-
Additions (ii)	<b>43,687,582</b>	37,200,000
Additions as commodity contract (i)	<b>12,080,583</b>	-
Disposals as commodity contract	<b>(14,987,304)</b>	-
Disposals	<b>(8,686,511)</b>	-
Realised gain	<b>4,695,690</b>	-
Change in fair value -unrealised	<b>202,111,913</b>	99,510,000
<b>At 30 September / 31 December</b>	<b><u>375,611,953</u></b>	<b><u>136,710,000</u></b>

*(i)* During the period ended 30 September 2024, the Group has entered into a financing transaction with M2 Capital Limited ("affiliate of an associate"), where finance amount is invested in the Bitcoins (BTC) as commodity contract. The total of 236.16 BTC were purchased through this finance totalling to USD 12.08 million. These 236.16 BTC's were kept as collateral with M2 Capital Limited against the finance amount (note 15). On 26 August 2024, the contract was closed and the finance amount is fully repaid resulting in a gain of USD 2.9 million.

*(ii)(a)* During the 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.

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

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

(ii)(b) During the period the Group has entered into the contract with Galaxy Digital for Solana tokens which are vested around 1.8% per month to the Group. The tokens are directly transferred to the wallet of Phoenix. The tokens are recorded at cost on acquisition and fair value is based on the available market information. The fair value gain/ loss on fair valuation is recorded in the condensed consolidated interim statement of the profit or loss. These tokens are traded in primary market, therefore these tokens are disclosed as Level 1 valuation on the condensed consolidated interim financial statements in line with IFRS 13 guidance.

(b) *Accounted under intangible asset methodology*

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

	<i>As at</i> <b>30 September</b> <b>2024</b> <b>USD</b> <b>(unaudited)</b>
At 1 January	3,290,124
Additions on self-mined tokens (Note 19)	76,750,626
Dividend from Citadel (Note 6)	92,496,184
Acquired during the period	140,021,211
Disposals	(295,405,120)
Change in fair value	1,063,779
<b>At 30 September</b>	<b>18,216,804</b>

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

	<i>Nine-month period ended</i> <b>30 September (unaudited)</b>	
	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Gain/(loss) digital assets – inventory	202,111,913	75,676,265
Gain digital assets – intangibles	1,063,779	-
	<b>203,175,692</b>	<b>75,676,265</b>

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

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
UNCN	65,875,000	-
SOL	62,581,341	-
FAH - Falcon	37,900,000	-
MMX	37,000,000	75,325,349
BTC	1,062,831	360,772
Others	961	(9,856)
ETH	(1,244,441)	-
	<b>203,175,692</b>	<b>75,676,265</b>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

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

The total digital assets portfolio amounts to USD 393,828,757, which includes liquid digital assets valued at USD 18,216,804. These are classified as intangible assets to comply with relevant IFRS standards. The Group actively utilizes USDT in its daily operations, allowing for efficient management of its financial resources. Given the high liquidity of USDT (Tether) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT is specifically designed to maintain a 1:1 peg with the US dollar, offering price stability. The Group has the flexibility to convert BTC into USDT, and subsequently USDT into USD, as needed to support its liquidity requirements. This is part of Group's active treasury management.

#### 8 Inventories

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

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

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

	<i>As at</i> <b>30 September</b> <b>2024</b> <b>USD</b> <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> <b>2023</b> <b>USD</b> <b>(audited)</b>
Finished goods	<b>52,460,907</b>	59,495,074
Consumables items	-	126,500
Stock in-transit	-	13,640,123
	<b><u>52,460,907</u></b>	<b><u>73,261,697</u></b>

Movement of inventories is as follows:

	<b>2024</b> <b>USD</b> <b>(unaudited)</b>	<b>2023</b> <b>USD</b> <b>(audited)</b>
As at 1 January	<b>73,261,697</b>	41,389,136
Net purchases	<b>99,372,002</b>	138,864,566
Inventory consumed	<b>(13,114,489)</b>	(106,992,005)
Transfers to property and equipment	<b>(107,058,303)</b>	-
<b>At 30 September / 31 December</b>	<b><u>52,460,907</u></b>	<b><u>73,261,697</u></b>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 9 Trade receivables

	<i>As at</i> <b>30 September</b> 2024 USD (unaudited)	<i>As at</i> <b>31 December</b> 2023 USD (audited)
Gross - trade receivables	10,724,254	33,061,633
Provision for expected credit losses	<u>(1,319,585)</u>	-
Net trade receivables	<u>9,404,669</u>	<u>33,061,633</u>

Out of the above balance of trade receivables, USD 1,163,802 (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 September 2024.

#### 10 Advances, deposits and other receivables

	<i>As at</i> <b>30 September</b> 2024 USD (unaudited)	<i>As at</i> <b>31 December</b> 2023 USD (audited)
Advances (i) (ii)	142,515,128	132,110,576
Deposits	93,850,332	31,664,170
Accrued income	-	273,151
VAT receivable	777,070	183,191
Prepaid expenses	614,175	171,587
Other receivables	394,618	108,545
Staff loans and advances	42,076	8,151
Other loans and advances	<u>26,502</u>	-
	<u>238,219,901</u>	<u>164,519,371</u>

(i) This includes balance of USD 106,945,866 (2023 (audited): USD 46,316,976) given to related parties (Note 13(i)(d)).

(ii) This includes a balance of USD 1,500,000 for the investment to be made in IOPN Limited.

Analysed as follows:

	<i>As at</i> <b>30 September</b> 2024 USD (unaudited)	<i>As at</i> <b>31 December</b> 2023 USD (audited)
Non-current	195,985,177	11,025,386
Current	<u>42,234,724</u>	<u>153,493,985</u>
	<u>238,219,901</u>	<u>164,519,371</u>

In the period ended 30 September 2024, mining equipment which were classified under inventories has been reclassified to property and equipment (refer note 2.4). As a result, the advances which were made for the purchase of inventory with a value of USD 184 million were also reclassified from current advances and deposits to non-current advances and deposits. Further, these are reflected in the 'Advances and deposits' under investing activities, which were presented under changes in working capital till period ended 30 June 2024.

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

Movement in advances advances and deposits is as follows:

	2024 USD Advances	2024 USD Deposits
At 1 January	132,110,576	31,664,170
Additions	213,979,443	1,776,897
Reclassification from advances to deposits	(57,857,080)	57,857,080
Reclassification from capital work in progress to deposits	-	4,869,713
Refunds	(10,869,514)	-
Utilised	(134,848,297)	(2,317,528)
<b>At 30 September</b>	<b>142,515,128</b>	<b>93,850,332</b>

#### 11 Cash and short-term deposits

	<i>As at</i> 30 September 2024 USD (unaudited)	<i>As at</i> 31 December 2023 USD (audited)
Cash at bank and on hand	3,265,470	23,164,555
Short-term deposits – less than three month original maturity	-	175,000,000
	<b>3,265,470</b>	<b>198,164,555</b>

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

The total digital assets portfolio amounts to USD 393,828,757, which includes liquid digital assets valued at USD 18,216,804. These are classified as intangible assets to comply with relevant IFRS standards. The Group actively utilizes USDT in its daily operations, allowing for efficient management of its financial resources. Given the high liquidity of USDT (Tether) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT is specifically designed to maintain a 1:1 peg with the US dollar, offering price stability. The Group has the flexibility to convert BTC into USDT, and subsequently USDT into USD, as needed to support its liquidity requirements. This is part of Group's active treasury management.

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

	<i>As at</i> 30 September 2024 USD (unaudited)	<i>As at</i> 31 December 2023 USD (audited)
(i) <i>Share capital and share premium</i>		
<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
	<b>510,588,235</b>	<b>510,588,235</b>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

(ii) *Other reserves*

	<i>Revaluation reserve (Note a) USD</i>	<i>Foreign currency translation reserve (Note b) USD</i>	<i>Fair value through other comprehensive income (Note c) USD</i>	<i>Total USD</i>
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	(510,644)	(4,304)	35,422,815	34,907,867
<b>At 30 September 2024 (unaudited)</b>	<b>10,869,414</b>	<b>(116,896)</b>	<b>48,666,539</b>	<b>59,419,057</b>

(a) *Revaluation reserve*

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

(b) *Foreign currency translation reserve*

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

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

This reserve relates to the Group's share of other comprehensive income from associate and fair value gain on the digital assets held as intangible assets.

(iii) *Own shares*

During the 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.

During the period ended 30 September 2024, the Group has paid an amount of USD 10 million to the Market Maker to fund the purchase of its own shares. At 30 September 2024, the Market Maker held 1,461,031 shares at the average cost of AED 1.553405 per share amounting to the value of USD 617,992 of the Company's shares on behalf of the Group. The realized loss of USD 1,646,171 on shares sold has been presented in retained earnings. Further, the Market Maker has repaid an amount of USD 1 million, and remaining balance is classified as advances in the condensed consolidated statement of financial position.

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 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 major 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 interim statement of financial position are as follows:

##### (a) *Trade receivables*

		<i>As at 30 September 2024 USD (unaudited)</i>	<i>As at 31 December 2023 USD (audited)</i>
	<b>Relationship</b>		
M2 Capital Limited, UAE	Affiliate of associate	<b>1,163,792</b>	-
Syedmohammed Alizadehfard, UAE	Director	-	4,017,864
Munaf Ali., UAE	Director	-	783,651
<b>Total</b>		<b>1,163,792</b>	<b>4,801,515</b>

##### (b) *Due from related parties*

		<i>As at 30 September 2024 USD (unaudited)</i>	<i>As at 31 December 2023 USD (audited)</i>
	<b>Relationship</b>		
Phoenix Technology Solutions B.V., Amsterdam	Common directorship	<b>176,088</b>	-
Falcon Group Limited, UAE	Common directorship	<b>5,460</b>	-
Phoenix Cleo Re Holding Limited, UAE	Common directorship	<b>4,399</b>	-
Phoenix Pyramids Re Holding Limited, UAE	Common directorship	<b>4,256</b>	-
M2 Holdings Limited, UAE	Associate	<b>2,635</b>	2,550
Phoenix Technology Consultants	Common directorship	<b>1,097</b>	-
<b>Total</b>		<b>193,935</b>	<b>2,550</b>

##### (c) *Due to related parties*

		<i>As at 30 September 2024 USD (unaudited)</i>	<i>As at 31 December 2023 USD (audited)</i>
	<b>Relationship</b>		
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
<b>Total</b>		<b>-</b>	<b>54,710,583</b>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

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

###### (d) *Advances to related parties*

		<i>As at</i> <b>30 September</b> 2024 USD <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> 2023 USD <b>(audited)</b>
Cypher Capital DMCC, UAE	Common directorship	<b>106,621,957</b>	46,316,976
Citadel Technologies Group LLC, UAE	Associate	<b>320,909</b>	-
<b>Total</b>		<b>106,942,866</b>	<b>46,316,976</b>

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

###### (e) *Advances from related parties*

		<i>As at</i> <b>30 September</b> 2024 USD <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> 2023 USD <b>(audited)</b>
M2 Capital Limited, UAE	Affiliate of associate	<b>2,003,605</b>	18,279,651
Cypher Capital Technology LLC	Common directorship	<b>751,701</b>	-
		<b>2,755,306</b>	<b>18,279,651</b>

###### f) *Trade and other payables*

		<i>As at</i> <b>30 September</b> 2024 USD <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> 2023 USD <b>(audited)</b>
Syedmohammed Alizadehfard, UAE	Director	<b>801,831</b>	-
Munaf Ali., UAE	Director	<b>182,391</b>	-
		<b>984,222</b>	-

This amount is included in advances received from customers (Note 16). This advance relates to monthly bills charged for hosting services collected at the start of the contract.

##### ii. Related party transactions

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

Revenue	Relationship	<i>Nine-month period ended</i> <b>30 September (unaudited)</b>	
		<b>2024</b> USD	2023 USD
M2 Capital Limited, UAE	Affiliate of associate	<b>22,453,820</b>	8,686,646
Munaf Ali., UAE	Director	<b>4,695,957</b>	5,245,778
Cypher Capital Technology LLC	Common directorship	<b>2,801,027</b>	24,009,970
Syedmohammed Alizadehfard, UAE	Director	<b>2,134,284</b>	8,621,676

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

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

##### ii. Related party transactions *(continued)*

Purchases	Relationship	<i>Nine-month period ended 30 September (unaudited)</i>	
		2024	2023
		USD	USD
Cypher Capital DMCC	Common directorship	49,097,987	-
Munaf Ali, UAE	Director	748,020	-
Seyedmohammed Alizadehfard, UAE	Director	356,850	2,500,000

Expense	Relationship	<i>Nine-month period ended 30 September (unaudited)</i>	
		2024	2023
		USD	USD
<b>Interest on loan:</b>			
WAS Four Investment – Sole Proprietorship L.L.C(“WAS”), UAE	Affiliate of major shareholder	8,071,114	-
M2 Capital Limited, UAE	Affiliate of associate	1,164,948	-

Other transactions	30 September	31 December
	2024	2023
	USD	USD
	(unaudited)	(audited)
Repayment of capital contribution	24,994,908	-
Investment in Lyvely FZE	-	3,000,000
Investment in Citadel Technologies Group LLC	8,374,611	104,966,600
Advance to Citadel Technologies Group LLC	320,909	-
Investment in M2 Holdings Ltd	-	1,277,457
Acquisition of digital asset – MMX from M2 Capital Ltd	-	37,200,000
Acquisition of digital asset – FAH from Falcon Group Limited, UAE	10,000,000	-
Loan from M2 Capital Ltd and repayment	12,080,583	-
Loan from M2 Capital Ltd	15,258,904	-
Acquisitoin of Solana Tokens from Cypher Capital DMCC	21,721,294	-

##### iii. Compensation of key management personnel

The remuneration of key management personnel are as follows:

	<i>Nine-month period ended 30 September (unaudited)</i>	
	2024	2023
	USD	USD
Salaries and other benefits	2,570,239	714,103
End of service benefits	67,034	21,091
	<u>2,637,273</u>	<u>735,194</u>
Number of key management personnel	<u>2</u>	<u>2</u>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 14 Employees' end of service benefits

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

	<i>30 September</i> 2024 USD (unaudited)	<i>31 December</i> 2023 USD (audited)
At 1 January	858,965	170,483
Charge for the period /year	308,067	697,947
Paid during the period/year	(21,586)	(9,465)
At 30 September / 31 December	<u>1,145,446</u>	<u>858,965</u>

#### 15 Interest-bearing loans

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

	<i>As at</i> <i>30 September</i> 2024 USD (unaudited)	<i>As at</i> <i>31 December</i> 2023 USD (audited)
Non-current	3,422,562	3,556,500
Current	<u>15,177,019</u>	<u>165,487</u>
	<u>18,599,581</u>	<u>3,721,987</u>

The movement in interest-bearing loans is as follows:

	<i>30 September</i> 2024 USD (unaudited)	<i>31 December</i> 2023 USD (audited)
At 1 January	3,721,987	3,928,417
Proceeds	27,080,583	-
Repayments	(12,202,989)	(206,430)
At 30 September / 31 December	<u>18,599,581</u>	<u>3,721,987</u>

	<b>Interest rate</b>	<b>Maturity</b>	<i>As at</i> <i>30 September</i> 2024 USD (unaudited)	<i>As at</i> <i>31 December</i> 2023 USD (audited)
M2 Capital Limited Loan	10%	31-Dec-2024	<u>15,000,000</u>	-
FAB loan	EIBOR+3%	06-Oct-2036	<u>3,599,581</u>	<u>3,721,987</u>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 16 Other liabilities

	<i>As at</i> <b>30 September</b> 2024 USD <b>(unaudited)</b>	<i>As at</i> <b>31 December</b> 2023 USD <b>(audited)</b>
Deferred rebate income (ii)	29,596,626	20,441,040
Provision for expenses	6,756,735	20,257,625
Advances received from customers (i)	5,219,171	29,550,448
Deposit received	3,439,277	5,268,150
Provision for leave salary	1,232,958	850,964
Other payables	422,763	20,004
	<b>46,667,530</b>	<b>76,388,231</b>

(i) This includes amount of USD 2,755,306 (2023 (audited): USD 18,279,651) which is from a related party (Note 13(i)(e)).

(ii) Deferred rebate 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 4,072,937 (2023 (audited): USD Nil).

#### 18 Contingencies

At 30 September 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>Three-month period ended</i> <b>30 September</b>		<i>Nine-month period ended</i> <b>30 September</b>	
	2024	2023	2024	2023
	USD	USD	USD	USD
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<i>Revenue from contracts with customers:</i>				
• Sales of ASICs, wallets, and equipment	2,688,579	43,935,562	35,372,305	159,351,149
• Hosting revenue	6,113,239	17,906,536	43,201,575	50,148,163
• Mining revenue	26,633,893	6,916,791	76,750,626	20,046,347
Service income	538,100	11,850	788,038	32,219
	<b>35,973,811</b>	<b>68,770,739</b>	<b>156,112,544</b>	<b>229,577,878</b>

##### (b) Geographical markets

Outside UAE	35,955,449	68,680,164	155,888,813	229,212,153
Within UAE	18,362	90,575	223,731	365,725
	<b>35,973,811</b>	<b>68,770,739</b>	<b>156,112,544</b>	<b>229,577,878</b>

##### (c) Timing of revenue recognition

At a point in time	2,688,579	43,935,562	35,372,305	159,351,149
Over the time	33,285,232	24,835,177	120,740,239	70,226,729
	<b>35,973,811</b>	<b>68,770,739</b>	<b>156,112,544</b>	<b>229,577,878</b>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 20 Direct costs

	<i>Three-month period ended</i> <i>30 September</i>		<i>Nine-month period ended</i> <i>30 September</i>	
	2024 USD <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>	2024 USD <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>
Opening inventory	158,026,311	29,839,066	73,261,697	41,389,136
Add: purchases and other direct costs	2,899,980	77,229,020	106,729,202	136,201,174
Less: transfer to property and equipment	107,058,303	-	107,058,303	-
Less: rebate income	-	6,813,600	7,357,200	6,813,600
Less: closing inventory	52,460,907	81,050,792	52,460,907	81,050,792
<b>Cost of inventory consumed</b>	<b>1,407,081</b>	<b>19,203,694</b>	<b>13,114,489</b>	<b>89,725,918</b>
Hosting electricity costs	6,038,822	17,395,414	39,244,178	46,958,276
Mining expenses*	25,226,125	4,145,748	53,686,487	9,877,026
Warehouse expenses	17,500	15,505	56,149	70,966
	<b>32,689,528</b>	<b>40,760,361</b>	<b>106,101,303</b>	<b>146,632,186</b>

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

#### 21 General and administrative expenses

	<i>Three-month period ended</i> <i>30 September</i>		<i>Nine-month period ended</i> <i>30 September</i>	
	2024 USD <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>	2024 USD <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>
Staff costs	4,611,394	2,254,716	12,334,568	5,479,040
Depreciation (Note 5)	6,501,294	179,599	7,483,020	536,639
Inventory written off	2,269,086	-	5,954,564	-
Penalties and compensation	539,416	132,836	3,029,005	1,845,094
Site expenses	940,628	1,144,593	2,982,744	3,788,170
Legal and professional fees	1,415,475	675,281	2,403,626	1,384,500
Office and other expenses	257,391	244,909	699,806	552,282
Asset written off	471,720	-	471,720	-
Auditor's remuneration	64,074	56,600	445,628	113,650
Recruitment expenses	38,073	212	347,532	212
Short-term lease	61,691	49,746	180,453	200,836
Travelling and entertainment	213,162	71,065	438,160	184,599
Insurance	357,493	71,861	516,672	150,645
Bank charges	40,790	7,266	165,604	22,168
Amortization of right-of-use assets	58,618	14,655	174,581	14,655
Utility and communication expenses	49,378	13,031	94,192	46,655
Repair and maintenance	28,469	6,146	47,601	36,087
Amortization of intangible assets	23,922	910	38,304	1,214
	<b>17,942,074</b>	<b>4,923,426</b>	<b>37,807,780</b>	<b>14,356,446</b>

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 22 Other operating income

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>USD</b>	USD	<b>USD</b>	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Coupon sale	-	-	-	1,392,000
Miscellaneous income	<b>14,902</b>	95,747	<b>252,582</b>	240,078
Commission income	<b>2,879</b>	-	<b>4,251</b>	-
Compensation received	-	112,848	<b>102,773</b>	368,111
	<b>17,781</b>	208,595	<b>359,606</b>	2,000,189

#### 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>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>USD</b>	USD	<b>USD</b>	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period	<b>47,557,713</b>	96,304,452	<b>169,842,300</b>	144,456,745
Weighted average number of ordinary shares in issue	<b>6,034,469,551</b>	5,141,500,000	<b>6,043,986,291</b>	5,141,500,000
Basic and diluted earnings per share	<b>0.008</b>	0.019	<b>0.028</b>	0.028

#### 24 Finance costs

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>USD</b>	USD	<b>USD</b>	USD
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on interest-bearing loans	<b>83,129</b>	78,962	<b>237,341</b>	223,112
Interest expense on related party loan*	<b>526,261</b>	-	<b>9,236,062</b>	20,422
Interest on leases	<b>7,691</b>	2,335	<b>25,631</b>	2,335
	<b>617,081</b>	81,297	<b>9,499,034</b>	245,869

\*The interest expense includes amount of USD 9,236,062 (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 crypto 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 42.67% of the Group's total sales during the nine-month period ended 30 September 2024 (30 September 2023: 45.32%).

## Phoenix Group PLC

### Notes to the condensed consolidated interim financial statements *(continued)* For the nine-month period ended 30 September 2024

#### 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 condensed consolidated interim statement of profit or loss are:

	<i>Three-month period ended</i> <i>30 September</i>		<i>Nine-month period ended</i> <i>30 September</i>	
	<b>2024</b> <b>USD</b> <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>	<b>2024</b> <b>USD</b> <i>(unaudited)</i>	2023 USD <i>(unaudited)</i>
Current income tax expense	<b>5,094,227</b>	-	<b>17,143,542</b>	-
	<b>5,094,227</b>	-	<b>17,143,542</b>	-

#### 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.

<b>31 December 2023</b>	<b>As previously reported</b> <b>USD</b>	<b>Reclassification</b> <b>USD</b>	<b>As reported</b> <b>USD</b>
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 Post balance sheet event

Subsequent to 30 September 2024, the Group entered into two loan agreements with related parties amounting to USD 10 million and USD 20 million, respectively. These long-term loans are intended for business purposes, including expansion.