



PHOENIX

Q3 **2024**
MANAGEMENT
DISCUSSION & ANALYSIS

NAME OF THE LISTED
COMPANY

PHOENIX GROUP PLC

THE PERIOD OF THE
FINANCIAL STATEMENTS
COVERED BY THE REPORT

Third Quarter 2024

OVERVIEW OF THE RESULTS
DURING THE FINANCIAL
PERIOD

Phoenix Group PLC (ADX: PHX) has announced its Q3'2024 results with core revenue of \$35.9M and income from investments of \$68.5M. Core revenue predominantly includes income from self mining with some marginal revenues from trading and hosting business. Income from investments was derived from digital assets and other investments offering a diversified exposure to Web3 which is part of Company's active strategy on its capital deployment.

- Total assets surged by 148% y-o-y in 9M'24, soaring to \$977.6 million from \$394.1 million.
- The quarter-over-quarter growth in total assets stands at 6%.
- Self-mining business grew by 285% y-o-y to reach \$26.6 million in Q3, 2024 as compared to USD 6.9 million in Q3, 2023. The solid increase in self mining business reflects shift in strategy to prioritize self mining of Bitcoins. We expect this segment to grow further as tailwinds from halving settle.
- We are already seeing early signs of a fresh bull run in bitcoin.
- The earnings per share for Q3 2024 amounted to \$0.008.

SECURITIES ISSUED DURING
THE FINANCIAL PERIOD

None

SUMMARY OF THE
OPERATING PERFORMANCE
DURING THE FINANCIAL
PERIOD

The revenue for Q3'24 clocked in at \$36M. Trading and hosting revenue declined which is a result of Company's active strategy to deploy most of its inventory to self mining business.

Self-mining revenue is showing resilience with only 7% Q/Q decrease despite full quarter of halving impact, increase in mining difficulty and lower BTC price. We believe the mining economics will improve going forward as we are already seeing early signs of fresh bull run.

The company delivered strong returns from investments which grew 16% Q/Q primarily driven by gains on digital assets from new investments. The company has successfully demonstrated its ability to generate value from different Web3 investments where some of these investments have delivered returns of more than 4x (for e.g. Solana tokens).

The Company is actively working on strategy to deploy more capital into foundation deals as well as incubation projects. Overall Company has weathered through a tough quarter for the industry. When benchmarked against other mining companies, Phoenix has continued to show significant resilience and strong bottom line.

SUMMARY OF THE PROFIT AND LOSS DURING THE FINANCIAL PERIOD

All Numbers in USD	Q3'24	Q3'23	Y/Y
Revenue from contract with customers	35,973,811	68,770,739	-48%
Cost of goods sold	-32,689,528	-40,760,361	-20%
Gross profit	3,284,284	28,010,378	-88%
Total OPEX	-18,548,121	-6,279,312	195%
Income from Investments	68,532,858	74,654,683	-8%
Profit Before Tax	52,651,940	96,304,452	-45%
Provision for Income Tax	-5,094,227	-	NA
Profit After Tax attributable to shareholders	47,557,713	96,304,452	-51%

SUMMARY OF FINANCIAL POSITION AS AT THE END OF THE FINANCIAL PERIOD

Total Digital Assets: USD 393.8M
Total Assets: USD 977.6M
Total Equity: USD 875.1M

MAIN PERFORMANCE INDICATORS

	Q3'24	Q3'23	Y/Y
Gross Revenue	35,973,811	68,770,739	-48%
Self Mining	26,633,893	6,916,791	285%
Hosting	6,651,339	17,918,386	-63%
Trading	2,688,579	43,935,562	-94%
Gross Margin	9%	41%	-31.7 Pp
Self Mining	5%	40%	-35 Pp
Hosting	9%	3%	7 Pp
Trading	47%	56%	-10 Pp
Hash Rate Qtr end	12.1 EHs	9.8 EHs	23%
Contribution in global hash rate	1.9%	2.4%	-0.6 Pp

EXPECTATIONS FOR THE SECTOR AND THE COMPANY'S ROLE IN THESE EXPECTATIONS

The introduction of Bitcoin ETFs and the recent launch of Ethereum ETFs have significantly piqued the interest of institutional investors who previously did not have easy access to digital assets. ETFs have emerged to be the major buyers of Bitcoins since their launch reducing bitcoins supply available on exchanges. The available bitcoins on exchanges have fallen to an all time low which is a strong indication of a potential bull run.

Mining sector is still facing headwinds from recent halving cycle. As the companies move to replace their ASIC miners with latest and high efficiency miners. We feel the headwinds from halving and increase in difficulty are subsiding now with notable increase in BTC price. This should help achieve better mining economics going forward and improve the gross margin from self mining.

The sector is more closely tracking US elections than ever as the digital assets have taken a center stage in US elections. We feel there will be some volatility in sector in the short-term, however in the long run we remain convinced about bullish outlook irrespective of the elections outcome.

Besides elections, FED's pivot to reduce interest rates at an accelerated pace than previously anticipated is also expected to support the sector.

FUTURE PLANS FOR GROWTH AND CHANGES IN OPERATIONS IN FUTURE PERIODS

- Optimise current mining operations (i.e. focussing on profitable sites)
- Continue to seek access to attractive investment opportunities in complimenting tech and web3 sectors with focus on tokenization.
- Seek more foundation deals to garner greater return for shareholders.
- Continue to invest in modern highly efficient mining technologies and sites to gain access to competitive energy prices.
- Closely monitor market evolution and the prices of bitcoin and electricity, adjusting our blend of revenue streams by balancing our self-mining operations and hosting services to maximize profits.
- Collaborate with AI-centric enterprises to evaluate data center needs and create a strategic plan and framework to find synergies in the backdrop of rush for power globally.

THE DEVELOPMENTS OF THE IMPLEMENTATION OF PROJECTS, PLANS AND TRANSACTIONS AND DEALS THAT WERE DISCUSSED BY THE COMPANY'S BOARD OF DIRECTORS IN THE REPORT FOR THE PREVIOUS FISCAL YEAR

The company's board of directors noted the progress in implementation of the company's strategy and continued efforts for good corporate governance.

Q3 2024

MANAGEMENT DISCUSSION & ANALYSIS



FOR FURTHER DETAILS, PLEASE FEEL FREE TO REACH OUT TO US AT

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