

# **Phoenix Group PLC**

**DIRECTORS' AND AUDITOR'S REPORT  
AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

## **Phoenix Group PLC**

### **Directors' and Auditor's Reports and consolidated financial statements for the year ended 31 December 2025**

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# Phoenix Group PLC

## Directors' report

*for the year ended 31 December 2025*

The Directors have the pleasure in submitting this report, together with the audited consolidated financial statements of the Phoenix Group PLC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025.

### Principal activities

The Group is a technology conglomerate bringing cutting-edge blockchain solutions to an expansive market. The Group offers a comprehensive range of services, from high-performance computing machines trading and data centre hosting. The Group develops, operates, and manages highly specialised data centres, hosting high-performance computing power for digital asset across the UAE, Oman, USA 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 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.

### Principal areas of Focus

**The Group's operations are structured around two primary strategic focus areas:**

#### 1. Digital Asset Mining and Infrastructure

The Group is engaged in the digital asset mining ecosystem, encompassing:

- Self-mining operations,
- Hosting services for third-party miners, and
- Trading of mining equipment, including specialised hardware and related infrastructure.

These activities are supported by the Group's investments in power capacity, data-center infrastructure, and operational expertise across multiple jurisdictions.

#### 2. Data Centres for Artificial Intelligence (AI)

In parallel, the Group intends to develop and invest in data-centre infrastructure tailored for Artificial Intelligence (AI) workloads. The Group is actively evaluating and exploring strategic options and potential opportunities in this area, with a focus on scalable, high-performance, and energy-efficient facilities designed to meet the anticipated growth in demand for AI computing capacity. As at the reporting date, these initiatives remain at an evaluation and planning stage.

### Investment Policy

As a matter of policy and risk discipline, the Group's treasury and investment activities in digital assets are governed by a conservative framework. Any investments in digital tokens are restricted to Tier-1, highly liquid, and widely established tokens. The Group will not, on a go-forward basis, invest in incubation-stage tokens, early-stage digital assets, or token-based projects, nor will it make equity investments in incubation or early-stage entities. This approach is intended to preserve capital, ensure liquidity, and mitigate volatility and execution risk.

### Results for the year

For the year ended 31 December 2025, the Group reported revenue of USD 117,744 thousand (2024: USD 205,686 thousand) and loss for the year attributable to the shareholders of USD 271,654 thousand (2024: profit of USD 167,372 thousand).

The variance in revenue between 2025 and 2024 is primarily attributable to a significant reduction in trading, hosting, and self-mining activities, with trading revenue decreasing by 69%, hosting revenue by 62%, and self-mining revenue by 21% year on year. These movements are consistent with the Group's strategic realignment toward strengthening and optimising its self-mining operations as a longer-term driver of sustainable revenue growth. For the year ended 31 December 2025, the Group recorded a total comprehensive loss of USD 273,235 thousand, compared to total comprehensive income of USD 218,832 thousand in the prior year. Earnings per share declined from USD 0.028 in 2024 to loss per share USD 0.045 in 2025. The increase in losses during the year was principally driven by unrealised fair value losses amounting to USD 223,260 thousand in 2025, as compared to unrealised gains of USD 225,425 thousand recognised in 2024, and provision, impairments and write-offs of USD 55,712 thousand (2024: USD 30,498 thousand). (note 32).

# Phoenix Group PLC

## Directors' report for the year ended 31 December 2025

### 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 18 of the consolidated financial statements.

### Role of the Directors

The Directors are the Group's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Group for delivering sustainable shareholder value through their guidance and supervision of the Group's business. The Directors set the strategies and policies of the Group. They monitor performance of the Group's business, guide and supervise its management.

### Going concern

The consolidated financial statements have been prepared on a going concern basis. While preparing the consolidated financial statements, the management has made an assessment of the Group's ability to continue as a going concern. The management has made significant assumptions over mining and sale of digital assets to generate sufficient cash flows in foreseeable future to meet its obligations as and when they fall due. The management has not come across any evidence other than disclosed above 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.

### Statement of Directors' responsibilities

The applicable requirements require the Directors to prepare the consolidated financial statements for each financial year which present fairly in all material respects, the consolidated financial position of the Group and its financial performance for the year then ended.

The consolidated financial statements for the year have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the consolidated financial position of the Group and enables them to ensure that the consolidated financial statements comply with the requirements of the applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order for the consolidated financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present the Group's financial conditions and results of its operations.

The consolidated financial statements set out on pages 8 to 68, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:

### Directors

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

### Directors' statement to the disclosure to auditors

In so far as the Directors are aware, there is no relevant information of which the Group auditors are unaware.

The Group's auditors have been provided with access to all information of which we are aware that is relevant to the preparation of consolidated financial statements.

### Independent auditors

RAI Audit and Tax services - Sole Proprietorship L.L.C., was appointed as the external auditors for the financial year 2025, in the annual general meeting held on 22 April 2025.

On behalf of the Board of Directors

Signed by:  
  
A05333096C404EB

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

## Independent Auditor's Report

To: The Shareholders of Phoenix Group PLC

Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Phoenix Group PLC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter*

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recognition of cryptocurrency mining revenue (Note 26 to the Consolidated Financial Statements)

**Key audit matter:**

The Group recognises revenue in accordance with IFRS 15, Revenue from Contracts with Customers.

The management recognises revenue from the provision of transaction verification services within the Bitcoin network, commonly referred to as "cryptocurrency mining". The Group participates in mining pools operated by third parties in order to limit its exposure to variability of mining output. The Group receives bitcoins from the mining pool operator as consideration for its participation in the pool.

During the year ended 31 December 2025, the Group recognised cryptocurrency mining revenue of USD 84 million. The Group's management has exercised significant judgment in their determination of how IFRS 15 should be applied to the accounting for cryptocurrency mining revenue recognised.

We identified the accounting for cryptocurrency mining revenue recognised as a key audit matter due to the complexities involved in auditing completeness and occurrence of the revenue recognised by the Group.

**How the matter was addressed in our audit:**

We have performed audit procedures to obtain assurance over the revenue from mining which included the following:

- Obtained and evaluated management's rationale for the application of IFRS 15 to account for its cryptocurrency awards earned;
- Performed substantive transactional testing of income recognised, by vouching a sample of transactions from the Group's digital wallets to the Bitcoin blockchain, and recalculating the fair value on recognition;
- Vouched a sample of transactions directly from the Bitcoin blockchain back to the Group's digital wallets;
- Evaluated and tested management's rationale and supporting documentation associated with the valuation of cryptocurrency awards earned; and
- Assessed the adequacy of disclosures in line with the requirements of the IFRS 15.

### Accounting for digital assets (Note 10 to the Consolidated Financial Statements)

**Key audit matter:**

The Group holds number of digital assets as intangible assets and inventories as disclosed in note 10 of the consolidated financial statements.

There is no specific accounting standard that addresses the accounting treatment for digital assets and as a result significant judgement is applied to ensure these digital assets are accounted for in accordance with the IFRS Accounting Standards.

This was determined to be a key audit matter as it requires significant judgement in determining the recognition and presentation of the digital assets and confirming existence at reporting date.

**How the matter was addressed in our audit:**

We have performed audit procedures in respect to the management's assessment by performing the following procedures:

- Confirmed the quantities of the digital assets within the Group's wallets by inspecting wallets at year end;
- Reviewed and tested underlying agreements giving rise to the receipt of digital assets;
- Performed an assessment of the fair values attributed to the digital assets at the transaction date and year end date, by vouching the value of quantities held to a third party website;
- Performed an assessment of the liquidity of the tokens held and any impact on the subsequent measurement thereto;
- Discussed with management the strategy for holding of digital assets and reviewed the relevant accounting treatment; and
- Assessed the adequacy of the disclosures in the consolidated financial statements.

***Other Information***

Management is responsible for the other information. The other information comprises the Directors' report, and information included in Annual Report (but does not include the consolidated financial statements and our auditor's report thereon). We obtained the Directors' Report prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISA.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Abu Dhabi Global Market Companies Regulation 2020, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Further, as required by the Abu Dhabi Global Market Companies Regulations 2020 of ADGM, we report that:

- the consolidated financial statements have been prepared in, all material respects, in accordance with the applicable requirements of the Companies Regulations 2020 of ADGM; and
- the financial information included in the Directors' report, is consistent with the consolidated financial statements of the Group.

For and on behalf of **RAI Audit and Tax Services**



**Ashraf Eradhun**

Date: 17 February 2026

Abu Dhabi

United Arab Emirates

# Phoenix Group PLC

## Consolidated statement of financial position

	Notes	As at 31 December	
		2025 USD'000	2024 USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	317,936	252,190
Right-of-use asset	6	-	447
Intangible assets	7	-	848
Investment in associates	8	36,298	53,660
Investment at FVTPL	9	16,947	-
Advances and deposits	13	14,647	138,551
Deferred tax asset	34	2,956	380
		<u>388,784</u>	<u>446,076</u>
<b>Current assets</b>			
Digital assets	10	266,854	441,528
Inventories	11	136	845
Trade receivables	12	9,027	26,538
Advances, deposits and other receivables	13	13,883	26,824
Due from related parties	18	162	250
Cash and bank balances	14	5,404	20,310
		<u>295,466</u>	<u>516,295</u>
<b>Total assets</b>		<u><b>684,250</b></u>	<u><b>962,371</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15(i)	164,706	164,706
Share premium		345,882	345,882
Other reserves	15(ii)	(539)	18,524
Statutory reserve	17	14	14
Retained earnings		123,957	362,898
Own shares		(281)	(263)
<b>Total equity</b>		<u><b>633,739</b></u>	<u><b>891,761</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	19	1,218	1,312
Interest-bearing loans	20	3,095	3,376
Shareholders' loan	21	-	9,318
		<u><b>4,313</b></u>	<u><b>14,006</b></u>

# Phoenix Group PLC

## Consolidated statement of financial position *(continued)*

	Notes	As at 31 December	
		2025 USD'000	2024 USD'000
<b>Current liabilities</b>			
Lease liability	6	-	390
Due to a related party	18	3	-
Interest-bearing loans	20	22,596	15,180
Shareholders' loan	21	-	10,000
Trade payables	22	5,105	3,667
Other liabilities	23	18,494	27,367
		<u>46,198</u>	<u>56,604</u>
<b>Total liabilities</b>		<u>50,511</u>	<u>70,610</u>
<b>Total equity and liabilities</b>		<u>684,250</u>	<u>962,371</u>

These consolidated financial statements were authorised for issue on 17 February 2026 and signed by:

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

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

The notes on pages 15 to 68 form an integral part of these consolidated financial statements.

# Phoenix Group PLC

## Consolidated statement of profit or loss

	Notes	Year ended 31 December	
		2025 USD'000	2024 USD'000
Revenue	26	117,744	205,686
Other income	27	2,767	9,853
		<b>120,511</b>	<b>215,539</b>
<u>Expenses</u>			
Self-mining electricity costs		(52,742)	(76,652)
Hosting electricity costs		(14,778)	(43,213)
Cost of inventories consumed	28	(13,631)	(59,725)
Staff costs	29	(15,228)	(16,887)
Other operating expenses	30	(20,884)	(20,806)
Foreign exchange loss gain / (loss)		165	(103)
<b>Adjusted EBITDA*</b>		<b>3,413</b>	<b>(1,847)</b>
Depreciation and amortisation	31	(39,645)	(14,545)
<b>Operating loss</b>		<b>(36,232)</b>	<b>(16,392)</b>
Share of results of associates – net of tax	8	(11,187)	(6,922)
Unrealised gain on investment at FVTPL	9	16,122	-
Unrealised (loss) / gain on digital assets at FVTPL	10	(223,260)	225,425
Realised gain on sale of digital assets at FVTPL	10	37,307	4,529
Provisions, impairments and write-offs, net	32	(55,712)	(30,498)
Finance income		117	1,115
Finance costs	33	(1,385)	(10,265)
<b>(Loss) / profit before tax for the year</b>		<b>(274,230)</b>	<b>166,992</b>
Income tax	34	2,576	380
<b>(Loss) / profit for the year attributable to the shareholders</b>		<b>(271,654)</b>	<b>167,372</b>
<b>(Loss) / earnings per share</b>			
Basic and diluted (USD)	35	<b>(0.045)</b>	0.028

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

The notes on pages 15 to 68 form an integral part of these consolidated financial statements.

## Phoenix Group PLC

### Consolidated statement of comprehensive income

	Notes	Year ended 31 December	
		2025 USD'000	2024 USD'000
<b>(Loss) / profit for the year</b>		<b>(271,654)</b>	167,372
<b><i>Other comprehensive (loss) / income</i></b>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange loss on retranslation of foreign subsidiaries – net of tax		<b>(254)</b>	(47)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Share of other comprehensive income of associate – net of tax	8	<b>70</b>	39,663
Fair value (loss) / gain on digital assets	10	<b>(1,397)</b>	11,844
<b>Other comprehensive (loss) / income for the year</b>		<b>(1,581)</b>	51,460
<b>Total comprehensive (loss) / income for the year attributable to the shareholders</b>		<b>(273,235)</b>	218,832

The notes on pages 15 to 68 form an integral part of these consolidated financial statements.

## Phoenix Group PLC

### Consolidated statement of changes in equity

	Share capital <i>Note 15(i)</i> USD'000	Share Premium USD'000	Other reserves <i>Note 15(ii)</i> USD'000	Contribution from shareholders <i>Note 16</i> USD'000	Statutory reserve <i>Note 17</i> USD'000	Retained earnings USD'000	Own shares <i>Note 15(iii)</i> USD'000	Total equity USD'000
At 1 January 2024	164,706	345,882	24,511	24,995	14	137,012	-	697,120
Profit for the year	-	-	-	-	-	167,372	-	167,372
Other comprehensive income	-	-	51,460	-	-	-	-	51,460
<b>Total comprehensive income for the year</b>	-	-	51,460	-	-	167,372	-	218,832
Repayment of capital contribution (Note 16)	-	-	-	(24,995)	-	-	-	(24,995)
Own shares purchased (net)	-	-	-	-	-	-	(263)	(263)
Depreciation on revalued asset	-	-	(584)	-	-	584	-	-
Realised gain transferred to retained earnings (Note 15 (ii) (c))	-	-	(56,863)	-	-	56,863	-	-
Capital contribution through interest-free loan from shareholder (Note 21)	-	-	-	-	-	2,734	-	2,734
Loss on sale of own shares	-	-	-	-	-	(1,667)	-	(1,667)
<b>At 31 December 2024</b>	<b>164,706</b>	<b>345,882</b>	<b>18,524</b>	<b>-</b>	<b>14</b>	<b>362,898</b>	<b>(263)</b>	<b>891,761</b>
At 1 January 2025	164,706	345,882	18,524	-	14	362,898	(263)	891,761
Loss for the year	-	-	-	-	-	(271,654)	-	(271,654)
Other comprehensive loss	-	-	(1,581)	-	-	-	-	(1,581)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(1,581)</b>	<b>-</b>	<b>-</b>	<b>(271,654)</b>	<b>-</b>	<b>(273,235)</b>
Own shares purchased (net)	-	-	-	-	-	-	(18)	(18)
Depreciation on revalued asset	-	-	(291)	-	-	291	-	-
Realised gain transferred to retained earnings (Note 15 (ii) (c))	-	-	(17,191)	-	-	17,191	-	-
Waiver of shareholder loan (Note 21)	-	-	-	-	-	15,318	-	15,318
Loss on sale of own shares	-	-	-	-	-	(87)	-	(87)
<b>At 31 December 2025</b>	<b>164,706</b>	<b>345,882</b>	<b>(539)</b>	<b>-</b>	<b>14</b>	<b>123,957</b>	<b>(281)</b>	<b>633,739</b>

The notes on pages 15 to 68 form an integral part of these consolidated financial statements.

# Phoenix Group PLC

## Consolidated statement of cash flows

	Notes	Year ended 31 December	
		2025 USD'000	2024 USD'000
<b>Operating activities</b>			
(Loss) / profit before tax for the year		(274,230)	166,992
<b>Adjustments for:</b>			
Depreciation and amortisation	31	39,645	14,545
Share of results of associates	8	11,187	6,923
Unrealised (loss) / gain on digital assets at FVTPL	10	223,260	(225,425)
Realised gain on sale of digital assets at FVTPL	10	(37,307)	(4,529)
Unrealised gain on investment at FVTPL	9	(16,122)	-
Miscellaneous income	27 (ii)	-	(8,748)
Employees' end of service benefits provision	19	465	506
Loss on termination of lease	30	24	-
Provisions, impairments and write-offs, net	32	57,871	30,498
Finance costs	33	1,399	10,265
Finance income		(117)	(1,115)
		<u>6,075</u>	<u>(10,088)</u>
<b>Changes in working capital:</b>			
Inventories		(4,496)	(76,284)
Trade receivables		11,269	4,160
Advances, deposits and other receivables		8,791	(15,763)
Due from related parties		88	(247)
Digital assets		13,140	3,953
Trade payables		1,438	3,090
Other liabilities		(8,873)	(29,467)
Due to a related party		3	-
		<u>27,435</u>	<u>(120,646)</u>
Employees' end of service benefits paid	19	(559)	(53)
Finance income received		117	1,115
<b>Net cash from / (used in) operating activities</b>		<u>26,993</u>	<u>(119,584)</u>
<b>Investing activities</b>			
Acquisition of interest in an associate	8	(13,485)	(10,256)
Investment in financial asset at FVTPL	9	(825)	-
Acquisition of property and equipment	5	(21,489)	(47,476)
Acquisition of intangible assets	7	-	(836)
<b>Net cash flows used in investing activities</b>		<u>(35,799)</u>	<u>(58,568)</u>

## Phoenix Group PLC

### Consolidated statement of cash flows (continued)

	Notes	Year ended 31 December	
		2025 USD'000	2024 USD'000
<b>Financing activities</b>			
Repayment of interest-bearing loans	20	(220)	(165)
Proceeds from interest-bearing loans	20	-	15,000
Finance cost paid	33	(1,385)	(9,293)
Advances and purchases of own shares	15(iii)	(105)	(1,930)
Payment of lease liability	6	(136)	(273)
Capital contribution repaid to shareholder		-	(24,995)
Repayment of / (proceeds from) shareholders' loans	21	(4,000)	22,000
<b>Net cash flows (used in) / from financing activities</b>		<b>(5,846)</b>	<b>344</b>
<b>Net decrease in cash and cash equivalents</b>			
Net foreign exchange difference		(254)	(47)
Cash and cash equivalents at 1 January		20,310	198,165
<b>Cash and cash equivalents at 31 December</b>	14	<b>5,404</b>	<b>20,310</b>
<b>Significant non-cash transactions</b>			
Repayment of interest-bearing loans in the form of digital assets	20	(85,889)	(54,711)
Proceeds from interest-bearing loans in the form of digital assets	20	93,244	12,080
Dividend from an associate in the form of BTC	8	19,730	109,647
Deferred income	25	-	20,441
Waiver of loan shareholders' loan	21	15,318	-

The cash and cash equivalents stated above do not include liquid digital assets valued at USD 92,851 thousand (2024: USD 30,888 thousand). Of the liquid digital assets, an amount of USD 44,887 thousand (2024: Nil) has been pledged as collateral with Bybit Exchange in connection with digital-asset-backed borrowings, as detailed in Note 10 and Note 14. 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 on pages 15 to 68 form an integral part of these consolidated financial statements.

# Phoenix Group PLC

## Notes to the consolidated financial statements for the year ended 31 December 2025

### 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 3412ResCo-work10, 34 Floor, Al Maqam Tower, Regus ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The principal place of business of the Group is Office 2901, Boulevard Plaza T2, Burj Khalifa, Dubai, United Arab Emirates.

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

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

Name of Entity	Principal activity	Country of incorporation	% Interest	
			2025	2024
Phoenix Holding Corporation Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Worldwide Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Assets Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Management Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Cohost Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Trade Ventures Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Digital Solutions Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix INV Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix SERVECO Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix BT Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Global Ventures Holding Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Mena Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Techco Cryptocurrency Mining – L.L.C – O.P.C	Digital currency mining and electronic currency design and programming	UAE	100%	100%
PGM Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Namu Mining Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix MISR Mining Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix World Electronics Trading LLC	Computer and peripheral equipment trading	UAE	100%	100%
PTC Cloud Tech FZCO	To provide cloud service and data centers provider and robots and smart machines rental	UAE	100%	100%
Mega Phoenix Electronics Trading L.L.C	Computer and peripheral equipment trading	UAE	100%	100%
Phoenix Data Centre Limited	Providing data centre services such as operations and maintenance, developer and space management and leasing	UAE	100%	100%

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

### 1 Corporate information *(continued)*

Name of Entity	Principal Activity	Country of incorporation	% Interest	
			2025	2024
Phoenix World Electronics LLC	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%	100%
Advanced Power Solutions Inc.	To engage in those activities which are not prohibited by Alberta's business Corporation Act	Canada	100%	100%
Absolute Power Solutions Inc.	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%	100%
Block Zero HS, Inc.	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%	100%
Block One Technology Inc.	To engage in those activities which are not prohibited by Alberta's Business Corporation Act	Canada	100%	100%
Phoenix Electronics Logistics Limited	Insurance policy holder	Hong Kong	100%	100%
Phoenix Operations and Maintenance LLC	To engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation	USA	100%	100%
Phoenix Computer Equipment Trading Ltd	Wholesale of computers and outfit trading, wholesale of computer systems and software trading, wholesale of computer outfit and data processing trading, wholesale of telecommunication equipment trading and wholesale of spare parts trading of	UAE	100%	100%
Phoenix Ventures Limited	To provide internet and multimedia consultancy and software service solution	UAE	100%	100%
Phoenix Power and Energy Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix OCM Company (FZ)	To engage in any lawful act or activity for which corporations are authorised.	Oman	100%	100%
Phoenix Incubations Holdings Limited	Special purpose vehicle, Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets	UAE	100%	100%
Phoenix Oasis Limited*	Proprietary investments into commercial enterprises	UAE	100%	100%
Phoenix Spectrum Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
Phoenix Edge Holdings Limited	To act as special purpose vehicle	UAE	100%	100%
PHX Summit Operations LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	100%	100%
PHX Summit Holdings LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	100%	100%

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

### 1 Corporate information *(continued)*

Name of Entity	Principal activity	Country of incorporation	% Interest	
			2025	2024
Phoenix Vertex Holdings Limited	To act as special purpose vehicle	UAE	<b>100%</b>	100%
PHX Horizon Holdings LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	<b>100%</b>	100%
PHX Operations LLC	To engage in any lawful act or activity for which a limited liability company may be formed under the LLC act and to engage in any and all activities necessary or incidental thereto	USA	<b>100%</b>	100%
Phoenix Worldwide Investment Holding Limited	To act as special purpose vehicle	UAE	<b>100%</b>	100%
Phoenix Southern Holdings Limited	To act as special purpose vehicle	UAE	<b>100%</b>	100%
Phoenix INV Holdings SPV Limited	To act as special purpose vehicle	UAE	<b>100%</b>	100%
PHX ND Horizons LLC	The Company will conduct any lawful business deemed appropriate in carrying out the Company's objectives.	USA	<b>100%</b>	100%
Phoenix Cloud Services One Member PLC	The company is established for the purposes of data centre (bank) and cloud services	Ethiopia	<b>100%</b>	100%
Phoenix Live Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets	UAE	<b>100%</b>	100%
Phoenix Pulse Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets, Special purpose vehicle	UAE	<b>100%</b>	100%
Phoenix Apex Holdings Limited	Special purpose vehicle, Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets	UAE	<b>100%</b>	100%
Phoenix Cloud Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets, Special purpose vehicle	UAE	<b>100%</b>	100%
Phoenix Oasis Holdings Limited	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets, Special purpose vehicle	UAE	<b>100%</b>	100%

The Company and its subsidiaries constitute a "Group".

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

### 1 Corporate information *(continued)*

\* During the year, Phoenix Oasis Limited entered into liquidation, which remains in process as at the reporting date. The entity was non-operational and did not have any material impact on the Group's financial performance, financial position, or cash flows. Accordingly, the liquidation has not resulted in any material gain, loss, or adjustment in the consolidated financial statements.

### 2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

##### Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), ("IFRS Accounting Standards") and comply where appropriate, with the Articles of Association, the applicable requirements of Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015 issued by Abu Dhabi Global Market.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

##### Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for digital assets, investments, other financial assets measured at fair value through profit or loss 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

The consolidated financial statements of the Group have been prepared on a going concern basis, as management is confident in the Group's ability to continue its business activities and settle its financial obligations as and when they fall due. In assessing the appropriateness of the going concern basis of accounting, management has prepared cash flow forecasts for the next 12 months from the reporting date. The cash flow forecasts include certain key assumptions regarding the estimated cash inflows from realisation on sale of digital assets as disclosed in note 10, these digital assets are subject to market volatility of crypto industry.

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

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

#### 2.2 Changes in accounting policies and disclosures

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

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- Lack of exchangeability (Amendments to IAS 21)

The amendment had no significant impact on the consolidated financial statements of the Group.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

#### 2.2 Changes in accounting policies and disclosures *(continued)*

##### *(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 consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Presentation and Disclosure in Financial Statements (IFRS 18)
- Subsidiaries without Public Accountability: Disclosures and amendment (IFRS 19)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS Accounting Standards (Volume 11)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Subsidiaries without Public Accountability: Disclosure (Amendments to IFRS 19)
- Translation to a Hyperinflationary presentation currency (Amendments to IFRS 21)

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

Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

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

All financial statements are made up to 31 December 2025. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The principal accounting policies applied in these consolidated financial statements are set out below.

#### 2.4 Foreign currency translation

##### *(a) Functional and presentation currency*

The consolidated financial statements are prepared and presented in US Dollars ("USD"), which is the Group's presentation currency, and all the values are recorded to the nearest thousand ('000), except when otherwise indicated. Each component determines its functional currency and items included in the financial statements of these companies are measured using that functional currency.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

#### 2.4 Foreign currency translation *(continued)*

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the Group's net investment in a foreign operation. These are recognised in consolidated statement of comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

##### *(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve ("FCTR") in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the FCTR.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognised in other comprehensive income.

#### 2.5 Property and equipment

Refer Note 5.

#### 2.6 Capital work-in-progress (CWIP)

Refer Note 5.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

#### 2.7 Right of use assets

Refer Note 6.

#### 2.8 Intangible assets

Refer Note 7.

#### 2.9 Investment in associates

Refer Note 8.

#### 2.10 Financial instruments

##### 2.10.1 Financial assets

The Group has the following financial assets: 'due from related parties', 'cash and bank balances', 'trade receivables' and 'deposits and other receivables' financial assets at fair value through Profit or Loss (FVPTL). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### *Cash and bank balances*

Cash and bank balances include cash in hand and cash at bank.

##### **Classification of financial assets**

All financial assets under scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI), if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVPTL, unless it is classified as 'measured at amortised cost' or 'measured at FVOCI'. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVPTL to present subsequent changes in fair value in other comprehensive income.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

#### 2.10.2 Financial liabilities

All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at FVPTL. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a loan at a below-market interest rate.

At initial recognition, the Group may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to 'as an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

#### 2.10.3 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

#### 2.10.4 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### 2.10.5 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss.

#### 2.10.6 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.2 for further details.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

#### 2.11 Trade receivables

Refer Note 12.

#### 2.12 Digital assets

Refer Note 10.

#### 2.13 Cash and bank balances

Refer Note 14.

#### 2.14 Trade payables

Refer note 22.

#### 2.15 Taxation

The tax expense / credit for the year comprises current and deferred tax.

##### *(a) Current income tax*

Current tax expense (or benefit) is the tax payable (or receivable) on the current year's taxable income calculated using tax rates (and laws) enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Current tax is recognised on the consolidated statement of profit or loss except when the tax relates to items directly recognised in other comprehensive income or equity, in which case it is recognised in consolidated statement of comprehensive income or in equity respectively.

Tax provisions are recognised for uncertain tax positions when it is probable that there will be a future outflow of funds to tax authority, measured at the best estimate of the amount expected to become payable.

##### *(b) Deferred tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:

- a legally enforceable right exists to offset current income tax assets against current income tax liabilities,
- the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

##### 2.15 Taxation *(continued)*

###### *(c) Value added tax (VAT)*

Expenses and assets are recognised net of the amount of VAT, except:

1. When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
2. When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

##### 2.16 Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 2.17 Employees' end of service benefits

Refer Note 19.

##### 2.18 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are not applicable to the Group.

##### 2.19 Interest-bearing loans

At initial recognition, interest-bearing loans are recognised at fair value net of directly attributable transaction costs, interest bearing loans are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

#### 2.20 Shareholders' loan

The Shareholder's loan was received as non-interest bearing. The initial recognition is made at fair value by discounting the cash flows at the borrowing rate of the Group. The difference between the amount received and the fair value is recognised in equity on initial recognition.

#### 2.21 Revenue recognition

Refer Note 26.

#### 2.22 Lease liability

Refer Note 6.

#### 2.23 Inventories

Refer Note 11.

#### 2.24 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

### 3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

##### 3.1 Significant accounting judgements

###### *(i) Classification of an investment in an associate*

For assessing significant influence, the Group has assessed if there is evidence of one or more of the following ways of having significant influence in the Citadel Technologies Group LLC (“Citadel”):

- representation on the board of directors or equivalent governing body of the investee
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

The Group has the right to appoint 1 out of 5 members of the Board of Directors (representing 20% of the total voting rights) that is the governance body responsible for directing the relevant activities of Citadel beside having a 15% equity stake in Citadel and provision of essential technical information through the Operation & Maintenance Agreement entered with the remaining shareholders of Citadel.

Based on above, the Group’s management believe that they have practical ability to exercise significant influence over Citadel and therefore, accounted for it as an associate as per the equity method of accounting.

###### *(ii) Classification of digital assets*

###### *As intangible assets*

The Group recognises income from the provision of transaction verification services within the Bitcoin network, commonly referred to as “cryptocurrency mining”. The Group through its wholly owned subsidiaries, participates in mining pools operated by third parties in order to limit its exposure to variability of mining output. The Group receives bitcoins from the mining pool operator as consideration for its participation in the pool.

Income earned from mining is measured based on the fair value of the bitcoin reward received. The fair value is derived based on the end of day average price of bitcoin, on the date of receipt, which is not materially different from the fair value at the time the Group earned the award.

The revenue is recognised with corresponding asset (under intangible asset) based on the delivery of digital asset into the Group’s wallet once an algorithm has been solved.

The criteria for performance obligation is assessed to have occurred once the digital asset has been received in the Group’s wallet. Mining earnings are made up of the baseline block reward and transaction fees upto 5% of total block reward, however, these are bundled together in the daily deposits from mining and therefore are not capable of being analysed separately.

###### *As inventory*

The Group has assessed that it acts in a capacity as a commodity-broker trader with respect to digital assets acquired for trading as defined in IAS 2. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders’ margin, such assets are accounted for as inventory, and changes in fair value (less cost to sell) are recognised in consolidated statement of profit or loss.

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 recognised in the consolidated statement of profit or loss. Management believes that recognising 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.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

##### 3.1 Significant accounting judgements *(continued)*

###### *(iii) Tax*

###### UAE Corporate Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2024 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2024. The Cabinet of Ministers Decision No. 116/2022 (published in December 2022 and considered to be effective from 16 January 2024) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes. The UAE CT Law shall apply to the Group with effect from 1 January 2025. The Ministry of Finance continues to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Group has evaluated tax accounting impact as at the reporting date. Following assessment of the potential impact of the UAE CT Law on the consolidated statement of financial position, we do consider there to be a temporary difference on which deferred taxes is accounted as per the CT law. The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

###### *(iv) Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

###### *(v) Classification of crypto mining machines*

During the year ended 31 December 2024, as part of its business strategy, the Group management revisited their strategy and decided to utilise 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 recognised at their carrying amount as of the reclassification date, with depreciation to be recorded over the estimated useful life of these assets from the date of reclassification. Mining equipment are depreciated over 4 years. The Group operate these machines for mining digital assets and records the associated mining revenue. This reclassification reflects the Group's revised operational focus on self-mining, aligning the consolidated financial statement presentation with the revised business model. The machines are utilised by the Group for its own operations until they are sold to customers. Upon sale the machines are reclassified from property and equipment to inventories.

Based on the business objective and purpose of purchases of machines, the Group has classified these as property and equipment.

###### *(vi) Asset recognise at FVPTL -Bitzero Investment*

Management has exercised judgement in classifying the Group's investment in Bitzero Corp. under IFRS 9 – Financial Instruments. The investment comprises listed equity instruments and is not held for long-term strategic purposes, nor has the Group elected to present fair-value changes through other comprehensive income. Accordingly, the investment has been classified as a financial asset measured at FVTPL, with subsequent changes in fair value recognised in profit or loss. Fair value is determined based on the quoted market price on the Canadian Stock Exchange at the reporting date.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

##### 3.1 Significant accounting judgements *(continued)*

###### *(vii) Classification of discontinued site*

Management has assessed that the abandonment of operations at the South Carolina site does not meet the definition of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, based on the following considerations:

- The Group operates self-mining facilities across the USA, Canada, Oman and Ethiopia.
- The cessation relates to a single mining site within the Group’s broader U.S. mining portfolio and therefore does not represent a separate major line of business or a separate major geographical area of operations.
- The Group continues to operate other mining sites within the United States and other jurisdictions, which collectively account for a significant portion of total self-mining revenue and assets.
- The decision to cease operations was driven by unfavourable electricity tariffs specific to this site rather than a strategic shift in the Group’s overall mining business.
- The related redeployable assets (such as transformers and containers) will continue to be utilised within ongoing operations at other sites, indicating that the business activity itself continues elsewhere.

Accordingly, the closure of the South Carolina site has been treated as part of continuing operations, and the related impairment loss has been recognised within continuing operations in the consolidated statement of profit or loss.

###### *(viii) Hyperinflation assessment and functional currency of Ethiopia*

Management assessed whether the Group’s operations in Ethiopia meet the criteria of IAS 29 – Financial Reporting in Hyperinflationary Economies, considering both cumulative inflation data and qualitative economic indicators. Based on this assessment, Ethiopia is not considered hyperinflationary, and IAS 29 has not been applied.

In parallel, management evaluated the functional currency in accordance with IAS 21. Due to the significant influence of the US Dollar (USD) on pricing, funding, and major supplier transactions, USD has been determined to be the functional currency of the Group’s Ethiopian operations.

Management continues to monitor inflation and foreign-exchange developments, and these conclusions will be reassessed at each reporting date.

##### 3.2 Significant accounting estimates and assumptions

###### *(a) Useful lives of property and equipment, rights-of-use assets and intangible assets*

The Group determines the estimated useful lives and related depreciation charges for its property and equipment, right-of-use assets and intangible assets. This estimate is based on the intended use of the assets and the expected economic lives of those assets. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles.

Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

###### *(b) Impairment of trade receivables*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group’s historical data, existing market conditions as well as forward-looking estimates.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

### 3 Significant accounting judgments, estimates and assumptions *(continued)*

#### 3.2 Significant accounting estimates and assumptions *(continued)*

##### *(b) Impairment of trade receivables (continued)*

At the reporting date, gross trade receivables were USD 9,140 thousand (2024: USD 28,840 thousand) with a provision for expected credit losses amounting to USD 113 thousand (2024: USD 2,302 thousand) as at 31 December 2025 (Note 12). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

##### *(c) Impairment of property and equipment*

During the year, management of the Company has identified indicators of impairment in respect of the cash-generating unit (“CGU”) at the South Carolina site. In particular, the increase in electricity rates has resulted in projections of unviable profits, and management has concluded to cease operations at the site permanently.

The CGU comprises the following major asset classes:

- Data centres (i.e., civil works)
- Mining equipment (“miners”)
- Machinery (transformers and cooling machines)

Management has determined that while the miners and the machinery will be redeployed and used at other sites, the data-centres (civil works) are not re-deployable. Accordingly, an impairment loss of USD 48,135 thousand has been recognised on the carrying amount of the data-centre civil works component of the CGU, and no impairment loss has been recognised on the miners and the machinery that will continue in use.

##### *(d) Provision for obsolete and slow-moving inventories*

The Group reviews its inventories to assess losses on account of obsolescence on a regular basis. In determining whether a provision for obsolescence should be recorded in the consolidated statement of profit or loss, the Group makes judgements based on the ageing of the stocks and the past consumption of the stocks, as to whether there is any observable data indicating whether individual products are saleable and indicating the net realisable value of such products. Accordingly, a provision for impairment is recorded where the net realisable value is less than cost based on best estimates by the management.

Inventory is regularly reviewed by the management and slow moving items, if any, are brought down to their net realisable value (NRV). NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of necessary to make the sale.

##### *(e) Fair value of digital assets*

Management note that the topic of digital assets and the accounting for digital assets continues to be considered by the International Accounting Standards Board (IASB) and continues to monitors new comments and interpretations released by the Board and other standard setters from around the world.

In line with this, the Group has considered its position for the year ended 31 December 2025 and has determined that the Group’s digital assets fall into 2 categories:

- Intangible asset method (the method noted by the IASB in its most recent deliberations)
- Inventory method (used where the digital asset meets the criteria of inventories)

Management notes that under the methods noted above, the treatment continues to be to measure digital assets at fair value (unless otherwise disclosed and provided certain conditions are met) under the respective accounting standards.

Digital assets are measured at fair value using the quoted price in United States dollars on from a number of different sources with the primary being Coin Market Cap ([www.coinmarketcap.com](http://www.coinmarketcap.com)) at closing Coordinated Universal Time. Management considers this fair value to be a Level 1 input under the IFRS 13 Fair Value Measurement fair value hierarchy as the price on the quoted price (unadjusted) in an active market for identical assets.

Management executes digital-asset transactions through established exchanges such as Bybit and, where appropriate, via over-the-counter (OTC) arrangements. These venues are selected to ensure sufficient market depth, transaction size, and liquidity, thereby providing reliable and observable evidence of fair value for the volumes and types of transactions reasonably contemplated by the Group.

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

### 3 Significant accounting judgments, estimates and assumptions *(continued)*

#### 3.2 Significant accounting estimates and assumptions *(continued)*

##### *(f) Fair value of building*

The fair valuation of the Group's building is performed by an independent external valuer, specialising in real estate. The valuer has applied the market comparison approach, which is commonly used for office buildings and involves benchmarking the property against recent transactions of comparable properties within the same market. This method considers factors such as the building's location, condition, specifications, and prevailing market rates for similar office properties.

Key inputs and assumptions used in the valuation include current market prices for comparable office buildings, adjustments for physical characteristics, market demand, and observable market data relevant to the asset's location and type. Based on the valuation performed during the year, no material changes in the fair value of the building were observed.

### 4 Financial risk management objectives and policies

#### Interest rate risk

The Group is exposed to interest rate risk arising from its floating rate borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Increase/decrease in basis points	Net effect on profit before tax for one year USD'000
2025	+/- 100	+/-256
2024	+/- 100	+/-36

#### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

The Group's policy is to place cash and short-term deposits with reputable banks and financial institutions.

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit risks limited to the carrying values of financial assets in the consolidated statement of financial position. Its 3 (2024: 3) largest customers account for 79% (2024: 87%) of outstanding trade receivables at 31 December 2025.

##### *Impairment of financial assets*

As mentioned in note 2.10, the Group's trade receivables are subject to the expected credit loss.

While cash are also subject to the impairment requirements of IFRS 9, the Group has determined the expected credit loss on bank balances to be insignificant considering that the counterparty banks are investment grade category and have a low probability of default and loss given default.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. The expected credit loss on trade receivables is determined to be insignificant. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group's exposure through the expected credit loss is immaterial for the year ended and as at 31 December 2025.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 4 Financial risk management objectives and policies *(continued)*

##### Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities and adequate cash from operations are available.

The table below summarises the contractual and expected maturities of the Group's financial liabilities at 31 December based on undiscounted payments and current market interest rates.

	Carrying amount USD'000	Less than 3 months USD'000	3 to 12 months USD'000	1 to 5 years USD'000	>5 years USD'000	Total USD'000
<b>At 31 December 2025</b>						
Trade payables (Note 22)	5,105	5,105	-	-	-	5,105
Other liabilities* (Note 23)	16,868	-	16,868	-	-	16,868
Interest-bearing loans (Note 20)	25,691	118	22,707	1,882	2,302	27,009
<b>Total</b>	<b>47,664</b>	<b>5,223</b>	<b>39,575</b>	<b>1,882</b>	<b>2,302</b>	<b>48,982</b>
<b>At 31 December 2024</b>						
Trade payables (Note 22)	3,667	2,756	911	-	-	3,667
Other liabilities* (Note 23)	19,506	-	19,506	-	-	19,506
Interest-bearing loans (Note 20)	18,556	16,368	353	1,882	3,284	21,887
Shareholders' loans (Note 21)	19,318	10,000	-	12,000	-	22,000
Lease liability (Note 6)	408	-	408	-	-	408
<b>Total</b>	<b>61,455</b>	<b>29,124</b>	<b>21,178</b>	<b>13,882</b>	<b>3,284</b>	<b>67,468</b>

\* For the purpose of the liquidity risk disclosure, USD 1,626 thousand (2024: USD 7,861 thousand) have been excluded from other liabilities related to advances received from customers.

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the functional currency), financial assets at fair value through profit or loss and the Group's net investments in foreign subsidiaries.

The Group has an exposure on its foreign currency transactions mainly United Arab Emirates Dirham (UAE Dirham). As the UAE Dirham is pegged to the US Dollar, any balances in US Dollars, so UAE Dirham currency is not considered to represent significant currency risk.

At 31 December 2025, the Group does not have material foreign currency risk.

##### Other risk

The Group is exposed to price risk arising from prices of the digital assets. Prices fluctuates based on the supply and demand of MMX, SOL, UNCN, LYL, ETH, FAH coins and Bitcoins that may result in reductions in profit before tax. There can be no set predictions at a level that provides assurance of the same or similar prices, and any reduction in the prices on the said digital assets would have a material adverse impact on the results of operations and financial position.

	In % Value	Effect on profit before tax for one year USD'000	Effect on other comprehensive income for one year USD'000
<b>2025</b>	<b>+/-1</b>	<b>1,740</b>	<b>928</b>
2024	+/- 1	4,106	308

# Phoenix Group PLC

## Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

### 4 Financial risk management objectives and policies *(continued)*

#### Capital management

Whilst the continuity of the Group's long-term investment program depends on the availability of the financing from the Shareholders, the management's objective is to generate necessary operating cash flows to sustain day to day activities of the Group.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, interest-bearing loans, interest-free loan, lease liability, less cash and bank balances. Capital includes issued share capital, share premium, other reserves, and retained earnings.

	2025 USD'000	2024 USD'000
Interest-bearing loans (Note 20)	25,691	18,556
Lease liability (Note 6)	-	390
Shareholders' loans (Note 21)	-	19,318
Less: cash and bank balance (Note 14)	(5,404)	(20,310)
<b>Net debt</b>	<b>20,287</b>	<b>17,954</b>
Share capital (Note 15(i))	164,706	164,706
Share premium	345,882	345,882
Retained earnings	123,957	362,898
Other reserves (Note 15(ii))	(539)	18,524
<b>Total equity</b>	<b>634,006</b>	<b>892,010</b>
Total equity and net debt	<b>654,293</b>	<b>909,964</b>
Gearing ratio	<b>0.03</b>	<b>0.02</b>

#### 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 consolidated financial statements under the historical cost convention 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 consolidated financial statements are not materially different, since assets and liabilities are either short term in nature or frequently repriced.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:* quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2:* other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3:* techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The below table shows the hierarchy used by the Group for the assets and liabilities that are measured at fair value or for which fair value information is disclosed as at 31 December 2025 and 2024:

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 4 Financial risk management objectives and policies *(continued)*

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

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
<b>31 December 2025</b>				
<i>Assets which are at fair value</i>				
Building (Note 5)	-	21,704	-	21,704
Investment at FVTPL (Note 9)	11,575	5,068	304	16,947
Digital assets (Note 10)	266,854	-	-	266,854
	<u>278,429</u>	<u>26,772</u>	<u>304</u>	<u>305,505</u>
31 December 2024				
<i>Assets which are at fair value</i>				
Building (Note 5)	-	21,704	-	21,704
Digital assets (Note 10)	337,393	104,135	-	441,528
	<u>337,393</u>	<u>125,839</u>	<u>-</u>	<u>463,232</u>

On a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 year ended 31 December 2025 and 2024, there are no transfers between the levels of fair value measurements.

#### 5 Property and equipment

##### *Material accounting policies*

Properties and equipment, except for building are stated at cost less accumulated depreciation and impairment loss, if any. Building stated at revalued amount, which is the fair value at the date of revaluation. Subsequently, these are measured at revalued amounts less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss when incurred.

Any revaluation increase arising on the revaluation of an asset such as building is recognised in the consolidated statement of comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the consolidated statement of profit or loss, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such asset is recognised in the consolidated statement of profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. The incremental depreciation charge on the fair value of building is charged to equity under revaluation surplus and transfer to retained earnings.

Depreciation is recognised so as to write off the cost or valuation of assets (other than capital work in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

##### *Material accounting policies (continued)*

The following useful lives are used in the calculation of depreciation:

	<b>Years</b>
Building	40
Mining equipment	3 – 5
Data centres	30
Machineries	15
Furniture and fixtures	3 – 5
Office equipment	3
Motor vehicle	5

Capital work in progress (CWIP) is stated at cost and is not depreciated. These costs are directly attributable to the construction, development, or acquisition activities these costs include:

- Direct materials, labor, and overhead costs, and
- Directly attributable indirect costs that meet the recognition criteria outlined in IAS 16 'Property, Plant and Equipment'.

Capitalisation commences when expenditures are incurred for the construction, development, or acquisition of the asset. Capitalisation ceases when the asset is substantially complete and ready for its intended use or sale.

CWIP is recognised as an asset on the consolidated statement of financial position when the following criteria are met:

- Expenditures are incurred for the construction, development, or acquisition of a long-term asset,
- The asset is not yet ready for its intended use or sale, and
- Future economic benefits are expected to flow to the Group.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

During the year ended 31 December 2025, the Group engaged an independent external valuer to perform a valuation of its building assets. Based on the valuer's assessment, no material change in fair value was identified, and accordingly, no adjustments were made to the carrying amount of the buildings during the year.

If the building was measured using the cost model the carrying amount would be as follows:

	<b>2025</b>	2024
	<b>USD'000</b>	USD'000
Cost	<b>10,324</b>	10,324
Accumulated depreciation	<b>(1,032)</b>	(774)
Carrying amount	<b>9,292</b>	9,550

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

	Building USD'000	Mining equipment USD'000	Data centres USD'000	Machinery USD'000	Furniture and fixtures USD'000	Office equipment USD'000	Motor Vehicle USD'000	Capital work-in- progress USD'000	Total USD'000
<b>Cost:</b>									
At 1 January 2024	21,704	-	-	-	2,099	159	-	81,247	105,209
Additions	-	-	-	11	375	111	51	44,507	45,055
Transfer from inventories (Note 5.4)	-	87,811	-	140	-	-	-	58,863	146,814
Transfers from CWIP	-	-	46,457	50,668	309	-	-	(97,434)	-
Transfer to inventories (Notes 5.3)	-	(19,866)	-	-	-	-	-	-	(19,866)
Transfer to deposits and other assets	-	-	-	-	-	-	-	(7,588)	(7,588)
Write-off (Note 32)	-	-	(472)	-	-	-	-	(3,812)	(4,284)
<b>At 31 December 2024</b>	<b>21,704</b>	<b>67,945</b>	<b>45,985</b>	<b>50,819</b>	<b>2,783</b>	<b>270</b>	<b>51</b>	<b>75,783</b>	<b>265,340</b>
Additions	-	127	-	5,999	3	21	168	15,171	21,489
Transfer from inventories (Note 5.4 & 5.5)	-	28,606	-	197	-	-	-	121,723	150,526
Transfers from CWIP	-	110,688	17,149	25,831	17	-	-	(153,685)	-
Transfer to inventories (Notes 5.3)	-	(14,658)	-	(185)	-	-	-	(4,644)	(19,487)
Impairment of assets (Notes 5.6)	-	-	(29,355)	(21,904)	-	-	-	-	(51,259)
Write-offs (Note 32)	-	(24)	-	-	(663)	-	-	(279)	(966)
<b>At 31 December 2025</b>	<b>21,704</b>	<b>192,684</b>	<b>33,779</b>	<b>60,757</b>	<b>2,140</b>	<b>291</b>	<b>219</b>	<b>54,069</b>	<b>365,643</b>
<b>Accumulated depreciation:</b>									
At 1 January 2024	516	-	-	-	649	75	-	-	1,240
Charge for the year	842	9,985	816	1,904	536	61	3	-	14,147
Transfer to inventories (Notes 5.3)	-	(2,237)	-	-	-	-	-	-	(2,237)
<b>At 31 December 2024</b>	<b>1,358</b>	<b>7,748</b>	<b>816</b>	<b>1,904</b>	<b>1,185</b>	<b>136</b>	<b>3</b>	<b>-</b>	<b>13,150</b>
Charge for the year	550	31,974	1,618	4,274	517	62	34	-	39,029
Transfer to inventories (Notes 5.3)	-	(1,140)	-	(6)	-	-	-	-	(1,146)
Impairment of assets (Notes 5.6)	-	-	(1,255)	(1,869)	-	-	-	-	(3,124)
Write-offs (Note 32)	-	-	-	-	(202)	-	-	-	(202)
<b>At 31 December 2025</b>	<b>1,908</b>	<b>38,582</b>	<b>1,179</b>	<b>4,303</b>	<b>1,500</b>	<b>198</b>	<b>37</b>	<b>-</b>	<b>47,707</b>
<b>Net book value:</b>									
<b>At 31 December 2025</b>	<b>19,796</b>	<b>154,102</b>	<b>32,600</b>	<b>56,454</b>	<b>640</b>	<b>93</b>	<b>182</b>	<b>54,069</b>	<b>317,936</b>
At 31 December 2024	20,346	60,197	45,169	48,915	1,598	134	48	75,783	252,190

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

- 5.1 The fair value of the building 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 the building falls under level 2 of fair value hierarchy (i.e. significant observable inputs).
- 5.2 Capital work-in-progress (CWIP) pertains to data centers which are under construction in Ethiopia and USA. The management of the Group expects the projects relating to capital work-in-progress to be completed by end of Quarter 2 of 2026.
- 5.3 During the year, mining equipment costing USD 14,658 thousand (2024: USD 19,866 thousand) and accumulated depreciation of USD 1,140 thousand (2024: USD 2,237 thousand) was transferred to inventories. The transfers were made as per the Group's policy, refer note 3.1(v).
- 5.4 During the year, mining equipment has been transferred from inventories to property and equipment, as a result, an amount of USD 28,606 thousand (2024: USD 87,811 thousand) has been reclassified from inventories to property and equipment, at the carrying value. The reclassification is made in line with the Group's policy, refer note 3.1(v).
- 5.5 The balance of capital work-in-progress includes USD 7,891 thousand, out of the total USD 121,723 thousand, representing assets in-transit. These assets are expected to arrive during the first quarter of 2026 and will be capitalised upon installation of the miners at the respective sites.
- 5.6 Management assessed indicators of impairment for the Group's property and equipment as at the reporting date in accordance with IAS 36. This assessment considered both internal and external factors, including operational performance of mining sites, utilisation of assets, forecast cash flows, and prevailing market conditions, including movements in digital asset prices. Except as disclosed below, the assets continue to operate in the normal course of business and remain capable of generating positive economic benefits. While Bitcoin prices experienced volatility during the period, management determined that this did not constitute an impairment trigger, as the Group's operations remain cash-generative based on current hash rates, power tariffs, and projected mining economics. Accordingly, no impairment indicators were identified in respect of property and equipment, and no impairment charge has been recognised for the period, except where specifically disclosed

During the year, the management identified indicators of impairment in respect of the cash-generating unit (CGU) associated with the South Carolina site. The significant increase in electricity tariffs materially impacted the site's cost structure, resulting in projected losses and the loss of economic viability. Consequently, the management has decided to permanently cease mining operations at this location.

As of 31 December 2025, the South Carolina site comprised of machinery with a carrying amount of USD 29,988 thousand and data centres amounting to USD 30,997 thousand. During the period, management recognised an impairment loss of USD 20,035 thousand on machinery and USD 28,100 thousand on data centres, representing the write-down of assets with negligible recoverable value following the decision to permanently cease operations at the site. The remaining assets, primarily comprising redeployable equipment that can be utilised at other operating sites within the Group, have not been impaired, as the management expects continued economic benefit from their future use.

As the South Carolina site is currently under demolition, mining equipment with a net book value of USD 21,545 thousand remains capitalised within property, plant and equipment and continues to be depreciated. Although the assets are not presently in use, management intends to redeploy them to a new site, and accordingly they have not been classified as held for sale or impaired as at the reporting date.

#### 6 Right-of-use asset and lease liability

##### *Material accounting policies*

Leases, where the Group is a lessee, are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 6 Right-of-use asset and lease liability *(continued)*

##### *Material accounting policies (continued)*

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

A lease modification is a change in scope of the lease, or the consideration for the lease that was not part of the original terms of the lease. When a modification increases the scope of the lease adding more underlying assets and the consideration is commensurate, the modification is accounted as a separate lease contract. However, if a modification increases the scope of the lease without adding the right to use of more underlying assets, or the increase in lease consideration is not commensurate, the modification is accounted for by remeasuring the existing lease.

	<b>Years</b>
Building	3

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 6 Right-of-use asset and lease liability *(continued)*

Set out below is the carrying amount of the Group's right-of-use asset recognised and the movements during the year:

	2025 USD'000	2024 USD'000
<b>Cost</b>		
At 1 January	753	753
Less: Lease cancellation*	(753)	-
<b>At 31 December</b>	<b>-</b>	<b>753</b>
<b>Accumulated depreciation</b>		
At 1 January	306	73
Charge (Note 31)	155	233
Lease cancellation*	(461)	-
<b>At 31 December</b>	<b>-</b>	<b>306</b>
<b>Net book value:</b>		
<b>At 31 December</b>	<b>-</b>	<b>447</b>

\* The lease at one of the Group's locations was formally terminated with effect from September 2025 and, accordingly, no right-of-use asset or lease liability is recognised in the consolidated statement of financial position as at the reporting date. There were no additional obligations, penalties, or settlement requirements arising upon termination of the lease. There were no other lease arrangements during the year that resulted in the recognition of right-of-use asset or corresponding lease liability.

Set out below, is the carrying amount of the Group's lease liability and the movement during the year:

	2025 USD'000	2024 USD'000
At 1 January	390	629
Addition	-	-
Finance costs (Note 33)	14	33
Payments made	(136)	(272)
Lease cancellation*	(268)	-
<b>At 31 December</b>	<b>-</b>	<b>390</b>

Lease liability is analysed in the consolidated statement of financial position as follows:

	2025 USD'000	2024 USD'000
Current	-	390
Non-current	-	-
	<b>-</b>	<b>390</b>

Set out below, are the amounts recognised in the consolidated statement of profit or loss related to leases:

	2025 USD'000	2024 USD'000
Depreciation expense of right-of-use asset (Note 31)	155	233
Finance costs on lease liability (Note 33)	14	33
Rent expense – short-term leases (Note 30)	304	227
Loss on lease cancellation (Note 30)	24	-

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 7 Intangible assets

##### *Material accounting policies*

Intangible assets comprise of the Group's digital mining website, mining pool, multicoin mining pool and mobile application with a useful lives of 3 years.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recorded at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

##### *Impairment of intangible assets*

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified

	<b>Digital mining website USD'000</b>	<b>Mobile application USD'000</b>	<b>Mining pool USD'000</b>	<b>Total USD'000</b>
<b>Cost:</b>				
At 1 January 2024	13	27	-	40
Additions	-	5	731	736
Reclassified from CWIP	-	-	242	242
At 31 December 2024	13	32	973	1,018
Write-off* (Note 32)	(13)	(32)	(973)	(1,018)
<b>At 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated amortisation:</b>				
At 1 January 2024	2	3	-	5
Charge	5	10	150	165
At 31 December 2024	7	13	150	170
Charge	4	11	446	461
Write-off* (Note 32)	(11)	(24)	(596)	(631)
<b>At 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value:</b>				
<b>At 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2024	6	19	823	848

\*During the year ended 31 December 2025, management performed an assessment of the Group's intangible assets. Based on this assessment, management concluded that the intangible assets no longer meet the recognition criteria, as no future economic benefits are expected to be derived from their continued use or disposal. Indicators of impairment included the absence of expected future cash inflows and the discontinuation of the related activities. Accordingly, the carrying amounts of these intangible assets were fully impaired and written off to the consolidated statement of profit or loss during the year.

# Phoenix Group PLC

## Notes to the consolidated financial statements (*continued*) for the year ended 31 December 2025

### 8 Investment in associates

#### *Material accounting policies*

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The results and assets and liabilities of Group's associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of that associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Group transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of that investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of profit or loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit/(loss) of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 8 Investment in associates *(continued)*

##### *Material accounting policies (continued)*

Distributions received from an associate that exceeds the carrying amount of the investment, reduces the carrying amount of investment till zero. Any excess distribution beyond this amount is assessed to determine whether the Group has a present legal or constructive obligation to fund the associate's losses. If such an obligation exists, the excess distribution is recorded as a liability. If no such obligation exists, the excess is recognised as other income in the consolidated statement of profit or loss. Subsequently, when the associate reports profits, the Group offsets its share of those profits against any previously recognised liability or income from excess distributions before resuming the application of the equity method.

The balance of investment in associates in the consolidated statement of financial position as at 31 December 2025 and 31 December 2024 are as follows:

	Principal activity	2025 USD'000	2024 USD'000
Citadel Technologies Group Limited, UAE (Citadel)	Mining	36,298	53,660
Lyvely FZE (Lyvely), UAE	Software development	-	-
M2 Holdings Limited, UAE (M2)*	Crypto exchange	-	-
Bitzero Blockchain Inc. (Bitzero), Canada (Note 9.1)	Mining	-	-
		<u>36,298</u>	<u>53,660</u>

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

	2025 USD'000	2024 USD'000
At 1 January	53,660	120,310
Additions in Citadel	13,485	11,904
Dividends received – Citadel	(19,730)	(109,300)
Share of loss	(11,187)	(6,922)
Distribution from Lyvely	-	(1,995)
Share of other comprehensive income	70	39,663
Provision for impairment of investment	-	-
At 31 December	<u>36,298</u>	<u>53,660</u>

\*As at the reporting date, M2 Holdings Limited had not provided its draft financial statements or detailed financial information required for inclusion in the Group's disclosures. Accordingly, the Group has not disclosed the associate's summarised financial information in these consolidated financial statements.

Management confirms that the carrying amount of the investment in this associate is Nil as at the reporting date and there is no impact on the Group's consolidated statement of financial position, statement of profit or loss, or cash flows. Management continues to follow up with the associate to obtain the relevant information for future reporting periods.

Management assessed, at the reporting date, whether there were any objective indicators of impairment in respect of its investment in associate in accordance with IAS 28 and IAS 36. The assessment considered the associate's financial performance, net asset position, market conditions, and any significant adverse changes in the technological, economic, or regulatory environment in which the associate operates. Based on this evaluation, management concluded that no impairment indicators were identified and accordingly no impairment testing was required.

This assessment involves the use of judgement and estimates, including evaluation of the associate's forecast financial performance, market outlook, and broader industry conditions. Management monitors these factors on an ongoing basis and will reassess the existence of impairment indicators at each reporting date.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 8 Investment in associates *(continued)*

Summarised statement of profit or loss and comprehensive income of associates:

	Citadel USD'000	Lyvely USD'000	Total USD'000
<b>For the year ended</b>			
<b>31 December 2025</b>			
Revenue	126,963	-	126,963
Other income	-	-	-
Cost of sales	(203,957)	(161)	(204,118)
Administrative expenses	(4,874)	(2,036)	(6,910)
Corporate income tax	7,291	-	7,291
Loss for the year	(74,577)	(2,197)	(76,774)
Other comprehensive income	465	-	465
Total comprehensive (loss)/income for the year	(74,112)	(2,197)	(76,309)
Percentage holding	15%	25%	
Group's share of loss for the year	(11,187)	-	(11,187)
Group's share of other comprehensive income	70	-	70
Unrecorded losses	-	(549)	(549)

	Bitzero* USD'000	Citadel USD'000	Lyvely USD'000	Total USD'000
<b>For the year ended</b>				
<b>31 December 2024</b>				
Revenue	17,023	167,306	38	268,799
Cost of sales	(21,977)	(200,365)	(1,525)	(258,591)
Administrative expenses	(3,776)	(12,207)	(1,494)	(134,096)
Corporate income tax		4,083	-	4,083
Loss for the year	(8,730)	(41,183)	(2,981)	(119,805)
Other comprehensive income	-	264,423	-	264,423
Total comprehensive (loss)/income for the year	(8,751)	223,240	(2,981)	144,618
Percentage holding	23.37%	15%	25%	
Group's share of loss for the year	-	(6,177)	(745)	(6,922)
Group's share of other comprehensive income	-	39,663	-	39,663
Unrecorded losses	(2,045)	-	-	(22,118)

\* During 2025, the Group's ownership in Bitzero Holdings decreased to 9.9%, and the Group no longer retains any board representation, voting influence, or involvement in policy-making decisions of the investee. As the Group does not participate in operating, strategic, or financial decisions and holds no contractual rights that provide decision-making power, management concluded that significant influence no longer exists in accordance with IAS 28. Consequently, the investment has been reclassified from an associate accounted for using the equity method to a financial asset measured at fair value through profit or loss under IFRS 9 – Refer note 9.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 8 Investment in associates *(continued)*

Summarised statement of financial position of associates:

	Citadel USD'000	Lyvely USD'000	
<b>At 31 December 2025</b>			
Non-current assets	243,452	1	
Current assets	1,023	3,099	
Non-current liabilities	7	-	
Current liabilities	6,336	9,276	
Equity/ net assets	<u>238,132</u>	<u>(6,176)</u>	
Percentage holding	15%	25%	
Group's share of net assets	<u>35,720</u>	<u>(1,544)</u>	
Other cost/adjustments relating to investment	<u>578</u>	<u>1,544</u>	
Impairment of investment	<u>-</u>	<u>-</u>	
Carrying amount of the investment	<u>36,298</u>	<u>-</u>	
	Bitzero USD'000	Citadel USD'000	Lyvely* USD'000
<b>At 31 December 2024</b>			
Non-current assets	18,673	379,376	-
Current assets	3,173	10,132	1,410
Non-current liabilities	1,909	594	13
Current liabilities	3,585	35,346	5,363
Equity/ net assets	<u>16,352</u>	<u>353,568</u>	<u>(3,966)</u>
Percentage holding	23.37%	15%	25%
Group's share of net assets	<u>3,821</u>	<u>53,035</u>	<u>(992)</u>
Other cost/adjustments relating to investment	<u>(3,821)</u>	<u>625</u>	<u>992</u>
Impairment of investment	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount of the investment	<u>-</u>	<u>53,660</u>	<u>-</u>

\*During the previous year ended 31 December 2024, Phoenix Group PLC received an excess distribution from Lyvely amounting to USD 8,748 thousand after reducing the carrying amount of the investment to zero. This excess distribution has been accounted for as other income in the consolidated statement of profit or loss as there exists no legal or constructive obligation on part of the Group towards the excess distribution received.

#### 9 Investments at fair value through profit or loss (FVTPL)

- (i) During the year ended 31 December 2025, the Group received shares in Bitzero Holdings Inc., which had previously been accounted for as an associate. Following the receipt of these shares and the reassessment of the Group's level of influence, the investment was evaluated in accordance with IAS 28 and IFRS 9 to determine the appropriate accounting classification and measurements:

	2025 USD'000	2024 USD'000
At 1 January	-	-
Transfer from investment in associate and initial recognition at fair value	27,564	-
Fair value loss	<u>(11,370)</u>	-
<b>At 31 December</b>	<u>16,194</u>	<u>-</u>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 9 Investments at fair value through profit or loss (FVTPL) *(continued)*

During the year, the Group's ownership interest in Bitzero Holdings decreased from 23.37% to 9.9%. As a result, the Group no longer retains any board representation, voting influence, or participation in operating, strategic, or financial policy-making decisions of the investee. In addition, the Group does not hold any contractual or other rights that confer decision-making power or significant influence over Bitzero Holdings Inc.

Based on an assessment of both quantitative and qualitative indicators in accordance with IAS 28 – Investments in Associates and Joint Ventures, management concluded that significant influence no longer exists.

Accordingly, the investment has been reclassified from an associate accounted for using the equity method to a financial asset measured at fair value through profit or loss, in accordance with IFRS 9 – Financial Instruments. The reclassification reflects a change in facts and circumstances and has been accounted for prospectively.

During the year, the Group received 4,925,539 voting shares in Bitzero Holdings. On the date the shares were received (24 November 2025), the quoted market price was USD 4.00 per share, and the carrying amount of the investment in the associate was Nil. As at 31 December 2025, the quoted market price of the shares had declined to USD 2.35 per share. In accordance with IFRS 9 *Financial Instruments*, the investment is measured at fair value through profit or loss, and accordingly, the net decrease in fair value between the date of receipt and the reporting date has been recognised in profit or loss for the year. The fair value measurement is based on quoted prices in an active market for identical instruments and is therefore classified as a Level 1 fair value measurement in accordance with IFRS 13 Fair Value Measurement.

During the year, the Group received 2,312,243 non-voting shares in Bitzero Holdings. These shares are convertible into voting shares, subject to a contractual cap whereby the Group's aggregate voting rights may not exceed 9.9% at any time while holding the investment. As at 31 December 2025, the quoted market price of Bitzero Holdings' voting shares was USD 2.35 per share. In determining the fair value of the non-voting shares, management applied a 15% discount to the quoted market price to reflect the absence of voting rights and reduced marketability associated with these instruments. This valuation approach is consistent with IFRS 13, which requires fair value measurements to reflect the characteristics of the asset from the perspective of market participants. Accordingly, the non-voting shares were valued at USD 2.00 per share as at 31 December 2025.

- (ii) During the year ended 31 December 2025, the Group made investments in Anagram Assets LP, the movement is as follows:

	2025 USD'000	2024 USD'000
At 1 January	-	-
Investment made during the period	825	-
Fair value change	(72)	-
<b>At 31 December</b>	<b>753</b>	<b>-</b>

The Group has invested the above USD 825 thousand as follows:

- **Closed end venture capital fund**

Investment in closed-ended venture capital funds are measured at fair value based on the latest available capital account statements from the fund manager, adjusted for subsequent capital calls, distributions, and significant events up to the reporting date. These investments are classified within Level 3 of the fair value hierarchy under IFRS 13 Fair Value Measurement due to the use of unobservable inputs, including the underlying portfolio company valuations and lack of liquidity. The total invested value is USD 436 thousand on which unrealised loss of USD 132 thousand was booked resulting in a net value as of 31 December 2025 of USD 304 thousand.

- **Liquid crypto fund**

Investment in liquid crypto fund is valued using NAV provided by the fund administrator. The NAV is derived using observable inputs but without a quoted market price and the investment is classified as Level 2. The total invested value is USD 389 thousand on which unrealised gain of USD 60 thousand was booked resulting in a net value as of 31 December 2025 of USD 449 thousand.

Unrealised gains and losses arising from changes in fair value are recognised in consolidated statement of profit or loss in the period in which they occur.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 10 Digital assets

##### *Material accounting policies*

Digital assets are assets such as BTC, MMX, FAH, LVLY, SOL and UNCN coins, which use an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. Digital assets are an emerging technology and asset class, and as such there are no specific accounting standards that cover the treatment, rather digital assets are assessed by applying existing accounting standards in conjunction with guidance released by the accounting standard setting bodies such as the IASB. Management considers it appropriate to group digital assets in the consolidated financial statements based on the underlying activities and respective recognition criteria under the IFRS.

The fair value of digital assets on hand at the end of the reporting period is calculated as the quantity of digital assets on hand multiplied with the price quoted on external market source as at the reporting date. Management considers this fair value to be a level 1 input under IFRS 13 fair value measurement fair value hierarchy as the price source represents quoted prices on multiple digital asset exchanges.

The Group consider that any digital asset that does not fall under the inventory or financial asset methodology and meet the recognition criteria (identifiable, controllable and capable of generation future economic benefits) are considered as intangible assets.

Management has exercised judgement in determining the useful life of digital asset, whether it has indefinite or definite life. In order to consider indefinite life, the management considers the market practice of such assets, laws and regulations, industry and the economic environment in which they operate. Accordingly, the management concluded the life of those assets as indefinite.

Digital assets are derecognised when the Group disposes of the asset or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset. On derecognition any reserve outstanding in the equity relating to fair value of digital assets is transferred to the retained earnings within consolidated statement of changes in equity.

	2025 USD'000	2024 USD'000
Digital assets – inventory (a)	174,003	410,640
Digital assets – intangibles (b)		
- BTC	56,869	12,339
- USDT & USDC	35,982	18,549
	<u>266,854</u>	<u>441,528</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 recognised 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.

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 recognised in the consolidated statement of profit or loss. Management believes that recognising 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.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 10 Digital assets *(continued)*

	2025 USD'000	2024 USD'000
At 1 January	410,640	136,710
Additions as commodity contract <i>(i)</i>	-	12,080
Additions <i>(ii)</i>	16,037	56,065
Disposals as commodity contract <i>(i)</i>	-	(14,987)
Disposals	(65,452)	(9,182)
Impairment (Note 32)	(1,269)	-
Realised gain	37,307	4,529
Change in fair value - unrealised	(223,260)	225,425
At 31 December	<u>174,003</u>	<u>410,640</u>

*(i)* During the previous year ended 31 December 2024, the Group has entered into a financing transaction with M2 Capital Limited (“affiliate of an associate”), where finance amount is invested in the Bitcoins (BTC) as commodity contract. The total of 236.16 BTC were purchased through this finance totalling to USD 12,080 thousand. These 236.16 BTC’s were kept as collateral with M2 Capital Limited against the finance amount (Note 20). On 26 August 2024, the contract was closed and the finance amount was fully repaid resulting in a gain of USD 2,907 thousand.

*(ii)(a)* During the previous year ended 31 December 2024, the Group acquired 582,199 Solana tokens (SOL) from the Solana Foundation in exchange for a monetary consideration of USD 20,000 thousand. SOL had 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. The SOL tokens were unlocked in December 2025 and are now freely tradable in the primary market.

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. The fair value gain/loss on fair valuation was recorded in the consolidated statement of profit or loss.

During the year ended 31 December 2024, the SOL tokens were subject to a lock-in period and were not tradable in the primary market; accordingly, they were valued at a 90% discount and classified as a Level 2 fair value measurement in the consolidated financial statements in accordance with IFRS 13. As the lock-in period expired in December 2025 and the tokens are now freely tradable, the SOL holdings have been measured using quoted market prices and are classified as Level 1 fair value measurements in the consolidated financial statements for the year ended 31 December 2025, in line with IFRS 13.

*(ii)(b)* During the previous year ended 31 December 2024, the Group has entered into the contract with Galaxy Digital for Solana tokens which are vested around 1.8% per month to the Group. The tokens are directly transferred to the wallet of the Group. 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 consolidated statement of the profit or loss. These tokens are traded in primary market, therefore these tokens are disclosed as Level 1 valuation on the consolidated financial statements in line with IFRS 13 guidance.

*(ii)(c)* During the previous year ended 31 December 2024, the Group has also acquired new tokens namely FAH, UNCN, LVLV and ETH. The tokens were directly transferred to the wallet of the Group. The tokens were recorded at cost on acquisition, except for LVLV which was received at nil consideration. The fair value gain/ (loss) on fair valuation is recorded in the consolidated statement of the profit or loss. These tokens are traded in primary market, therefore these tokens are disclosed as Level 1 valuation on the consolidated financial statements in line with IFRS 13 guidance.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 10 Digital assets *(continued)*

##### *(b) Accounted for using intangible asset methodology*

The Group carries out mining of digital assets and recognises revenue in relation to assets through mining activity with corresponding recognition of intangible assets under IAS 38, 'Intangible Assets'. Further, BTCs received as distribution or acquired as part of investment strategy are also recorded as intangible assets. Such intangible assets have an indefinite useful life, initially measured at cost, deemed to be the fair value upon receipt, and subsequently measured under the revaluation model. Under the revaluation model, increases or decreases in the digital asset's carrying amount is recognised in 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. These also includes USDT (Tether) and USDC (Coin) which is actively used in its daily operations, allowing for efficient management of its financial resources.

##### (i) BTC

	2025		2024	
	Number of BTCs	USD'000	Number of BTCs	USD'000
At 1 January	131	12,339	40	1,681
Additions on self-mined token (Note 26)	836	84,037	1,661	106,843
Dividend from citadel (Note 8)	194	19,730	1,464	109,300
Acquired during the year	119	10,614	4	223
Disposals	(639)	(68,454)	(3,038)	(217,552)
Realised gain	-	9,387	-	9,210
Change in fair value	-	(10,784)	-	2,634
At 31 December	641	56,869	131	12,339

Out of the total 641 BTC held by the Group as at the reporting date, 505 BTC are pledged as collateral against a short-term loan (refer Note 20). The remaining balance of BTC continues to be held by the Group for treasury and operational purposes.

##### (ii) USDT & USDC

The Group holds USDT (Tether) and USDC (Coin), which are stablecoins actively used in daily operations for liquidity management and transaction settlements. These assets are pegged to the US dollar and are readily convertible to cash through established exchanges and OTC counterparties. While not classified as cash and cash equivalents as at the reporting date, management notes that, based on their high liquidity and short settlement cycles, such stablecoins may be considered cash equivalents depending on their specific characteristics. Management continues to monitor counterparty risk, market liquidity, and regulatory developments associated with stablecoins as part of its treasury risk management framework.

	2025 USD'000	2024 USD'000
USDC	35,555	-
USDT	427	18,549
	<u>35,982</u>	<u>18,549</u>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 10 Digital assets *(continued)*

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

	2025 USD'000	2024 USD'000
(Loss) / gain on digital assets – inventory	(223,260)	225,425
(Loss) / gain on digital assets – intangibles	(10,784)	2,634
	<u>(234,044)</u>	<u>228,059</u>

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

	2025 USD'000	2024 USD'000
MMX	(135,742)	5,523
SOL	(40,527)	85,785
UNCN	(30,500)	67,750
LVLV	(15,871)	7,632
BTC	(10,784)	2,634
TON	(133)	-
FAH – Falcon	(745)	59,000
ETH	256	(263)
Others	2	(2)
	<u>(234,044)</u>	<u>228,059</u>

As at 31 December 2025, the Group's total digital-assets portfolio amounted to USD 266,854 thousand (2024: USD 441,528 thousand). This includes liquid digital assets with a carrying value of USD 92,851 thousand (2024: USD 30,888 thousand). Of the liquid digital assets, an amount of USD 44,887 thousand (2024: Nil) has been pledged as collateral with Bybit Exchange in connection with digital-asset-backed borrowings. These are classified as intangible assets to comply with the Group's accounting policy for digital assets. The Group actively utilises USDT in its daily operations, allowing for efficient management of its financial resources. Given the high liquidity of USDT (Tether), USDC (Coin) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT 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.

#### 11 Inventories

##### *Material accounting policies*

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.

	2025 USD'000	2024 USD'000
Inventories	641	2,724
Write-offs / provision for obsolescence	(505)	(1,879)
	<u>136</u>	<u>845</u>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 11 Inventories *(continued)*

	2025 USD'000	2024 USD'000
At 1 January	2,724	73,262
Net purchases	145,706	138,528
Inventory consumed	(13,631)	(59,725)
Transferred from property and equipment (Note 5)	13,697	17,629
Transferred from CWIP (Note 5)	4,644	1,812
Transferred to CWIP (Note 5)	(121,723)	(58,863)
Transferred to property and equipment (Note 5)	(28,803)	(87,951)
Inventory written off (Note 32)	(2,478)	(21,968)
	<u>136</u>	<u>2,724</u>
Provision for obsolescence	-	(1,879)
<b>At 31 December</b>	<b><u>136</u></b>	<b><u>845</u></b>

#### 12 Trade receivables

##### *Material accounting policies*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group's trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables for which an impairment provision was recognised were written off against the provision when there is no expectation of recovering additional cash.

	2025 USD'000	2024 USD'000
Gross - trade receivables	9,140	28,840
Provision for expected credit loss	(113)	(2,302)
Net trade receivables	<u>9,027</u>	<u>26,538</u>

During the year, a reversal of loss allowance amounting to USD 1,512 thousand was recognised in consolidated statement of profit or loss. Subsequently, trade receivables of USD 7,754 thousand (2024: USD 65 thousand) were fully impaired and written off.

Out of the above balance of trade receivables, USD 350 thousand (2024: USD 190 thousand) relates to a related party (note 18(i)(a)).

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 12 Trade receivables *(continued)*

The movement of the provision for expected credit losses is as follows:

	2025 USD'000	2024 USD'000
At 1 January	2,302	-
Charge for the year (Note 32)	-	2,302
Write-off	(677)	
Reversal (Note 32)	(1,512)	-
At 31 December	<u>113</u>	<u>2,302</u>

#### 13 Advances, deposits and other receivables

	2025 USD'000	2024 USD'000
Advance to suppliers	14,659	143,418
Deposits	8,010	15,190
Prepaid expenses	3,574	5,171
VAT receivable	2,142	1,159
Other receivables	145	437
	<u>28,530</u>	<u>165,375</u>

During the year, the Group has written off deposit and other receivables amounting to USD 475 thousand (2024: USD NIL). Further, the expected credit loss on the outstanding deposits and other receivables is estimated to be immaterial for the Group for the year ended 31 December 2025.

Advances, deposits and other receivables analysed as follows:

	2025 USD'000	2024 USD'000
Non-current	14,647	138,551
Current	13,883	26,824
	<u>28,530</u>	<u>165,375</u>

During the previous year ended 31 December 2024, mining equipment which were classified under inventories has been reclassified to property and equipment (refer Note 5). As a result, the advances which were made for the purchase of mining equipment with a value of USD 7,748 thousand (2024: USD 123,634 thousand) were also reclassified from current advances and deposits to non-current advances and deposits.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

Movement in advances and deposits is as follows:

	2025 USD'000	
	Advances	Deposits
At 1 January	143,418	15,190
Additions	54,629	2,079
Transferred from deposits to trade receivables	-	(5,982)
Transfers	3,000	(3,000)
Refunds <i>(ii)</i>	(5,272)	(22)
Utilised <i>(i)</i>	(181,116)	(255)
<b>At 31 December</b>	<b>14,659</b>	<b>8,010</b>

*(i)* The utilisations during the period mainly relate to purchases of crypto mining machines, containers, and dry coolers for the new sites developed in the USA & Ethiopia and the site under development in Ethiopia. These additions form part of the Group's ongoing expansion of mining capacity across new geographic locations

*(ii)* During the period, the Group received refunds from certain vendors against advances previously paid for goods or services that were either discontinued or not procured. These refunds have been adjusted against the respective advance balances.

#### 14 Cash and bank balances

##### *Material accounting policies*

Cash and bank balances in the consolidated statement of financial position comprise of cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

Cash and banks in the consolidated statements of financial position and cash flows consist of the following:

	2025 USD'000	2024 USD'000
Cash on hand	98	66
Cash at bank	5,306	20,244
	<b>5,404</b>	<b>20,310</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 266,854 (2024: 441,528) thousand, which includes liquid digital assets valued at USD 92,851 thousand. These are classified as intangible assets to comply with the Group's accounting policy for digital assets. The Group actively utilises USDT in its daily operations, allowing for efficient management of its financial resources. Given the high liquidity of USDT (Tether), USDC (Coin) and BTC (Bitcoin) these are regarded as highly liquid digital assets that can be quickly converted into fiat currency with minimal transaction costs. USDT 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.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 15 Share capital, share premium and other reserves

##### *Material accounting policies*

##### *i) Share capital and share premium*

Ordinary shares are classified as equity.

The transaction costs associated with issuance of new shares and stock exchange listing are accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares is deducted from equity; and
- Costs that relate to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the consolidated statement of profit or loss. Costs that relate to both share issuance and listing are allocated between those functions on a rational and consistent basis. In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares listed is applied.

	<b>Authorised issued and fully paid</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD'000</b>	<b>USD'000</b>
6,048,823,529 shares of USD 0.027 each (2024: 6,048,823,529 shares of USD 0.027 each)	<b>164,706</b>	164,706

##### *ii) Other reserves*

	<i>Revaluation reserve</i> (Note a) <b>USD'000</b>	<i>Foreign currency translation reserve</i> (Note b) <b>USD'000</b>	<i>Fair value through OCI</i> (Note c) <b>USD'000</b>	<i>Total</i> <b>USD'000</b>
At 1 January 2024	11,380	(112)	13,243	24,511
Movement for the year	(584)	(47)	51,507	50,876
Realised gain transferred to retained earnings	-	-	(56,863)	(56,863)
At 31 December 2024	10,796	(159)	7,887	18,524
Movement for the year	(291)	(254)	(1,327)	(1,872)
Realised gain transferred to retained earnings	-	-	(17,191)	(17,191)
<b>At 31 December 2025</b>	<b>10,505</b>	<b>(413)</b>	<b>(10,631)</b>	<b>(539)</b>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 15 Share capital, share premium and other reserves *(continued)*

(ii) *Other reserves (continued)*

(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 consolidated 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 represents the Group's share of other comprehensive income from its associate, along with the fair value gain on digital assets held as intangible assets. A total of USD 17,191 thousand (2024: USD 56,863 thousand) was transferred to retained earnings, of which USD 5,126 thousand (2024: USD 47,653 thousand) was reclassified in the associate's books from other comprehensive income (OCI) to retained earnings due to the revaluation gain on the disposal of digital assets held as intangible assets and the remaining USD 12,065 thousand (2024: USD 9,210 thousand) represents revaluation gain on disposal of digital assets held as intangibles recorded in the Group.

iii) *Own shares*

During the prior year ended 31 December 2024, the Company engaged a third-party licensed Market Maker on the Abu Dhabi Securities Exchange that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. The shares are purchased for the Company's account by the Market Maker. During the year ended 31 December 2025, the contract with the one of the Market Maker was concluded, all outstanding shares were sold, and the pending advance balance was fully settled within the same period.

During the year ended 31 December 2025, the Company engaged another third-party licensed Market Maker on the Abu Dhabi Securities Exchange.

The Market Maker trades and operates within the predetermined parameters approved by the Group. The Group monitors the transactions undertaken by the Market Maker on a daily basis. The Group has provided the funding to the Market Maker to trade the Company's shares and it carries all risks and rewards associated with the arrangement. Given the nature and substance of the arrangement, the shares have been classified as "Own Shares" in equity.

During the year ended 31 December 2025, the Group paid USD 1,361 thousand to the market maker to fund the purchase of the Company's own shares under the market-making arrangement. As at 31 December 2025, the market maker held 1,041,643 of the Company's shares on behalf of the Group. The realised loss on shares sold during the year amounted to USD 87 thousand (2024: USD 1,667 thousand) and has been recognised directly in retained earnings. Of this amount, USD 74 thousand relates to transactions executed by the newly appointed market maker during the year. The remaining balance paid to the market maker, net of shares acquired and shares sold as at the reporting date including realised losses, has been recognised as an advance within the consolidated statement of financial position.

#### 16 Contribution from shareholders

	2025 USD'000	2024 USD'000
At 1 January	-	24,995
Repayment	-	(24,995)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

These funds were provided as a contribution from the shareholders and were interest free and unsecured, with no contractual repayment obligations and therefore were classified within equity in the consolidated statement of financial position. During the previous year ended 31 December 2024, the Group has repaid the outstanding amount in full.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 17 Statutory reserve

According to the Federal Law No. 32 of 2021, 5% of annual net profits of certain subsidiaries is allocated to the statutory reserve. The transfer to statutory reserve may be suspended when the reserve reaches 50% of the paid-up capital. The reserve is not available for distribution.

#### 18 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 shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influences by such parties. Pricing policies and terms of their transactions are approved by the Group's management.

##### i. Related party balances

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

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

	Relationship	2025 USD'000	2024 USD'000
M2 Capital Limited, UAE	Affiliate of an associate	<u>350</u>	<u>190</u>

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

	Relationship	2025 USD'000	2024 USD'000
Phoenix Technology Solutions B.V.	Common directorship	162	223
Phoenix Technology Consultants	Common directorship	-	5
Falcon Group Limited, UAE	Common directorship	-	1
Phoenix Cleo Re Holding Limited*	Common directorship	-	10
Phoenix Pyramids Re Holding Limited	Common directorship	-	11
		<u>162</u>	<u>250</u>

\* During the year, Phoenix Cleo Re Holding Limited, a related party of the Group, was liquidated. All amounts outstanding in respect of this entity have been fully settled, and the Group has received the proceeds in full during the year.

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

	Relationship	2025 USD'000	2024 USD'000
M2 Capital Limited, UAE	Affiliate of an associate	<u>344</u>	<u>2,015</u>

This amount is included in advance from customers (Note 23).

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

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

###### (d) Trade and other payable

	Relationship	2025 USD'000	2024 USD'000
Munaf Ali	Director	-	182

This amount is included in trade and other payables (Note 22).

###### (e) Loan from related parties

	Relationship	2025 USD'000	2024 USD'000
Munaf Ali	Director	-	9,318
Syedmohammed Alizadehfard	Shareholder	-	10,000
		<u>-</u>	<u>19,318</u>

This amount is included in Shareholder's loans (Note 21).

###### (f) Due to a related party

	Relationship	2025 USD'000	2024 USD'000
Phoenix Pyramids Re Holding Limited	Common directorship	<u>3</u>	<u>-</u>

##### ii. Related party transactions

Terms and conditions of transaction with related party

The sales to and purchase from related parties are made on terms equivalent to those that prevail in arms length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related receivables or payables. For the year ended 31 December 2025, the Group recognised provision for expected credit losses of Nil (2024: Nil)

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

#### Revenue

	Relationship	2025 USD'000	2024 USD'000
M2 Capital Limited	Affiliate of an associate	<b>3,951</b>	22,572
Munaf Ali	Director	-	4,695
Syedmohammed Alizadehfard	Shareholder	-	2,136

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

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

###### Purchases

	Relationship	2025 USD'000	2024 USD'000
Munaf Ali	Director	-	748
Syedmohammed Alizadehfard	Shareholder	-	357

###### Expense

	Relationship	2025 USD'000	2024 USD'000
<b>Interest on loans:</b>			
WAS Four Investment – Sole Proprietorship L.L.C(“WAS”), UAE	Affiliate of major shareholder	-	8,071
M2 Capital Limited, UAE	Affiliate of an associate	500	1,794
Shareholder loan	Director and shareholder	-	52

###### Other transactions

	2025 USD'000	2024 USD'000
Waiver of loan from shareholders	15,318	-
Investment in Citadel Technologies Group LLC	13,485	11,902
Repayment of capital contribution	-	24,995
Acquisition of digital asset – FAH from Falcon Group Limited, UAE	-	10,000
Loan from M2 Capital Ltd	8,993	12,080
Repayment of loan to M2 Capital Ltd including interest	16,243	12,986
Loan from M2 Capital Ltd (including accrued interest)	-	15,888
Loans from shareholders	-	22,000
Repayment of loan from shareholder	4,000	-
Payment of end of service benefits to key management personnel	393	-
Board members' fee	294	229
Consultation fees to Syedmohammed Alizadehfard	275	-

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

The remuneration of directors during the year are as follows:

	2025 USD'000	2024 USD'000
Salaries and other benefits	2,405	3,413
End of service benefits	77	337
	<u>2,482</u>	<u>3,750</u>
Number of key management personnel	<u>1</u>	<u>2</u>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 19 Employees' end of service benefits

##### *Material accounting policies*

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year. The Group maintains a non-contributory defined benefit retirement plan for the benefit of its regular employees. The normal retirement age is 60. Normal retirement benefit is in accordance with the UAE Labour law.

The amounts recognised in the consolidated statement of financial position and the movements in the employee's end of service benefit over the year ended 31 December is as follows:

	2025 USD'000	2024 USD'000
At 1 January	1,312	859
Charge	465	506
Payments made	(559)	(53)
At 31 December	<u>1,218</u>	<u>1,312</u>

#### 20 Interest-bearing loans

The amounts recognised in the consolidated statements of financial position is as follows:

	2025 USD'000	2024 USD'000
Non-current	3,095	3,376
Current	<u>22,596</u>	<u>15,180</u>
	<u>25,691</u>	<u>18,556</u>

The movement in interest-bearing loans is as follows:

	2025 USD'000	2024 USD'000
At 1 January	18,556	3,722
Proceeds	93,244	27,080
Payments made	(86,109)	(12,246)
As at 31 December	<u>25,691</u>	<u>18,556</u>

Lender Name	Facility amount USD'000	Interest rate	Maturity	2025 USD'000	2024 USD'000
Bybit Exchange (refer Note 20.1)	93,243	Variable 3% to 12.5%	Note 20.1	22,355	-
M2 Capital Limited	15,000	15%	31-Mar-2025	-	15,000
First Abu Dhabi Bank (refer Note 20.2)	4,084	EIBOR+3%	06-Oct-2036	<u>3,336</u>	<u>3,556</u>
				<u>25,691</u>	<u>18,556</u>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

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

**20.1** As of 31 December 2025, the Group has outstanding margin loans from Bybit exchange totalling USD 22,355 thousand. These were originally received in the form of digital assets and were converted to USD. These loans are collateralised by a pledge of 505 Bitcoin (BTC). Under the terms of the margin loan agreements, the Company maintains the flexibility to fully repay the outstanding loan balances at any time in order to reclaim the pledged digital assets. The pledged assets remain the property of the Group, subject to the security interest held by the exchange until the loans are settled. The value of the pledged BTC is subject to market volatility, which may impact the loan-to-collateral ratio and could result in margin calls, if necessary. The interest rate on these loans fluctuates based on the demand and supply dynamics of borrowing activity on the platform. The Group actively monitors the value of its collateral to ensure ongoing compliance with margin requirements and to manage its exposure to potential market fluctuations.

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

**20.2** Key terms of the loan from First Abu Dhabi Bank is as follows:

- First degree registered mortgage over property i.e., Unit 2901, plot 165, municipality 345-894, building 2, BD BLVD Plaza T2, Burj Khalifa, Dubai, UAE held in favour of bank with no restrictions.
- Property valuation report against the above mortgage property from an evaluator acceptable to Bank. Property to remain insured till full and final settlement of the facility.
- Assignment of property all risk insurance policy of the above mortgaged property in favor of Bank, as first loss payee supported by premium payment receipt, from insurance company acceptable to Bank.
- Assignment of key man insurance from Mr. Munaf Ali in favor of Bank, as first loss payee supported by premium payment receipt, from insurance company acceptable to the Bank.
- Undated cheque drawn on Borrower's account maintained with the Bank to the extent of overall facility amount in favor of the Bank.

#### *Other conditions*

Loan to value (LTV) to maintain at maximum 70% throughout the tenor of the facility. The borrower has to provide additional collateral acceptable to Bank in case if any reduction in the property value or exposure to be reduced to keep the LTV at 70%. The Group is not in breach of the key terms and covenants of the facility for the year ended and as at 31 December 2025.

#### 21 Shareholders' loan

During the prior year ended 31 December 2024, the company had received interest free loan from the below mentioned shareholders:

	2025 USD'000	2024 USD'000
Current (i)	-	10,000
Non-current (ii)	-	9,318
	-	19,318

(i) During the prior year ended 31 December 2024, due to a change in the Board of Directors one of the conditions of repayment of the loan, the amount was reclassified from non-current to current.

(ii) The interest-free loan received from Mr Munaf Ali was amounted to USD 12,000 thousand which was discounted at the market rate of 9% over the period of three years, the difference of amount received and fair value amounted to USD 2,734 thousand was recognised in retained earnings. Interest for the period was calculated as USD 52 thousand included in loan amount.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 21 Shareholders' loan *(continued)*

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

#### Key terms of the loan:

- There shall be no interest payable in respect of the shareholders' loan.
- The duration of the repayment of the loans is between two to three years.
- Where the Borrower is unable to repay the shareholders' loan on the repayment date as stipulated by the Lender, the Parties shall mutually agree (acting in good faith) (i) a repayment mechanism; and/or (ii) a form of security/collateral, with a value no less than the value of the shareholders' loan, which shall be granted by the Borrower to the Lender as security for the shareholders' loan.

#### 22 Trade payables

##### Material accounting policies

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

	2025 USD'000	2024 USD'000
Trade payables	<u>5,105</u>	<u>3,667</u>

Trade payables are non-interest bearing and are normally settled between 30-90 days term.

Out of the above balance of trade payables, USD Nil (2024: USD 182 thousand) relates to a related party (Note 18 (i) (d)).

#### 23 Other liabilities

	2025 USD'000	2024 USD'000
Advances received from customers <i>(i)</i>	1,626	7,861
Provision for expenses	3,940	14,189
Deposit received	2,297	2,802
Provision for leave salary	728	1,230
Other payables	9,903	1,285
	<u>18,494</u>	<u>27,367</u>

*(i)* This includes amount of USD 344 thousand (2024: USD 2,015 thousand) which is from related party (Note 18 (i) (c)).

#### 24 Commitments

At 31 December 2025, Commitments in respect of capital expenditure contracted but not incurred amounted to USD 13,609 thousand (2024: USD 4,177 thousand).

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 25 Contingencies

The Group and its associates had no contingencies as at 31 December 2025 and 31 December 2024.

#### 26 Revenue

##### *Material accounting policies*

##### *Revenue from contracts with customers*

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1* Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2* Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3* Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4* Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5* Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Group, and the Group has an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The transaction price is the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The consideration expected by the Group may include fixed or variable amounts. Revenue is recognised when it transfers control over goods and services to the customer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 26 Revenue *(continued)*

##### *Material accounting policies (continued)*

##### **Performance obligation**

Information about the Group's performance obligations are summarised below:

##### *(i) Self-mining revenue*

The Group recognises income from the provision of transaction verification services within the Bitcoin network, commonly referred to as "cryptocurrency mining". The Group participates in mining pools operated by third parties in order to limit its exposure to variability of mining output. The Group receives bitcoins from the mining pool operator as consideration for its participation in the pool.

Income earned from mining is measured based on the fair value of the bitcoin reward received. The transaction price is the fair value of crypto mined, being the fair value per the prevailing market rate for that crypto currency on the transaction date, and this is allocated to the number of crypto mined. The fair value is derived based on the end of day average price of bitcoin, on the date of receipt, which is not materially different from the fair value at the time the Group earned the award. The revenue is recognised with corresponding asset under intangible asset based on the delivery of digital asset into the Group's wallet once an algorithm has been solved. The criteria for performance obligation is assessed to have occurred once the digital asset has been received in the Group's wallet once an algorithm has been solved. Mining earnings are made up of the baseline block reward and transaction fees up to a certain % of total block reward, however, these are bundled together in the daily deposits from mining and therefore are not capable of being analysed separately.

The Group also participates in certain revenue-sharing arrangements whereby a portion of the digital assets mined is contractually allocated to another party. Under these arrangements, the Group recognises income solely for its own share of the mining output, measured at the fair value of the bitcoin to which it is entitled at the time the related mining activity is completed. Only the Group's share of bitcoin received or receivable is recognised as revenue and recorded as an intangible asset under IAS 38, in accordance with the Group's existing digital assets accounting policy.

##### *(ii) Hosting revenue*

The Group recognised management fees on the services provided to third parties for management of mining machines on their behalf, ensuring the machines are optimised and mining as efficiently as possible.

Management fee is recognised from the hosting contract between the Group and its customers under IFRS 15. The performance obligations include providing hosting facilities with defined electricity rates, ensuring uptime within contractual limits, and other services such as repair and maintenance as defined in the contract. The transaction price is based on the electricity rates agreed with the customer. Revenue should be recognised in overtime monthly intervals, as the performance obligations in the hosting contracts are satisfied during the period in which services are provided.

##### *(iii) Revenue from sale of ASICs, wallets, and equipment*

Revenue from the sale of goods and services in normal course of business is recognised either at a point in time or over time.

The Group recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits provided by the entity as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or;
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the entity does not satisfy its performance obligation over time, it satisfies it at point of time.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 26 Revenue *(continued)*

##### *(iii) Revenue from sale of ASICs, wallets, and equipment (continued)*

Revenue from the sale of goods and services is therefore recognised at a point in time or over time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods and services to the customers.

The consideration expected by the Group may include fixed or variable amounts. Revenue is recognised when it transfers control over goods and services to the customer and only when it is highly probable that a significant reversal of the revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods and services are accounted for separately based on their stand-alone selling prices. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group mainly deals in trading of ASICs, wallets, and equipment. The performance obligations are satisfied at a point in time upon delivery of goods to the customers.

Below is the disaggregation of the Group's revenue from contracts with customers:

	2025 USD'000	2024 USD'000
<i>(a) Type of revenue</i>		
<i>Revenue from contracts with customers:</i>		
• Sales of ASICs, wallets, and equipment	15,652	50,730
• Hosting revenue	18,055	47,144
• Service income	-	969
	<u>33,707</u>	<u>98,843</u>
Self – mining revenue	84,037	106,843
	<u><u>117,744</u></u>	<u><u>205,686</u></u>
<i>(b) Geographical markets</i>		
United States of America	74,192	15,444
Sultanate of Oman	21,157	18,387
Ethiopia	11,244	-
Canada	11,045	3,080
United Arab Emirates	106	-
Others	-	168,775
	<u>117,744</u>	<u>205,686</u>
<i>(c) Timing of revenue recognition</i>		
At point in time	15,652	50,730
Over time	102,092	154,956
	<u>117,744</u>	<u>205,686</u>

#### 27 Other income

##### *Material accounting policies*

The Group recognises income from coupon sale and income earned on provision and intellectual service and miscellaneous income as income when respective performance obligations are satisfied.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 27 Other income *(continued)*

	2025 USD'000	2024 USD'000
Staking income <i>(note i)</i>	1,875	-
Miscellaneous income <i>(note ii)</i>	892	9,745
Compensation received	-	103
Commission income	-	5
	<u>2,767</u>	<u>9,853</u>

- (i) The SOL referenced in Note 10(ii)(a) are staked on the network, generating yield in the form of SOL credited to the wallet. These yields are valued consistently with the valuation method outlined in Note 10(ii)(a)
- (ii) During the year ended 31 December 2024, Group had 25% equity stake in Lyvely FZE. As part of this partnership, Lyvely has allocated 125,000,000 LVLV tokens to the Group at nil consideration. This was one-off event and is therefore classified as other income. The market rate on the date of issuance was USD 0.0859 per coin resulting in the digital asset of USD 10,743 thousand and USD 1,995 thousand is reduced from the investment in associates and USD 8,748 thousand is booked as other income, in 2024.

#### 28 Cost of inventories consumed

	2025 USD'000	2024 USD'000
Inventory – at 1 January	2,724	73,262
Add: purchases and other direct costs	145,706	138,528
Add: transferred from property and equipment (Note 5)	13,697	17,629
Add: transferred from CWIP (Note 5)	4,644	1,812
Less: transfer to CWIP (Note 5)	(121,723)	(58,863)
Less: transfer to property and equipment (Note 5)	(28,803)	(87,951)
Less: inventory written off (Note 32)	(2,478)	(21,968)
Less: inventories – as at 31 December	(136)	(2,724)
<b>Cost of inventories consumed</b>	<u>13,631</u>	<u>59,725</u>

#### 29 Staff costs

	2025 USD'000	2024 USD'000
Basic salary	14,679	16,228
End of service benefits	465	506
Other benefits	84	153
	<u>15,228</u>	<u>16,887</u>
Number of employees	<u>178</u>	<u>186</u>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 30 Other operating expenses

	2025 USD'000	2024 USD'000
Penalties and compensation	4,282	3,245
Legal and professional fees	3,562	3,088
Site expenses	3,615	8,778
Insurance	1,823	869
Advertisements	1,673	819
Office expenses	1,568	867
Travelling and entertainment	1,005	655
Prepaid expense amortisation	632	206
Auditor's remuneration	630	630
Commission	477	-
Bank charges	363	259
Logistics expenses	339	-
Short-term lease (Note 6)	304	227
Utilities and communication expenses	227	149
Warehouse expenses	207	80
Repair and maintenance	113	88
Other expenses	40	323
Loss on cancellation of lease (Note 6)	24	-
Business promotion	-	523
	<u>20,884</u>	<u>20,806</u>

#### 31 Depreciation and amortisation

	2025 USD'000	2024 USD'000
Depreciation on property and equipment (Note 5)	39,029	14,147
Amortisation on intangible assets (Note 7)	461	165
Depreciation on right-of-use assets (Note 6)	155	233
	<u>39,645</u>	<u>14,545</u>

#### 32 Provisions, impairments and write-offs, net

	2025 USD'000	2024 USD'000
Impairment of machinery and data centres (Note 5)	48,135	-
Trade receivables written off (Note 12)	7,754	65
Impairment of digital assets (Note 10)	1,269	-
Property and equipment written off (Note 5)	764	4,284
Inventory written off (Note 11)	599	21,968
Advances & deposits written off (Note 13)	475	-
Intangible assets written off (Note 7)	387	-
Provision for obsolescence of inventory (Note 11)	-	1,879
(Reversal) / provision of expected credit losses in trade receivables (Note 12)	(1,512)	2,302
Receipt of insurance claim*	(2,159)	-
	<u>55,712</u>	<u>30,498</u>

\*This amount represents the insurance proceeds received in respect of the fire incident that occurred at one of the Group's sites in the USA. The claim was settled and recognised during the current reporting period.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 33 Finance costs

	2025 USD'000	2024 USD'000
Interest on interest-bearing loans	871	315
Interest expense on related party loan (i)	500	9,865
Interest expense on shareholder loan (i)	-	52
Interest on lease liability (Note 6)	14	33
	<u>1,385</u>	<u>10,265</u>

(i) The interest expense includes amount of USD 500 thousand (2024: USD 9,865 thousand) which is paid / accrued to related party (Note 18(ii)).

#### 34 Income tax

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

	2025 USD'000	2024 USD'000
Income tax	-	-
Deferred tax	2,576	380
	<u>2,576</u>	<u>380</u>

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

	2025 USD'000	2024 USD'000
<b>Accounting (loss) / profit before taxation</b>	<u>(274,230)</u>	<u>166,992</u>
Prima facie tax expense at 9%	(24,681)	15,029
Add: income/(loss) from foreign subsidiaries not subject to tax	(5,306)	(16,780)
Add: exempt profit/non-deductible (loss) from associates	1,001	1,371
Add: Other adjustments- including unrealised losses/gains, entertainment expenses, reversal of shareholding loan	28,986	-
Less: effect of the 0% tax bracket (up to 375,000 AED)	-	-
Current income tax expense provision	<u>-</u>	<u>-</u>

The major components of income tax expense for the years ended 31 December 2025 and 2024 are:

	2025 USD'000	2024 USD'000
<i>Deferred tax credit:</i>		
Temporary differences due to tax losses and unrealised losses	32,846	4,223
Deferred tax credit at 9%	2,956	380
Deferred tax opening balance	380	-
Deferred tax credit reported in the consolidated statement of profit or loss	<u>2,576</u>	<u>380</u>

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 34 Income tax *(continued)*

##### Deferred tax credit

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2025 USD'000	2024 USD'000	2025 USD'000	2024 USD'000
<i>Deferred tax assets:</i>				
Losses available for offset against future taxable income	2,956	380	2,576	380
	<u>2,956</u>	<u>380</u>	<u>2,576</u>	<u>380</u>

#### 35 (Loss) / earnings per share

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

	2025	2024
(Loss) / profit for the year (USD' 000)	(271,654)	167,372
Weighted average number of ordinary shares in issue	<u>6,048,823,529</u>	<u>6,045,020,213</u>
Basic and diluted (loss) / earnings per share (USD)	<u>(0.045)</u>	<u>0.028</u>

#### 36 Segment reporting

##### *Material accounting policies*

For management purposes, the activities of the Group are organised into one reportable operating segment. The Group operates in the said reportable operating segment based on the nature of the products/services, risks and returns, organisational and management structure, and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

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

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

Geography	2025 USD'000	2024 USD'000
United States of America	147,309	153,176
Ethiopia	88,454	15,184
Sultanate of Oman	38,175	39,203
United Arab Emirates	22,776	22,178
Canada	21,222	22,449
	<u>317,936</u>	<u>252,190</u>

Sales to two major customers of the Group are around 59.08% of the Group's total sales for the year ended 31 December 2025 (2024: 35.05.%).

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 37 Financial instruments by category

	2025 USD'000	2024 USD'000
<b>Financial assets:</b>		
Trade receivables (Note 12)	9,027	26,538
Investment at FVTPL (Note 9)	16,947	-
Due from related parties (Note 18)	162	250
Deposits and other receivable* (Note 13)	10,290	16,787
Cash and short-term deposits (Note 14)	5,404	20,310
	<u>41,830</u>	<u>63,885</u>
<b>Financial liabilities:</b>		
Trade payables (Note 22)	5,105	3,667
Due to a related party (Note 18)	3	-
Other liabilities** (Note 23)	16,868	19,506
Lease liability (Note 6)	-	390
Interest-bearing loans (Note 20)	25,691	18,556
Shareholders' loans (Note 21)	-	19,318
	<u>47,667</u>	<u>61,437</u>

\*For the purpose of the financial instruments disclosure, non-financial assets amounting to USD 18,240 thousand (2024: USD 148,588 thousand) have been excluded from advances, deposits and other receivables.

\*\*For the purpose of the financial instrument disclosure, amounting to USD 1,626 thousand (2024: USD 7,861 thousand) have been excluded from other liabilities related to advance received from customers.

#### 38 Reconciliation of assets and liabilities arising from financing activities

	Interest- bearing loans – due within one year USD'000	Interest- bearing loans – due after one year USD'000	Non- interest- bearing loans – due within one year USD'000	Non- interest- bearing loans – due after one year USD'000	Lease liabilities – due within one year USD'000	Lease liabilities – due after one year USD'000	Total USD'000
At 1 January 2024	165	3,557	-	-	272	357	4,351
Non-cash adjustment	181	(181)	-	(2,682)	357	(357)	(2,682)
Additions	27,080	-	10,000	12,000	-	-	49,080
Cash flows	(12,246)	-	-	-	(239)	-	(12,485)
<b>At 31 December 2024</b>	<u>15,180</u>	<u>3,376</u>	<u>10,000</u>	<u>9,318</u>	<u>390</u>	<u>-</u>	<u>38,264</u>
Non-cash adjustment	281	(281)	(6,000) <sup>1</sup>	(9,318) <sup>1</sup>	(254)	-	(15,572)
Additions	93,244	-	-	-	-	-	93,244
Cash flows	(86,109)	-	(4,000)	-	(136)	-	(90,245)
<b>At 31 December 2025</b>	<u>22,596</u>	<u>3,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,691</u>

<sup>1</sup>This non-cash adjustment represents the adjustment recognised in the consolidated statement of changes in equity arising from the waiver of the outstanding shareholders' loan.

## Phoenix Group PLC

### Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2025

#### 39 Comparative figures

##### Reclassification

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the consolidated 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 consolidated statement of financial position presentation are reclassified as below.

	As previously reported USD'000	Reclassification USD'000	As reported USD'000
<b>Consolidated statement of financial position:</b>			
Inventories	56,608	(55,763)	845
Property & equipment	196,427	55,763	252,190

##### Consolidated statement of profit or loss

During the year, the Group changed the presentation of expenses in the consolidated statement of profit or loss by presenting expenses by nature as compared to the previous presentation of expenses by function. The change has been made to provide more relevant information to users of the financial statements and to align with market practice of similar companies. The revised presentation has been applied to the comparative information for the year ended 31 December 2024.

#### 40 Events after the reporting date

Subsequent to the reporting date, the price of Bitcoin has experienced volatility. In response to these market movements, the Group has provided additional BTC as collateral against its existing loan facilities and has also repaid a portion of the outstanding loan balance. Management has actively monitored the loan-to-value ("LTV") position and taken timely actions to ensure that margin call thresholds were not breached. As a result, no BTC was liquidated due to price fluctuations during the subsequent period.