Phoenix Group PLC
(formerly known as Phoenix Group Ltd)

DIRECTORS' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Directors' report and consolidated financial statements
for the year ended 31 December 2023

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Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Directors' report
for the year ended 31 December 2023

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 2023.

Principal activities

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

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

Results for the year

For the year ended 31 December 2023, the Group reported revenue of USD 288,186,931 (2022 (unaudited: USD 754,962,342) and profit for the year attributable to the shareholders of USD 207,779,472 (2022 (unaudited): USD 138,877,130).

In 2023 the top line (revenue) was USD 288 million (2022 (unaudited): USD 754 million). The variance between 2023 and 2022 is attributed to a significant one-off trading contract, which represented 68% of the sales in 2022. Normalising the 2022 sales for this one-off contract, year on year, increase in sales for 2023 was 20%. The net profit (total comprehensive income) for the period rose from USD 150 million in 2022 to USD 220 million in 2023, reflecting a growth rate of 47%. Earnings per share increased from USD 0.03 in 2022 to USD 0.04 in 2023, marking a growth rate of 33%. The total assets grew from USD 230 million in 2022 to USD 834 million in 2023. The net income grew 50% year on year aided by revenue growth in hosting and mining along with strong performance from investments in digital assets. In addition to strong financial performance, our major 2023 milestone includes Phoenix going from a privately held company to a listed group on Abu Dhabi Stock Exchange.

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 21 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 attached 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 not come across any evidence that causes it to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Group's ability to continue as a going concern.

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.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Directors' report *(continued)*
for the year ended 31 December 2023

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 9 to 65, 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
- Seyedmohammad Alizadehfard
- 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 LLP, was appointed as the external auditors for the financial year 2023, by the board of directors in the board meeting on 24th January 2024.

On behalf of the Board of Directors

DocuSigned by:

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

Independent Auditor's Report

To: The Shareholders of Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Phoenix Group PLC (referred to as the "Company") and its subsidiaries (referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss, comprehensive income, changes in equity and 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (referred to as the "ISA"). 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 Ethics Standards Board for Accountants' *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.

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.

<table>
<tr><td colspan="2">Recognition of cryptocurrency mining revenue (Note 28 to the Consolidated Financial Statements)</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The group recognises revenue in accordance with IFRS 15, Revenue from Contracts with Customers.

The management recognizes 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 2023, the group recognised cryptocurrency mining revenue of USD 31,801,711. 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.</td><td>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, including evaluating the provisions of the contract between the Group and pool;
• 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.</td></tr>
</table>

<table>
<tr><td colspan="2">Business combination under common control (Note 20 to the Consolidated Financial Statements)</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>In the year 2023, the Group acquired control over entities as disclosed in the consolidated financial statements. However, 2023 is the first year for which consolidated financial statements are being prepared for the Group.

These acquisitions were excluded from the scope of IFRS 3, as these transfers represented business combination under common control, given that the Group and the acquired entities are controlled by the same ultimate shareholders before and after the acquisition.</td><td>We have performed audit procedures in respect to the management's assessment by performing the following procedures:

• Reviewed the board resolution to assess if the transfer fulfils the requirements of being classified as a business under IFRS 3;</td></tr>
</table>

Business combination under common control (Note 20 to the Consolidated Financial Statements)	
Key audit matter	How the matter was addressed in our audit
Management's assessment was significant to our audit because it affects the composition of the Group's business and its financial position and performance. The acquisition has been accounted for in the consolidated financial statements using pooling of interest method which reflects the economic substance of the transaction.	• Assessed the management judgement for the business combination under common control is transfer of shares and results in no implication of goodwill or bargain purchase. • Reviewed the accounting position paper prepared by the management to ensure the accounting of business combinations under common control; and • Assessed the adequacy of disclosures in line with the requirements of the IFRS.

Accounting for digital assets (Note 11 to the Consolidated Financial Statements)	
Key audit matter	How the matter was addressed in our audit
The Group holds number of digital assets as intangible assets and as inventories disclosed in note 11 of the consolidated financial statements, respectively. 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 International Financial Reporting Framework. 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.	We have performed audit procedures in respect to the management's assessment by performing the following procedures: • Confirmed good title to and quantities of the digital assets within the Group's wallets and obtaining direct confirmation from relevant custodians; • 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 said digital assets and reviewing the relevant accounting treatment applied; and • Assessed the adequacy of the disclosures in note 11 to the consolidated financial statements.

Classification of investment as an associate (Note 9 to the Consolidated Financial Statements)	
Key audit matter	How the matter was addressed in our audit
During the year, the Group acquired 7.5% shareholding in and entered into an Operation and Maintenance agreement with Citadel Technologies Group Limited. The Group holds total shareholding of 15% amounted to USD 120 million at yearend. Management has classified it as investment in an associate due to acquiring 15% equity shareholding, 1 out of 5 board representation and Operational and Maintenance agreement for Citadel. Due to significance of the amount involved and use of significant management judgement in classifying investment as an associate we have identified this as a key audit matter.	We have performed audit procedures in respect to the management's assessment by performing the following procedures: • Assessed the judgement made by management for classification of investment as an associate; • Obtained and inspected the operational and maintenance agreement with Citadel that results in significant influence; • Inspected the shares certificate that shows the total investment of 15% in Citadel Technologies Group Limited; and • Evaluated the disclosures in the financial statements is in compliance with the applicable financial and reporting framework.

Other Matter

The IFRS consolidated financial statements of the Group for the year ended 31 December 2022 were unaudited (refer note 5).

Other Information

Management is responsible for the other information. The other information comprises the Directors' 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.

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.

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 ADGM 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 ISA 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 ISA, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 the 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 LLP

Ashraf Eradhun
26 March 2024
Abu Dhabi, United Arab Emirates

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Consolidated statement of financial position

	Notes	As at 31 December 2023 USD	As at 31 December 2022 USD (unaudited)
ASSETS			
Non-current assets			
Property and equipment	6	**103,968,923**	73,956,112
Right-of-use asset	7	**680,484**	-
Intangible assets	8	**35,165**	-
Investment in associates	9	**120,310,026**	28,976,795
Investment at fair value through profit or loss (FVTPL)	10	**-**	43,127,923
		224,994,598	146,060,830
Current assets			
Digital assets	11	**140,000,124**	1,720,650
Inventories	12	**73,261,697**	41,389,104
Trade receivables	13	**33,061,633**	1,457,450
Advances, deposits and other receivables	14	**164,519,371**	30,206,757
Due from related parties	21	**2,550**	8,319,448
Cash and short-term deposits	15	**198,164,555**	442,871
		609,009,930	83,536,280
Total assets		**834,004,528**	229,597,110
EQUITY AND LIABILITIES			
Equity			
Share capital	16 (i)	**164,705,882**	10,000
Share premium	16 (i)	**345,882,353**	-
Other reserve	16 (ii)	**24,511,190**	11,354,664
Shareholders' current account	17	**-**	9,019,377
Contribution from shareholders	18	**24,994,908**	4,015,995
Statutory reserve	19	**13,615**	13,615
Retained earnings		**137,012,032**	82,182,560
Total equity		**697,119,980**	106,596,211
LIABILITIES			
Non-current liabilities			
Lease liability	7	**356,991**	-
Employees' end of service benefits	22	**858,965**	170,483
Interest-bearing loans	23	**3,556,500**	3,721,282
		4,772,456	3,891,765

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Consolidated statement of financial position *(continued)*

	Notes	As at 31 December 2023 USD	2022 USD (unaudited)
Current liabilities			
Lease liability	7	**272,294**	**-**
Due to related parties	21	**54,710,583**	47,229,151
Interest-bearing loans	23	**165,487**	207,135
Trade payables	24	**575,497**	311,553
Other liabilities	25	**76,388,231**	71,361,295
		132,112,092	119,109,134
Total liabilities		**136,884,548**	123,000,899
Total equity and liabilities		**834,004,528**	229,597,110

These consolidated financial statements were authorised for issue on 26 March 2024 and signed by:

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

Seyed Mohammad Alizadehfard
Group CEO and Board Member

Munaf Ali
Group Managing Director & Board Member

The notes on pages 16 to 65 form an integral part of these consolidated financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Consolidated statement of profit or loss

	Notes	Year ended 31 December 2023 USD	2022 USD (unaudited)
Revenue from contract with customers	28	**288,186,931**	754,962,342
Direct costs	29	**(199,325,057)**	(584,278,208)
Gross profit		**88,861,874**	170,684,134
General and administrative expenses	32	**(35,289,044)**	(28,690,101)
Selling and distribution expenses	31	**(3,296,418)**	(743,090)
Foreign exchange loss		**(281,224)**	(51,263)
Other income	30	**39,478,738**	2,475,235
Impairment of other receivables	14	**(2,984,934)**	(752,918)
Operating profit		**86,488,992**	142,921,997
Fair value gain/(loss) on investment carried at FVTPL	10	**823,524**	(1,310,404)
Share of results from associates	9	**(31,110,277)**	-
Gain/(loss) on digital assets at FVTPL	11	**100,731,489**	(1,631,545)
Gain on acquisition of interest in an associate	9	**50,905,738**	-
Finance income		**273,151**	-
Finance costs	35	**(333,145)**	(1,102,918)
Profit for the year attributable to the shareholders		**207,779,472**	138,877,130
Earnings per share			
Basic and diluted (USD)	34	**0.04**	0.03

The notes on pages 16 to 65 form an integral part of these consolidated financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2023 USD	2022 USD (unaudited)
Profit for the year		**207,779,472**	138,877,130
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange (loss)/ gain on retranslation of foreign subsidiaries		**(87,198)**	19,865
Items that will not be reclassified to profit or loss in subsequent periods:			
Gain on revaluation of property and equipment	6	**-**	11,380,058
Share of other comprehensive income of associate	9	**13,199,451**	**-**
Gain on revaluation of digital assets		**44,273**	**-**
Other comprehensive income for the year		**13,156,526**	11,399,923
Total comprehensive income for the year attributable to the shareholders		**220,935,998**	150,277,053

The notes on pages 16 to 65 form an integral part of these consolidated financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Consolidated statement of changes in equity

	Share capital *Note 16 (i)* USD	Share Premium *Note 16 (i)* USD	Statutory reserve *Note 19* USD	Retained earnings USD	Other reserves *Note 16(ii)* USD	Shareholders' current account *Note 17* USD	Contribution from shareholders *Note 18* USD	Total equity USD
At 1 January 2022 (unaudited)	10,000	-	13,615	43,898,230	(45,259)	50,810,229	3,841,470	98,528,285
Profit for the year	-	-	-	138,877,130	-	-	-	138,877,130
Other comprehensive income	-	-	-	-	11,399,923	-	-	11,399,923
Total comprehensive income for the year	**-**	**-**	**-**	**138,877,130**	**11,399,923**	**-**	**-**	**150,277,053**
Additional capital contribution	-	-	-	-	-	-	174,525	174,525
Dividend	-	-	-	(100,592,800)	-	-	-	(100,592,800)
Movement during the year	-	-	-	-	-	(41,790,852)	-	(41,790,852)
	-	-	-	***(100,592,800)***	-	***(41,790,852)***	***174,525***	***(142,209,127)***
At 31 December 2022 (unaudited)	10,000	-	13,615	82,182,560	11,354,664	9,019,377	4,015,995	106,596,211
At 1 January 2023 (unaudited)	10,000	-	13,615	82,182,560	11,354,664	9,019,377	4,015,995	106,596,211
Profit for the year	-	-	-	207,779,472	-	-	-	207,779,472
Other comprehensive income	-	-	-	-	13,156,526	-	-	13,156,526
Total comprehensive income for the year	**-**	**-**	**-**	**207,779,472**	**13,156,526**	**-**	**-**	**220,935,998**
Repayment of capital contribution (Note 18)	-	-	-	-	-	-	(49,272,348)	(49,272,348)
New share issue (Note 16)	40,000	-	-	-	-	-	-	40,000
Contribution received from shareholders (Note 18)	-	-	-	-	-	-	57,251,261	57,251,261
Dividend (Note 18)	-	-	-	(13,000,000)	-	-	13,000,000	-
Funds paid (Note 17)	-	-	-	-	-	(9,019,377)	-	(9,019,377)
Capitalisation of retained earnings (Note 16)	139,950,000	-	-	(139,950,000)	-	-	-	-
Public share issue (Note 16)	24,705,882	345,882,353	-	-	-	-	-	370,588,235
At 31 December 2023	**164,705,882**	**345,882,353**	**13,615**	**137,012,032**	**24,511,190**	**-**	**24,994,908**	**697,119,980**

The notes on pages 16 to 65 form an integral part of these consolidated financial statements.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Consolidated statement of cash flows

		Year ended 31 December	
	Notes	**2023 USD**	2022 USD (unaudited)
Operating activities			
Profit for the year		**207,779,472**	138,877,130
Adjustments for:			
Depreciation and amortization on property and equipment, intangible assets and right-of-use asset	6,7,8	**795,265**	1,437,791
Share of loss from associates	9	**6,013,789**	-
Impairment of investment in associate	9	**25,096,488**	-
Gain on acquisition of interest in an associate	9	**(50,905,738)**	-
(Gain)/loss on investment – FVTPL	10	**(823,524)**	2,941,949
Gain on digital assets at FVTPL	11	**(99,510,000)**	-
Miscellaneous income	30	**(37,200,000)**	-
Employees' end of service benefits provision	22	**697,947**	153,589
(Reversal)/allowance for expected credit losses	32	**(1,366,016)**	1,366,016
Allowance for net realisable value	32	**13,685,501**	12,069,307
Loss on disposal of property and equipment	32	**-**	1,103,977
Finance costs	38	**333,145**	1,102,918
Finance income		**(273,151)**	-
		64,323,178	159,052,677
Changes in working capital:			
Inventories		**(45,558,094)**	(14,783,887)
Trade receivables		**(30,238,167)**	(30,360,886)
Advances, deposits and other receivables		**(134,312,614)**	380,816,250
Due from a related party		**8,316,898**	(6,027,099)
Digital assets		**(1,525,201)**	2,120,977
Trade payables		**263,944**	185,215
Other liabilities		**5,026,936**	(304,873,754)
Due to related parties		**(2,621,856)**	4,101,228
		(136,324,976)	190,230,721
Employees' end of service benefits paid	22	**(9,465)**	(16,894)
Finance income received		**273,151**	-
Net cash (used in) / generated from operating activities		**(136,061,290)**	190,213,827
Investing activities			
Purchase of intangible assets	8	**(39,686)**	-
Investment for acquisition of interest in an associate/FVPTL		**(4,283,584)**	(30,000)
Purchase of property and equipment	6	**(30,730,282)**	(44,578,817)
Net cash flows used in investing activities		**(35,053,552)**	(44,608,817)

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Consolidated statement of cash flows *(continued)*

	Notes	Year ended 31 December 2023 USD	2022 USD (unaudited)
Financing activities			
Dividend paid	36	**-**	(100,592,800)
Proceeds from public share issue	16	**370,628,235**	-
Repayment of interest-bearing loans	23	**(206,430)**	(171,642)
Finance cost paid	38	**(321,470)**	(1,102,918)
Payment of lease liability	7	**(136,147)**	-
Funds repaid to shareholder on current account	17	**(9,019,377)**	(44,483,529)
Funds received as contribution from shareholders (net)	18	**7,978,913**	174,525
Net cash flows from / (used in) financing activities		**368,923,724**	(146,176,364)
Net increase / (decrease) in cash and cash equivalents		**197,808,882**	(571,254)
Net foreign exchange difference		**(87,198)**	19,865
Cash and cash equivalents at 1 January		**442,871**	994,260
Cash and cash equivalents at 31 December	15	**198,164,555**	442,871
Significant non-cash transactions			
Payable to WAS Four Investment – Sole Proprietorship L.L.C, UAE on acquisition of investment in an associate	9	**10,109,414**	-
Issuance of additional share capital	16	**40,000**	
Capitalization of retained earnings to share capital	16	**139,950,000**	-
Gain on acquisition of interest in an associate	9	**50,905,738**	-
Transfer of investment from FVTPL to associate	9	**43,951,447**	-
Contribution in kind to associate		**6,126**	-
Dividend in kind	36	**13,000,000**	-
Deferred income	25	**20,441,040**	-
Investment made in acquisition of interest in associate		**-**	28,946,795
Acquisition of investment at fair value through profit or loss		**-**	43,127,923

The notes on pages 16 to 65 form an integral part of these consolidated financial statements.

1 Corporate information

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

Subsequent to year ended 31 December 2022, the Board of Directors of Phoenix Group Ltd (currently known as Phoenix Group PLC), who were also the beneficial owners of the Entities as reported in the combined financial statements for the year ended 31 December 2022 and disclosed in Note 20, resolved and approved for restructuring of such Entities whereby the beneficial interest therein were transferred to Phoenix Group Ltd (currently known as Phoenix Group PLC) as the Parent Company. With this restructuring, the Parent Company together with such Entities formed the “Group”.

On 12 September 2023, Mr. Munaf Ali (21.50%), Mr. Seyedmohammad Alizadehfard (18.20%) and Mr. Najib Abou Hamze (16.50%) transferred aforementioned percentage of shares to M/s. Agora SPV Ltd, resulting in M/s. Agora SPV Ltd becoming a major shareholder with a 56.20% ownership stake in the Company.

On 19 September 2023, the Company has increased its authorized share capital from USD 10,000, consisting of ordinary shares having a nominal value of USD 1 per share, to USD 50,000, distributed among 50,000 ordinary shares with a nominal value of USD 1 per share.

On 25 September 2023, the legal status of the Company was changed from Private Company Limited by Shares to Public Company Limited by Shares and was registered with Abu Dhabi Global Market under a registration number 7975.

On 28 September 2023, the Company has further increased its authorized share capital from USD 50,000, consisting of ordinary shares valued at USD 1 per share, to USD 140,000,000 distributed among 5,141,500,000 ordinary shares having nominal value of USD 0.027 per share. This increase in the share capital was allocated to the shareholders existing on that date in proportion to their shareholding.

On 6 October 2023, M/s. Agora SPV LTD (5.62%), Mr. Najib Abou Hamze (1.35%), Mr. Seyedmohammad Alizadehfard (0.71%), Mis. Hyperion Holdings Limited (0.48%), M/s. Hades Holdings Limited (0.45%), Mis. Artemis Holdings Ltd (0.43%), M/s. Echo Holding Limited (0.40%), M/s. Horizon Holding Limited (0.30%), and M/s. Vertex Holding Limited (0.26%) transferred aforementioned percentage of shares to M/s. International Tech Group SP LLC, resulting in M/s. International Tech Group SP LLC becoming a shareholder with a 10% ownership stake in the Company.

On 24 November 2023, the Company has further issued 907,323,529 shares to the public bringing the total number of shares to 6,048,823,529.

The Company’s ordinary shares were listed on the Abu Dhabi Stock Exchange (ADX) on 5 December 2023.

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

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

1 Corporate information *(continued)*

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 2023	% Interest 2022 (unaudited)
Phoenix Holding Corporation Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Worldwide Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Assets Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Management Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Cohost Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Trade Ventures Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Digital Solutions Holdings Limited	To act as special purpose vehicle	UAE	**100%**	
Phoenix INV Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Servco Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix BT Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Global Ventures Holding Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Mena Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Techco Cryptocurrency Mining – L.L.C – O.P.C	Digital currency mining and electronic currency design and programming	UAE	**100%**	-
PGM Holdings Ltd	To act as special purpose vehicle	UAE	**100%**	-
Phoenix Namo Mining Holdings Limited	To act as special purpose vehicle	UAE	**100%**	-
Phoenix MISR Mining Holdings Ltd	To act as special purpose vehicle	UAE	**100%**	-
Phoenix World Electronics Trading LLC	Computer and peripheral equipment trading	UAE	**100%**	100%

1 Corporate information *(continued)*

Name of entity	Principal Activity	Country of Incorporation	% Interest 2023	% Interest 2022 (unaudited)
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 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 Data Centre Limited	Providing data centre services such as operations and maintenance, developer and space management and leasing	UAE	**100%**	100%
PhoenixVentures 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 (ADGM)	**100%**	**-**
Phoenix OCM Company (FZ)	To engage in any lawful act or activity for which corporations are authorized.	Oman	**100%**	**-**

The Company and its subsidiaries constitute a "Group".

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) 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 investment at fair value through profit or loss, digital assets and building, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- IFRS 17 Insurance Contracts (Amendments to IFRS 17 Insurance Contracts)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These standards and amendments had no significant impact on the consolidated financial statements of the Group.

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supply Chain Financing Arrangements (Amendments to IFRS 7)
- Lack of exchangeability (Amendments to IAS 21)
- Sale or contribution of assets between and investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

2 Summary of material accounting policies *(continued)*

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 on consolidation.

All financial statements are made up to 31 December 2023. 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. Each component determines its functional currency and items included in the financial statements of these companies are measured using that functional currency.

(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 recognized 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 recognized 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 recognized in consolidated statement of comprehensive income (OCI) 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 recognized in other comprehensive income (OCI).

2 Summary of material accounting policies *(continued)*

2.4 Foreign currency translation *(continued)*

(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 recognized 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 recognized 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 recognized in other comprehensive income.

2.5 Property and equipment

Refer Note 6.

2.6 Capital work-in-progress (CWIP)

Refer Note 6.

2.7 Intangible assets

Refer Note 8.

2.8 Investments:

Refer Note 9 and 10.

2 Summary of material accounting policies *(continued)*

2.9 Financial instruments

2.9.1 Financial assets

The Group has the following financial assets: 'due from a related party', 'cash and short-term deposits', 'trade receivables' and 'deposits and other receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and short-term deposits
Cash and short-term deposits include cash in hand, cash at bank and short-term deposits varying from one day to three months.

Classification of financial assets and liabilities

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, 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 fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

2.9.2 Financial liabilities

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

- financial liabilities at fair value through profit or loss. 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.

2 Summary of material accounting policies *(continued)*

2.9 Financial instruments *(continued)*

2.9.2 Financial liabilities *(continued)*

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.

2.9.3 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.

2.9.4 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.

2.9.5 Measurement

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

2.9.6 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 recognized from initial recognition of the receivables, see note 3.2 for further details.

2.10 Trade receivables

Refer Note 13.

2.11 Digital assets

Refer Note 11.

2 Summary of material accounting policies *(continued)*

2.12 Cash and short-term deposits

Refer Note 15.

2.13 Trade payables

Refer note 24.

2.14 Taxation

(a) Deferred tax

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

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

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.

(b) 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 Summary of material accounting policies *(continued)*

2.15 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

2.16 Employees' end of service benefits

Refer Note 22.

2.17 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners 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, adjusted for bonus elements and share split in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

2.18 Interest-bearing loans

After initial recognition, 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.

2.19 Deferred income

Refer Note 25.

2.20 Revenue recognition

Refer Note 28.

2 Summary of material accounting policies *(continued)*

2.21 Leases

Refer Note 7.

2.22 Inventories

Refer Note 12.

2.23 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.

2.24 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use. All other borrowing costs are recognized as an expense in the consolidated statement of profit or loss in the period in which they are incurred.

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.

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

3.1 Significant accounting judgements

(a) Business combination under common control

The consolidated financial statements of the Group are prepared based on the judgement that on the date of acquisition of Entities as disclosed in Note 20, the Company and the Entities are controlled by the same parties. And this restructuring does not impact the beneficial interest of such parties in the Company and the Entities before and after the transition. Hence, the Group's management believes that the acquisition of interest in entities through restructuring meets the criteria of business under common control and are accounted for under the pooling of interest method using predecessor values method.

(b) 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.

(c) Classification of digital assets

As intangible assets

The management recognizes 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.

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

3.1 Significant accounting judgements *(continued)*

(c) Classification of digital assets (continued)

As inventory

The management 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 recognized 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 recognized in the consolidated statement of profit or loss. Management believes that recognizing digital assets at fair value through the profit and loss accurately reflects the economic substance of their trading activities and is in line with the Group's overall strategic vision for holding these assets.

(d) 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 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116/2022 (published in December 2022 and considered to be effective from 16 January 2023) 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 Company with effect from 1 January 2024. 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 Company.

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 company has evaluated deferred 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 not consider there to be any temporary differences on which deferred taxes should be accounted. The Company 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.

(e) Classification of crypto mining machines

The management has classified crypto mining machines as inventories. The machines are purchased for trading purpose as one of the lines of business. These machines are in the Group's own use until these are sold to customers. The Group uses machines for digital assets mining and records mining revenue as disclosed in note 11(b) and 28, respectively.

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

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

3.2 Significant accounting estimates and assumptions

(a) Useful lives of property and equipment, right-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.

At the reporting date, gross trade receivables were USD 33,061,633 (2022 (unaudited): USD 2,823,466) with a provision for expected credit losses amounting to USD Nil (2022 (unaudited): USD 1,366,016) as at 31 December 2023 (Note 13). 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) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

(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.

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

3.2 Significant accounting estimates and assumptions *(continued)*

(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 2023 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) 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 uses M2 exchanges in order to provide the Group with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

4 Financial risk management objectives and policies

Interest rate risk

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

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 (through the impact on floating rate borrowings and short-term deposits). There is no impact on the Group's equity.

	Increase in basis points	**Net effect on profit for one year USD**
2023	**+/- 100**	**1,944,425**
2022 (unaudited)	+/- 100	39,284

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

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 recognized, 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 (2022 (unaudited): 3) largest customers account for 92% (2022 (unaudited): 79%) of outstanding trade receivables at 31 December 2023.

Impairment of financial assets
As mentioned in note 2.9.6, the Group's trade receivables are subject to the expected credit loss.

While cash and short-term deposits 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 2023.

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.

	Less than 3 months USD	3 to 12 months USD	1 to 5 years USD	>5 years USD	Total USD
At 31 December 2023					
Trade payables (Note 24)	-	575,497	-	-	575,497
Other liabilities* (Note 25)	-	26,396,743	-	-	26,396,743
Interest-bearing loans	117,604	352,811	2,352,075	3,214,504	6,036,994
Lease liability	-	272,294	408,441	-	680,735
Total	**117,604**	**27,597,345**	**2,709,067**	**3,214,504**	**33,689,969**
At 31 December 2022 (unaudited)					
Trade payables (Note 24)	-	311,553	-	-	311,553
Other liabilities* (Note 25)	-	12,398,644	-	-	12,398,644
Interest-bearing loans	111,733	351,441	2,352,075	3,684,919	6,500,168
Total	111,733	13,061,638	2,352,075	3,684,919	19,210,365

* For the purpose of the liquidity risk disclosure, amounting to USD 49.99 million (2022:(unaudited): USD 58.96 million) have been excluded from other liabilities related to advance received from customers and deferred income.

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

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 Group's 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 from UK Pounds (GBP) and 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 2023, 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 coins and Bitcoins that may result in reductions in net profit. 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 for one year USD	Effect on other comprehensive income for one year USD
2023	+/-1	**1,367,100**	**32,901**
2022 (unaudited)	+/- 1	-	17,206

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 lease liability, less cash and short-term deposits. Capital includes share capital, share premium, other reserves, contribution from shareholders, shareholders' current account and retained earnings.

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

	2023 USD	2022 USD (Unaudited)
Interest-bearing loans (Note 23)	3,721,987	3,928,417
Lease liability (Note 7)	629,285	-
Less: cash and short-term deposits (Note 15)	(198,164,555)	(442,871)
Net (cash)/debt	**(193,813,283)**	3,485,546
Share capital (Note 16(i))	164,705,882	10,000
Share premium (Note 16(i))	345,882,353	-
Retained earnings	137,012,032	82,182,560
Shareholders' current account (Note 17)	-	9,019,377
Contribution from shareholders (Note 18)	24,994,908	4,015,995
Other reserves (Note 16(ii))	24,511,190	11,354,664
Net equity	**697,106,368**	106,582,596
Net equity and net debt	503,293,085	110,068,142
Gearing ratio	Nil	3.17%

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 except for measurement at fair value of derivatives, in the opinion of management, the carrying values and fair values of those financial assets and liabilities that are not carried at fair value in the 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.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2023

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

Fair value estimation *(continued)*

The below table shows the hierarchy used by the Group for the assets and liabilities that are measured at fair value or for which fair value information is disclosed as at 31 December 2023 and 2022:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2023				
Assets which are at fair value				
Building (Note 6)	-	21,704,138	-	21,704,138
Digital assets (Note 11)	140,000,124	-	-	140,000,124
	140,000,124	**21,704,138**	**-**	**161,704,262**
31 December 2022 (unaudited)				
Assets which are at fair value				
Building (Note 6)	-	21,704,138	-	21,704,138
Digital assets (Note 11)	1,720,650	-	-	1,720,650
Investment at fair value through profit or loss (FVTPL) (Note 10)	-	43,127,923	-	43,127,923
	1,720,650	64,832,061	-	66,55,711

On a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2023 and 2022, there are no transfers between the levels of fair value measurements.

5 Comparative note

This is the first year for which IFRS consolidated financial statements are being prepared for the Group. For the year ended 31 December 2022, management of the Company prepared combined financial statements prepared under special purpose framework comprising the Company and Entities with common shareholding as disclosed in note 20. Those combined financial statements were audited.

6 Property and equipment

Material accounting policies

Property 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 stated at revalued amounts less subsequent impairment losses, 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.

6 Property and equipment *(continued)*

Material accounting policies *(continued)*

Any revaluation increase arising on the revaluation of an asset such building is recognised in 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 consolidated statement of profit or loss, in which case the increase is credited to 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 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.

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

	Years
Mining equipment	3 – 5
Building	40
Furniture and fixtures	3 – 5
Office equipment	3

Capital work-in-progress 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.

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

Capital work-in-progress is recognized as an asset on the consolidated statement of financial position when the following criteria are met:

a) Expenditures are incurred for the construction, development, or acquisition of a long-term asset,
b) The asset is not yet ready for its intended use or sale, and
c) 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.

6 Property and equipment *(continued)*

	Mining equipment USD	Building USD	Furniture and fixtures USD	Office equipment USD	Capital work-in-progress USD	Total USD
Cost:						
At 1 January 2022 (unaudited)	6,095,340	-	27,572	52,771	18,439,638	24,615,321
Additions	-	10,324,080	2,068,361	43,100	32,143,276	44,578,817
Disposals	(6,095,340)	-	-	-	-	(6,095,340)
Revaluation	-	11,380,058	-	-	-	11,380,058
At 31 December 2022 (unaudited)	-	21,704,138	2,095,933	95,871	50,582,914	74,478,856
Additions	-	-	2,993	63,142	30,664,147	30,730,282
At 31 December 2023	**-**	**21,704,138**	**2,098,926**	**159,013**	**81,247,061**	**105,209,138**
Accumulated depreciation:						
At 1 January 2022 (unaudited)	4,060,545	-	5,301	10,469	-	4,076,315
Charge for the year	930,818	258,101	223,566	25,307	-	1,437,792
Disposals	(4,991,363)	-	-	-	-	(4,991,363)
At 31 December 2022 (unaudited)	-	258,101	228,867	35,776	-	522,744
Charge for the year	-	258,102	419,796	39,573	-	717,471
At 31 December 2023	**-**	**516,203**	**648,663**	**75,349**	**-**	**1,240,215**
Net carrying amount:						
At 31 December 2023	**-**	**21,187,935**	**1,450,263**	**83,664**	**81,247,061**	**103,968,923**
At 31 December 2022 (unaudited)	-	21,446,037	1,867,066	60,095	50,582,914	73,956,112

The Group has carried out the last valuation exercise through an independent valuer in year 2022. Had there been no revaluation, the carrying amount of building and revaluation surplus on building would have been lower by USD 11.38 million and USD 11.38 million, respectively.

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

Capital work-in-progress pertains to data centers which are under construction at USA and Oman. The management of the Group expect the projects relating to capital work-in-progress to complete by 2025.

7 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:

- 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 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 consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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

Material accounting policies *(continued)*

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.

	Years
Building	3

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

	Building USD
Cost:	
Additions	753,757
At 31 December 2023	**753,757**
Accumulated depreciation:	
Charge for the year	73,273
At 31 December 2023	**73,273**
Net carrying amount:	
At 31 December 2023	**680,484**
At 31 December 2022 (unaudited)	**-**

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

	2023 USD
At 1 January	**-**
Addition	**753,757**
Finance costs (Note 35)	**11,675**
Payments made	**(136,147)**
At 31 December	**629,285**

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

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

	2023 USD
Current	**356,991**
Non-current	**272,294**
	629,285

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

	2023 USD	2022 USD (unaudited)
Depreciation expense of right-of-use asset	**73,273**	**-**
Finance costs on lease liability (Note 35)	**11,675**	**-**
Rent expense – short-term leases (Note 32)	**266,477**	158,227

8 Intangible assets

Material accounting policies

Intangible assets comprise of the Group's digital mining website 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.

8 Intangible assets *(continued)*

	Digital mining website USD	Mobile application USD	Total USD
Cost:			
At 1 January 2022 and 31 December 2022 (unaudited)	-	-	-
Additions	13,206	26,480	39,686
At 31 December 2023	**13,206**	**26,480**	**39,686**
Accumulated depreciation:			
At 1 January 2022 and 31 December 2022 (unaudited)	-	-	-
Charge for the year	2,315	2,206	4,521
At 31 December 2023	**2,315**	**2,206**	**4,521**
Net carrying amount:			
At 31 December 2023	**10,891**	**24,274**	**35,165**
At 31 December 2022 (unaudited)	-	-	-

9 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 of 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 these 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 the 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 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.

9 Investment in associates *(continued)*

Material accounting policies *(continued)*

When the Group transacts with an associate of the Group, 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 those investees 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 its 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.

The balance of investment in associates in the consolidated statement of financial position as at 31 December 2023 and 31 December 2022 are as follows:

	2023 USD	2022 USD (unaudited)
Investment in Bitzero Blockchain Inc. (Bitzero)	**-**	28,946,795
Investment in Citadel Technologies Group LLC, UAE (Citadel) – *note i*	**117,569,776**	-
Investment in Lyvely FZE (Lyvely)	**2,740,250**	-
Investment in M2 Holdings Limited, UAE (M2)	**-**	30,000
	120,310,026	28,976,795

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:

	2023 USD	2022 USD (unaudited)
At 1 January	**28,976,795**	-
Additions		
• Bitzero	**-**	28,946,795
• Citadel	**104,966,600**	-
• M2	**1,277,457**	30,000
• Lyvely	**3,000,000**	-
Share of loss	**(6,013,789)**	-
Share of other comprehensive income	**13,199,451**	-
Provision for impairment of investment	**(25,096,488)**	-
At 31 December	**120,310,026**	28,976,795

9 Investment in associates *(continued)*

(i) Acquisition of interest in Citadel

	2023 USD
At 1 January	**-**
Transfer from investment at FVTPL (Note 10)	**43,951,447**
Additional investment (i)	**50,905,738**
Share of loss	**(596,274)**
Share of other comprehensive income	**13,199,451**
Contribution made by a related party on behalf of the Group	**10,109,414**
At 31 December	**117,569,776**

(i) On October 12, 2023, beside the existing 7.5% shareholding in Citadel *(classified as investment carried at fair value through profit or loss)*, the Group was awarded sweat equity of additional 7.5% of the ordinary share capital of the Citadel along with one board representation on Citadel out of the 5 board members of Citadel. Based on this additional shareholding and board representation, management of the Group has assessed that the Group is able to exercise significant influence over Citadel and hence classified the investment as an associate. Since, this additional 7.5% sweat equity was acquired at Nil consideration resulting in a gain on acquisition of investment in associate amounting to USD 50,905,738 after comparison to the carrying value on the date of acquisition.

The initial recognition of investment in Citadel as an associate is the provisional assessment of fair value while the Group management will appoint an independent valuation for carrying out the purchase price allocation (PPA) for determining the fair value of investment in associate and recognise any additional adjustment to the carrying value, if required, within the 12 months provisional period.

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

	Bitzero USD	**Citadel USD**	**Lyvely USD**	**M2 USD**	**Total USD**
For the year ended 31 December 2023					
Revenue	12,640,133	178,223,077	2,000	37,056,654	227,921,864
Cost of sales	(20,871,715)	(196,246,367)	(68,000)	(23,946,482)	(241,132,564)
Administrative expenses	(8,243,845)	2,158,142	(973,000)	(155,690,412)	(162,749,115)
Loss for the year	(16,475,427)	(15,865,148)	(1,039,000)	(142,580,240)	(175,959,815)
Other comprehensive income	-	111,343,606	-	7,059,593	118,403,199
Total comprehensive (loss)/income for the year	(16,475,427)	95,478,459	(1,039,000)	(135,520,647)	(57,556,616)
Percentage holding	23.37%	15%	25%	30%	
Group's share of loss for the year	(3,850,307)	(2,379,771)	(259,750)	(1,307,458)	(7,797,291)
Group's share of loss for the year proportionately	(3,850,307)	(596,274)*	(259,750)	(1,307,458)	(6,013,789)
Group's share of other comprehensive income	-	13,199,451*	-	-	13,199,451
Unrecorded losses	-	-	-	(39,348,736)	(39,348,736)

*Since the acquisition was made on October 12, 2023, hence the Group's share is related to post acquisition period.

9 Investment in associates *(continued)*

Summarised statement of profit or loss and other comprehensive income of associates (continued):

	Bitzero USD	M2 USD	Total USD
31 December 2022 (unaudited)			
Revenue	6,131,037	-	6,131,037
Cost of sales	(7,930,203)	-	(7,930,203)
Administrative expenses	(30,396,436)	-	(30,396,436)
Total comprehensive loss for the year	(32,195,602)	-	(32,195,602)
Percentage holding	23.37%	30%	
Group's share of profit for the year	-	-	-
Unrecorded losses	(7,524,112)	-	(7,524,112)

Summarised statement of financial position of associates:

	Bitzero USD	Citadel USD	Lyvely USD	M2 USD
At 31 December 2023				
Non-current assets	43,786,352	791,807,802	-	9,734,534
Current assets	5,199,855	25,729,195	3,936,000	209,550,890
Non-current liabilities	2,349,204	2,025	-	90,570,485
Current liabilities	8,102,131	29,889,696	90,000	49,985,586
Equity/ net assets	38,534,872	787,645,276	3,846,000	78,729,353
Percentage holding	23.37%	15%	20%	30%
Group's share of net assets	9,005,199	118,146,791	769,000	23,618,806
Other cost/adjustments relating to investment	16,091,289	(577,015)	1,971,250	(26,643,306)
Impairment of investment	(25,096,488)	-	-	-
Carrying amount of the investment	-	117,569,776	2,740,250	-

	Bitzero USD	M2 USD
At 31 December 2022 (unaudited)		
Non-current assets	50,368,884	-
Current assets	5,615,585	-
Non-current liabilities	2,905,751	-
Current liabilities	8,068,421	-
Equity/net assets	45,010,297	-
Percentage holding	23.37%	30%
Group's share of net assets	10,518,906	-
Other cost/adjustments relating to investment	18,427,889	-
Carrying amount of the investment	28,946,795	30,000

10 Investment at fair value through profit or loss (FVTPL)

	2023 **USD**	2022 USD (unaudited)
At 1 January	**43,127,923**	-
Additions	**-**	44,438,327
Changes in fair value	**823,524**	(1,310,404)
Derecognition on transfer to investment in associate (Note 9)	**(43,951,447)**	-
At 31 December	**-**	43,127,923

The Group held 7.5% of the ordinary share capital of Citadel Technologies Group LLC ("Citadel"), a company licensed to invest and manage technological projects, commercial enterprises and mine cryptocurrencies in United Arab Emirates. Until October 12, 2023, the management of the Group assessed that the Group did not have ability to exercise significant influence over Citadel as the other 92.5% of the ordinary share capital was held by two shareholders.

During the year i.e., on the aforementioned date, the Group was awarded sweat equity of additional 7.5% of the ordinary share capital of the Citadel, one board representation on Citadel out of 5 board members. Further, the Group is awarded the operational and maintenance contract for Citadel. Based on these, management of the Group has assessed that the Group is able to exercise significant influence over Citadel and hence classified the investment as an associate (Note 9). On derecognition date, the Group reassessed the fair value of the investments using the best estimate of the net assets value of Citadel and recorded a fair value gain of USD 823,524.

11 Digital assets

Material accounting policies

Digital assets are assets such as Bitcoin and MMX 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 to 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 recognized 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 equity.

11 Digital assets *(continued)*

	2023 USD	2022 USD (unaudited)
Digital assets – inventory *(a)*	**136,710,000**	-
Digital assets – intangibles *(b)*	**3,290,124**	1,720,650
	140,000,124	1,720,650

(a) Accounted for using inventory methodology

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

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

	As at 31 December 2023 USD
At 1 January	-
Additions (note i)	**37,200,000**
Change in fair value*	**99,510,000**
At 31 December	**136,710,000**

*Represents gain on fair valuation of digital assets at FVTPL held at year end.

(i) During the year ended 31 December 2023, the Group was rewarded digital assets worth USD 37,200,000 upon provision of intellectual services (Note 30). Further, the Group has recognised a fair value gain on these digital assets of USD 99,510,000 during the period post-acquisition till 31 December 2023.

(b) Accounted for using intangible asset methodology

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

	As at 31 December	
	2023 USD	2022 USD (unaudited)
Digital assets	**3,290,124**	1,720,650

11 Digital assets *(continued)*

(c) Accounted for using intangible asset methodology

	2023 USD	2022 USD (unaudited)
Gain on Digital assets – inventory	**99,510,000**	-
Gain/(loss) Digital assets – intangibles	**1,221,489**	(1,631,545)
	100,731,489	(1,631,545)

12 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.

	2023 USD	2022 USD (unaudited)
Finished goods	**59,495,074**	41,371,847
Consumables items	**126,500**	17,257
Stock in transit	**13,640,123**	-
	73,261,697	41,389,104

During the year ended 31 December 2023, inventory amounting to USD 113,805,605 (2022 (unaudited): USD 555,689,727) was charged to cost of goods sold (Note 29). Included in finished goods are items costing USD 73,180,575 which has been written down to its net realisable values (NRV) amounting to USD 59,495,074 during the year.

13 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.

13 Trade receivables *(continued)*

Material accounting policies *(continued)*

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

	2023 USD	2022 USD (unaudited)
Trade receivables	**33,061,633**	2,823,466
Less: provision for expected credit losses	**-**	(1,366,016)
	33,061,633	1,457,450

At 31 December 2023, trade receivables at nominal value of USD Nil (2022 (unaudited): USD 1,366,016) were impaired.

Out of the above balance of trade receivables, USD 4,801,515 relates to a related party (note 21(i)(a)).

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

	2023 USD	2022 USD (unaudited)
At 1 January	**1,366,016**	-
(Reversal) / charge for the year (Note 32)	**(1,366,016)**	1,366,016
At 31 December	**-**	1,366,016

Management performed the expected credit loss assessment and there is no material impact on the consolidated financial statements as of 31 December 2023.

14 Advances, deposits and other receivables

	2023 USD	2022 USD (unaudited)
Advance to suppliers (i)	**132,110,576**	19,149,724
Deposits	**31,664,170**	7,746,909
Accrued income	**273,151**	1,426,236
VAT receivable	**183,191**	105,468
Prepaid expenses	**171,587**	182,594
Other receivables	**108,545**	641,905
Staff loans and advances	**8,151**	478,672
Consultant advances	**-**	475,249
	164,519,371	30,206,757

(i) This includes balance of USD 46,316,976 given to a related party (Note 21).

During the year, the Group has written off receivables amounting to USD 2,984,934 (2022 (unaudited): USD 752,918). 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 2023.

15 Cash and short-term deposits

Material accounting policies

Cash and short-term deposits 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 short-term deposits in the consolidated statements of financial position and cash flows consist of the following:

	2023 **USD**	2022 USD (unaudited)
Cash at bank and on hand	**23,164,555**	442,871
Short-term deposits – *less than three months original maturity*	**175,000,000**	-
	198,164,555	442,871

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

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

16 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.

	Authorised issued and fully paid	
	2023 **USD**	2022 USD (unaudited)
6,048,823,529 shares of USD 0.027 each (2022 (unaudited): 10,000 shares of USD 1 each)	**164,705,882**	10,000

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

i) Share capital and share premium (continued)

Movement in the share capital and share premium as is follows:

	Issued share capital **No. of shares**	***Share Capital*** **USD**	***Share Premium*** **USD**
At 1 January 2023 (USD 1 per share) (unaudited)	10,000	10,000	-
Issuance of new shares (USD 1 per share)	40,000	40,000	
	50,000	**50,000**	**-**
Capitalization of retained earnings	-	139,950,000	-
Share split (*approx.* USD 0.027 (AED 1) per share)	5,141,450,000	-	-
	5,141,500,000	**140,000,000**	**-**
Issuance of new shares (with nominal value of approx. USD 0.027 per share and subscription value of USD 1.5 per share)	907,323,529	24,705,882	345,882,353
At 31 December 2023	**6,048,823,529**	**164,705,882**	**345,882,353**

On 12 September 2023, Mr. Munaf Ali (21.50%), Mr. Seyedmohammad Alizadehfard (18.20%) and Mr. Najib Abou Hamze (16.50%) transferred aforementioned percentage of their shares to M/s. Agora SPV Ltd, resulting in M/s. Agora SPV Ltd becoming a shareholder with a 56.20% ownership stake in the Company.

On 19 September 2023, the Company has increased its authorized share capital from USD 10,000, consisting of ordinary shares having a nominal value of USD 1 per share, to USD 50,000, distributed among 50,000 ordinary shares with a nominal value of USD 1 per share.

On 28 September 2023, the Company has further increased its authorized share capital from USD 50,000, consisting of ordinary shares valued at USD 1 per share, to USD 140,000,000 distributed among 5,141,500,000 ordinary shares having nominal value of USD 0.027 per share. This increase in the share capital was allocated to the shareholders existing on that date in proportion to their shareholding.

On 6 October 2023, M/s. Agora SPV LTD (5.62%), Mr. Najib Abou Hamze (1.35%), Mr. Seyedmohammad Alizadehfard (0.71%), Mis. Hyperion Holdings Limited (0.48%), M/s. Hades Holdings Limited (0.45%), Mis. Artemis Holdings Ltd (0.43%), M/s. Echo Holding Limited (0.40%), M/s. Horizon Holding Limited (0.30%), and M/s. Vertex Holding Limited (0.26%) transferred aforementioned percentage of shares to M/s. International Tech Group SP LLC, resulting in M/s. International Tech Group SP LLC becoming a shareholder with a 10% ownership stake in the Company.

On 24 November 2023, the Company has further issued 907,323,529 shares to the public bringing the total number of shares to 6,048,823,529 with nominal value of USD 0.027 per share.

On 5 December 2023, the Company has issued fresh 907,323,529 shares to public carrying face value of AED 0.1 (USD 0.027) issued at AED 1.5 (USD 0.41) total amounting to AED 1,360,985,293 (USD 370,588,235) out of which AED 1,270,252,941 (USD: 345,882,353) becomes part of the share premium.

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

(ii) Other reserves

	Revaluation reserve (Note a) USD	***Foreign currency translation reserve*** (Note b) USD	***Fair value through OCI*** (Note c) USD	***Total*** USD
At 1 January 2022 (unaudited)	-	(45,259)	-	(45,259)
Movement for the year	11,380,058	19,865	-	11,399,923
At 31 December 2022 (unaudited)	11,380,058	(25,394)	-	11,354,664
Movement for the year	-	(87,198)	13,243,724	13,156,526
At 31 December 2023	**11,380,058**	**(112,592)**	**13,243,724**	**24,511,190**

(a) Revaluation reserve

This reserve relates to the revaluation gain recognised on the fair valuation of building. Any incremental depreciation charge on the revalued amount compared to the cost is charged to this reserve with corresponding adjustment in the retained earnings.

(b) Foreign currency translation reserve

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

(c) Fair value through other comprehensive income reserve

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

17 Shareholders' current account

	2023 **USD**	2022 USD (unaudited)
Shareholders' current account	-	9,019,377
	-	9,019,377

The amount is repayable at the discretion of the Group therefore, the shareholders' current account is classified within equity.

18 Contribution from shareholders

	2023 **USD**	2022 USD (unaudited)
At 1 January	**4,015,995**	4,015,995
Funds received during the year*	**57,251,261**	-
Dividend in kind**	**13,000,000**	-
Repayment	**(49,272,348)**	-
At 31 December	**24,994,908**	4,015,995

*These funds are provided as a contribution from the shareholders and are interest free and unsecured, with no contractual repayment obligations and therefore classified within equity in the consolidated statement of financial position. Subsequent to the year end 2023, the Group has repaid the outstanding amount in full.

18 Contribution from shareholders *(continued)*

**During the year shareholders declared dividend of USD 13,000,000 which was transferred and settled through contribution from shareholders.

19 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.

20 Business combination under common control

Material accounting policies

Acquisition of controlling interest in entities that are under common control of the shareholders which lack commercial substance and are based on a decision by the shareholders are accounted for in accordance with the pooling of interest method of accounting using predecessor values method. The consolidated financial statements of the combined entities are presented as if the business had been combined from the date when the combining entities were first brought under common control without restating and presenting the prior period. The assets and liabilities are accounted for at carrying amounts previously recorded in the books of the transferor. The components of equity of the acquired entities are added to the same components within the Group's equity. Any transaction cost paid for acquisition is recognised directly in equity.

Transfer of Entities to Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Effective 30 September 2023, the Shareholders of the Company, who were also the beneficial owners of the Entities as mentioned in page below, transferred their beneficial interest in such Entities to the Company, as part of the Group restructuring activities in exchange for a Nil consideration.

Acquisition of interest in entities that are under common control of the ultimate shareholders are accounted for in accordance with the pooling of interest method of accounting using predecessor values method. The consolidated financial statements of the Group are presented as if the business had been combined from the date when the transferred entities were first brought under common control without restating and presenting the prior years. The assets and liabilities are accounted for at carrying amounts previously recorded in the respective books of the entities.

In an event when no purchase consideration is paid, the components of equity of the transferred entities are added to the same components within the Group's equity. Whereas, when a consideration is paid, any difference between the total net assets carrying value and purchase consideration is recognised as a separate equity reserve.

20 Business combination under common control *(continued)*

Material accounting policies *(continued)*

Entities	Principal activity	Country of incorporation	Beneficial ownership
Phoenix World Electronics Trading LLC	Computer and peripheral equipment trading and wireless telecommunication equipment trading	UAE	100%
PTC Cloud Tech FZCO	Provider of cloud service and data centres provider and robots and smart machines rental	UAE	100%
Mega Phoenix Electronics Trading LLC	Computer and peripheral equipment trading	UAE	100%
Phoenix World Electronics LLC	Engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%
Advanced Power Solutions Inc.	Engage in those activities which are not prohibited by Alberta's business Corporation Act	Canada	100%
Absolute Power Solutions Inc.	Engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%
Block Zero HS. Inc.	Engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation Law	USA	100%
Block One Technology Inc.	Engage in those activities which are not prohibited by Alberta's Business Corporation Act	Canada	100%
Phoenix Operations and Maintenance LLC	Engage in any lawful act or activity for which corporations are authorised by the Delaware General Corporation	USA	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	UAE	100%
Phoenix Data Centre Limited	Providing data centre services such as operations and maintenance, developer and space management and leasing	UAE	100%
Phoenix Ventures Limited	To provide internet and multimedia consultancy and software service solution	UAE	100%
Phoenix Electronics Logistics Limited	Insurance policy holder	Hong Kong	100%

The transfer had been accounted for using the pooling of interest method in accordance with business combination under common control. Consequently, all assets and liabilities of such Entities were transferred to the Group at their carrying amounts as the effective date of 30 September 2023. These were presented as if the business had been combined from 1 January 2022 the date when the transferred entities were first brought under common control. The components of equity of the transferred Entities were added to the same components within the Group's equity.

20 Business combination under common control *(continued)*

The carrying values of the assets and liabilities of the Entities mentioned above on the effective date of transfer are not materially different to those presented below:

	30 September 2023 USD (unaudited)
Property and equipment	22,875,768
Capital work-in-progress	71,299,089
Right of use asset	739,102
Intangible assets	1,262,423
Investments in associates	28,946,995
Investments FVPTL	43,215,577
Inventories	81,050,792
Trade and other receivables	67,871,012
Cash and short-term deposits	1,511,173
Total assets	318,771,931
Lease liabilities	619,945
Employees’ end of service benefits	256,016
Borrowings from banks and financial institution	3,761,665
Trade and other payables	110,788,157
Total liabilities	115,425,783
Total identifiable net assets at carrying value	203,346,148
Share capital	140,139,044
Statutory reserves	13,615
Foreign currency translation reserve	(109,532)
Retained earnings and other reserves	9,971,759
Shareholder contribution	53,331,262
Total equity	203,346,148

21 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.

21 Related party transactions and balances

i. <u>Related party balances</u>

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

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

	Relationship	**2023 USD**	2022 USD (unaudited)
Seyedmohammed Alizadehfard, UAE	Director	**4,017,864**	-
Munaf Ali., UAE	Director	**783,651**	-
Total		**4,801,515**	-

(b) Due from related parties

	Relationship	**2023 USD**	2022 USD (unaudited)
AlphaBit, LLC, USA	Common directorship	-	738,808
Phoenix Technology Investments Holding AG, Switzerland	Common directorship	-	77,305
Cypher Labs Information Technology Consultants L.L.C, UAE	Common directorship	-	1,128,268
Phoenix Technology Bilgisayar Elektronik Limited, Turkey	Common directorship	-	580,605
Other related parties	Common directorship	-	448,344
M2 Holdings Limited, UAE	Associate	**2,550**	5,346,118
		2,550	8,319,448

(c) *Due to related parties*

	Relationship	**2023 USD**	2022 USD (unaudited)
WAS Four Investment - Sole Proprietorship L.L.C, UAE	Affiliates of major shareholder	**54,698,329**	44,595,041
Citadel Technologies Group LLC, UAE	Associate	**12,254**	6,127
Logica Ventures Corp, Canada	Common directorship	-	16,748
Phoenix Trading FZCO, UAE	Common directorship	-	2,611,235
Total		**54,710,583**	47,229,151

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2023

21 Related party transactions and balances *(continued)*

i. Related party balances *(continued)*

(d) Advances to a related party

		2023 USD	2022 USD (unaudited)
Cypher Capital Technology LLC, UAE	Common directorship	**46,316,976**	-

This amount is included in advance to suppliers (Note 14).

(e) Advances from associates

	Relationship	**2023 USD**	2022 USD (unaudited)
M2 Global wealth Limited, UAE	Affiliate of associate	**18,279,651**	-

This amount is included in advance from customers (Note 25).

ii. Related party transactions

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

Revenue

	Relationship	**2023 USD**	2022 USD (unaudited)
Agora SPV Ltd	Major shareholder	**69,952,370**	-
Citadel Technologies Group LLC	Associate	**2,996,010**	514,679,280
Cypher Capital Technology LLC	Common directorship	**26,290,973**	16,056,273
M2 Global wealth Limited	Associate	**19,964,646**	-
Munaf Ali., UAE	Director	**6,133,689**	12,684,514
Seyedmohammed Alizadehfard	Director	**10,091,961**	2,813,020
Others	Common directorship	**-**	475,845

Purchases

	Relationship	**2023 USD**	2022 USD (unaudited)
Seyedmohammed Alizadehfard	Director	**4,500,000**	432,600
Munaf Ali	Director	**-**	2,303,256
Cypher Capital Technology LLC	Common directorship	**-**	4,370,228
Phoenix Trading FZCO	Common directorship	**-**	2,711,388

21 Related party transactions and balances *(continued)*

Other transactions

	2023 **USD**	2022 USD (unaudited)
Investment in Lyvely FZE	**3,000,000**	**-**
Investment in Citadel Technologies Group LLC	**104,966,600**	**-**
Investment in M2 Holdings Ltd	**1,277,458**	30,000
Acquisition of digital asset - MMX (i)	**37,200,000**	**-**

(i) During the year ended 31 December 2023, the Group was rewarded digital assets worth USD 37,200,000 on provision of intellectual services.

iii. <u>Compensation of key management personnel</u>

The remuneration of directors during the year are as follows:

	2023 **USD**	2022 USD (unaudited)
Salaries and other benefits	**1,778,612**	766,433
End of service benefits	**422,074**	153,589
	2,200,686	920,022
Number of key management personnel	**2**	2

22 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:

	2023 **USD**	2022 USD (unaudited)
At 1 January	**170,483**	33,788
Charge for the year	**697,947**	153,589
Paid during the year	**(9,465)**	(16,894)
At 31 December	**858,965**	170,483

23 Interest-bearing loans

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

	2023 USD	2022 USD (unaudited)
Non-current	**3,556,500**	3,721,282
Current	**165,487**	207,135
	3,721,987	3,928,417

The movement in interest-bearing loans is as follows:

	2023 USD	2022 USD (unaudited)
At 1 January	**3,928,417**	4,100,059
Payments made	**(206,430)**	(171,642)
As at 31 December	**3,721,987**	3,928,417

	Interest rate	**Maturity**	**2023 USD**	2022 USD (unaudited)
FAB loan	EIBOR+3%	06-Oct-2036	**3,721,987**	3,928,417

Key terms of the loan:

- 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. Property to remain insured till full and final settlement of the facility.
- 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 Bank.
- Undated cheque on 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 2023.

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Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2023

24 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.

	2023 USD	2022 USD (unaudited)
Trade payables	**575,497**	311,553

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

25 Other liabilities

	2023 USD	2022 USD (unaudited)
Advances received from customers (i)	**29,550,448**	58,962,851
Deferred income (ii)	**20,441,040**	-
Provision for expenses	**20,257,625**	4,982,218
Deposit received	**5,268,150**	6,606,829
Provision for leave salary	**850,964**	123,822
Other payables	**20,004**	685,775
	76,388,231	71,361,495

(i) This includes amount of USD 18,279,651 which is from a related party (Note 21).

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

26 Commitments

At 31 December 2023, the Group and its associates had no capital commitments and outstanding letters of guarantees (2022 (unaudited): USD Nil).

27 Contingencies

At 31 December 2023, the Group and its associates had no contingent liabilities (2022 (unaudited): USD Nil).

28 Revenue from contracts with customers

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 as 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. The consideration expected by the Group may include fixed or variable amounts. Revenue is recognized 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.

28 Revenue from contracts with customers *(continued)*

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

(i) Mined income

The management recognizes 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 upto 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.

(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 recognized 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 recognized 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 an entity does not satisfy its performance obligation over time, it satisfies it at point of time.

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.

Phoenix Group PLC (formerly known as Phoenix Group Ltd)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2023

28 Revenue from contracts with customers *(continued)*

(iv) Revenue from sale of ASICs, wallets, and equipment (continued)

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:

(a) Type of revenue

	2023 USD	2022 USD (unaudited)
Revenue from contracts with customers:		
Trading revenue		
• Sales of ASICs, wallets, and equipment	**180,989,786**	715,083,556
• Hosting revenue	**75,281,765**	34,381,133
• Mining revenue	**31,801,711**	5,473,856
Service income	**113,669**	23,797
	288,186,931	754,962,342

(b) Geographical markets

	2023 USD	2022 USD (unaudited)
Outside UAE	**287,094,655**	751,043,303
Within UAE	**1,092,276**	3,919,039
	288,186,931	754,962,342

(c) Timing of revenue recognition

	2023 USD	2022 USD (unaudited)
At a point in time	**180,989,786**	715,083,556
Over time	**107,197,145**	39,878,786
	288,186,931	754,962,342

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Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2023

29 Direct costs

	2023 USD	2022 USD (unaudited)
Inventory – as at 1 January	**41,389,136**	36,198,138
Add: purchases and other direct costs	**145,678,166**	560,880,693
Less: Inventory – as at 31 December	**(73,261,697)**	(41,389,104)
Cost of inventory consumed	**113,805,605**	555,689,727
Hosting electricity costs	**69,408,326**	24,929,326
Mining expenses*	**15,925,338**	3,170,713
Warehouse expenses	**185,788**	488,442
	199,325,057	584,278,208

*Represents electricity expenses incurred in operation of mining machines.

30 Other income

Material accounting policies

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

Finance income comprises interest income on funds invested with banks. Finance income is recognised as it accrues in consolidated statement of comprehensive income using the effective interest method.

Coupon sale is recognised when coupon is sold to customers. The Group receives credits and or coupons for the purchase and use of S19 mining machines from Bitman Development PTE. These credits are provided to the Group after it purchases cutting edge Bitcoin mining machines. The credits are transferable. The Group elects to sells the credits at the market rate to willing buyers upon receipt of the credits. Other income is recognised at the date the sale is completed.

	2023 USD	2022 USD (unaudited)
Coupon sale	**1,392,000**	2,397,412
Miscellaneous income *(note i)*	**37,718,627**	77,823
Compensation received	**368,111**	-
	39,478,738	2,475,235

(i) During the year, intellectual services were provided to M2 Holdings Limited (M2) for constructing interface. Performance obligation was satisfied when the interface was transferred to M2. This was one off service provided by the Group and is therefore classified as other income. M2 issued 93,000,000 MMX coins to the Group as consideration for rendering such services and the market rate for such MMX coins on the date of issuance was USD 0.4 per coin resulting in the other income of USD 37,200,000.

31 Selling and distribution expenses

	2023 USD	2022 USD (unaudited)
Business promotion	**879,018**	163,922
Commission	**101,124**	480,825
Advertisements	**2,316,276**	98,343
	3,296,418	743,090

32 General and administrative expenses

	2023 USD	2022 USD (unaudited)
Allowance for net realizable value	**13,685,501**	12,069,307
Staff costs (Note 33)	**7,499,339**	2,876,704
Site expenses	**5,743,830**	269,103
Legal and professional fees*	**3,856,642**	1,248,041
Management fee (Note 21)	**2,200,686**	920,022
Compensation	**879,478**	3,829,929
Depreciation (Note 6)	**717,471**	1,437,791
Office expenses	**525,195**	763,277
Auditor's remuneration	**437,840**	117,960
Travelling and entertainment	**294,790**	431,466
Rent	**266,477**	158,227
Insurance	**196,269**	170,900
Utility and communication expenses	**83,733**	101,786
Amortization of right-of-use assets (Note 7)	**73,273**	-
Bank charges	**56,626**	29,610
Repair and maintenance	**52,303**	10,599
Printing and stationery	**36,726**	8,439
Amortization of intangible assets (Note 8)	**4,521**	-
Other expenses	**44,360**	1,223,800
(Reversal) / provision for doubtful debts (Note 13)	**(1,366,016)**	1,366,016
Loss on disposals of property and equipment	**-**	1,103,977
Investment written off	**-**	553,147
	35,289,044	28,690,101

* Includes expenses incurred relating to initial public offering amounting to USD 819,064.

33 Staff costs

	2023 USD	2022 USD (unaudited)
Basic salary	**6,549,817**	2,439,121
End of service benefits	**275,875**	16,893
Other benefits	**673,647**	420,690
	7,499,339	2,876,704
Number of employees	**188**	57

34 Earnings per share

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

	2023 USD	2022 USD (unaudited)
Profit for the year	**207,779,472**	138,877,130
Weighted average number of ordinary shares in issue	**5,234,882,471**	5,140,031,000
Basic and diluted earnings per share	**0.04**	0.03

35 Finance costs

	2023 USD	2022 USD (unaudited)
Interest on interest-bearing loans	**301,048**	181,617
Interest expense	**20,422**	921,301
Interest on leases (Note 7)	**11,675**	-
	333,145	1,102,918

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, organizational 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 mining.

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

Two (2022(unaudited): two) of the Group's customers contributed USD 96.24 million (2022(unaudited): USD 549.58 million) and each customer individually exceeded 10% of the revenue.

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for the year ended 31 December 2023

37 Financial instruments by category

	2023 USD	2022 USD (unaudited)
Financial assets:		
Trade receivables (Note 13)	**33,061,633**	1,457,450
Due from a related party (Note 21)	**2,550**	8,319,448
Deposits and other receivable* (Note 14)	**32,229,057**	9,920,518
Cash and short-term deposits (Note 15)	**198,164,555**	442,871
	263,457,795	20,140,287
Financial liabilities:		
Trade payables (Note 24)	**575,497**	311,553
Due to related parties (Note 21)	**54,710,583**	47,229,151
Other liabilities** (Note 25)	**26,396,743**	12,398,644
Lease liability (Note 7)	**629,285**	-
Interest-bearing loans (Note 23)	**3,721,987**	3,928,417
	86,034,095	63,867,765

*For the purpose of the financial instruments disclosure, non-financial assets amounting to USD 132.32 million (2022 (unaudited): USD 20.2 million) have been excluded from advances, deposits and other receivables.

**For the purpose of the financial instrument disclosure, amounting to USD 49.99 million (2022:(unaudited): USD 58.96 million) have been excluded from other liabilities related to advance received from customers and deferred income.

38 Reconciliation of assets and liabilities arising from financing activities

	Liabilities from financing activities				
	Interest-bearing loans – due within one year USD	**Interest-bearing loans – due after one year USD**	**Lease liabilities – due within one year USD**	**Lease liabilities – due after one year USD**	**Total USD**
At 1 January 2022 (unaudited)	215,935	3,884,124	-	-	4,100,059
Non-cash adjustment	162,842	(162,842)	-		-
Cash flows	(171,642)	-	-	-	(171,642)
At 31 December 2022 (unaudited)	207,135	3,721,282	-	-	3,928,417
Non-cash adjustment	164,782	(164,782)	-	-	-
Additions	-	-	493,138	272,294	765,432
Cash flows	(206,430)	-	(136,147)	-	(342,577)
Foreign exchange adjustment	-	-	-	-	-
At 31 December 2023	**165,487**	**3,556,500**	**356,991**	**272,294**	**4,351,272**

39 Non-adjusting event after the reporting date

In March 2024, Phoenix Group PLC, via one of its subsidiary received dividend from Citadel Technologies Group LLC in the form of 1,285.3 BTC and settled it's liability towards WAS Four Investments. The adjustment for this dividend and liability settlement, will be incorporated in the subsequent consolidated financial statements of the Group.