



**Q2** 2024  
FINANCIAL  
RESULTS

<https://www.phoenixgroupuae.com>

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# PHOENIX GROUP PLC PRESENTERS

Q2, 2024



**Mr. Munaf Ali**

Board Member, Co-founder &  
Group Managing Director



**Mr. Sheharyar Malhi**

Board Secretary & Group CFO



**PHOENIX**

Sources:

1. PHOENIX GROUP PLC Q1 2024 Financials (Reviewed) as reported to ADX ;

<https://www.phoenixgroupuae.com>



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- Net profit for the quarter increased by **141% Y-o-Y to \$56.1 million** driven by significant increase in self-mining revenue and gains on investment assets. Profit for H1:24 increased **154% Y-o-Y**.
- Self-mining revenue surged by **295% Y-o-Y to \$28.5 million** and up **32% Q-o-Q** despite lower rewards from the halving and was achieved with an increase in hashrate as new sites in the US and Oman went live.
- Continued strong investment gains of **\$58.9 million, up from \$2.1 million** in Q2:23 driven by strong digital asset performance and ability to source proprietary transactions.
- H1:24 revenue of **\$120.1 million**, reflecting a **25% Y-o-Y** decrease due to a decline in trading (sale of equipment) as fewer machines were sold due to Bitcoin halving.
- Gross margin remained strong at **31%** driven by focus on self-mining however offset by higher electricity costs.
- Total assets surged by **188% Y-o-Y** in H1:24 to **\$919.6 million** from \$319.8 million in H1:23 and up **5%** Q-o-Q. Total equity rose **18%** in H1:24 and **6%** Q-o-Q to **\$822.5 million**

- Expanded data center operations to support mining operations through acquisition of new sites such as announced South Carolina site; procuring contracts for an additional **300 to 500 MW** of mining facilities and site development is underway
- **RAK DAO**, has forged a strategic alliance with Phoenix Group and Internet of People Network (IOPn). As part of this collaboration, RAK will generate **\$100 million** in value towards enhancing web3 and blockchain infrastructure in the Emirate of Ras al Khaimah by 2030. Phoenix continues to remain the top preference for Quasi Government entities when it comes partnering on Web 3 and Crypto initiatives.
- We have taken a **12.5%** stake in **REKT STUDIO**, a UAE based web3 gaming company - as part of our investment strategy.
- Achieved **MSCI Global Small Cap Index inclusion** in May,2024
- There are **no litigations against the Company**, nor are we involved in any claims.



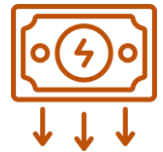
## Highly agile

Able to redeploy assets immediately



## Focus on optimization

Assets deployed in most profitable business, given any operating environment



## Operator at scale

Global player with low energy cost and efficient assets



## Access to proprietary investment opportunities

On first call list for token divestments and launches with strong return profile e.g. Solana yielding 3x+ return



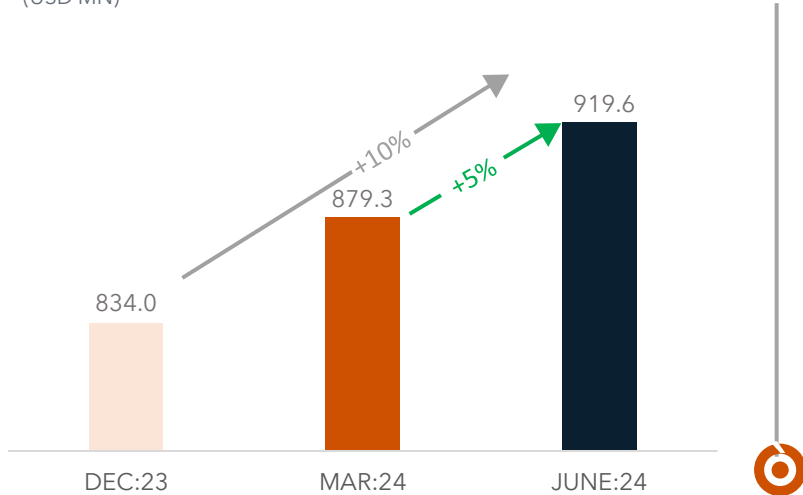
## Industry innovator

State-of-the-art design for MENA environment with continued technology deployment to drive efficiency and profitability

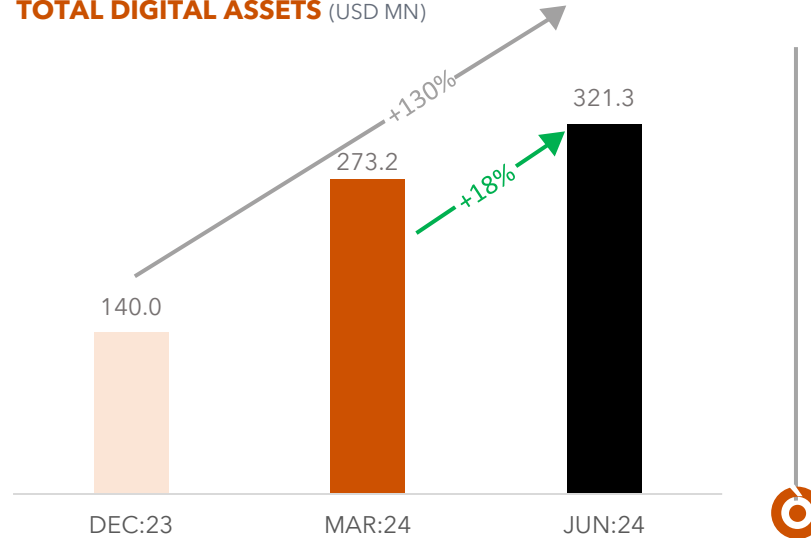
# PHOENIX GROUP PLC FINANCIAL REVIEW

Q2, 2024

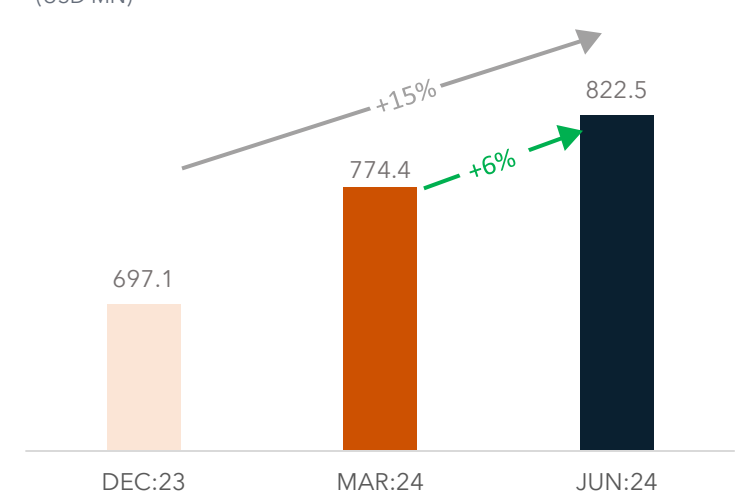
**TOTAL ASSETS**  
(USD MN)



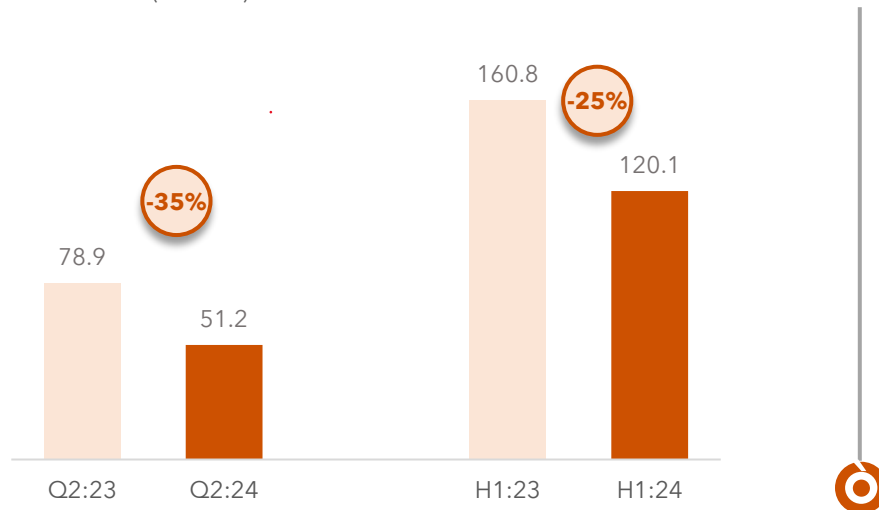
**TOTAL DIGITAL ASSETS** (USD MN)



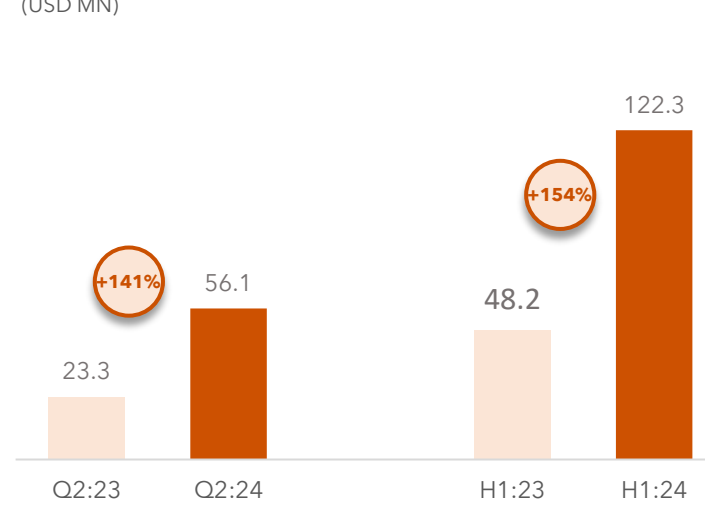
**TOTAL EQUITY**  
(USD MN)



**REVENUE** (USD MN)



**NET PROFIT**  
(USD MN)





## REVENUE, PROFIT AND MARGIN BREAKDOWN

	Q2:23	Q1:24	Q2:24	QoQ	YoY	H1:23	H1:24	YoY
<b>Gross Revenue</b>	<b>78.9</b>	<b>68.9</b>	<b>51.2</b>	<b>-26%</b>	<b>-35%</b>	<b>160.8</b>	<b>120.1</b>	<b>-25%</b>
Self Mining	7.2	21.6	28.5	32%	295%	13.1	50.1	282%
Hosting	18.9	19.5	17.6	-10%	-7%	32.2	37.1	15%
Trading	52.8	27.7	5.1	-82%	-90%	115.4	32.8	-72%
Service Revenue		0.1	-	N/A	N/A	0.0		N/A
<b>Net Profit</b>	<b>23.3</b>	<b>66.1</b>	<b>56.1</b>	<b>-15%</b>	<b>141%</b>	<b>48.1</b>	<b>122.3</b>	<b>154%</b>

	Q2:23	Q1:24	Q2:24
<b>Gross Margin</b>	<b>33%</b>	<b>34%</b>	<b>31%</b>
Self Mining	67%	49%	39%
Hosting	6%	6%	16%
Trading	39%	41%	40%

### REVENUE

- While revenue declined, improving revenue mix with self-mining revenue largest contributor in Q2.
- Decline led by decrease in trading and hosting revenue off back of:
  1. Lower trading sales to have more mining machines in self mining business.
  2. Deteriorating economics for hosting clients post halving.
- Self-mining business continued to grow robustly with 295% Y-o-Y quarter revenue and up 32% Q-o-Q despite halving. Growth achieved with increase in hash rate from 3.5 Ehs to 4.8 Ehs as new sites in US and Oman became live.

### PROFIT

- Net Profit saw exponential rise on the back of strategic investments in digital assets

### GROSS MARGIN

- Gross margin decreased 3%pts Q-o-Q to 31% led by changing revenue mix with trading decreasing to 10% and decreased self-mining margin.
- Self mining 10%pt gross margin decline due to halving reducing rewards by 50% offset by low cost, efficient sites.
- Hosting business gross margin up 11%pts off back of increase in electricity prices for customers.

# PHOENIX GROUP PLC OPERATIONAL MATRICES

Q2, 2024



## OVERALL BUSINESS

HASHING SHARE IN THE NETWORK  
**2.56%**

MINING EFFICIENCY  
**31.0 MW/EHs**

BTC MINING PER DAY<sup>1</sup>  
**8.9**

CURRENT POWER CONSUMPTION  
**453 MW**

POWER COST PER KWHr<sup>2</sup>  
**5.70 cent**

### MINING

HASH RATE  
**4.8 EHs**

HASHING SHARE  
**0.81%**

BTC MINED PER DAY  
**4.5**

POWER CONSUMPTION  
**~135 MW**

MINING EFFICIENCY  
**28.4 MW/EHs**

### HOSTING

HASH RATE  
**3.5 EHs**

HASHING SHARE  
**0.59%**

BTC MINED PER DAY  
**3.4**

POWER CONSUMPTION  
**~119 MW**

MINING EFFICIENCY  
**34.5 MW/EHs**

### INVESTMENTS

HASH RATE  
**6.8 EHs**

HASHING SHARE  
**1.15%**

BTC SHARE PER DAY  
**1.06**

POWER CONSUMPTION  
**~200 MW**  
(INCL. CITADEL & OTHERS)

# PHOENIX GROUP PLC KEY HIGHLIGHTS

Q2, 2024

## REVENUE & INCOME




SELF MINING  
**USD 28.5 MN**  
(32% GROWTH Q/Q )



HOSTING  
**USD 17.5 MN**  
(10% DECLINE Q/Q )



TRADING  
**USD 5.1 MN**  
(82% DECLINE Q/Q )



INVESTMENT INCOME  
**USD 58.9 MN**  
(28% DECLINE Q/Q )

## MARGINS



SELF MINING  
**39%**



HOSTING  
**16%**



TRADING  
**40%**



GROSS MARGIN  
**31%**

## EFFICIENCY



TOTAL POWER CAPACITY  
**765 MW**



HASH RATE  
**15.1 EHs**



GLOBAL HASH RATE CONTRIBUTION  
**2.56%**



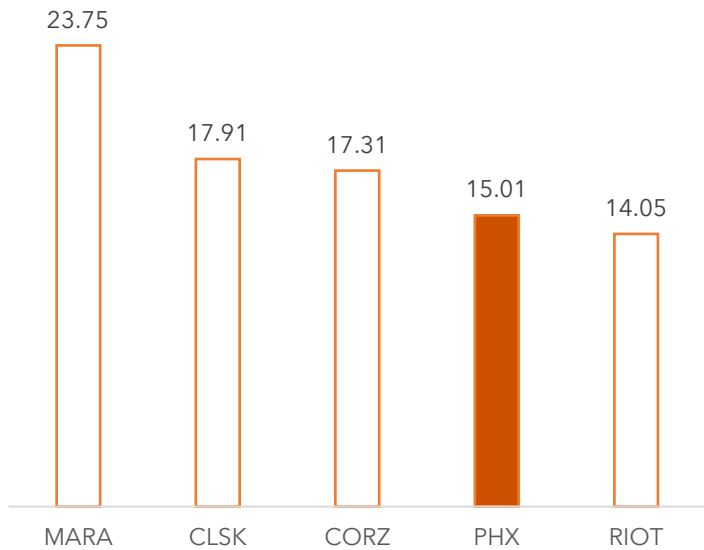
# PHOENIX GROUP PLC PEER COMPARISON

RANKED AMONG TOP 5 BASED ON LATEST AVAILABLE DATA



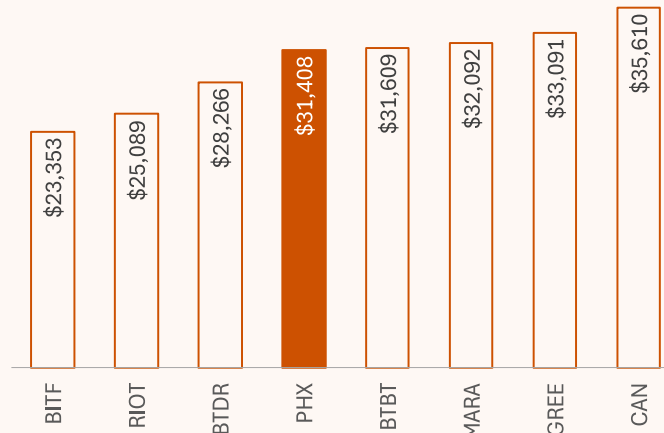
## REALIZED HASHRATE OF TOP 5 BITCOIN MINING COMPANIES

(EH/s)



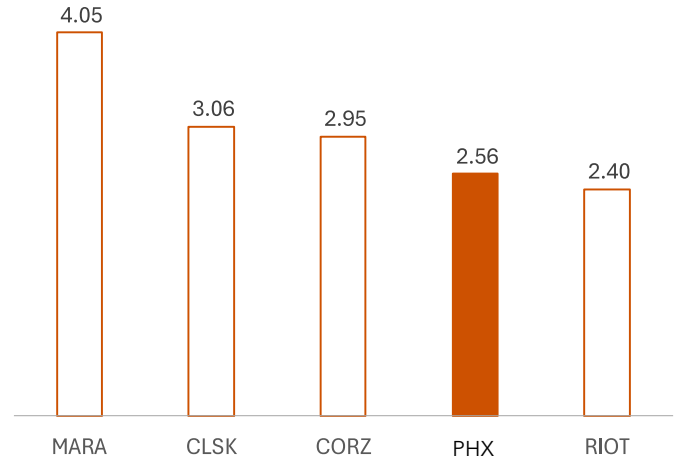
## COST OF MINING 1 BTC

(Data available as of March 2024)



## MARKET SHARE OF TOP 5 BITCOIN MINING COMPANIES

(Based on the % share of a company's BTC realized Hash rate at Quarter End)

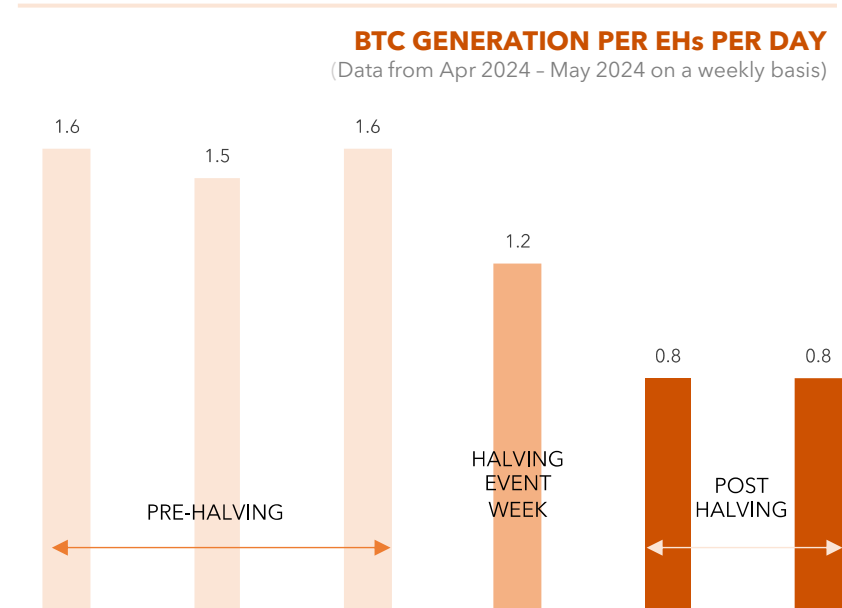


# PHOENIX GROUP PLC BITCOIN HALVING

IMPACT IN Q2, 2024



- The bitcoin halving event in April 2024 reduced the block reward for miners, which is expected to increase bitcoin's price over time due to reduced supply and steady demand.
- Miners face revenue challenges from the reduced block reward, especially when bitcoin's price does not rise quickly, compounded by high electricity costs and the need for specialized hardware.
- The mining industry is adapting through mergers, improving operational efficiency, and diversifying revenue streams, with well-capitalized firms better positioned to thrive.



**To navigate the challenges posed by this halving cycle, Phoenix has forged strategic partnerships with miner manufacturers, ensuring early access to the latest and more efficient models. These models will be deployed in our new sites in Oman, the US, Canada, and potential new locations.**

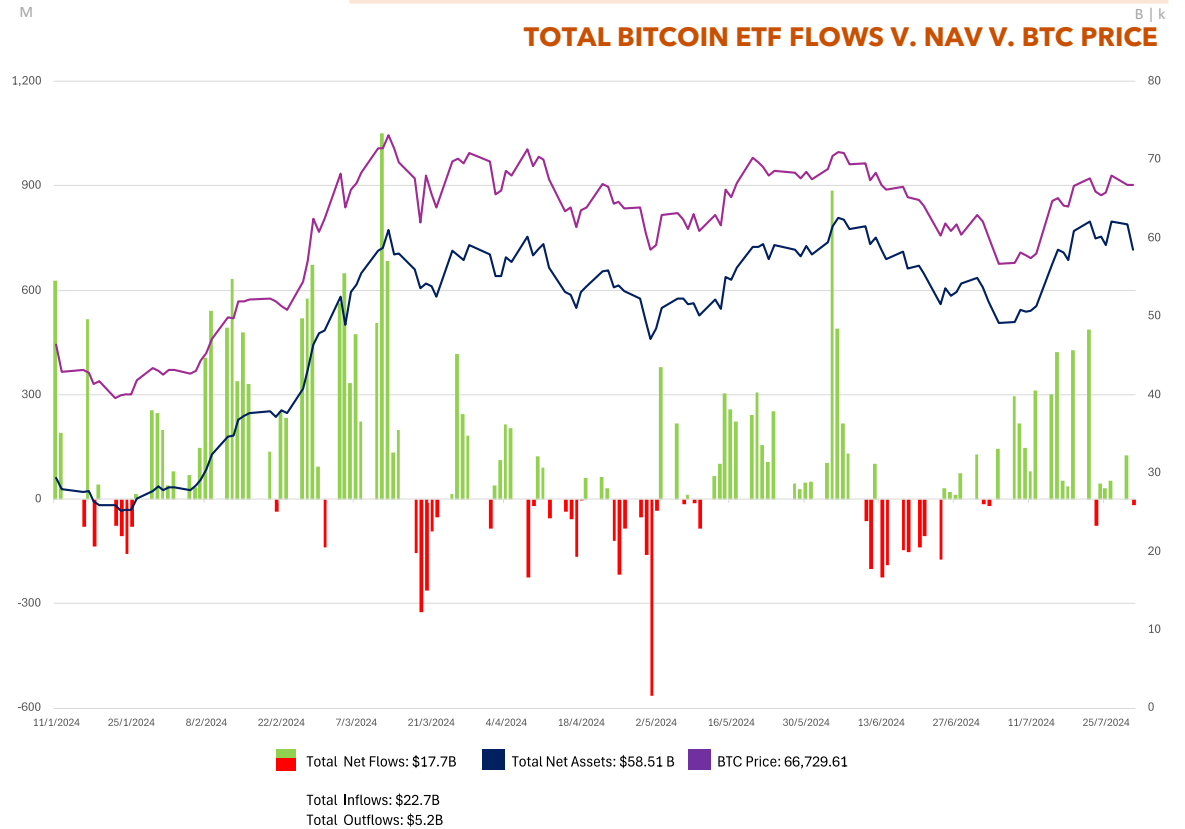
**In addition to securing access to cutting-edge mining technology, Phoenix is also actively developing a portfolio of projects with access to lower energy prices.**

# PHOENIX GROUP PLC GLOBAL DYNAMICS

IMPACT IN Q2, 2024



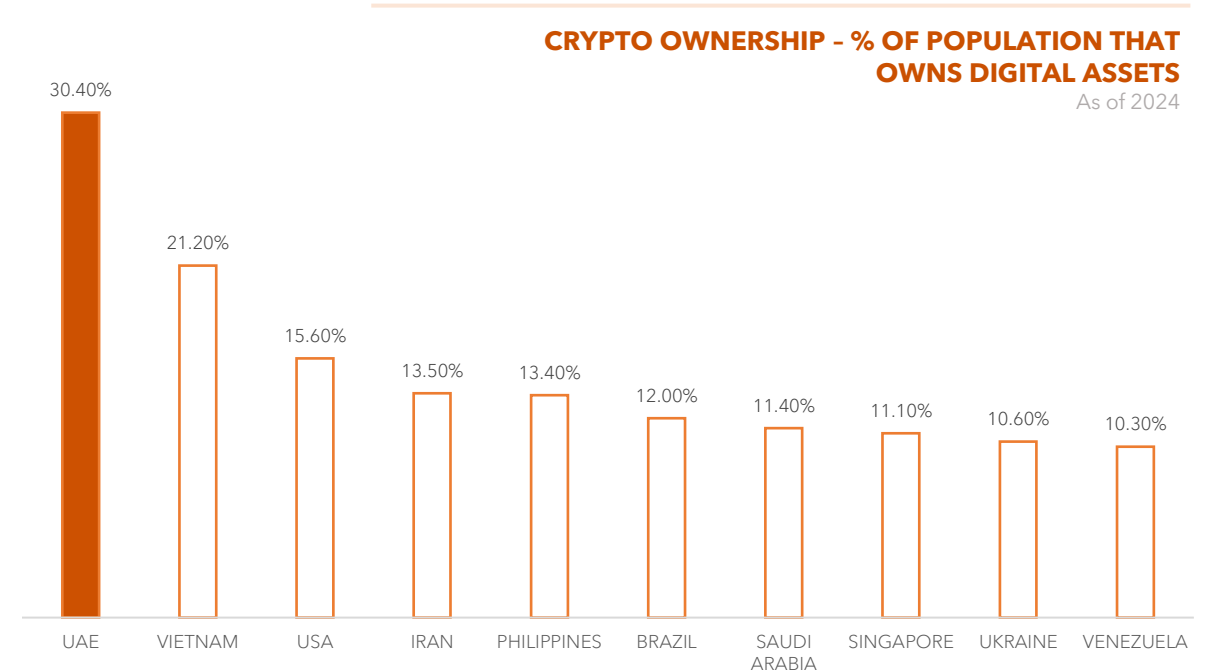
- Since inception, Bitcoin ETFs have steadily accumulated bitcoins. They notably provided liquidity when the German government was selling its holdings. Currently, the total net assets of all U.S. Bitcoin ETFs amount to \$61 billion, which constitutes about 4.6% of the Bitcoin market cap.
- Blackrock's endorsement of digital assets, particularly Bitcoin, coupled with Larry Fink's remarks on asset tokenization, has shifted the perception of this asset class from a curiosity primarily of interest to innovators and digital natives, to a component of operational and short-term business strategies for numerous financial institutions.
- A favorable development for the industry is observed should the US move to a Republican Government. During his campaign, Trump has expressed strong support for Bitcoin and has proposed the establishment of a U.S. strategic asset reserve for Bitcoin.



# PHOENIX GROUP PLC CRYPTO-ADOPTION

UAE POSITIONED ITSELF AS MARKET LEADER IN ADOPTION OF DIGITAL ASSETS AND BLOCKCHAIN TECHNOLOGY

- The UAE is rapidly emerging as a significant crypto hub.
- The growth of crypto in the UAE is driven by the region's welcoming regulatory environment and its proactive approach to supporting the digital asset sector.
- The authorities are committed to enforcing stringent AML & KYC regulations, making it a secure destination for major industry players and investors.
- Both Dubai and Abu Dhabi have grown swiftly and with institutional investors seeking hubs with clear regulations and a welcoming attitude, look set to take advantage of growing digital asset investment.



**Phoenix Group is in alignment with Abu Dhabi strategy to support UAE national economy and sustainable development in future growth sectors and is poised to take advantage of favorable economic support to grow exponentially.**



## DATA CENTRES

Closely monitor market adjusting **balance of self-mining and hosting services to maximize profits.**

Expect continued **growth in self-mining with bullish outlook on BTC.**

Greenfield expansion of mining operations to benefit as a scale operator with additional **300-500MW** of mining facilities expected as new contracts are finalized.

**Collaborate with AI-centric enterprises** to evaluate data centre needs in the backdrop of rush for power globally.



## DIGITAL ASSET INVESTMENTS

**Deploy capital into proprietary digital asset investments** with strong risk return profile such as **Solana** returning **3x+ capital.**

Continue **agile management** of assets to take advantage of **digital asset bull run.**



## WEB3 & TECHNOLOGY INVESTMENTS

Continue to **identify attractive investment opportunities in web3 and technology** with **focus on gaming and tokenization.**

Leverage unique position to further **support development of UAE digital asset ecosystem.**

Create **partnerships to bring leading technology to the UAE.**



# Q&A

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