PHOENIX

Management Discussion & Analysis

Q2, 2026

NAME OF THE LISTED COMPANY	**PHOENIX GROUP PLC**
THE PERIOD OF THE FINANCIAL STATEMENTS COVERED BY THE REPORT	**Second Quarter / Q2' 2026**
OVERVIEW OF THE RESULTS & ACHIEVEMENTS DURING THE FINANCIAL PERIOD	Phoenix Group PLC (ADX: PHX) is pleased to announce its Q2' 2026 results with the following highlights.

Key Highlights:

- Project Lyon, Phoenix's first AI data centre development, has reached a key structural milestone, with the required corporate entities now established across France and Luxembourg to support the project. Grid connection for the site has been secured, with remaining permits expected to be granted in Q3'26.

- Phoenix successfully energized its newest self-mining facility in Texas during the quarter, adding up to 38MW of capacity equipped with the latest-generation S21 hydro miners. The site is expected to reach full energization in Q3'26.

- Phoenix's strategic investment of 13.5% in Bitzero gained significant value following its NASDAQ listing, now valued at approximately $56M. Bitzero continues to scale its AI data centre ambitions, including a newly announced Nordics capacity expansion.

- Network hash rate has declined approximately 18% from its Q4'25 peak of over 1,100 EH/s to ~900 EH/s, driven by the shutdown of unprofitable machines by higher-cost miners. With reduced network competition, Phoenix is capturing a larger share of Bitcoin rewards, a benefit expected to continue as cost-efficient operators gain market share.

- The Company's investment portfolio generated a gain of $9.7M during Q2'26, compared to a loss in Q1'26, reflecting improved market conditions and a recovery in the value of digital and financial assets.

OVERVIEW OF THE RESULTS DURING THE FINANCIAL PERIOD

Key Highlights

- Mining efficiency improved further to 18.81 J/TH in Q2'26, down 4% from 19.53 J/TH in Q1'26, reflecting ongoing enhancements in fleet performance and infrastructure optimization.

- Self-mining gross margin remained strong at 43% in Q2'26, broadly stable compared to 42% in Q1'26 despite continued volatility and competitive conditions across the Bitcoin mining market, supported by optimized power strategies.

- Revenue for Q2'26 stood at $19.0M, down 18.4% QoQ and 34.7% YoY, reflecting the Company's shift away from lower-margin trading to prioritize self-mining, alongside softer Bitcoin market conditions.

- Phoenix mined 354.8 BTC in Q2’26, including 239.9 BTC from self-mining, supported by higher utilization rates and expanded operating capacity.

SUMMARY OF PROFIT AND LOSS DURING THE PERIOD

All numbers in USD

	Q2'26	Q2'25	Q1'26	Y/Y	Q/Q
Gross Revenue	**19,011,625**	**29,132,305**	**23,308,501**	**-35%**	**-18%**
Self Mining	14,695,815	21,063,328	19,007,628	-30%	-23%
Hosting	4,315,810	4,428,615	4,299,073	-3%	0%
Trading	-	3,640,362	1,800	-100%	-100%
Gross Margin	**38%**	**28%**	**38%**	**10.2 pp**	**1 pp**
Self Mining	43%	31%	42%	11.9 pp	2 pp
Hosting	21%	27%	21%	-6.6 pp	1 pp
Trading	0%	9%	8%	-9.4 pp	-8 pp
Hash Rate Avg (EH/s)	**13.0**	**13.1**	**17.2**	**-1%**	**-24%**
Contribution in Global Hash Rate	**1.4%**	**1.5%**	**1.7%**	**-0.1 pp**	**-0.4 pp**

SUMMARY OF FINANCIAL POSITION AT THE END OF THE FINANCIAL PERIOD

Total Digital Assets: USD 197.5M
Total Assets: USD 592.6M
Total Equity: USD 541.9M

OPERATIONAL METRICS FOR THE FINANCIAL PERIOD

Overall Business

BTC Mining Per Day : 3.9
Hashing Share in the Network : 1.4%
Mining Efficiency : 22.84 MW /EHs
Current Power Consumption : ~297 MW
Power Cost Per KwH : 4.72 cent

Business Verticals

- Self Mining

Hash Rate : 5.65 EHs
Hashing Share in the Network : 0.61%
BTC Mined Per Day : 2.64
Power Consumption : ~109.2 MW
Mining Efficiency : 18.81 MW / EHs

- Hosting

Hash Rate : 1.77 EHs
Hashing Share in the Network : 0.98%
BTC Mined Per Day : 0.82
Power Consumption : ~30.47 MW
Mining Efficiency : 17.18 MW / EHs

- JV Investments

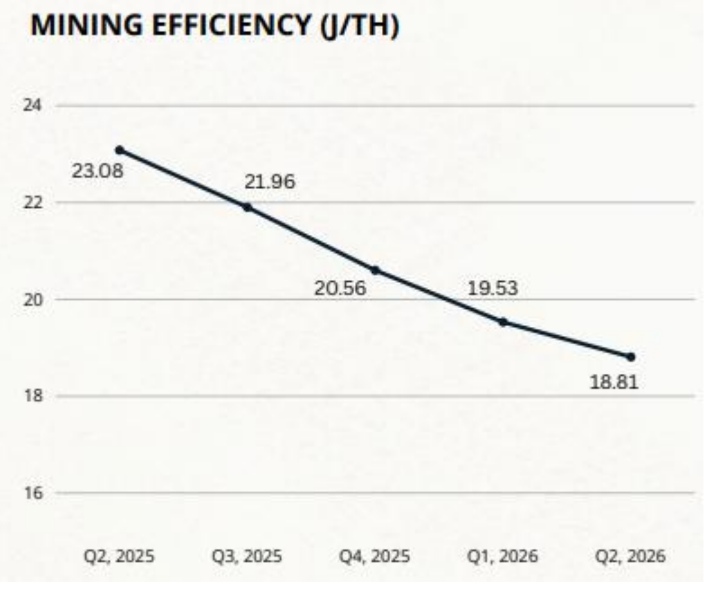
Hash Rate : 5.57 EHs
Hashing Share in the Network : 0.6%
BTC Share Per Day : 0.44
Power Consumption : ~160MW
(Incl. CITADEL & Others)

SUMMARY OF OPTIMIZATION INTIATIVES

Self-Mining Gross Margin remained strong at 43% in Q2'26, broadly stable compared to 42% in Q1'26 despite continued volatility and competitive conditions across the bitcoin mining market.

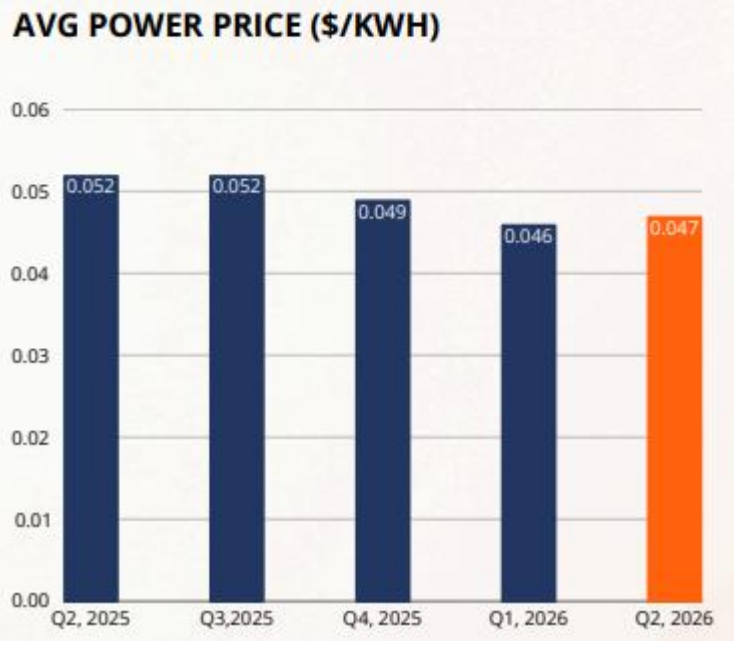
This has been achieved with:

1. Mining Efficiency improved further from 19.52J/TH in Q1'26 to 18.81 J/TH in Q2'26.



SUMMARY OF OPTIMIZATION INTIATIVES

Average power cost increased by $0.001/kWh from $0.046/kWh in Q1'26 to $0.047/kWh in Q2'26.

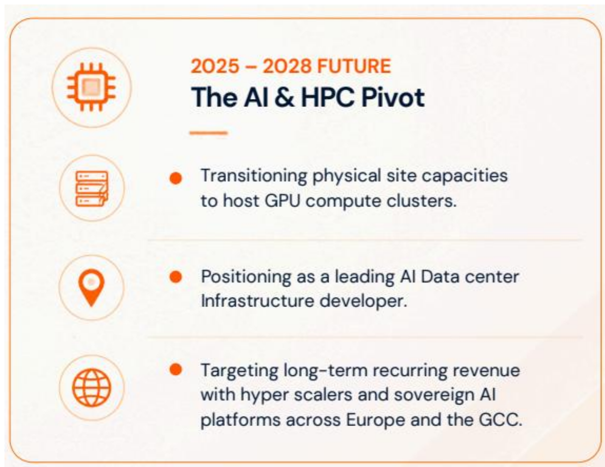


Ongoing optimization initiatives continue to enhance operational efficiency, driving Cost per PH/day even lower and reinforcing the company's competitive position while supporting sustained long-term value creation.

BUILDING THE FUTURE OF AI INFRASTRUCTURE -

PHOENIX'S NEXT STAGE OF EVOLUTION

Phoenix is uniquely positioned at the intersection of energy, compute and capital to deliver and scale next-generation AI infrastructure across Europe and beyond.



FUTURE PLANS FOR GROWTH AND CHANGES IN OPERATIONS IN FUTURE PERIODS –

PHOENIX'S AI DATA CENTER PLATFORM

Phoenix is expanding into **AI and HPC infrastructure**, building on its core strength in power and large-scale compute, marking a **natural evolution of its existing platform.**

Phoenix, in partnership with DC Max, is building our first European AI-ready data centre in Lyon, France, a key gateway to the 1 GW European platform pipeline.

OUR EUROPEAN AND GCC ROADMAP:

PHOENIX'S FIRST AI DATA CENTER FACILITY

- The Lyon site represents an **18 MW AI-ready facility,** providing an immediate foothold in a high-demand market, with a **clear pathway to scale through a broader pipeline.**
- With secured land, grid connection and construction set to begin in Q3, 2026, this project marks the first milestone in our 1GW+ European & GCC roadmap.

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

The company's board of directors noted the progress in implementation of the company's strategy and continued efforts for good corporate governance and have demonstrated their support through several board meetings held during the period.

DISCLAIMER

This document contains forward-looking statements, which involve both known and unknown risks and uncertainties, many of which are beyond Phoenix's control. These statements are based on Phoenix's current beliefs and expectations regarding future events and may include terms such as "expects," "may," "will," "could," "should," "intends," "plans," "predicts," "continues," "assumes," "targets," and similar expressions.

Forward-looking statements cover matters beyond historical facts, appearing throughout this document to reflect Phoenix's expectations regarding financial performance, business strategy, growth prospects, and industry trends. Specifically, statements related to risk factors, strategic objectives, and other future developments may be categorized as forward-looking.

Actual results may differ materially due to various risks and uncertainties. Consequently, no assurance can be given that projected outcomes will be realized, as unforeseen circumstances could influence future performance. These statements are made as of the date of this document, and Phoenix expressly disclaims any obligation to update them unless required by applicable laws and regulations. Accordingly, readers should not place undue reliance on the forward-looking statements included herein. Additionally, references to agreements or other documents are summaries and should be considered selective and incomplete.

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Q2' 2026 MANAGEMENT DISCUSSION & ANALYSIS

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