

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 1-35040

PHENIXFIN CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

27-4576073

(I.R.S. Employer
Identification No.)

445 Park Avenue, 10th Floor, New York, NY

(Address of Principal Executive Offices)

10022

(Zip Code)

(212) 859-0390

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	PFX	The NASDAQ Global Market
5.25% Notes due 2028	PFXNZ	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The Registrant had 2,019,778 shares of common stock, \$0.001 par value, outstanding as of May 6, 2025.

PHENIXFIN CORPORATION

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PHENIXFIN CORPORATION
Consolidated Statements of Assets and Liabilities

	March 31, 2025	September 30, 2024
	<u>(Unaudited)</u>	<u></u>
Assets:		
Investments at fair value		
Non-controlled, non-affiliated investments (amortized cost of \$149,358,044 and \$143,179,354 respectively)	\$ 150,403,826	\$ 142,233,426
Affiliated investments (amortized cost of \$20,572,531 and \$20,564,242, respectively)	13,777,521	14,750,785
Controlled investments (amortized cost of \$150,553,974 and \$97,016,429, respectively)	122,661,590	70,931,647
Total Investments at fair value	286,842,937	227,915,858
Cash and cash equivalents	8,689,461	67,571,559
Receivables:		
Interest receivable	1,060,559	1,313,598
Other receivable	16,640	65,838
Dividends receivable	-	23,468
Deferred tax asset, net	557,463	887,099
Other assets	435,617	1,066,323
Deferred financing costs	419,172	760,680
Receivable for investments sold	2,328,555	2,955,775
Due from Affiliate	257,852	90,500
Prepaid share repurchase	101,115	101,115
Total Assets	\$ 300,709,371	\$ 302,751,813
Liabilities:		
Credit facility and notes payable (net of debt issuance costs of \$1,326,546 and \$1,510,815, respectively)	\$ 137,434,952	\$ 135,723,636
Accounts payable and accrued expenses	2,937,872	5,570,150
Interest and fees payable	1,078,676	768,043
Other liabilities	223,362	294,063
Due to Affiliate	46,995	88,148
Total Liabilities	141,721,857	142,444,040
Commitments and Contingencies (see Note 8)		
Net Assets:		
Common Shares, \$0.001 par value; 5,000,000 shares authorized; 2,723,709 shares issued; 2,019,778 and 2,019,778 common shares outstanding, respectively	2,020	2,020
Capital in excess of par value	704,909,588	704,909,588
Total distributable earnings (loss)	(545,924,094)	(544,603,835)
Total Net Assets	158,987,514	160,307,773
Total Liabilities and Net Assets	\$ 300,709,371	\$ 302,751,813
Net Asset Value Per Common Share	\$ 78.72	\$ 79.37

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2025	2024	2025	2024
Interest Income:				
Interest from investments				
Non-controlled, non-affiliated investments:				
Cash	\$ 2,957,380	\$ 1,950,898	\$ 5,950,065	\$ 4,633,041
Payment in-kind	263,784	90,530	618,465	181,204
Affiliated investments:				
Cash	-	276,484	-	732,176
Controlled investments:				
Cash	626,790	294,028	1,214,985	580,266
Payment in-kind	-	118,864	-	268,831
Total interest income	<u>3,847,954</u>	<u>2,730,804</u>	<u>7,783,515</u>	<u>6,395,518</u>
Dividend income				
Non-controlled, non-affiliated investments	378,232	669,359	974,530	1,797,891
Affiliated investments	111,736	-	254,231	-
Controlled investments	1,580,616	982,903	2,979,966	1,868,097
Total dividend income	<u>2,070,584</u>	<u>1,652,262</u>	<u>4,208,727</u>	<u>3,665,988</u>
Interest from cash and cash equivalents	45,812	199,266	104,753	240,374
Fee income (see Note 9)	29,673	76,517	40,737	78,625
Other income	25,000	-	97,774	22
Total Investment Income	<u>6,019,023</u>	<u>4,658,849</u>	<u>12,235,506</u>	<u>10,380,527</u>
Expenses:				
Interest and financing expenses	2,578,963	1,567,352	5,124,774	3,109,413
Salaries and benefits	1,185,054	1,524,508	2,213,671	2,949,500
Professional fees, net	577,965	343,150	995,978	700,704
Directors fees	204,000	187,500	408,000	375,000
Administrator expenses (see Note 6)	112,829	57,550	197,184	135,402
Insurance expenses	86,498	96,694	174,919	194,450
General and administrative expenses	307,739	310,776	529,532	635,837
Total expenses	<u>5,053,048</u>	<u>4,087,530</u>	<u>9,644,058</u>	<u>8,100,306</u>
Net Investment Income	<u>965,975</u>	<u>571,319</u>	<u>2,591,448</u>	<u>2,280,221</u>
Realized and unrealized gains (losses) on investments				
Net realized gains (losses):				
Non-controlled, non-affiliated investments	(1,065,013)	200,754	103,657	430,558
Affiliated investments	-	(1,991,456)	-	(1,991,456)
Total net realized gains (losses)	<u>(1,065,013)</u>	<u>(1,790,702)</u>	<u>103,657</u>	<u>(1,560,898)</u>
Net change in unrealized gains (losses):				
Non-controlled, non-affiliated investments	1,183,172	1,796,767	1,991,710	3,161,010
Affiliated investments	(92,367)	2,282,655	(981,553)	4,713,918
Controlled investments	(1,558,264)	2,512,263	(1,807,602)	1,311,890
Total net change in unrealized gains (losses)	<u>(467,459)</u>	<u>6,591,685</u>	<u>(797,445)</u>	<u>9,186,818</u>
Deferred tax benefit (expense), net	(329,636)	-	(329,636)	-
Total realized and unrealized gains (losses)	<u>(1,862,108)</u>	<u>4,800,983</u>	<u>(1,023,424)</u>	<u>7,625,920</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>\$ (896,133)</u>	<u>\$ 5,372,302</u>	<u>\$ 1,568,024</u>	<u>\$ 9,906,141</u>
Weighted average basic and diluted earnings per common share	\$ (0.44)	\$ 2.62	\$ 0.78	\$ 4.81
Weighted average common shares outstanding - basic and diluted (see Note 11)	2,019,778	2,048,622	2,019,778	2,060,723

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Statements of Changes in Net Assets
(Unaudited)

	<u>Common Stock</u>			<u>Total</u>	<u>Total Net Assets</u>
	<u>Shares</u>	<u>Par Amount</u>	<u>Capital in Excess of Par Value</u>	<u>Distributable Earnings/ (Loss)</u>	
Balance at December 31, 2023	2,060,490	\$ 2,061	\$ 694,273,678	\$ (543,574,939)	\$ 150,700,800
OPERATIONS					
Net investment income (loss)	-	-	-	571,319	571,319
Net realized gains (losses) on investments	-	-	-	(1,790,702)	(1,790,702)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	6,591,685	6,591,685
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(40,000)	(40)	(1,801,165)	-	(1,801,205)
Total Increase (Decrease) in Net Assets	<u>(40,000)</u>	<u>(40)</u>	<u>(1,801,165)</u>	<u>5,372,302</u>	<u>3,571,097</u>
Balance at March 31, 2024	<u>2,020,490</u>	<u>\$ 2,021</u>	<u>\$ 692,472,513</u>	<u>\$ (538,202,637)</u>	<u>\$ 154,271,897</u>
Balance at December 31, 2024	2,019,778	\$ 2,020	\$ 704,909,588	\$ (542,139,678)	\$ 162,771,930
OPERATIONS					
Net investment income (loss)	-	-	-	965,975	965,975
Net realized gains (losses) on investments	-	-	-	(1,065,013)	(1,065,013)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	(467,459)	(467,459)
Deferred tax benefit (expense)	-	-	-	(329,636)	(329,636)
CAPITAL SHARE TRANSACTIONS					
Distributions declared	-	-	-	(2,888,283)	(2,888,283)
Total Increase (Decrease) in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,784,416)</u>	<u>(3,784,416)</u>
Balance at March 31, 2025	<u>2,019,778</u>	<u>\$ 2,020</u>	<u>\$ 704,909,588</u>	<u>\$ (545,924,094)</u>	<u>\$ 158,987,514</u>
Balance at September 30, 2023	2,073,713	\$ 2,074	\$ 694,812,239	\$ (548,108,778)	\$ 146,705,535
OPERATIONS					
Net investment income (loss)	-	-	-	2,280,221	2,280,221
Net realized gains (losses) on investments	-	-	-	(1,560,898)	(1,560,898)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	9,186,818	9,186,818
Total Increase (Decrease) in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,906,141</u>	<u>7,566,362</u>
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(53,223)	(53)	(2,339,726)	-	(2,339,779)
Total Increase (Decrease) in Net Assets	<u>(53,223)</u>	<u>(53)</u>	<u>(2,339,726)</u>	<u>9,906,141</u>	<u>7,566,362</u>
Balance at March 31, 2024	<u>2,020,490</u>	<u>\$ 2,021</u>	<u>\$ 692,472,513</u>	<u>\$ (538,202,637)</u>	<u>\$ 154,271,897</u>
Balance at September 30, 2024	2,019,778	\$ 2,020	\$ 704,909,588	\$ (544,603,835)	\$ 160,307,773
OPERATIONS					
Net investment income (loss)	-	-	-	2,591,448	2,591,448
Net realized gains (losses) on investments	-	-	-	103,657	103,657
Net change in unrealized appreciation (depreciation) on investments	-	-	-	(797,445)	(797,445)
Deferred tax benefit (expense)	-	-	-	(329,636)	(329,636)
CAPITAL SHARE TRANSACTIONS					
Distributions declared	-	-	-	(2,888,283)	(2,888,283)
Total Increase (Decrease) in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,320,259)</u>	<u>(1,320,259)</u>
Balance at March 31, 2025	<u>2,019,778</u>	<u>\$ 2,020</u>	<u>\$ 704,909,588</u>	<u>\$ (545,924,094)</u>	<u>\$ 158,987,514</u>

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended March 31,	
	2025	2024
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets resulting from operations	\$ 1,568,024	\$ 9,906,141
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Proceeds from sale and settlements of investments	74,044,664	45,595,165
Purchases, originations and participations	(132,927,926)	(30,835,453)
Investment increases due to payment-in-kind interest	(618,465)	(450,035)
Net amortization of premium (discount) on investments	(119,140)	(272,400)
Amortization of debt issuance cost	184,269	166,249
Amortization of deferred financing cost	383,576	212,333
Net realized (gains) losses from investments	(103,657)	1,560,898
Net unrealized (gains) losses on investments	797,445	(9,186,818)
(Increase) decrease in operating assets:		
Interest receivable	253,039	50,346
Due from affiliate	(167,352)	(4,917,719)
Receivable for investments sold	627,220	3,940,175
Dividends receivable	23,468	(81,823)
Other receivable	49,198	31,425
Prepaid share repurchase	-	66,724
Provision for deferred taxes on unrealized appreciation/(depreciation) on investments	329,636	-
Other assets	630,706	(340,608)
Increase (decrease) in operating liabilities:		
Payable for investments purchased	-	913,225
Accounts payable and accrued expenses	(2,632,278)	(359,681)
Due to Affiliate	(41,153)	99,725
Administrator expenses payable	-	75,000
Interest and fees payable	310,633	34,166
Deferred revenue	-	(421,685)
Other liabilities	(70,701)	(72,221)
Net cash provided by (used in) operating activities	(57,478,794)	15,713,129
Cash Flows from Financing Activities:		
Debt issuance	29,527,047	-
Paydowns on debt	(28,000,000)	-
Debt issuance costs paid	-	-
Deferred financing costs	(42,068)	(237,777)
Distributions paid to shareholders	(2,888,283)	-
Repurchase of common shares	-	(2,339,779)
Net cash provided by (used in) financing activities	(1,403,304)	(2,577,556)
Net increase (decrease) in cash and cash equivalents	(58,882,098)	13,135,573
Cash and cash equivalents, beginning of period	67,571,559	5,988,223
Cash and cash equivalents, end of period	<u>\$ 8,689,461</u>	<u>\$ 19,123,796</u>
Supplemental information:		
Interest paid during the period	\$ 4,200,858	\$ 2,667,051
Non-cash purchase of investments	\$ 12,665,596	\$ 11,900,000
Non-cash sale of investments	\$ 12,665,596	\$ 11,900,000

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2025
(Unaudited)

<u>Company(1)</u>	<u>Industry</u>	<u>Type of Investment</u>	<u>Maturity</u>	<u>Par Amount/ Shares/Units(2)</u>	<u>Amortized Cost(3)</u>	<u>Fair Value(4)</u>	<u>% of Net Assets(5)</u>
Non-Controlled/Non-Affiliated Investments:							
Advocates for Disabled Vets, LLC (dba Reps for Vets)	Services: Consumer	12% Senior Secured First Lien Term Loan Equity - 3,375,000 Units	3/4/2030	\$ 9,000,000	\$ 8,823,624	\$ 9,000,000	5.67%
				3,375,000	3,375,000	3,375,000	2.12%
				<u>12,375,000</u>	<u>12,198,624</u>	<u>12,375,000</u>	<u>7.79%</u>
Altisource S.A.R.L.(11)	Services: Business	Senior Secured First Lien Term Loan B (SOFR + CSA + 5.00%, 3.75% PIK)(20)(24) (27) Equity - 4,377,440 Units(13) Warrants(21) Warrants(21)	4/30/2030	8,068,453	8,147,718	8,068,453	5.07%
				4,377,440	3,327,909	2,976,659	1.87%
				111,383	647,105	572,366	0.36%
				111,383	622,110	562,083	0.35%
				<u>12,668,579</u>	<u>12,744,842</u>	<u>12,179,561</u>	<u>7.65%</u>
Blufox Mobile Services	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + 9.50% + 4.00% PIK Toggle, 4.00% Floor) (23)	4/12/2028	7,207,227	7,151,427	7,207,227	4.53%
				<u>7,207,227</u>	<u>7,151,427</u>	<u>7,207,227</u>	<u>4.53%</u>
Boostability Seotowncenter, Inc.	Services: Business	Equity - 833,152 Common Units(21)		833,152	66,475	-	0.00%
				<u>833,152</u>	<u>66,475</u>	<u>-</u>	<u>0.00%</u>
CB&L Associates Holdco I, LLC(11)	Real Estate	First Lien Term Loan (SOFR + CSA+ 2.75%, 1.00% Floor) (14)(20)(23)	11/1/2025	2,961,471	2,487,890	2,780,081	1.75%
				<u>2,961,471</u>	<u>2,487,890</u>	<u>2,780,081</u>	<u>1.75%</u>
Chimera Investment Corp.(11)	Real Estate	Equity - 151,710 Class C Preferred Units(13)(15) Equity - 9,309 Class B Preferred Units(13)		151,710	3,635,972	3,416,509	2.15%
				9,309	227,631	222,206	0.14%
				<u>161,019</u>	<u>3,863,603</u>	<u>3,638,715</u>	<u>2.29%</u>
Copper Property CTL Pass Through Trust	Real Estate	Equity Certificates(13)		637,795	7,333,945	8,240,311	5.18%
				<u>637,795</u>	<u>7,333,945</u>	<u>8,240,311</u>	<u>5.18%</u>
First Brands Group, LLC	Automotive	Senior Secured First Lien Term	3/30/2027	3,859,297	3,859,297	3,531,256	2.22%

		Loan (SOFR + CSA + 5.00%, 1.00% Floor) (14)(20)(24)		<u>3,859,297</u>	<u>3,859,297</u>	<u>3,531,256</u>	<u>2.22%</u>
Global Accessories Group, LLC	Consumer goods: Non- durable	Equity - 3.8% Membership Interest(21)		<u>380</u>	<u>151,337</u>	<u>-</u>	<u>0.00%</u>
				<u>380</u>	<u>151,337</u>	<u>-</u>	<u>0.00%</u>
Innovate Corp.(11)	Construction & Building	8.50% Senior Secured Notes(14)	2/1/2026	<u>4,250,000</u>	<u>3,714,663</u>	<u>3,945,417</u>	<u>2.48%</u>
				<u>4,250,000</u>	<u>3,714,663</u>	<u>3,945,417</u>	<u>2.48%</u>
NGS-WCS Group Holdings	Construction & Building	Senior Secured First Lien Term Loan B (SOFR + 4.75%, 0.50% Floor) (23)	5/31/2030	992,500	988,076	997,463	0.63%
JFL-NGS-WCS Partners, LLC		Equity - 10,000,000 Units(21)		<u>10,000,000</u>	<u>10,000,000</u>	<u>12,800,000</u>	<u>8.05%</u>
				<u>10,992,500</u>	<u>10,988,076</u>	<u>13,797,463</u>	<u>8.68%</u>
Kemmerer Operations, LLC	Metals & Mining	Senior Secured First Lien Term Loan (SOFR + 5.00%, 0.00% Floor)(24)	12/31/2028	<u>12,161,321</u>	<u>12,161,321</u>	<u>12,161,321</u>	<u>7.65%</u>
				<u>12,161,321</u>	<u>12,161,321</u>	<u>12,161,321</u>	<u>7.65%</u>
Lighting Science Group Corporation	Containers, Packaging & Glass	Warrants - 0.62% of Outstanding Equity(21)		<u>5,000,000</u>	<u>955,680</u>	<u>-</u>	<u>0.00%</u>
				<u>5,000,000</u>	<u>955,680</u>	<u>-</u>	<u>0.00%</u>

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2025
(Unaudited)

Company⁽¹⁾	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units⁽²⁾	Amortized Cost⁽³⁾	Fair Value⁽⁴⁾	% of Net Assets⁽⁵⁾
Lucky Bucks, LLC	Consumer Discretionary	Priority Second Out Term Loan (SOFR + CSA + 7.50%, 1.00% Floor)(20)(23)	10/2/2029	\$ 2,107,655	\$ 1,961,372	\$ 2,107,655	1.33%
		Priority First Out Exit Term Loan (SOFR + CSA + 7.50%, 1.00% Floor)(20)(23)	10/2/2028	1,522,008	1,417,720	1,522,008	0.96%
LB NewHoldCo, LLC		Equity - 230,739 Membership Units(21)		230,739	449,393	1,626,710	1.02%
				<u>3,860,402</u>	<u>3,828,485</u>	<u>5,256,373</u>	<u>3.31%</u>
MB Precision Investment Holdings LLC	Aerospace & Defense	Senior Secured First Lien Term Loan (SOFR + CSA + 8.00%, 4.00% Floor)(20)(24)	9/30/2028	6,886,479	6,672,792	6,654,060	4.19%
		Senior Secured First Lien Revolver (SOFR + CSA + 8.00%, 4.00% Floor)(8)(20)(24)	9/30/2028	1,118,023	1,067,319	1,080,290	0.68%
		Equity - Class E Preferred Units(21)		3,723,360	2,777,642	2,536,539	1.600%
		Warrants - 2.28% of Outstanding Equity(21)		3,380,282	827,409	551,226	0.35%
				<u>15,108,144</u>	<u>11,345,162</u>	<u>10,822,115</u>	<u>6.82%</u>
MFA Financial, Inc.(11)	Real Estate	Equity - 114,695 Class C Preferred Units(13)(19)(20)		114,695	2,800,579	2,844,436	1.79%
				<u>114,695</u>	<u>2,800,579</u>	<u>2,844,436</u>	<u>1.79%</u>
Neptune Bidco US, Inc. (dba Nielsen)	Media: Broadcasting & Subscription	First Lien Term Loan (SOFR + CSA + 5.00%, 0.50% Floor)(14)(20)(24)	4/11/2029	2,982,310	2,800,828	2,574,728	1.62%
		9.29% Senior Secured Note(14)	4/15/2029	2,000,000	1,777,500	1,731,875	1.09%
				<u>4,982,310</u>	<u>4,578,328</u>	<u>4,306,603</u>	<u>2.71%</u>
New York Mortgage Trust, Inc.(11)	Real Estate	Equity - 220,469 Class E Preferred Units(13)(18)		220,469	5,485,953	5,423,537	3.41%
				<u>220,469</u>	<u>5,485,953</u>	<u>5,423,537</u>	<u>3.41%</u>
Outerstuff LLC	Services: Business	First Lien Term Loan (SOFR + 6.50%, 2.00% Floor)(24)	12/31/2027	4,537,695	4,503,662	4,537,695	2.85%
				<u>4,537,695</u>	<u>4,503,662</u>	<u>4,537,695</u>	<u>2.85%</u>
Power Stop LLC	Automotive	Senior Secured First Lien Term Loan (SOFR + CSA + 4.75%, 0.50% Floor)(14)(20)(24)	1/26/2029	7,795,114	7,257,826	7,184,500	4.52%
				<u>7,795,114</u>	<u>7,257,826</u>	<u>7,184,500</u>	<u>4.52%</u>
PREIT Associates	Real Estate	Senior Secured First Lien Term Loan (SOFR + CSA + 7.00%)(14)(20)(23)	4/1/2029	96,884	94,947	98,095	0.06%
		Senior Secured Revolving Note (SOFR + CSA + 5.50%)(20)(23)	4/1/2029	54,853	53,756	54,304	0.03%
				<u>151,737</u>	<u>148,703</u>	<u>152,399</u>	<u>0.09%</u>
SS Acquisition, LLC (dba Soccer Shots Franchising)	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + 6.00%, 0.50% Floor)(24)	12/20/2029	13,537,500	13,465,766	13,352,036	8.40%

				13,537,500	13,465,766	13,352,036	8.40%
Stancor (dba Industrial Flow Solutions Holdings, LLC)	Services: Business	Equity - 358,867 Class A Units(21)		<u>358,867</u>	<u>345,491</u>	<u>410,796</u>	<u>0.26%</u>
				358,867	345,491	410,796	0.26%
Spotter Inc.	High Tech Industries	Equity - Series D-1 Preferred Stock(21)		<u>414,293</u>	<u>5,999,998</u>	<u>5,999,998</u>	<u>3.77%</u>
				414,293	5,999,998	5,999,998	3.77%
Staples, Inc.	Services: Consumer	First Lien Term Loan (SOFR + 5.75%, 0.50% Floor)(14)(24)	9/1/2029	<u>3,980,000</u>	<u>3,837,998</u>	<u>3,482,500</u>	<u>2.19%</u>
				3,980,000	3,837,998	3,482,500	2.19%
Tamarix Capital Partners II, L.P.(11)	Banking	Fund Investment(8)(21)		<u>N/A</u>	<u>1,746,049</u>	<u>1,599,749</u>	<u>1.02%</u>
				-	1,746,049	1,599,749	1.02%
Thryv Holdings, Inc.(11)	Media: Broadcasting & Subscription	Senior Secured First Lien Term Loan (SOFR + 6.75%, 1.00% Floor)(14)(23)	5/1/2029	<u>2,325,000</u>	<u>2,305,106</u>	<u>2,348,250</u>	<u>1.48%</u>
				2,325,000	2,305,106	2,348,250	1.48%
Velocity Pooling Vehicle, LLC	Automotive	Equity - 5,441 Class A Units(21) Warrants - 0.65% of Outstanding Equity(21)	3/30/2028	5,441	302,464	-	0.00%
				<u>6,506</u>	<u>361,667</u>	<u>-</u>	<u>0.00%</u>
				11,947	664,131	-	0.00%
Wingman Holdings, Inc.	Aerospace & Defense	Equity - 350 Common Shares(21)		<u>350</u>	<u>700,000</u>	<u>199,054</u>	<u>0.13%</u>
				350	700,000	199,054	0.13%
XYZ Roofco, LLC (dba SMC Roofing Solutions LLC)	Services: Consumer	First Out Term Loan (SOFR + 3.50%, 2.00% Floor)(8)(24)	10/16/2028	632,066	636,485	627,326	0.39%
		First Out Delayed Draw Term Loan (SOFR + 3.50%, 2.00% Floor)(8)(24)	10/16/2028	31,759	34,575	31,521	0.02%
		Last Out Term Loan (SOFR + 6.25% + 2.75% First Out Skim, 2.00% Floor)(8)(24)	10/16/2028	1,863,568	1,856,485	1,830,956	1.15%
		Last Out Delayed Draw Term Loan (SOFR + 6.25% + 2.75% First Out Skim, 2.00% Floor)(8)(24)	10/16/2028	<u>140,082</u>	<u>140,082</u>	<u>137,630</u>	<u>0.09%</u>
				2,667,475	2,667,627	2,627,433	1.65%
Subtotal Non-Controlled/Non-Affiliated Investments				<u>133,173,739</u>	<u>\$ 149,358,044</u>	<u>\$ 150,403,826</u>	<u>94.62%</u>

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2025
(Unaudited)

<u>Company⁽¹⁾</u>	<u>Industry</u>	<u>Type of Investment</u>	<u>Maturity</u>	<u>Par Amount/ Shares/Units⁽²⁾</u>	<u>Amortized Cost⁽³⁾</u>	<u>Fair Value⁽⁴⁾</u>	<u>% of Net Assets⁽⁵⁾</u>
<u>Affiliated Investments:⁽⁶⁾</u>							
Black Angus Steakhouses, LLC	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (SOFR + CSA + 9.00% PIK, 1.00% Floor) (10)(20)(23)	1/31/2025	1,085,396	875,749	448,919	0.28%
		Senior Secured First Lien Term Loan (SOFR + CSA + 9.00% PIK, 1.00% Floor) (10)(20)(23)	1/31/2025	16,159,457	7,767,533	-	0.00%
		Senior Secured First Lien Super Priority Delayed Draw Term Loan (SOFR + CSA + 9.00% PIK, 1.00% Floor) (10)(20)(23)	1/31/2025	2,380,823	1,920,960	984,706	0.62%
		Equity - 17.92% Membership Interest ⁽²¹⁾		-	-	-	0.00%
				<u>19,625,676</u>	<u>10,564,242</u>	<u>1,433,625</u>	<u>0.90%</u>
FST Holdings Parent, LLC	High Tech Industries	Equity - 625,548 Class A Units ⁽¹⁷⁾		625,548	10,008,289	12,343,896	7.76%
				<u>625,548</u>	<u>10,008,289</u>	<u>12,343,896</u>	<u>7.76%</u>
Subtotal Affiliated Investments				<u>20,251,224</u>	<u>\$ 20,572,531</u>	<u>\$ 13,777,521</u>	<u>8.66%</u>
<u>Controlled Investments:⁽⁷⁾</u>							
ECC Capital Corp.	Real Estate	Equity - 84,000,000 Units ⁽¹³⁾⁽²¹⁾		84,000,000	4,257,002	5,031,600	3.16%
		Senior Secured Promissory Note (SOFR + 5.00%, 0.00% Floor) (24)	12/31/2031	7,422,012	7,422,012	7,422,012	4.67%
				<u>91,422,012</u>	<u>11,679,014</u>	<u>12,453,612</u>	<u>7.83%</u>
FlexFIN, LLC	Services: Business	Equity Interest		36,775,335	36,775,335	36,775,335	23.13%
				<u>36,775,335</u>	<u>36,775,335</u>	<u>36,775,335</u>	<u>23.13%</u>
NSG Captive, Inc.	Insurance	Equity - 100,000 Units ⁽⁹⁾		100,000	49,246,255	48,397,142	30.44%

			100,000	49,246,255	48,397,142	30.44%	
NVTN LLC	Hotel, Gaming & Leisure	Senior Secured Revolving Note (SOFR + 7.00%, 2.00% Floor) (23)	12/31/2026	9,800,000	9,916,309	9,800,000	6.16%
		Senior Secured First Lien Term Loan B (AFR, 4.22%)(26)	12/31/2026	17,552,420	13,916,082	15,235,501	9.58%
		Senior Secured First Lien Term Loan C (SOFR + 12.00% PIK, 2.00% Floor) (10)	12/31/2026	11,506,159	7,570,055	-	0.00%
		Equity - 1,000 Class A Units(21)		1,000	21,450,924	-	0.00%
				<u>38,859,579</u>	<u>52,853,370</u>	<u>25,035,501</u>	<u>15.74%</u>
Subtotal Control Investments				<u>167,156,926</u>	<u>\$ 150,553,974</u>	<u>\$ 122,661,590</u>	<u>77.14%</u>
	Total Investments, March 31, 2025			<u>320,581,889</u>	<u>\$ 320,484,549</u>	<u>\$ 286,842,937</u>	<u>180.42%</u>

- (1) Substantially all of our investments are domiciled in the United States. Certain investments also have international operations.
- (2) Par amount is presented for debt investments and the amount includes accumulated payment-in-kind ("PIK") interest, as applicable, and is net of repayments, while the number of shares or units owned is presented for equity investments. Par amount is denominated in U.S. Dollars ("\$\$") unless otherwise noted.
- (3) Net unrealized depreciation for U.S. federal income tax purposes totaled \$(33,641,612).
The tax cost basis of investments is \$320,484,549 as of March 31, 2025.
The amortized cost represents the original cost adjusted for the amortization or accretion of premium or discount, as applicable, on debt investments using the effective interest method.
- (4) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the definition of ASC 820 fair value hierarchy (see Note 4).
- (5) Percentage is based on net assets of \$158,987,514 as of March 31, 2025.
- (6) Affiliated Investments are defined by the 1940 Act as investments in companies in which the Company owns between 5% and 25% outstanding voting securities or is under common control with such portfolio company.
- (7) Control Investments are defined by the Investment Company Act of 1940, as amended (the "1940 Act"), as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.
- (8) The investment has an unfunded commitment as of March 31, 2025 (see Note 8), and fair value includes the value of any unfunded commitments. The negative cost, if applicable, is the result of the capitalized discount being greater than the principal amount outstanding on the loan. The negative fair value, if applicable, is the result of the capitalized discount on the loan.
- (9) NSG Captive, Inc. owns 80% of National Security Group Holdings Inc.
- (10) The investment was on non-accrual status as of March 31, 2025.
- (11) The investment is not a qualifying asset as defined under Section 55(a) of 1940 Act, in a whole, or in part. As of March 31, 2025, non-qualifying assets represented 11.56% of total assets.
- (12) This investment earns 0.50% commitment fee on all unused commitment as of March 31, 2025, and is recorded as a component of interest income on the Consolidated Statements of Operations.
- (13) This investment represents a Level 1 security in the ASC 820 table as of March 31, 2025 (see Note 4).
- (14) This investment represents a Level 2 security in the ASC 820 table as of March 31, 2025 (see Note 4).
- (15) The interest rate on this preferred equity is fixed-to-floating and will shift to 3 month SOFR plus a CSA of 0.262% plus a 4.743% spread on 9/30/2025.
- (16) The interest rate on this preferred equity is fixed-to-floating and will shift to 3 month SOFR plus a CSA of 0.262% plus a 5.29% spread on 9/27/2027.
- (17) The investment is held through PhenixFIN Investment Holdings FST, LLC.
- (18) The interest rate on this preferred equity is fixed-to-floating and will shift to 3 month SOFR plus a CSA of 0.262% plus a 6.429% spread on 1/15/2025.
- (19) The interest rate on this preferred equity is fixed-to-floating and shifted to 3 month SOFR plus a 5.345% spread and a 0.26161% credit spread adjustment on 3/31/2025.
- (20) Credit Spread Adjustment ("CSA")
- (21) Non-income producing security.
- (22) The investment is valued using NAV as a practical expedient.
- (23) The interest rate on these loans is subject to 1 month SOFR, which as of March 31, 2025 was 4.32%
- (24) The interest rate on these loans is subject to 3 month SOFR, which as of March 31, 2025 was 4.29%.

- (25) The interest rate on these loans is subject to 6 month SOFR, which as of March 31, 2025 was 4.19%.
- (26) The interest rate on these loans is subject to the monthly Applicable Federal Rate, which as of March 31, 2025 was 4.22%.
- (27) The investment includes an exit fee that is receivable upon repayment of the loan. See Note 2 “Significant Accounting Policies.”

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2024

Company ⁽¹⁾	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units ⁽²⁾	Amortized Cost ⁽³⁾	Fair Value ⁽⁴⁾	% of Net Assets ⁽⁵⁾
<u>Non-Controlled/Non-Affiliated Investments:</u>							
All Around Roustabout, LLC	Energy: Oil & Gas	Senior Secured First Lien Term Loan C	8/31/2026	\$ 350,000 <u>350,000</u>	\$ 196,411 <u>196,411</u>	\$ 350,000 <u>350,000</u>	0.22% <u>0.22%</u>
Altisource S.A.R.L.(11)	Services: Business	Senior Secured First Lien Term Loan B (SOFR + CSA + 5.00%, 3.75% PIK) (20)(24) Warrants(21)	4/30/2025 5/22/2027	14,004,684 97,899 <u>14,102,583</u>	11,029,605 - <u>11,029,605</u>	9,565,199 82,725 <u>9,647,924</u>	5.97% 0.05% <u>6.02%</u>
Arcline FM Holdings, LLC	Aerospace & Defense	First Lien Term Loans (SOFR + 4.50%, 0.75% Floor) (14)(25)	6/23/2028	2,658,987 <u>2,658,987</u>	2,571,184 <u>2,571,184</u>	2,660,649 <u>2,660,649</u>	1.66% <u>1.66%</u>
Blufox Mobile Services	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + 9.50% + 4.00% PIK Toggle, 4.00% Floor) (23)	4/12/2028	7,111,139 <u>7,111,139</u>	7,047,816 <u>7,047,816</u>	7,111,139 <u>7,111,139</u>	4.44% <u>4.44%</u>
Boostability Seotowncenter, Inc.	Services: Business	Equity - 833,152 Common Units(21)		833,152 <u>833,152</u>	66,475 <u>66,475</u>	- <u>-</u>	0.00% <u>0.00%</u>
CB&L Associates Holdco I, LLC(11)	Real Estate	First Lien Term Loan (SOFR + CSA+ 2.75%, 1.00% Floor) (14)(20)(23)	11/1/2025	5,384,063 <u>5,384,063</u>	4,541,408 <u>4,541,408</u>	5,034,099 <u>5,034,099</u>	3.14% <u>3.14%</u>
Chimera Investment Corp.(11)	Real Estate	Equity - 137,310 Class C Preferred Units(13)(15) Equity - 105,480 Class D Preferred Units(13)(24)		137,310 105,480 <u>242,790</u>	3,343,083 2,305,206 <u>5,648,289</u>	3,110,072 2,561,054 <u>5,671,126</u>	1.94% 1.60% <u>3.54%</u>
Copper Property CTL Pass Through Trust	Real Estate	Equity Certificates(13)		637,795 <u>637,795</u>	7,678,355 <u>7,678,355</u>	7,664,893 <u>7,664,893</u>	4.78% <u>4.78%</u>
DirecTV Financing, LLC	Media: Broadcasting	Senior Secured First Lien Term Loan (SOFR +	8/2/2027	3,639,523	3,641,793	3,639,523	2.27%

	& Subscription	CSA + 5.00%, 0.75% Floor) (14)(20)(23)	Senior Secured First Lien Term Loan (SOFR + CSA + 5.25%, 0.75% Floor) (14)(20)(23)	8/2/2029	<u>932,500</u>	<u>921,969</u>	<u>916,764</u>	<u>0.57%</u>
					4,572,023	4,563,762	4,556,287	2.84%
Epic Y-Grade Services, LP	Energy: Oil & Gas	First Lien Term Loan (SOFR + 5.75%, 0.00% Floor)(14)(23)		6/30/2029	<u>4,000,000</u>	<u>3,906,938</u>	<u>3,982,500</u>	<u>2.48%</u>
					4,000,000	3,906,938	3,982,500	2.48%
First Brands Group, LLC	Automotive	Senior Secured First Lien Term Loan (SOFR + CSA + 5.00%, 1.00% Floor) (14)(20)(24)		3/30/2027	<u>3,879,397</u>	<u>3,879,397</u>	<u>3,830,905</u>	<u>2.39%</u>
					3,879,397	3,879,397	3,830,905	2.39%
Franklin BSP Realty Trust, Inc.(11)	Real Estate	Equity - 66,107 Common Units(13)			<u>66,107</u>	<u>907,782</u>	<u>863,357</u>	<u>0.54%</u>
					66,107	907,782	863,357	0.54%
Global Accessories Group, LLC	Consumer goods: Non- durable	Equity - 3.8% Membership Interest(21)			<u>380</u>	<u>151,337</u>	<u>-</u>	<u>0.00%</u>
					380	151,337	-	0.00%
Innovate Corp.(11)	Construction & Building	8.50% Senior Secured Notes(14)		2/1/2026	<u>4,250,000</u>	<u>3,714,663</u>	<u>3,392,031</u>	<u>2.12%</u>
					4,250,000	3,714,663	3,392,031	2.12%
Invesco Mortgage Capital, Inc.(11)	Real Estate	Equity - 192,300 Class C Preferred Units(13)(16)			<u>192,300</u>	<u>4,725,994</u>	<u>4,624,815</u>	<u>2.88%</u>
					192,300	4,725,994	4,624,815	2.88%
NGS-WCS Group Holdings	Construction & Building	Senior Secured First Lien Term Loan B (SOFR + 4.75%, 0.50% Floor) (23)		5/31/2030	997,500	992,748	1,002,488	0.63%
JFL-NGS-WCS Partners, LLC	Construction & Building	Equity - 10,000,000 Units(21)			<u>10,000,000</u>	<u>10,000,000</u>	<u>12,700,000</u>	<u>7.92%</u>
					10,997,500	10,992,748	13,702,488	8.55%
Kemmerer Operations, LLC	Metals & Mining	Senior Secured First Lien Term Loan (SOFR + 5.00%, 0.00% Floor)(24)		12/31/2028	<u>12,161,321</u>	<u>12,161,321</u>	<u>12,161,321</u>	<u>7.59%</u>
					12,161,321	12,161,321	12,161,321	7.59%
Lighting Science Group Corporation	Containers, Packaging & Glass	Warrants - 0.62% of Outstanding Equity(21)			<u>5,000,000</u>	<u>955,680</u>	<u>-</u>	<u>0.00%</u>
					5,000,000	955,680	-	0.00%

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2024

Company⁽¹⁾	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units⁽²⁾	Amortized Cost⁽³⁾	Fair Value⁽⁴⁾	% of Net Assets⁽⁵⁾
Lucky Bucks, LLC	Consumer Discretionary	Priority Second Out Term Loan(SOFR + CSA + 7.50%, 1.00% Floor)(20)(23)	10/2/2029	\$ 1,351,031	\$ 1,324,010	\$ 1,351,031	0.84%
LB NewHoldCo, LLC		Priority First Out Exit Term Loan(SOFR + CSA + 7.50%, 1.00% Floor)(20)(23)	10/2/2028	684,370	621,820	684,370	0.43%
		Equity - 180,739 Membership Units(21)		180,739	174,393	1,420,305	0.89%
				<u>2,216,140</u>	<u>2,120,223</u>	<u>3,455,706</u>	<u>2.16%</u>
McKissock Investment Holdings, LLC (dba Colibri)	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + CSA + 5.00%, 0.75% Floor)(14)(20)(24)	3/10/2029	4,874,543	4,840,100	4,868,450	3.04%
				<u>4,874,543</u>	<u>4,840,100</u>	<u>4,868,450</u>	<u>3.04%</u>
MFA Financial, Inc.(11)	Real Estate	Equity - 97,426 Class C Preferred Units(13)(19)		97,426	2,318,487	2,308,996	1.44%
				<u>97,426</u>	<u>2,318,487</u>	<u>2,308,996</u>	<u>1.44%</u>
Neptune Bidco US, Inc. (dba Nielsen)	Media: Broadcasting & Subscription	First Lien Term Loan (SOFR + CSA + 5.00%, 0.50% Floor)(14)(20)(24)	4/11/2029	1,994,949	1,885,227	1,865,278	1.16%
				<u>1,994,949</u>	<u>1,885,227</u>	<u>1,865,278</u>	<u>1.16%</u>
New York Mortgage Trust, Inc.(11)	Real Estate	Equity - 165,000 Class E Preferred Units(13)(18)		165,000	4,102,076	4,039,200	2.52%
				<u>165,000</u>	<u>4,102,076</u>	<u>4,039,200</u>	<u>2.52%</u>
PHH Mortgage Corp.	Real Estate	7.875% Senior Secured Note(14)	3/15/2026	7,686,000	6,990,720	7,661,981	4.78%
				<u>7,686,000</u>	<u>6,990,720</u>	<u>7,661,981</u>	<u>4.78%</u>
Point.360	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.00% PIK)(10)(21)	7/8/2020	2,777,366	2,103,712	-	0.00%
				<u>2,777,366</u>	<u>2,103,712</u>	<u>-</u>	<u>0.00%</u>
Power Stop LLC	Automotive	Senior Secured First Lien Term Loan (SOFR + CSA + 4.75%, 0.50% Floor)(14)(20)(24)	1/26/2029	8,838,431	8,289,487	8,484,894	5.29%
				<u>8,838,431</u>	<u>8,289,487</u>	<u>8,484,894</u>	<u>5.29%</u>
Secure Acquisition Inc. (dba Paragon Films)	Packaging	Senior Secured First Lien Term Loan (SOFR + 4.25%, 0.50% Floor)(14)(24)	12/16/2028	3,509,670	3,499,674	3,505,283	2.19%
				<u>3,509,670</u>	<u>3,499,674</u>	<u>3,505,283</u>	<u>2.19%</u>
SS Acquisition, LLC (dba Soccer Shots Franchising)	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + CSA + 6.50%, 1.00% Floor)(20)(23)	12/30/2026	6,666,667	6,612,831	6,666,667	4.16%
		Senior Secured First Lien Delayed Draw Term Loan (SOFR + CSA + 6.50%, 1.00% Floor)(20)(23)	12/30/2026	3,200,000	3,171,118	3,200,000	2.00%
				<u>9,866,667</u>	<u>9,783,949</u>	<u>9,866,667</u>	<u>6.16%</u>
Stancor (dba Industrial)	Services:	Equity - 358,867 Class A		358,867	345,491	375,105	0.23%

Flow Solutions Holdings, LLC)	Business	Units(21)		<u>358,867</u>	<u>345,491</u>	<u>375,105</u>	<u>0.23%</u>
Staples, Inc.	Services: Consumer	First Lien Term Loan (SOFR + 5.75%, 0.50% Floor)(14)(24)	9/1/2029	<u>4,000,000</u>	<u>3,845,748</u>	<u>3,632,500</u>	<u>2.27%</u>
				<u>4,000,000</u>	<u>3,845,748</u>	<u>3,632,500</u>	<u>2.27%</u>
Tamarix Capital Partners II, L.P.(11)	Banking	Fund Investment(8)(21)		<u>N/A</u>	<u>1,746,049</u>	<u>1,524,911</u>	<u>0.96%</u>
				<u>-</u>	<u>1,746,049</u>	<u>1,524,911</u>	<u>0.96%</u>
Thryv Holdings, Inc.(11)	Media: Broadcasting & Subscription	Senior Secured First Lien Term Loan (SOFR + 6.75%, 1.00% Floor)(14)(23)	5/1/2029	<u>2,550,000</u>	<u>2,526,140</u>	<u>2,581,875</u>	<u>1.61%</u>
				<u>2,550,000</u>	<u>2,526,140</u>	<u>2,581,875</u>	<u>1.61%</u>
Velocity Pooling Vehicle, LLC	Automotive	Equity - 5,441 Class A Units(21)		5,441	302,464	-	0.00%
		Warrants - 0.65% of Outstanding Equity(21)	3/30/2028	<u>6,506</u>	<u>361,667</u>	<u>-</u>	<u>0.00%</u>
				<u>11,947</u>	<u>664,131</u>	<u>-</u>	<u>0.00%</u>
Wingman Holdings, Inc.	Aerospace & Defense	Equity - 350 Common Shares(21)		<u>350</u>	<u>700,000</u>	<u>166,795</u>	<u>0.10%</u>
				<u>350</u>	<u>700,000</u>	<u>166,795</u>	<u>0.10%</u>
XYZ Roofco, LLC (dba SMC Roofing Solutions LLC)	Services: Consumer	First Out Term Loan (SOFR + CSA + 3.50%, 2.00% Floor)(24)	10/16/2028	646,390	650,342	641,542	0.40%
		First Out Delayed Draw Term Loan (SOFR + CSA + 3.50%, 2.00% Floor)(8)(24)	10/16/2028	32,366	33,259	32,123	0.02%
		Last Out Term Loan (SOFR + CSA + 11.75%, 2.00% Floor)(24)	10/16/2028	1,863,568	1,853,360	1,830,956	1.14%
		Last Out Delayed Draw Term Loan (SOFR + CSA + 11.75%, 2.00% Floor)(8)(24)	10/16/2028	<u>140,082</u>	<u>142,014</u>	<u>137,630</u>	<u>0.09%</u>
				<u>2,682,406</u>	<u>2,678,975</u>	<u>2,642,251</u>	<u>1.65%</u>
Subtotal Non-Controlled/Non-Affiliated Investments				<u>128,069,299</u>	<u>\$143,179,354</u>	<u>\$142,233,426</u>	<u>88.75%</u>

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2024

Company ⁽¹⁾	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units ⁽²⁾	Amortized Cost ⁽³⁾	Fair Value ⁽⁴⁾	% of Net Assets ⁽⁵⁾
Affiliated Investments: ⁽⁶⁾							
Black Angus Steakhouses, LLC	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (SOFR + CSA + 9.00% PIK, 1.00% Floor) (10)(20)(23)	1/31/2025	1,013,584	875,749	751,207	0.47%
		Senior Secured First Lien Term Loan (SOFR + CSA + 9.00% PIK, 1.00% Floor)(10)(20)(23)	1/31/2025	15,090,314	7,767,533	-	0.00%
		Senior Secured First Lien Super Priority Delayed Draw Term Loan (SOFR + CSA + 9.00% PIK, 1.00% Floor)(10)(20)(23)	1/31/2025	2,223,303	1,920,960	1,647,776	1.03%
		Equity - 17.92% Membership Interest(21)		-	-	-	0.00%
				<u>18,327,201</u>	<u>10,564,242</u>	<u>2,398,983</u>	<u>1.50%</u>
FST Holdings Parent, LLC	High Tech Industries	Equity - 625,548 Class A Units(17)		625,548	10,000,000	12,351,802	7.71%
				<u>625,548</u>	<u>10,000,000</u>	<u>12,351,802</u>	<u>7.71%</u>
Subtotal Affiliated Investments				<u>18,952,749</u>	<u>\$ 20,564,242</u>	<u>\$ 14,750,785</u>	<u>9.21%</u>
Controlled Investments: ⁽⁷⁾							
ECC Capital Corp.	Real Estate	Equity - 84,000,000 Units(13)(21)		84,000,000	4,257,002	4,872,000	3.04%
		Senior Secured Promissory Note (SOFR + 5.00%, 0.00% Floor)(24)	12/31/2031	7,422,012	7,422,012	7,422,012	4.65%
				<u>91,422,012</u>	<u>11,679,014</u>	<u>12,294,012</u>	<u>7.67%</u>
FlexFIN, LLC	Services: Business	Equity Interest		36,683,045	\$ 36,683,045	\$ 36,683,045	22.88%
				<u>36,683,045</u>	<u>36,683,045</u>	<u>36,683,045</u>	<u>22.88%</u>
NSG Captive, Inc.	Insurance	Equity - 100,000 Units(21)		100,000	101,000	101,000	0.06%
				<u>100,000</u>	<u>101,000</u>	<u>101,000</u>	<u>0.06%</u>
NVTN LLC	Hotel, Gaming & Leisure	Senior Secured Revolving Note (SOFR + 7.00%, 2.00% Floor)(23)	12/31/2026	5,500,000	5,616,309	5,500,000	3.43%
		Senior Secured First Lien Term Loan B (AFR, 2.00% Floor)(26)	12/31/2026	17,552,420	13,916,082	16,353,590	10.20%
		Senior Secured First Lien Term Loan C (SOFR + 12.00% PIK, 2.00% Floor) (10)	12/31/2026	11,506,159	7,570,055	-	0.00%
		Equity - 1,000 Class A Units		1,000	21,450,924	-	0.00%
				<u>34,559,579</u>	<u>48,553,370</u>	<u>21,853,590</u>	<u>13.63%</u>
Subtotal Control Investments				<u>162,764,636</u>	<u>\$ 97,016,429</u>	<u>\$ 70,931,647</u>	<u>44.24%</u>

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2024

- (1) Substantially all of our investments are domiciled in the United States. Certain investments also have international operations.
- (2) Par amount is presented for debt investments and the amount includes accumulated payment-in-kind (“PIK”) interest, as applicable, and is net of repayments, while the number of shares or units owned is presented for equity investments. Par amount is denominated in U.S. Dollars (“\$”) unless otherwise noted.
- (3) Net unrealized depreciation for U.S. federal income tax purposes totaled \$(31,349,330).
The tax cost basis of investments is \$259,682,623 as of September 30, 2024.
The amortized cost represents the original cost adjusted for the amortization or accretion of premium or discount, as applicable, on debt investments using the effective interest method.
- (4) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the definition of ASC 820 fair value hierarchy (see Note 4).
- (5) Percentage is based on net assets of \$160,307,773 as of September 30, 2024.
- (6) Affiliated Investments are defined by the 1940 Act as investments in companies in which the Company owns between 5% and 25% outstanding voting securities or is under common control with such portfolio company.
- (7) Control Investments are defined by the Investment Company Act of 1940, as amended (the “1940 Act”), as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.
- (8) The investment has an unfunded commitment as of September 30, 2024 (see Note 8), and fair value includes the value of any unfunded commitments. The negative cost, if applicable, is the result of the capitalized discount being greater than the principal amount outstanding on the loan. The negative fair value, if applicable, is the result of the capitalized discount on the loan.
- (9) Not in use.
- (10) The investment was on non-accrual status as of September 30, 2024.
- (11) The investment is not a qualifying asset as defined under Section 55(a) of 1940 Act, in a whole, or in part. As of September 30, 2024, non-qualifying assets represented 13.1% of total assets.
- (12) This investment earns 0.50% commitment fee on all unused commitment as of September 30, 2024, and is recorded as a component of interest income on the Consolidated Statements of Operations.
- (13) This investment represents a Level 1 security in the ASC 820 table as of September 30, 2024 (see Note 4).
- (14) This investment represents a Level 2 security in the ASC 820 table as of September 30, 2024 (see Note 4).
- (15) The interest rate on this preferred equity is fixed-to-floating and will shift to 3 month SOFR plus a CSA of 0.262% plus a 4.743% spread on 9/30/2025.
- (16) The interest rate on this preferred equity is fixed-to-floating and will shift to 3 month SOFR plus a CSA of 0.262% plus a 5.29% spread on 9/27/2027.
- (17) The investment is held through PhenixFIN Investment Holdings FST, LLC.
- (18) The interest rate on this preferred equity is fixed-to-floating and will shift to 3 month SOFR plus a CSA of 0.262% plus a 6.429% spread on 1/15/2025.
- (19) The interest rate on this preferred equity is fixed-to-floating and will shift to 3 month LIBOR plus a 5.345% spread on 3/31/2025.
- (20) Credit Spread Adjustment (“CSA”)
- (21) Non-income producing security.
- (22) Not in use.
- (23) The interest rate on these loans is subject to 1 month SOFR, which as of September 30, 2024 was 4.85%
- (24) The interest rate on these loans is subject to 3 month SOFR, which as of September 30, 2024 was 4.59%.
- (25) The interest rate on these loans is subject to 6 month SOFR, which as of September 30, 2024 was 4.25%.
- (26) The interest rate on these loans is subject to the monthly Applicable Federal Rate, which as of September 30, 2024 was 4.48%.

The accompanying notes are an integral part of these consolidated financial statements.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
March 31, 2025
(Unaudited)

Note 1. Organization

PhenixFIN Corporation (“PhenixFIN,” the “Company,” “we” and “us”) is an internally-managed non-diversified closed-end management investment company incorporated in Delaware that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). We completed our initial public offering (“IPO”) and commenced operations on January 20, 2011. The Company has elected, and intends to qualify annually, to be treated, for U.S. federal income tax purposes, as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). Through December 31, 2020 we were an externally managed company. Since January 1, 2021 we have operated under our present internalized management structure.

The Company has formed and expects to continue to form certain taxable subsidiaries (the “Taxable Subsidiaries”), which are taxed as corporations for federal income tax purposes. These Taxable Subsidiaries allow us to, among other things, hold equity securities of portfolio companies organized as pass-through entities while continuing to satisfy the requirements of a RIC under the Code.

The Company’s investment objective is to generate current income and capital appreciation. The management team seeks to achieve this objective primarily through making loans, private equity or other investments in privately-held companies. The Company may also make debt, equity or other investments in publicly-traded companies. (These investments may also include investments in other BDCs, closed-end funds or REITs.) We may also pursue other strategic opportunities and invest in other assets or operate other businesses to achieve our investment objective, such as operating and managing an asset-based (gems) lending business. The portfolio generally consists of senior secured first lien term loans, senior secured second lien term loans, senior secured bonds, preferred equity and common equity. Occasionally, we will receive warrants or other equity participation features which we believe will have the potential to increase total investment returns. Our loan and other debt investments are primarily rated below investment grade or are unrated. Investments in below investment grade securities are considered predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal when due.

Since January 4, 2021, the common stock trades on the NASDAQ Global Market under the trading symbol “PFX.”

Note 2. Significant Accounting Policies

Basis of Presentation

The Company is an investment company following the accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 946 (“ASC 946”), Financial Services – Investment Companies. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (“GAAP”) and include the consolidated accounts of the Company and its wholly owned subsidiaries PhenixFIN Small Business Fund, LP, PhenixFIN SLF Funding I LLC, PhenixFIN Investment Holdings, LLC, PhenixFIN Investment Holdings Omnivere, LLC, PhenixFIN Investment Holdings AAR, LLC, and PhenixFIN Investment Holdings Amvestar, LLC. All references made to the “Company,” “we,” and “us” herein include PhenixFIN Corporation and its consolidated subsidiaries, except as stated otherwise. Additionally, the accompanying consolidated financial statements of the Company and related financial information have been prepared pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X of the Securities Act of 1933. Therefore, this Form 10-Q should be read in conjunction with the Company’s annual report on Form 10-K for the year ended September 30, 2024. The current period’s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending September 30, 2025.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
March 31, 2025
(Unaudited)

Note 2. Significant Accounting Policies (continued)

Cash, Restricted Cash and Cash Equivalents

The Company considers cash equivalents to be highly liquid investments with original maturities of three months or less. Cash and cash equivalents include deposits in a money market account. The Company deposits its cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits. As of March 31, 2025 and September 30, 2024, we had \$8.7 million and \$67.6 million in cash and cash equivalents, respectively, none of which is restricted.

Debt Issuance Costs and Deferred Financing Costs

Debt issuance costs, incurred in connection with unsecured notes (see Note 5) are deferred and amortized over the life of the respective instrument. Deferred financing costs related to the issuance of revolving debt obligations (see Note 5) are deferred and amortized over the life of the respective obligation. Debt issuance costs related to any unsecured notes are presented net against the outstanding debt balance on the Consolidated Statements of Assets and Liabilities. Deferred financing costs related to any credit facilities are presented on the Consolidated Statements of Assets and Liabilities.

Indemnification

In the normal course of business, the Company enters into contractual agreements that provide general indemnifications against losses, costs, claims and liabilities arising from the performance of individual obligations under such agreements. The Company has had no material claims or payments pursuant to such agreements. The Company's individual maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on management's experience, the Company expects the risk of loss to be remote.

Revenue Recognition

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Discounts and premiums to par value on investments purchased are accreted and amortized into interest income over the life of the respective investment. Loan origination fees, original issue discount ("OID") and market discounts or premiums are capitalized and amortized into interest income using the effective interest method or straight-line method, as applicable.

The Company holds debt investments in its portfolio that contain a payment-in-kind ("PIK") interest provision. PIK interest, which represents contractually deferred interest added to the investment balance that is generally due at maturity, is recorded on the accrual basis to the extent such amounts are expected to be collected. PIK interest is not accrued if the Company does not expect the issuer to be able to pay all principal and interest when due. For the three and six months ended March 31, 2025, the Company earned approximately \$0.3 million and \$0.6 million in PIK interest, respectively. For the three and six months ended March 31, 2024, the Company earned approximately \$0.2 million and \$0.5 million in PIK interest, respectively.

Amendment and transaction break-up fees associated with investments in portfolio companies are recognized as income when we become entitled to such fees. Exit fees that are receivable upon repayment of a loan or debt security are amortized into interest income over the life of the respective investment. Prepayment penalties received by the Company for debt instruments paid back to the Company prior to the maturity date are recorded as income upon repayment of debt. Administrative agent fees received by the Company are capitalized as deferred revenue and recorded as fee income when the services are rendered. Other income includes fees for providing managerial assistance to our portfolio companies and is recognized as revenue when earned. For the three and six months ended March 31, 2025, fee income was approximately \$29.7 thousand and approximately \$40.7 thousand, respectively (see Note 9). For the three and six months ended March 31, 2024, fee income was approximately \$76.5 thousand and approximately \$78.6 thousand, respectively (see Note 9).

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
March 31, 2025
(Unaudited)

Note 2. Significant Accounting Policies (continued)

Investment transactions are accounted for on a trade date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the amortized cost basis of investment using the specific identification method, without regard to unrealized gains or losses previously recognized. The Company recognized a realized gain related to restructuring transactions of \$0.3 million for the three and six months ended March 31, 2025. No realized gains or losses relating to restructuring transactions occurred during the three and six months ended March 31, 2024. The Company reports changes in fair value of investments as net unrealized appreciation/(depreciation) on investments in the Consolidated Statements of Operations.

Management reviews all loans that become 90 days or more past due on principal or interest or when there is reasonable doubt that principal or interest will be collected for possible placement on management's designation of non-accrual status. Interest receivable is analyzed regularly and may be reserved against when deemed not collectible. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current, although we may make exceptions to this general rule if the loan has sufficient collateral value and is in the process of collection. At March 31, 2025, certain investments in two portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately \$1.4 million, or 0.5% of the fair value of our portfolio. At September 30, 2024, certain investments in three portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately \$2.4 million, or 1.1% of the fair value of our portfolio.

Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, we would be deemed to "control" a portfolio company if we owned more than 25% of its outstanding voting securities and/or had the power to exercise control over the management or policies of such portfolio company. We refer to such investments in portfolio companies that we "control" as "Control Investments." Under the 1940 Act, we would be deemed to be an "Affiliated Person" of a portfolio company if we own between 5% and 25% of the portfolio company's outstanding voting securities or we are under common control with such portfolio company. We refer to such investments in Affiliated Persons as "Affiliated Investments."

Valuation of Investments

The Company applies fair value accounting to all of its financial instruments in accordance with the 1940 Act and ASC Topic 820 - Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy as discussed in Note 4. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity specific measure. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

Investments for which market quotations are readily available are valued at such market quotations, which are generally obtained from an independent pricing service or multiple broker-dealers or market makers. We weight the use of third-party broker quotations, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer. However, debt investments with remaining maturities within 60 days that are not credit impaired are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value. Investments for which market quotations are not readily available are valued at fair value as determined by our Chief Financial Officer, the Company's Valuation Designee, based upon input from management and third-party valuation firms. Because these investments are illiquid and because there may not be any directly comparable companies whose financial instruments have observable market values, these loans are valued using a fundamental valuation methodology, consistent with traditional asset pricing standards, that is objective and consistently applied across all loans and through time.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
March 31, 2025
(Unaudited)

Note 2. Significant Accounting Policies (continued)

Investments in investment funds are valued at fair value. Fair values are generally determined utilizing the NAV supplied by, or on behalf of, management of each investment fund, which is net of management and incentive fees or allocations charged by the investment fund and is in accordance with the “practical expedient”, as defined by FASB Accounting Standards Update (“ASU”) 2009-12, Investments in Certain Entities that Calculate Net Asset Value per Share. NAVs received by, or on behalf of, management of each investment fund are based on the fair value of the investment funds’ underlying investments in accordance with policies established by management of each investment fund, as described in each of their financial statements and offering memorandum. If the Company is in the process of the sale of an investment fund, fair value will be determined by actual or estimated sale proceeds.

The methodologies utilized by the Company in estimating the fair value of its investments categorized as Level 3 generally fall into the following two categories:

- The “Market Approach” uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets, liabilities, or a group of assets and liabilities, such as a business.
- The “Income Approach” converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. When the Income Approach is used, the fair value measurement reflects current market expectations about those future amounts.

The Company has engaged third-party valuation firms (the “Valuation Firms”) to assist it and its Valuation Designee (the Chief Financial Officer) in the valuation of its portfolio investments. The valuation reports generated by the Valuation Firms consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, performance multiples, and movement in yields of debt instruments, among other factors. The Company uses a market yield analysis under the Income Approach or an enterprise model of valuation under the Market Approach, or a combination thereof. In applying the market yield analysis, the value of the Company’s loans are determined based upon inputs such as the coupon rate, current market yield, interest rate spreads of similar securities, the stated value of the loan, and the length to maturity. In applying the enterprise model, the Company uses a waterfall analysis, which takes into account the specific capital structure of the borrower and the related seniority of the instruments within the borrower’s capital structure. To estimate the enterprise value of the portfolio company, we weigh some or all of the traditional market valuation methods and factors based on the individual circumstances of the portfolio company in order to estimate the enterprise value.

The methodologies and information that the Company utilizes when applying the Market Approach for performing investments include, among other things:

- valuations of comparable public companies (“Guideline Comparable Approach”);
- recent sales of private and public comparable companies (“Guideline Comparable Approach”);
- recent acquisition prices of the company, debt securities or equity securities (“Recent Arms-Length Transaction”);
- external valuations of the portfolio company, offers from third parties to buy the company (“Estimated Sales Proceeds Approach”);
- subsequent sales made by the company of its investments (“Expected Sales Proceeds Approach”); and
- estimating the value to potential buyers.

The methodologies and information that the Company utilizes when applying the Income Approach for performing investments include:

- discounting the forecasted cash flows of the portfolio company or securities (Discounted Cash Flow (“DCF”) Approach); and
- Black-Scholes model or simulation models or a combination thereof (Income Approach - Option Model) with respect to the valuation of warrants.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
March 31, 2025
(Unaudited)

Note 2. Significant Accounting Policies (continued)

For non-performing investments, we may estimate the liquidation or collateral value of the portfolio company's assets and liabilities using an expected recovery model (Market Approach - Expected Recovery Analysis or Estimated Liquidation Proceeds).

We undertake a multi-step valuation process each quarter when valuing investments for which market quotations are not readily available, as described below:

- our quarterly valuation process generally begins with each portfolio investment being initially valued by a Valuation Firm;
- Available third-party market data will be reviewed by Company personnel designated by the Valuation Designee ("Fair Value Personnel") and the Valuation Firm.
- Available portfolio company data and general industry data are then reviewed by the Fair Value Personnel.
- Preliminary valuation conclusions are then documented and discussed with the Fair Value Personnel.
- The Valuation Designee then determines the fair value of each investment in the Company's portfolio in good faith based on such discussions, the Company's Valuation Policy and the Valuation Firms' final estimated valuations.
- The Valuation Designee's report is then presented to the Board of Directors and the Audit Committee.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. In addition, changes in the market environment (including the impact of pandemics, wars or other events on financial markets), portfolio company performance, and other events may occur over the lives of the investments that may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned.

Fair Value of Financial Instruments

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts payable and accrued expenses, approximate fair value due to their short-term nature. The carrying amounts and fair values of our long-term obligations are discussed in Note 5.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all accounting standard updates ("ASU") issued by the Financial Accounting Standards Board. ASUs not listed were assessed by the Company and either determined to be not applicable or expected to have minimal impact on its Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07")," which enhances disclosure requirements about significant segment expenses that are regularly provided to the chief operating decision maker (the "CODM"). ASU 2023-07, among other things, (i) requires a single segment public entity to provide all of the disclosures as required by Topic 280, (ii) requires a public entity to disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources and (iii) provides the ability for a public entity to elect more than one performance measure. ASU 2023-07 is effective for the fiscal years beginning after December 15, 2023, and interim periods beginning after September 30, 2025 for the Company. Early adoption is permitted and retrospective adoption is required for all prior periods presented. The Company has not adopted early and is currently assessing the impact of this guidance, however, the Company does not expect a material impact on its Consolidated Financial Statements.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
March 31, 2025
(Unaudited)

Note 2. Significant Accounting Policies (continued)

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”),” which intends to improve the transparency of income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 and is to be adopted on a prospective basis with the option to apply retrospectively. The Company is currently assessing the impact of this guidance, however, the Company does not expect a material impact to its Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (“ASU 2024-03”),” which requires disaggregated disclosure of certain costs and expenses, including purchases of inventory, employee compensation, depreciation, amortization and depletion, within relevant income statement captions. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods beginning with the first quarter ended March 31, 2028. Early adoption and retrospective application is permitted. The Company is currently assessing the impact of this guidance, however, the Company does not expect a material impact on its consolidated financial statements.

Other than the aforementioned guidance, the Company’s management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying Consolidated Financial Statements.

Federal Income Taxes

The Company has elected, and intends to continue to qualify annually, to be treated as a RIC under Subchapter M of the Code. In order to continue to qualify as a RIC and be eligible for tax treatment under Subchapter M of the Code, among other things, the Company is required to meet certain source of income and asset diversification requirements and timely distribute to its stockholders at least 90% of the sum of investment company taxable income (“ICTI”), as defined by the Code, including PIK interest, and net tax exempt interest income (which is the excess of gross tax exempt interest income over certain disallowed deductions) for each taxable year. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year dividend distributions into the next tax year. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

The Company is subject to a nondeductible U.S. federal excise tax of 4% on undistributed income if it does not distribute at least 98% of its ordinary income in any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31 of such calendar year and any income realized, but not distributed, in preceding years and on which it did not pay federal income tax. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions for excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. There was no provision for federal excise tax at March 31, 2025 and September 30, 2024. On December 13, 2024, the Company identified that it did not distribute at least 90% of its investment company taxable income for the tax year ended September 30, 2023. The Company filed Form 8927 on December 16, 2024 notifying the IRS. On February 6, 2025, the Board of Directors declared a special dividend in the amount of \$1.43 per share for a record date of February 17, 2025 and payable on February 19, 2025.

The Company’s Taxable Subsidiaries accrue income taxes payable based on the applicable corporate rates on the unrealized gains generated by the investments held by the Taxable Subsidiaries. As of March 31, 2025 and September 30, 2024, the Company did not record a deferred tax liability on the Consolidated Statements of Assets and Liabilities. The change in provision for deferred taxes is included as a component of net realized and unrealized gain/(loss) on investments in the Consolidated Statements of Operations. For the six months ended March 31, 2025, the Company recorded a change in provision for deferred taxes, net, on the unrealized (appreciation)/depreciation on investments in the amount of \$(329,636). For the six months ended March 31, 2024, the Company did not record a change in provision for deferred taxes, net, on the unrealized (appreciation)/depreciation on investments.

As of March 31, 2025 and September 30, 2024, the Company had a deferred tax asset of \$19.2 million and \$20.9 million, respectively, consisting primarily of net operating losses and net unrealized losses on the investments held within its Taxable Subsidiaries. As of March 31, 2025 and September 30, 2024, the Company has booked a valuation allowance of \$18.6 million and \$20.0 million, respectively, against its deferred tax asset.

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. The Company may be required to recognize ICTI in certain circumstances in which it does not receive cash. For example, if the Company holds debt obligations that are treated under applicable tax rules as having original issue discount, the Company must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by the Company in the same taxable year. The Company may also have to include in ICTI other amounts that it has not yet received in cash, such as 1) PIK interest income and 2) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in the Company’s ICTI for the year of accrual, the Company may be required to make a distribution to its stockholders in order to satisfy the minimum distribution requirements, even though the Company will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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(Unaudited)

Note 2. Significant Accounting Policies (continued)

The Company accounts for income taxes in conformity with ASC Topic 740 - Income Taxes (“ASC 740”). ASC 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions deemed to meet a “more-likely-than-not” threshold would be recorded as a tax benefit or expense in the current period. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Consolidated Statements of Operations. There were no material uncertain income tax positions at March 31, 2025. Although we file federal and state tax returns, our major tax jurisdiction is federal. The Company’s federal and state tax returns for the prior three fiscal years remain open, subject to examination by the Internal Revenue Service and applicable state tax authorities.

Segments

The Company invests in various industries. The Company separately evaluates the performance of each of its investment relationships. However, because each of these investment relationships has similar business and economic characteristics, they have been aggregated into a single investment segment. All applicable segment disclosures are included in or can be derived from the Company’s financial statements. See Note 3 for further information.

Company Investment Risk, Concentration of Credit Risk, and Liquidity Risk

The Company has broad discretion in making investments. Investments generally consist of debt instruments that may be affected by business, financial market or legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Company’s activities and the value of its investments. In addition, the value of the Company’s portfolio may fluctuate as the general level of interest rates fluctuate.

The value of the Company’s investments in loans may be detrimentally affected to the extent, among other things, that a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan, observable secondary or primary market yields for similar instruments issued by comparable companies increase materially or risk premiums required in the market between smaller companies, such as our borrowers, and those for which market yields are observable increase materially.

The Company’s assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

Note 3. Investments

The composition of our investments as of March 31, 2025 as a percentage of our total portfolio, at amortized cost and fair value were as follows (dollars in thousands):

	Amortized		Fair Value	
	Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	\$ 133,693	41.8%	\$ 117,838	41.0%
Senior Secured Notes	12,914	4.0	13,099	4.6
Fund Investment	1,746	0.5	1,600	0.6
Equity/Warrants	172,132	53.7	154,306	53.8
Total Investments	\$ 320,485	100.0%	\$ 286,843	100.0%

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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Note 3. Investments (continued)

The composition of our investments as of September 30, 2024 as a percentage of our total portfolio, at amortized cost and fair value were as follows (dollars in thousands):

	Amortized			
	Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	\$ 129,957	49.8%	\$ 113,990	50.0%
Senior Secured Notes	18,127	7.0	18,476	8.1
Fund Investment	1,746	0.7	1,525	0.7
Equity/Warrants	110,930	42.5	93,925	41.2
Total Investments	\$ 260,760	100.0%	\$ 227,916	100.0%

In connection with certain of the Company's investments, the Company receives warrants that are obtained for the objective of increasing the total investment returns and are not held for hedging purposes. At March 31, 2025 and September 30, 2024, the total fair value of warrants was \$1,685.7 thousand and \$82.7 thousand, respectively, and were included in investments at fair value on the Consolidated Statements of Assets and Liabilities. During the three and six months ended March 31, 2025 and 2024, the Company acquired one warrant in an existing portfolio company.

For the three and six months ended March 31, 2025, there was \$228.7 thousand and \$493.7 thousand, respectively, in unrealized depreciation related to warrants and was recorded on the Consolidated Statements of Operations as net unrealized appreciation/(depreciation) on investments. For the three and six months ended March 31, 2024, there was \$95.5 thousand and \$73.3 thousand, respectively, in unrealized depreciation related to warrants and was recorded on the Consolidated Statements of Operations as net unrealized appreciation/(depreciation) on investments. The warrants are received in connection with individual investments and are not subject to master netting arrangements.

The following table shows the portfolio composition by industry grouping at fair value at March 31, 2025 (dollars in thousands):

	Fair Value	Percentage
Services: Business	\$ 55,636	19.4%
Insurance	48,397	16.9
Services: Consumer	39,044	13.6
Real Estate	35,533	12.5
Hotel, Gaming & Leisure	26,469	9.2
High Tech Industries	18,344	6.4
Construction & Building	17,743	6.2
Metals & Mining	12,161	4.2
Aerospace & Defense	11,021	3.8
Automotive	10,716	3.7
Consumer Discretionary	5,256	1.8
Media: Broadcasting & Subscription	4,923	1.7
Banking	1,600	0.6
Total	\$ 286,843	100.0%

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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Note 3. Investments (continued)

The following table shows the portfolio composition by industry grouping at fair value at September 30, 2024 (dollars in thousands):

	<u>Fair Value</u>	<u>Percentage</u>
Real Estate	\$ 50,162	22.0%
Services: Business	46,706	20.5
Services: Consumer	28,121	12.3
Hotel, Gaming & Leisure	24,253	10.6
Construction & Building	17,095	7.5
High Tech Industries	12,352	5.5
Automotive	12,316	5.4
Metals & Mining	12,161	5.3
Media: Broadcasting & Subscription	9,003	4.0
Energy: Oil & Gas	4,333	1.9
Packaging	3,505	1.5
Consumer Discretionary	3,456	1.5
Aerospace & Defense	2,827	1.2
Banking	1,525	0.7
Insurance	101	0.1
Total	<u>\$ 227,916</u>	<u>100.0%</u>

The Company invests in portfolio companies principally located in the United States. The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business.

The following table shows the portfolio composition by geographic location at fair value at March 31, 2025 (dollars in thousands):

	<u>Fair Value</u>	<u>Percentage</u>
Northeast	\$ 107,939	37.7%
Southeast	106,030	37.0
West	32,231	11.2
Midwest	25,505	8.9
Southwest	2,547	0.9
Mid-Atlantic	411	0.1
International	12,180	4.2
Total	<u>\$ 286,843</u>	<u>100.0%</u>

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
March 31, 2025
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Note 3. Investments (continued)

The following table shows the portfolio composition by geographic location at fair value at September 30, 2024 (dollars in thousands):

	Fair Value	Percentage
Northeast	\$ 87,269	38.3%
Southeast	61,276	26.9
Midwest	34,648	15.2
West	31,951	14.0
Southwest	2,749	1.2
Mid-Atlantic	375	0.2
International	9,648	4.2
Total	<u>\$ 227,916</u>	<u>100.0%</u>

Transactions With Affiliated/Controlled Companies

The Company had investments in portfolio companies designated as Affiliated Investments and Controlled Investments under the 1940 Act. Transactions with Affiliated Investments and Controlled Investments during the three and six months ended March 31, 2025 and 2024 were as follows:

Name of Investment ⁽¹⁾⁽²⁾	Type of Investment	Fair Value at September 30, 2024	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2025	Earned Income
Affiliated Investments								
Black Angus Steakhouses, LLC	Senior Secured First Lien Delayed Draw Term Loan	\$ 751,207	\$ -	\$ -	\$ (302,288)	\$ -	\$ 448,919	\$ -
	Senior Secured First Lien Super Priority DDTL	1,647,776	-	-	(663,070)	-	984,706	-
FST Holdings Parent, LLC	Equity	12,351,802	8,289	-	(16,195)	-	12,343,896	254,231
Total Affiliated Investments		<u>\$ 14,750,785</u>	<u>\$ 8,289</u>	<u>\$ -</u>	<u>\$ (981,553)</u>	<u>\$ -</u>	<u>\$13,777,521</u>	<u>\$254,231</u>

Name of Investment ⁽¹⁾⁽²⁾	Type of Investment	Fair Value at September 30, 2024	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Controlled	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2025	Earned Income
Controlled Investments								
ECC Capital Corp.	Senior Secured First Lien Term Loan	\$ 7,422,012	\$ -	\$ -	\$ -	\$ -	\$ 7,422,012	\$ 391,510
	Equity	4,872,000	-	-	159,600	-	5,031,600	-
FlexFIN, LLC	Equity Interest	36,683,045	92,290	-	-	-	36,775,335	2,979,966
NSG Captive, Inc.	Equity	101,000	49,145,255	-	(849,113)	-	48,397,142	-
NVTN LLC	Senior Secured First Lien Delayed Draw Term Loan	5,500,000	4,300,000	-	-	-	9,800,000	294,649
	Senior Secured First Lien Term Loan B	16,353,590	-	-	(1,118,089)	-	15,235,501	528,826
Total Controlled Investments		<u>\$ 70,931,647</u>	<u>\$ 53,537,545</u>	<u>\$ -</u>	<u>\$ (1,807,602)</u>	<u>\$ -</u>	<u>\$122,661,590</u>	<u>\$4,194,951</u>

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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Note 3. Investments (continued)

Name of Investment ⁽¹⁾⁽²⁾	Type of Investment	Fair Value at September 30, 2023	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2024	Earned Income
Affiliated Investments								
1888 Industrial Services, LLC	Senior Secured First Lien Term Loan C	\$ 751,479	\$ (1,096,561)	\$(196,411)	\$ 439,778	\$ 101,715	\$ -	\$ 37,645
	Senior Secured First Lien Term Loan A	-	-	-	9,473,068	(9,473,068)	-	-
	Revolving Credit Facility	4,632,177	(5,112,074)	-	-	479,897	-	158,674
Black Angus Steakhouses, LLC	Senior Secured First Lien Delayed Draw Term Loan	875,749	-	-	-	-	875,749	-
	Senior Secured First Lien Term Loan	1,459,249	-	-	(648,417)	-	810,832	-
	Senior Secured First Lien Super Priority DDTL	1,920,960	-	-	-	-	1,920,960	-
FST Holdings Parent, LLC	Equity	10,000,003	-	-	726,323	-	10,726,326	-
Maritime Wireless Holdings LLC	Senior Secured First Lien Term Loan B	7,500,000	(7,373,166)	-	(126,834)	-	-	535,857
	Equity	10,150,000	(11,900,000)	-	(5,150,000)	6,900,000	-	-
Total Affiliated Investments		\$ 37,289,617	\$ (25,481,801)	\$ (196,411)	\$ 4,713,918	\$ (1,991,456)	\$14,333,867	\$732,176

Name of Investment ⁽¹⁾⁽²⁾	Type of Investment	Fair Value at September 30, 2023	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Controlled	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2024	Earned Income
Controlled Investments								
FlexFIN, LLC	Equity Interest	\$ 38,870,711	\$ (4,141,486)	\$ -	\$ -	\$ -	\$34,729,225	\$2,233,395
	Senior Secured First Lien Term Loan	3,383,877	(97,841)	-	-	-	3,286,036	268,831
	Equity	9,133,052	2,300,000	-	733,122	-	12,166,174	-
NSG Captive, Inc.	Equity	-	100,000	-	-	-	100,000	-
	Senior Secured First Lien Delayed Draw Term Loan	7,214,856	(1,705,081)	-	(9,775)	-	5,500,000	580,266
NVTN LLC	Senior Secured First Lien Term Loan B	5,037,547	-	-	12,488,543	-	17,526,090	-
	Equity	-	11,900,000	-	(11,900,000)	-	-	-
Total Controlled Investments		\$ 63,640,043	\$ 8,355,592	\$ -	\$ 1,311,890	\$ -	\$73,307,525	\$3,082,492

(1) The par amount and additional detail are shown in the Consolidated Schedules of Investments.

(2) Securities with a zero value at the beginning and end of the period, and those that had no transaction activity were excluded from the roll forward.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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(Unaudited)

Note 3. Investments (continued)

Purchases/(sales) of or advances to/(distributions) from Affiliated Investments and Controlled Investments represent the proceeds from sales and settlements of investments, purchases, originations and participations, investment increases due to PIK interest as well as net amortization of premium/(discount) on investments and are included in the purchases and sales presented on the Consolidated Statements of Cash Flows for the six months ended March 31, 2025 and 2024. Transfers in/(out) of Affiliated Investments and Controlled Investments represent the fair value for the month an investment became or was removed as an Affiliated Investment or a Controlled Investment. Income received from Affiliated Investments and Controlled Investments is included in total investment income on the Consolidated Statements of Operations for the three and six months ended March 31, 2025 and 2024.

Unconsolidated Significant Subsidiaries

In accordance with the SEC's Regulation S-X and GAAP, the Company evaluated and determined that it had one subsidiary, FlexFIN, LLC, for which the Company owned 50%, that is deemed to be a "significant subsidiary" as of March 31, 2025 for which summarized financial information is presented below (dollars in thousands):

	March 31, 2025	September 30, 2024
Balance Sheet	(Unaudited)	(Audited)
Total Assets	\$ 50,622	\$ 51,634
Total Liabilities	14,348	15,206
Income Statement		
	For the Six Months Ended March 31, 2025	For the Year Ended September 30, 2024
(Unaudited)	(Audited)	(Audited)
Total Income	\$ 3,592	\$ 4,955
Total Expenses	899	1,028
Net Income	\$ 2,693	\$ 3,927

Note 4. Fair Value Measurements

The Company follows ASC 820 for measuring the fair value of portfolio investments. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity. The Company's fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. Investments which are valued using NAV as a practical expedient are excluded from this hierarchy, and certain prior period amounts have been reclassified to conform to the current period presentation. The three levels are defined below:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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(Unaudited)

Note 4. Fair Value Measurements (continued)

In addition to using the above inputs in investment valuations, the Company continues to employ a valuation policy approved by the board of directors that is consistent with ASC 820 (see Note 2). Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value.

The following table presents the fair value measurements of our investments, by major class according to the fair value hierarchy, as of March 31, 2025 (dollars in thousands):

Investments:	Fair Value Hierarchy as of March 31, 2025			
	Level 1	Level 2	Level 3	Total
Senior Secured First Lien Term Loans	\$ -	\$ 21,999	\$ 95,839	\$ 117,838
Senior Secured Notes	-	5,677	7,422	13,099
Equity/Warrants	28,155	-	126,151	154,306
Total	\$ 28,155	\$ 27,676	\$ 229,412	\$ 285,243
Investments measured at net asset value ⁽¹⁾				1,600
Total Investments, at fair value				\$ 286,843

(1) Certain investments that are measured at fair value using NAV have not been categorized in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the Consolidated Statements of Assets and Liabilities.

The following table presents the fair value measurements of our investments, by major class according to the fair value hierarchy, as of September 30, 2024 (dollars in thousands):

Investments:	Fair Value Hierarchy as of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Senior Secured First Lien Term Loans	\$ -	\$ 45,003	\$ 68,987	\$ 113,990
Senior Secured Notes	-	11,054	7,422	18,476
Equity/Warrants	30,044	-	63,881	93,925
Total	\$ 30,044	\$ 56,057	\$ 140,290	\$ 226,391
Investments measured at net asset value ⁽¹⁾				1,525
Total Investments, at fair value				\$ 227,916

(1) Certain investments that are measured at fair value using NAV have not been categorized in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the Consolidated Statements of Assets and Liabilities.

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the six months ended March 31, 2025 (dollars in thousands):

	Senior Secured First Lien Term Loans	Senior Secured Notes	Equities/ Warrants	Total
Balance as of September 30, 2024	\$ 68,987	\$ 7,422	\$ 63,881	\$ 140,290
Purchases and other adjustments to cost	46,455	-	75,473	121,928
Sales (including repayments or maturities)	(19,625)	-	(11,467)	(31,092)
Net realized gains/(losses) from investments	(1,388)	-	-	(1,388)
Net unrealized gains/(losses)	1,410	-	(1,736)	(326)
Balance as of March 31, 2025	\$ 95,839	\$ 7,422	\$ 126,151	\$ 229,412

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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(Unaudited)

Note 4. Fair Value Measurements (continued)

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the six months ended March 31, 2024 (dollars in thousands):

	Senior Secured First Lien Term Loans	Equities/ Warrants	Total
Balance as of September 30, 2023	\$ 82,499	\$ 82,817	\$ 165,316
Purchases and other adjustments to cost	14,352	20,098	34,450
Sales (including repayments or maturities)	(30,946)	(22,806)	(53,752)
Net realized gains/(losses) from investments	(8,676)	7,204	(1,472)
Net unrealized gains/(losses)	22,752	(16,757)	5,995
Transfer in/(out)	-	-	-
Balance as of March 31, 2024	<u>\$ 79,981</u>	<u>\$ 70,556</u>	<u>\$ 150,537</u>

Net change in unrealized gain (loss) for the six months ended March 31, 2025 and 2024 included in earnings related to Level 3 investments still held as of March 31, 2025 and 2024 was approximately \$0.1 million and \$3.4 million, respectively.

Purchases and other adjustments to cost include purchases of new investments at cost, effects of refinancing/restructuring, accretion/amortization of income from discount/premium on debt securities, and PIK.

Sales represent net proceeds received from investments sold, including any repayments or maturities.

A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur. During the six months ended March 31, 2025, no investments were transferred in or out of Level 3. During the six months ended March 31, 2024, no investments were transferred in or out of Level 3.

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements
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(Unaudited)

Note 4. Fair Value Measurements (continued)

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of March 31, 2025 (dollars in thousands):

	Fair Value	Valuation Methodology	Unobservable Input	Range (Weighted Average)	Impact to Valuation From An Increase In Input
Senior Secured First Lien Term Loans	\$ 79,816	Income Approach	Market Yield	3.5% - 18.25% (11.6%)	Decrease
Senior Secured First Lien Term Loans	1,434	Market Approach	EBITDA Multiple	1.4x - 1.6x (1.5x)	Increase
Senior Secured First Lien Term Loans	997	Market Approach	Market Quote	N/A	N/A
Senior Secured First Lien Term Loans	13,592	Recent Purchase	Purchase Price	N/A	N/A
Senior Secured Notes	7,422	Cost Approach	Collateral Value	N/A	N/A
Equity/Warrants	36,775	Cost Approach	Replacement Cost	N/A	N/A
Equity/Warrants	81,778	Market Approach	EBITDA Multiple	1.4x - 10.3x (8.3x)	Increase
Equity/Warrants	2,537	Income Approach	Market Yield	9.0%-28.8% (25.1%)	Decrease
Equity/Warrants	3,375	Recent Purchase	Purchase Price	N/A	N/A
Equity/Warrants	1,686	Income Approach	DLOM (Discount for lack of Marketability)	39.0%-45.0% (42.0%)	Decrease
Total	\$ 229,412				

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of September 30, 2024 (dollars in thousands):

	Fair Value	Valuation Methodology	Unobservable Input	Range (Weighted Average)	Impact to Valuation From An Increase In Input
Senior Secured First Lien Term Loans	\$ 65,236	Income Approach	Market Yield	3.5% - 42.5% (15.3%)	Decrease
Senior Secured First Lien Term Loans	2,399	Market Approach	EBITDA Multiple	1.8x - 2.3x (2.0x)	Increase
Senior Secured First Lien Term Loans	1,002	Market Approach	Market Spread	4.5% - 5.0% (4.75%)	Decrease
Senior Secured First Lien Term Loans	350	Cost Approach	Collateral Value	N/A	N/A
Senior Secured Notes	7,422	Recent Purchase	Purchase Price	N/A	N/A
Equity/Warrants	36,683	Cost Approach	Collateral Value	N/A	N/A
Equity/Warrants	27,014	Market Approach	EBITDA Multiple	4.3x - 10.3x (8.4x)	Increase
Equity/Warrants	101	Recent Purchase	Purchase Price	N/A	N/A
Equity/Warrants	83	Income Approach	DLOM (Discount for lack of Marketability)	27.0% - 31.0% (29.0%)	Decrease
Total	\$ 140,290				

The significant unobservable inputs used in the fair value measurement of the Company's debt and derivative investments are market yields. Increases in market yields would result in lower fair value measurements.

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Note 4. Fair Value Measurements (continued)

The significant unobservable inputs used in the fair value measurement of the Company's equity/warrants investments are comparable company multiples of revenue or EBITDA for the latest twelve months ("LTM"), next twelve months ("NTM") or a reasonable period a market participant would consider. Increases in EBITDA multiples in isolation would result in higher fair value measurement.

Note 5. Borrowings

As a BDC, we are generally only allowed to employ leverage to the extent that our asset coverage, as defined in the 1940 Act, equals at least 200% after giving effect to such leverage. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing.

However, in March 2018, the Small Business Credit Availability Act modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from 200% to 150% of asset coverage, if certain requirements under the 1940 Act are met. Under the 1940 Act, we are allowed to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when a quorum is present, approve a proposal to do so. If we receive stockholder approval, we would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the 1940 Act allows the majority of our independent directors to approve an increase in our leverage capacity, and such approval would become effective after the one-year anniversary of such approval. In either case, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. No approval was requested or obtained and the Company is still subject to the 200% requirement.

As of March 31, 2025 and September 30, 2024, the Company's asset coverage was 214.6% and 216.8%, respectively, after giving effect to leverage and therefore the Company's asset coverage was greater than 200%, the minimum asset coverage requirement applicable presently to the Company under the 1940 Act.

The Company's outstanding debt excluding debt issuance costs as of March 31, 2025 and September 30, 2024 were as follows (dollars in thousands):

	March 31, 2025				September 30, 2024			
	Aggregate Principal Available ⁽¹⁾	Principal Amount Outstanding	Carrying Value	Fair Value	Aggregate Principal Available ⁽¹⁾	Principal Amount Outstanding	Carrying Value	Fair Value
2028 Notes	\$ 57,500	\$ 57,500	\$ 56,310	\$ 54,096	\$ 57,500	\$ 57,500	\$ 56,143	\$ 51,980
2028 Promissory Note	1,661	1,661	1,525	1,661	1,661	1,661	1,508	1,661
Revolving Credit Facility	7,900	79,600	79,600	79,600	9,427	78,073	78,073	78,073
Total debt	\$ 67,061	\$ 138,761	\$ 137,435	\$ 135,357	\$ 68,588	\$ 137,234	\$ 135,724	\$ 131,714

(1) For the 2028 Notes and 2028 Promissory Note, this represents the total principal amount and for the Revolving Credit Facility, this represents the undrawn principal amount.

Credit Facility

On December 15, 2022, the Company entered into a 3 year \$50.0 million revolving credit facility (the "Credit Facility") with Woodforest National Bank ("Woodforest"). Woodforest is the administrative agent, sole bookrunner and sole lead arranger. The Credit Facility has a maturity date of December 15, 2025.

On January 17, 2023, the Company borrowed \$23.2 million under the Credit Facility and used these proceeds to redeem \$22.6 million in aggregate principal amount of the issued and outstanding 2023 Notes, comprising all issued and outstanding 2023 Notes. The 2023 Notes were redeemed at 100% of their principal amount, plus accrued and unpaid interest thereon from September 30, 2022 through, but excluding January 17, 2023 (the "Redemption Date").

On February 21, 2024 (the "First Amendment Effective Date"), in order to increase the size of the Credit Facility, the parties to the Credit Facility amended the terms of the Credit Facility, effective as of the First Amendment Effective Date (the "First Amendment"). The First Amendment increased the principal amount of loan available under the Credit Facility by \$12.5 million to \$62.5 million. All other material terms of the Credit Facility remain unchanged.

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Note 5. Borrowings (continued)

On August 5, 2024 (the “Second Amendment Effective Date”), in order to increase the size of the Credit Facility, the parties to the Credit Facility amended the Credit Facility, effective as of the Second Amendment Effective Date (the “Second Amendment”). The Second Amendment increased the principal amount of loan available under the Credit Facility by \$25 million to \$87.5 million. All other material terms of the Credit Facility remain unchanged.

Under the Credit Facility, the Company is required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) maintaining a certain minimum stockholders’ equity, (e) maintaining a ratio of total assets to total indebtedness of the Company and its consolidated subsidiaries (subject to certain exceptions) of not less than 2.0:1.0, (f) limitations on pledging certain unencumbered assets, and (g) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. These covenants are subject to important limitations and exceptions that are described in the documents governing the Credit Facility. Amounts available to borrow under the Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets (based on their value as determined pursuant to the Credit Facility) that are pledged as collateral. As of March 31, 2025, the Company was in compliance in all respects with the terms of the Credit Facility.

As of March 31, 2025 and September 30, 2024, there was \$79.6 million and \$78.1 million outstanding, respectively, under the Credit Facility.

Outstanding loans under the Credit Facility bear a monthly interest rate at Term SOFR + 2.90%. The Company is also subject to a commitment fee of 0.25%, which shall accrue on the actual daily amount of the undrawn portion of the revolving credit.

Unsecured Notes

2028 Notes

On November 9, 2021, the Company entered into an underwriting agreement, by and between the Company and Oppenheimer & Co. Inc., as representative of the several underwriters, in connection with the issuance and sale (the “Offering”) of \$57,500,000 (including the underwriters’ option to purchase up to \$7,500,000 aggregate principal amount) in aggregate principal amount of its 5.25% Notes that mature on November 1, 2028 (the “2028 Notes” or the “Notes”). The Offering occurred on November 15, 2021, pursuant to the Company’s effective shelf registration statement on Form N-2 previously filed with the SEC. Effective November 16, 2021, the 2028 Notes began trading on the NASDAQ Global Market under the trading symbol “PFXNZ.”

On November 15, 2021, the Company and U.S. Bank National Association, as trustee, entered into a Fourth Supplemental Indenture to its base Indenture, dated February 7, 2012, between the Company and the Trustee. The Fourth Supplemental Indenture relates to the Offering of the 2028 Notes.

2028 Promissory Note

On May 2, 2024, the Company issued a 5.25% note due November 1, 2028 in the principal amount of \$1,661,498 to National Security Insurance Company (the “2028 Promissory Note”). The financial terms of the note are substantially the same as the 2028 Notes.

Fair Value of Debt Obligations

The fair values of our debt obligations are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the 2028 Notes, which are publicly traded, is based upon closing market quotes as of the measurement date. As of March 31, 2025 and September 30, 2024, the Notes are deemed to be Level 1 in the fair value hierarchy, as defined in Note 4. As of March 31, 2025 and September 30, 2024, the 2028 Promissory Note is deemed to be Level 3 in the fair value hierarchy, as defined in Note 4. As of March 31, 2025 and September 30, 2024, the Credit Facility is deemed to be Level 3 in the fair value hierarchy, as defined in Note 4.

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Note 5. Borrowings (continued)

Debt issuance costs related to the 2028 Notes are reported on the Consolidated Statements of Assets and Liabilities as a direct deduction from the face amount of the 2028 Notes. As of March 31, 2025 and September 30, 2024, debt issuance costs related to the 2023 Notes and the 2028 Note were as follows (dollars in thousands):

	For the six months ended March 31, 2025			For the year ended September 30, 2024		
	2028			2028		
	2028 Notes	Promissory Note	Total	2028 Notes	Promissory Note	Total
Total debt issuance costs at beginning of period	\$ 1,357	\$ 154	\$ 1,511	\$ 1,689	\$ -	\$ 1,689
Debt issuance costs during the period	-	-	-	-	169	169
Amortized debt issuance costs	166	18	184	332	15	347
Unamortized debt issuance costs	<u>\$ 1,191</u>	<u>\$ 136</u>	<u>\$ 1,327</u>	<u>\$ 1,357</u>	<u>\$ 154</u>	<u>\$ 1,511</u>

For the three and six months ended March 31, 2025 and 2024, the components of interest expense, amortized debt issuance costs, amortized deferred financing costs, weighted average stated interest rate and weighted average outstanding debt balance for the 2028 Notes, 2028 Promissory Note and the Credit Facility were as follows (dollars in thousands):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2025	2024	2025	2024
	2028 Notes Interest	\$ 763	\$ 754	\$ 1,510
2028 Promissory Note Interest	22	-	44	-
Credit Facility Interest	1,493	593	2,994	1,191
Commitment fees	2	17	9	31
Amortization of deferred financing costs	207	121	384	213
Amortization of debt issuance costs	92	82	184	166
Total	<u>\$ 2,579</u>	<u>\$ 1,567</u>	<u>\$ 5,125</u>	<u>\$ 3,109</u>
Weighted average stated interest rate	6.4%	6.3%	6.6%	6.3%
Weighted average debt outstanding	\$ 142,324	\$ 85,942	\$ 139,254	\$ 85,942

Note 6. Agreements

Administration Agreement

In connection with the adoption by the board of directors of an internalized management structure, on November 19, 2020, the Company entered into a Fund Accounting Servicing Agreement and an Administration Servicing Agreement on customary terms with U.S. Bancorp Fund Services, LLC d/b/a U.S. Bank Global Fund Services (“U.S. Bancorp”). A U.S. Bancorp affiliate also served as the Company’s custodian. The Company’s administrative and custodial relationship with U.S. Bancorp terminated on August 9, 2022. SS&C Technologies, Inc. (“SS&C”) has since served as administrator of the Company and has provided the Company with fund accounting and financial reporting services pursuant to the services agreement with the Company. Effective September 12, 2022, Computershare Trust Company, N.A. (“Computershare”) serves as custodian for the Company pursuant to its Loan Administration and Custodial Agreement with the Company. For the three and six months ended March 31, 2025, we incurred approximately \$0.1 million and \$0.2 million in administrator expenses, respectively. For the three and six months ended March 31, 2024, we incurred approximately \$0.1 million and \$0.1 million in administrator expenses, respectively.

As of March 31, 2025 and September 30, 2024, \$0.0 million and \$0.0 million was included in “administrator expenses payable” in the accompanying Consolidated Statements of Assets and Liabilities.

Long-Term Cash Incentive Plan

On May 9, 2022, the board of directors of the Company adopted the PhenixFIN 2022 Long-Term Cash Incentive Plan (the “CIP”) pursuant to the recommendation by the Compensation Committee of the board of directors. The CIP provides for performance-based cash awards to key employees of the Company, as approved by the Compensation Committee, based on the achievement of pre-established financial goals for the approved performance period. The performance goals may be expressed as one or a combination of net asset value of the Company, net asset value per share of the Company’s common stock, changes in the market price of shares of the Company’s common stock, individual performance metrics and/or such other goals and objectives the Committee considers relevant in connection with accomplishing the purposes of the CIP.

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Note 6. Agreements (continued)

In connection with the approval of the CIP, the Compensation Committee in April 2022, approved awards for the three-year performance period commencing on October 1, 2021 and ending on September 30, 2024 (the “2022 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to 0%-200% of the target award set forth in the table below (“Target Performance Award”), based on the achievement of net asset value (“NAV”) and NAV per share goals (weighted at 30% and 70%, respectively) as of the end of the performance period (the “Performance Goals”). Performance is evaluated separately for each Performance Goal. No payment is made with respect to a Performance Goal if a threshold level of performance is not achieved. Each Performance Goal is subject to (i) a threshold level of performance at which a percentage of the Target Performance Award attributable to that Performance Goal may be paid and below which no payment is made pursuant to an award, (ii) a target level of performance at which 100% of the Target Performance Award attributable to that Performance Goal may be paid and (iii) a maximum level of performance, at which 200% of the Target Performance Award attributable to that Performance Goal may be paid, in each case subject to such other terms and conditions of an award. Between threshold, target and maximum performance levels for each Performance Goal, the portion of that award attributed to the Performance Goal shall be interpolated in a linear progression. On September 30, 2024, the performance cycle for the 2022 LTIP Plan ended. Based on achievement of the Performance Goals, Mr. Lorber received \$1,403,530 and Ms. McMillan received \$599,260 pursuant to the 2022 LTIP Plan awards (the “2022 Awards”).

In December 2022, pursuant to the CIP, the Compensation Committee approved awards for Mr. Lorber and Ms. McMillan for the three-year performance period commencing on October 1, 2022 and ending on September 30, 2025 (the “2023 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to a percentage of the target award amount set forth above based on the factors described above. The Compensation Committee, in approving the awards, evaluated each Performance Goal separately.

In December 2023, pursuant to the CIP, the Compensation Committee approved awards for Mr. Lorber and Ms. McMillan for the three-year performance period commencing on October 1, 2023 and ending on September 30, 2026 (the “2024 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to a percentage of their target award amount set forth above based on the factors described above. The Compensation Committee, in approving the awards, evaluated each Performance Goal separately.

In December 2024, pursuant to the CIP, the Compensation Committee approved awards for Mr. Lorber and Ms. McMillan for the three-year performance period commencing on October 1, 2024 and ending on September 30, 2027 (the “2025 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to a percentage of their target award amount set forth above based on the factors described above. The threshold, target, and maximum performance levels are structured similar to those of the 2022 LTIP Plan. The Compensation Committee, in approving the awards, evaluated each Performance Goal separately.

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Note 6. Agreements (continued)

The Target Performance Award for each executive officer for the 2022 LTIP Plan, 2023 LTIP Plan, and the 2024 LTIP Plan is set forth in the table below:

Name and Title	Dollar Value of Target Award
David Lorber, Chairman of the Board and Chief Executive Officer	\$ 890,000
Ellida McMillan, Chief Financial Officer	380,000

The Target Performance Award for the 2025 LTIP Plan for each of Mr. Lorber and Ms. McMillan is \$1,000,000 and \$425,000, respectively.

During the three and six months ended March 31, 2025, the Company recorded an expense of \$303,848 and \$630,168 respectively, for these awards. During the three and six months ended March 31, 2024, the Company recorded an expense of \$504,890 and \$809,690, respectively, for these awards.

Note 7. Related Party Transactions

During the year ended September 30, 2024, the Company entered into a related party transaction with NVTN LLC whereby the \$11.9 million of equity of Wireless Maritime Services was transferred to NVTN LLC.

Due from/to Affiliates

Due from affiliates at March 31, 2025 and September 30, 2024 consists of certain legal and general and administrative expenses paid by the Company on behalf of certain of its affiliates. Due to affiliates at March 31, 2025 and September 30, 2024 consists of certain expenses payable by the Company to certain of its affiliates.

Note 8. Commitments

Unfunded commitments

As of March 31, 2025 and September 30, 2024, we had commitments under loan and financing agreements to fund up to \$3.6 million to four portfolio companies and \$1.6 million to two portfolio companies, respectively. These commitments are primarily composed of senior secured delayed draw term loans and revolving, and the determination of their fair value is included in the Consolidated Schedules of Investments. The commitments are generally subject to the borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. The terms of the borrowings and financings subject to commitment are comparable to the terms of other loan and equity securities in our portfolio. A summary of the composition of the unfunded commitments as of March 31, 2025 and September 30, 2024 is shown in the table below (dollars in thousands):

	March 31, 2025	September 30, 2024
MB Precision Investment Holdings LLC– Senior Secured First Lien Revolver	\$ 572	\$ -
SS Acquisition, LLC (dba Soccer Shots Franchising) - Revolver	1,429	-
XYZ Roofco, LLC (dba SMC Roofing Solutions LLC) - First Out Delayed Draw Term Loan	57	57
XYZ Roofco, LLC (dba SMC Roofing Solutions LLC) - Last Out Delayed Draw Term Loan	246	246
Tamarix Capital Partners II, L.P. - Fund Investment	1,313	1,313
Total unfunded commitments	\$ 3,617	\$ 1,616

Lease obligations

The Company evaluates its leases to determine whether they should be classified as operating or financing leases. PhenixFIN identified one operating lease for its office space. The lease commenced September 1, 2021. On December 18, 2024, the Company amended the terms of the lease, contingent on certain events, extending the lease term until August 31, 2035, with a right to terminate on the 36th and 60th month anniversaries of September 1, 2025, as well as any time on or after the 84th month anniversary of September 1, 2025.

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Note 8. Commitments (continued)

Upon entering into the lease on September 1, 2021, PhenixFIN recorded a right-of-use asset and a lease liability as of that date.

As of March 31, 2025 and September 30, 2024, the asset related to the operating lease was \$261,228 and \$322,131, respectively, and is included in the Other assets balance on the Consolidated Balance Sheet. As of March 31, 2025 and September 30, 2024, the lease liability was \$223,362 and \$294,063, respectively, and is included in the Other liabilities balance on the Consolidated Statements of Assets and Liabilities. As of March 31, 2025 and September 30, 2024, the remaining lease term was approximately two years and two years, respectively and the implied borrowing rate was 5.25% for each of the respective periods.

The following table shows future minimum payments under PhenixFIN's operating lease as of March 31, 2025:

For the Years Ended September 30,	Amount
2025	\$ 80,586
2026	161,680
2027	27,417
Thereafter	-
	<u>269,683</u>
Difference between undiscounted and discounted cash flows	<u>(46,322)</u>
	<u><u>\$ 223,361</u></u>

Note 9. Fee Income

Fee income consists of amendment fees, prepayment penalty and other miscellaneous fees which are non-recurring in nature, as well as administrative agent fees, which are recurring in nature. The following table summarizes the Company's fee income for the three and six months ended March 31, 2025 and 2024 (dollars in thousands):

	For the Three Months Ended		For the Six Months Ended	
	March 31,		March 31,	
	2025	2024	2025	2024
Prepayment fee	\$ 15	\$ -	\$ 15	\$ -
Administrative agent fee	-	75	5	75
Other fees	15	2	21	4
Fee income	<u>\$ 30</u>	<u>\$ 77</u>	<u>\$ 41</u>	<u>\$ 79</u>

Note 10. Directors Fees

From May 1, 2023 to September 30, 2024, the Company's independent directors received an annual fee of \$150,000. In addition, the lead independent director received an annual retainer of \$30,000; the chair of the Audit Committee received an annual retainer of \$25,000, and each of its other members received an annual retainer of \$12,500; and the chairs of the Nominating and Corporate Governance Committee and of the Compensation Committee each received an annual retainer of \$15,000 and each of the other members of these committees received annual retainers of \$8,000. The Company's independent directors no longer receive fees for each board and committee meeting that they attend.

Effective October 1, 2024, the structure was modified such that each of the Company's independent directors receives an annual fee of \$165,000. In addition, the lead independent director receives an annual retainer of \$30,000; the chair of the Audit Committee receives an annual retainer of \$19,000 and each of its other members receives an annual retainer of \$12,500; the chair of the Nominating and Corporate Governance Committee receives an annual retainer of \$12,000 and each of its other members receives an annual retainer of \$11,000; and the chair of the Compensation Committee receives an annual retainer of \$15,000 and each of its other members receives an annual retainer of \$11,000.

No board service compensation is paid to directors who are "interested persons" of the Company (as such term is defined in the 1940 Act). For the three and six months ended March 31, 2025, the Company recognized \$0.2 million and \$0.4 million for directors' fees expense, respectively. For the three and six months ended March 31, 2024, the Company recognized \$0.2 million and \$0.4 million for directors' fees expense, respectively.

Note 11. Earnings Per Share

In accordance with the provisions of ASC Topic 260 - Earnings per Share, basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. The Company does not have any potentially dilutive common shares as of March 31, 2025.

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Note 11. Earnings Per Share (continued)

The following information sets forth the computation of the weighted average basic and diluted net increase/(decrease) in net assets per share from operations for the three and six months ended March 31, 2025 and 2024 (amounts in thousands, except shares and per share amounts):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2025	2024	2025	2024
Basic and diluted:				
Net increase (decrease) in net assets resulting from operations	\$ (896)	\$ 5,372	\$ 1,568	\$ 9,906
Weighted average shares of common stock outstanding - basic and diluted	2,019,778	2,048,622	2,019,778	2,060,723
Earnings (loss) per share of common stock - basic and diluted	\$ (0.44)	\$ 2.62	\$ 0.78	\$ 4.81

Note 12. Financial Highlights

The following is a schedule of financial highlights for the six months ended March 31, 2025 and 2024:

	For the Six Months Ended March 31,	
	2025	2024
Per share data		
Net Asset Value per share at Beginning of Period	\$ 79.37	\$ 70.75
Results of Operations:		
Net Investment Income/(Loss)	1.28	1.11
Net Realized Gain/(Loss) on Investments	0.05	(0.76)
Net Unrealized Gain/(Loss) on Investments	(0.39)	4.46
Net loss on extinguishment of debt	-	-
Deferred tax benefit (expense)	(0.16)	-
Net Increase (Decrease) in Net Assets Resulting from Operations	0.78	4.81
Capital Share Transactions		
Distributions declared	(1.43)	-
Repurchase of common stock under stock repurchase program	-	0.79
Net Increase (Decrease) Resulting from Capital Share Transactions	(1.43)	0.79
Net Asset Value per share at End of Period	\$ 78.72	\$ 76.35
Net Assets at End of Period	\$ 158,987,514	\$ 154,271,897
Shares Outstanding at End of Period	2,019,778	2,020,490
Per share market value at end of period	\$ 54.00	\$ 44.10
Total return based on market value ⁽¹⁾	16.45%	16.36%
Total return based on net asset value ⁽²⁾	0.98%	5.16%
Portfolio turnover rate	29.19%	13.83%
Ratios:		
Ratio of net investment/(loss) income to average net assets after waivers, discounts and reimbursements ⁽³⁾	3.27%	3.08%
Ratio of total expenses to average net assets ⁽³⁾	12.16%	10.95%
Supplemental Data:		
Percentage of non-recurring fee income ⁽⁴⁾	0.33%	0.76%
Average debt outstanding ⁽⁵⁾	\$ 139,253,604	\$ 85,941,941
Average debt outstanding per weighted average common share	\$ 68.95	\$ 41.70
Asset coverage ratio per unit ⁽⁶⁾	\$ 2,146	\$ 2,795
Senior Securities Outstanding⁽⁷⁾		
2028 Notes	\$ 57,500,000	\$ 57,500,000
2028 Promissory Note	\$ 1,661,498	\$ -
Credit Facility	\$ 79,600,000	\$ 28,441,941
Average market value per unit:		
2028 Notes	\$ 22.57	\$ 22.53

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Note 12. Financial Highlights (continued)

- (1) Total return is historical and assumes changes in share price, reinvestments of all dividends and distributions at prices obtained under the Company's dividend reinvestment plan, and no sales charge for the period. Calculation is not annualized.
- (2) Total return is historical and assumes changes in NAV, reinvestments of all dividends at prices obtained under the Company's dividend reinvestment plan, and no sales charges for the period. Calculation is not annualized.
- (3) Ratios are annualized during interim periods.
- (4) Represents the impact of the non-recurring fees as a percentage of total investment income.
- (5) Based on daily weighted average carrying value of debt outstanding during the period.
- (6) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness.

As of March 31, 2025, the Company's asset coverage was 214.6% after giving effect to leverage and therefore the Company's asset coverage was above 200%, the minimum asset coverage requirement under the 1940 Act.

- (7) Total amount of each class of senior securities outstanding at the end of the period excluding debt issuance costs.

Note 13. Dividends

Any dividends and distributions to common stockholders are recorded on the ex-dividend date. Any amounts to be paid out as a dividend are determined by our board of directors.

We have adopted an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, each stockholder that has not "opted out" of our dividend reinvestment plan will have its dividends automatically reinvested in additional shares of our common stock rather than receiving cash dividends. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash distributions.

On February 6, 2025, the Board of Directors declared a special dividend of \$1.43 per share. This dividend was paid on February 19, 2025 to stockholders of record as of February 17, 2025. The dividends declared during the six months ended March 31, 2025 were derived from net investment income, determined on a tax basis.

Note 14. Share Transactions

On February 8, 2023, the Board of Directors approved the expansion of the amount authorized for repurchase under the Company's share repurchase program from \$25 million to \$35 million. Since announcing this share repurchase program on January 11, 2021, the Company has repurchased an aggregate of 703,931 shares of common stock through March 31, 2025 with a total cost of approximately \$28.1 million, or 25.8% of shares outstanding as of the program's inception. The total remaining amount authorized under the expanded share repurchase program is approximately \$6.9 million.

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(Unaudited)

Note 14. Share Transactions (continued)

The following table sets forth the number of shares of common stock repurchased by the Company at an average price of \$39.93 per share under its share repurchase program from February 10, 2021 through March 31, 2025:

Month Ended	Shares Repurchased	Repurchase Price Per Share	Aggregate Consideration for Repurchased Shares
February 2021	13,082	\$30.25 - \$30.96	397,384
March 2021	12,241	\$30.25 - \$34.42	393,938
April 2021	14,390	\$33.11 - \$34.89	491,469
May 2021	25,075	\$34.56 - \$39.93	976,440
August 2021	141,700	\$41.03 - \$42.28	5,944,213
January 2022	7,312	\$39.07 - \$40.88	293,756
February 2022	170,589	\$39.53 - \$41.00	6,908,864
March 2022	132,054	\$39.24 - \$40.57	5,306,885
April 2022	2,942	\$39.07 - \$41.00	117,758
May 2022	3,391	\$37.70 - \$39.78	131,338
June 2022	3,515	\$37.28 - \$39.19	135,063
July 2022	700	\$36.40 - \$37.23	25,864
August 2022	3,081	\$28.24 - \$37.79	112,456
September 2022	91,508	\$36.80 - \$37.50	3,443,845
October 2022	701	\$35.20 - \$36.14	14,434
November 2022	1,103	\$34.53 - \$35.28	38,790
December 2022	1,501	\$33.26 - \$34.84	51,295
January 2023	2,052	\$32.78 - \$34.84	68,665
February 2023	3,131	\$33.06 - \$39.03	115,430
March 2023	2,003	\$37.02 - \$38.89	76,214
April 2023	649	\$35.79 - \$37.03	23,671
May 2023	100	\$36.53 - \$36.53	3,658
June 2023	2,300	\$33.63 - \$38.76	85,556
August 2023	14,751	\$36.98 - \$39.41	575,728
September 2023	125	\$38.11 - \$38.11	4,772
November 2023	475	\$37.03 - \$37.78	17,825
December 2023	12,748	\$37.53 - \$41.03	520,749
March 2024	40,000	\$45.03 - \$45.03	1,801,205
April 2024	700	\$43.76 - \$43.76	30,637
May 2024	12	\$44.82 - \$44.82	543
Total	703,931		\$ 28,108,445

During the three and six months ended March 31, 2025, no shares were transferred into treasury. As of March 31, 2025, there were no shares that were not yet transferred into treasury.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. On April 17, 2025 (the "Third Amendment Effective Date"), in order to extend the term and increase the size of the Credit Facility, the parties to the Credit Facility amended the terms of the Credit Facility, effective as of the Third Amendment Effective Date (the "Third Amendment"). The Third Amendment increased the principal amount of the loan available under the Credit Facility by \$12.5 million to \$100.0 million (with potential access to up to an additional \$50,000,000 pursuant to an uncommitted accordion provision) and appointed BankUnited, N.A. to assume all agency and syndication responsibilities from the prior agent and lenders. Outstanding loans under the terms of the Amendment will bear a monthly interest rate ranging from ABR + 1.35% to ABR + 1.75% for any alternative base rate loans and from Term SOFR + 2.35% to Term SOFR + 2.75% for any term benchmark loans based on the total debt to tangible net worth ratio. The Amendment also extended the term of the credit facility to April 17, 2030, five years from the Effective Date. Other material terms remain substantially unchanged.

Other than the items disclosed herein, there have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the Consolidated Financial Statements as of and for the three and six months ended March 31, 2025.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our financial statements and related notes and other financial information appearing elsewhere in this quarterly report on Form 10-Q.

Except as otherwise specified, references to “we,” “us,” “our,” or the “Company,” refer to PhenixFIN Corporation.

Forward-Looking Statements

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements, which relate to future events or our performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- the introduction, withdrawal, success and timing of business initiatives and strategies;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, which could result in changes in the value of our assets;
- the impact of new or increased tariffs on various goods;
- the impact of increased competition;
- the impact of future acquisitions and divestitures;
- our business prospects and the prospects of our portfolio companies;
- the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us;
- our contractual arrangements and relationships with third parties;
- any future financings by us;
- fluctuations in foreign currency exchange rates;
- the impact of changes to tax legislation and, generally, our tax position;
- our ability to locate suitable investments for us and to monitor and administer our investments;
- our ability to attract and retain highly talented professionals;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- the unfavorable resolution of legal proceedings;
- uncertainties associated with the effect of pandemics and other future market disruptions on our business prospects and the operational and financial performance of our portfolio companies, including our and their ability to achieve their respective objectives; and the effect of disruptions on our ability to continue to effectively manage our business; and
- risks and uncertainties relating to the possibility that the Company may explore strategic alternatives, including, but are not limited to: the timing, benefits and outcome of any exploration of strategic alternatives by the Company; potential disruptions in the Company’s business and stock price as a result of our exploration of any strategic alternatives; the ability to realize anticipated efficiencies, or strategic or financial benefits; potential transaction costs and risks; and the risk that any exploration of strategic alternatives may have an adverse effect on our existing business arrangements or relationships, including our ability to retain or hire key personnel. There is no assurance that any exploration of strategic alternatives will result in a transaction or other strategic change or outcome.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words “trend,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “assume,” “potential,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve,” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may,” or similar expressions. The forward looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth as “Risk Factors” and elsewhere in this quarterly report on Form 10-Q.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission (“SEC”), including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

Global Events and Market Volatility

Periods of market volatility have occurred and could continue to occur in response to pandemics or other events outside of our control, including terrorist attacks, acts of war, natural disasters, public health crises or similar events. These types of events have adversely affected and could continue to adversely affect operating results for us and for our portfolio companies.

The large-scale invasion of Ukraine by Russia in February 2022 resulted in sanctions and market disruptions, including declines in regional and global stock markets, unusual volatility in global commodity markets and significant devaluations of Russian currency. The extent and duration of the military action are impossible to predict but could be significant. Market disruption caused by the Russian military action, and any counter measures or responses thereto (including international sanctions, a downgrade in a country’s credit rating, purchasing and financing restrictions, boycotts, tariffs, changes in consumer or purchaser preferences, cyberattacks and espionage) could continue to have severe adverse impacts on regional and/or global securities and commodities markets, including markets for oil and natural gas. These impacts may include reduced market liquidity, distress in credit markets, further disruption of global supply chains, increased risk of inflation, and limited access to investments in certain international markets and/or issuers. In addition, the current conflict in the Middle East and terrorist acts may cause significant volatility in the markets and/or market disruptions.

The extent and duration of these military actions, conflicts and resulting market disruptions are impossible to predict, but have been and could continue to be substantial, and any such market disruptions could affect our portfolio companies’ operations. As a result, our portfolio investments could decline in value or our valuation of them could become uncertain.

We have evaluated subsequent events from March 31, 2025 through the filing date of this quarterly report on Form 10-Q. However, as the discussion in this Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations relates to the Company’s financial statements for the quarterly period ended March 31, 2025, the analysis contained herein may not fully account for market event impacts. As of March 31, 2025, the Company valued its portfolio investments in conformity with U.S. generally accepted accounting principles (“GAAP”) based on the facts and circumstances known by the Company at that time, or reasonably expected to be known at that time. Due to the overall volatility that market events may have caused during the months following our most recent valuation (as of March 31, 2025), any valuations conducted now or in the future in conformity with U.S. GAAP could result in a lower fair value of our portfolio.

Interest Rate Environment

In the past, the Federal Reserve raised short-term interest rates. Changing interest rates may have unpredictable effects on markets, may result in heightened market volatility and may detract from our performance to the extent we are exposed to such interest rates and/or volatility. In periods of rising interest rates, such as the current interest rate environment, to the extent we borrow money subject to a floating interest rate, our cost of funds would increase, which could reduce our net investment income. Further, rising interest rates could also adversely affect our performance if such increases cause our borrowing costs to rise at a rate in excess of the rate that our investments yield. Further, rising interest rates could also adversely affect our performance if we hold investments with floating interest rates, subject to specified minimum interest rates (such as a SOFR floor), while at the same time engaging in borrowings subject to floating interest rates not subject to such minimums. In such a scenario, rising interest rates may increase our interest expense, even though our interest income from investments is not increasing in a corresponding manner as a result of such minimum interest rates.

If general interest rates rise, there is a risk that the portfolio companies in which we hold floating rate securities will be unable to pay escalating interest amounts, which could result in a default under their loan documents with us. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. In addition, rising interest rates may increase pressure on us to provide fixed rate loans to our portfolio companies, which could adversely affect our net investment income, as increases in our cost of borrowed funds would not be accompanied by increased interest income from such fixed-rate investments.

A change in the general level of interest rates can be expected to lead to a change in the interest rates we receive on many of our debt investments.

Overview

We are an internally-managed non-diversified closed-end management investment company that has elected to be regulated as a BDC under the 1940 Act. In addition, we have elected, and intend to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. Through December 31, 2020, we were an externally managed company. Since January 1, 2021, we have operated under our present internalized management structure.

We commenced operations and completed our initial public offering on January 20, 2011. Under our internalized management structure, our activities are managed by our senior professionals and are supervised by our board of directors, of which a majority of the members are independent of us.

The Company's investment objective is to generate current income and capital appreciation. The management team seeks to achieve this objective primarily through making loans, private equity or other investments in privately-held companies. The Company may also make debt, equity or other investments in publicly-traded companies. These investments may also include investments in other BDCs, closed-end funds or REITs. We may also pursue other strategic opportunities and invest in other assets or operate other businesses to achieve our investment objective, such as operating and managing an asset-based lending business. The portfolio generally consists of senior secured first lien term loans, senior secured second lien term loans, senior secured bonds, preferred equity and common equity. Occasionally, we will receive warrants or other equity participation features which we believe will have the potential to increase total investment returns. Our loan and other debt investments are primarily rated below investment grade or are unrated. Investments in below investment grade securities are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, we are only allowed to borrow money such that our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if, pursuant to the 1940 Act, certain requirements are met) after such borrowing, with certain limited exceptions. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements. In addition, to maintain our RIC tax treatment, we must timely distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, for the taxable year.

Revenues

We generate revenue in the form of interest income on the debt that we hold and dividends and capital gains, if any, on our equity investments that we may acquire in portfolio companies. We invest our assets primarily in privately held companies with enterprise or asset values between \$25 million and \$250 million and generally focus on investment sizes of \$10 million to \$50 million. We believe that pursuing opportunities of this size offers several benefits including reduced competition, a larger investment opportunity set and the ability to minimize the impact of financial intermediaries. We expect our debt investments to bear interest at either a fixed or floating rate. Interest on debt will be payable generally either monthly or quarterly. In some cases our debt investments may provide for a portion of the interest to be PIK. To the extent interest is PIK, it will be payable through the increase of the principal amount of the obligation by the amount of interest due on the then-outstanding aggregate principal amount of such obligation. The principal amount of the debt and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, structuring or diligence fees, fees for providing managerial assistance or investment management services and possibly consulting fees. Any such fees will be recognized as earned.

Expenses

Under our internally managed structure, we bear all costs and expenses of our operations and transactions, including those relating to:

- our organization and continued corporate existence;
- calculating our NAV (including the cost and expenses of any independent valuation firms);
- expenses, including travel expense, incurred by our professionals or payable to third parties performing due diligence on prospective portfolio companies, monitoring our investments and, if necessary, enforcing our rights;
- interest payable on debt, if any, incurred to finance our investments;
- the costs of all offerings of common shares and other securities, if any;
- operating costs associated with employing investment professionals and other staff;
- distributions on our shares;
- administration fees payable under our administration agreement;
- custodial fees related to our assets
- amounts payable to third parties relating to, or associated with, making investments;
- transfer agent and custodial fees;
- all registration and listing fees;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents with the SEC or other regulators;

- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- the operating lease of our office space;
- indemnification payments; and
- direct costs and expenses of administration, including audit and legal costs.

Long-Term Cash Incentive Plan

On May 9, 2022, the board of directors of the Company adopted the PhenixFIN 2022 Long-Term Cash Incentive Plan (the “CIP”) pursuant to the recommendation by the Compensation Committee of the board of directors. The CIP provides for performance-based cash awards to key employees of the Company, as approved by the Compensation Committee, based on the achievement of pre-established financial goals for the approved performance period. The performance goals may be expressed as one or a combination of net asset value of the Company, net asset value per share of the Company’s common stock, changes in the market price of shares of the Company’s common stock, individual performance metrics and/or such other goals and objectives the Committee considers relevant in connection with accomplishing the purposes of the CIP.

In connection with the approval of the CIP, the Compensation Committee in April 2022 approved awards for the three-year performance period commencing on October 1, 2021 and ending on September 30, 2024 (the “2022 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to 0%-200% of the target award set forth in the table below (“Target Performance Award”), based on the achievement of net asset value (“NAV”) and NAV per share goals (weighted at 30% and 70%, respectively) as of the end of the performance period (the “Performance Goals”). Performance is evaluated separately for each Performance Goal. No payment is made with respect to a Performance Goal if a threshold level of performance is not achieved. Each Performance Goal is subject to (i) a threshold level of performance at which a percentage of the Target Performance Award attributable to that Performance Goal may be paid and below which no payment is made pursuant to an award, (ii) a target level of performance at which 100% of the Target Performance Award attributable to that Performance Goal may be paid and (iii) a maximum level of performance, at which 200% of the Target Performance Award attributable to that Performance Goal may be paid, in each case subject to such other terms and conditions of an award. Between threshold, target and maximum performance levels for each Performance Goal, the portion of that award attributed to the Performance Goals shall be interpolated in a linear progression. On September 30, 2024, the performance cycle for the 2022 LTIP Plan ended. Based on achievement of the Performance Goals, Mr. Lorber received \$1,403,530 and Ms. McMillan received \$599,260 pursuant to the 2022 LTIP Plan awards (the “2022 Awards”).

In December 2022, pursuant to the CIP, the Compensation Committee approved awards for Mr. Lorber and Ms. McMillan for the three-year performance period commencing on October 1, 2022 and ending on September 30, 2025 (the “2023 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to a percentage of the target award amount set forth above based on the factors described above. The Compensation Committee, in approving the awards, evaluated each Performance Goal separately.

In December 2023, pursuant to the CIP, the Compensation Committee approved awards for Mr. Lorber and Ms. McMillan for the three-year performance period commencing on October 1, 2023 and ending on September 30, 2026 (the “2024 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to a percentage of their target award amount set forth above based on the factors described above. The Compensation Committee, in approving the awards, evaluated each Performance Goal separately.

In December 2024, pursuant to the CIP, the Compensation Committee approved awards for Mr. Lorber and Ms. McMillan for the three-year performance period commencing on October 1, 2024 and ending on September 30, 2027 (the “2025 LTIP Plan”). Each participant is eligible to receive an amount of cash equal to a percentage of their target award amount set forth above based on the factors described above. The threshold, target, and maximum performance levels are structured similar to those of the 2022 LTIP Plan. The Compensation Committee, in approving the awards, evaluated each Performance Goal separately.

The Target Performance Award for each executive officer for the 2022 LTIP Plan, 2023 LTIP Plan, and the 2024 LTIP Plan is set forth in the table below:

Name and Title	Dollar Value of Target Award
David Lorber, Chairman of the Board and Chief Executive Officer	\$ 890,000
Ellida McMillan, Chief Financial Officer	380,000

The Target Performance Award for the 2025 LTIP Plan for each of Mr. Lorber and Ms. McMillan is \$1,000,000 and \$425,000, respectively.

During the three and six months ended March 31, 2025, the Company recorded an expense of \$303,848 and \$630,168 respectively, for these awards. During the three and six months ended March 31, 2024, the Company recorded an expense of \$504,890 and \$809,690, respectively, for these awards.

Portfolio and Investment Activity

As of March 31, 2025 and September 30, 2024, our portfolio had a fair market value of approximately \$286.8 million and \$227.9 million, respectively.

During the six months ended March 31, 2025, we received proceeds from sale and settlements of investments of \$74.0 million, including principal proceeds, net realized gains on investments of \$0.1 million and invested \$132.9 million.

During the six months ended March 31, 2024, we received proceeds from sale and settlements of investments of \$45.6 million, including principal and dividend proceeds, realized net losses on investments of \$1.6 million, and invested \$30.8 million.

The following table summarizes the amortized cost and the fair value of our average portfolio company (dollars in thousands):

	March 31, 2025		September 30, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Average portfolio company	\$ 8,662	\$ 7,753	\$ 6,209	\$ 5,427
Largest portfolio company by amortized cost and fair value, respectively	52,853	48,397	48,553	36,683

The following table summarizes the amortized cost and the fair value of investments as of March 31, 2025 (dollars in thousands):

	Amortized Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	\$ 133,693	41.8%	117,838	41.0%
Senior Secured Notes	12,914	4.0	13,099	4.6
Fund Investment	1,746	0.5	1,600	0.6
Equity/Warrants	172,132	53.7	154,306	53.8
Total Investments	\$ 320,485	100.0%	\$ 286,843	100.0%

The following table summarizes the amortized cost and the fair value of investments as of September 30, 2024 (dollars in thousands):

	Amortized		Fair Value	
	Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	\$ 129,957	49.8%	\$ 113,990	50.0%
Senior Secured Notes	18,127	7.0	18,476	8.1
Fund Investment	1,746	0.7	1,525	0.7
Equity/Warrants	110,930	42.5	93,925	41.2
Total Investments	\$ 260,760	100.0%	\$ 227,916	100.0%

As of March 31, 2025, our income-bearing investment portfolio based upon cost represented 66.6% of our total portfolio of which 56.3% bore interest based on floating rates, such as SOFR, 18.1% bore interest at fixed rates, and 25.6% are income-producing equity investments. As of September 30, 2024, our income-bearing investment portfolio based upon cost represented 84.5% of our total portfolio of which 57.9% bore interest based on floating rates, such as LIBOR or SOFR, 17.0% bore interest at fixed rates, and 25.1% are income-producing equity investments. As of March 31, 2025, the Company had a weighted average yield of 11.8% on debt and other income producing investments. As of September 30, 2024, the Company had a weighted average yield of 12.3% on debt and other income producing investments. The weighted average yield of our total portfolio does not represent the total return to our stockholders.

We rate the risk profile of each of our investments based on the following categories:

Credit Rating	Definition
1	Investments that are performing above expectations.
2	Investments that are performing within expectations, with risks that are neutral or favorable compared to risks at the time of origination. All new loans are rated '2'.
3	Investments that are performing below expectations and that require closer monitoring, but where no loss of interest, dividend or principal is expected. Companies rated '3' may be out of compliance with financial covenants, however, loan payments are generally not past due.
4	Investments that are performing below expectations and for which risk has increased materially since origination. Some loss of interest or dividend is expected but no loss of principal. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due).
5	Investments that are performing substantially below expectations and whose risks have increased substantially since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Some loss of principal is expected.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of March 31, 2025 and September 30, 2024 (dollars in thousands):

	March 31, 2025		September 30, 2024	
	Fair Value	Percentage	Fair Value	Percentage
1	\$ -	0.0%	\$ -	0.0%
2	259,152	90.3%	200,162	87.8%
3	26,257	9.2%	8,835	3.9%
4	-	0.0%	16,520	7.2%
5	1,434	0.5%	2,399	1.1%
Total	\$ 286,843	100.0%	\$ 227,916	100.0%

Results of Operations

Operating results for three and six months ended March 31, 2025 and 2024 are as follows (dollars in thousands):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2025	2024	2025	2024
Total investment income	\$ 6,019	\$ 4,659	\$ 12,236	\$ 10,381
Less: Net expenses	5,053	4,088	9,644	8,101
Net investment income/(loss)	966	571	2,592	2,280
Net realized gains (losses) on investments	(1,065)	(1,791)	104	(1,561)
Net change in unrealized gains (losses) on investments	(467)	6,592	(798)	9,187
Deferred tax benefit (expense)	(330)	-	(330)	-
Net increase (decrease) in net assets resulting from operations	\$ (896)	\$ 5,372	\$ 1,568	\$ 9,906

Investment Income

For the three months ended March 31, 2025, investment income totaled \$6.0 million, of which \$3.9 million was attributable to portfolio interest, approximately \$2.1 million was attributable to dividend income, \$0.0 million was attributable to fee and other income, and \$0.0 million was attributable to interest on cash and cash equivalents. For the six months ended March 31, 2025, investment income totaled \$12.2 million, of which \$7.8 million was attributable to portfolio interest, approximately \$4.2 million was attributable to dividend income, \$0.1 million was attributable to fee and other income, and \$0.1 million was attributable to interest on cash and cash equivalents. Dividend income was received from eight investments during the six months ended March 31, 2025.

For the three months ended March 31, 2024, investment income totaled \$4.7 million, of which \$2.7 million was attributable to portfolio interest, approximately \$1.7 million was attributable to dividend income, \$0.1 million was attributable to fee and other income, and \$0.2 million was attributable to interest on cash and cash equivalents. For the six months ended March 31, 2024, investment income totaled \$10.4 million, of which \$6.4 million was attributable to portfolio interest, approximately \$3.7 million was attributable to dividend income, \$0.1 million was attributable to fee and other income, and \$0.2 million was attributable to interest on cash and cash equivalents. Dividend income was received from eight investments during the six months ended March 31, 2024.

Operating Expenses

Operating expenses for the three and six months ended March 31, 2025 and 2024 are as follows (dollars in thousands):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2025	2024	2025	2024
Interest and financing expenses	\$ 2,579	\$ 1,567	\$ 5,125	\$ 3,109
Salaries and benefits	1,185	1,524	2,214	2,950
Professional fees, net	578	343	996	701
Directors fees	204	188	408	375
Administrator expenses	113	58	197	135
Insurance expenses	86	97	175	194
General and administrative	308	311	529	636
Total Expenses	\$ 5,053	\$ 4,088	\$ 9,644	\$ 8,100

For the three months ended March 31, 2025, total operating expenses increased by \$1.0 million, or 23.6% compared to the three months ended March 31, 2024. For the six months ended March 31, 2025, total operating expenses increased by \$1.5 million, or 19.1% compared to the six months ended March 31, 2024.

Interest and Financing Expenses

Interest and financing expenses for the three months ended March 31, 2025 increased by \$1.0 million, or 64.6% compared to the three months ended March 31, 2024. Interest and financing expenses for the six months ended March 31, 2025 increased by \$2.0 million, or 64.8% compared to the six months ended March 31, 2024. The increase in interest and financing expenses for the three and six months ended March 31, 2025 was primarily due to increased borrowings on the Credit Facility.

Professional Fees and General and Administrative Expenses

Professional fees and general and administrative expenses for the three months ended March 31, 2025 increased by \$0.2 million, or 35.5% compared to the three months ended March 31, 2024. Professional fees and general and administrative expenses for the six months ended March 31, 2025 decreased by \$0.2 million, or 14.1% compared to the six months ended March 31, 2024.

Net Realized Gains/Losses from Investments

We measure realized gains or losses by the difference between the net proceeds from the disposition and the amortized cost basis of an investment, without regard to unrealized gains or losses previously recognized.

During the three months ended March 31, 2025, we recognized \$1.1 million of realized losses on our portfolio investments. During the six months ended March 31, 2025, we recognized \$0.1 of realized gain on our portfolio investments. The realized losses for the three months ended March 31, 2025 were due to the realized loss of \$1.9 million on Point.360, offset by realized gains on Altisource S.A.R.L., CB&L Associates Holdco I, LLC, and All Around Roustabout, LLC of \$0.7 million. The realized gains for six months ended were primarily due to a realized gain on PHH Mortgage Corp. for \$0.8 million, a realized gain on Chimera Investment Corp for \$0.3 million, and realized gains on Altisource S.A.R.L., CB&L Associates Holdco I, LLC, and All Around Roustabout, LLC of \$0.7 million, offset by a realized loss of \$1.9 million on Point.360.

During the three and six months ended March 31, 2024, we recognized \$1.8 million and \$1.6 of realized losses, respectively on our portfolio investments. The realized losses were primarily due to the sale of 1888 Industrial Services for \$8.8 million offset by realized gain on Maritime Wireless Holdings for \$7.0 million.

Net Unrealized Appreciation/Depreciation on Investments

Net change in unrealized appreciation or depreciation on investments reflects the net change in the fair value of our investment portfolio.

For the three months ended March 31, 2025, we had (\$0.5) million of net unrealized depreciation on investments. The net unrealized depreciation resulted from unrealized depreciation on JFL-NGS-WCS Partners, LLC for \$0.9 million, NVTN LLC for \$0.9 million, ECC Capital Corp. for \$0.4 million, and Staples, Inc. for \$0.3 million, offset by the reversal of the unrealized loss on Point.360 for \$2.1 million.

For the six months ended March 31, 2025, we had \$(0.8) million of net unrealized depreciation on investments. The net unrealized depreciation resulted from unrealized depreciation on NVTN LLC of \$1.1 million, Black Angus Steakhouses, LLC for \$1.0 million, and NSG Captive Inc. for \$0.8 million, offset by the reversal of the unrealized loss on Point.360 for \$2.1 million.

For the three months ended March 31, 2024, we had \$6.6 million of net unrealized appreciation on investments. The net unrealized appreciation resulted from the reversal of the realized loss on 1888 Industrial Services and unrealized appreciation primarily on Kemmerer Operations LLC, FST Holdings Parent LLC, and PHH Mortgage Corporation, offset by the reversal of the unrealized gain on Maritime Wireless Holdings.

For the six months ended March 31, 2024, we had \$9.2 million of net unrealized appreciation on investments. The net unrealized appreciation resulted from the reversal of the realized loss on 1888 Industrial Services and unrealized appreciation primarily on Kemmerer Operations LLC, Chimera Investment Corporation, FST Holdings Parent LLC, NVTN LLC, and PHH Mortgage Corporation, offset by the reversal of the unrealized gain on Maritime Wireless Holdings.

Provision for Deferred Taxes

Certain consolidated subsidiaries of ours are subject to U.S. federal and state income taxes. These taxable subsidiaries are not consolidated with the Company for income tax purposes, but are consolidated for GAAP purposes, and may generate income tax liabilities or assets from temporary differences in the recognition of items for financial reporting and income tax purposes at the subsidiaries. For the three and six months ended March 31, 2025, the Company recorded a change in provision for deferred taxes, net, on the unrealized (appreciation)/depreciation on investments in the amount of \$(329,636). For the three and six months ended 2024, the Company did not record a change in provision for deferred taxes.

Changes in Net Assets from Operations

For the three months ended March 31, 2025, we recorded a net decrease in net assets resulting from operations of \$(0.9) million compared to a net increase in net assets resulting from operations of \$5.4 million for the three months ended March 31, 2024. Based on 2,019,778 and 2,048,622 weighted average common shares outstanding for the three months ended March 31, 2025 and 2024, respectively, our per share net increase/(decrease) in net assets resulting from operations was \$(0.44) for the three months ended March 31, 2025 and \$2.62 for the three months ended March 31, 2024.

For the six months ended March 31, 2025, we recorded a net increase in net assets resulting from operations of \$1.6 million compared to a net increase in net assets resulting from operations of \$9.9 million for the six months ended March 31, 2024. Based on 2,019,778 and 2,060,723 weighted average common shares outstanding for the six months ended March 31, 2025 and 2024, respectively, our per share net increase in net assets resulting from operations was \$0.78 for the six months ended March 31, 2025 and \$4.81 for the six months ended March 31, 2024.

Financial Condition, Liquidity and Capital Resources

As a RIC, we distribute substantially all of our net income to our stockholders and have an ongoing need to raise additional capital for investment purposes. To fund growth, we have a number of alternatives available to increase capital, including raising equity, increasing debt, and funding from operational cash flow.

Our liquidity and capital resources historically have been generated primarily from the net proceeds of public offerings of common stock, advances from the Credit Facility and net proceeds from the issuance of notes as well as cash flows from operations. In the future, we may generate cash from future offerings of securities, future borrowings and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. Our primary use of funds is investments in our targeted asset classes, cash distributions to our stockholders, and other general corporate purposes.

As of March 31, 2025 and September 30, 2024, we had \$8.7 million and \$67.6 million, respectively, in cash and cash equivalents.

In order to maintain our RIC tax treatment under the Code, we intend to distribute to our stockholders substantially all of our taxable income, but we may also elect to periodically spill over certain excess undistributed taxable income from one tax year into the next tax year. In addition, as a BDC, for each taxable year we generally are required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200% (or 150% if, pursuant to the 1940 Act, certain requirements are met). This requirement limits the amount that we may borrow.

On January 11, 2021, the Company announced that its board of directors approved a share repurchase program. On February 9, 2022, the Board of Directors approved the expansion of the amount authorized for repurchase under the Company's share repurchase program from \$15 million to \$25 million. On February 8, 2023, the Board of Directors approved the further expansion of the amount authorized for repurchase under the Company's share repurchase program from \$25 million to \$35 million. Under the share repurchase program, the Company repurchased an aggregate of 703,931 shares of common stock through March 31, 2025, or 25.8% of shares outstanding as of the program's inception, with a total cost of \$28.1 million. The total remaining amount authorized under the expanded share repurchase program at March 31, 2025 was approximately \$6.9 million.

Credit Facility

On December 15, 2022, the Company and its wholly-owned subsidiaries executed a three-year, \$50 million revolving credit facility (the "Credit Facility") with WoodForest Bank, N.A. ("WoodForest"), Valley National Bank, and Axiom Bank, (collectively, the "Lenders"). WoodForest is the administrative agent, sole bookrunner and sole lead arranger. The Credit Facility has a maturity date of December 15, 2025. As of March 31, 2025, there was \$79.6 million outstanding borrowings by the Company under the Credit Facility.

Outstanding loans under the Credit Facility bear a monthly interest rate at Term SOFR + 2.90%. The Company is also subject to a commitment fee of 0.25%, which shall accrue on the actual daily amount of the undrawn portion of the revolving credit. The Credit Facility contains customary representations and warranties and affirmative and negative covenants. The Credit Facility contains customary events of default for credit facilities of this type, including (without limitation): nonpayment of principal, interest, fees or other amounts after a stated grace period; inaccuracy of material representations and warranties; change of control; violations of covenants, subject in certain cases to stated cure periods; and certain bankruptcies and liquidations. If an event of default occurs and is continuing, the Company may be required to repay all amounts outstanding under the Credit Facility.

On February 21, 2024 (the “First Amendment Effective Date”), in order to increase the size of the Credit Facility, the parties to the Credit Facility amended the terms of the Credit Facility, effective as of the First Amendment Effective Date (the “First Amendment”). The First Amendment increased the principal amount of loan available under the Credit Facility by \$12.5 million to \$62.5 million. All other material terms of the Credit Facility remain unchanged.

On August 5, 2024 (the “Second Amendment Effective Date”), in order to increase the size of the Credit Facility, the parties to the Credit Facility amended the Credit Facility, effective as of the Second Amendment Effective Date (the “Second Amendment”). The Second Amendment increased the principal amount of loan available under the Credit Facility by \$25 million to \$87.5 million. All other material terms of the Credit Facility remain unchanged.

Unsecured Notes

2028 Notes

On November 9, 2021, the Company entered into an underwriting agreement, by and between the Company and Oppenheimer & Co. Inc., as representative of the several underwriters named in Exhibit A thereto, in connection with the issuance and sale (the “Offering”) of \$57,500,000 (including the underwriters’ option to purchase up to \$7,500,000 aggregate principal amount) in aggregate principal amount of its 5.25% Notes due 2028 (the “2028 Notes”). The Offering occurred on November 15, 2021, pursuant to the Company’s effective shelf registration statement on Form N-2 previously filed with the SEC, as supplemented by a preliminary prospectus supplement dated November 8, 2021, the pricing term sheet dated November 9, 2021 and a final prospectus supplement dated November 9, 2021. Effective November 16, 2021, the 2028 Notes began trading on the NASDAQ Global Market under the trading symbol “PFXNZ.”

On November 15, 2021, the Company and U.S. Bank National Association, as trustee entered into a Fourth Supplemental Indenture to its base Indenture, dated February 7, 2012, between the Company and the Trustee. The Fourth Supplemental Indenture relates to the Offering of the 2028 Notes.

2028 Promissory Note

On May 2, 2024, the Company issued a 5.25% note due November 1, 2028 in the principal amount of \$1,661,498 to National Security Insurance Company (the “2028 Promissory Note”). The financial terms of the note are substantially the same as the 2028 Notes.

Contractual Obligations and Off-Balance Sheet Arrangements

As of March 31, 2025 and September 30, 2024, we had commitments under loan and financing agreements to fund up to \$3.6 million to four portfolio companies and \$1.6 million to two portfolio companies, respectively. These commitments are primarily composed of senior secured term loans and revolving, and the determination of their fair value is included in the Consolidated Schedule of Investments. The commitments are generally subject to the borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. The terms of the borrowings and financings subject to commitment are comparable to the terms of other loan and equity securities in our portfolio. A summary of the composition of the unfunded commitments as of March 31, 2025 and September 30, 2024 is shown in the table below (dollars in thousands):

	March 31, 2025	September 30, 2024
MB Precision Investment Holdings LLC – Senior Secured First Lien Revolver	\$ 572	\$ -
SS Acquisition, LLC (dba Soccer Shots Franchising) - Revolver	1,429	-
XYZ Roofco, LLC (dba SMC Roofing Solutions LLC) - First Out Delayed Draw Term Loan	57	57
XYZ Roofco, LLC (dba SMC Roofing Solutions LLC) - Last Out Delayed Draw Term Loan	246	246
Tamarix Capital Partners II, L.P. - Fund Investment	1,313	1,313
Total unfunded commitments	<u>\$ 3,617</u>	<u>\$ 1,616</u>

On October 1, 2024, the Company consummated the acquisition of approximately 80% of the equity of The National Security Group, an Alabama based insurance holding company (“NSG”). NSG is a nationwide underwriter of life, accident, and health insurance. In addition, NSG is a specialty underwriter of property and casualty insurance throughout the southeast, other than Florida and Louisiana. The Company has entered into a contract with NSG to manage a portion of its investment assets.

The following table shows our payment obligations by calendar year for repayment of debt and other contractual obligations at March 31, 2025 (dollars in thousands):

	Payments Due by Period				
	2025	2026	2027	Thereafter	Total
Revolving Credit Facility	\$ (84,000,000)	\$ -	\$ -	\$ -	\$ (84,000,000)
2028 Notes	-	-	-	(57,500,000)	(57,500,000)
2028 Promissory Note	-	-	-	(1,661,498)	(1,661,498)
Operating Lease Obligation ⁽¹⁾	(120,711)	(148,972)	-	-	(269,683)
Total contractual obligations	\$ (84,120,711)	\$ (148,972)	\$ -	\$ (59,161,498)	\$ (143,431,181)

(1) Operating Lease Obligation means a rent payment obligation under a lease classified as an operating lease and disclosed pursuant to ASC 842, as may be modified or supplemented. On December 18, 2024, the Company amended the terms of the lease, contingent on certain events, extending the lease term until August 31, 2035, with a right to terminate on the 36th and 60th month anniversaries of September 1, 2025, as well as any time on or after the 84th month anniversary of September 1, 2025.

Distributions

We have elected, and intend to continue to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. As a RIC, in any taxable year with respect to which we timely distribute at least 90 percent of the sum of our (i) investment company taxable income (which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses) determined without regard to the deduction for dividends paid and (ii) net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions), we (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gains that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income, but we may also elect to periodically spill over certain excess undistributed taxable income from one tax year to the next tax year. To the extent that we retain our net capital gains or any investment company taxable income, we will be subject to U.S. federal income tax. We may choose to retain our net capital gains or any investment company taxable income, and pay the associated federal corporate income tax or excise tax, described below.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% U.S. federal excise tax payable by us. To avoid this tax, we must distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

- 1) at least 98.0% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;
- 2) at least 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period ending on October 31st of the calendar year; and
- 3) income realized, but not distributed, in preceding years and on which we did not pay federal income tax.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% U.S. federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

To the extent our taxable earnings fall below the total amount of our distributions for a taxable year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Stockholders should read any written disclosure accompanying a distribution carefully and should not assume that the source of any distribution is our ordinary income or gains.

We have adopted an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, each stockholder that has not “opted out” of our dividend reinvestment plan will have their dividends automatically reinvested in additional shares of our common stock rather than receiving cash dividends. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash distributions.

On May 9, 2024, the Board of Directors declared a special dividend in the amount of \$2,645,925. This dividend was paid on June 10, 2024 to stockholders of record as of May 27, 2024. On February 6, 2025, the Board of Directors declared a special dividend in the amount of \$2,888,283 for a record date of February 17, 2025 and payable on February 19, 2025.

Related Party Transactions

We have adopted a formal business code of conduct and ethics that governs the conduct of our CEO, CFO, chief accounting officer (which role is currently fulfilled by our CFO) and controller (Covered Officers). Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Delaware General Corporation Law. Our Code of Business Conduct and Ethics requires that all Covered Officers promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between an individual’s personal and professional relationships. Pursuant to our Code of Business Conduct and Ethics, each Covered Officer must disclose to the Company’s CCO any conflicts of interest, or actions or relationships that might give rise to a conflict. Any approvals or waivers under our Code of Business Conduct and Ethics must be considered by the disinterested directors. During the year ended September 30, 2024, the Company entered into a related party transaction with NVTN LLC whereby the \$11.9 million of equity of Maritime Wireless Holdings LLC was transferred to NVTN LLC.

Pledge and Security Agreement

In connection with the Credit Facility discussed in Note 5, the Company has entered into a Pledge and Security Agreement with the Lenders pursuant to which the Company and its wholly owned subsidiaries have pledged all their assets, including the cash and securities held in the Company’s custodial account with Computershare Trust Company, N.A., as collateral for any borrowings made by the Company pursuant to the Credit Agreement. The Lenders have the typical rights and remedies of a secured lender under the Uniform Commercial Code, including the right to foreclose on the collateral pledged by the Company.

On February 21, 2024, the Pledge and Security Agreement was amended to (i) release and terminate the security interest in the equity interest of FlexFIN, LLC, pledged by PhenixFIN Investment Holdings LLC, (ii) grant a security interest in the membership interest of FlexFIN Holdco LLC, pledged by PhenixFIN Investment Holdings LLC, and (iii) reflect equity interests of certain subsidiaries held by the Company and its subsidiary in the exhibits.

On August 5, 2024, the Pledge and Security Agreement was further amended to join an additional subsidiary of the Company as a Guarantor and grant a security interest in the equity interest of such additional subsidiary.

On September 30, 2024, the Pledge and Security Agreement was further amended to exclude assets owned by excluded subsidiaries from the collateral package and reflect the equity interest of an additional subsidiary of the Company in the exhibits.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

Valuation of Portfolio Investments

The Company follows ASC 820 for measuring the fair value of portfolio investments. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity. The Company's fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. Investments which are valued using NAV as a practical expedient are excluded from this hierarchy, and certain prior period amounts have been reclassified to conform to the current period presentation. The three levels are defined below:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

We value investments for which market quotations are readily available at their market quotations, which are generally obtained from an independent pricing service or multiple broker-dealers or market makers. We weight the use of third-party broker quotes, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer. However, a readily available market value is not expected to exist for many of the investments in our portfolio, and we value these portfolio investments at fair value as determined in good faith by our board of directors under our valuation policy and process. We may seek pricing information with respect to certain of our investments from pricing services or brokers or dealers in order to value such investments.

Valuation methods may include comparisons of financial ratios of the portfolio companies that issued such private equity securities to peer companies that are public, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we will consider the pricing indicated by the external event to corroborate the private equity valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act, which permits a BDC's board of directors to designate its executive officer(s) as a valuation designee to determine the fair value of its investment portfolio, subject to the oversight of the board. The Board has approved policies and procedures pursuant to Rule 2a-5 and has designated Ellida McMillan, the Company's CFO, to serve as the Board's valuation designee ("Valuation Designee"), subject to the Board's oversight, effective September 8, 2022.

With respect to investments for which market quotations are not readily available, our board oversees and our Valuation Designee undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process generally begins with each portfolio investment being initially valued by a Valuation Firm;
- Available third-party market data will be reviewed by Company personnel designated by the Valuation Designee ("Fair Value Personnel") and the Valuation Firm.

- Available portfolio company data and general industry data are then reviewed by the Fair Value Personnel.
- Preliminary valuation conclusions are then documented and discussed with the Fair Value Personnel.
- The Valuation Designee then determines the fair value of each investment in the Company's portfolio in good faith based on such discussions, the Company's Valuation Policy and the Valuation Firms' final estimated valuations.
- The Valuation Designee's report is then presented to the Board of Directors and the Audit Committee.

In following these approaches, the types of factors that are taken into account in fair value pricing investments include available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; the nature and realizable value of any collateral; the portfolio company's ability to make payments; the portfolio company's earnings and discounted cash flows; the markets in which the portfolio company does business; comparisons of financial ratios of peer companies that are public; comparable merger and acquisition transactions; and the principal market and enterprise values.

Determination of fair values involves subjective judgments and estimates made by management. The notes to our consolidated financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

Revenue Recognition

Our revenue recognition policies are as follows:

Investments and Related Investment Income: We account for investment transactions on a trade-date basis and interest income, adjusted for amortization of premiums and accretion of discounts, is recorded on an accrual basis. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. Origination, closing and/or commitment fees associated with investments in portfolio companies are recognized as income when the investment transaction closes. Other fees are capitalized as deferred revenue and recorded into income over the respective period. Prepayment penalties received by the Company for debt instruments paid back to the Company prior to the maturity date are recorded as income upon receipt. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the amortized cost basis of investment, without regard to unrealized gains or losses previously recognized. We report changes in the fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation/(depreciation) on investments in our Consolidated Statements of Operations.

Non-accrual: We place loans on non-accrual status when principal and interest payments are past due by 90 days or more, or when there is reasonable doubt that we will collect principal or interest. Accrued interest is generally reversed when a loan is placed on non-accrual. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in our management's judgment, are likely to remain current. At March 31, 2025, certain investments in two portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately \$1.4 million, or 0.5% of the fair value of our portfolio. At September 30, 2024, certain investments in three portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately \$2.4 million, or 1.1% of the fair value of our portfolio.

Federal Income Taxes

The Company has elected, and intends to continue to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code and it intends to operate in a manner so as to maintain its RIC tax treatment. To do so, among other things, the Company is required to meet certain source of income and asset diversification requirements and must timely distribute to its stockholders at least 90% of the sum of investment company taxable income (“ICTI”) including PIK, as defined by the Code, and net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) for each taxable year. The Company will be subject to a nondeductible U.S. federal excise tax of 4% on undistributed income if it does not distribute at least 98% of its net ordinary income for any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31 of such calendar year and any income realized, but not distributed, in preceding years and on which it did not pay federal income tax. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year dividend distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions for excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

Because federal income tax requirements differ from GAAP, distributions in accordance with tax requirements may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the consolidated financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

Recent Developments

On April 17, 2025 (the “Third Amendment Effective Date”), in order to extend the term and increase the size of the Credit Facility, the parties to the Credit Facility amended the terms of the Credit Facility, effective as of the Third Amendment Effective Date (the “Third Amendment”). The Third Amendment increased the principal amount of the loan available under the Credit Facility by \$12.5 million to \$100.0 million (with potential access to up to an additional \$50,000,000 pursuant to an uncommitted accordion provision) and appointed BankUnited, N.A. to assume all agency and syndication responsibilities from the prior agent and lenders. Outstanding loans under the terms of the Amendment will bear a monthly interest rate ranging from ABR + 1.35% to ABR + 1.75% for any alternative base rate loans and from Term SOFR + 2.35% to Term SOFR + 2.75% for any term benchmark loans based on the total debt to tangible net worth ratio. The Amendment also extended the term of the credit facility to April 17, 2030, five years from the Effective Date. Other material terms remain substantially unchanged.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments and cash and cash equivalents. Our investment income will be affected by changes in various interest rates, including SOFR, to the extent our debt investments include floating interest rates. In the future, we expect other loans in our portfolio will have floating interest rates. In 2023, the Federal Reserve raised short-term interest rates and has indicated additional interest rate increases may come. In addition, U.S. and global capital markets and credit markets have experienced a higher level of stress due to the higher interest rate environment, pandemics, and other market events, which has resulted in an increase in the level of volatility across such markets. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. For the six months ended March 31, 2025 and the year ended September 30, 2024, we did not engage in hedging activities.

As of March 31, 2025, 51.6% of our income-bearing investment portfolio bore interest based on floating rates based upon fair value. The substantial majority of this component of our portfolio bore interest based on a SOFR reference rate. A prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in the applicable reference rates are not offset by a corresponding increase in the spread over the reference rates that we earn on any portfolio investments, a decrease in our operating expenses, including with respect to any income incentive fee, or a decrease in the interest rate of our floating interest rate liabilities tied to reference rates. In contrast, a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to any variable rate investments we hold and to declines in the value of any fixed rate investments we hold. In addition, a rise in interest rates may increase the likelihood that a portfolio company defaults on a loan. However, many of our variable rate investments provide for an interest rate floor, which may prevent our interest income from increasing until benchmark interest rates increase beyond a threshold amount. The composition of our floating rate debt investments by cash interest rate floor as of March 31, 2025 was as follows (dollars in thousands):

SOFR Floor	March 31, 2025	
	Fair Value	% of Floating Rate Portfolio
Under 1%	\$ 14,239	13.7%
1% to under 2%	38,758	37.2
2% to under 3%	2,627	2.5
3% to under 4%	-	-
4% to under 5%	7,207	6.9
No Floor	41,268	39.7
Total	\$ 104,099	100.0%

Based on our Consolidated Statements of Assets and Liabilities as of March 31, 2025, the following table (dollars in thousands) shows the approximate increase/(decrease) in components of net assets resulting from operations of hypothetical SOFR base rate changes in interest rates, assuming no changes in our investment and capital structure.

Change in Interest Rates	Interest Income⁽¹⁾	Interest Expense	Net Increase/ (Decrease)
Up 300 basis points	\$ 4,200	\$ (2,400)	\$ 1,800
Up 200 basis points	2,800	(1,600)	1,200
Up 100 basis points	1,400	(800)	600
Down 100 basis points	(1,400)	800	(600)
Down 200 basis points	(2,800)	1,600	(1,200)
Down 300 basis points	(4,200)	2,400	(1,800)

(1) Assumes no defaults or prepayments by portfolio companies over the next twelve months.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2025. The term “disclosure controls and procedures” is defined under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as amended. Based on the evaluation of our disclosure controls and procedures as of March 31, 2025, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings, lawsuits and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us. We are not currently party to any material legal proceedings.

Item 1A. Risk Factors

In addition to other information set forth in this report, you should carefully consider the “Risk Factors” discussed in our annual report on Form 10-K for the fiscal year ended September 30, 2024, filed with the SEC on December 17, 2024, which could materially affect our business, financial condition and/or operating results. Other than the items disclosed below, there have been no material changes during the six months ended March 31, 2025 to the risk factors discussed in “Item 1A. Risk Factors” of our annual report on Form 10-K. Additional risks or uncertainties not currently known to us or that we currently deem to be immaterial also may materially affect our business, financial condition and/or operating results.

As of March 31, 2025, 16.1% of our total assets were invested in NSG, our insurance business.

This significant exposure subjects our Company to various risks associated with such business (which are identified in “Risks of the Insurance Business” under Item 1A in our annual report on Form 10-K for the fiscal year ended September 30, 2024) to a much greater extent than companies not similarly concentrated.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

- 3.1 [Certificate of Incorporation \(Incorporated by reference to Exhibit 99.A.3 to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-166491\), filed on November 23, 2010\).](#)
- 3.2 [Certificate of Amendment to the Certificate of Incorporation \(Incorporated by reference to the Current Report on Form 8-K filed on July 13, 2020\).](#)
- 3.3 [Certificate of Amendment to Certificate of Incorporation \(Incorporated by reference to the Current Report on Form 8-K filed December 28, 2020\).](#)
- 3.4 [Form of Bylaws \(Incorporated by reference to Exhibit 99.B.3 to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-166491\), filed on November 23, 2010\).](#)
- 3.5 [Amendment No. 1 to Bylaws \(Incorporated by reference to the Current Report on Form 8-K filed February 7, 2019\).](#)
- 3.6 [Amendment No. 2 to Bylaws \(Incorporated by reference to the Current Report on Form 8-K filed December 28, 2020\).](#)
- 3.7 [Amendment No. 3 to the Bylaws \(Incorporated by reference to the Current Report on Form 8-K filed February 16, 2021\).](#)
- 4.1 [Form of Stock Certificate \(Incorporated by reference to Exhibit 99.D to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-166491\), filed on November 23, 2010\).](#)
- 4.2 [Indenture, dated February 7, 2012, between Medley Capital Corporation and U.S. Bank National Association, as Trustee \(Incorporated by reference to Exhibit 99.D.2 to the Registrant's Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 \(File No. 333-179237\), filed on February 13, 2012\).](#)
- 4.3 [First Supplemental Indenture, dated March 21, 2012, between Medley Capital Corporation and U.S. Bank National Association, as Trustee \(Incorporated by reference to Exhibit 99.D.4 to the Registrant's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 \(File No. 333-179237\), filed on March 21, 2012\).](#)
- 4.4 [Second Supplemental Indenture, dated March 18, 2013, between Medley Capital Corporation and U.S. Bank National Association, as Trustee \(Incorporated by reference to Exhibit 99.D.4 to the Registrant's Post-Effective Amendment No. 7 to the Registration Statement on Form N-2 \(File No. 333-179237\), filed on March 15, 2013\).](#)
- 4.5 [Third Supplemental Indenture, dated December 17, 2015, between Medley Capital Corporation and U.S. Bank National Association, as Trustee \(Incorporated by reference to Exhibit 99.D.6 to the Registrant's Post-Effective Amendment No. 11 to the Registration Statement on Form N-2 \(File No. 333-187324\), filed December 17, 2015\).](#)
- 4.6 [Fourth Supplemental Indenture, dated November 15, 2021, between PhenixFIN Corporation and U.S. Bank National Association, as Trustee \(Incorporated by reference to the Current Report on Form 8-K filed November 15, 2021\).](#)
- 4.7 [Description of PhenixFIN Corporation's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 \(Incorporated by reference to the Registrant's Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 \(File No. 333-258913\), filed on October 15, 2021\).](#)

- 10.1 [Form of Custody Agreement \(Incorporated by reference to Exhibit 99.J.1 to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-166491\), filed on November 23, 2010\).](#)
- 10.2 [Form of Dividend Reinvestment Plan \(Incorporated by reference to Exhibit 99.E to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-166491\), filed on November 23, 2010\).](#)
- 10.3 [Settlement Term Sheet, dated April 15, 2019 \(Incorporated by reference to the Current Report on Form 8-K, filed on April 17, 2019\).](#)
- 10.4 [Stipulation of Settlement, dated July 29, 2019, by and among Medley Capital Corporation, Brook Taube, Seth Taube, Jeff Tonkel, Mark Lerdal, Karin Hirtler-Garvey, John E. Mack, Arthur S. Ainsberg, Medley Management Inc., MCC Advisors LLC, Medley LLC and Medley Group LLC, on the one hand, and FrontFour Capital Group LLC and FrontFour Master Fund, Ltd., on behalf of themselves and a class of similarly situated stockholders of Medley Capital Corporation, on the other hand, in connection with the action styled In re Medley Capital Corporation Stockholder Litigation, Cons. C.A. No. 2019-0100-KSJM \(Incorporated by reference to the Current Report on Form 8-K, filed on August 2, 2019\).](#)
- 10.5 [Governance Agreement, dated July 29, 2019, by and among, Medley Capital Corporation, on the one hand, and FrontFour Capital Group LLC, FrontFour Master Fund, Ltd., FrontFour Capital Corp., FrontFour Opportunity Fund, David A. Lorber, Stephen E. Loukas and Zachary R. George, on the other hand \(Incorporated by reference to the Current Report on Form 8-K, filed on August 2, 2019\).](#)
- 10.6 [Standstill Agreement, dated as of August 19, 2020, by and between the Medley Capital Corporation and Howard Amster and the other persons and entities identified therein \(Incorporated by reference to the Current Report on Form 8-K filed on August 21, 2020\).](#)
- 10.7 [Fund Accounting Servicing Agreement, dated November 19, 2020, by and between Medley Capital Corporation and U.S. Bancorp Fund Services, LLC \(Incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K filed on December 11, 2020\).](#)
- 10.8 [Administration Servicing Agreement, dated November 19, 2020, by and between Medley Capital Corporation and U.S. Bancorp Fund Services, LLC \(Incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K filed on December 11, 2020\).](#)
- 10.9 [PhenixFIN Long Term Cash Incentive Plan \(Incorporated by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q filed on May 9, 2022\).](#)
- 10.10 [First Amendment to the PhenixFIN Long Term Cash Incentive Plan. \(Incorporated by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q filed on February 9, 2023\).](#)

10.11	Form of Award Agreement (Incorporated by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q filed on May 9, 2022).
10.12	Credit Agreement, dated December 15, 2022, between PhenixFIN Corporation and Woodforest National Bank, as Administrative Agent. (Incorporated by reference to Exhibit 10.11 to the Annual Report on Form 10-K filed December 16, 2022).
10.13	First Amendment to Credit Agreement and Consent, dated February 21, 2024, between PhenixFIN Corporation and Woodforest National Bank, as Administrative Agent (Incorporated by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q filed on May 10, 2024).
10.14	Second Amendment to Credit Agreement and Consent, dated August 5, 2024, between PhenixFIN Corporation and Woodforest National Bank, as Administrative Agent (Incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K filed on December 17, 2024).
10.15	Loan Administration and Custodial Agreement, dated September 12, 2022 by and between PhenixFIN Corp. and Computershare Trust Company, N.A. (Incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K filed on December 16, 2022).
10.16	Pledge and Security Agreement, dated December 15, 2022 by and between PhenixFIN Corporation and Woodforest National Bank (Incorporated by reference to Exhibit 10.12 to the Annual Report on Form 10-K filed on December 16, 2022).
10.17	Services Agreement, dated August 9, 2022, by and between PhenixFIN Corp. and SS&C Technologies, Inc. (Incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K filed on December 16, 2022).
14.1	Code of Ethics & Insider Trading Policy of the Registrant (Incorporated by reference to Exhibit 99.R to the Registrant's Registration Statement on Form N-2 (File No. 333-258913), filed on August 19, 2021.
21.1	List of Subsidiaries (Incorporated by reference to Exhibit 21.1 of the Quarterly Report on Form 10-Q filed on February 10, 2022).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to section 906 of The Sarbanes-Oxley Act of 2002.*
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 6, 2025

PhenixFIN Corporation

By /s/ David Lorber
David Lorber
Chief Executive Officer
(Principal Executive Officer)

By /s/ Ellida McMillan
Ellida McMillan
Chief Financial Officer
(Principal Accounting and Financial Officer)

**Certification of Chief Executive Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, David Lorber, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of PhenixFIN Corporation (the "Company");
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- 4) The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- 5) The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 6, 2025

/s/ David Lorber

David Lorber

Chief Executive Officer

(Principal Executive Officer)

**Certification of Chief Financial Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, Ellida McMillan, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of PhenixFIN Corporation (the "Company");
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- 4) The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- 5) The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 6, 2025

/s/ Ellida McMillan

Ellida McMillan

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PhenixFIN Corporation, (the "Company") for the quarterly period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, David Lorber and Ellida McMillan, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: May 6, 2025

By: /s/ David Lorber
David Lorber
Chief Executive Officer

By: /s/ Ellida McMillan
Ellida McMillan
Chief Financial Officer