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, 2023

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	**27-4576073**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
445 Park Avenue, 10th Floor, New York, NY	**10022**
(Address of Principal Executive Offices)	(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 2,090,889 shares of common stock, $0.001 par value, outstanding as of May 11, 2023.

PHENIXFIN CORPORATION

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PHENIXFIN CORPORATION
Consolidated Statements of Assets and Liabilities

	March 31, 2023 (Unaudited)	September 30, 2022
Assets:		
Investments at fair value		
Non-controlled, non-affiliated investments (amortized cost of $150,946,951 and $147,378,917, respectively)	$ 128,510,921	$ 122,616,275
Affiliated investments (amortized cost of $27,328,814 and $30,585,884, respectively)	10,046,722	12,314,192
Controlled investments (amortized cost of $84,266,490 and $85,483,093, respectively)	61,531,676	58,026,182
Total Investments at fair value	200,089,319	192,956,649
Cash and cash equivalents	10,763,751	22,768,066
Receivables:		
Interest receivable	725,649	727,576
Paydown receivable	-	112,500
Dividends receivable	269,330	269,330
Other receivable	-	36,992
Prepaid share repurchase	124,328	489,156
Deferred financing costs	848,312	50,000
Due from Affiliate	393,589	271,962
Other assets	718,489	1,192,677
Total Assets	$ 213,932,767	$ 218,874,908
Liabilities:		
Credit facility and note payable (net of debt issuance costs of $1,864,836 and $2,059,164, respectively)	$ 78,877,105	$ 77,962,636
Investments purchased payable	1,026,818	-
Accounts payable and accrued expenses	1,366,493	2,040,277
Interest and fees payable	673,294	503,125
Other liabilities	500,761	572,949
Deferred revenue	335,507	325,602
Administrator expenses payable (see Note 6)	1,900	74,911
Due to broker	-	16,550,000
Total Liabilities	82,781,878	98,029,500
Commitments and Contingencies (see Note 8)		
Net Assets:		
Common Shares, $0.001 par value; 5,000,000 shares authorized; 2,723,709 shares issued; 2,091,638 and 2,102,129 common shares outstanding, respectively	2,092	2,102
Capital in excess of par value	675,047,159	675,401,802
Total distributable earnings (loss)	(543,898,362)	(554,558,496)
Total Net Assets	131,150,889	120,845,408
Total Liabilities and Net Assets	$ 213,932,767	$ 218,874,908
Net Asset Value Per Common Share	$ 62.70	$ 57.49

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, 2023	For the Three Months Ended March 31, 2022	For the Six Months Ended March 31, 2023	For the Six Months Ended March 31, 2022
Interest Income:				
Interest from investments				
Non-controlled, non-affiliated investments:				
Cash	$ 2,116,741	$ 1,264,327	$ 4,032,782	$ 2,280,019
Payment in-kind	119,593	100,062	225,780	238,573
Affiliated investments:				
Cash	261,028	387,918	459,481	510,065
Payment in-kind	-	92,733	-	189,761
Controlled investments:				
Cash	57,188	807,022	251,815	1,360,660
Payment in-kind	155,994	-	245,737	-
Total interest income	2,710,544	2,652,062	5,215,595	4,579,078
Dividend income	1,503,375	913,949	3,535,733	1,616,879
Interest from cash and cash equivalents	125,471	6,031	217,697	8,770
Fee income (see Note 9)	171,055	85,143	244,654	355,265
Other income	401,986	-	401,986	230,434
Total Investment Income	4,912,431	3,657,185	9,615,665	6,790,426
Expenses:				
Interest and financing expenses	1,381,596	1,221,063	2,614,772	2,708,738
Salaries and benefits	802,090	430,293	1,659,623	936,168
Professional fees, net	377,229	160,594	725,146	467,345
General and administrative expenses	201,181	290,136	421,158	486,695
Directors fees	176,500	167,000	370,500	375,500
Insurance expenses	121,387	155,450	245,471	314,354
Administrator expenses (see Note 6)	77,937	82,415	155,821	151,281
Total expenses	3,137,920	2,506,951	6,192,491	5,440,081
Net Investment Income	1,774,511	1,150,234	3,423,174	1,350,345
Realized and unrealized gains (losses) on investments				
Net realized gains (losses):				
Non-controlled, non-affiliated investments	(838,070)	453,916	(824,622)	938,429
Affiliated investments	-	-	-	14,737,897
Controlled investments	23,273	-	23,273	925
Total net realized gains (losses)	(814,797)	453,916	(801,349)	15,677,251
Net change in unrealized gains (losses):				
Non-controlled, non-affiliated investments	803,513	(2,139,279)	2,326,612	(2,007,316)
Affiliated investments	274,063	1,538,979	989,600	(8,934,864)
Controlled investments	4,670,928	1,968,804	4,722,097	1,986,445
Total net change in unrealized gains (losses)	5,748,504	1,368,504	8,038,309	(8,955,735)
Loss on extinguishment of debt (see Note 5)	-	-	-	(296,197)
Total realized and unrealized gains (losses)	4,933,707	1,822,420	7,236,960	6,425,319
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 6,708,218	$ 2,972,654	$ 10,660,134	$ 7,775,664
Weighted average basic and diluted earnings per common share	$ 3.20	$ 1.24	$ 5.08	$ 3.16
Weighted average basic and diluted net investment income (loss) per common share	$ 0.85	$ 0.48	$ 1.63	$ 0.55
Weighted average common shares outstanding - basic and diluted (see Note 11)	2,095,193	2,397,911	2,098,041	2,458,222

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

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

	Common Stock				
	Shares	**Par Amount**	**Capital in Excess of Par Value**	**Total Distributable Earnings/(Loss)**	**Total Net Assets**
Balance at December 31, 2021	2,517,221	$ 2,517	$ 688,866,642	$ (540,372,168)	$ 148,496,991
OPERATIONS					
Net investment income (loss)	-	-	-	1,150,234	1,150,234
Net realized gains (losses) on investments	-	-	-	453,916	453,916
Net change in unrealized appreciation (depreciation) on investments	-	-	-	1,368,504	1,368,504
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(309,427)	(309)	(12,509,196)	-	(12,509,505)
Total Increase (Decrease) in Net Assets	(309,427)	(309)	(12,509,196)	2,972,654	(9,536,851)
Balance at March 31, 2022	2,207,794	$ 2,208	$ 676,357,446	$ (537,399,514)	$ 138,960,140
Balance at December 31, 2022	2,099,824	$ 2,100	$ 675,297,285	$ (550,606,580)	$ 124,692,805
OPERATIONS					
Net investment income (loss)	-	-	-	1,774,511	1,774,511
Net realized gains (losses) on investments	-	-	-	(814,797)	(814,797)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	5,748,504	5,748,504
Net loss on extinguishment of debt	-	-	-	-	-
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(8,186)	(8)	(250,126)	-	(250,134)
Total Increase (Decrease) in Net Assets	(8,186)	(8)	(250,126)	6,708,218	6,458,084
Balance at March 31, 2023	2,091,638	$ 2,092	$ 675,047,159	$ (543,898,362)	$ 131,150,889
Balance at September 30, 2021	2,517,221	$ 2,517	$ 688,866,642	$ (545,175,178)	$ 143,693,981
OPERATIONS					
Net investment income (loss)	-	-	-	1,350,345	1,350,345
Net realized gains (losses) on investments	-	-	-	15,677,251	15,677,251
Net change in unrealized appreciation (depreciation) on investments	-	-	-	(8,955,735)	(8,955,735)
Net loss on extinguishment of debt	-	-	-	(296,197)	(296,197)
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(309,427)	(309)	(12,509,196)	-	(12,509,505)
Total Increase (Decrease) in Net Assets	(309,427)	(309)	(12,509,196)	7,775,664	(4,733,841)
Balance at March 31, 2022	2,207,794	$ 2,208	$ 676,357,446	$ (537,399,514)	$ 138,960,140
Balance at September 30, 2022	2,102,129	$ 2,102	$ 675,401,802	$ (554,558,496)	$ 120,845,408
OPERATIONS					
Net investment income (loss)	-	-	-	3,423,174	3,423,174
Net realized gains (losses) on investments	-	-	-	(801,349)	(801,349)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	8,038,309	8,038,309
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(10,491)	(10)	(354,643)	-	(354,653)
Total Increase (Decrease) in Net Assets	(10,491)	(10)	(354,643)	10,660,134	10,305,481
Balance at March 31, 2023	2,091,638	$ 2,092	$ 675,047,159	$ (543,898,362)	$ 131,150,889

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,	
	2023	**2022**
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets resulting from operations	$ 10,660,134	$ 7,775,664
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Investment increases due to payment-in-kind interest	(471,517)	(428,334)
Net amortization of premium (discount) on investments	(368,824)	(71,905)
Amortization of debt issuance cost	204,079	163,208
Amortization of deferred financing cost	113,963	-
Net realized (gains) losses from investments	801,349	(15,677,251)
Net unrealized (gains) losses on investments	(8,038,309)	8,955,735
Proceeds from sale and settlements of investments	26,919,844	89,812,369
Purchases, originations and participations	(25,975,213)	(119,755,681)
Loss on extinguishment of debt	-	296,197
(Increase) decrease in operating assets:		
Fees receivable	-	1,872,700
Interest receivable	1,927	(345,928)
Due from affiliate	(121,627)	(128,850)
Dividends receivable	-	(188,119)
Paydown receivable	112,500	292,015
Other receivable	36,992	-
Prepaid share repurchase	364,828	-
Other assets	474,188	388,105
Increase (decrease) in operating liabilities:		
Due to broker	(16,550,000)	8,789,632
Accounts payable and accrued expenses	(673,784)	(967,889)
Due to affiliates	-	(280,323)
Administrator expenses payable	(73,011)	4,898
Interest and fees payable	170,169	503,125
Deferred revenue	9,905	377,852
Investments purchased payable	1,026,818	-
Other liabilities	(72,188)	(18,671)
Net cash provided by (used in) operating activities	(11,447,777)	(18,631,451)
Cash Flows from Financing Activities:		
Debt issuance	23,241,941	57,500,000
Paydowns on debt	(22,521,800)	(55,325,000)
Debt issuance costs paid	(9,751)	(2,311,036)
Deferred financing costs	(912,275)	-
Repurchase of common shares	(354,653)	(12,989,759)
Net cash provided by (used in) financing activities	(556,538)	(13,125,795)
Net increase (decrease) in cash and cash equivalents	(12,004,315)	(31,757,246)
Cash and cash equivalents, beginning of period	22,768,066	69,433,256
Cash and cash equivalents, end of period	$ 10,763,751	$ 37,676,010
Supplemental information:		
Interest paid during the period	$ 1,854,240	$ 2,042,405

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

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2023
(Unaudited)

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Non-Controlled/Non-Affiliated Investments:							
Altisource S.A.R.L.(11)	Services: Business	Senior Secured First Lien Term Loan B (LIBOR + 5.00%, 4.50% PIK, 1.00% LIBOR Floor)(23)	4/30/2025	$ 5,972,008	$ 5,439,910	$ 4,749,537	3.62%
		Warrants	5/22/2027	67,791	-	210,153	0.16%
				6,039,799	5,439,910	4,959,690	3.78%
Arcline FM Holdings, LLC	Aerospace & Defense	First Lien Term Loans (SOFR + 4.75%, 1.00% SOFR Floor)(21)(23)	6/23/2028	2,693,165	2,595,537	2,595,537	1.98%
				2,693,165	2,595,537	2,595,537	1.98%
Be Green Packaging, LLC	Containers, Packaging & Glass	Equity - 417 Common Units(21)		417	416,250	-	0.00%
				417	416,250	-	0.00%
Boostability Seotowncenter, Inc.	Services: Business	Equity - 833,152 Common Units(21)		833,152	66,475	-	0.00%
				833,152	66,475	-	0.00%
Chimera Investment Corp. (11)	Banking, Finance, Insurance & Real Estate	Equity - 117,310 Class C Preferred Units(13)(15)		117,310	2,884,724	2,255,870	1.72%
				117,310	2,884,724	2,255,870	1.72%
Copper Property CTL Pass Through Trust	Banking, Finance, Insurance & Real Estate	Equity Certificates(14)		537,795	7,029,161	5,835,075	4.45%
DataOnline Corp.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 6.25%, 1.00% LIBOR Floor)(22)	11/13/2025	4,837,500	4,837,500	4,692,375	3.58%
		Revolving Credit Facility (LIBOR + 6.25%, 1.00% LIBOR Floor)(22)	11/13/2025	714,286	714,286	692,857	0.53%
				5,551,786	5,551,786	5,385,232	4.11%
DirecTV Financing, LLC	Media: Broadcasting & Subscription	Senior Secured First Lien Term Loan (LIBOR + 5.00%, 0.75% LIBOR Floor)(14)(22)	8/2/2027	4,325,000	4,325,000	4,171,030	3.18%
				4,325,000	4,325,000	4,171,030	3.18%
Dream Finders Homes, LLC	Construction & Building	Preferred Equity (8.00% PIK)		5,523,839	5,523,839	5,150,979	3.93%
				5,523,839	5,523,839	5,150,979	3.93%
First Brands Group, LLC	Automotive	Senior Secured First Lien Term Loan (SOFR + 5.00%, 1.00% SOFR Floor)(26)	3/30/2027	3,939,699	3,939,699	3,711,112	2.83%
		Senior Secured First Lien Term Loan (SOFR + 5.00%, 1.00% SOFR Floor)(26)	3/30/2027	1,995,000	1,915,200	1,879,290	1.43%
				5,934,699	5,854,899	5,590,402	4.26%

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2023
(Unaudited)

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Franklin BSP Realty Trust, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 529,914 Common Units(13)		529,914	8,754,386	6,321,874	4.82%
				529,914	8,754,386	6,321,874	4.82%
Global Accessories Group, LLC	Consumer goods: Non-durable	Equity - 3.8% Membership Interest(21)		380	151,337	-	0.00%
				380	151,337	-	0.00%
Great AJAX Corp.(11)	Banking, Finance, Insurance & Real Estate	Equity - 254,922 Common Units(13)		254,922	3,333,786	1,677,387	1.28%
				254,922	3,333,786	1,677,387	1.28%
Innovate Corp.(11)	Construction & Building	8.50% Senior Secured Notes(14)	2/1/2026	2,750,000	2,615,913	2,127,950	1.62%
				2,750,000	2,615,913	2,127,950	1.62%
Invesco Mortgage Capital, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 205,000 Class C Preferred Units(13)(16)		205,000	5,035,506	3,712,550	2.83%
				205,000	5,035,506	3,712,550	2.83%
JFL-NGS-WCS Partners, LLC	Construction & Building	Senior Secured First Lien Term Loan B (SOFR + 5.50%, 1.00% SOFR Floor)	11/12/2026	873,328	876,643	868,961	0.66%
		Equity - 10,000,000 Units(24)		10,000,000	10,000,000	10,290,567	7.85%
				10,873,328	10,876,643	11,159,528	8.51%
Lighting Science Group Corporation	Containers, Packaging & Glass	Warrants - 0.62% of Outstanding Equity(21)		5,000,000	955,680	-	0.00%
				5,000,000	955,680	-	0.00%
Lucky Bucks, LLC	Consumer Discretionary	Senior Secured First Lien Term Loan(LIBOR + 7.50%, 0.75% LIBOR Floor)(10)(21)(23)	7/30/2027	10,125,000	8,273,087	3,655,125	2.79%
				10,125,000	8,273,087	3,655,125	2.79%
Maritime Wireless Holdings LLC	Hotel, Gaming & Leisure	Senior Secured First Lien Term Loan A (SOFR + CSA + 9.00%, 1.00% SOFR + CSA Floor)(20)(24)	2/15/2024	4,600,000	4,507,353	4,565,500	3.48%
		Senior Secured First Lien Term Loan B (SOFR + CSA + 9.00%, 1.00% SOFR + CSA Floor)(20)(24)	5/31/2027	7,500,000	7,348,945	7,443,750	5.68%
		Convertible Promissory Note(21)		5,000,000	5,000,000	6,000,000	4.57%
				17,100,000	16,856,298	18,009,250	13.73%
McKissock Investment Holdings, LLC (dba Colibri)	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + CSA + 5.00%, 0.75% SOFR + CSA Floor)(20)(25)	3/10/2029	4,949,996	4,905,892	4,751,997	3.62%
				4,949,996	4,905,892	4,751,997	3.62%

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2023
(Unaudited)

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
MFA Financial, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 97,426 Class C Preferred Units(13)(19)		97,426	2,318,487	1,660,139	1.27%
				97,426	2,318,487	1,660,139	1.27%
New York Mortgage Trust, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 165,000 Class E Preferred Units(13)(18)		165,000	4,102,076	3,372,600	2.57%
				165,000	4,102,076	3,372,600	2.57%
PennyMac Financial Services, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 66,500 Common Units(13)		66,500	4,362,213	3,964,065	3.02%
				66,500	4,362,213	3,964,065	3.02%
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%
				2,777,366	2,103,712	-	0.00%
Power Stop LLC	Automotive	Senior Secured First Lien Term Loan (LIBOR + 4.75, 0.50% LIBOR Floor) (22)	1/26/2029	4,950,000	4,906,624	3,811,500	2.91%
				4,950,000	4,906,624	3,811,500	2.91%
Rithm Capital Corp.(11)	Banking, Finance, Insurance & Real Estate	Equity - 206,684 Class B Preferred Units(13)(17)		206,684	5,129,170	4,451,973	3.39%
				206,684	5,129,170	4,451,973	3.39%
Secure Acquisition Inc. (dba Paragon Films)(8)	Packaging	Senior Secured First Lien Term Loan (LIBOR + 5.00%, 0.50% LIBOR Floor) (23)	12/16/2028	3,447,931	3,435,718	3,344,493	2.55%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 5.00%, 0.50% LIBOR Floor)(12)(23)	12/16/2028	-	(970)	-	0.00%
				3,447,931	3,434,748	3,344,493	2.55%

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2023
(Unaudited)

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
Sendero Drilling Company, LLC	Energy: Oil & Gas	Unsecured Debt(9.00%)(10)(21)	8/1/2023	191,250	182,081	-	0.00%
				191,250	182,081	-	0.00%
SS Acquisition, LLC (dba Soccer Shots Franchising)	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + CSA + 6.50%, 1.00% SOFR Floor)(24)	12/30/2026	6,666,667	6,586,133	6,666,667	5.08%
		Senior Secured First Lien Delayed Draw Term Loan (SOFR + 6.50%, 1.00% SOFR Floor)(24)	12/30/2026	3,200,000	3,200,000	3,200,000	2.44%
				9,866,667	9,786,133	9,866,667	7.52%
SMART Financial Operations, LLC	Retail	Equity - 700,000 Class A Preferred Units(21)		700,000	700,000	187,000	0.14%
				700,000	700,000	187,000	0.14%
Stancor (dba Industrial Flow Solutions Holdings, LLC)	Services: Business	Equity - 338,736.11 Class A Units(21)		338,736	308,652	193,000	0.15%
				338,736	308,652	193,000	0.15%
Staples, Inc.	Services: Consumer	First Lien Term Loan (LIBOR + 4.50%, 0.0% LIBOR Floor)(14)(23)	9/12/2024	3,711,440	3,657,294	3,681,748	2.82%
				3,711,440	3,657,294	3,681,748	2.82%
Tamarix Capital Partners II, L.P.(8)(11)	Banking, Finance, Insurance & Real Estate	Fund Investment(21)		1,026,818	1,026,818	1,026,818	0.79%
				1,026,818	1,026,818	1,026,818	0.79%
Thryv Holdings, Inc.(11)	Media: Broadcasting & Subscription	Senior Secured First Lien Term Loan (LIBOR + 8.50%, 1.00% LIBOR Floor) (14)(22)	3/1/2026	5,683,515	5,600,420	5,591,442	4.27%
				5,683,515	5,600,420	5,591,442	4.27%
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	6,506	361,667	-	0.00%
				11,947	664,131	-	0.00%
Watermill-QMC Midco, Inc.	Automotive	Equity - 1.30% Partnership Interest(9)(21)		518,283	518,283	-	0.00%
				518,283	518,283	-	0.00%
Wingman Holdings, Inc.	Aerospace & Defense	Equity - 350 Common Shares(21)		350	700,000	-	0.00%
				350	700,000	-	0.00%
Subtotal Non-Controlled/Non-Affiliated Investments				**$ 117,105,415**	**$ 150,946,951**	**$ 128,510,921**	**98.01%**

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2023
(Unaudited)

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Affiliated Investments:[6]							
1888 Industrial Services, LLC	Energy: Oil & Gas	Senior Secured First Lien Term Loan A (LIBOR + 5.00% PIK, 1.00% LIBOR Floor)(10)(21)	5/1/2023	$ 9,946,741	$ 9,473,068	$ -	0.00%
		Senior Secured First Lien Term Loan C (LIBOR + 5.00%, 1.00% LIBOR Floor) (23)	5/1/2023	1,231,932	1,191,257	566,689	0.43%
		Revolving Credit Facility (LIBOR + 5.00%, 1.00% LIBOR Floor)(12)(23)	5/1/2023	4,632,177	4,632,177	4,632,177	3.53%
		Equity - 21,562 Class A Units(21)		21,562	-	-	-
				15,832,412	15,296,502	5,198,866	3.96%
Black Angus Steakhouses, LLC(8)	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (SOFR + 9.00%, 1.00% SOFR Floor)(21)	1/31/2024	758,929	758,929	758,929	0.58%
		Senior Secured First Lien Term Loan (SOFR + 9.00% PIK, 1.00% SOFR Floor)(10)(21)	1/31/2024	8,412,596	7,767,533	1,665,694	1.27%
		Senior Secured First Lien Super Priority Delayed Draw Term Loan (SOFR + 9.00%, 1.00% SOFR Floor)(24)	1/31/2024	1,500,000	1,500,000	1,500,000	1.14%
		Equity - 17.92% Membership Interest		-	-	-	0.00%
				10,671,525	10,026,462	3,924,623	2.99%
US Multifamily, LLC	Banking, Finance, Insurance & Real Estate	Equity - 33,300 Preferred Units(21)		33,300	2,005,850	923,233	0.70%
				33,300	2,005,850	923,233	0.70%
Subtotal Affiliated Investments				**$ 26,537,237**	**$ 27,328,814**	**$ 10,046,722**	**7.65%**

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2023
(Unaudited)

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Controlled Investments:[7]							
FlexFIN, LLC	Services: Business	Equity Interest		$ 38,050,830	$ 38,050,830	$ 38,050,830	29.01%
				38,050,830	38,050,830	38,050,830	29.01%
Kemmerer Holdings, LLC	Metals & Mining	Senior Secured First Lien Term Loan (15.00% PIK)	6/21/2025	6,033,413	6,032,555	6,032,738	4.60%
		Equity - 31 Common Units(21)		31	1,836,157	6,073,976	4.63%
				6,033,444	7,868,712	12,106,714	9.23%
NVTN LLC(8)	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 4.00% Cash, 1.00% LIBOR Floor)(22)	12/31/2024	7,309,985	7,309,885	7,207,547	5.50%
		Senior Secured First Lien Term Loan B (LIBOR + 9.25% PIK, 1.00% LIBOR Floor)(10)(21)	12/31/2024	19,561,424	13,916,083	4,166,585	3.18%
		Senior Secured First Lien Term Loan C (LIBOR + 12.00% PIK, 1.00% LIBOR Floor)(10)(21)	12/31/2024	13,199,860	7,570,056	-	0.00%
		Equity - 1,000 Class A Units(21)		1,000	9,550,924	-	0.00%
				40,072,269	38,346,948	11,374,132	8.68%
Subtotal Control Investments				**$ 84,156,543**	**$ 84,266,490**	**$ 61,531,676**	**46.92%**
	Total Investments, March 31, 2023			**$ 227,799,195**	**$ 262,542,255**	**$ 200,089,319**	**152.58%**

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of March 31, 2023
(Unaudited)

(1) 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) 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. Net unrealized depreciation for U.S. federal income tax purposes totaled $(62,452,936).
The tax cost basis of investments is $262,542,255 as of March 31, 2023.
(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 $131,150,889 as of March 31, 2023.
(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, 2023 (see Note 8), and fair value includes the value of any unfunded commitments.
(9) Represents 1.3% partnership interest in Watermill-QMC Partners, LP and Watermill-EMI Partners, LP.
(10) The investment was on non-accrual status as of March 31, 2023.
(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, 2023, non-qualifying assets represented 20.55% of total assets.
(12) This investment earns 0.50% commitment fee on all unused commitment as of March 31, 2023, 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, 2023 (see Note 4).
(14) This investment represents a Level 2 security in the ASC 820 table as of March 31, 2023 (see Note 4).
(15) The interest rate on this investment is fixed-to-floating and will shift to 3 month LIBOR plus a 4.743% spread on 9/30/2025.
(16) The interest rate on this investment is fixed-to-floating and will shift to 3 month LIBOR plus a 5.29% spread on 9/27/2027.
(17) The interest rate on this investment is fixed-to-floating and will shift to 3 month LIBOR plus a 5.64% spread on 8/15/2024.
(18) The interest rate on this investment is fixed-to-floating and will shift to 3 month LIBOR 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) The interest rate on these loans is subject to 1 month LIBOR, which as of March 31, 2023 was 4.86%.
(23) The interest rate on these loans is subject to 3 month LIBOR, which as of March 31, 2023 was 5.19%.
(24) The interest rate on these loans is subject to 1 month SOFR, which as of March 31, 2023 was 4.63%.
(25) The interest rate on these loans is subject to 3 month SOFR, which as of March 31, 2023 was 4.51%.
(26) The interest rate on these loans is subject to 6 month SOFR, which as of March 31, 2023 was 4.09%.

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

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2022

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Non-Controlled/Non-Affiliated Investments:							
Altisource S.A.R.L.(11)	Services: Business	Senior Secured First Lien Term Loan B (LIBOR + 4.00%, 1.00% LIBOR Floor) (14)	4/3/2024	$ 6,486,419	$ 5,825,616	$ 5,448,591	4.51%
				6,486,419	5,825,616	5,448,591	4.51%
Be Green Packaging, LLC	Containers, Packaging & Glass	Equity - 417 Common Units		1	416,250	-	0.00%
				1	416,250	-	0.00%
Boostability Seotowncenter, Inc.	Services: Business	Equity - 3,434,169.6 Common Units		833,152	66,475	-	0.00%
				833,152	66,475	-	0.00%
Chimera Investment Corp. (11)	Banking, Finance, Insurance & Real Estate	Equity - 117,310 Class C Preferred Units(13)(15)		117,310	2,884,724	1,915,672	1.59%
				117,310	2,884,724	1,915,672	1.59%
Copper Property CTL Pass Through Trust	Banking, Finance, Insurance & Real Estate	Equity Certificates(14)		437,795	6,314,757	5,877,398	4.86%
CPI International, Inc.	Aerospace & Defense	Senior Secured Second Lien Term Loan (LIBOR + 7.25%, 1.00% LIBOR Floor)	7/28/2025	2,607,062	2,602,547	2,607,062	2.16%
				2,607,062	2,602,547	2,607,062	2.16%
DataOnline Corp.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 6.25%, 1.00% LIBOR Floor)	11/13/2025	4,862,500	4,862,500	4,765,250	3.94%
		Revolving Credit Facility (LIBOR + 6.25%, 1.00% LIBOR Floor)	11/13/2025	714,286	714,286	700,000	0.58%
				5,576,786	5,576,786	5,465,250	4.52%
DirecTV Financing, LLC	Media: Broadcasting & Subscription	Senior Secured First Lien Term Loan (LIBOR + 5.00%, 0.75% LIBOR Floor) (14)	8/2/2027	4,550,000	4,550,000	4,220,000	3.49%
				4,550,000	4,550,000	4,220,000	3.49%
Dream Finders Homes, LLC	Construction & Building	Preferred Equity (8.00% PIK)		5,309,341	5,309,341	4,950,961	4.10%
				5,309,341	5,309,341	4,950,961	4.10%

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
September 30, 2022

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
First Brands Group, LLC	Automotive	Senior Secured First Lien Term Loan (SOFR + 5.00%, 1.00% SOFR Floor)	3/30/2027	3,959,799	3,959,799	3,930,101	3.25%
				3,959,799	3,959,799	3,930,101	3.25%
Footprint Holding Company Inc.	Services: Business	Equity - 150 Common Units		150	-	-	0.00%
				150	-	-	0.00%
Franklin BSP Realty Trust, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 529,914 Common Units(13)		529,914	8,754,386	5,707,174	4.72%
				529,914	8,754,386	5,707,174	4.72%
Global Accessories Group, LLC	Consumer goods: Non-durable	Equity - 3.8% Membership Interest		380	151,337	-	0.00%
				380	151,337	-	0.00%
Great AJAX Corp.(11)	Banking, Finance, Insurance & Real Estate	Equity - 254,922 Common Units(13)		254,922	3,333,786	1,914,464	1.58%
				254,922	3,333,786	1,914,464	1.58%
Innovate Corp.	Construction & Building	8.50% Senior Secured Notes(14)	2/1/2026	2,250,000	2,252,156	1,659,375	1.37%
				2,250,000	2,252,156	1,659,375	1.37%
Invesco Mortgage Capital, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 205,000 Class C Preferred Units(13)(16)		205,000	5,035,506	3,138,550	2.60%
				205,000	5,035,506	3,138,550	2.60%
JFL-NGS-WCS Partners, LLC	Construction & Building	Senior Secured First Lien Term Loan B (LIBOR + 5.50%, 1.00% LIBOR Floor)	11/12/2026	885,050	888,790	865,137	0.72%
		Equity - 10,000,000 Units		10,000,000	10,000,000	10,248,798	8.48%
				10,885,050	10,888,790	11,113,935	9.20%
Lighting Science Group Corporation	Containers, Packaging & Glass	Warrants - 0.62% of Outstanding Equity		5,000,000	955,680	-	0.00%
				5,000,000	955,680	-	0.00%
Lucky Bucks, LLC	Consumer Discretionary	Senior Secured First Lien Term Loan(LIBOR + 5.50%, 0.75% LIBOR Floor)	7/30/2027	7,218,750	7,095,116	6,208,125	5.14%
				7,218,750	7,095,116	6,208,125	5.14%

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
September 30, 2022

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
Maritime Wireless Holdings LLC	Hotel, Gaming & Leisure	Senior Secured First Lien Term Loan A (SOFR + CSA + 9.00%, 1.00% SOFR + CSA Floor)(20)	2/15/2024	5,000,000	4,900,000	4,900,000	4.05%
		Senior Secured First Lien Term Loan B (SOFR + CSA + 9.00%, 1.00% SOFR + CSA Floor)(20)	5/31/2027	7,500,000	7,350,000	7,350,000	6.08%
		Convertible Promissory Note		5,000,000	5,000,000	5,000,000	4.14%
				17,500,000	17,250,000	17,250,000	14.27%
McKissock Investment Holdings, LLC (dba Colibri)	Services: Consumer	Senior Secured First Lien Term Loan (SOFR + CSA + 5.00%, 0.75% SOFR + CSA Floor)(20)	3/10/2029	4,974,999	4,927,870	4,875,500	4.03%
				4,974,999	4,927,870	4,875,500	4.03%
MFA Financial, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 97,426 Class C Preferred Units(13)(19)		97,426	2,318,487	1,722,492	1.43%
				97,426	2,318,487	1,722,492	1.43%
New York Mortgage Trust, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 165,000 Class E Preferred Units(13)(18)		165,000	4,102,076	2,953,500	2.44%
				165,000	4,102,076	2,953,500	2.44%
PennyMac Financial Services, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 81,500 Common Units(13)		81,500	5,364,478	3,496,350	2.89%
				81,500	5,364,478	3,496,350	2.89%
Point.360	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.00% PIK)(10)	7/8/2020	2,777,366	2,103,712	-	0.00%
				2,777,366	2,103,712	-	0.00%
Power Stop LLC	Automotive	Senior Secured First Lien Term Loan(LIBOR + 4.75, 0.50% LIBOR Floor)	1/26/2029	4,975,000	4,930,071	4,029,750	3.33%
				4,975,000	4,930,071	4,029,750	3.33%
Rithm Capital Corp.(11)	Banking, Finance, Insurance & Real Estate	Equity - 206,684 Class B Preferred Units(13)(17)		206,684	5,129,170	3,902,194	3.23%
				206,684	5,129,170	3,902,194	3.23%
Secure Acquisition Inc. (dba Paragon Films)(8)	Packaging	Senior Secured First Lien Term Loan(LIBOR + 5.00%, 0.50% LIBOR Floor)	12/16/2028	3,465,345	3,451,574	3,361,385	2.78%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 5.00%, 0.50% LIBOR Floor)(12)	12/16/2028	-	(970)	-	0.00%
				3,465,345	3,450,604	3,361,385	2.78%

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
September 30, 2022

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Sendero Drilling Company, LLC	Energy: Oil & Gas	Unsecured Debt (9.00%)(10)	8/1/2023	191,250	182,081	-	0.00%
				191,250	182,081	-	0.00%
SS Acquisition, LLC (dba Soccer Shots Franchising)(8)	Services: Consumer	Senior Secured First Lien Term Loan (LIBOR + 6.50%, 1.00% LIBOR Floor)	12/30/2026	6,666,667	6,575,847	6,591,667	5.45%
				6,666,667	6,575,847	6,591,667	5.45%
SMART Financial Operations, LLC	Retail	Equity - 700,000 Class A Preferred Units		700,000	700,000	120,793	0.10%
				700,000	700,000	120,793	0.10%
Stancor (dba Industrial Flow Solutions Holdings, LLC)	Services: Business	Equity - 338,736.11 Class A Units		338,736	308,652	265,269	0.22%
				338,736	308,652	265,269	0.22%
Staples, Inc.	Services: Consumer	First Lien Term Loan (LIBOR + 4.50%, 0.0% LIBOR Floor)(14)	9/12/2024	3,730,720	3,659,706	3,488,223	2.89%
				3,730,720	3,659,706	3,488,223	2.89%
Thryv Holdings, Inc.(11)	Services: Consumer	Senior Secured First Lien Term Loan B (LIBOR + 8.50%, 1.00% LIBOR Floor)	3/1/2026	6,515,633	6,406,051	6,287,583	5.20%
				6,515,633	6,406,051	6,287,583	5.20%
Velocity Pooling Vehicle, LLC	Automotive	Equity - 5,441 Class A Units		5,441	302,464	52,342	0.04%
		Warrants - 0.65% of Outstanding Equity	3/30/2028	6,506	361,667	62,569	0.05%
				11,947	664,131	114,911	0.09%
Walker Edison Furniture Company LLC	Consumer goods: Durable	Equity - 13,044 Common Units		13,044	2,114,646	-	0.00%
				13,044	2,114,646	-	0.00%
Watermill-QMC Midco, Inc.	Automotive	Equity - 1.30% Partnership Interest(9)		518,283	518,283	-	0.00%
				518,283	518,283	-	0.00%
Wingman Holdings, Inc.	Aerospace & Defense	Equity - 350 Common Shares		350	700,000	-	0.00%
				350	700,000	-	0.00%
Subtotal Non-Controlled/Non-Affiliated Investments				**$ 109,151,781**	**$ 147,378,917**	**$ 122,616,275**	**96.58%**

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2022

Company[1]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Affiliated Investments:[6]							
1888 Industrial Services, LLC(8)	Energy: Oil & Gas	Senior Secured First Lien Term Loan A (LIBOR + 5.00% PIK, 1.00% LIBOR Floor)(10)	5/1/2023	$ 9,946,741	$ 9,473,068	$ -	0.00%
		Senior Secured First Lien Term Loan C(LIBOR + 5.00%, 1.00% LIBOR Floor)	5/1/2023	1,231,932	1,191,257	-	0.00%
		Revolving Credit Facility (LIBOR + 5.00%, 1.00% LIBOR Floor)(12)	5/1/2023	4,416,555	4,416,555	4,151,562	3.44%
		Equity - 21,562 Class A Units		21,562	-	-	-
				15,616,790	15,080,880	4,151,562	3.44%
Black Angus Steakhouses, LLC(8)	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (SOFR + CSA + 9.00%, 1.00% SOFR Floor)	1/31/2024	758,929	758,929	758,929	0.63%
		Senior Secured First Lien Term Loan (SOFR + CSA + 9.00% PIK, 1.00% SOFR Floor)(10)	1/31/2024	8,412,596	7,767,533	1,547,918	1.28%
		Senior Secured First Lien Super Priority Delayed Draw Term Loan (SOFR + CSA + 9.00%, 1.00% SOFR Floor)	1/31/2024	1,500,000	1,500,000	1,500,000	1.24%
		Equity - 17.92% Membership Interest		-	-	-	0.00%
				10,671,525	10,026,462	3,806,847	3.15%
Kemmerer Operations, LLC(8)	Metals & Mining	Senior Secured First Lien Term Loan(15.00% PIK)	6/21/2023	2,378,510	2,378,510	2,378,510	1.97%
		Equity - 6.78 Common Units		7	962,717	694,702	0.57%
				2,378,517	3,341,227	3,073,212	2.54%
US Multifamily, LLC	Banking, Finance, Insurance & Real Estate	Equity - 33,300 Preferred Units		33,300	2,137,315	1,282,571	1.06%
				33,300	2,137,315	1,282,571	1.06%
Subtotal Affiliated Investments				**$ 28,700,132**	**$ 30,585,884**	**$ 12,314,192**	**10.19%**

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2022

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount/ Shares/Units[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
Controlled Investments:[(7)]							
FlexFIN, LLC	Services: Business	Equity Interest		$ 47,136,146	$ 47,136,146	$ 47,136,146	39.01%
				47,136,146	47,136,146	47,136,146	39.01%
NVTN LLC(8)	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 4.00% Cash, 1.00% LIBOR Floor)	12/31/2024	7,309,885	7,309,885	7,192,927	5.95%
		Senior Secured First Lien Term Loan B (LIBOR + 9.25% PIK, 1.00% LIBOR Floor)(10)	12/31/2024	19,561,424	13,916,082	3,697,109	3.06%
		Senior Secured First Lien Term Loan C(LIBOR + 12.00% PIK, 1.00% LIBOR Floor)(10)	12/31/2024	13,199,860	7,570,056	-	0.00%
		Equity - 1,000 Class A Units		9,551,135	9,550,924	-	0.00%
				49,622,304	38,346,947	10,890,036	9.01%
Subtotal Control Investments				**$ 96,758,450**	**$ 85,483,093**	**$ 58,026,182**	**48.02%**
	Total Investments, September 30, 2022			**$ 234,610,363**	**$ 263,447,894**	**$ 192,956,649**	**154.79%**

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of September 30, 2022

(1) 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 $(69,642,639).
The tax cost basis of investments is $262,599,288 as of September 30, 2022.

(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 $120,845,408 as of September 30, 2022.

(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, 2022 (see Note 8), and fair value includes the value of any unfunded commitments.

(9) Represents 1.3% partnership interest in Watermill-QMC Partners, LP and Watermill-EMI Partners, LP.

(10) The investment was on non-accrual status as of September 30, 2022.

(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, 2022, 17.24% of the Company's portfolio investments were non-qualifying assets.

(12) This investment earns 0.50% commitment fee on all unused commitment as of September 30, 2022, 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, 2022 (see Note 4).

(14) This investment represents a Level 2 security in the ASC 820 table as of September 30, 2022 (see Note 4).

(15) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 4.743% spread on 9/30/2025.

(16) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 5.29% spread on 9/27/2027.

(17) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 5.64% spread on 8/15/2024.

(18) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR 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")

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

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"). On November 18, 2020, the board of directors of the Company approved the adoption of an internalized management structure, effective January 1, 2021. Until close of business on December 31, 2020 we were externally managed and advised by MCC Advisors LLC ("MCC Advisors"), pursuant to an investment management agreement. MCC Advisors is a wholly owned subsidiary of Medley LLC, which is controlled by Medley Management Inc. (OTCM: MDLM), a publicly traded asset management firm, which in turn is controlled by Medley Group LLC, an entity wholly owned by the senior professionals of Medley LLC. We use the term "Medley" to refer collectively to the activities and operations of Medley Capital LLC, Medley LLC, MDLY, Medley Group LLC, MCC Advisors, associated investment funds and their respective affiliates. Since January 1, 2021 the Company has been managed pursuant to an 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 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 Small Business Fund") and PhenixFIN SLF Funding I LLC ("PhenixFIN SLF"), and its wholly owned Taxable Subsidiaries. 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-K and Article 10 of Regulation S-X. In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications, which are of a normal recurring nature, that are necessary for the fair presentation of financial results as of and for the periods presented. 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, 2022. 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, 2023. Certain prior period information has been reclassified to conform to the current period presentation. These reclassifications have no effect on the Company's financial position or its results of operations as previously reported.

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.

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, 2023 and September 30, 2022, we had $10.8 million and $22.8 million in cash and cash equivalents, respectively, none of which is restricted.

Debt Issuance Costs

Debt issuance costs, incurred in connection with any credit facilities and unsecured notes (see Note 5) are deferred and amortized over the life of the respective credit facility or instrument.

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, 2023, the Company earned approximately $0.3 million and $0.5 million in PIK interest, respectively. For the three and six months ended March 31, 2022, the Company earned approximately $0.2 million and $0.4 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. 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. For the three and six months ended March 31, 2023, fee income was approximately $0.2 million and $0.2 million, respectively (see Note 9). For the three and six months ended March 31, 2022, fee income was approximately $0.1 million and $0.4 million, respectively (see Note 9).

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, without regard to unrealized gains or losses previously recognized. During the three and six months ended March 31, 2023, $0.0 million and $0.0 million, respectively, of the Company’s realized losses were related to certain non-cash restructuring transactions, which are recorded on the Consolidated Statements of Operations as a component of net realized gain/(loss) from investments. During the three and six months ended March 31, 2022, $0 million and $(19.6) million, respectively, of the Company’s realized losses were related to certain non-cash restructuring transactions, which are recorded on the Consolidated Statements of Operations as a component of net realized gain/(loss) from investments. The Company reports changes in fair value of investments as a component of the 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, 2023, certain investments in six portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $9.5 million, or 4.7% of the fair value of our portfolio. At September 30, 2022, certain investments in five portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $5.2 million, or 2.7% 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 the market participant who holds the financial instrument 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.

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 is 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 into consideration. 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.

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.

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 COVID-19 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

In March 2020, the FASB issued ASU 2020-04, “Reference rate reform (Topic 848)—Facilitation of the effects of reference rate reform on financial reporting.” The amendments in this update provide optional expedients and exceptions for applying U.S. GAAP to certain contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform and became effective upon issuance for all entities. The Company has agreements that have LIBOR as a reference rate with certain portfolio companies and also with certain lenders. Many of these agreements include language for choosing an alternative successor rate if LIBOR reference is no longer considered to be appropriate. Contract modifications are required to be evaluated in determining whether the modifications result in the establishment of new contracts or the continuation of existing contracts. In January 2021, the FASB issued ASU 2021-01, “Reference rate reform (Topic 848),” which expanded the scope of Topic 848. ASU 2020-04 and ASU 2021-01 are effective through December 31, 2022 when the Company plans to apply the amendments in this update to account for contract modifications due to changes in reference rates. On December 21, 2022, the Financial Accounting Standards Board (FASB) issued a new Accounting Standards Update ASU 2022-06, “Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848,” that extends the sunset (or expiration) date of Accounting Standards Codification (ASC) Topic 848 to December 31, 2024. This gives reporting entities two additional years to apply the accounting relief provided under ASC Topic 848 for matters related to reference rate reform. The ASU is effective immediately. The Company has adopted ASU 2020-04 and ASU 2021-01 and there is no material impact on its consolidated financial statements and disclosures.

Federal Income Taxes

The Company has elected, and intends 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, 2023 and March 31, 2022.

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, 2023 and September 30, 2022, 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 three and six months ended March 31, 2023 and 2022, the Company did not record a change in provision for deferred taxes on the unrealized (appreciation)/depreciation on investments.

As of March 31, 2023 and September 30 2022, the Company had a deferred tax asset of $26.3 million and $26.2 million, respectively, consisting primarily of net operating losses and net unrealized losses on the investments held within its Taxable Subsidiaries. As of March 31, 2023 and September 30, 2022, the Company has booked a valuation allowance of $26.3 million and $26.2 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.

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, 2023. 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, 2023 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	$ 139,319	53.0%	$ 96,603	48.3%
Senior Secured Notes	2,616	1.0	2,128	1.1
Unsecured Debt	182	0.1	-	-
Fund Investment	1,027	0.4	1,027	0.5
Equity/Warrants	119,398	45.5	100,331	50.1
Total Investments	$ 262,542	100.0%	$ 200,089	100.0%

The composition of our investments as of September 30, 2022 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	$ 128,482	48.7%	$ 88,248	45.6%
Senior Secured Second Lien Term Loans	2,603	1.0	2,607	1.4
Senior Secured Notes	2,252	0.9	1,659	0.9
Unsecured Debt	182	0.1	-	-
Equity/Warrants	129,929	49.3	100,443	52.1
Total Investments	$ 263,448	100.0%	$ 192,957	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, 2023 and September 30, 2022, the total fair value of warrants was $210.1 thousand and $62.6 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, 2023, the Company acquired warrants in one existing portfolio company. During the three and six months ended March 31, 2022, the Company did not acquire any additional warrants in an existing portfolio company.

For the three and six months ended March 31, 2023, there was $210,153 and $147,584, respectively, in unrealized appreciation related to warrants. For each of the three and six months ended March 31, 2022, there was $4,250 of unrealized depreciation related to warrants, which 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, 2023 (dollars in thousands):

	Fair Value	Percentage
Services: Business	$ 43,204	21.6%
Banking, Finance, Insurance & Real Estate	35,202	17.6
Hotel, Gaming & Leisure	33,308	16.6
Services: Consumer	18,300	9.1
Construction & Building	18,438	9.2
Metals & Mining	12,107	6.1
Media: Broadcasting & Subscription	9,762	4.9
Automotive	9,402	4.7
High Tech Industries	5,385	2.7
Energy: Oil & Gas	5,199	2.6
Consumer Discretionary	3,655	1.8
Packaging	3,344	1.7
Aerospace & Defense	2,596	1.3
Retail	187	0.1
Total	$ 200,089	100.0%

The following table shows the portfolio composition by industry grouping at fair value at September 30, 2022 (dollars in thousands):

	Fair Value	Percentage
Services: Business	$ 52,851	27.4%
Hotel, Gaming & Leisure	31,947	16.6
Banking, Finance, Insurance & Real Estate	31,910	16.5
Services: Consumer	21,243	11.0
Construction & Building	17,724	9.1
Automotive	8,075	4.2
Consumer Discretionary	6,208	3.2
High Tech Industries	5,465	2.8
Media: Broadcasting & Subscription	4,220	2.2
Energy: Oil & Gas	4,152	2.2
Packaging	3,361	1.7
Metals & Mining	3,073	1.6
Aerospace & Defense	2,607	1.4
Retail	121	0.1
Total	$ 192,957	100.0%

The Company invests in portfolio companies principally located in North America. 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, 2023 (dollars in thousands):

	Fair Value	Percentage
Northeast	$ 90,284	45.1%
Southeast	51,269	25.6
Midwest	28,856	14.4
West	18,936	9.5
Southwest	5,591	2.8
Mid-Atlantic	193	0.1
International	4,960	2.5
Total	$ 200,089	100.0%

The following table shows the portfolio composition by geographic location at fair value at September 30, 2022 (dollars in thousands):

	Fair Value	Percentage
Northeast	$ 92,939	48.2%
Southeast	51,797	26.8
West	20,196	10.5
Midwest	16,023	8.3
Southwest	6,288	3.3
Mid-Atlantic	265	0.1
International	5,449	2.8
Total	$ 192,957	100.0%

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 six months ended March 31, 2023 and 2022 were as follows:

Name of Investment[(1)(2)]	Type of Investment	Fair Value at September 30, 2022	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2023	Earned Income
Affiliated Investments								
1888 Industrial Services, LLC	Senior Secured First Lien Term Loan C	$ -	$ -	$ -	$ 566,689	$ -	$ 566,689	$ (96,875)
	Revolving Credit Facility	4,151,562	215,622	-	264,993	-	4,632,177	406,160
Black Angus Steakhouses, LLC	Senior Secured First Lien Delayed Draw Term Loan	758,929	-	-	-	-	758,929	50,500
	Senior Secured First Lien Term Loan	1,547,918	-	-	117,776	-	1,665,694	-
	Senior Secured First Lien Super Priority DDTL	1,500,000	-	-	-	-	1,500,000	99,696
Kemmerer Operations, LLC	Senior Secured First Lien Term Loan	2,378,510	-	(2,378,510)	-	-	-	-
	Equity	694,702	-	(962,717)	268,015	-	-	-
US Multifamily, LLC	Equity	1,282,571	(131,465)	-	(227,873)	-	923,233	-
Total Affiliated Investments		$ 12,314,192	$ 84,157	$(3,341,227)	$ 989,600	$ -	$ 10,046,722	$459,481

Name of Investment[(1)(2)]	Type of Investment	Fair Value at September 30, 2022	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2023	Earned Income
Controlled Investments								
FlexFIN, LLC	Equity Interest	$ 47,136,146	$ (9,085,316)	$ -	$ -	-	$ 38,050,830	$1,927,203
Kemmerer Operations, LLC	Senior Secured First Lien Term Loan	-	3,630,773	2,378,510	182	23,273	6,032,738	245,738
	Equity	-	873,440	962,717	4,237,819	-	6,073,976	-
NVTN LLC	Senior Secured First Lien Delayed Draw Term Loan	7,192,927	-	-	14,620	-	7,207,547	251,814
	Senior Secured First Lien Term Loan B	3,697,109	-	-	469,476	-	4,166,585	-
Total Controlled Investments		$ 58,026,182	$ (4,581,103)	$ 3,341,227	$ 4,722,097	$ 23,273	$ 61,531,676	$2,424,755

Name of Investment[1][2]	Type of Investment	Fair Value at September 30, 2021	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2022	Earned Income
Affiliated Investments								
1888 Industrial Services, LLC	Senior Secured First Lien Term Loan B	$ -	$ -	$ -	$ 19,468,870	$(19,468,870)	$ -	$ -
	Senior Secured First Lien Term Loan C	24,639	-	-	714,520	-	739,159	37,574
	Revolving Credit Facility	3,554,069	179,685	-	(4)	-	3,733,750	112,567
Black Angus Steakhouses, LLC	Senior Secured First Lien Delayed Draw Term Loan	758,929	-	-	-	-	758,929	38,368
	Senior Secured First Lien Term Loan	2,279,814	-	-	(395,393)	-	1,884,421	-
	Senior Secured First Lien Super Priority DDTL	1,500,000	-	-	-	-	1,500,000	75,833
Caddo Investors Holdings 1 LLC	Equity	3,454,786	(3,448,219)	-	(925,960)	919,393	-	-
Dynamic Energy Services International LLC	Senior Secured First Lien Term Loan	-	(4,910,671)	-	7,328,568	(2,417,897)	-	12
JFL-NGS Partners, LLC	Equity	26,862,813	(26,807,520)	-	(26,805,513)	26,750,220	-	-
JFL-WCS Partners, LLC	Equity	8,099,949	(8,084,639)	-	(7,970,361)	7,955,051	-	-
Kemmerer Operations, LLC	Senior Secured First Lien Term Loan	2,360,547	82,491	-	6,651	-	2,449,689	183,128
	Senior Secured First Lien Delayed Draw Term Loan	162,441	(163,915)	-	1,474	-	-	6,601
	Equity	553,746	-	-	146,647	-	700,393	-
Path Medical, LLC	Senior Secured First Lien Term Loan A	2,249,835	-	-	281,535	-	2,531,370	152,405
URT Acquisition Holdings Corporation	Warrants	920,000	(1,000,000)	-	(920,000)	1,000,000	-	-
US Multifamily, LLC	Senior Secured First Lien Term Loan	2,577,416	(2,577,417)	-	1	-	-	93,338
	Equity	2,236,261	-	-	134,101	-	2,370,362	-
Total Affiliated Investments		$ 57,595,245	$ (46,730,205)	$ -	$ (8,934,864)	$ 14,737,897	$ 16,668,073	$699,826

Name of Investment[1][2]	Type of Investment	Fair Value at September 30, 2021	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at March 31, 2022	Earned Income
Controlled Investments								
FlexFIN, LLC	Equity Interest	$ 2,500,000	$ 22,805,000	$ -	$ -	$ -	$ 25,305,000	$1,191,213
NVTN LLC	Senior Secured First Lien Delayed Draw Term Loan	6,414,860	-	-	39,396	-	6,454,256	-
	Super Priority Senior Secured First Lien Term Loan	977,000	(500,000)	-	13,575	925	491,500	169,447
	Senior Secured First Lien Term Loan B	-	-	-	1,933,474	-	1,933,474	-
Total Controlled Investments		$ 9,891,860	$ 22,305,000	$ -	$ 1,986,445	$ 925	$ 34,184,230	$1,360,660

(1) The par amount and additional detail are shown in the Consolidated Schedule 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.

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, 2023 and 2022. 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 six months ended March 31, 2023 and 2022.

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, that is deemed to be a "significant subsidiary" as of March 31, 2023 for which summarized financial information is presented below (dollars in thousands):

Balance Sheet	March 31, 2023 (Unaudited)	September 30, 2022 (Audited)
Total Assets	$ 38,050	$ 47,168
Total Liabilities	161	12

Income Statement	For the Six Months Ended March 31, 2023 (Unaudited)	For the Year Ended September 30, 2022 (Audited)
Total Income	$ 2,221	$ 3,855
Total Expenses	549	202
Net Income	$ 1,672	$ 3,653

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 inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable at the measurement date. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets including actionable bids from third parties for privately held assets or liabilities, and observable inputs other than quoted prices such as yield curves and forward currency rates that are entered directly into valuation models to determine the value of derivatives or other assets or liabilities.
- Level 3 - Valuations based on inputs that are unobservable and where there is little, if any, market activity at the measurement date. The inputs for the determination of fair value may require significant management judgment or estimation and are based upon management's assessment of the assumptions that market participants would use in pricing the assets or liabilities. These investments include debt and equity investments in private companies or assets valued using the Market or Income Approach and may involve pricing models whose inputs require significant judgment or estimation because of the absence of any meaningful current market data for identical or similar investments. The inputs in these valuations may include, but are not limited to, capitalization and discount rates, beta and EBITDA multiples. The information may also include pricing information or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence.

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, 2023 (dollars in thousands):

	Fair Value Hierarchy as of March 31, 2023			
Investments:	Level 1	Level 2	Level 3	Total
Senior Secured First Lien Term Loans	$ -	$ 13,444	$ 83,159	$ 96,603
Senior Secured Notes	-	2,128	-	2,128
Fund Investment	-	-	1,027	1,027
Equity/Warrants	27,416	5,835	67,080	100,331
Total	$ 27,416	$ 21,407	$ 151,266	$ 200,089

The following table presents the fair value measurements of our investments, by major class according to the fair value hierarchy, as of September 30, 2022 (dollars in thousands):

	Fair Value Hierarchy as of September 30, 2022			
Investments:	**Level 1**	**Level 2**	**Level 3**	**Total**
Senior Secured First Lien Term Loans	$ -	$ 13,996	$ 74,252	$ 88,248
Senior Secured Second Lien Term Loans	-	-	2,607	2,607
Senior Secured Notes	-	1,659	-	1,659
Unsecured Debt	-	-	-	-
Equity/Warrants	24,750	5,877	69,816	100,443
Total	$ 24,750	$ 21,532	$ 146,675	$ 192,957

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, 2023 (dollars in thousands):

	Senior Secured First Lien Term Loans	Senior Secured Second Lien Term Loans	Equities/ Warrants	Fund Investment	Total
Balance as of September 30, 2022	$ 74,252	$ 2,607	$ 69,816	$ -	$ 146,675
Purchases and other adjustments to cost	15,443	-	8,723	1,027	25,193
Sales (including repayments or maturities)	(3,657)	(2,607)	(18,041)	-	(24,305)
Net realized gains/(losses) from investments	85	5	(927)	-	(837)
Net unrealized gains/(losses)	(2,964)	(5)	7,509	-	4,540
Transfer in/(out)	-	-	-	-	-
Balance as of March 31, 2023	$ 83,159	$ -	$ 67,080	$ 1,027	$ 151,266

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, 2022 (dollars in thousands):

	Senior Secured First Lien Term Loans	Senior Secured Second Lien Term Loans	Senior Secured Notes	Unsecured Debt	Equities/ Warrants	Total
Balance as of September 30, 2021	$ 61,934	$ 2,490	$ 2,500	$ -	$ 48,889	$ 115,813
Purchases and other adjustments to cost	44,145	-	-	-	38,964	83,109
Sales (including repayments or maturities)	(36,095)	-	-	(1,280)	(46,639)	(84,014)
Net realized gains/(losses) from investments	(21,744)	-	-	(99)	36,601	14,758
Net unrealized gains/(losses)	29,368	(3)	(2,500)(1)	1,379	(32,551)(1)	(4,307)
Transfer in/(out)	(5,248)	-	-	-	-	(5,248)
Balance as of March 31, 2022	$ 72,360	$ 2,487	$ -	$ -	$ 45,264	$ 120,111

(1) FlexFIN, LLC was reclassed as an Equity from Secured Debt during the quarter ended December 31, 2021.

Net change in unrealized gain (loss) for the six months ended March 31, 2023 and 2022 included in earnings related to Level 3 investments still held as of March 31, 2023 and 2022 was approximately $2.4 million and $2.4 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, 2023, no investments were transferred in or out of Level 3. During the six months ended March 31, 2022, one of our investments transferred out of Level 3 and no investments transferred into Level 3.

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of March 31, 2023 (dollars in thousands):

	Fair Value	Valuation Methodology	Unobservable Input	Range (Weighted Average)
Senior Secured First Lien Term Loans	$ 73,166	Market Approach	Market Yield	8.50% - 30.0% (13.11%)
Senior Secured First Lien Term Loans	5,199	Market Approach	Revenue Multiple	0.26x - 0.31x (0.3x)
Senior Secured First Lien Term Loans	3,925	Market Approach	EBITDA Multiple	4.0x - 5.00x (4.5x)
Senior Secured First Lien Term Loans	869	Market Approach	LTM EBITDA Multiple	6.5x - 7.5x (7.0x)
Equity/Warrants	38,051	Cost Approach	Replacement Cost	N/A
Equity/Warrants	11,151	Income Approach	Market Yield	0% - 13.50% (5.89%)
Equity/Warrants	10,291	Market Approach	LTM Multiple	6.5x - 7.5x (7.0x)
Equity/Warrants	6,454	Market Approach	EBITDA Multiple	0% - 38.6x (2.87x)
Equity/Warrants	923	Market Approach	Sum of the Parts/Estimated proceeds	6.3x - 7.0x (6.6x)
Equity/Warrants	210	Income Approach	DLOM (Discount for lack of Marketability)	2.9x - 3.2x (3.1x)
Fund Investment	1,027	Cost Approach	Transaction	N/A
Total	**$ 151,266**			

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of September 30, 2022 (dollars in thousands):

	Fair Value	Valuation Methodology	Unobservable Input	Range (Weighted Average)
Senior Secured First Lien Term Loans	$ 65,428	Income Approach	Market Yield	8.50% - 24.00% (10.57%)
Senior Secured First Lien Term Loans	3,807	Market Approach	EBITDA Multiple	4.0x - 5.0x (4.5x)
Senior Secured First Lien Term Loans	4,152	Market Approach	Revenue Multiple	0.2x - 0.3x (2.5x)
Senior Secured First Lien Term Loans	865	Income Approach	Market Spread	5.75% - 6.25% (6.00%)
Senior Secured Second Lien Term Loans	2,607	Market Approach	EBITDA Multiple	9.0x - 10.0x (9.5x)
Equity/Warrants	47,138	Cost Approach	Replacement Cost	N/A
Equity/Warrants	11,444	Market Approach	EBITDA Multiple	2.0x - 21.0x (17.4x)
Equity/Warrants	9,951	Income Approach	Market Yield	8.50% - 13.25% (12.75%)
Equity/Warrants	1,283	Market Approach	Sum of the Parts/Estimated Proceeds	8.1x - 11.4x (9.8x)
Total	**$ 146,675**			

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.

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.

In September 2017, the Company entered into an agreement with Global Accessories Group, LLC (“Global Accessories”), in which the Company exchanged its full position in Lydell Jewelry Design Studio, LLC for a 3.8% membership interest in Global Accessories, which is included in the Consolidated Schedule of Investments. As part of the agreement, the Company is entitled to contingent consideration in the form of cash payments (“Earnout”), as well as up to an additional 5% membership interest (“AMI”), provided Global Accessories achieves certain financial benchmarks through calendar year ended 2022. The Earnout and AMI were initially recorded with an aggregate fair value of $2.4 million on the transaction date using the Income Approach and were included on the Consolidated Statements of Assets and Liabilities in other assets. The contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. Any changes in fair value will be recognized in earnings. As of March 31, 2023 and September 30, 2022, the Company deemed the contingent consideration to be uncollectible.

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%, 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.

As of March 31, 2023 and September 30, 2022, the Company's asset coverage was 266.3% and 255.0%, 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. No approval was obtained and the Company is still subject to the 200% requirement.

The Company's outstanding debt excluding debt issuance costs as of March 31, 2023 and September 30, 2022 was as follows (dollars in thousands):

	March 31, 2023				September 30, 2022			
	Aggregate Principal Available	Principal Amount Outstanding	Carrying Value	Fair Value	Aggregate Principal Available	Principal Amount Outstanding	Carrying Value	Fair Value
2023 Notes	$ -	$ -	$ -	$ -	$ 22,522	$ 22,522	$ 22,483	$ 22,378
2028 Notes	57,500	57,500	55,635	50,393	57,500	57,500	55,480	50,255
Revolving Credit Facility	50,000	23,242	23,242	23,242	-	-	-	-
Total debt	$ 107,500	$ 80,742	$ 78,877	$ 73,635	$ 80,022	$ 80,022	$ 77,963	$ 72,633

Credit Facility

On December 15, 2022, the Company entered into a 3 year $50 million revolving credit facility (the "Credit Facility") with Woodforest National Bank ("Woodforest'). Woodforest is the administrative agent, sole bookrunner and sole lead arranger.

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, 2023, the Company was in compliance in all material respects with the terms of the Credit Facility.

As of March 31, 2023 and September 30, 2022, there was $23.2 million and $0 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.

On January 17, 2023, the Company borrowed $23.2 million under the Credit Facility and used these proceeds to redeem $22,521,800 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").

Unsecured Notes

2023 Notes

On March 18, 2013, the Company issued $60.0 million in aggregate principal amount of 6.125% unsecured notes that mature on March 30, 2023 (the "2023 Notes"). On March 26, 2013, the Company closed an additional $3.5 million in aggregate principal amount of the 2023 Notes, pursuant to the partial exercise of the underwriters' option to purchase additional notes. As of March 30, 2016, the 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option. The 2023 Notes bore interest at a rate of 6.125% per year, payable quarterly on March 30, June 30, September 30 and December 30 of each year, beginning June 30, 2013.

On December 12, 2016, the Company entered into an "At-The-Market" ("ATM") debt distribution agreement with FBR Capital Markets & Co., through which the Company could offer for sale, from time to time, up to $40.0 million in aggregate principal amount of the 2023 Notes. The Company sold 1,573,872 of the 2023 Notes at an average price of $25.03 per note, and raised $38.6 million in net proceeds, through the ATM debt distribution agreement.

On March 10, 2018, the Company redeemed $13.0 million in aggregate principal amount of the 2023 Notes. On December 31, 2018, the Company redeemed $12.0 million in aggregate principal amount of the 2023 Notes. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.3 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 21, 2020, the Company announced that it completed the application process for and was authorized to transfer the listing of the 2023 Notes to the NASDAQ Global Market. The listing and trading of the 2023 Notes on the NYSE ceased at the close of trading on December 31, 2020. Effective January 4, 2021, the 2023 Notes began trading on the NASDAQ Global Market under the trading symbol "PFXNL."

On November 15, 2021, the Company caused notices to be issued to the holders of the 2023 Notes regarding the Company's exercise of its option to redeem $55,325,000 in aggregate principal amount of the issued and outstanding 2023 Notes on December 16, 2021. On December 16, 2021, the Company redeemed $55,325,000 in aggregate principal amount of the issued and outstanding 2023 Notes. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.3 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 15, 2022, the Company caused notices to be issued to the holders of its 2023 Notes regarding the Company's exercise of its option to redeem $22,521,800 in aggregate principal amount of issued and outstanding 2023 Notes, comprising all issued and outstanding 2023 Notes, at a price equal to 100% of the principal amount of the 2023 Notes, plus accrued and unpaid interest thereon from September 30, 2022, through, but excluding, January 17, 2023 in accordance with the terms of the indenture governing the 2023 Notes. The redemption was completed on January 17, 2023. The Company funded the redemption of the 2023 Notes with loans obtained under the Credit Facility.

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" and collectively with the 2023 Notes, 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.

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 Notes, which are publicly traded, is based upon closing market quotes as of the measurement date. As of March 31, 2023 and September 30, 2022, the Notes would be deemed to be Level 1 in the fair value hierarchy, as defined in Note 4. As of March 31, 2023, the Credit Facility would be deemed to be Level 3 in the fair value hierarchy, as defined in Note 4.

Debt issuance costs related to the Notes are reported on the Consolidated Statements of Assets and Liabilities as a direct deduction from the face amount of the Notes. As of March 31, 2023 and September 30, 2022, debt issuance costs related to the Notes were as follows (dollars in thousands):

	March 31, 2023			September 30, 2022		
	2023 Notes	2028 Notes	Total	2023 Notes	2028 Notes	Total
Total debt issuance costs	$ 20	$ 1,937	$ 1,957	$ 3,102	$ 2,311	$ 5,413
Amortized debt issuance costs	20	72	92	3,063	291	3,354
Unamortized debt issuance costs	$ -	$ 1,865	$ 1,865	$ 39	$ 2,020	$ 2,059

For the three and six months ended March 31, 2023 and 2022, the components of interest expense, amortized debt issuance costs, weighted average stated interest rate and weighted average outstanding debt balance for the Notes were as follows (dollars in thousands):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2023	2022	2023	2022
2023 Notes Interest	$ 65	$ 345	$ 820	$ 1,060
2028 Notes Interest	779	755	1,124	1,486
Credit facility interest	353	-	353	-
Amortization of debt issuance costs	101	121	204	163
Total	$ 1,298	$ 1,221	$ 2,501	$ 2,709
Weighted average stated interest rate	6.0%	6.2%	5.7%	6.0%
Weighted average outstanding balance	$ 80,606	$ 80,022	$ 80,311	$ 90,863

For the three and six months ended March 31, 2023, Interest and financing expenses on the Consolidated Statements of Operations includes $85,532 and $113,963, respectively, for amortization of deferred financing costs pertaining to the credit facility. For the three and six months ended March 31, 2022, Interest and financing expenses on the Consolidated Statements of Operations includes $0 and $0, respectively, for amortization of deferred financing costs pertaining to the credit facility.

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, 2023, we incurred approximately $77,937 and $155,821 in administrator expenses, respectively. For the three and six months ended March 31, 2022, we incurred approximately $82,415 and $151,281 in administrator expenses, respectively.

As of March 31, 2023 and September 30, 2022, $1,900 and $74,911 was included in "administrator expenses payable" in the accompanying Consolidated Statements of Assets and Liabilities.

2022 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 January 1, 2022 and ending on December 31, 2024. 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. During the three and six months ended March 31, 2023, no accrual was recorded for these awards.

The Target Performance Award for each executive officer 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

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 January 1, 2023 and ending on December 31, 2025. 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.

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.

Note 7. Related Party Transactions

Due from Affiliates

Due from affiliates at March 31, 2023 and September 30, 2022 consists of certain legal and general and administrative expenses paid by the Company on behalf of certain of its affiliates.

Note 8. Commitments

Unfunded commitments

As of March 31, 2023 and September 30, 2022, we had commitments under loan and financing agreements to fund up to $2.9 million to four portfolio companies and $6.0 million to six portfolio companies, respectively. These commitments are primarily composed of senior secured term loans and revolvers, 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, 2023 and September 30, 2022 is shown in the table below (dollars in thousands):

	March 31, 2023	September 30, 2022
SS Acquisition, LLC (dba Soccer Shots Franchising) - Senior Secured First Lien Delayed Draw Term Loan	$ -	$ 4,000
Kemmerer Operations, LLC - Senior Secured First Lien Delayed Draw Term Loan	-	908
Secure Acquisition Inc. (dba Paragon Films) - Senior Secured First Lien Delayed Draw Term Loan	517	517
NVTN LLC - Senior Secured First Lien Delayed Draw Term Loan	220	220
Black Angus Steakhouses, LLC Senior Secured First Lien Super Priority Delayed Draw Term Loan	167	167
1888 Industrial Services, LLC - Revolving Credit Facility	-	216
Tamarix Capital Partners II, L.P. - Fund Investment	2,038	-
Total unfunded commitments	2,942	6,028

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 and expires November 30, 2026.

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, 2023 and September 30, 2022, the asset related to the operating lease was $444,544 and $513,142, respectively, and is included in the Other assets balance on the Consolidated Balance Sheet. As of March 31, 2023 and September 30, 2022, the lease liability was $498,961 and $570,695, respectively, and is included in the Other liabilities balance on the Consolidated Statements of Assets and Liabilities. As of March 31, 2023 and September 30, 2022, the remaining lease term was approximately four years for each of the respective periods 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, 2023:

For the Years Ended September 30,	Amount
2023	$ 74,160
2024	152,399
2025	156,971
2026	161,680
2027	27,417
Thereafter	-
	572,627
Difference between undiscounted and discounted cash flows	(73,666)
	$ 498,961

Note 9. Fee Income

Fee income consists of origination/closing fees, 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, 2023 and 2022 (dollars in thousands):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2023	**2022**	**2023**	**2022**
Prepayment fee	$ -	$ -	$ -	$ 209
Administrative agent fee	75	75	75	94
Amendment fee	-	-	-	4
Other fees	96	10	170	48
Fee income	$ 171	$ 85	$ 245	$ 355

Note 10. Directors Fees

For each of calendar year 2022 and 2023, the Company's independent directors each receive an annual fee of $100,000. In addition, the lead independent director receives an annual retainer of $30,000; the chair of the Audit Committee receives an annual retainer of $25,000, and each of its other members receives an annual retainer of $12,500; and the chairs of the Nominating and Corporate Governance Committee and of the Compensation Committee each receive an annual retainer of $15,000 and each of the other members of these committees receive annual retainers of $8,000. The Company's independent directors also receive a fee of $3,000 for each board meeting and $2,500 for each committee meeting that they attend.

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, 2023, the Company recognized $0.2 million, and $0.4 million for directors' fees expense, respectively. For the three and six months ended March 31, 2022, 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, 2023.

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, 2023 and 2022 (dollars in thousands, except share and per share amounts):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2023	**2022**	**2023**	**2022**
Basic and diluted:				
Net increase (decrease) in net assets resulting from operations	$ 6,708	$ 2,973	$ 10,660	$ 7,776
Weighted average shares of common stock outstanding - basic and diluted	2,095,193	2,397,911	2,098,041	2,458,222
Earnings (loss) per share of common stock - basic and diluted	$ 3.20	$ 1.24	$ 5.08	$ 3.16

Note 12. Financial Highlights

The following is a schedule of financial highlights for the six months ended March 31, 2023 and 2022:

	For the Six Months Ended March 31, 2023	For the Six Months Ended March 31, 2022
Per share data		
Net Asset Value per share at Beginning of Period	$ 57.49	$ 57.08
Results of Operations:		
Net Investment Income/(Loss)(1)	1.63	0.55
Net Realized Gain/(Loss) on Investments	(0.38)	6.38
Net Unrealized Gain/(Loss) on Investments	3.83	(3.65)
Net loss on extinguishment of debt	-	(0.12)
Net Increase (Decrease) in Net Assets Resulting from Operations	5.08	3.16
Capital Share Transactions		
Repurchase of common stock under stock repurchase program	0.13	2.70
Net Increase (Decrease) Resulting from Capital Share Transactions	0.13	2.70
Net Asset Value per share at End of Period	$ 62.70	$ 62.94
Net Assets at End of Period	$ 131,150,889	$ 138,960,140
Shares Outstanding at End of Period	2,091,638	2,207,794
Per share market value at end of period	$ 37.00	$ 40.90
Total return based on market value(2)	6.08%	(4.66%)
Total return based on net asset value per share(3)	9.06%	10.27%
Portfolio turnover rate	13.70%	104.76%
Ratios:		
Ratio of net investment/(loss) income to average net assets after waivers, discounts and reimbursements(4)	5.47%	1.84%
Ratio of total expenses to average net assets(4)	9.90%	7.42%
Supplemental Data:		
Percentage of non-recurring fee income(5)	2.54%	5.23%
Average debt outstanding(6)	$ 80,310,648	$ 90,862,684
Average debt outstanding per weighted average common share	$ 38.33	$ 36.96
Asset coverage ratio per unit(7)	$ 2,663	$ 2,787
Senior Securities Outstanding(8)		
2023 Notes	$ -	$ 22,521,800
2028 Notes	$ 57,500,000	$ 57,500,000
Average market value per unit:		
2023 Notes	$ 25.10	$ 25.40
2028 Notes	$ 23.27	$ 25.12

(1) Net investment income/(loss) excluding management and incentive fee waivers, discounts and reimbursements based on total weighted average common stock outstanding equals $1.63 and $0.55 per share for the six months ended March 31, 2023, and 2022, respectively.
(2) 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.
(3) Total return is historical and assumes changes in NAV, 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.
(4) Ratios are annualized during interim periods.
(5) Represents the impact of the non-recurring fees as a percentage of total investment income.
(6) Based on daily weighted average carrying value of debt outstanding during the period.
(7) 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, 2023, the Company's asset coverage was 266.3% after giving effect to leverage and therefore the Company's asset coverage was above 200%, the minimum asset coverage requirement under the 1940 Act.
(8) Total amount of each class of senior securities outstanding at the end of the period excluding debt issuance costs.

Note 13. Dividends

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is 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.

The Company did not declare any distribution payments during the three and six months ended March 31, 2023 and 2022.

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 632,071 shares of common stock through March 31, 2023 with a total cost of approximately $25.0 million, or 23.2% of shares outstanding as of the program's inception. Taking into account such prior repurchases, the total remaining amount authorized under the expanded share repurchase program is approximately $10.0 million.

The following table sets forth the number of shares of common stock repurchased by the Company at an average price of $36.85 per share under its share repurchase program from February 10, 2021 through March 31, 2023:

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	$36.43 - $37.26	25,864
August 2022	3,081	$28.27 - $37.82	112,456
September 2022	91,808	$36.13 - $37.53	3,443,845
October 2022	401	$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
Total	632,071		$ 25,044,100

During the six months ended March 31, 2023, 10,191 shares were transferred into treasury.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. 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, 2023.

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 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 impact from the COVID-19 pandemic: including its impact on the global and U.S. capital markets and the global and U.S. economy; the length and duration of the COVID-19 outbreak in the United States as well as worldwide and the magnitude of the economic impact of that outbreak; the effect of the COVID-19 pandemic 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 the disruptions caused by the COVID-19 pandemic 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.

War in Ukraine

In February 2022, Russia launched a large-scale invasion of Ukraine. The extent and duration of Russian military action in the Ukraine, resulting sanctions and resulting future market disruptions, including declines in stock markets in Russia and elsewhere and the value of the ruble against the U.S. dollar, are impossible to predict, but have been and could continue to be significant. Any such disruptions caused by Russian military or other actions (including cyberattacks and espionage) or resulting from actual or threatened responses to such actions have caused and could continue to cause disruptions to portfolio companies located in Europe or that have substantial business relationships with European or Russian companies. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but have been and could continue to be substantial. Any such market disruptions could affect our portfolio companies' operations and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

We have evaluated subsequent events from March 31, 2023 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, 2023, the analysis contained herein may not fully account for market event impacts. As of March 31, 2023, 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, 2023), 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 2022, the Federal Reserve raised short-term interest rates and has indicated additional interest rate increases may come. 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 LIBOR or SOFR floor, as applicable), 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 continue to 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. On November 18, 2020, the board of directors of the Company approved the adoption of an internalized management structure, effective January 1, 2021. Since January 1, 2021, we have operated under such 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 our 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.

Reverse Stock Split; Authorized Share Reduction

At the Company's 2020 Annual Meeting of Stockholders held on June 30, 2020 (the "Annual Meeting"), stockholders approved a proposal to grant discretionary authority to the Company's board of directors to amend the Company's Certificate of Incorporation (the "Certificate of Incorporation") to effect a reverse stock split of its common stock, of 1-20 (the "Reverse Stock Split") and with the Reverse Stock Split to be effective at such time and date, if at all, as determined by the board of directors, but not later than 60 days after stockholder approval thereof and, if and when the reverse stock split is effected, reduce the number of authorized shares of common stock by the approved reverse stock split ratio (the "Authorized Share Reduction").

Following the Annual Meeting, on July 7, 2020, the board of directors determined that it was in the best interests of the Company and its stockholders to implement the Reverse Stock Split and the Authorized Share Reduction. Accordingly, on July 13, 2020, the Company filed a Certificate of Amendment (the "Certificate of Amendment") to the Certificate of Incorporation with the Secretary of State of the State of Delaware to effect the Reverse Stock Split and the Authorized Share Reduction.

Pursuant to the Certificate of Amendment, effective as of 5:00 p.m., Eastern Time, on July 24, 2020 (the "Effective Time"), each twenty (20) shares of common stock issued and outstanding, immediately prior to the Effective Time, automatically and without any action on the part of the respective holders thereof, were combined and converted into one (1) share of common stock. In connection with the Reverse Stock Split, the Certificate of Amendment provided for a reduction in the number of authorized shares of common stock from 100,000,000 to 5,000,000 shares of common stock. No fractional shares were issued as a result of the Reverse Stock Split. Instead, any stockholder who would have been entitled to receive a fractional share as a result of the Reverse Stock Split received cash payments in lieu of such fractional shares (without interest and subject to backup withholding and applicable withholding taxes).

On December 21, 2020, the Company announced that it completed the application process for and was authorized to transfer the listing of its shares of common stock to the NASDAQ Global Market. The listing and trading of the common stock on the NYSE ceased at the close of trading on December 31, 2020. Since January 4, 2021, the common stock trades on the NASDAQ Global Market under the trading symbol "PFX."

Revenues

We generate revenue in the form of interest income on the debt that we hold and capital gains, if any, on warrants or other equity interests 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

In periods prior to December 31, 2020, our primary operating expenses included management and incentive fees pursuant to the investment management agreement we had with MCC Advisors and overhead expenses, including our allocable portion of our administrator's overhead under the administration agreement, which were paid during the quarter ended March 31, 2021. Our management and incentive fees compensated MCC Advisors for its work in identifying, evaluating, negotiating, closing and monitoring our investments. On November 18, 2020, the board of directors adopted an internally managed structure, effective January 1, 2021, under which 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 incurred in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies;
- interest payable on debt, if any, incurred to finance our investments;
- the costs of all offerings of common stock 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;
- registration fees and listing fees;
- U.S. federal, state and local taxes;
- independent director 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.

2022 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. A form of Award Agreement to be used under the CIP was also approved.

In connection with the approval of the CIP, the Compensation Committee in April 2022 approved awards for the executive officers named in the table below for the three year performance period commencing on January 1, 2022 and ending on December 31, 2024. 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. During the three and six months ended March 31, 2023, no accrual was recorded for these awards.

The Target Performance Award for each executive officer 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

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 January 1, 2023 and ending on December 31, 2025. 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.

Portfolio and Investment Activity

As of March 31, 2023 and September 30, 2022, our portfolio had a fair market value of approximately $200.1 million and $193.0 million, respectively.

During the six months ended March 31, 2023, we received proceeds from sale and settlements of investments of $26.9 million, including principal and dividend proceeds, realized net losses on investments of $0.8 million, and invested $26.0 million.

During the six months ended March 31, 2022, we received proceeds from sale and settlements of investments of $89.8 million including principal and dividend proceeds, net realized gains (losses) on investments of $15.7 million, and invested $119.8 million.

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

	March 31, 2023		**September 30, 2022**	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**
Average portfolio company	$ 4,039	$ 3,078	$ 3,560	$ 2,608
Largest portfolio company	38,051	38,051	47,136	47,136

The following table summarizes the amortized cost and the fair value of investments as of March 31, 2023 (dollars in thousands):

	Amortized Cost	**Percentage**	**Fair Value**	**Percentage**
Senior Secured First Lien Term Loans	$ 139,319	53.0%	$ 96,603	48.3%
Senior Secured Notes	2,616	1.0	2,128	1.1
Unsecured Debt	182	0.1	-	-
Fund Investment	1,027	0.4	1,027	0.5
Equity/Warrants	119,398	45.5	100,331	50.1
Total Investments	**$ 262,542**	**100.0**%	**$ 200,089**	**100.0**%

The following table summarizes the amortized cost and the fair value of investments as of September 30, 2022 (dollars in thousands):

	Amortized Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 128,482	48.7%	$ 88,248	45.6%
Senior Secured Second Lien Term Loans	2,603	1.0	2,607	1.4
Senior Secured Notes	2,252	0.9	1,659	0.9
Unsecured Debt	182	0.1	-	-
Equity/Warrants	129,929	49.3	100,443	52.1
Total Investments	**$ 263,448**	**100.0%**	**$ 192,957**	**100.0%**

As of March 31, 2023, our income-bearing investment portfolio based upon cost represented 63.6% of our total portfolio of which 79.8% bore interest based on floating rates, such as the London Interbank Offering Rate ("LIBOR") or the Secured Overnight Financing Rate ("SOFR"), while 20.2% bore interest at fixed rates. As of March 31, 2023, the Company had a weighted average yield of 11.8% on debt and other income producing investments. This yield 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, 2023 and September 30, 2022 (dollars in thousands):

	March 31, 2023		September 30, 2022	
	Fair Value	Percentage	Fair Value	Percentage
1	$ -	0.0%	$ -	0.0%
2	164,941	82.5%	159,279	82.6%
3	13,278	6.6%	22,183	11.5%
4	16,038	8.0%	6,250	3.2%
5	5,832	2.9%	5,245	2.7%
Total	$ 200,089	100.0%	$ 192,957	100.0%

Results of Operations

Operating results for three and six months ended March 31, 2023 and 2022 are as follows (dollars in thousands):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2023	2022	2023	2022
Total investment income	$ 4,912	$ 3,657	$ 9,616	$ 6,791
Less: Net expenses	3,138	2,507	6,193	5,440
Net investment income/(loss)	1,774	1,150	3,423	1,351
Net realized gains (losses) on investments	(815)	454	(801)	15,677
Net change in unrealized gains (losses) on investments	5,749	1,369	8,038	(8,956)
Loss on extinguishment of debt	-	-	-	(296)
Net increase (decrease) in net assets resulting from operations	$ 6,708	$ 2,973	$ 10,660	$ 7,776

Investment Income

For the three months ended March 31, 2023, investment income totaled $4.9 million, of which $2.8 million was attributable to portfolio interest, $1.5 million was attributable to dividend income, $0.2 million was attributable to fee income and $0.4 million was attributable to other income. For the six months ended March 31, 2023, investment income totaled $9.6 million, of which $5.5 million was attributable to portfolio interest, $3.5 million was attributable to dividend income, $0.2 million was attributable to fee income and $0.4 million was attributable to other income. Dividend income was received from 3 investments during the six months ended March 31, 2023.

For the three months ended March 31, 2022, investment income totaled $3.7 million, of which $2.7 million was attributable to portfolio interest, $0.9 million was attributable to dividend income, and $0.1 million was attributable to fee income. For the six months ended March 31, 2022, investment income totaled $6.8 million, of which $4.6 million was attributable to portfolio interest, $1.6 million was attributable to dividend income, $0.4 million was attributable to fee income, and $0.2 million was attributable to other income. Dividend income was received from 11 investments during the six months ended March 31, 2022.

Operating Expenses

Operating expenses for the three and six months ended March 31, 2023 and 2022 are as follows (dollars in thousands):

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2023	2022	2023	2022
Interest and financing expenses	$ 1,382	$ 1,221	$ 2,615	$ 2,709
Professional fees, net	377	161	725	467
Salaries and benefits	802	430	1,660	936
General and administrative	201	290	421	487
Directors fees	177	167	371	376
Insurance	121	156	245	314
Administrator expenses	78	82	156	151
Total Expenses	$ 3,138	$ 2,507	$ 6,193	$ 5,440

For the three months ended March 31, 2023, total operating expenses increased by $0.6 million, or 25.2% compared to the three months ended March 31, 2022. For the six months ended March 31, 2023, total operating expenses increased by $0.8 million, or 13.8% compared to the six months ended March 31, 2022.

Interest and Financing Expenses

Interest and financing expenses for the three months ended March 31, 2023 increased by $0.2 million, or 13.2% compared to the three months ended March 31, 2022. Interest and financing expenses for the six months ended March 31, 2023 decreased by $0.1 million, or 3.5% compared to the six months ended March 31, 2022. The decrease in interest and financing expenses for the six months ended March 31, 2023 was primarily due to the redemption of the 2023 Notes on January 17, 2023.

Professional Fees and General and Administrative Expenses

Professional fees and general and administrative expenses for the three months ended March 31, 2023 increased by $0.2 million, or 134.2% compared to the three months ended March 31, 2022.

Professional fees and general and administrative expenses for the six months ended March 31, 2023 increased by $0.3 million, or 55.2% compared to the six months ended March 31, 2022.

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 and six months ended March 31, 2023, we recognized $0.8 million of realized losses on our portfolio investments. The realized losses were primarily due to the write off of Walker Edison Furniture Company for $2.1 million and proceeds from Footprint for $1.2 million of a gain.

During the three months ended March 31, 2022, we recognized $0.5 million of realized gains on our portfolio investments. The realized gains were primarily due to the partial repayment of one investment. During the six months ended March 31, 2022, we recognized $15.7 million of realized gains on our portfolio investments. The realized gains were primarily due to the partial repayment of one investment and the restructuring of three investments.

Realized loss on extinguishment of debt

In the event that we modify or extinguish our debt prior to maturity, we account for it in accordance with ASC 470-50, Modifications and Extinguishments, in which we measure the difference between the reacquisition price of the debt and the net carrying amount of the debt, which includes any unamortized debt issuance costs.

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, 2023, we had $5.7 million of net unrealized appreciation on investments. The net unrealized appreciation resulted from fair market value appreciation primarily attributable to Kemmerer Operations, Maritime Wireless, the reversal of the realized loss on Walker Edison which was offset by the unrealized depreciation on Lucky Bucks.

For the six months ended March 31, 2023, we had $8.0 million of net unrealized appreciation on investments. The net unrealized appreciation resulted from fair market value appreciation primarily attributable to Level One asset along with Kemmerer Operations, Maritime Wireless, the reversal of the realized loss on Walker Edison which was offset by the unrealized depreciation on Lucky Bucks.

For the three months ended March 31, 2022, we had $1.4 million of net unrealized appreciation on investments. The net unrealized appreciation resulted from the reversal of previously recorded unrealized depreciation due to the repayment of one investment and net mark-to-market adjustments on investments.

For the six months ended March 31, 2022, we had $9.0 million of net unrealized depreciation on investments. The net unrealized depreciation resulted from the reversal of previously recorded net unrealized depreciation on nine investments that were realized, partially sold, or written-off during the year, as well as net mark-to-market adjustments on investments.

Provision for Deferred Taxes on Unrealized Depreciation on Investments

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, 2023 and 2022, the Company did not record a change in provision for deferred taxes on the unrealized (appreciation)/depreciation on investments.

Changes in Net Assets from Operations

For the three months ended March 31, 2023, we recorded a net increase in net assets resulting from operations of $6.7 million compared to a net increase in net assets resulting from operations of $3.0 million for the three months ended March 31, 2022. Total Net Assets decreased from the last quarter due to share repurchases in the amount of $0.3 million. Based on 2,095,193 and 2,397,911 weighted average common shares outstanding for the three months ended March 31, 2023 and 2022, respectively, our per share net increase in net assets resulting from operations was $3.20 for the three months ended March 31, 2023 and $1.24 for the three months ended March 31, 2022.

For the six months ended March 31, 2023, we recorded a net increase in net assets resulting from operations of $10.7 million compared to a net increase in net assets resulting from operations of $7.8 million for the six months ended March 31, 2022. This increase takes into account increased net income and net capital appreciation for the period, each as described above. Based on 2,098,041 and 2,458,222 weighted average common shares outstanding for the six months ended March 31, 2023 and 2022, respectively, our per share net increase in net assets resulting from operations was $5.08 for the six months ended March 31, 2023 and $3.16 for the six months ended March 31, 2022.

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, 2023, we had $10.8 million 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 632,071 shares of common stock through March 31, 2023, or 23.2% of shares outstanding as of the program's inception, with a total cost of $25.0 million. Taking into account such prior repurchases, the total remaining amount authorized under the expanded share repurchase program at March 31, 2023 was approximately $10.0 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. As of March 31, 2023, there was $23.2 million outstanding borrowings by the Company under the Credit Facility.

Outstanding loans under the Credit Facility will 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.

Unsecured Notes

2023 Notes

On March 18, 2013, the Company issued $60.0 million in aggregate principal amount of 2023 Notes. As of March 30, 2016, the 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option. On March 26, 2013, the Company closed an additional $3.5 million in aggregate principal amount of 2023 Notes, pursuant to the partial exercise of the underwriters' option to purchase additional notes. The 2023 Notes bore interest at a rate of 6.125% per year, payable quarterly on March 30, June 30, September 30 and December 30 of each year, beginning June 30, 2013.

On December 12, 2016, the Company entered into an "At-The-Market" ("ATM") debt distribution agreement with FBR Capital Markets & Co., through which the Company could offer for sale, from time to time, up to $40.0 million in aggregate principal amount of the 2023 Notes. The Company sold 1,573,872 of the 2023 Notes at an average price of $25.03 per note, and raised $38.6 million in net proceeds, through the ATM debt distribution agreement.

On March 10, 2018, the Company redeemed $13.0 million in aggregate principal amount of the 2023 Notes. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.3 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 31, 2018, the Company redeemed $12.0 million in aggregate principal amount of the 2023 Notes. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.2 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 21, 2020, the Company announced that it completed the application process for and was authorized to transfer the listing of the 2023 Notes to the NASDAQ Global Market. The listing and trading of the 2023 Notes on the NYSE ceased at the close of trading on December 31, 2020. Effective January 4, 2021, the 2023 Notes trade on the NASDAQ Global Market under the trading symbol “PFXNL.”

On November 15, 2021, the Company caused notices to be issued to the holders of the 2023 Notes regarding the Company’s exercise of its option to redeem $55,325,000 in aggregate principal amount of the issued and outstanding 2023 Notes on December 16, 2021. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.3 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 15, 2022, the Company caused notices to be issued to the holders of its 2023 Notes regarding the Company’s exercise of its option to redeem $22,521,800 in aggregate principal amount of issued and outstanding 2023 Notes, comprising all issued and outstanding 2023 Notes, at a price equal to 100% of the principal amount of the 2023 Notes, plus accrued and unpaid interest thereon from September 30, 2022, through, but excluding, January 17, 2023 in accordance with the terms of the indenture governing the 2023 Notes. The redemption was completed on January 17, 2023. The Company funded the redemption of the 2023 Notes with loans obtained under the Credit Facility, as described earlier in this section.

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.

Contractual Obligations and Off-Balance Sheet Arrangements

As of March 31, 2023 and September 30, 2022, we had commitments under loan and financing agreements to fund up to $2.9 million to four portfolio companies and $6.0 million to six portfolio companies, respectively. These commitments are primarily composed of senior secured term loans and revolvers, 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, 2023 and September 30, 2022 is shown in the table below (dollars in thousands):

	March 31, 2023	September 30, 2022
SS Acquisition, LLC (dba Soccer Shots Franchising) - Senior Secured First Lien Delayed Draw Term Loan	$ -	$ 4,000
Kemmerer Operations, LLC - Senior Secured First Lien Delayed Draw Term Loan	-	908
Secure Acquisition Inc. (dba Paragon Films) - Senior Secured First Lien Delayed Draw Term Loan	517	517
NVTN LLC - Senior Secured First Lien Delayed Draw Term Loan	220	220
Black Angus Steakhouses, LLC Senior Secured First Lien Super Priority Delayed Draw Term Loan	167	167
1888 Industrial Services, LLC - Revolving Credit Facility	-	216
Tamarix Capital Partners II, L.P. - Fund Investment	2,038	-
Total unfunded commitments	2,942	6,028

The following table shows our payment obligations for repayment of debt and other contractual obligations at March 31, 2023 (dollars in thousands):

	Payments Due by Period						
	2023	2024	2025	2026	2027	Thereafter	Total
Revolving Credit Facility	$ -	$ -	$ (23,241,941)	$ -	$ -	$ -	$ (23,241,941)
2028 Notes	-	-	-	-	-	(57,500,000)	(57,500,000)
Operating Lease Obligation (1)	(74,160)	(152,399)	(156,971)	(161,680)	(27,417)	-	(572,627)
Total contractual obligations	$ (74,160)	$ (152,399)	$ (23,398,912)	$ (161,680)	$ (27,417)	$ (57,500,000)	$ (81,314,568)

(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.

Distributions

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. 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.

We intend to pay quarterly dividends to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of dividends or year-to-year increases in dividends. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay dividends. All dividends will be paid at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our RIC tax treatment, compliance with applicable BDC regulations and such other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will pay dividends to our stockholders in the future.

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.

There were no dividend distribution payments during the three and six months ended March 31, 2023 and 2022.

Related Party Transactions

Concurrent with the pricing of our IPO, we entered into a number of business relationships with affiliated or related parties, including the following:

- We entered into the Investment Management Agreement with MCC Advisors, which expired December 31, 2020. Mr. Brook Taube, Chairman and Chief Executive Officer through December 31, 2020 and director through January 21, 2021 and Mr. Seth Taube, director through January 21, 2021, are both affiliated with MCC Advisors and Medley.

- Through December 31, 2020, MCC Advisors provided us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our administration agreement. We reimbursed MCC Advisors for the allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses incurred by it in performing its obligations under the administration agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs.

On June 12, 2020, the Company entered into the Expense Support Agreement with MCC Advisors and Medley LLC, pursuant to which MCC Advisors and Medley LLC agreed (jointly and severally) to cap the management fee and all of the Company's other operating expenses (except interest expenses, certain extraordinary strategic transaction and expenses, and other expenses approved by the Special Committee) at $667,000 per month (the "Cap"). Under the Expense Support Agreement, the Cap became effective on June 1, 2020 and was to expire on September 30, 2020. On September 29, 2020, the board of directors, including all of the independent directors, extended the term of the Expense Support Agreement through the end of quarter ending December 31, 2020. The Expense Support Agreement expired by its terms at the close of business on December 31, 2020, in connection with the adoption of the internalized management structure by the board of directors.

In addition, 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.

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.

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 inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable at the measurement date. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets including actionable bids from third parties for privately held assets or liabilities, and observable inputs other than quoted prices such as yield curves and forward currency rates that are entered directly into valuation models to determine the value of derivatives or other assets or liabilities.

- Level 3 - Valuations based on inputs that are unobservable and where there is little, if any, market activity at the measurement date. The inputs for the determination of fair value may require significant management judgment or estimation and are based upon management's assessment of the assumptions that market participants would use in pricing the assets or liabilities. These investments include debt and equity investments in private companies or assets valued using the Market or Income Approach and may involve pricing models whose inputs require significant judgment or estimation because of the absence of any meaningful current market data for identical or similar investments. The inputs in these valuations may include, but are not limited to, capitalization and discount rates, beta and EBITDA multiples. The information may also include pricing information or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence.

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 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 is then reviewed by the Fair Value Personnel.

- Preliminary valuation conclusions will then be 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

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 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, 2023, certain investments in six portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $9.5 million, or 4.7% of the fair value of our portfolio. At September 30, 2022, certain investments in five portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $5.2 million, or 2.7% of the fair value of our portfolio.

Federal Income Taxes

The Company has elected, and intends 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.

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 LIBOR and 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 addition, U.S. and global capital markets and credit markets have experienced a higher level of stress due to the global COVID-19 pandemic, 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 three and six months ended March 31, 2023, we did not engage in hedging activities.

As of March 31, 2023, 75.9% of our income-bearing investment portfolio bore interest based on floating rates based upon fair value. 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 LIBOR, SOFR or similar reference rates are not offset by a corresponding increase in the spread over LIBOR, SOFR or similar 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 LIBOR, SOFR or similar 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 LIBOR and SOFR floor as of March 31, 2023 was as follows (dollars in thousands):

	March 31, 2023	
LIBOR and SOFR Floor	**Fair Value**	**% of Floating Rate Portfolio**
Under 1%	$ 41,582	45.9%
1% to under 2%	44,537	49.2
2% to under 3%	-	-
No Floor	4,452	4.9
Total	$ 90,571	100.0%

Based on our Consolidated Statements of Assets and Liabilities as of March 31, 2023, the following table (dollars in thousands) shows the approximate increase/(decrease) in components of net assets resulting from operations of hypothetical LIBOR and 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	$ 6,900	$ (1,700)	$ 5,200
Up 200 basis points	4,600	(1,200)	3,400
Up 100 basis points	2,300	(600)	1,700
Down 100 basis points	(2,300)	600	(1,700)
Down 200 basis points	(4,600)	1,200	(3,400)
Down 300 basis points	(6,900)	1,700	(5,200)

(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, 2023. 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, 2023, 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. Except as described below, 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, 2022, filed with the SEC on December 16, 2022, 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, 2023 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.

Risks Related to our Business

We may not be able to pay you distributions and our distributions may not grow over time.

When possible, we may pay quarterly distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described herein. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay distributions. As of March 31, 2023, the Company’s asset coverage was 266.3% after giving effect to leverage and therefore the Company’s asset coverage is above 200%, the minimum asset coverage requirement under the 1940 Act. All distributions will be paid at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our RIC tax treatment, compliance with applicable BDC regulations, and such other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future.

Risks Related to our Operations as a BDC and RIC

Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital which could have a material adverse impact on our liquidity, financial condition and results of operations.

Our business requires a substantial amount of capital to operate and grow. We may acquire additional capital from the issuance of senior securities (including debt and preferred stock), the issuance of additional shares of our common stock or from securitization transactions. However, we may not be able to raise additional capital in the future on favorable terms or at all. Additionally, we may only issue senior securities up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities only in amounts 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 issuance or incurrence. If our assets decline in value and we fail to satisfy this test, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales or repayment may be disadvantageous, which could have a material adverse impact on our liquidity, financial condition and results of operations. As of March 31, 2023, the Company’s asset coverage was 266.3% after giving effect to leverage and therefore the Company’s asset coverage is above 200%, the minimum asset coverage requirement under the 1940 Act.

Risks Relating to an Investment in our Securities

The indenture under which the 2028 Notes are issued place restrictions on our and/or our subsidiaries’ activities.

The terms of the indentures under which the 2028 Notes were issued place restrictions on our and/or our subsidiaries’ ability to, among other things issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the 2028 Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the 2028 Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the 2028 Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the 2028 Notes, except as would cause our asset coverage to be below 200% as a result of such borrowings and/or issuances, whether or not we continue to be subject to the regulations of the 1940 Act. These provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings. As of March 31, 2023, the Company’s asset coverage was 266.3% after giving effect to leverage. These provisions generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock or purchasing any such capital stock if our asset coverage, as defined in the 1940 Act, is below 200% at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution or purchase.

The terms of the Credit Facility place restrictions on our and/or our subsidiaries activities.

The terms of the Credit Facility place restrictions on our and/or our subsidiaries' ability to, among other things, issue securities or otherwise incur additional indebtedness or other obligations, and in certain cases we may need the approval of WoodForest, as the Administrative Agent, in order to incur further indebtedness. In addition, 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, which would adversely affect our liquidity position and, in turn, could force us to dispose of investments at inopportune times at reduced prices. Repayment could also adversely affect our ability to implement our investment strategy and achieve our investment objectives.

Certain Risks in the Current Environment

We are currently operating in a period of capital markets disruptions and economic uncertainty. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business, financial condition and operations.

From time to time, capital markets may experience periods of disruption and instability. The U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of coronavirus ("COVID-19") that began in December 2019. Some economists and major investment banks have expressed concern that the continued spread of the COVID-19 globally could lead to a world-wide economic downturn. Even after the COVID-19 pandemic subsides, the U.S. economy, as well as most other major economies, may continue to experience a recession, and we anticipate our businesses would be materially and adversely affected by a prolonged recession in the United States and other major markets. Disruptions in the capital markets have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. The COVID-19 outbreak continues to have, and any future outbreaks could have, an adverse impact on the ability of lenders to originate loans, the volume and type of loans originated, the ability of borrowers to make payments and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by the Company and returns to the Company, among other things. With respect to the U.S. credit markets, the COVID-19 outbreak has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i) increased draws by borrowers on revolving lines of credit and other financing instruments; (ii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iii) greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility; and rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general which will not necessarily adequately address the problems facing the loan market and businesses. These and future market disruptions and/or illiquidity could have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations, limit our ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments. We may have to access, if available, alternative markets for debt and equity capital, and a severe disruption in the global financial markets, deterioration in credit and financing conditions or uncertainty regarding U.S. government spending and deficit levels or other global economic conditions could have a material adverse effect on our business, financial condition and results of operations.

For example, between 2008 and 2009, the U.S. and global capital markets were unstable as evidenced by periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular.

Equity capital may be difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than NAV without first obtaining approval for such issuance from our stockholders and our independent directors. Volatility and dislocation in the capital markets can also create a challenging environment in which to raise or access debt capital. The current market and future market conditions similar to those experienced from 2008 through 2009 for any substantial length of time could make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience, including being at a higher cost in a rising interest rate environment. If any of these conditions appear, they may have an adverse effect on our business, financial condition, and results of operations. These events could limit our investment originations, limit our ability to increase returns to equity holders through the effective use of leverage, and negatively impact our operating results.

In addition, significant changes or volatility in the capital markets may also have a negative effect on the valuations of our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). Significant changes in the capital markets may also affect the pace of our investment activity and the potential for liquidity events involving our investments. Thus, the illiquidity of our investments may make it difficult for us to sell our investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital could have a material adverse effect on our business, financial condition or results of operations.

Governmental authorities worldwide have taken increased measures to stabilize the markets and support economic growth. The success of these measures is unknown and they may not be sufficient to address the market dislocations or avert severe and prolonged reductions in economic activity.

We also face an increased risk of investor, creditor or portfolio company disputes, litigation and governmental and regulatory scrutiny as a result of the effects of COVID-19 on economic and market conditions.

Events outside of our control, including terrorist attacks, acts of war, natural disasters or public health crises, could negatively affect our portfolio companies and our results of our operations.

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.

COVID-19 and variants thereof continue to adversely impact global commercial activity and has contributed to significant volatility in financial markets. Local, state and federal and numerous non-U.S. governmental authorities have imposed travel and hospitality restrictions and bans, business closures or limited business operations and other quarantine measures on businesses and individuals. We cannot predict the full impact of COVID-19, including the duration and the impact of the closures and restrictions described above. As a result, we are unable to predict the duration of these business and supply-chain disruptions, the extent to which COVID-19 will negatively affect our portfolio companies' operating results or the impact that such disruptions may have on our results of operations and financial condition. With respect to loans to portfolio companies, the Company will be impacted if, among other things, (i) amendments and waivers are granted (or are required to be granted) to borrowers permitting deferral of loan payments or allowing for PIK interest payments, (ii) borrowers default on their loans, are unable to refinance their loans at maturity, or go out of business, or (iii) the value of loans held by the Company decreases as a result of such events and the uncertainty they cause. Portfolio companies may also be more likely to seek to draw on unfunded commitments we have made, and the risk of being unable to fund such commitments is heightened during such periods. Depending on the duration and extent of the disruption to the business operations of our portfolio companies, we expect some portfolio companies, particularly those in vulnerable industries, to experience financial distress and possibly to default on their financial obligations to us and/or their other capital providers. In addition, if such portfolio companies are subjected to prolonged and severe financial distress, we expect some of them to substantially curtail their operations, defer capital expenditures and lay off workers. These developments would be likely to permanently impair their businesses and result in a reduction in the value of our investments in them.

The Company will also be negatively affected if the operations and effectiveness of our portfolio companies (or any of the key personnel or service providers of the foregoing) are compromised or if necessary or beneficial systems and processes are disrupted as a result of stay-at-home orders or other related interruptions to business operations.

In February 2022, Russia launched a large-scale invasion of Ukraine. The extent and duration of Russian military action in the Ukraine, resulting sanctions and resulting future market disruptions, including declines in stock markets in Russia and elsewhere and the value of the ruble against the U.S. dollar, are impossible to predict, but have been and could continue to be significant. Any such disruptions caused by Russian military or other actions (including cyberattacks and espionage) or resulting from actual or threatened responses to such actions have caused and could continue to cause disruptions to portfolio companies located in Europe or that have substantial business relationships with European or Russian companies. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but have been and could continue to be substantial. Any such market disruptions could affect our portfolio companies' operations and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to risks associated with significant investments in one or more economic sectors and/or industries, including the business services sector, which includes our investment in our affiliate's asset based lending business.

At times, the Company may have a significant portion of its assets invested in securities of companies conducting business within one or more economic sectors and/or industries, including the Services: Business, which includes our investment in an asset based lending business. Companies in the same sector or industry may be similarly affected by economic, regulatory, political or market events or conditions, which may make the Company more vulnerable to unfavorable developments in that sector or industry than companies that invest more broadly. Generally, the more broadly the Company invests, the more it spreads risk and potentially reduces the risks of loss and volatility.

As of March 31, 2023, investments in our affiliate's asset-based lending business constituted 17.8% of our total assets. Thus, the Company presently has significant exposure to its asset based lending business. This asset based lending exposure subjects the Company to the particular risks of such business to a greater degree than others not similarly concentrated. The Company's affiliate's asset based lending activity within the gemstone and jewelry industry is exposed to factors that can impact price of gemstones and jewelry, including supply and demand of gemstones; political, economic, and global financial events; movement of the U.S. dollar versus other currencies; and the activity of large speculators and other participants. The gemstones and jewelry industry is exposed to the risk of loss as a result of fraud in its various forms. A significant decline in market prices of gemstones could result in reduced collateral value and losses, i.e., a lower balance of asset-based loans outstanding for the Company's affiliate (which in turn would adversely impact out net asset value). See Item 1A of our Form 10-K, filed December 16, 2022, for risk factors related to our investment in this business.

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	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).
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 11, 2023

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)

Exhibit 31.1

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, including its consolidated subsidiaries, 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 11, 2023

/s/ David Lorber

David Lorber
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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, including its consolidated subsidiaries, 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 11, 2023

/s/ Ellida McMillan

Ellida McMillan
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**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, 2023, 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 11, 2023

By /s/ David Lorber
David Lorber
Chief Executive Officer

By /s/ Ellida McMillan
Ellida McMillan
Chief Financial Officer