

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Attachment](#)

18 Can any resulting loss be recognized? ▶ [See Attachment](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attachment](#)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ Richard A Rome Date ▶ 03/30/2026

Print your name ▶ Richard Rome Title ▶ Secretary

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

Statement of PHI
Group, Inc.

Disclaimer: The information contained in the attached Form 8937 and this attachment thereto is intended to satisfy the requirements of public reporting under section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). This information includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the transactions described below. The summary is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the “IRS”), in each case as in effect on the date hereof. Changes in the Code, such regulations, judicial decisions, and rules or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may be relevant to particular categories of holders of Warrants (as defined below). Further, this information may not be applicable to holders of Warrants who are not citizens or residents of the United States. You are urged to consult your own tax advisor regarding the particular consequences of the Warrant Adjustment (as defined below) to you, including the applicability and effect of all U.S. federal, state, and local and foreign tax laws.

Part I. Box 9 & Box 10: Classification and Description: CUSIP Number.

The classification and description, as well as CUSIP numbers of the securities involved, are as follows:

<u>Warrant:</u>	<u>CUSIP:</u>
Each Warrant represents the right to acquire 1.71 shares of Common Stock (previously represented the right to acquire 1.60 shares of Common Stock)	69360B112
Each Warrant represents the right to acquire 1.65 shares of Common Stock (previously represented the right to acquire 1.54 shares of Common Stock)	693467151
Each Warrant represents the right to acquire 1.37 shares of Common Stock (previously represented the right to acquire 1.28 shares of Common Stock)	693467136
Each Warrant represents the right to acquire 1.31 shares of Common Stock (previously represented the right to acquire 1.23 shares of Common Stock)	693467169

Part II. Box 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action

On February 5, 2026, the Company’s Board of Directors declared a cash dividend of \$2.05 per share (the “Dividend”) of the Company’s common stock, par value \$0.001 per share (“Common Stock”), payable on February 24, 2026, to holders of record of Common Stock as of February 17, 2026 (the “Record Date”).

Pursuant to the terms of that certain Creditor Warrant Agreement, dated as of September 4, 2019, between the Company and Equiniti Trust Company, LLC (f/k/a American Stock Transfer

& Trust Company, LLC) as warrant agent (the “Creditor Warrant Agreement”), which sets forth the terms of warrants to purchase shares of Common Stock with an exercise price of \$0.001 per share of Common Stock (each, a “Warrant”), if the Company declares a cash dividend payable to holders of Common Stock, such as the Dividend, certain Warrant provisions automatically adjust to prevent any resulting dilution to Warrant holders (the “Warrant Adjustment”). On February 24, 2026, the exercise terms of outstanding Warrants were automatically adjusted such that (1) each Warrant previously representing the right to acquire 1.60 shares of Common Stock (CUSIP 69360B112) was adjusted such that it entitles the holder to acquire 1.71 shares of Common Stock (equal to the prior exchange ratio of 1.60 times the Warrant Adjustment), (2) each Warrant previously representing the right to acquire 1.54 shares of Common Stock (CUSIP 693467151) was adjusted such that it entitles the holder to acquire 1.65 shares of Common Stock (equal to the prior exchange ratio of 1.54 times the Warrant Adjustment), (3) each Warrant previously representing the right to acquire 1.28 shares of Common Stock (CUSIP 693467136) was adjusted such that it entitles the holder to acquire 1.37 shares of Common Stock (equal to the prior exchange ratio of 1.28 times the Warrant Adjustment), and (4) each Warrant previously representing the right to acquire 1.23 shares of Common Stock (CUSIP 693467169) was adjusted such that it entitles the holder to acquire 1.31 shares of Common Stock (equal to the prior exchange ratio of 1.23 times the Warrant Adjustment), in each case upon the exercise thereof.

In connection with the Warrant Adjustment, the Company’s Board of Directors provided Warrant holders with option to receive the cash Dividend amount of \$2.05 per share of Common Stock underlying a given Warrant in lieu of receiving the Warrant Adjustment (the “Offer”). The table below sets forth (i) the Warrant CUSIP numbers and exchange ratios prior to the Record Date, and (ii) the impact of the Warrant Adjustment on each type of Warrant’s exchange ratio if a holder did not participate in the Offer. Note that this form is only relevant to holders who did not elect to participate in the Offer and not generally applicable to holders who elected to participate in the Offer.

Scenario	Detail	Warrants			
		69360B112	693467151	693467136	693467169
<i>Prior to the Record Date</i>	CUSIP #	69360B112	693467151	693467136	693467169
	Exchange Ratio	1.60	1.54	1.28	1.23
<i>Holders who did not elect to participate in the Offer</i>	Cash Payment	\$0	\$0	\$0	\$0
	Exchange Ratio	1.71	1.65	1.37	1.31

Part II, Box 15: Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

The Warrant Adjustment is expected to be treated as a distribution under Section 305(b)(1) of the Code in an amount equal to the fair market value of the incremental number of the shares of Common Stock underlying the Warrants as a result of the Warrant Adjustment as of the date of such distribution. Any such distribution is treated as a dividend to the extent of current and accumulated earnings and profits of the Company, then a return of tax basis, and then capital gain. The Company expects that it will have sufficient current or accumulated earnings and profits to treat this distribution as a dividend for U.S. federal income tax purposes.

For holders who did not receive the Dividend in lieu of the Warrant Adjustment (did not elect to participate in the Offer), as a result of the treatment of the Warrant Adjustment as a dividend distribution, a holder is expected to have dividend income equal to the amount noted above. The holder's tax basis in his, her, or its Warrants should increase under section 301(d) of the Code by the amount of such dividend distribution. The amount of such dividend distribution and the increase to the basis of each Warrant is (1) \$3.51 per Warrant previously representing the right to acquire 1.60 shares of Common Stock (CUSIP 69360B112), (2) \$3.51 per Warrant previously representing the right to acquire 1.54 shares of Common Stock (CUSIP 693467151), (3) \$2.88 per Warrant previously representing the right to acquire 1.28 shares of Common Stock (CUSIP 693467136), and (4) \$2.56 per Warrant previously representing the right to acquire 1.23 shares of Common Stock (CUSIP 693467169).

Part II, Box 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates

The Warrant Adjustment is expected to be treated as a dividend under Sections 305(b)(1) and 301(c)(1) of the Code in an amount equal to the fair market value of the incremental number of the shares of Common Stock underlying the Warrants as a result of the Warrant Adjustment as of the dividend date (as determined based on the OTC trading price of the Common Stock as of such date) and the holder's tax basis in his, her, or its Warrants should increase under Section 301(d) of the Code by the same amount. The amount of such dividend distribution and the increase to the basis of each Warrant is (1) \$3.51 per Warrant previously representing the right to acquire 1.60 shares of Common Stock (CUSIP 69360B112), (2) \$3.51 per Warrant previously representing the right to acquire 1.54 shares of Common Stock (CUSIP 693467151), (3) \$2.88 per Warrant previously representing the right to acquire 1.28 shares of Common Stock (CUSIP 693467136), and (4) \$2.56 per Warrant previously representing the right to acquire 1.23 shares of Common Stock (CUSIP 693467169).

Part II, Box 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

Sections 301(a), (c), and (d) and 305(b) of the Code.

Part II, Box 18: Can any resulting loss be recognized?

No loss can be recognized.

Part II, Box 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year

The reportable taxable year for the holders of the Warrants for reporting the dividend income is the taxable year of 2026. The basis adjustment with respect to Warrants the holder of which did not receive Dividend in lieu of Warrant Adjustment (did not elect to participate in the Offer) occurs in the same year, but the effect of the basis adjustment will be recognized in the year in which the holder disposes of such Warrants.