

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 4, 2018

Medley Capital Corporation
(Exact Name of Registrant as Specified in its Charter)

1-35040
(Commission File Number)

Delaware
(State or other jurisdiction of incorporation)

27-4576073
(I.R.S. Employer Identification
No.)

280 Park Avenue, 6th Floor East
New York, NY 10017
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: **(212) 759-0777**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02 Results of Operations and Financial Condition.

On December 4, 2018, Medley Capital Corporation issued a press release announcing its financial results for the fiscal year ended September 30, 2018. The press release is included as Exhibit 99.1 to this Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

Exhibit No. Description

99.1 [Press Release dated December 4, 2018](#)

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 hereunto duly authorized.

Date: December 4, 2018

MEDLEY CAPITAL CORPORATION

By: /s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

Medley Capital Corporation Announces Fourth Quarter and Fiscal Year Ended September 30, 2018 Financial Results

NEW YORK, NY (December 4, 2018) - Medley Capital Corporation (NYSE: MCC) (TASE: MCC) (the "Company") today announced financial results for the quarter and year ended September 30, 2018.

Fourth Quarter Highlights

- Net asset value ("NAV") of \$5.90 per share
- Declared a dividend of \$0.10 per share
- Net investment income of \$0.01 per share
- Adjusted net investment income of \$0.06 per share excluding expenses associated with pending merger
- Legacy Assets declined from 10.9% to 9.1%

Post Quarter-end Highlights

- Issued a notice to redeem \$12.0 million in aggregate principal amount of 6.125% unsecured notes due 2023 (the "2023 Notes")

Portfolio Investments

The total value of our investments was \$655.4 million at September 30, 2018. During the quarter ended September 30, 2018, the Company originated \$63.6 million of investments and had \$22.4 million of repayments resulting in net originations of \$41.2 million. As of September 30, 2018, the Company had investments in securities of 67 portfolio companies with approximately 63.2% consisting of senior secured first lien investments, 7.5% consisting of senior secured second lien investments, 0.5% consisting of unsecured debt, 11.9% in MCC Senior Loan Strategy JV and 16.9% in equities / warrants. As of September 30, 2018, the weighted average yield based upon the cost basis of our income bearing portfolio investments, excluding cash and cash equivalents, was 9.9%.

Results of Operations: Three Months Ended September 30, 2018

For the three months ended September 30, 2018, the Company reported net investment income per share and net loss per share of \$0.01 and \$(0.43), respectively, calculated based upon the weighted average shares outstanding. Adjusted net investment income was \$0.06 per share, which excludes \$2.4 million of expenses associated with the pending merger. As of September 30, 2018, the Company's NAV was \$5.90 per share.

Investment Income

For the three months ended September 30, 2018, total investment income was \$15.2 million and consisted of \$11.4 million of portfolio interest income, \$2.5 million of dividend income, and \$1.3 million of fee income.

Expenses

For the three months ended September 30, 2018, total expenses were \$14.5 million and consisted of the following: base management fees of \$3.3 million, interest and financing expenses of \$6.9 million, professional

fees of \$2.6 million, administrator expenses of \$0.8 million, directors fees of \$0.4 million, and other general and administrative related expenses of \$0.5 million.

Net Investment Income

For the three months ended September 30, 2018, the Company reported net investment income of \$0.7 million, or \$0.01, on a weighted average per share basis.

Net Realized and Unrealized Gains/Losses

For the three months ended September 30, 2018, the Company reported a net realized loss of \$(30.9) million and net unrealized appreciation of \$7.8 million.

For the three months ended September 30, 2018, the Company reported a loss on extinguishment of debt of \$(1.2) million.

Results of Operations: Year Ended September 30, 2018

The Company reported net investment income and net loss of \$0.23 per share and \$(2.04) per share, respectively, calculated based upon the weighted average shares outstanding, for the year ended September 30, 2018. Adjusted net investment income was \$0.28 per share, which excludes \$2.7 million of expenses associated with the pending merger.

Investment Income

For the year ended September 30, 2018, total investment income was \$66.8 million and consisted of \$54.3 million of portfolio interest income, \$8.0 million of dividend income, and \$4.5 million of fee income.

Expenses

For the year ended September 30, 2018, total expenses, net of management fee waivers, were \$54.3 million and consisted of the following: base management fees, net of waiver, of \$14.3 million, interest and financing expenses of \$27.9 million, professional fees of \$4.4 million, administrator expenses of \$3.6 million, directors fees of \$1.3 million, and other general and administrative related expenses of \$2.8 million.

Net Investment Income

For the year ended September 30, 2018, the Company reported net investment income of \$12.4 million, or \$0.23, on a weighted average per share basis.

Net Realized and Unrealized Gains/Losses

For the year ended September 30, 2018, the Company reported a net realized loss on investments of \$(89.2) million and net unrealized depreciation, including the provision for income taxes on unrealized depreciation on investments, of \$(31.7) million.

For the year ended September 30, 2018, the Company reported a loss on extinguishment of debt of \$(2.4) million.

Liquidity and Capital Resources

As of September 30, 2018, the Company had a cash balance of \$75.7 million, of which, \$47.1 million was held in Medley SBIC, LP.

On September 1, 2018, the Company voluntarily repaid \$15.0 million in aggregate principal amount of its SBA-guaranteed debentures (the "SBA Debentures").

On September 28, 2018, the Company voluntarily satisfied and terminated its commitments under its senior secured revolving credit agreement in accordance with its terms.

As of September 30, 2018, the Company had \$135.0 million outstanding in SBA Debentures, \$74.0 million outstanding in aggregate principal amount of 6.5% unsecured notes due 2021, \$89.8 million outstanding in aggregate principal amount of 2023 Notes, and \$121.3 million of 5.30% unsecured notes due 2024.

On November 30, 2018, the Company issued a redemption notice relating to its 2023 Notes and will redeem \$12,000,000 in aggregate principal amount on December 31, 2018.

Dividend Declaration

On November 16, 2018, the Company's Board of Directors declared a dividend of \$0.10 per share, payable on December 20, 2018, to stockholders of record at the close of business on December 5, 2018. The Company has identified 1.9%, or \$0.0019 per share, of this distribution as an interest-related dividend generally exempt from U.S. nonresident withholding tax. This information is subject to change and the specific tax characteristics of the distribution will be reported to stockholders on Form 1099 after the end of the Calendar year.

Webcast/Conference Call

The Company will host an earnings conference call and audio webcast at 10:00 a.m. (Eastern Time) on Tuesday, December 4, 2018.

All interested parties may participate in the conference call by dialing (888) 637-5728 approximately 5-10 minutes prior to the call, international callers should dial (484) 747-6636. Participants should reference Medley Capital Corporation and the Conference ID: 2771837. Following the call you may access a replay of the event via audio webcast. This conference call will be broadcast live over the Internet and can be accessed by all interested parties through the Company's website, <http://www.medleycapitalcorp.com>. To listen to the live call, please go to the Company's website at least 15 minutes prior to the start of the call to register and download any necessary audio software. For those who are not able to listen to the live broadcast, a replay will be available shortly after the call on the Company's website.

Financial Statements

Medley Capital Corporation
Consolidated Statements of Assets and Liabilities
(in thousands, except share and per share data)

| | September 30, 2018 | September 30, 2017 |
|---|--------------------|--------------------|
| ASSETS | | |
| Investments at fair value | | |
| Non-controlled/non-affiliated investments (amortized cost of \$428,718 and \$625,108, respectively) | \$ 393,149 | \$ 575,496 |
| Affiliated investments (amortized cost of \$102,547 and \$91,027, respectively) | 100,641 | 90,071 |
| Controlled investments (amortized cost of \$233,422 and \$197,918, respectively) | 161,640 | 171,424 |
| Total investments at fair value | 655,430 | 836,991 |
| Cash and cash equivalents | 75,666 | 108,572 |
| Interest receivable | 6,377 | 9,371 |
| Other assets | 3,421 | 3,322 |
| Deferred offering costs | 355 | 307 |
| Fees receivable | 187 | 765 |
| Receivable for dispositions and investments sold | 160 | 232 |
| Total assets | \$ 741,596 | \$ 959,560 |
| LIABILITIES | | |
| Revolving credit facility payable (net of debt issuance costs of \$0 and \$1,777, respectively) | \$ — | \$ 66,223 |
| Term loan payable (net of debt issuance costs of \$0 and \$1,046, respectively) | — | 100,954 |
| Notes payable (net of debt issuance costs of \$8,238 and \$4,123, respectively) | 276,909 | 172,752 |
| SBA debentures payable (net of debt issuance costs of \$2,095 and \$2,846, respectively) | 132,905 | 147,154 |
| Management and incentive fees payable | 3,348 | 4,312 |
| Interest and fees payable | 3,280 | 3,760 |
| Accounts payable and accrued expenses | 2,936 | 1,864 |
| Administrator expenses payable | 808 | 860 |
| Deferred revenue | 192 | 259 |
| Due to affiliate | 39 | 81 |
| Deferred tax liability | — | 912 |
| Total liabilities | \$ 420,417 | \$ 499,131 |
| NET ASSETS | | |
| Common stock, par value \$0.001 per share, 100,000,000 common shares authorized, 54,474,211 and 54,474,211 common shares issued and outstanding, respectively | \$ 54 | \$ 54 |
| Capital in excess of par value | 698,587 | 705,046 |
| Total distributable earnings/(loss) | (377,462) | (244,671) |
| Total net assets | 321,179 | 460,429 |
| Total liabilities and net assets | \$ 741,596 | \$ 959,560 |
| NET ASSET VALUE PER SHARE | \$ 5.90 | \$ 8.45 |

Medley Capital Corporation
Consolidated Statements of Operations
(in thousands, except share and per share data)

| | For the three months ended September 30 | | For the years ended September 30 | |
|---|---|-------------|----------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| INVESTMENT INCOME | | | | |
| Interest from investments | | | | |
| Non-controlled/non-affiliated investments: | | | | |
| Cash | \$ 7,843 | \$ 14,334 | \$ 39,636 | \$ 65,399 |
| Payment-in-kind | 614 | 1,779 | 3,815 | 9,970 |
| Affiliated investments: | | | | |
| Cash | 572 | 458 | 2,177 | 1,950 |
| Payment-in-kind | 951 | 416 | 3,399 | 775 |
| Controlled investments: | | | | |
| Cash | 209 | 728 | 1,522 | 2,046 |
| Payment-in-kind | 1,131 | 1,103 | 3,561 | 5,100 |
| Total interest income | 11,320 | 18,818 | 54,110 | 85,240 |
| Dividend income, net of provisional taxes | 2,450 | 1,487 | 7,991 | 4,232 |
| Interest from cash and cash equivalents | 123 | 54 | 245 | 164 |
| Fee income | 1,317 | 1,788 | 4,474 | 6,620 |
| Total investment income | 15,210 | 22,147 | 66,820 | 96,256 |
| EXPENSES | | | | |
| Base management fees | 3,348 | 4,312 | 14,724 | 17,773 |
| Incentive fees | — | — | — | 896 |
| Interest and financing expenses | 6,935 | 7,164 | 27,918 | 31,403 |
| Professional fees | 2,609 | 262 | 4,430 | 2,192 |
| Administrator expenses | 809 | 860 | 3,582 | 3,848 |
| General and administrative | 268 | 651 | 2,171 | 2,555 |
| Directors fees | 351 | 175 | 1,271 | 647 |
| Insurance | 149 | 99 | 542 | 397 |
| Expenses before management and incentive fee waivers | 14,469 | 13,523 | 54,638 | 59,711 |
| Management fee waiver | — | — | (380) | (48) |
| Incentive fee waiver | — | — | — | (44) |
| Total expenses net of management and incentive fee waivers | 14,469 | 13,523 | 54,258 | 59,619 |
| Net investment income before excise taxes | 741 | 8,624 | 12,562 | 36,637 |
| Excise tax expense | — | — | (158) | (267) |
| NET INVESTMENT INCOME | 741 | 8,624 | 12,404 | 36,370 |
| REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS | | | | |
| Net realized gain/(loss) from investments | | | | |
| Non-controlled/non-affiliated investments | (30,870) | 434 | (89,221) | (40,008) |
| Affiliated investments | — | 3,163 | — | 3,392 |
| Controlled investments | — | (15,312) | — | (36,470) |
| Net realized gain/(loss) from investments | (30,870) | (11,715) | (89,221) | (73,086) |
| Net unrealized appreciation/(depreciation) on investments | | | | |
| Non-controlled/non-affiliated investments | 27,113 | (17,180) | 14,044 | (7,611) |
| Affiliated investments | (1,233) | (2,553) | (951) | 501 |
| Controlled investments | (18,069) | 11,002 | (45,287) | 28,754 |
| Net unrealized appreciation/(depreciation) on investments | 7,811 | (8,731) | (32,194) | 21,644 |
| Change in provision for deferred taxes on unrealized (appreciation)/depreciation on investments | — | 309 | 474 | 1,092 |
| Loss on extinguishment of debt | (1,218) | (640) | (2,387) | (1,097) |
| Net realized and unrealized gain/(loss) on investments | (24,277) | (20,777) | (123,328) | (51,447) |
| NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS | \$ (23,536) | \$ (12,153) | \$ (110,924) | \$ (15,077) |
| WEIGHTED AVERAGE - BASIC AND DILUTED EARNINGS PER COMMON SHARE | | | | |
| | \$ (0.43) | \$ (0.22) | \$ (2.04) | \$ (0.28) |
| WEIGHTED AVERAGE - BASIC AND DILUTED NET INVESTMENT INCOME PER COMMON SHARE | | | | |
| | \$ 0.01 | \$ 0.16 | \$ 0.23 | \$ 0.67 |
| WEIGHTED AVERAGE COMMON STOCK OUTSTANDING - BASIC AND DILUTED | | | | |
| | 54,474,211 | 54,474,211 | 54,474,211 | 54,474,211 |
| DIVIDENDS DECLARED PER COMMON SHARE | | | | |
| | \$ 0.10 | \$ 0.16 | \$ 0.52 | \$ 0.76 |

ABOUT MEDLEY CAPITAL CORPORATION

Medley Capital Corporation is a closed-end, externally managed business development company ("BDC") that trades on the New York Stock Exchange (NYSE:MCC) and the Tel Aviv Stock Exchange (TASE:MCC). Medley Capital Corporation's investment objective is to generate current income and capital appreciation by lending to privately-held middle market companies, primarily through directly originated transactions, to help these companies expand their businesses, refinance and make acquisitions. Our portfolio generally consists of senior secured first lien loans and senior secured second lien loans. Medley Capital Corporation is externally managed by MCC Advisors LLC, which is an investment adviser registered under the Investment Advisers Act of 1940, as amended. For additional information, please visit Medley Capital Corporation at www.medleycapitalcorp.com.

ABOUT MCC ADVISORS LLC

MCC Advisors LLC is a subsidiary of Medley Management Inc. (NYSE: MDLY, "Medley"). Medley is an alternative asset management firm offering yield solutions to retail and institutional investors. Medley's national direct origination franchise, with over 75 people, is a premier provider of capital to the middle market in the U.S. Medley has over \$4.8 billion of assets under management in two business development companies, Medley Capital Corporation (NYSE: MCC) (TASE: MCC) and Sierra Income Corporation, a credit interval fund, Sierra Total Return Fund (NASDAQ: SRNTX) and several private investment vehicles. Over the past 15 years, Medley has provided capital to over 400 companies across 35 industries in North America.¹ For additional information, please visit Medley Management Inc. at www.mdly.com.

Medley LLC, the operating company of Medley Management Inc., has outstanding bonds which trade on the New York Stock Exchange under the symbols (NYSE:MDLX) and (NYSE:MDLQ). Medley Capital Corporation is dual-listed on the New York Stock Exchange (NYSE:MCC) and the Tel Aviv Stock Exchange (TASE: MCC) and has outstanding bonds which trade on both the New York Stock Exchange under the symbols (NYSE:MCV), (NYSE:MCX) and the Tel Aviv Stock Exchange under the symbol (TASE: MCC.B1).

FORWARD-LOOKING STATEMENTS

Statements included herein may contain "forward-looking statements". Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. Except as required by law, the Company undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

SOURCE: Medley Capital Corporation

Investor Relations Contact:

Sam Anderson

Head of Capital Markets & Risk Management

Medley Management Inc.

212-759-0777

Media Contact:
Erin Clark
Teneo Strategy
646-214-8355

¹ Medley Management Inc. is the parent company of Medley LLC and several registered investment advisors (collectively, “Medley”). Assets under management refers to assets of our funds, which represents the sum of the net asset value of such funds, the drawn and undrawn debt (at the fund level, including amounts subject to restrictions) and uncalled committed capital (including commitments to funds that have yet to commence their investment periods). Assets under management are as of September 30, 2018.