

PHENIXFIN



Investor Presentation

March 8, 2023

Forward-looking statements and other information

This presentation contains forward-looking statements about the Company. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “might,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “project,” “projection,” “forecast,” “goal,” “target,” “would,” “aim” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry and management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. The inclusion of these forward-looking statements should not be regarded as a representation by us, the underwriters for any offering of our securities or any other person that such expectations, estimates and projections will be achieved. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

All information contained herein speaks only as of the date of this presentation, except where information is stated to be presented as of a specific date and unless otherwise noted, all financial and other statistics are as of the most recent quarter, December 31, 2022. The information presented or contained in this presentation is subject to change without notice. The Company undertakes no duty to update or revise the information contained herein, publicly or otherwise, including any forward-looking statements, except as required by law. Neither the delivery of this presentation nor any further discussions of the Company, any of its affiliates, shareholders, directors, employees, agents, advisors, representatives or the underwriters with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

There can be no assurance that PhenixFIN will achieve its investment objective. Past performance does not guarantee future results. Our share value and the value of our other securities may fluctuate. Investors should consider the investment objectives, risks and expenses of PhenixFIN carefully before investing. The latest form 10-K and subsequent quarterly reports filed on Form 10-Q contain more detailed information about PhenixFIN. There is no guarantee that any of the estimates, targets or projections illustrated in these materials and any presentation of which they may form a part will be achieved. There can also be no assurance that our strategies employed will be successful. Also, there can be no assurance that we will be able to utilize any or all of our tax assets. Any references herein to any of PhenixFIN’s past or present investments or its past or present performance have been provided for illustrative purposes only. It should not be assumed that these investments were or will be profitable or that any future investments by PhenixFIN will be profitable or will equal the performance of these investments. Our portfolio composition and allocations to investment types and asset classes may change anytime. The information contained herein has been derived from financial statements and other documents provided by portfolio companies unless otherwise stated.

PhenixFIN is subject to certain significant risks relating to our business and our investment objective, including, for example, the potential volatility of our common stock price, the illiquidity of our investments in portfolio companies and significant credit risk associated with our debt/loan investments in portfolio companies such that these portfolio companies may not pay interest and/or principal and the entire investment may be lost. For a detailed description of the risk factors impacting the Company, please read the “Risk Factors” sections of our recent SEC filings. This presentation should be read in conjunction with the Company’s recent SEC filings.



David Lorber

Chairman, Chief Executive Officer

Leadership Experience:



- Chairman and Chief Executive Officer of PhenixFIN Corporation
- Co-Founder of FrontFour Capital Group LLC, an investment adviser, and has served as a Portfolio Manager since January 2007
- Co-Founder of FrontFour Capital Corp., an investment adviser, and has been a Principal since January 2011
- Prior experience includes Pirate Capital LLC, Vantis Capital Management and Cushman & Wakefield, Inc.
- Served as a lead director of Ferro Corporation, director of Aerojet Rocketdyne Holdings, Inc., director of Huntingdon Capital Corp and as director of Fisher Communications Inc.
- Mr. Lorber earned his BS from Skidmore College



Ellida McMillan

Chief Financial Officer

Leadership Experience:



- Chief Financial Officer of PhenixFIN
- Served as Chief Financial Officer and Chief Operating Officer of Alcentra Capital Corporation, a NASDAQ-traded BDC, from April 2017 through February 2020
- Previously served as Chief Accounting Officer of Alcentra Capital, Treasurer and Secretary of Alcentra Capital
- At Alcentra, Ms. McMillan built the company's financial and operating infrastructure, oversaw the IPO and initial NASDAQ listing, as well as assisted in all corporate M&A and strategic processes involving the BDC
- Ms. McMillan earned her BS from Fairfield University

Publicly Traded Business Development Company

- Nasdaq symbol “PFX”
- 5.25% Notes due 2028 listed on NASDAQ under the symbol “PFXNZ”
- 3-year \$50 million credit facility with Woodforest as lead arranger (SOFR + 2.90%)
- Management professionals with 80+ years of collective industry experience

Strong Shareholder Alignment

- Internalized management structure aligns interests and eliminates ongoing management and incentive fees which will positively impact NAV over time
- Management and Board own or control ~20% of the Company’s stock
- Share repurchase – since announcement repurchased ~23% of our shares outstanding

Tax Advantaged Characteristics

- Significant potential value to be unlocked through the optimization of a ~\$485 million long-term capital loss carryforward in addition to existing NOLs
- Ability to retain earnings and grow net asset value per share over time

Investment Focus

- Our investments span both the liquid and private credit/equity markets. We range from investing in public issuers to providing lower middle market companies with highly customized/structured capital solutions, positioning us to maximize potential in various market conditions.
- In the private markets we can provide capital to companies in connection with leveraged buyouts, acquisitions, recapitalizations and growth financings.

Portfolio Overview

- Portfolio of \$183 million at fair value
- Focus to optimize NII and NAV/share growth
- Weighted Average Yield to Maturity – 11.3% on debt and other incoming producing Investments
- Drive value through opportunistic investments which may utilize tax attributes

Key Objectives	Status	
<p>1</p> <p>Reposition Investment Portfolio</p>	<ul style="list-style-type: none"> ▪ Grow net investment income through enhancing current yield within the portfolio ▪ Invest across the capital structure in private and public investment opportunities ▪ Grow net asset value per share 	<p><i>(January 2021 - Ongoing)</i></p>
<p>2</p> <p>Legacy Portfolio</p>	<ul style="list-style-type: none"> ▪ Re-underwrite legacy portfolio of ~\$160 million to ensure comfort with fair value marks ▪ Broaden portfolio away from legacy portfolio through monetizing investments and seeking new yield and capital appreciation opportunities in the portfolio 	<p> <i>(March 2021)</i></p>
<p>3</p> <p>Reposition Balance Sheet</p>	<ul style="list-style-type: none"> ▪ Redeem and refinance fixed rate notes, reducing fixed borrowing rate from 6.125% to 5.25% ▪ \$50 million Credit Facility closed December 2022 with interest rate of SOFR + 2.90% ▪ Renew external credit rating of BBB from Egan Jones 	<p> <i>(November 2021 / January 2023)</i></p>
<p>4</p> <p>Launch New Lending Platforms</p>	<ul style="list-style-type: none"> ▪ FlexFIN launched August 2021 ▪ Deploy ~\$40 million of balance sheet capital into strategy 	<p><i>(September 2021 - Ongoing)</i></p>
<p>5</p> <p>Strategies to Optimize Tax Assets</p>	<ul style="list-style-type: none"> ▪ Optimize tax-attributes through investments ▪ Pursue strategies to optimize income and capital appreciation opportunities 	<p><i>(September 2021 – Ongoing)</i></p>

Focus On Driving Shareholder Value

Portfolio

- Optimize value of existing portfolio positions
- Focus on NII and NAV/share appreciation
- \$183mm FMV current Investments
- \$17mm cash
- 81.6% of income Investments at cost are floating
- 11.3% weighted average yield

Portfolio Management

Optimize Tax Assets

- Significant potential value to be unlocked through the optimization of ~\$485 million total capital loss carryforward in addition to existing NOLs
- Pursuit of strategies to utilize the tax assets and grow NAV

Optimize Tax Assets

Attractive Funding Sources

- Current liquidity \$17mm cash
- \$57.5 million 5.25% baby bond due November 2028
- \$50 million credit facility (\$+290)
- Current debt to equity 0.63x

Attractive Funding

Stock Buyback

- Commenced January 11, 2021
- Current authorized \$35 million
- Value-accretive repurchases
- Total to date repurchased 621,580 shares at a total cost of \$24.7 million or 23% of the shares outstanding

Stock Buyback

Verticals Driving Shareholder Value

	Credit & Equity Investments	Investment Platform
Strategy	<p>Lower Middle Market Loans with Opportunistic Equity Investments</p> <p>Broadly Syndicated Loans</p>	<p>FlexFIN</p> <p>Gemstone and Jewelry Finance</p>
Investment Type	<p>Senior Secured Loans</p> <p>Asset-Based Loans</p> <p>Equity</p>	<p>Secured Asset Loans</p>
% of Total Allocated Capital	78%	22%

* The allocation of investment types in the portfolio shown are as of December 31, 2022. Portfolio composition is subject to change at any time.

Approach to Credit and Equity Investments

	Credit	Equity
Portfolio Makeup	<ul style="list-style-type: none"> ▪ Directly originated senior secured, floating rate loans ▪ Broadly syndicated first lien loans with underlying liquidity ▪ Senior secured & high yield bonds 	<ul style="list-style-type: none"> ▪ Co-investments through directly originated credits ▪ Investments in directly originated minority or majority equity opportunities ▪ Publicly-traded investment opportunities
Focus	<ul style="list-style-type: none"> ▪ ABL ▪ First lien ▪ Opportunistic Term B or Second lien ▪ Convertible debt 	<ul style="list-style-type: none"> ▪ Convertible equity ▪ Preferred equity ▪ Common equity ▪ Warrants
Due Diligence & Risk Management	<p>Robust, private equity-style due diligence process:</p> <ul style="list-style-type: none"> ▪ Quality of cash flows (focus on adjusted numbers) ▪ Financial and negative covenants ▪ Governance and alignment ▪ Risk management ▪ Iterative ongoing diligence process ▪ Investment team is in regular dialogue with management teams, sponsors and third parties monitoring credit performance, earnings, and macro/micro market events 	

Approach to Investment Platforms

Launch Complementary Investment Platforms Over Time

FlexFIN, LLC – launched August 2021

FlexFIN is an alternative finance platform which operates an asset-based lending business to the diamond and jewelry industry. FlexFIN enters secured loans and secured financing structures with borrowers. FlexFIN is a partnership between Kwiat Enterprises and PhenixFIN Corporation.

- FlexFIN currently provides quick and reliable financing to the gem and jewelry trade, providing capital on higher value jewelry and gemstones.
- Partnership with strong industry operator – Kwiat is a 116-year-old diamond and jewelry house with global relationships and knowledge of the industry. Extensive and secure infrastructure to effectively operate the business.
- Revenue generator for PhenixFIN – FlexFIN provides a favorable income stream to PhenixFIN with significant collateral protection.
- Recently, the FlexFIN portfolio was comprised ~\$40 million of financing.



Internalized Management Structure

- Efficient internalized management structure
- Management and shareholders' interests inherently aligned due to favorable insider ownership of Company shares
- Management team, including investment professionals and finance team, with 80+ years of combined industry experience that have participated in raising, investing, and managing capital

Additional Positive Attributes of Internalization

- Low-cost structure – Elimination of management and incentive fees as of January 1, 2021
- Reduced operating costs vs many externally managed BDCs
- Fully transparent model and governance
- New businesses to be launched inside the Company for the benefit of shareholders

Other Alignment & Oversight

- Adopted \$15 million share repurchase program, reduced debt and right-sized balance sheet; subsequently expanded repurchase program to \$35 million on February 8, 2023
- Utilization of third-party firms for services including fund accounting & administration, valuation, and compliance
- Reconfigured the structure of the Board of Directors to be a more independent group
 - 5-person Board with 4 Independent Directors

Summary Capitalization Table

(\$ in thousands)		<u>12/31/2022</u>	<u>9/30/2022</u>
Assets			
1	Cash	\$ 17,654	\$ 22,768
2	Portfolio at Fair Value	183,271	192,957
Debt			
3	2023 & 2028 Notes	\$ 78,065	\$ 77,962
		-	-
	Total Debt	\$ 78,065	\$ 77,962
Equity			
4	Net Assets	\$ 124,693	\$ 120,845
	NAV per Share	\$ 59.38	\$ 57.49
	Debt/Equity	0.63x	0.65x
	Unfunded Commitments	\$ 2,237	\$ 6,028

Commentary

- 1 **Meaningful liquidity position provides balance sheet flexibility**
 - Ability to quickly deploy into new investment opportunities
 - Strong coverage relative to total unfunded commitments of \$2.2 million
 - Opportunistically repurchase shares
- 2 **Portions of portfolio migrated to liquid Level 1 assets and current, cash yielding debt and equity investments**
- 3 **Conservative leverage profile with debt to equity of 0.63x relative to industry average of ~1.20x**
 - Refinanced significant portion of 6.125% 2023 Notes in November 2021 with remainder redeemed in January 2023
 - 2028 Notes carry an attractive rate at 5.25% and do not mature until November 2028
 - \$50mm Credit Facility (SOFR + 2.90)
- 4 **Strong equity base expected to grow overtime**
 - Share repurchase program drives NAV accretion and overall value to shareholders
 - Ability to retain earnings due to significant ~\$485 million long-term capital loss carryforward and existing NOLs

Summary of Key Portfolio Events

Portfolio Summary

- Continued deployment into floating rate assets within both the lower middle market and the syndicated loan market

Portfolio Activity

- New investment into Maritime Wireless Corp. – \$12.4mm (SOFR + CSA + 9.0%) & \$5.0mm equity
- Continued to monetize legacy investments with the repayment of CPI International at par

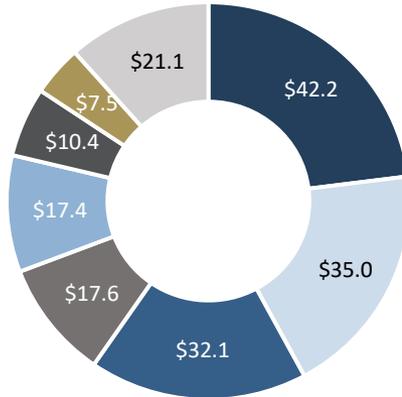
Net Asset Value Reconciliation

12/31/22 Net Asset Value Per Share Bridge



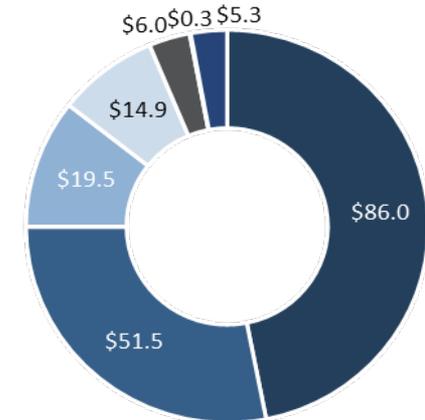
Type of Industries

- Business Services: 23%
- Banking, Finance, Insurance & Real Estate: 19%
- Hotel, Gaming & Leisure: 18%
- Consumer Services: 10%
- Construction & Building: 9%
- Broadcasting & Subscription: 6%
- Automotive: 4%
- Other <3%: 12%



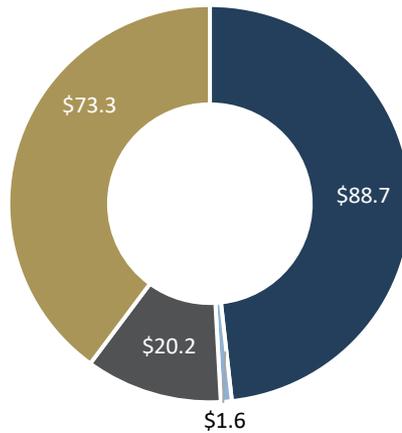
Geographic Breakdown

- Northeast: 47%
- Southeast: 28%
- West: 11%
- Midwest: 8%
- Southwest: 3%
- Mid-Atlantic: 0.1%
- Other: 3%



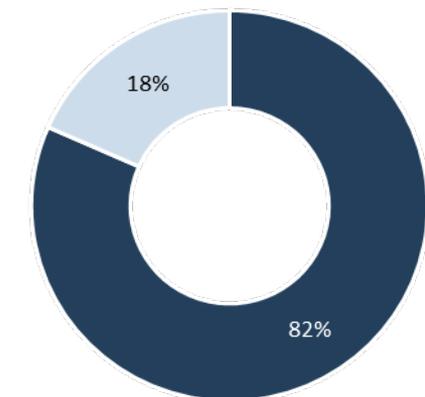
Type of Investments

- Senior Secured First Lien Term Loans: 48%
- Senior Secured Notes: 1%
- Income Producing Equity: 11%
- Non Income Producing Equity: 40%



Floating vs Fixed Rate Investments

- Floating Rate Security
- Fixed Rate Security





Financial Overview

PHENIXFIN

Balance Sheet

- Total Assets: \$205.4 million
 - Cash Balance: \$17.6 million
 - Total Liabilities: \$80.1 million
 - NAV: \$124.7 million
 - NAV per common share: \$59.38
 - Asset Coverage: 259.7%
-

Income Statement

- Total Investment Income: \$4.7 million
 - Total Expenses: \$3.1 million
 - Net Investment Income: \$1.6 million
 - Weighted Average Shares outstanding: 2,100,876
-

Investment Portfolio

- Total FMV: \$183.3 million
- Weighted average yield to maturity on debt investments – 11.3%
- \$23.5 million deployed this quarter, including investments in new portfolio companies
- Diversified investment portfolio consisting of 43 positions

Balance Sheet

PHENIXFIN

	December 31, 2022 (Unaudited)	September 30, 2022
<i>(\$ as stated)</i>		
Assets:		
Investments at fair value		
Non-controlled, non-affiliated investments (amortized cost of \$146,467,213 and \$147,378,917, respectively)	\$ 123,227,670	\$ 122,616,275
Affiliated investments (amortized cost of \$29,987,947 and \$30,585,884, respectively)	12,431,792	12,314,192
Controlled investments (amortized cost of \$75,017,459 and \$85,483,093, respectively)	47,611,717	58,026,182
Total Investments at fair value	<u>183,271,179</u>	<u>192,956,649</u>
Cash and cash equivalents	17,654,080	22,768,066
Receivables:		
Interest receivable	1,712,890	727,576
Paydown receivable	400,308	112,500
Dividends receivable	269,330	269,330
Other receivable	-	36,992
Prepaid share repurchases	384,637	489,156
Deferred financing costs	332,092	50,000
Due from Affiliate	301,020	271,962
Other assets	1,054,413	1,192,677
Total Assets	<u>\$ 205,379,949</u>	<u>\$ 218,874,908</u>
Liabilities:		
Notes payable (net of debt issuance costs of \$1,955,972 and \$2,059,164, respectively)	\$ 78,065,828	\$ 77,962,636
Accounts payable and accrued expenses	1,042,136	2,040,277
Other liabilities	535,267	572,949
Interest and fees payable	503,125	503,125
Deferred revenue	472,521	325,602
Administrator expenses payable	68,267	74,911
Due to broker	-	16,550,000
Total Liabilities	<u>80,687,144</u>	<u>98,029,500</u>
Net Assets:		
Common Shares, \$0.001 par value; 5,000,000 shares authorized; 2,723,709 shares issued; 2,099,824 and 2,102,129 common shares outstanding, respectively	2,100	2,102
Capital in excess of par value	675,297,285	675,401,802
Total distributable earnings (loss)	(550,606,580)	(554,558,496)
Total Net Assets	<u>124,692,805</u>	<u>120,845,408</u>
Total Liabilities and Net Assets	<u>\$ 205,379,949</u>	<u>\$ 218,874,908</u>
Net Asset Value Per Common Share	<u>\$ 59.38</u>	<u>\$ 57.49</u>

Income Statement

PHENIXFIN

	For the Three Months Ended December 31	
	2022	2021
<i>(\$ as stated)</i>		
Interest Income:		
Interest from investments		
Non-controlled, non-affiliated investments:		
Cash	\$ 1,916,041	\$ 1,015,692
Payment in-kind	106,187	138,511
Affiliated investments:		
Cash	198,453	122,147
Payment in-kind	89,743	97,028
Controlled investments:		
Cash	194,627	553,638
Total interest income	2,505,051	1,927,016
Dividend income	2,032,358	702,930
Interest from cash and cash equivalents	92,226	2,739
Fee income	73,599	270,122
Other income	-	230,434
Total Investment Income	4,703,234	3,133,241
Expenses:		
Interest and financing expenses	1,233,176	1,487,675
Salaries and benefits	857,533	505,875
Professional fees, net	347,917	306,751
General and administrative expenses	219,977	196,559
Directors fees	194,000	208,500
Insurance expenses	124,084	158,904
Administrator expenses	77,884	68,866
Total expenses	3,054,571	2,933,130
Net Investment Income	1,648,663	200,111
Realized and unrealized gains (losses) on investments		
Net realized gains (losses):		
Non-controlled, non-affiliated investments	13,448	484,513
Affiliated investments	-	14,737,897
Controlled investments	-	925
Total net realized gains (losses)	13,448	15,223,335
Net change in unrealized gains (losses):		
Non-controlled, non-affiliated investments	1,523,099	131,963
Affiliated investments	715,537	(10,473,843)
Controlled investments	51,169	17,641
Total net change in unrealized gains (losses)	2,289,805	(10,324,239)
Loss on extinguishment of debt	-	(296,197)
Total realized and unrealized gains (losses)	2,303,253	4,602,899
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 3,951,916	\$ 4,803,010
Weighted Average Basic and Diluted Earnings Per Common Share	\$ 1.88	\$ 1.91
Weighted Average Basic and Diluted Net Investment Income (Loss) Per Common Share	\$ 0.78	\$ 0.08
Weighted Average Common Shares Outstanding - Basic and Diluted	2,100,876	2,517,221

Senior Management

David Lorber
Chairman & CEO
Ellida McMillan
CFO

Research Coverage

Oppenheimer & Co.
Mitchel Penn

Website

PhenixFIN Corporation
www.phenixfc.com

Credit Facility Bank Provider

Woodforest National Bank

Independent Directors

Arthur Ainsberg
(Lead Director)
Karin Hirtler-Garvey
Lowell W. Robinson
Howard Amster

PHENIXFIN

Advisors

Corporate Counsel
Kramer Levin Naftalis & Frankel LLP
Auditors
KPMG LLP
Transfer Agent
American Stock Transfer & Trust Company

Nasdaq Listings

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2028 Notes: PFXNZ

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