

# PHENIXFIN

## Investor Presentation

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May 2022

## **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.

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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. 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.

## Publicly Traded Business Development Company

- Nasdaq symbol “PFX” with market capitalization of \$83.8 million<sup>(1)</sup>
- 5.25% Notes due 2028 listed on NASDAQ under the symbol “PFXNZ”
- 6.125% Notes due 2023 listed on NASDAQ under the symbol “PFXNL”

## Internalized Management Structure

- Internalization transaction completed January 1, 2021, aligning interests and eliminating ongoing management and incentive fees which can positively impact NAV over time
- New management includes professionals with 80+ years of collective industry experience
- Management and Board own or control ~16.8% of the Company’s stock as of April 6, 2022

## Driving Value for Shareholders

- Strong market receptivity with share price increase of 34.3%<sup>(1)</sup> since January 1, 2021
- Operating expenses reduced 9.4%<sup>(2)</sup>; refinanced a significant portion of fixed rate notes from 6.125% to 5.25%
- 12.6% increase in book value to \$62.94 per share<sup>(2)</sup>
- Continued management support through repurchase of ~516,000 shares<sup>(3)</sup>

## Senior Secured 1<sup>st</sup> Lien Focus

- Target lower middle-market companies with investment size of \$5 to \$20 million
- Opportunistically invest in traded senior secured / 1<sup>st</sup> lien debt

## Portfolio in Transition

- Since internalization on January 1, 2021, proceeds from the monetization of investments has totaled \$140.0 million while \$163.7 million of capital has been deployed
- Weighted Average Yield to Maturity – 8.32% on Debt Investment
- Portfolio of \$188 million at fair value<sup>(2)</sup>
- Drive value through opportunistic investments which may utilize tax attributes

<sup>(1)</sup> As of 5/5/2022 (past performance is no guarantee of future results) <sup>(2)</sup> Quarter ended 3/31/2022 (compared to quarter ended 3/31/2021) <sup>(3)</sup> From 1/11/2021 to 3/31/2022

## October 2020

Independent members of the Board of Medley Capital Corporation approved the sale of the JV Portfolio in order to significantly deleverage the balance sheet

## January 2021

Effective January 1, 2021, the name of the Company was changed to PhenixFIN Corporation ("PFX")

Simultaneously, transfers the listing from the NYSE to the NASDAQ Global market

The Board of Directors approves a \$15 million share repurchase program

## August 2021

PFX share price reaches 52-week high of \$44.00<sup>(1)</sup>

## November 2021

Completed baby bond offering to refinance existing 6.125% Notes due 2023

## February 2022

Board approves expansion of share repurchase program from \$15 million to \$25 million

### Pre-Internalization

The Board of Directors approves adoption of an internalized management structure effective January 1, 2021

The new management structure to replace the Investment Management and Administration Agreements with MCC Advisors LLC

Board appoints David Lorber, as Chief Executive Officer and Ellida McMillan as Chief Financial Officer of the Company effective January 1, 2021

## November 2020

### Post-Internalization

PFX management's vision is to optimize the balance sheet, stabilize the portfolio and align interests of all stakeholders in order to grow NII and NAV over time

Management working on strategic opportunities to optimize NOLs

Launched asset-based gemstone and jewelry finance lending business, FlexFIN, LLC

Continued focus on lowering the Company's cost of capital

Implementing a modified Investment strategy and process

Focus the investment portfolio, strategically and methodically in order to most efficiently create value for shareholders

## Ongoing...

<sup>(1)</sup> Past performance is no guarantee of future results

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## Reorganization of Management Structure and Alignment of Interests

Internalization of management function drives shareholder value through reduced expenses, enhanced operating leverage with scale and alignment of interest through ownership of ~16.8% of the Company's common stock as of April 6, 2022<sup>(1)</sup>

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## Revaluing of Existing Investments and Repositioning of Portfolio

Management has re-underwritten the existing portfolio, resulting in updated fair value marks. New capital deployment focused on low beta, senior secured / 1<sup>st</sup> lien investments, coupled with more liquid opportunistic yield and / or capital appreciation-oriented investments

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## Focus on Strategies to Optimize Tax Attributes

Optimize tax attributes through investments and opportunistic strategies

4

## Strong Market Receptivity Around Recent Initiatives

Share price has increased 34.3%<sup>(2)</sup> following completion of the internalization transaction. Further Company support through ongoing share repurchase program

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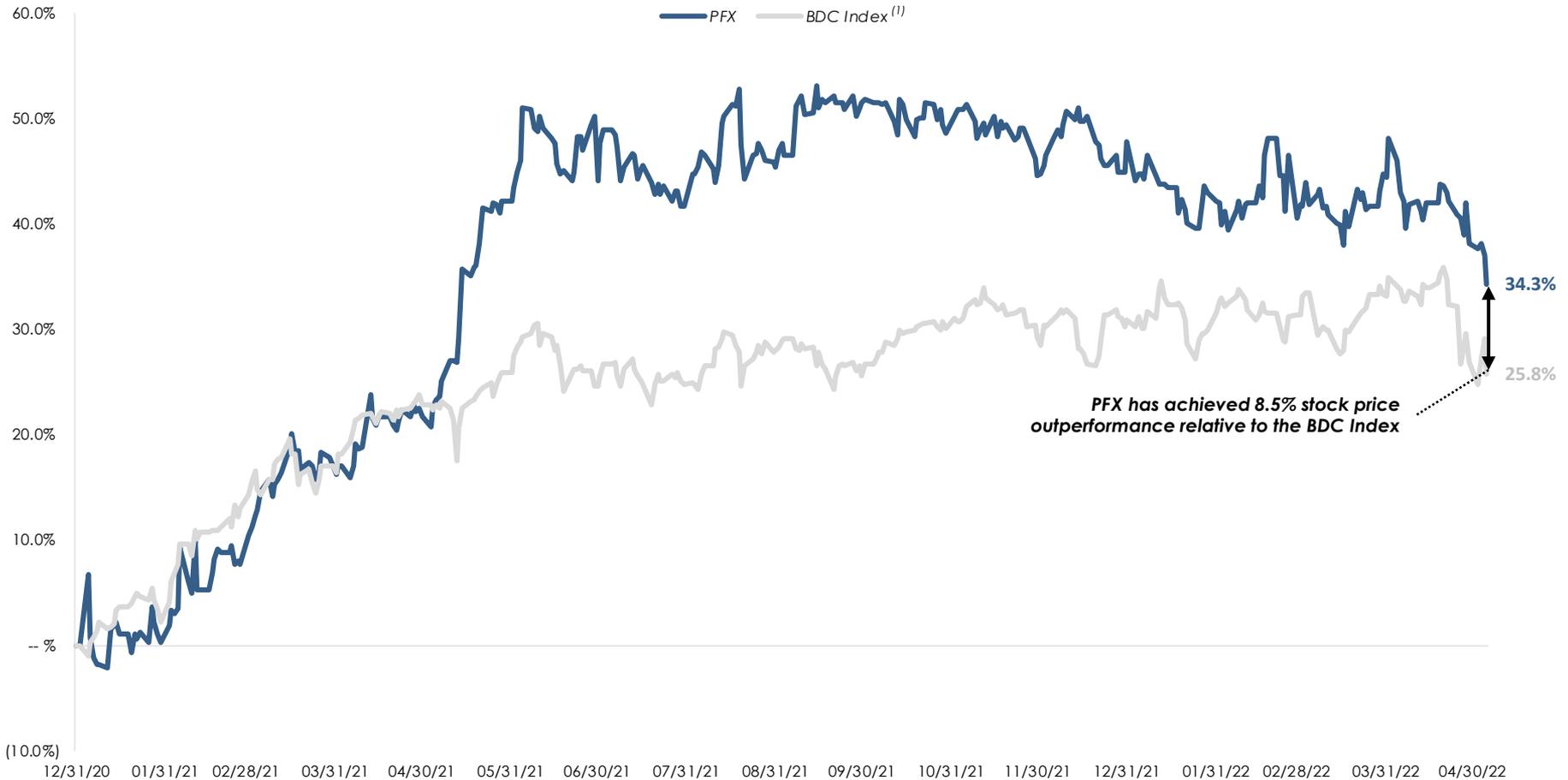
## Attractive Liquidity Position

Cash and cash equivalents of \$37.7 million provides strong coverage on \$13.3 million of unfunded commitments with ability to quickly react to new capital deployment opportunities<sup>(3)</sup>

# Positive Market Response to Internalization

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Relative Price Change Since December 31, 2020



Note: Past performance is no guarantee of future results <sup>(1)</sup> BDC Index includes: AINV, ARCC, BCSF, BBDC, BKCC, TCPC, BXSL, CSWC, CGBD, CION, CCAP, FDUS, FCRD, FSK, GLAD, GAIN GSBD, GBDC, GECC, HTGC, HRZN, ICMB, LRFC, MAIN, MRCC, NMFC, NEWT, OCSL, OFS, ORCC, OXSQ, PFLT, PNNT, PFX, PTMN, PSEC, RWAY, SAR, TSLX, SLRC, SCM, TRIN, TPVG, WHF  
 Source: FactSet; as of 5/5/2022

## Focus On Driving Shareholder Value

### Manage Existing Portfolio

- Optimize the value of existing portfolio positions

### Investment Strategy

- Focus generally on strategies to drive NII and NAV:
  - 1st lien term loans
  - Sr. secured bonds
  - Equity / preferred equity – yield oriented & capital appreciation
  - \$5 to \$20 million target investment size

### Optimize Tax Assets

- Significant potential value to be unlocked through the optimization of a ~\$490 million long-term capital loss carryforward<sup>(1)</sup> in addition to existing NOLs
- Pursuit of strategies to utilize the tax assets and drive NAV

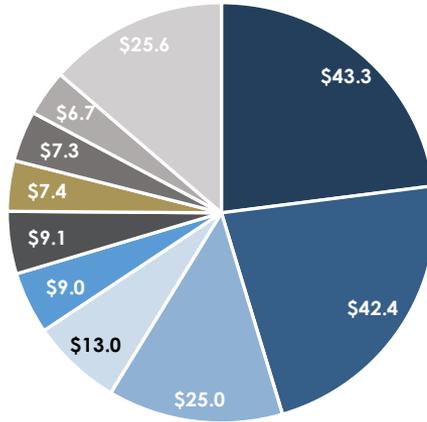
### Stock Buyback

- Increase NAV through opportunistic repurchases at attractive discount

<sup>(1)</sup> As of 9/30/2021

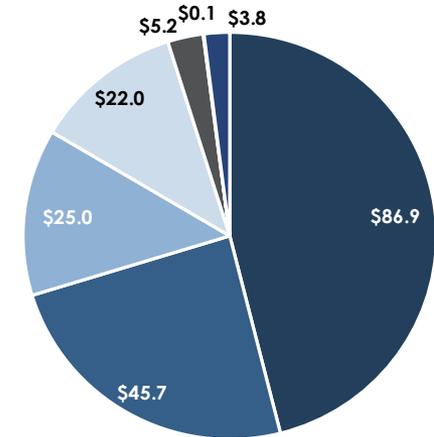
## Type of Industries (\$MM)<sup>(1)</sup>

- Business Services: 23%
- Banking, Finance, Insurance & Real Estate: 23%
- Construction & Building: 13%
- Hotel, Gaming & Leisure: 7%
- Automotive: 5%
- Manufacturing: 5%
- Healthcare & Pharmaceuticals: 4%
- Consumer Discretionary: 4%
- Consumer Services: 4%
- Other <3%: 14%



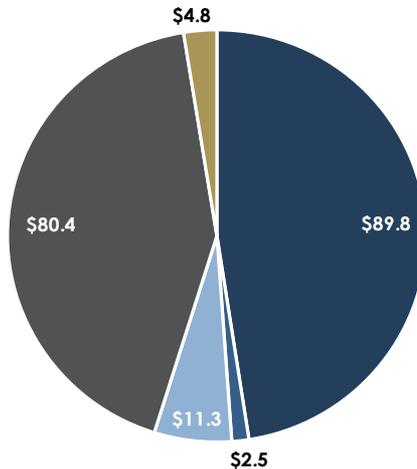
## Geography (\$MM)<sup>(1)</sup>

- Northeast: 46%
- Southeast: 24%
- West: 13%
- Midwest: 12%
- Southwest: 3%
- Mid-Atlantic: 0.1%
- Other: 2%



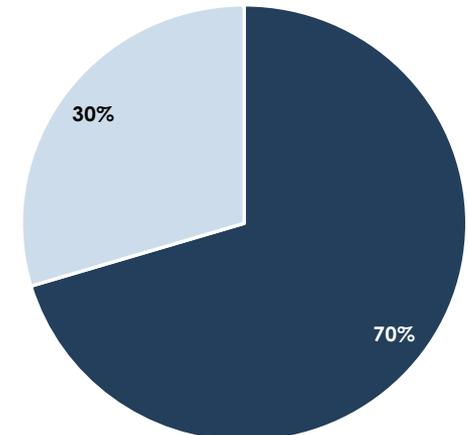
## Type of Investments (\$MM)<sup>(1)</sup>

- Senior Secured First Lien Term Loans: 48%
- Senior Secured Second Lien Term Loans: 1%
- Senior Secured Notes: 6%
- Income Producing Equity: 42%
- Non Income Producing Equity: 3%



## Floating vs Fixed Rate Investments<sup>(1)</sup>

- Floating Rate Security
- Fixed Rate Security



<sup>(1)</sup> Based on the fair market value of the portfolio

## Internalized Management Structure

- Management and shareholders' interests inherently aligned due to ownership of Company shares
- Efficient internalized management structure
- New 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 Key Changes

- Adopted \$15 million share repurchase program, reduced debt and right-sized balance sheet; subsequently expanded to \$25 million on February 9, 2022
- Disclosure Committee formed
- 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

## Balance Sheet

- Total Assets: \$229.1 million
  - Cash Balance: \$37.7 million
  - Total Liabilities: \$90.1 million
  - NAV: \$139.0 million
  - NAV per common share: \$62.94
  - Asset Coverage: 278.7%
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## Income Statement

- Total Investment Income: \$3.7 million
  - Total Expenses: \$2.5 million
  - Net Investment Income: \$1.2 million
  - Weighted Average Shares outstanding: 2,397,911
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## Portfolio

- Total FMV: \$188.8 million
- Weighted average yield to maturity on debt investments – 8.32%
- \$23.6 million deployed, including investments in new portfolio companies
- \$0.5 million realized gain from investments
- Diversified investment portfolio consisting of 48 positions

## Senior Management

**David Lorber**  
Chairman & CEO

**Ellida McMillan**  
CFO

## Research Coverage

**Oppenheimer & Co.**  
Mitchel Penn

## Website

**PhenixFIN Corporation**  
[www.phenixfc.com](http://www.phenixfc.com)

## Independent Directors

**Arthur Ainsberg**  
Lead Director

**Karin Hirtler-Garvey**

**Lowell W. Robinson**

**Howard Amster**

# PHENIXFIN

## Advisors

**Corporate Counsel**  
Kramer Levin Naftalis & Frankel LLP

**Auditors**  
Ernst & Young

**Transfer Agent**  
American Stock Transfer & Trust  
Company

## Nasdaq Listings

**Common:** PFX

**2028 Notes:** PFXNZ

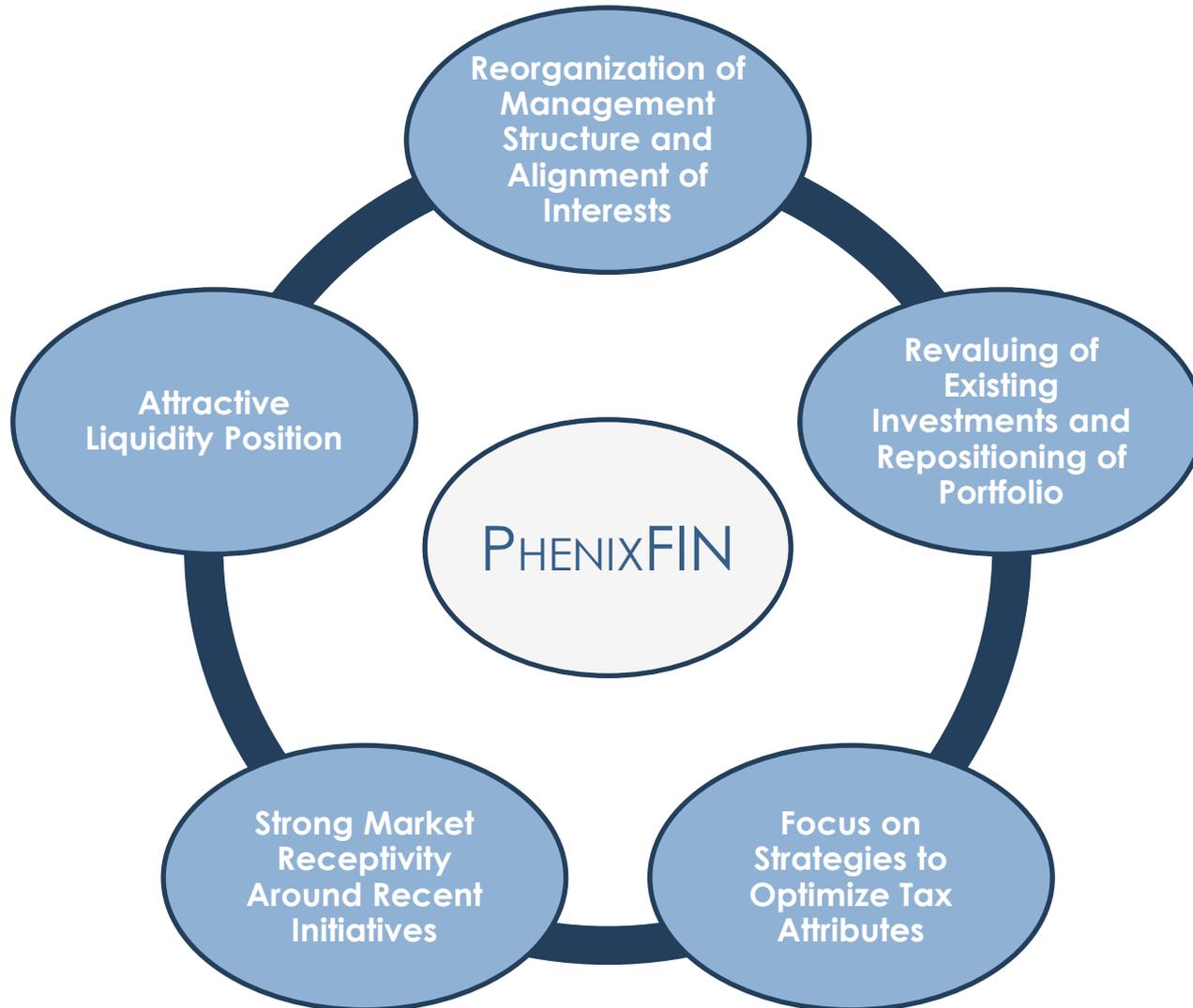
**2023 Notes:** PFXNL

## Investor Relations

**Investor Relations**  
P: (212) 859-0390  
E: [info@phenixfc.com](mailto:info@phenixfc.com)

## Corporate Headquarters

445 Park Avenue, 10<sup>th</sup> Floor  
New York, NY 10022



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## Financial Overview

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# PhenixFIN Financial Performance – Balance Sheet

PHENIXFIN

	March 31, 2022 (Unaudited)	September 30, 2021
<b>Assets:</b>		
Investments at fair value		
Non-controlled, non-affiliated investments (amortized cost of \$148,021,351 and \$92,214,167, respectively)	\$ 137,952,546	\$ 84,152,678
Affiliated investments (amortized cost of \$43,971,119 and \$75,963,427, respectively)	16,668,073	57,595,245
Controlled investments (amortized cost of \$61,796,022 and \$39,490,097, respectively)	34,184,230	9,891,860
Total Investments at fair value	188,804,849	151,639,783
Cash and cash equivalents	37,676,010	69,433,256
Receivables:		
Fees receivable	-	1,872,700
Interest receivable	717,504	371,576
Paydown receivable	-	292,015
Due from Affiliate	128,850	-
Dividends receivable	269,330	81,211
Prepaid share repurchases	480,254	-
Other assets	1,013,641	1,401,746
<b>Total Assets</b>	<b>\$ 229,090,438</b>	<b>\$ 225,092,287</b>
<b>Liabilities:</b>		
Notes payable (net of debt issuance costs of \$2,264,426 and \$412,795, respectively)	\$ 77,757,373	\$ 77,434,005
Interest and fees payable	503,125	-
Due to affiliates	-	280,323
Due to broker	10,375,632	1,586,000
Administrator expenses payable (see Note 6)	72,818	67,920
Accounts payable and accrued expenses	448,635	1,416,524
Deferred revenue	377,852	-
Other liabilities	594,863	613,534
<b>Total Liabilities</b>	<b>90,130,298</b>	<b>81,398,306</b>
Commitments and Contingencies (see Note 8)		
<b>Net Assets:</b>		
Common Shares, \$0.001 par value; 5,000,000 shares authorized; 2,723,709 shares issued; 2,207,794 and 2,517,221 common shares outstanding, respectively	2,208	2,517
Capital in excess of par value	676,357,446	688,866,642
Total distributable earnings (loss)	(537,399,514)	(545,175,178)
<b>Total Net Assets</b>	<b>\$ 138,960,140</b>	<b>\$ 143,693,981</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 229,090,438</b>	<b>\$ 225,092,287</b>
<b>Net Asset Value Per Common Share</b>	<b>\$ 62.94</b>	<b>\$ 57.08</b>

# PhenixFIN Financial Performance – Income Statement

PHENIXFIN

	For the Three Months Ended	
	March 31	
	2022	2021
<b>Interest Income:</b>		
Interest from investments		
Non-controlled, non-affiliated investments:		
Cash	\$ 1,264,327	\$ 1,534,904
Payment in-kind	100,062	-
Affiliated investments:		
Cash	387,918	196,328
Payment in-kind	92,733	-
Controlled investments:		
Cash	807,022	(1,190)
Total interest income	2,652,062	1,730,042
Dividend income	913,949	4,408,234
Interest from cash and cash equivalents	6,031	506
Fee income (see Note 9)	85,143	237,416
Other income	-	78,204
<b>Total Investment Income</b>	<b>3,657,185</b>	<b>6,454,402</b>
<b>Expenses:</b>		
Base management fees (see Note 6)	-	-
Interest and financing expenses	1,221,063	1,260,054
General and administrative expenses	290,136	104,440
Salaries and benefits	430,293	332,317
Administrator expenses (see Note 6)	82,415	(44,618)
Insurance expenses	155,450	474,468
Directors fees	167,000	220,500
Professional fees, net (see Note 8)	160,594	420,220
Total expenses	2,506,951	2,767,381
<b>Net Investment Income</b>	<b>1,150,234</b>	<b>3,687,021</b>
<b>Realized and unrealized gains (losses) on investments</b>		
Net realized gains (losses):		
Non-controlled, non-affiliated investments	453,916	160,926
Affiliated investments	-	-
Controlled investments	-	-
Total net realized gains (losses)	453,916	160,926
Net change in unrealized gains (losses):		
Non-controlled, non-affiliated investments	(2,139,279)	5,077,737
Affiliated investments	1,538,979	(1,467,862)
Controlled investments	1,968,804	329,584
Total net change in unrealized gains (losses)	1,368,504	3,939,459
Loss on extinguishment of debt (see Note 5)	-	-
<b>Total realized and unrealized gains (losses)</b>	<b>1,822,420</b>	<b>4,100,385</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 2,972,654</b>	<b>\$ 7,787,406</b>
Weighted Average Basic and Diluted Earnings Per Common Share	\$ 1.24	\$ 2.87
Weighted Average Basic and Diluted Net Investment Income (Loss) Per Common Share	\$ 0.48	\$ 1.36
Weighted Average Common Shares Outstanding - Basic and Diluted (see Note 11)	2,397,911	2,716,627