

PHENIXFIN

# Investor Presentation

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December 2021

## **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. 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. 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 \$107 million<sup>(2)</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 14.5% of the Company's stock as December 16, 2021

## Driving Value for Shareholders<sup>(1)</sup>

- Strong market receptivity with share price increase of 50.7%<sup>(2)</sup>
- Operating expenses reduced 53.0%<sup>(3)</sup>; refinanced a significant portion of fixed notes from 6.125% to 5.25%
- 7.8% increase in book value to \$57.08 per share<sup>(3)</sup>
- Continued management support through repurchase of over 200,000 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

## Portfolio in Transition

- Re-evaluated each existing portfolio investment, adjusted fair value marks and continue working with troubled credits to drive incremental value
- Portfolio of ~\$152 million at fair value<sup>(3)</sup>
- Capital deployed into 16 new investments since internalization<sup>(4)</sup>
- Drive value through opportunistic investments which may utilize tax attributes

<sup>(1)</sup> All metrics referenced since completion of internalization on 1/1/2021 <sup>(2)</sup> As of 12/10/2021 (past performance is no guarantee of future results) <sup>(3)</sup> As of 9/30/2021 (compared to 12/31/20) <sup>(4)</sup> As of 12/20/2021

## 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\*

## November 2021

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

### 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 tax attributes

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 & process

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

## Ongoing...

\* Past performance is no guarantee of future results

1

## 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 14.5% of the Company's common stock as of December 14, 2021<sup>(1)</sup>

2

## 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

3

## Focus on Strategies to Optimizing Tax Attributes

Optimize tax attributes through investments and opportunistic strategies

4

## Strong Market Receptivity Around Recent Initiatives

Share price has increased 50.7%<sup>(2)</sup> following completion of the internalization transaction. Further Company support through ongoing share repurchase program<sup>(3)</sup>

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## Attractive Liquidity Position

Cash and cash equivalents of \$69.4 million provides strong coverage on \$4.9 million of unfunded commitments with ability to quickly react to new capital deployment opportunities<sup>(4)</sup>

<sup>(1)</sup> Stock ownership includes management and Board of Directors aggregate ownership/control <sup>(2)</sup> As of 12/10/2021 <sup>(3)</sup> Past performance is no guarantee of future results

<sup>(4)</sup> As of 09/30/2021

### Relative Price Change Since December 31, 2020



Past performance is no guarantee of future results. Note: BDC Index includes AINV, ARCC, BBDC, BCSF, BKCC, BXSL, CCAP, CGBD, CSWC, FCRD, FDUS, FSK, GAIN, GBDC, GECC, GLAD, GSB, HRZN, HTGC, ICMB, LRF, MAIN, MRCC, NEWT, NMFC, OCSL, OFS, ORCC, OXSQ, PFLT, PFX, PNNT, PSEC, PTMN, RWAY, SAR, SCM, SLRC, SUNS, TPCP, TPVG, TRIN, TSLX, WHF  
Source: FactSet; as of 12/10/2021

## 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 Attributes

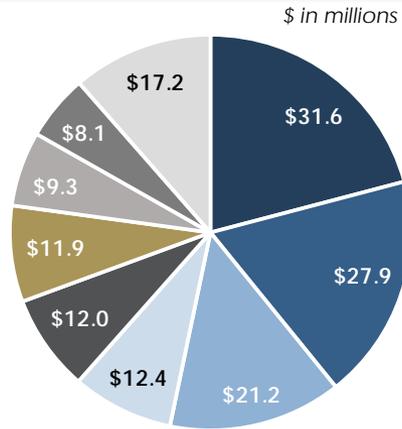
- Significant potential value to be unlocked through the optimization of a ~\$490 million long-term capital loss carryforward in addition to existing NOLs
- Pursuit of strategies to utilize the tax assets and drive NAV

### Stock Buyback

- Increase NAV through opportunistic repurchases at attractive discount

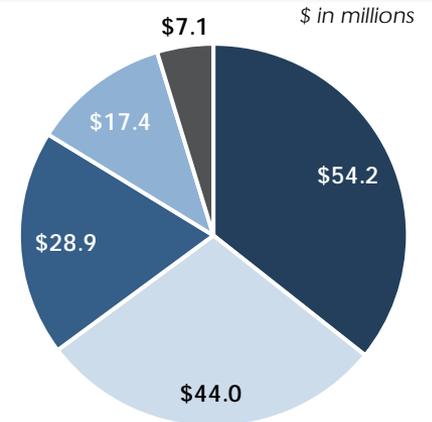
## Type of Industries<sup>(1)</sup>

- Construction & Building: 21%
- Banking, Finance, Insurance & Real Estate: 18%
- High Tech Industries: 14%
- Services: Business: 8%
- Automotive: 8%
- Hotel, Gaming & Leisure: 8%
- Manufacturing: 6%
- Environmental Industries: 5%
- Other Industries < 5%: 11%



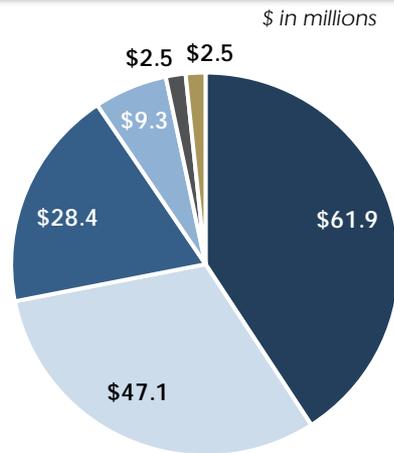
## Geography<sup>(1)</sup>

- Northeast: 36%
- West: 29%
- Southeast: 19%
- Southwest: 11%
- Midwest: 5%



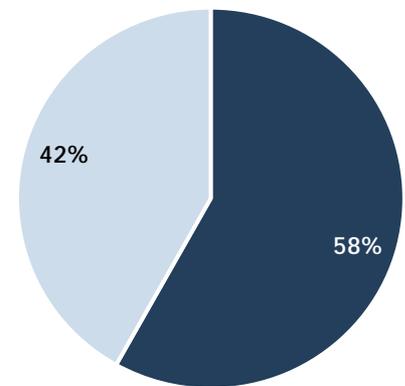
## Type of Investments<sup>(1)</sup>

- Senior Secured First Lien Term Loans: 41%
- Non-Income Producing Equity: 31%
- Income Producing Equity: 19%
- Senior Secured Notes: 6%
- Secured Debt: 2%
- Senior Secured Second Lien Term Loans: 2%



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

- Floating Rate Security
- Fixed Rate Security



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

## Internalized Management Structure

- Management and shareholders' interests are 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
- 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: \$225.1mm
  - Cash Balance: \$69.4mm
  - Total Liabilities: \$81.4mm
  - NAV: \$143.7mm
  - NAV per common share: \$57.08
  - Asset Coverage: 290.7%
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## Income Statement

- Total Investment Income: \$32.3mm
  - Total Expenses: \$13.8mm
  - Net Investment Income: \$18.5mm
  - NII Per share: \$6.92
  - Shares outstanding: 2,677,891
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## Portfolio

- Total FMV \$151.6mm
- Weighted average yield on debt investments – 6.8%
- Sale of JV in October 2020 and proceeds used to redeem Notes Due January 2021
- Diversified investment portfolio consisting of more than 30 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

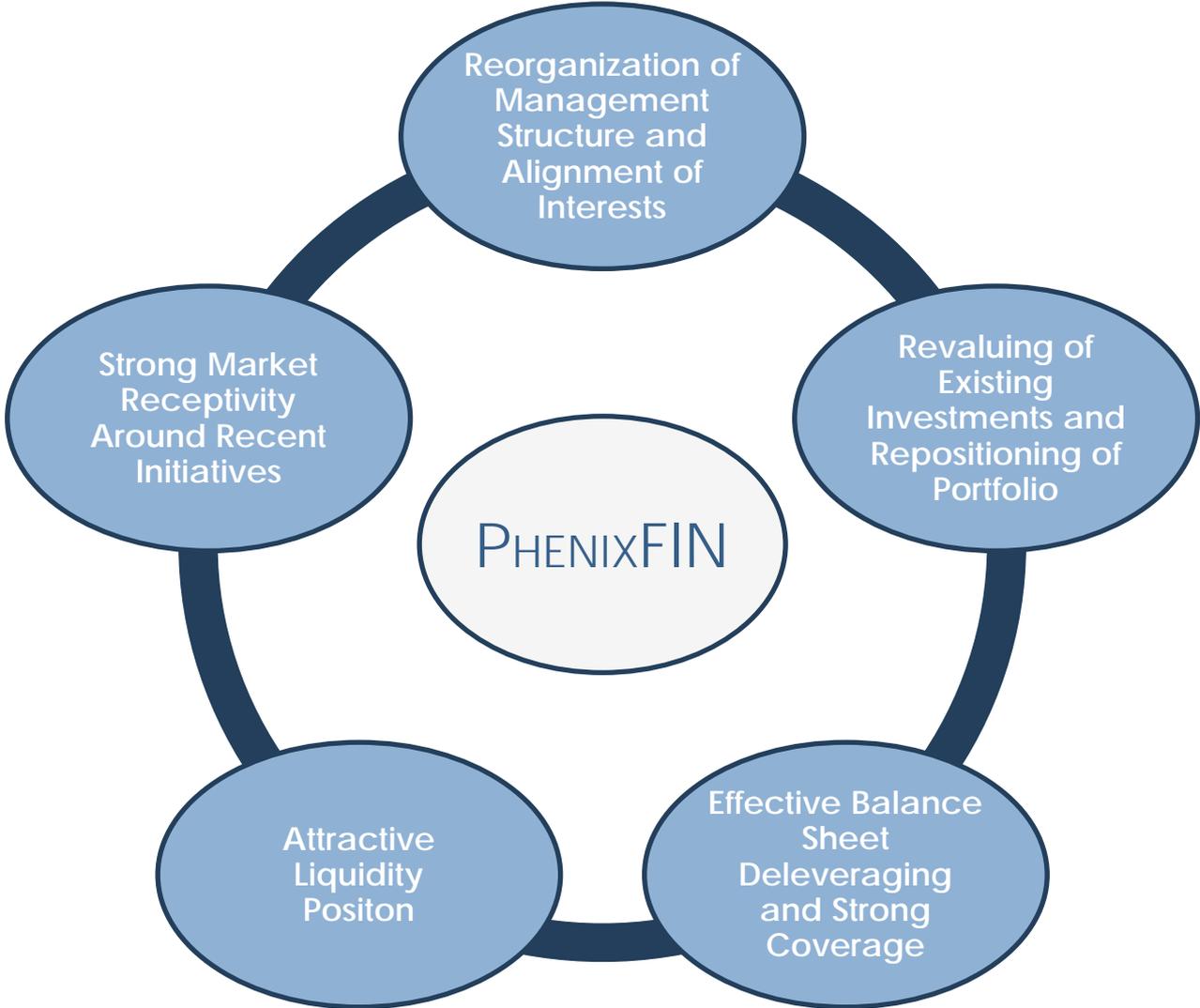
**Common:** PFX  
**2028 Notes:** PFXNZ  
**2023 Notes:** PFXNL

## 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



PHENIXFIN

## Financial Overview

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# PhenixFIN Financial Performance – Balance Sheet

PHENIXFIN

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
<b>Assets:</b>		
Investments at fair value		
Non-controlled, non-affiliated investments (amortized cost of \$92,214,167 and \$117,360,954, respectively)	\$ 84,152,678	\$ 114,321,948
Affiliated investments (amortized cost of \$75,963,427 and \$92,898,755, respectively)	57,595,245	84,873,023
Controlled investments (amortized cost of \$39,490,097 and \$117,874,821, respectively)	<u>9,891,860</u>	<u>47,548,578</u>
Total Investments at fair value	151,639,783	246,743,549
Cash and cash equivalents	69,433,256	56,522,148
Receivables:		
Fees receivable	1,872,700	119,028
Interest receivable	371,576	624,524
Paydown receivable	292,015	-
Dividends receivable	81,211	-
Other assets	<u>1,401,746</u>	<u>2,093,559</u>
<b>Total Assets</b>	<b>\$ <u>225,092,287</u></b>	<b>\$ <u>306,102,808</u></b>
<b>Liabilities:</b>		
Notes payable (net of debt issuance costs of \$412,795 and \$905,624, respectively)	\$ 77,434,005	\$ 150,960,662
Due to broker	1,586,000	-
Accounts payable and accrued expenses	1,416,524	2,108,225
Due to affiliates	280,323	53,083
Administrator expenses payable (see Note 6)	67,920	156,965
Management and incentive fees payable (see Note 6)	-	1,392,022
Interest and fees payable	-	801,805
Deferred revenue	-	10,529
Other Liabilities	<u>613,534</u>	<u>-</u>
<b>Total Liabilities</b>	<b>81,398,306</b>	<b>155,483,291</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; 2,517,221 and 2,723,709 common shares outstanding, respectively	2,517	2,724
Capital in excess of par value	664,178,380	672,381,617
Total distributable earnings (loss)	<u>(520,486,916)</u>	<u>(521,764,824)</u>
<b>Total Net Assets</b>	<b>\$ 143,693,981</b>	<b>\$ 150,619,517</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>225,092,287</u></b>	<b>\$ <u>306,102,808</u></b>
<b>Net Asset Value Per Common Share</b>	<b>\$ 57.08</b>	<b>\$ 55.30</b>

# PhenixFIN Financial Performance – Income Statement

PHENIXFIN

	For the Years Ended September 30		
	2021	2020	2019
<b>Interest Income:</b>			
Interest from investments			
Non-controlled, non-affiliated investments:			
Cash	\$ 5,974,807	\$ 9,137,394	\$ 25,368,027
Payment in-kind	609,964	863,744	1,755,260
Affiliated investments:			
Cash	1,099,809	1,182,294	2,197,555
Payment in-kind	327,804	2,425,557	2,604,279
Controlled investments:			
Cash	75,000	84,505	337,956
Payment in-kind	-	500,767	2,800,890
Total interest income	8,087,384	14,194,261	35,063,967
Dividend income	21,564,348	6,256,250	8,218,480
Interest from cash and cash equivalents	10,402	378,077	712,017
Fee income (see Note 9)	2,566,519	692,988	2,304,287
Other income	78,204	-	-
<b>Total Investment Income</b>	<b>32,306,857</b>	<b>21,521,576</b>	<b>46,298,751</b>
<b>Expenses:</b>			
Base management fees (see Note 6)	1,146,403	6,358,750	11,189,646
Interest and financing expenses	5,800,100	14,935,017	24,049,485
General and administrative expenses	1,012,147	3,285,259	7,398,534
Salaries and benefits	1,993,277	-	-
Administrator expenses (see Note 6)	612,983	2,226,831	3,323,989
Insurance expenses	1,619,536	1,463,391	623,064
Directors fees	1,039,717	1,451,077	1,258,378
Professional fees, net (see Note 8)	559,975	(4,768,050)	19,323,082
Expenses before expense support reimbursement and management and incentive fee waivers	13,784,138	24,952,275	67,166,178
Expense support reimbursement (see Note 6)	-	(710,294)	-
Total expenses net of expense support reimbursement and management and incentive fee waivers	13,784,138	24,241,981	67,166,178
<b>Net Investment Income</b>	<b>18,522,719</b>	<b>(2,720,405)</b>	<b>(20,867,427)</b>
<b>Realized and unrealized gains (losses) on investments</b>			
Net realized gains (losses):			
Non-controlled, non-affiliated investments	7,747,672	(9,973,416)	(24,762,224)
Affiliated investments	(10,088,405)	(928,990)	(7,670,970)
Controlled investments	(40,144,795)	(39,076,425)	(79,739,742)
<b>Total net realized gains (losses)</b>	<b>(42,485,528)</b>	<b>(49,978,831)</b>	<b>(112,172,936)</b>
Net change in unrealized gains (losses):			
Non-controlled, non-affiliated investments	(5,022,484)	9,898,237	20,727,499
Affiliated investments	(10,342,450)	2,648,353	(6,864,255)
Controlled investments	40,728,006	(23,178,993)	24,634,707
<b>Total net change in unrealized gains (losses)</b>	<b>25,363,072</b>	<b>(10,632,403)</b>	<b>38,497,951</b>
Loss on extinguishment of debt (see Note 5)	(122,355)	(2,481,374)	(2,032,655)
<b>Total realized and unrealized gains (losses)</b>	<b>(17,244,811)</b>	<b>(63,092,608)</b>	<b>(75,707,640)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 1,277,908</b>	<b>\$ (65,813,013)</b>	<b>\$ (96,575,067)</b>
Weighted Average Basic and diluted earnings per common share	\$ 0.48	\$ (24.16)	\$ (35.46)
Weighted Average Basic and diluted net investment income (loss) per common share	\$ 6.92	\$ (1.00)	\$ (7.66)
Weighted Average Common Shares Outstanding - Basic and Diluted (see Note 11)	2,677,891	2,723,709	2,723,709
Dividends Declared per Common Share	\$ -	\$ -	\$ 3.00