

PHENIXFIN



Investor Presentation

March 31, 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, March 31, 2023. 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.

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
- Shares repurchased since program announcement represent ~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 \$200 million at fair value
- Focus is to optimize NII and NAV/share growth
- Weighted Average Yield to Maturity – 11.8% 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
- \$200mm FMV current Investments
- \$10mm cash
- 79.8% of income Investments at cost are floating
- 11.8% weighted average yield

Portfolio Management

Attractive Funding Sources

- Current liquidity \$10mm cash
- \$57.5 million 5.25% baby bond due November 2028
- \$50 million credit facility (\$+290)
- Current debt to equity 0.61x

Attractive Funding

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

Stock Buyback

- Commenced January 11, 2021
- Current authorized \$35 million
- Value-accretive repurchases
- Total to date repurchased 632,071 shares at a total cost of \$25.0 million, or 23.2% of the shares outstanding

Stock Buyback

Verticals Driving Shareholder Value

Credit & Equity Investments

Investment Platform

Strategy

Lower Middle Market Loans with Opportunistic Equity Investments
Broadly Syndicated Loans

FlexFIN
Gemstone and Jewelry Finance

Investment Type

Senior Secured Loans
Asset-Based Loans
Equity

Secured Asset Loans

% of Total Allocated Capital

81%

19%

* The allocation of investment types in the portfolio shown are as of March 31, 2023. 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 ~\$38 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)

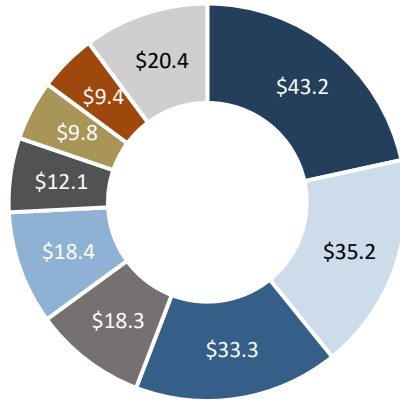
	<u>3/31/2023</u>	<u>9/30/2022</u>
Assets		
1 Cash	\$ 10,763	\$ 22,768
2 Portfolio at Fair Value	200,089	192,957
Debt		
3 2023 Notes	\$ 57,500	\$ 57,500
2028 Notes	-	20,462
Credit Facility	<u>23,241</u>	<u>-</u>
Total Debt	\$ 80,741	\$ 77,962
Equity		
4 Net Assets	\$ 131,150	\$ 120,845
NAV per Share	\$ 62.70	\$ 57.49
Debt/Equity		
Unfunded Commitments	\$ 0.62x	0.65x
	\$ 2,942	\$ 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 remaining portion of 6.125% 2023 Notes 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

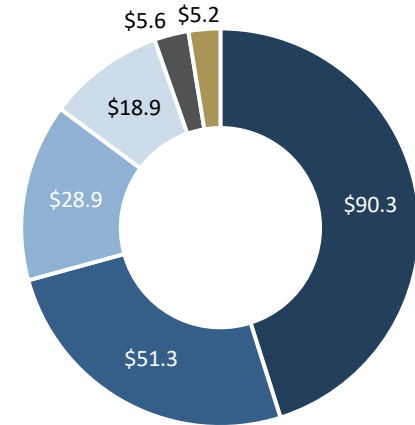
Type of Industries

- Business Services: 22%
- Banking, Finance, Insurance & Real Estate: 18%
- Hotel, Gaming & Leisure: 17%
- Consumer Services: 9%
- Construction & Building: 9%
- Metals & Mining: 6%
- Broadcasting & Subscription: 5%
- Automotive: 5%
- Other <3%: 10%



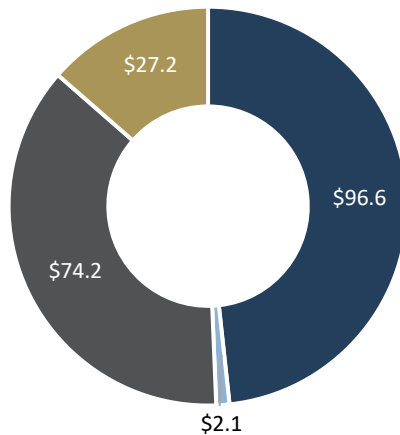
Geographic Breakdown

- Northeast: 45%
- Southeast: 26%
- West: 14%
- Midwest: 9%
- Southwest: 3%
- Other: 3%



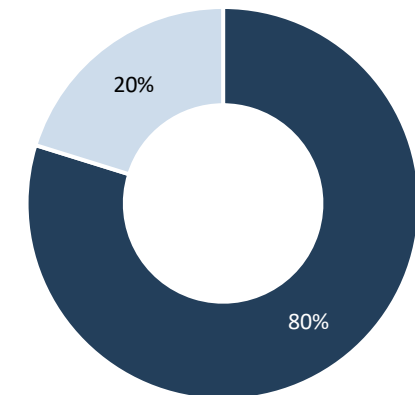
Type of Investments

- Senior Secured First Lien Term Loans: 48%
- Senior Secured Notes: 1%
- Income Producing Equity: 37%
- Non Income Producing Equity: 14%



Floating vs Fixed Rate Investments

- Floating Rate Security
- Fixed Rate Security





Financial Overview

PHENIXFIN

Balance Sheet

- Total Assets: \$213.9 million
 - Cash Balance: \$10.7 million
 - Total Liabilities: \$82.7 million
 - NAV: \$131.2 million
 - NAV per common share: \$62.80
 - Asset Coverage: 266.3%
-

Income Statement

- Total Investment Income: \$9.6 million
 - Total Expenses: \$6.2 million
 - Net Investment Income: \$3.4 million
 - Weighted Average Shares outstanding: 2,095,193
-

Investment Portfolio

- Total FMV: \$200.1 million
- Weighted average yield to maturity on debt investments – 11.8%
- \$18.1 million deployed this quarter, including investments in new portfolio companies
- Diversified investment portfolio consisting of 43 positions

Balance Sheet

PHENIXFIN

(\$ as stated)

Assets:

Investments at fair value

Non-controlled, non-affiliated investments (amortized cost of \$150,946,951 and \$147,378,917, respectively)

Affiliated investments (amortized cost of \$27,328,814 and \$30,585,884, respectively)

Controlled investments (amortized cost of \$84,266,490 and \$85,483,093, respectively)

Total Investments at fair value

Cash and cash equivalents

Receivables:

Interest receivable

Paydown receivable

Dividends receivable

Other receivable

Prepaid share repurchases

Deferred financing costs

Due from Affiliate

Other assets

Total Assets

Liabilities:

Credit facility and note payable (net of debt issuance costs of \$1,864,836 and \$2,059,164, respectively)

Investments purchased payable

Accounts payable and accrued expenses

Interest and fees payable

Other liabilities

Deferred revenue

Administrator expenses payable (see Note 6)

Due to broker

Total Liabilities

Net Assets:

Common Shares, \$0.001 par value; 5,000,000 shares authorized; 2,723,709 shares issued; 2,091,638 and 2,102,129 common shares outstanding, respectively

Capital in excess of par value

Total distributable earnings (loss)

Total Net Assets

Total Liabilities and Net Assets

Net Asset Value Per Common Share

	Mar 31, 2023	Sep 30, 2022
	\$ 128,510,921	\$ 122,616,275
	10,046,722	12,314,192
	61,531,676	58,026,182
	200,089,319	192,956,649
	10,763,751	22,768,066
	725,649	727,576
	-	112,500
	269,330	269,330
	-	36,992
	124,328	489,156
	848,312	50,000
	393,589	271,962
	718,489	1,192,677
	\$ 213,932,767	\$ 218,874,908
	\$ 78,877,105	\$ 77,962,636
	1,026,818	-
	1,366,493	2,040,277
	673,294	503,125
	500,761	572,949
	335,507	325,602
	1,900	74,911
	-	16,550,000
	82,781,878	98,029,500
	2,092	2,102
	675,047,159	675,401,802
	(543,898,362)	(554,558,496)
	131,150,889	120,845,408
	\$ 213,932,767	\$ 218,874,908
	\$ 62.70	\$ 57.49

Income Statement

	For the Three Months Ended Mar 31,		For the Six Months Ended Mar 31,	
	2023	2022	2023	2022
<i>(\$ as stated)</i>				
Interest Income:				
Interest from investments				
Non-controlled, non-affiliated investments:				
Cash	\$ 2,116,741	\$ 1,264,327	\$ 4,032,782	\$ 2,280,019
Payment in-kind	119,593	100,062	225,780	238,573
Affiliated investments:				
Cash	261,028	387,918	459,481	510,065
Payment in-kind	-	92,733	-	189,761
Controlled investments:				
Cash	57,188	807,022	251,815	1,360,660
Payment in-kind	155,994	-	245,737	-
Total interest income	2,710,544	2,652,062	5,215,595	4,579,078
Dividend income	1,503,375	913,949	3,535,733	1,616,879
Interest from cash and cash equivalents	125,471	6,031	217,697	8,770
Fee income	171,055	85,143	244,654	355,265
Other income	401,986	-	401,986	230,434
Total Investment Income	4,912,431	3,657,185	9,615,665	6,790,426
Expenses:				
Interest and financing expenses	1,381,596	1,221,063	2,614,772	2,708,738
Salaries and benefits	802,090	430,293	1,659,623	936,168
Professional fees, net	377,229	160,594	725,146	467,345
General and administrative expenses	201,181	290,136	421,158	486,695
Directors fees	176,500	167,000	370,500	375,500
Insurance expenses	121,387	155,450	245,471	314,354
Administrator expenses	77,937	82,415	155,821	151,281
Total expenses	3,137,920	2,506,951	6,192,491	5,440,081
Net Investment Income	1,774,511	1,150,234	3,423,174	1,350,345
Realized and unrealized gains (losses) on investments				
Net realized gains (losses):				
Non-controlled, non-affiliated investments	(838,070)	453,916	(824,622)	938,429
Affiliated investments	-	-	-	14,737,897
Controlled investments	23,273	-	23,273	925
Total net realized gains (losses)	(814,797)	453,916	(801,349)	15,677,251
Net change in unrealized gains (losses):				
Non-controlled, non-affiliated investments	803,513	(2,139,279)	2,326,612	(2,007,316)
Affiliated investments	274,063	1,538,979	989,600	(8,934,864)
Controlled investments	4,670,928	1,968,804	4,722,097	1,986,445
Total net change in unrealized gains (losses)	5,748,504	1,368,504	8,038,309	(8,955,735)
Loss on extinguishment of debt	-	-	-	(296,197)
Total realized and unrealized gains (losses)	4,933,707	1,822,420	7,236,960	6,425,319
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 6,708,218	\$ 2,972,654	\$ 10,660,134	\$ 7,775,664
Weighted Average Basic and Diluted Earnings Per Common Share	\$ 3.20	\$ 1.24	\$ 5.08	\$ 3.16
Weighted Average Basic and Diluted Net Investment Income (Loss) Per Common Share	\$ 0.85	\$ 0.48	\$ 1.63	\$ 0.55
Weighted Average Common Shares Outstanding - Basic and Diluted	2,095,193	2,397,911	2,098,041	2,458,222

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

Common: PFX
2028 Notes: PFXNZ

Investor Relations

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

Corporate Headquarters

445 Park Avenue, 10th Floor
New York, NY 10022