



PROSPECT FLEXIBLE INCOME FUND

POTENTIAL BENEFITS



Income from a wide array of loans and credit investments



Mitigated credit loss risk from senior and secured loans



Low volatility and low correlation to traditional equities



Highly experienced investment management team with expertise across alternative investments

Prospect Flexible Income Fund, Inc. INVESTOR FACT SHEET

INVESTMENT OVERVIEW

Prospect Flexible Income Fund, Inc. (the "Fund") seeks to provide income primarily from senior and secured credit, from a strategy that is flexible up and down the range of credit investment structures, and flexible across the spectrum of U.S. economic sectors. A secondary objective of the Fund is to provide capital appreciation by targeting investment opportunities with favorable risk-adjusted returns.

INVESTMENT STRATEGY

The Fund invests primarily in the debt of privately-owned U.S. middle-market companies, including senior secured first- and second-lien loans, and to a lesser extent, directly originated loans, subordinated debt, private equity, and rated secured structured notes and structured subordinated notes.

FUND FACTS

Structure	Non-traded business development company ("BDC")
Minimum Investment	\$5,000
Distribution Reinvestment	Available at shareholder's option; reinvested at net offering price
Distribution Frequency ¹	Paid monthly
Liquidity ²	Quarterly, limited to lesser of DRIP proceeds or 2.5% of average shares in prior years
Tax Reporting	1099-DIV
Leverage	150% minimum asset coverage ratio
Leverage Facility	\$50.0 million revolving credit facility with Royal Bank of Canada
Special Repurchase Offer ³	As a condition to being able to increase our leverage, we will offer to repurchase certain of our outstanding shares
Investor Suitability ⁴	Minimum of \$70,000 annual income and \$70,000 of net worth; or \$250,000 of net worth
Fund Expenses ⁵	Offering expenses and a sales load of up to 6.00%
Fund Adviser	Prospect Flexible Income Management, LLC
Dealer Manager	Triton Pacific Securities, LLC

ABOUT PROSPECT CAPITAL

Prospect Capital Management L.P. ("Prospect Capital"), an affiliate of the Adviser, along with its predecessors and affiliates, has a 32-year history of investing in and managing high-yielding debt and equity investments using both private partnerships and publicly traded closed-end structures. Prospect Capital and its affiliates employ a team of approximately 100 professionals who focus on credit-oriented investments yielding attractive current income. Prospect Capital, together with its affiliates, including the adviser, has \$5.9 billion of assets under management as of June 30, 2020.

Prospect Flexible Income Fund, Inc. is a closed-end management investment company that has elected to be regulated as a business development company. An investment in our shares involves a high degree of risk and is highly speculative. We intend to continue to issue shares in this offering and, as a result, your ownership in us is subject to dilution. 1) There is no guarantee of distributions or that any distributions paid will be paid at the stated rate. Distributions may be paid from sources other than cash flow from operations, including offering proceeds, borrowing or sales of assets, which may reduce an investor's overall return and may constitute a return of capital. 2) Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers, for the lesser of: a) 2.5% of the weighted average number of shares outstanding in the prior calendar year, or b) cash proceeds available from sale of shares under our distribution reinvestment plan. The Fund is only suitable for investors who can bear the risks associated with the limited liquidity of the Fund and should be viewed as a long-term investment. There is no secondary market for the Fund's shares and none is expected to develop. 3) In connection with this special repurchase offer, stockholders should be aware that: a) Only former stockholders of FLEX as of March 15, 2019, the date of FLEX's 2019 annual stockholder meeting (the "Eligible Stockholders"), will be allowed to participate in the special repurchase offer, and they may have up to 100% of their shares repurchased. Former stockholders of PWAY and stockholders who purchase shares in this offering will not be able to participate in the special repurchase offer and b) If a substantial number of the Eligible Stockholders take advantage of this opportunity, it could minimize or eliminate the expected benefits of the Merger and it could: significantly decrease our asset size; require us to sell our investments earlier than the Adviser would have otherwise desired, which may result in selling investments at inopportune times or significantly depressed prices and/or at losses; or cause us to incur additional leverage solely to meet repurchase requests. 4) Some states may have different/ higher standards than defined here. 5) An investor will need to receive a total return at least in excess of these expenses to receive an actual return on the investment.

Securities Offered Through Triton Pacific Securities, LLC | Dealer Manager | Member FINRA/SIPC.

IMPORTANT RISK DISCLOSURES

This is neither an offer to sell nor a solicitation of an offer to purchase any security. Investors should carefully consider the investment objectives, risks, charges and expense of Prospect Flexible Income Fund, Inc. ("the Fund" or "our", "we" or "us"). This and other important information about the Fund is contained in the prospectus, which can be obtained by contacting your financial advisor or visiting www.flexBDC.com. Please read the prospectus carefully before investing.

Past performance is not a guarantee of future results. Investing in the Fund involves risks, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. The ability of the Fund to achieve its investment objective depends, in part, on the ability of Prospect Flexible Income Management, LLC (the "Adviser") to allocate effectively the assets of the Fund among the various securities and investments in which the Fund invests. There can be no assurance that the actual allocations will be effective in achieving the Fund's investment objective or delivering positive returns. Investors will pay offering expenses and a sales load of up to 6.00%. An investor will need to receive a total return at least in excess of these expenses to receive an actual return on the investment.

An investment in Prospect Flexible Income Fund, Inc. ("the Fund" or "our", "we" or "us") is speculative and involves a high degree of risk, including the risk of a substantial loss of investment, as well as substantial fees and costs, all of which can impact an investor's return. The following are some of the risks involved in an investment in our common shares; however, an investor should carefully consider the fees and expenses and information found in the "Risk Factors" section of our prospectus before deciding to invest.

You should not expect to be able to sell your shares regardless of how we perform and you should consider that you may not have access to the money you invest for an indefinite period of time. An investment in shares of our common stock is not suitable for you if you need access to the money you invest.

We intend to continue to issue shares in this offering and, as a result, your ownership in us is subject to dilution.

An investment strategy focused primarily on privately-held companies presents certain challenges, including the lack of available information about these companies, an illiquid market which may affect our ability to exit investments, and more limited access to capital which could add financial stress to such companies.

We intend to invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be illiquid and difficult to value.

We do not intend to list our shares on any securities exchange for what may be a significant time after the first closing of this offering, and we do not expect a secondary market in our shares to develop. We define the term "offering period" as the time during which we conduct this offering, as approved and extended by our board of directors. The offering period currently extends to a date that is three years from the effective date of our new registration statement, which we expect to be approximately August 31, 2022. We may, in our discretion, extend the term of the offering indefinitely. As a result, you may be unable to reduce your exposure in any market downturn. If you are able to sell your shares before a liquidity event is completed, you will likely receive less than your purchase price.

We have a limited operating history and we have not identified specific investments that we will make with the proceeds of this offering, so we may be considered a blind pool because an investor may not have the opportunity to evaluate historical data or assess future investments prior to purchasing our shares.

We have not identified any specific investments that we will make with the proceeds of this offering and you will not have the opportunity to evaluate our future investments prior to purchasing shares of our common stock. As a result, our offering may be considered a "blind pool" offering.

A portion of our portfolio will be recorded at fair value as determined in good faith by our board of directors. As a result, there could be uncertainty as to the actual market value of our portfolio investments.

Investing in small and mid-sized private companies involves a number of significant risks related to their size, limited experience, lesser degree of financial stability and smaller pool of management talent, leading to risk of loss. In addition, evaluating such companies for investment may be more difficult due to the lack of publicly available information.

We have implemented a share repurchase program pursuant to which we intend to continue to conduct quarterly repurchases of a limited number of outstanding shares of our common stock. Our board of directors has complete discretion to determine whether we will engage in any share repurchase, and if so, the terms of such repurchase. We intend to limit the number of shares to be repurchased in each quarter to the lesser of (a) 2.5% of the weighted average number of shares of our common stock outstanding in the prior calendar year and (b) the number of shares we can repurchase with the proceeds we receive from the sale of shares of our common stock under our distribution reinvestment plan. While we intend to continue to conduct quarterly tender offers as described above, we are not required to do so and may suspend or terminate the share repurchase program at any time.

The payment of fees and expenses will reduce the funds available for investment, the net income generated, the funds available for distribution and the book value of the common shares. In addition, the fees and expenses paid will require investors to achieve a higher total net return in order to recover their initial investment. Please see the Fund's prospectus for details regarding its fees and expenses.

We may borrow funds to make investments. Leverage increases the volatility of investments. Moreover, our management fees will be higher than if we did not use leverage, whether or not the leveraged investments are ultimately successful.

Our Adviser may have an incentive to increase portfolio leverage in order to earn higher base management fees. In addition, the Adviser may be incentivized to enter into investments that are riskier or more speculative than would otherwise be the case for the potential for greater incentive based fees under the investment advisory agreement.

We intend to seek to complete a liquidity event (as defined in the Prospectus) within five to seven years following the completion of our offering period; however, there can be no assurance that we will be able to complete a liquidity event.

There can be no assurance that we will be able to complete a liquidity event within the time frame anticipated by us. Should we not be able to do so within seven years following the completion of this offering, subject to the authority of our independent directors or the rights of the stockholders to postpone liquidation, we may cease to make investments in new portfolio companies and could begin the orderly liquidation of our assets.

Distributions on our common stock may exceed our taxable earnings and profits, particularly during the period before we have substantially invested the net proceeds from our public offering. Therefore, portions of the distributions that we pay may represent a return of capital to you. A return of capital is a return of a portion of your original investment in shares of our common stock. As a result, a return of capital will (i) lower your tax basis in your shares and thereby increase the amount of capital gain (or decrease the amount of capital loss) realized upon a subsequent sale or redemption of such shares, and (ii) reduce the amount of funds we have for investment in portfolio companies. We have not established any limit on the extent to which we may use offering proceeds to fund distributions.

Distributions may also be funded in significant part, directly or indirectly, from (i) the waiver of certain investment advisory fees, that will not be subject to repayment to our Adviser and/or (ii) the deferral of certain investment advisory fees that may be subject to repayment to our Adviser and/or (iii) the reimbursement of certain operating expenses, that will be subject to repayment to our Adviser and its affiliates. Significant portions of distributions may not be based on investment performance. In the event distributions are funded from waivers and/or deferrals of fees and reimbursements by our affiliates, such funding may not continue in the future. If our affiliates do not agree to reimburse certain of our operating expenses or waive certain of their advisory fees, then significant portions of our distributions may come from offering proceeds or borrowings. The repayment of any amounts owed to our affiliates will reduce future distributions to which you would otherwise be entitled.

For a significant time after the commencement of our offering, a substantial portion of our distributions, if any, will result from expense waivers from our Adviser, which are subject to repayment by us. In addition, we may fund our cash distributions to stockholders from any sources of funds legally available to us, including offering proceeds and borrowings. If we borrow money to fund cash distributions, the costs of such borrowings will be borne by us and, indirectly, by our stockholders. You should understand that any such distributions are not based on our investment performance, and can only be sustained if we achieve positive investment performance in future periods and/or our Adviser continues to make such expense reimbursements. You should also understand that our future repayments may reduce the distributions that you would otherwise receive.

The Adviser and its affiliates face a number of conflicts with respect to us. Currently, affiliates of the Adviser manage other investment entities and are not prohibited from raising money for and managing future investment entities that make the same types of investments as those we target. As a result, the time and resources that the Adviser devotes to us may be diverted. In addition, we may compete with any such investment entity also managed by affiliates of the Adviser for the same investors and investment opportunities. Furthermore, the Adviser may face conflicts of interest with respect to services it may perform for companies in which we invest as it may receive fees in connection with such services that may not be shared with us. The incentive fee payable by us to the Adviser may create an incentive for the Adviser to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangements. We may be obligated to pay the Adviser incentive fees even if we incur a net loss due to a decline in the value of our portfolio and even if our earned interest income is not payable in cash.